

SEMI-ANNUAL REPORT

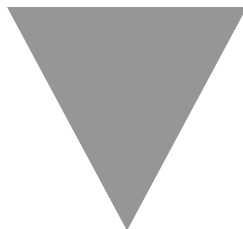


The
Kentucky Quarter

2001

For Period Ending December 31, 2001

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Pursuant to KRS 56.863 (11), the Office of Financial Management is required to report to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue on a semi-annual basis, by September 30 and March 31 of each year, the following: (a) a description of the Commonwealth's investment and debt structure; (b) the plan developed to mitigate the impact of fluctuating revenue receipts on the budget and fluctuating interest rates on the interest-sensitive assets and liabilities of the Commonwealth; (c) the principal amount of notes issued, redeemed and outstanding and a description of all financial agreements entered into during the reporting period; and (d) a summary of gains and losses associated with financial agreements and any other cash flow strategies undertaken by the Commission to mitigate the effect of fluctuating interest rates during each reporting period.

Introduction

This is the Kentucky Asset/Liability Commission's ("ALCo") tenth semi-annual report under KRS 56.863 (11) for the period beginning July 1, 2001 through December 31, 2001. Key themes during the period were:

National

- Terrorist attacks on September 11, 2001.
- Confirmation that the U.S. economy is in recession.
- Federal Reserve (the "Fed") cut the Fed Funds Rate 11 times during calendar year 2001 to a 40-year low of 1.75 percent.

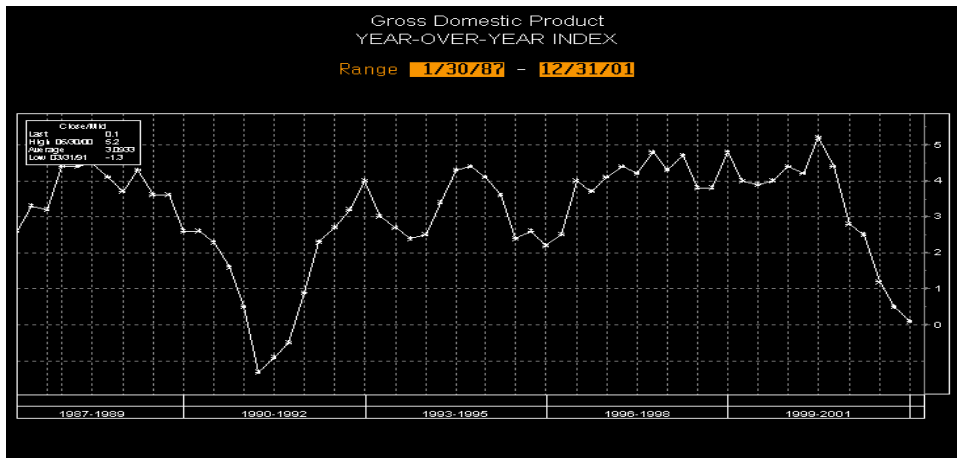
Kentucky

- Kentucky's economy is also in recession, which has caused significant budgetary pressure.
- Standard & Poor's Rating Service gives the state a "Negative Outlook".
- Significant debt issuance to take advantage of very low interest rates.

Investment Management

Market Overview

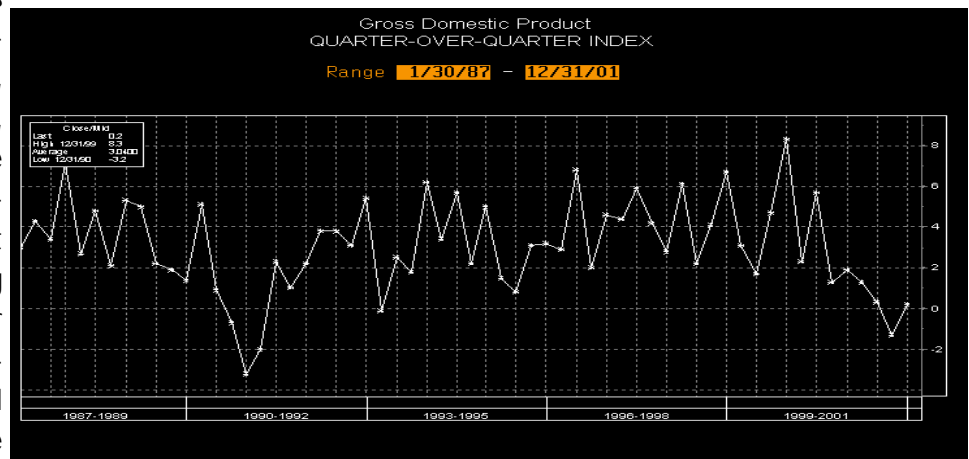
The U.S. was already in recession when the events of September 11, 2001, unfolded and delayed prospects of a recovery until 2002 or beyond. However, positive signs are materializing. According to the Commerce



Department, the nation's Gross Domestic Product ("GDP"), the total value of all goods and services produced, rose at a .2 percent annualized rate for the fourth quarter of 2001 versus a 1.3 percent decline in the third quarter. Consumer spending increased at the quickest pace in almost two years

at 5.4 percent. Much of that increase is attributable to automobile purchases that carried strong incentives. The housing market remains strong, energy prices have fallen back into line and inventory excesses appear to be abating. Inflation does not appear to be a problem running at a 1.4 percent annualized rate. On the

negative side, GDP figures are subject to large revisions and nominal GDP, not adjusted for inflation, actually decreased for the first time since 1982 indicating that we are not out of the woods. Accounting scandals at several major companies has caused investor concern and could further erode confidence in the market. New busi-



ness investment remains tepid due to dismal corporate profits. Personal income is still falling and interest rates have been moving higher on belief that the Fed is finished easing. The federal budget surplus has evaporated due to tax cuts and increased homeland security spending and rebuilding efforts. On January 30, 2002, the Federal Reserve held rates steady with a bias toward additional easing if necessary confirming that the risk is to the downside despite the recent improvements.

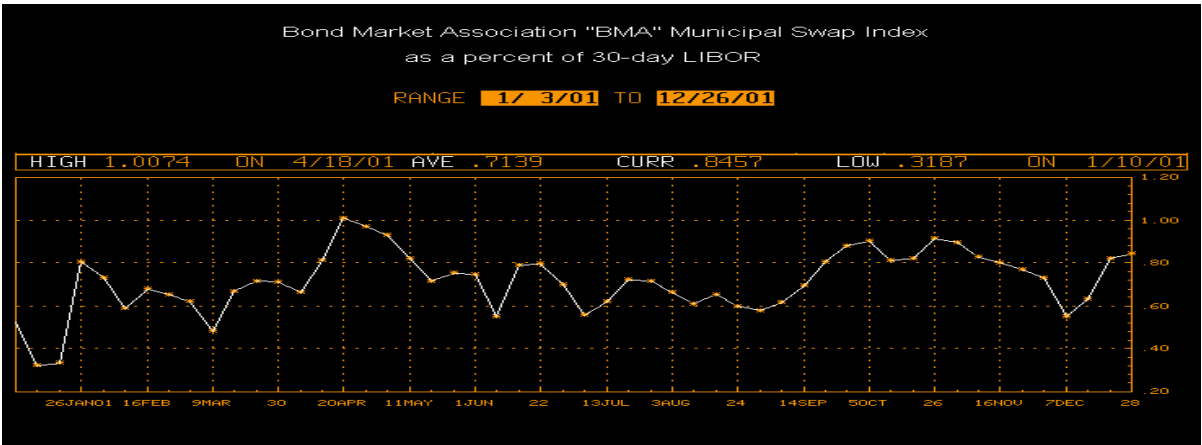
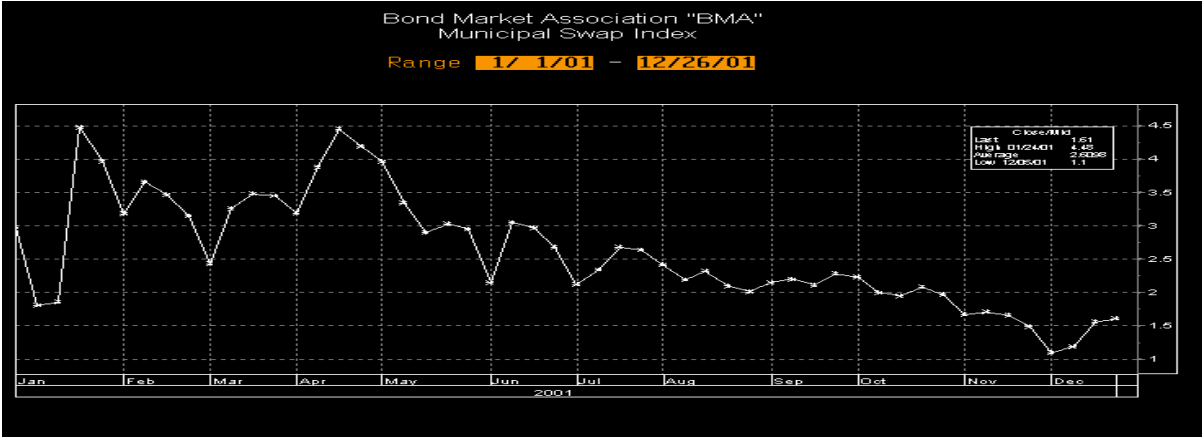
Treasury Yields. A combination of events and factors put bond traders and the Treasury market into a frenzy during 2001. Eleven Fed eases in response to the recession and the September 11 tragedy reduced the Fed Funds Rate to 1.75 percent, the lowest level in 40 years. The real rate of interest is very close to one quarter of a percent when adjusted for the current inflation factor. Contributing to the turmoil was the elimination of the thirty-year (30) bond auction and a surprise opening of the ten-year note to provide liquidity once the markets reopened after September 11, which provided a roller coaster ride in every U. S. financial market, not just fixed income. The elimination of the long bond auction distorts the value of that security and thus no further comment will be made on the yields available from that sector of the market. Instead, the primary focus in the Treasury sector will be on the two-year note. The two-year note began the year at 5.10 percent and steadily declined with a sharp drop in September. The low came in early November at 2.42 percent, before rising at year-end to 3.15 percent.

Yield Relationships

Tax Exempt. The Bond Buyer 20-year General Obligation Index ended the six-month reporting period at a high of 5.26 percent or 85 percent of 20-year USD London Interbank Offering Rate ("LIBOR"). The high for the calendar year was 5.34 percent on April 26, 2001, and the low was 4.91 percent on November 8, 2001. Municipal market data yield ratio for AAA rated bonds as a percent of 20-year LIBOR ranged from a minimum of 78.1 percent to a high of 90 percent and averaged 81.9 percent for the year.



The short-term tax exempt market as measured by the Bond Market Association ("BMA") Municipal Swap Index experienced its high on January 24, 2001, at 4.48 percent and revisited the high again in April before plummeting to a low of 1.10 percent on December 5, 2001. BMA ended the year at 1.61 percent and averaged 2.60 percent for the calendar year. BMA versus 30-day USD LIBOR ranged from a low of 32 percent in early January to a high of 100 percent in April before ending the year at approximately 85 percent, the prevailing market level since September 11. The average was 71 percent, well above the 67 percent of 30-day LIBOR Index Rate Series B Tax and Revenue Anticipation Notes ("TRANS") detailed later in the report.



High ratios versus taxable alternative investments made municipals a popular vehicle especially with certain types of institutional buyers. Institutional buyers in general continue to demand premium bonds, both callable and non-callable to entice them to invest available cash. Retail demand which is generally weak when long-term yields fall below 5 percent, saw considerable response when yields rose above 5 percent. The incredible slope of the municipal bond market (year-end level was 346 basis points) focused retail demand in either the very short maturities as a safe haven or pushed demand out into the longest maturities because of the tremendous pick-up in return.

Portfolio Management

During fiscal year-to-date ("FYTD") 2002, the Commonwealth's investment portfolio has averaged \$3.78 billion. As of December 31, 2001, the portfolio was invested in the U. S. Treasury Securities (19 percent), U. S. Agencies Securities (38 percent), U. S. Agency Mortgage Backed Securities and Collateralized Mortgage Obligations (5 percent), Repurchase Agreements (15 percent), Municipal Securities (5 percent), Corporate Securities (8 percent), Asset Backed Securities (6 percent) and Money Market Securities (4 percent). The portfolio had a current yield of 3.25 percent and a modified duration of 1.44 years.

The portfolio is broken down into four investment pools. The pool balances as of December 31, 2001, were: Short-term (\$589.8 million), Intermediate-term (\$2,001 million), Long-term (\$331 million) and Bond Proceeds (\$718 million). **For additional information, please refer to the December 2001 Monthly Investment Income Report in the Appendix.**

Total investment income from all investments, on a cash basis, was \$106.7 million versus \$106.6 million for the same reporting period last fiscal year. On an accrued basis, income was \$104.5 million versus \$163.3 million the previous year. The decrease in accrued earnings is primarily attributable to the sell off in the bond market at calendar year-end, which reduces the unrealized market value component of the accrual. *None of the portfolios hold securities issued by Enron.* The General Fund portion of investment income (cash basis, net of TRAN expense) through December 31, 2001, was \$10.5 million versus \$17.4 million for the same period in the year prior. The revised budgeted amount used in arriving at the Consensus Forecasting Group revenue estimate for the fiscal year is \$6.5 million. New asset classes authorized under House Bill 5 of the 1997 First Extraordinary Session of the General Assembly contributed \$3 million to total investment income during the period of which \$490,400 has been allocated to the General Fund. Mortgages added two thirds of the earnings, generating \$1.9 million, while corporate securities added \$1.1 million.

Debt Management

Rating Update

The June 30, 2001, report published an excerpt from Standard & Poor's ("S & P") July 20, 2001, annual tax secured issuer credit rating for Kentucky. At that time, the state had received an affirmation of the "AA" rating and a "Stable" outlook. S & P bases their Issuer Rating for the state upon the hypothetical general obligation credit of the Commonwealth. The state, however, issues bonds supported by a biennial appropriation and not the full faith and credit of the Commonwealth, which results in a slightly lower credit rating, presently "AA-". This lower rating reflects the risk of non-appropriation of debt service in given budget cycles.

"The stable outlook reflects Standard & Poor's expectation that the Commonwealth will balance its fiscal 2002 finances without the use of additional reserves and that the Commonwealth will further stabilize revenues by adopting a 2003-2004 biennial budget without continued reliance on onetime revenues. Failure to achieve either of these objectives would place further strain on the Commonwealth's only adequate liquidity and could pressure credit quality."

On October 29, 2001, in conjunction with the issuance of the State Property and Buildings Commission ("SPBC") Road Fund Revenue Bonds, Project No. 73, S & P changed the Issuer Outlook from "Stable" to "Negative".

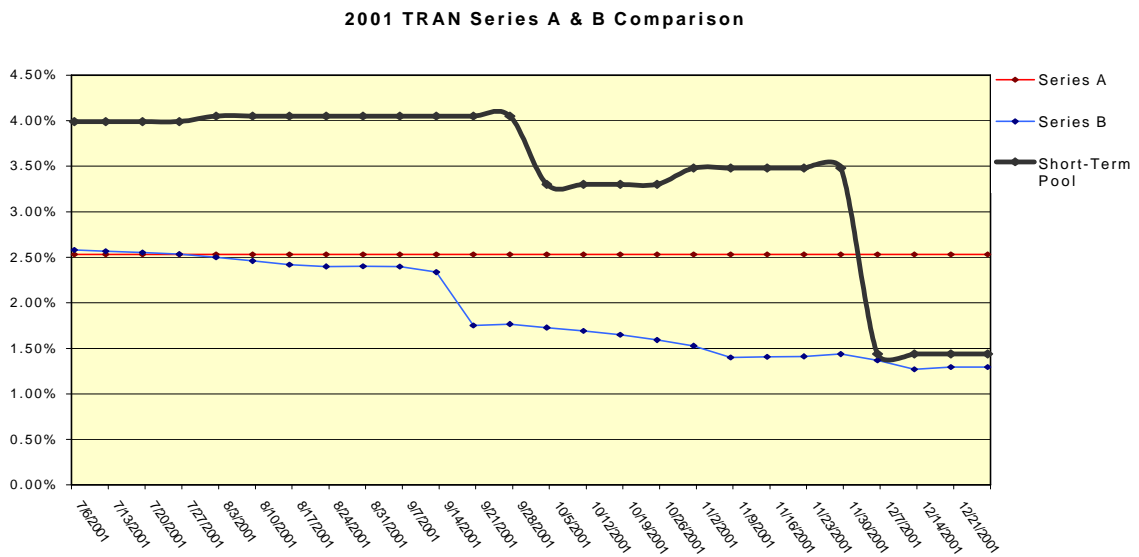
"The outlook revision to negative reflects the substantial reduction of the Commonwealth's liquidity position and the realization of additional shortfalls for the current fiscal year. A decision to address the additional shortfalls with mainly onetime measures could further deteriorate the Commonwealth's already low liquidity and would add substantial pressures going forward. A failure to establish a structurally balanced budget with the next biennial budget would likely result in a rating downgrade."

S & P has sent a very clear message concerning the state's next budget, either be structurally balanced or prepare to be downgraded to the single A category. A downgrade has several implications for the future issuance of bonds. The most obvious is that it will cost more to issue new debt, which in the current market environment would be approximately 20 basis points or \$2,000 per year per million issued. Also, an important consideration is the impact on the cost and availability of municipal bond insurance. The capital charge (higher) and availability (lower) of insurance is different for A rated entities than for AA rated credits. Insurer's must maintain their AAA ratings and as a result have only so much capacity in a given underlying credit rating category. The not so obvious impact of a downgrade to A is that it narrows the universe of holders and purchasers of our bonds. Some institutional investors can only purchase and hold bonds rated AA or higher. In the event of a downgrade, some

holders of Kentucky bonds would be forced to liquidate these bonds, potentially at disadvantaged prices. This could further increase the spread (cost) of any new bonds issued because of additional bonds being available in the secondary market at cheaper prices. There would also be a more limited universe of buyers due to lower credit quality and concerns over the management of the state's finances. Strong credit ratings are a valuable resource.

Tax and Revenue Anticipation Notes

2001 TRAN. ALCo authorized the FY 2002 program in an amount not to exceed \$650 million. On July 3, 2001, \$650 million of TRAns, in two series, were issued to mature on June 26, 2002. The 2001 TRAns were sold by Salomon Smith Barney on June 29, 2001. The \$440 million 2001 Series A TRAns were issued as fixed rate notes and carry a coupon of 4.00 percent to yield 2.53 percent. The \$210 million Series B TRAns were issued in the Index Rate Mode, pegged to 67 percent of 30-day USD LIBOR. The initial yield at the time of sale was 2.57 percent. The Index Rate Notes have averaged 1.93 percent since the date of issuance through December 31, 2001, a savings of \$2.12 million to date in interest versus a fixed rate note debt structure.



The Index Rate Notes were the first of its kind sold in a number of years and represent a significant breakthrough for ALCo. The Index Rate Notes provide the General Fund with the desired amount of variable rate liability; eliminates costly credit or liquidity support and the need to execute interest rate swap documents; partially hedges the General Fund against swings in short-term interest rates; and

provides opportunity to potentially earn higher levels of arbitrage. Due to current low interest rate conditions, if the Index Rate Notes were issued today the percentage of LIBOR would be significantly higher, between 75 percent and 80 percent.

General Fund Project Notes. All of ALCo's General Fund bond anticipation notes have been converted to permanent financing through the issuance of bonds by SPBC during the prior reporting period. There are two separate fixed rate series of ALCo Project Notes currently outstanding that were issued as seven-year notes to fund equipment acquisition, primarily for higher education.

Road Fund Project Notes. All of ALCo's bond anticipation notes supported by Road Fund appropriations were converted to permanent financing in the prior reporting period. As with the General Fund program, the ALCo Road Fund program was never utilized to finance new authorizations due to the very low interest rate environment. Instead, the Transportation Cabinet's new office building was financed by the issuance of SPBC Project 73 utilizing a Medium Term Note structure.

Agency Fund Project Notes. All of ALCo's original 1998 Indenture bond anticipation notes supported by Agency Fund appropriations were converted to permanent financing in the prior period. ALCo established a new indenture to provide funding for line-item and agency bond pool projects authorized in the 2000 Legislative Session. At December 31, 2001, no funds had been drawn under the program in many instances because of the availability of the General Fund supported portion of these projects raised with the sale of SPBC bonds.

Financial Agreements

ALCo had five financial agreements outstanding during the period, but a net exposure to only one transaction. One transaction was terminated during the prior period as previously reported. These transactions are listed in the Swap Summary Table following this section.

Of the outstanding financial agreement transactions, the first item is a total return swap relating to the \$56,485,000 July 1, 2009, maturity of the Turnpike Authority of Kentucky ("TAK") Resource Recovery 1985 Series A Bonds, which bear interest at 6 percent. Staff worked for approximately 18 months to develop this transaction with Morgan Stanley ("MS"), and it was finally executed in April 2001. The 1985A Bonds could not be economically refunded despite a very low interest rate environment, due to the enormous transferred proceeds penalty associated with the debt service reserve fund ("DSRF") which is earning approximately 10 percent. MS, bond counsel and the Commonwealth worked out a structure whereby the bonds would be called, but not redeemed. Once called, the bonds were sold to MS. ALCo then entered into a Total Rate of Return swap, whereby MS pays ALCo 6 percent (the coupon on the bond) and ALCo pays to MS BMA (short-term tax-exempt municipal index) plus a spread (currently 58 basis points) to cover expenses. This transaction provided the Road Fund with synthetic variable rate exposure to offset the asset sensitivity in the balance sheet, i.e., sensitivity to declining interest rates. During the first few weeks of the trade, ALCo booked approximately \$147,700 in earnings on the first payment date of July 1, 2001. Rates continued to steadily decline, putting the trade in a very favorable position. Shortly after the events of September 11, 2001, interest rates tumbled dramatically and on September 24, 2001, staff entered into an offsetting trade, locking in a guaranteed spread of 213 basis points. The reversal rate (rate ALCo agrees to pay MS) was 3.87 percent versus the original fixed receiver rate of 6.00 percent from MS. ALCo received \$635,900 on January 1, 2002, under the terms of the agreement, bringing the total to \$783,600 since inception. The expected total benefit from this transaction is \$7.46 million.

Since the two transactions offset each other for a net notional amount of zero, ALCo collects the difference between the two payments and deposits the proceeds into a swap account held for the benefit of the Road Fund. This account also secures future payments to MS under the agreement, if necessary. ALCo is obligated under the agreement to accumulate a minimum balance of \$3 million in the swap account before funds may be available to offset future debt service payments. Since the bonds are still outstanding and the TAK retains the right to call the bonds at face value (par), the termination value of the swap is essentially the present value of the fixed expenses (13 basis points). In the event that short-term tax-exempt interest rates rise above the coupon on the bonds plus expenses, the transaction would be terminated and the bonds would be resold to the market place. If the value of the bonds in the market are below par, then ALCo would make a payment from the swap account to

MS equal to the difference between the then market value and par. Alternatively, the Road Fund could purchase the bonds as an investment at par. The Road Fund and TAK get the best of both worlds with this transaction in that they retain the highly valuable DSRF earning 10 percent and lower the cost of borrowing as long as rates stay low. In the event that interest rates rise dramatically, then the investment portfolio of the Road Fund will earn significantly more than projected.

ALCo entered into an identical transaction with MS for the 5.50 percent bonds due July 1, 2007, of the TAK Toll Road 1986 Series A bonds with a par amount of \$50,920,000. The Toll Road DSRF earns a bit less than the Resource Recovery 1985A and the coupon on the outstanding bonds is also less, but the mechanics are the same. On July 24, 2001, MS agreed to enter into a total return swap whereby MS would pay ALCo beginning on January 3, 2002, 5.50 percent in exchange for BMA plus 45 basis points (to cover expenses). The trade could not be executed until December 7, 2001, after the call notice for the bonds had been issued. On July 24, 2001, ALCo agreed to pay MS 4.15 percent in exchange for BMA plus 45 basis points, locking in a guaranteed spread of 135 basis points as long as BMA plus 45 basis points remains below the coupon of the bonds at 5.50 percent. The present value savings level, factoring in all expenses, is approximately \$1.8 million. The net notional amount exposure is zero and the market value is par as in the previously described transaction. Payments will commence July 1, 2002.

The remaining transaction and the only net financial agreement exposure is a delayed start interest rate swap with UBS PaineWebber related to the future refunding of Medium Term Notes issued as a part of SPBC Project 71. This transaction is structured very similar to the SPBC 40 (Second Series) transaction where ALCo successfully hedged the advance refunding of selected bonds. ALCo has contracted to pay a fixed rate in the future in exchange for a variable rate that would approximate the rate on variable rate demand obligations that could be issued to refund the bonds. Alternatively, the swap could be terminated and fixed rate bonds issued to execute the refunding, potentially as early as February 2002 depending upon market conditions. The only impediment has been the negative arbitrage associated with the defeasance escrow (comprised of treasuries to be considered a legal defeasance) for the refunded bonds. As treasury rates have fallen, the historical relationship of municipals to treasuries has risen to unprecedented levels. For many potential refundings the impact has been that the yields on the defeasance escrow is not high enough to offset the increased yield in certain of the refunding bond maturities, reducing or eliminating the present value savings one would expect given the absolute level of tax-exempt interest rates. The historical ratio of municipals to treasuries and LIBOR is also having an impact on the valuation of all financial agreements as well as traditional fixed income securities. Due to the sharp increase in intermediate and longer maturity treasury security yields at calendar year end, the termination value of this interest rate swap improved to **negative \$241,937**.

Swap Summary

	Terminated SPBC 40(2)***	TAK 85 A Total Return	TAK 85 A Fixed	TAK 86 A Total Return	TAK 86 A * Fixed	SPBC 71 MTNs
Fund Source	General Fund	Road Fund	Road Fund	Road Fund	Road Fund	General Fund
Hedge	Future Refunding	Net Interest Margin	Total Return	Net Interest Margin	Total Return	Future Refunding
Counter-Party	Merrill Lynch	Morgan Stanley	Morgan Stanley	Morgan Stanley	Morgan Stanley	UBS PaineWebber
Counter-Party Ratings**	Aa3/AA-/AA	Aa3/AA-/AA	Aa3/AA-/AA	Aa3/AA-/AA	Aa3/AA-/AA	Aa2/AA+/AAA
Termination Trigger (below)	A-/A3	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3
Swap Type	Fixed Pay	Variable Pay	Fixed Pay	Variable Pay	Variable Pay	Fixed Pay
Benchmark	BMA	BMA	BMA	BMA	BMA	BMA
Reset	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly
Notional Amount	\$21,825,000	\$56,485,000	\$56,485,000	\$50,920,000	\$50,920,000	\$63,935,000
Amortize (yes/no)	yes	no	no	yes	yes	yes
Execution Date	8/3/1998	4/23/2001	9/20/2001	7/24/2001	7/24/2001	8/8/2001
Start Date	11/1/2001	5/24/2001	9/27/2001	1/3/2002	1/3/2002	8/1/2008
End Date	11/1/2007	<i>see confirmation</i>	7/1/2009	7/1/2007	7/1/2007	8/1/2021
Fixed Rate pay-(rec)	4.868%	(6.000%)	3.870%		(4.150%)	5.529%
Expenses Paid		\$382,576				
Day Count	30/360	30/360	30/360	30/360	30/360	30/360
Payment Dates	Monthly	Jan. 1 & July 1	Jan. 1 & July 1	Jan. 1 & July 1	Jan. 1 & July 1	Aug. 1 & Feb. 1
Security Provisions	Debt Service App.	Road Fund Inv.	Road Fund Inv.	Road Fund Inv.	Road Fund Inv.	Debt Service App.
Current Market Valuation						
June 30, 2001	n/a	0.00	n/a	n/a	n/a	n/a
December 31, 2001	n/a	0.00	0.00	0.00	0.00	(\$241,937.00)
Cumulative Interest Earnings						
June 30, 2001		\$147,726.59				
December 31, 2001			\$635,895.37			
Termination Value	(\$900,000)					(\$775,000)
Termination date	March 28, 2001					February 5, 2002

* TAK 86 A Fixed Rate Swap has an Execution Date of January 1, 2002

** Moody's, S&P, Fitch

*** Terminated

Total Notional Amount Executed

	General Fund	Road Fund
Fund Source Total	\$85,760,000	\$163,890,000

	Merrill Lynch	Morgan Stanley	UBS PaineWebber
Counter Party Total	\$21,825,000	\$163,890,000	\$63,935,000

Net Exposure Notional Amount

	General Fund	Road Fund
Fund Source	\$63,935,000	0

	Merrill Lynch	Morgan Stanley	UBS PaineWebber
Counter Party	0	0	\$63,935,000

10 Percent Net Exposure

	General Fund	Road Fund
Total Debt Outstanding December 31, 2001	\$3,042,603,546	\$1,122,557,093
10 Percent Threshold	\$304,260,355	\$112,255,709

Asset/Liability Model

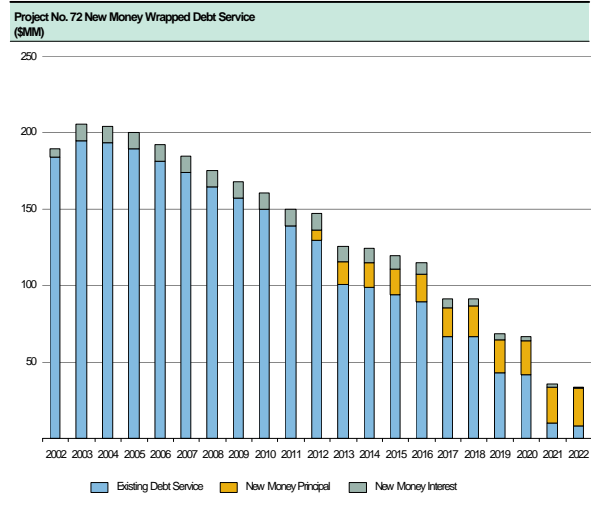
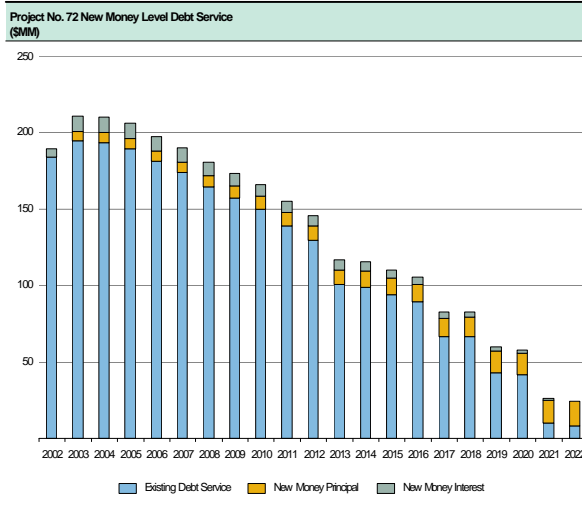
General Fund. Due to the absolute low level of interest rates ALCo, SPBC and staff determined that it was in the Commonwealth's best interest to proceed with permanently financing all of the 2000 Legislative Session bond authorized projects (see Appendix B) and refund certain prior bonds for debt service savings. As a result, the General Fund Project Note indenture established for the 2000 bond authorization, while activated, was never drawn. Instead SPBC issued three series of General Fund supported obligations during the period, identified below:

SPBC 71. The Project 71 Bonds were sold on August 8, 2001, utilizing a Medium Term Note ("MTN") structure that has been discussed in detail in previous reports. This has been a very successful structure for the Commonwealth in the past. Given the low level of interest rates at that time, ALCo executed a delayed start interest rate swap to hedge the advanced refunding of the MTNs. See discussion above regarding Financial Agreements. The bonds carried an all-in total interest cost of 4.31 percent and were sold by a syndicate lead by UBS PaineWebber. The MTN portion of the transaction is expected to be refunded early in 2002.

SPBC 72. The Project 72 Bonds were sold on September 24, 2001, the state's first issue post September 11, 2001. The market while somewhat tenuous offered excellent yields and provided an outstanding opportunity to level out a portion of our aggregate debt service by pushing the amortization out, beginning in year ten through twenty as discussed in our previous report. The bonds with a refunding component had an all-in total interest cost of 4.98 percent. Even considering the back-loaded structure, an excellent cost of funds was achieved for a non-MTN structure. The bonds were sold by a syndicate lead by Morgan Stanley.

The Commonwealth's fixed rate debt before the issuance of SPBC 72 was extremely front loaded, with 32 percent of principal maturing in 5 years and 64 percent of principal maturing within 10 years. S & P's minimum guidelines allow for 25 percent of principal amortization in 5 years and 50 percent of principal amortization in 10 years. Clearly, there was room to rebalance SPBC's debt service profile without extending the principal amortization of the projects beyond the traditional twenty-year period. Discussions with the rating agencies indicated that they would generally be comfortable with proposed targets of 27-30 percent in 5 years and 55-60 percent within 10 years. The wrapped new money debt service of SPBC 72 helped the Commonwealth achieve its principal amortization goals by slowing principal amortization to 28 percent in 5 years and 57 percent within 10 years.

SPBC Project 72 Level Debt Service vs. Wrapped Debt Service



Structuring Results

Level Debt Service: 2002-2021 Amortization

Annual Project No. 72 New Money Debt Service:	
FY2002	\$5,110,388
FY2003-2022 (avg.)	\$16,334,813
Total Project No. 72 New Money Debt Service: \$331,806,638	
Aggregate Debt Service:	
FY2002	\$189,480,259
FY2003	\$211,308,876
All-in TIC:	4.777%

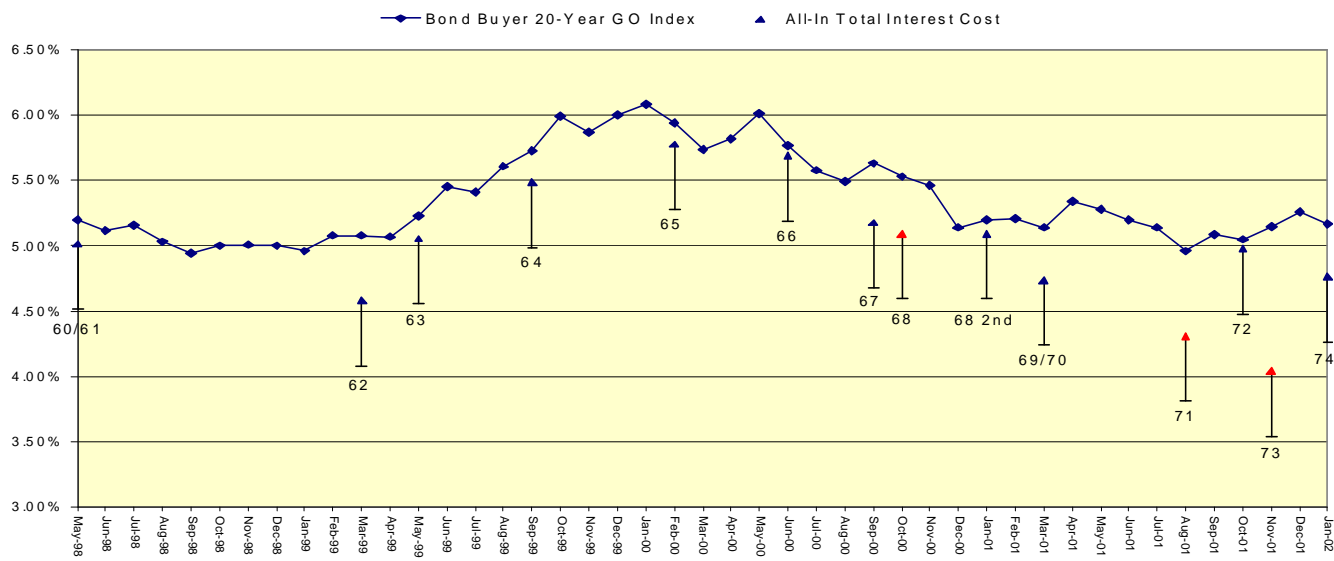
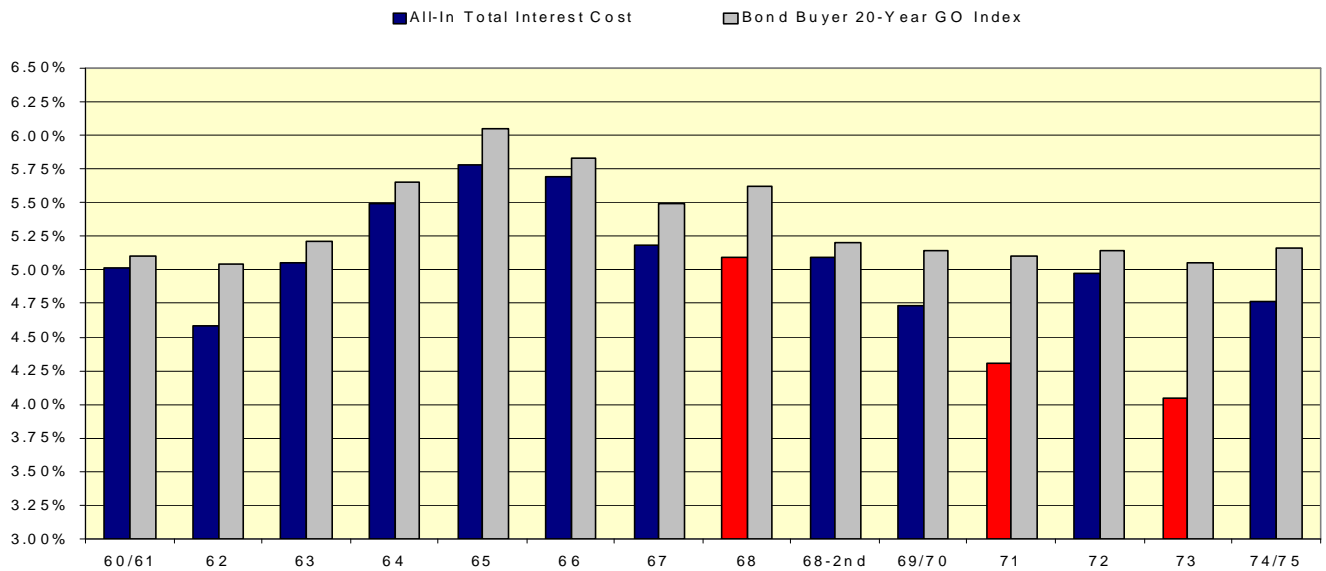
Structuring Results (Actual)

Wrapped Debt Service: 2011-2021 Amortization

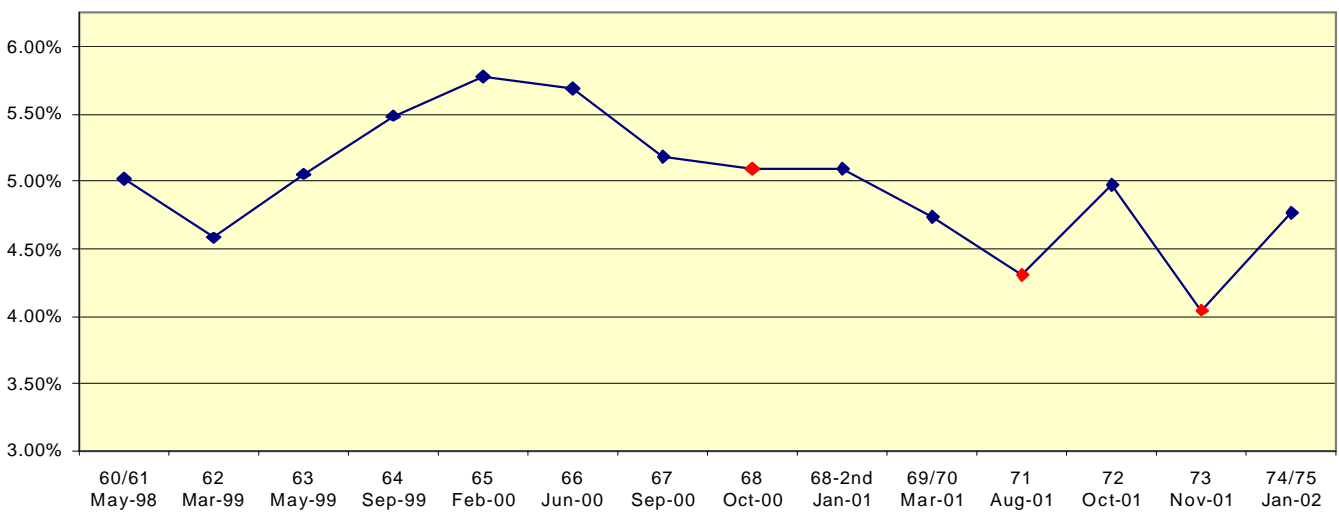
Annual Project No. 72 New Money Debt Service:	
FY2002	\$5,387,857
FY2003-2011	\$10,775,714
FY2012	\$17,604,714
FY2013-2022 (avg.)	\$25,396,692
Total Project No. 72 New Money Debt Service: \$373,940,913	
Aggregate Debt Service:	
FY2002	\$189,757,729
FY2003	\$205,748,614
All-in TIC:	4.996%

SPBC 74. These bonds financed the remaining General Fund supported projects authorized by the 2000 General Assembly, except for certain economic development bond pool projects, and refunded select maturities of prior bonds issued by SPBC. The bonds had an all-in total interest cost of 4.76 percent. Present value savings were \$1.8 million or 1.96 percent of refunded par. The bonds were sold on January 9, 2002, to settle on January 30, 2002. The lead underwriter for this transaction is Bear Stearns.

The graphs on the next page depict the all-in total interest cost of recent SPBC issues.



All-In Total Interest Cost Comparison



Blue indicates Traditional Structure.
 Red indicates Medium Term Note Structure.

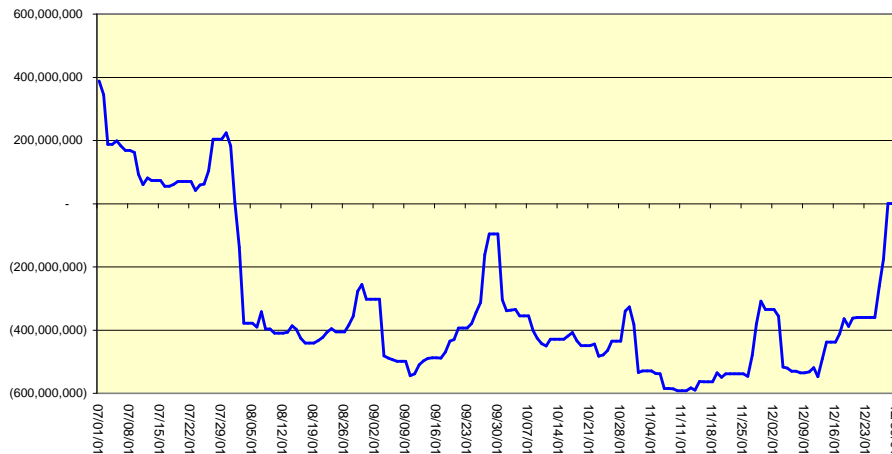
Since SPBC represents a large portion of the General Fund appropriation supported debt, the new issues had a significant impact on the weighted average yield and duration of outstanding liabilities. These issues increased the overall market yield of the SPBC debt portfolio to 3.90 percent and modified duration was extended by .27 years to 5.09 years. The impact would have been greater without the use of the MTN structure.

The General Fund continues to be subject to seasonal fluctuations consistent with historical expenditure and receipt patterns, however, the magnitude is much more severe with the slowing economy and reduced revenues. For the first time since the Budget Reserve Trust Fund ("BRTF") became a statutory account, the Governor has made withdrawals to balance the fiscal 2001 and 2002 budgets.

The General Fund balance, including the BRTF, had a high balance of \$389 million on July 1, 2001, and a

low of **negative \$591.6 million** on November 10, 2001. The General Fund ended the calendar year with a balance of \$1.1 million. The average and median balances were a **negative \$321 million** and a **negative \$403 million**, respectively. For purposes of calculating the available balance for the TRAN computation, \$120 million

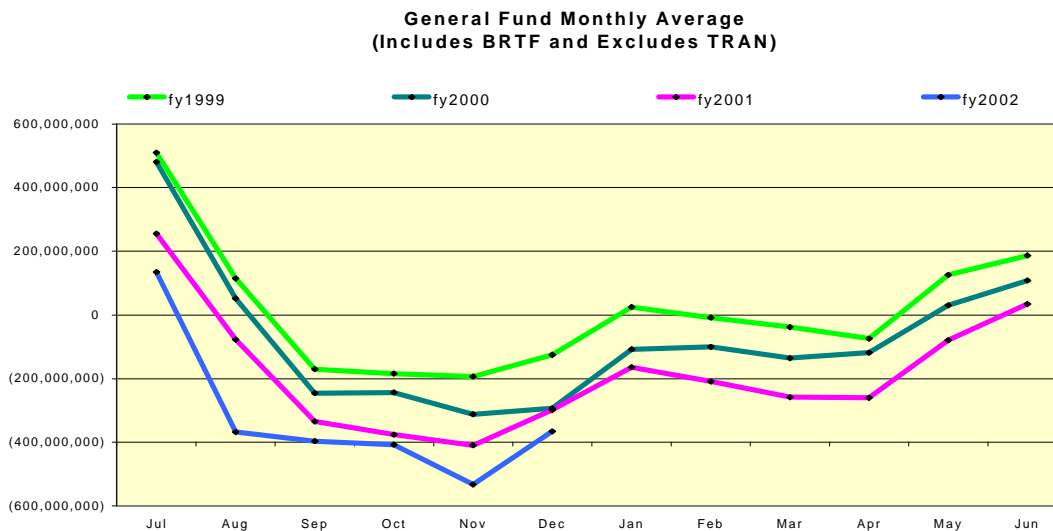
**General Fund Available Balance FYTD 2002
(Includes BRTF and Excludes TRAN)**



of the BRTF balance is excluded, which is the full amount remaining. Taking into account the adjustment, the balances were as follows: the high was \$269 million on July 1, 2001; the low was **negative \$711.6 million** on November 10, 2001; the average was **negative \$441 million** and the median was **negative \$523 million**. The ending balance on an adjusted basis was **negative \$118.9**. Since \$120 million of the BRTF is invested in the Long-term Investment Pool the adjusted balances more accurately reflect the actual cash balance in the General Fund. Since the General Fund continued to have a negative average cash balance for most of the period there is little, if anything, that can be done from an asset management viewpoint beyond current actions. The FY 2002

TRAN proceeds add economic benefit in that it reduces the amount of borrowing from other sources but can not fully offset the negative balances of the General Fund.

From a liability management perspective, total General Fund debt service, net of reserve fund credits, was \$162.2 million through December 31, 2001, versus investment income of \$16.2 million, resulting in a new interest margin of **negative \$146.0 million**.



ROAD FUND

SPBC 73. Project 73 bonds were sold on October 31, 2001, also as Medium Term Notes. The bonds carried a yield of 4.04 percent and were sold by a syndicate headed by UBS PaineWebber. Due to market conditions an initial hedge of the MTN refunding was not considered. Staff is monitoring the MTNs for possible refunding.

The Road Fund average daily cash balance for FYTD 2002 million was \$528.3. Of that average amount, \$328.3 million was invested in the Intermediate-term Investment Pool and \$200 million in the Long-term Investment Pool. The duration of the respective pools was 1.63 years and 2.7 years as of December 31, 2001. The Road Fund has earned \$16.2 million on a cash basis in FYTD 2002, versus the revised budgeted amount of \$23.7 million for the fiscal year.

As of December 31, 2001, TAK had \$1.1 billion of bonds outstanding with a weighted average coupon of 5.38 percent and a modified duration 4.34 years. The yield at market was 3.53 percent indicating that selected maturities might be refundable depending upon the tax status of the bonds. Selected maturities with the most economic value, of the Resource Recovery 1985A and Toll Road 1986A, have been synthetically refunded with financial agreements as identified previously.

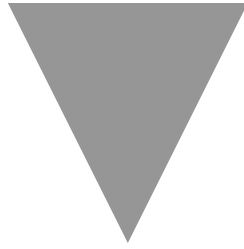
Debt service paid, net of reserve fund credits, during FYTD 2002 was \$59.5 million resulting in a net interest margin (investment income earned less debt service paid) of **negative \$43.2 million**. The negative amount stems from a general decrease in interest rates on the investment side and fixed rate obligations on the liability side. As the Road Fund has experienced in recent years, this trend can reverse itself very quickly when interest rates rise.

Summary

ALCo's approach to managing the Commonwealth's interest-sensitive assets and interest-sensitive liabilities continues to produce excellent results:

- **Investments.** Incremental returns derived from new investment asset classes are \$3 million for FYTD 2002 (12/31/01) and \$18.6 million since inception.
- **Cash Management.** Cash management improved dramatically with the implementation of the General Fund TRAN program producing \$3.2 million in FY98, \$4.7 million in FY99, \$7.3 million in FY00 and \$6.5 million in FY01 for a total of \$21.7 million in economic value. Projected economic benefit for FY02 is \$10.4 million for a cumulative benefit of \$32.1 million.
- **Debt Management.** Contributed an estimated \$212 million in value-added.
 1. Synthetic advanced refunding of SPBC 40 (Second Series) using a delayed start interest rate swap produced \$1.1 million in present value savings.
 2. Synthetic refunding of TAK Resource Recovery 1985 Series A Bonds has accumulated \$783,600 to date.
 3. Lapsed General Fund debt service for FY99 was \$10.5 million, for FY00 was \$29 million and for FY01 was \$76.5 million and for FY02 is expected to be \$94 million for a total of \$210 million. This amount reflects the savings from actual versus budgeted debt service.
- **Total value added since inception, \$262.8 million.**

Appendix



Monthly Investment Income Report – December 31, 2001	A
2000 Bond Authorizations	B
Debt Outstanding by Fund Source December 31, 2001	C
Debt Service by Fund Source December 31, 2001	D
Capital Financing Analysis	E



Monthly Investment Income Report

December 31, 2001

Date: 12/31/01

**PORTFOLIO SUMMARY
POOLS**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	694,561,669.00	3.11	1.98	19%	
	Sub-total	694,561,669.00	3.11	1.98	19%	
Agencies						
	Notes	1,389,365,573.00	3.57	1.70	38%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	1,389,365,573.00	3.57	1.70	38%	
Municipals						
		160,835,162.00	3.75	1.74	5%	
Corporates						
		303,096,880.00	4.20	2.10	8%	25%
Mortgages						
	Pools	67,810,410.00	4.70	2.34	2%	
	CMO's	99,898,873.00	3.91	1.14	3%	
	Sub-total	167,709,283.00	4.23	1.63	5%	25%
Asset Backs						
		206,807,977.00	3.43	1.43	6%	20%
Repurchase Agreements						
	Overnight	489,000,000.00	1.83	0.0027	13%	
	< 30 days	32,012,942.00	2.03	0.08	1%	
	< 60 days	17,852,436.00	2.05	0.18	1%	
	< 90 days	637,222.00	4.48	0.25	0%	
	< 1 year	11,944,104.00	3.72	0.90	0%	
	< 2 years	2,500,000.00	3.20	1.25	0%	
	> 2 years	5,000,000.00	4.18		0%	
	Flex Repos				0%	
	Sub-total	558,946,704.00	1.92		15%	
Money Market Securities						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Money Mkt Fund	158,000,000.00	2.17	0.0083	4%	
	Certificates of Deposit	848,076.00	4.23	0.56	0%	
	Sub-total	158,848,076.00	2.18	0.01	4%	20%
TOTALS		3,640,171,324.00	3.25	1.44	100%	

Date: 12/31/01

**PORTFOLIO SUMMARY
SHORT TERM POOL**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries						
	Bills	0.00	0.00	0.0000	0%	
	Treasury Notes	0.00	0.00	0.0000	0%	
	Sub-total	0.00	0.00	0.0000	0%	
Agencies						
	Notes	0.00	0.00	0.0000	0%	
	Discounts	0.00	0.00	0.0000	0%	
	Sub-total	0.00	0.00	0.0000	0%	
	Corporates	0.00	0.000	0.0000	0%	25%
	Municipals	0.00	0.00	0.0000	0%	
	Mortgages	0.00	0.00	0.0000	0%	25%
	ABS	0.00	0.00	0.0000	0%	
Repurchase Agreements						
	Overnight	431,842,000.00	1.83	0.0027	73%	
	< 30 days	0.00	0.00		0%	
	< 60 days	0.00	0.00		0%	
	< 90 days	0.00	0.00		0%	
	< 1 year	0.00	0.00		0%	
	< 2 years	0.00	0.00		0%	
	> 2 years	0.00	0.00		0%	
	Flex Repos				0%	
	Sub-total	431,842,000.00	1.83		73%	
Money Market Securities						
	Commercial Paper	0.00	0.000	0.0000	0%	A1-P1
	Money Mkt Fund	158,000,000.00	2.169	0.0083	27%	
	Certificates of Deposit	0.00	0.00	0.00	0%	
	Sub-total	158,000,000.00	2.17	0.0083	27%	
TOTALS		589,842,000.00	1.92	0.0042	100%	

Date: 12/31/01

**PORTFOLIO SUMMARY
INTERMEDIATE TERM POOL**

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTOI LIMIT
Treasuries						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	352,630,412.00	3.10	1.90	18%	
	Sub-total	352,630,412.00	3.10	1.90	18%	
Agencies						
	Notes	858,032,875.00	3.49	1.63	43%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	858,032,875.00	3.49	1.63	43%	
Municipals						
		130,688,997.00	3.61	1.56	7%	
Corporates						
		251,695,782.00	4.03	1.89	13%	25%
Mortgages						
	Pools	41,410,826.00	4.67	2.30	2%	
	CMO's	99,898,873.00	3.91	1.14	5%	
	Sub-total	141,309,699.00	4.13	1.48	7%	25%
Asset Backs						
		196,145,435.00	3.38	1.37	10%	20%
Repurchase Agreements						
	Overnight	0.00	0.00	0.0000	0%	
	< 30 days	32,012,942.00	2.03	0.08	2%	
	< 60 days	17,852,436.00	2.05	0.18	0%	
	< 90 days	637,222.00	4.48	0.25	0%	
	< 1 year	11,944,104.00	3.72	0.90	0%	
	< 2 years	2,500,000.00	3.20	1.25	0%	
	> 2 years	5,000,000.00	4.18		0%	
	Flex Repos				0%	
	Sub-total	69,946,704.00	2.54		2%	
Money Market Securities						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Money Mkt Fund	0.00	0.00	0.0000	0%	
	Certificates of Deposit	848,076.00	4.23	0.56	0%	
	Sub-total	848,076.00	4.23	0.56	0%	20%
TOTALS		2,001,297,980.00	3.50	1.62	100%	

Date: 12/31/01

PORTFOLIO SUMMARY
LONG TERM POOL

	TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries						
	Bills	0.00	0.00	0.00	0%	
	Treasury Notes	126,991,511.00	3.66	2.79	38%	
	Sub-total	126,991,511.00	3.66	2.79	38%	
Agencies						
	Notes	81,287,952.00	4.16	2.60	25%	
	Discounts	0.00	0.00	0.00	0%	
	Sub-total	81,287,952.00	4.16	2.60	25%	
Municipals		30,146,165.00	4.34	2.54	9%	
Corporates		51,401,098.00	5.01	3.11	16%	25%
Mortgages						
	Pools	26,399,584.00	4.75	2.39	8%	
	CMO's	0.00	0.00	0.00	0%	
	Sub-total	26,399,584.00	4.75	2.39	8%	25%
Asset Backs		10,662,542.00	4.35	2.54	3%	20%
Repurchase Agreements						
	Overnight	4,098,000.00	1.83	0.0027	1%	
	< 30 days	0.00	0.00		0%	
	< 60 days	0.00	0.00		0%	
	< 90 days	0.00	0.00		0%	
	< 1 year	0.00	0.00		0%	
	< 2 years	0.00	0.00		0%	
	> 2 years	0.00	0.00		0%	
	Flex Repos				0%	
	Sub-total	4,098,000.00	1.83		1%	
Money Market Securities						
	Commercial Paper	0.00	0.00	0.00	0%	A1-P1
	Money Mkt Fund	0.00	0.00	0.00	0%	
	Certificates of Deposit	0.00	0.00	0.00	0%	
	Sub-total	0.00	0.00	0.00	0%	20%
TOTALS		330,986,852.00	4.14	2.70	100%	

Date: 12/31/01

**PORTFOLIO SUMMARY
BOND PROCEEDS POOL**

TYPE	MARKET VALUE	MARKET YIELD (%)	DURATION (Years)	PERCENT of TOTAL	STATUTORY LIMIT
Treasuries					
Bills	0.00	0.00	0.00	0%	
Treasury Notes	214,939,746.00	2.78	1.64	30%	
Sub-total	214,939,746.00	2.78	1.64	30%	
Agencies					
Notes	450,044,746.00	3.62	1.67	63%	
Discounts	0.00	0.00	0.00	0%	
Sub-total	450,044,746.00	3.62	1.67	63%	
Municipals					
	0.00	0.00	0.00	0%	
Mortgages					
Pools	0.00	0.00	0.00	0%	
CMO's	0.00	0.00	0.00	0%	
Sub-total	0.00	0.00	0.00	0%	
Asset Backs					
	0.00	0.00		0%	
Repurchase Agreements					
Overnight	53,060,000.00	1.83	0.0027	7%	
< 30 days	0.00	0.00		0%	
< 60 days	0.00	0.00		0%	
< 90 days	0.00	0.00		0%	
< 1 year	0.00	0.00		0%	
< 2 years	0.00	0.00		0%	
> 2 years	0.00	0.00		0%	
Flex Repos				0%	
Sub-total	53,060,000.00	1.83		7%	
Money Market Securities					
Commercial Paper	0.00	0.00	0.00	0%	NONE ALLOWED
Money Mkt Fund	0.00	0.00	0.0000	0%	
Certificates of Deposit	0.00	0.00	0.00	0%	
Sub-total	0.00	0.00	0.00	0%	
TOTALS	718,044,492.00	3.24	1.54	100%	

Investment Income

As of 11/30/01

Pool	Month		Fiscal Year to Date	
	Amount	Yield *	Amount	Yield**
Intermediate	-3,122,353.99	-1.67%	69,053,708.26	5.97%
Tran	-937,283.73	-134.38%	-937023.18	-133.55%
Bond Proceeds	-2,850,799.77	-4.39%	15,562,158.82	5.31%
Long Term	-2,382,170.69	-8.68%	7,482,994.45	4.43%
Short Term	1,101,215.92	1.44%	13,364,659.18	4.63%
Grand Total	-8,191,392.26		104,526,497.53	

*Yield is calculated on a total return basis. Total return consists of the accrual of interest and the gain or loss incurred from valuing the securities in market value. Total return, divided by average daily balance, divided by actual days, multiplied by actual days in the fiscal year.

**Yield is calculated on a total return basis. Total return consists of the accrual of interest and the gain or loss incurred from valuing the securities in market value. Total return, (fiscal YTD) divided by the weighted average of the monthly average daily balances, divided by the actual days (fiscal YTD) multiplied by the actual number of days in the fiscal year.

Investable Balances

As of 12\31\01

	Average Daily Balances	
	AvgBal	Fiscal Year to Date
Intermediate	2,203,861,198.01	2,293,794,721.24
Tran	8,212,582.52	1,391,793.79
Bond Proceeds	765,031,816.88	581,490,224.09
Long Term	323,275,670.73	334,744,716.94
Short Term	900,614,521.78	572,096,444.85
	4,200,995,789.92	3,783,517,900.91

CASH DISTRIBUTION

December 2001

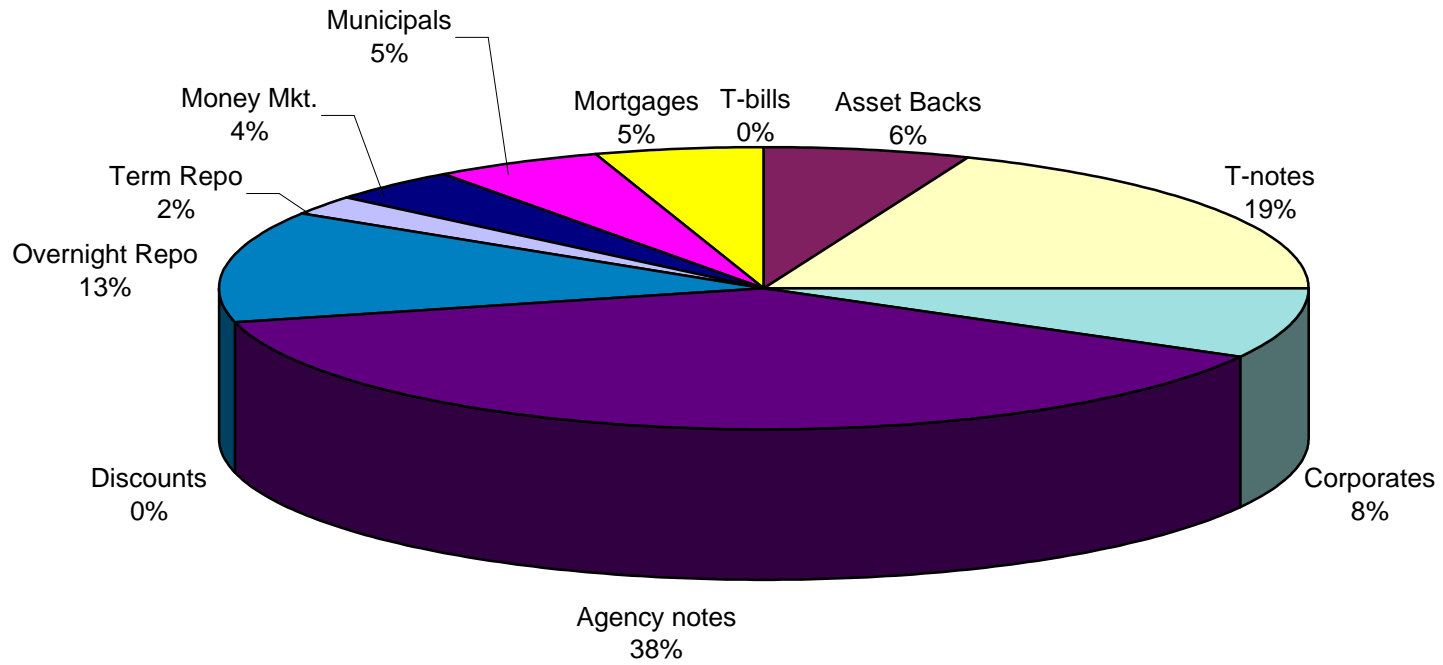
		<u>Month</u>		<u>YTD</u>	
	Actual	Budget	Actual	Budget	
General Fund	2,049,875	1,720,677	16,156,269	10,324,062	
Capital Con.	700,802	1,062,500	5,230,849	6,910,417	
Agency	902,765	500,000	7,260,348	3,143,750	
T&R	295,184	375,000	2,528,611	2,368,750	

ACCRUED EARNINGS

December 2001

		<u>Month</u>		<u>YTD</u>
	Actual	Budget	Actual	Budget
General Fund	(1,234,333)	1,720,677	14,170,246	10,324,062
Capital Con.	(172,384)	1,062,500	5,227,628	6,910,417
Agency	(664,904)	500,000	7,212,770	3,143,750
T&R	(114,044)	375,000	2,563,705	2,368,750

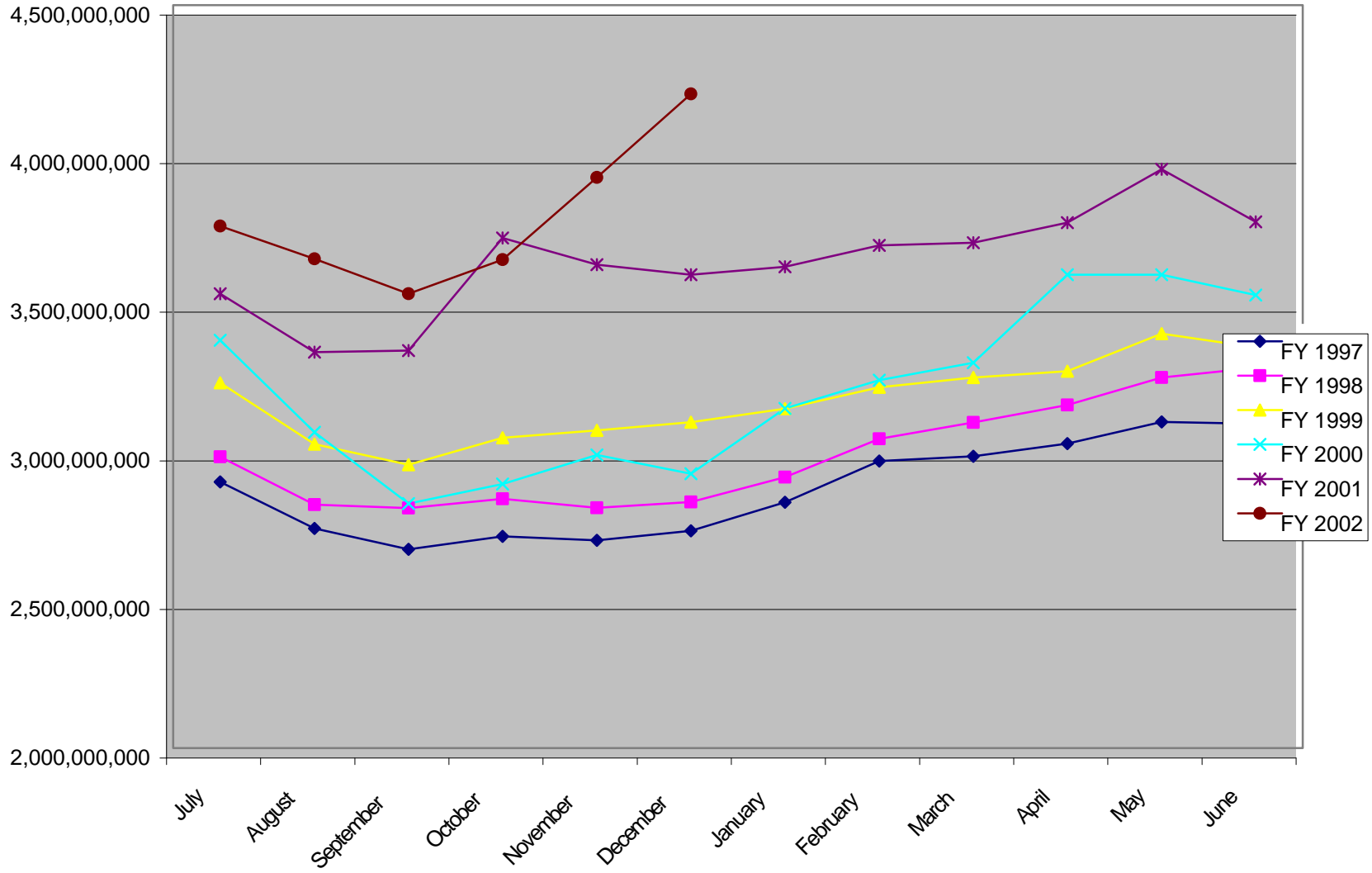
Distribution of Investments for December



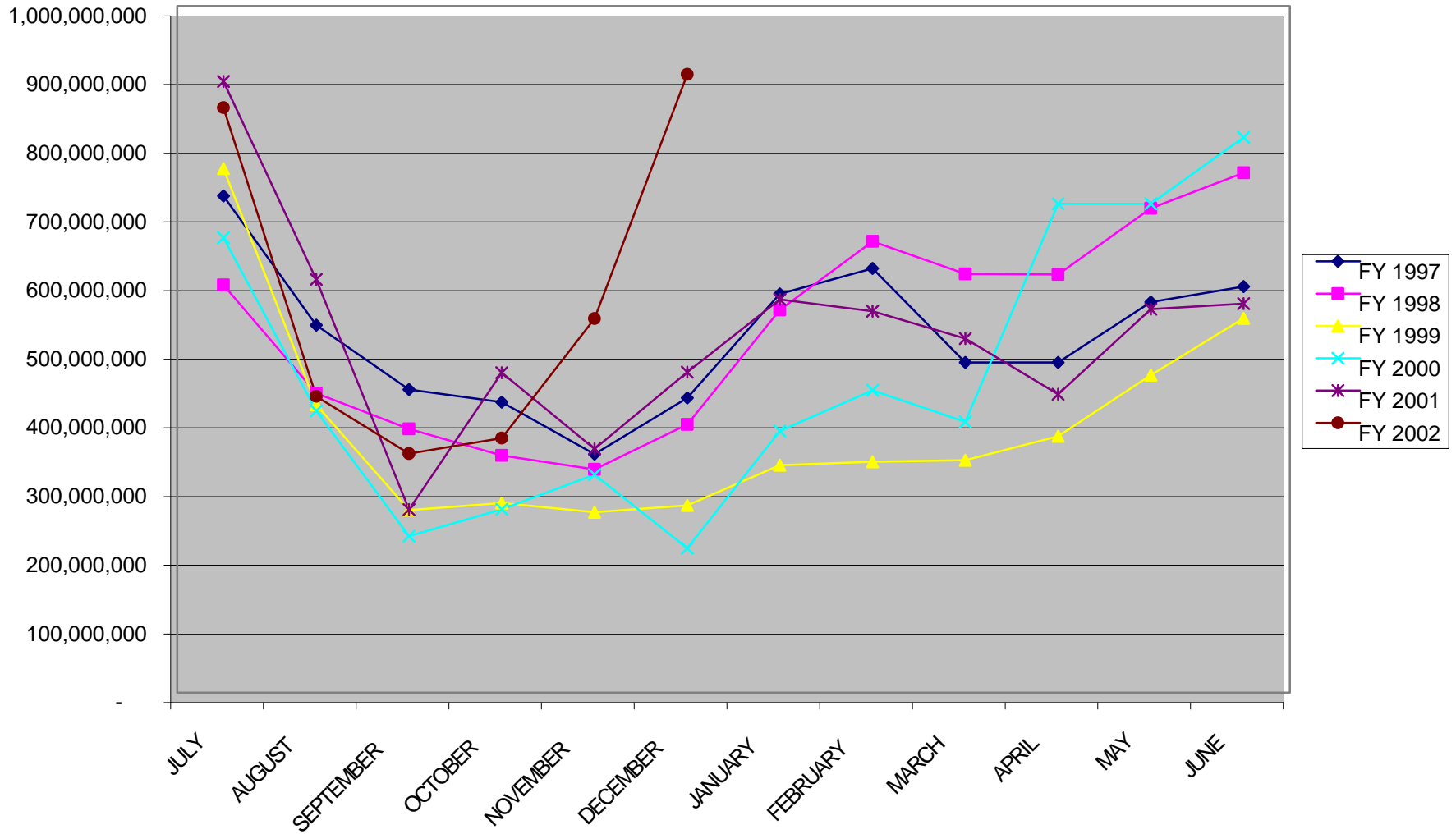
LIMITS

- Corporates 25%
- Mortgages 25%
- Asset Backs 20%
- Money Mkt. 20%

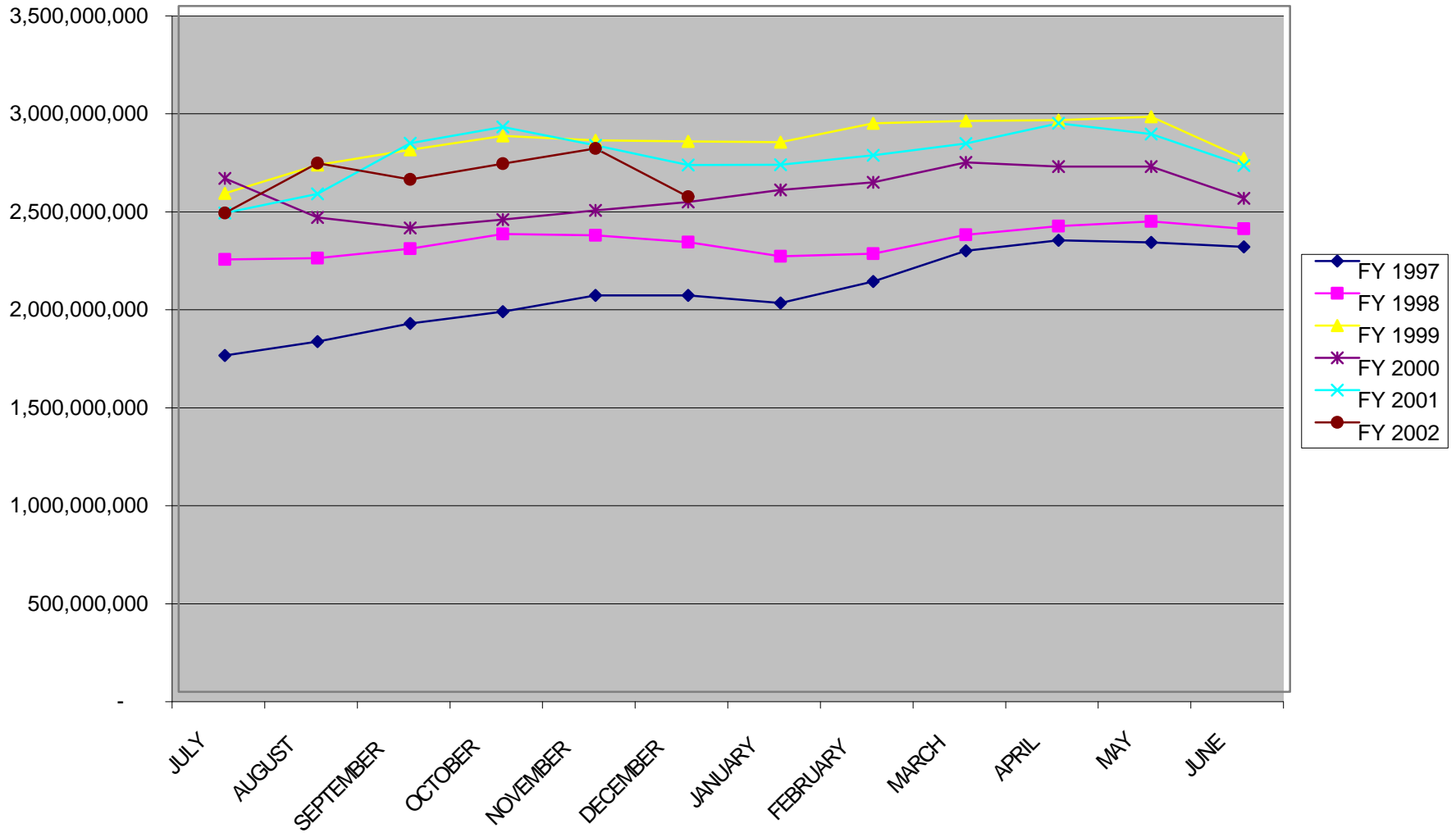
INVESTABLE BALANCES



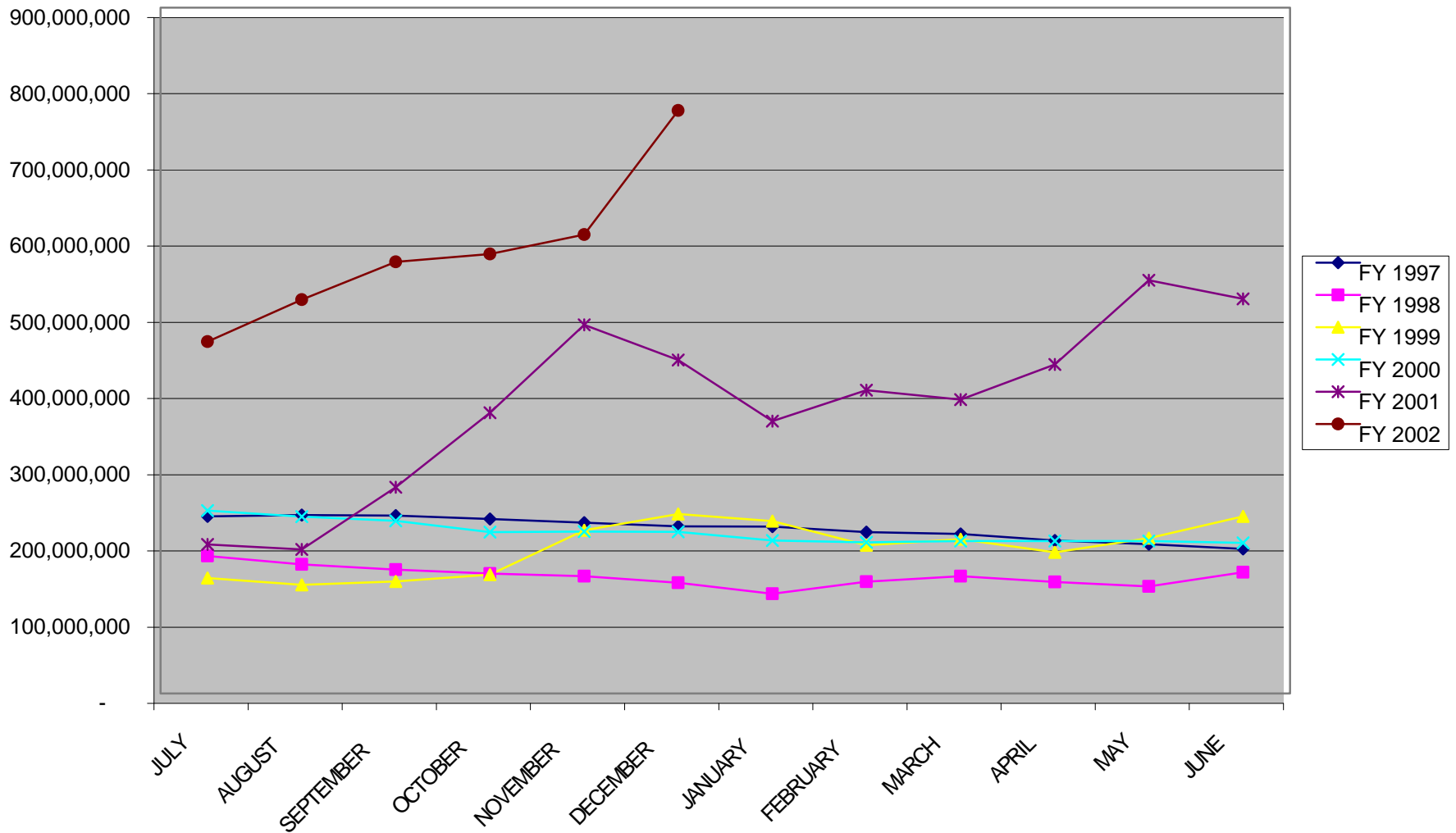
SHORT TERM POOL INVESTABLE BALANCES



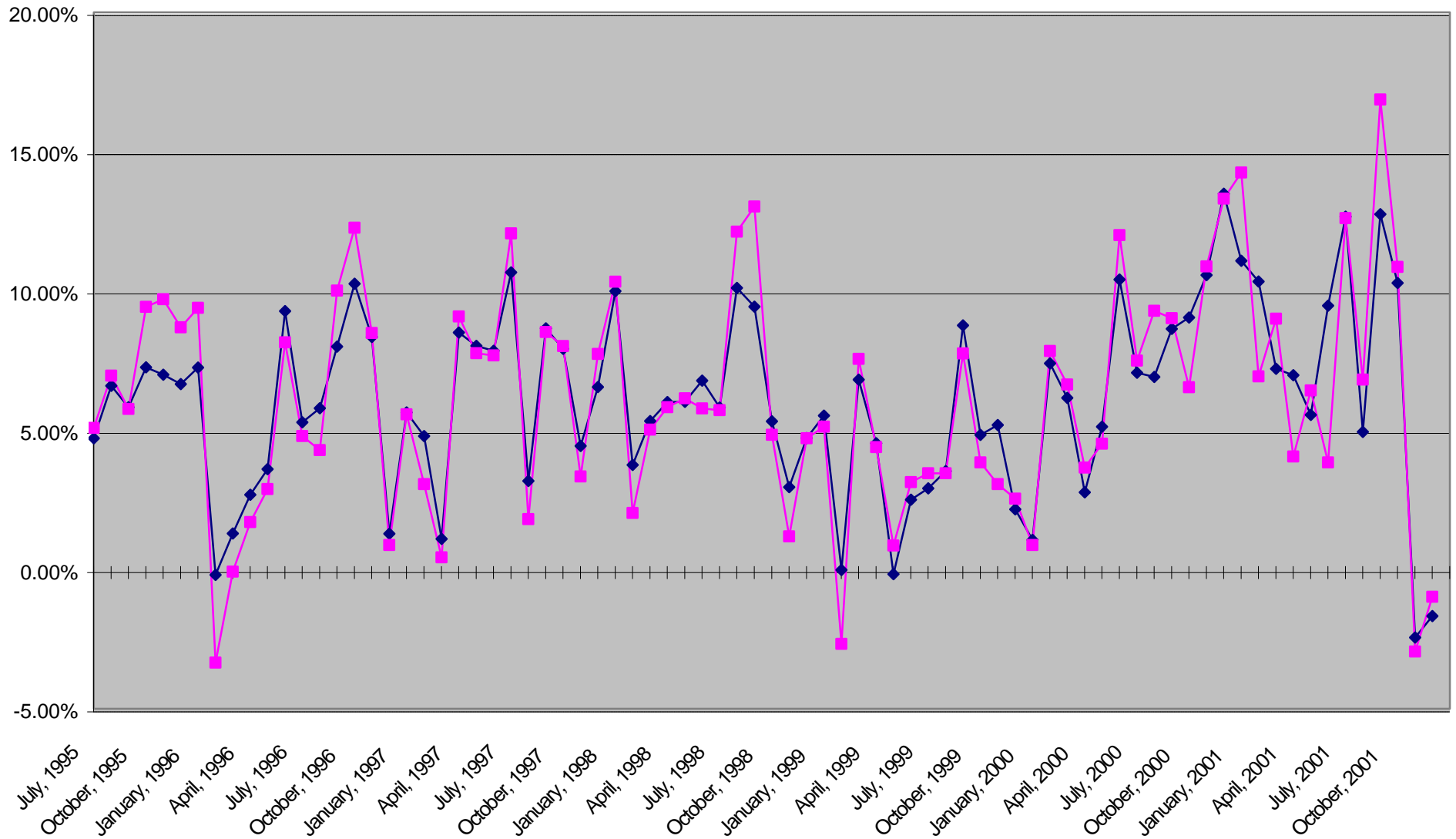
INTERMEDIATE - LONG TERM POOL INVESTABLE BALANCES



US TREASURY-AGENCY INVESTABLE BALANCES



INTERMEDIATE POOL ANNUALIZED YIELD

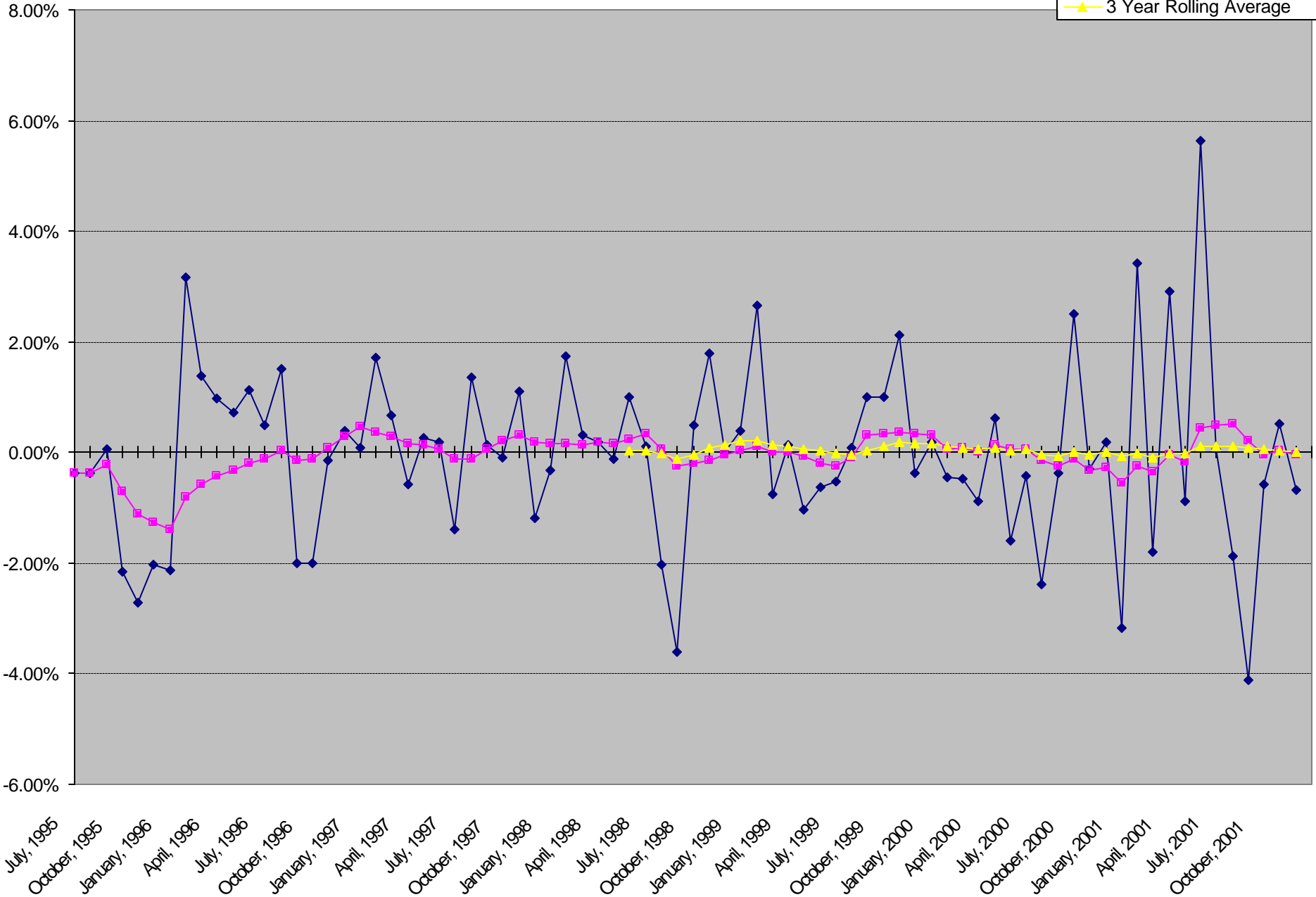


Index consists of 70% Government 1-3 year, 15% Mortgage 0-3 and 15% money market

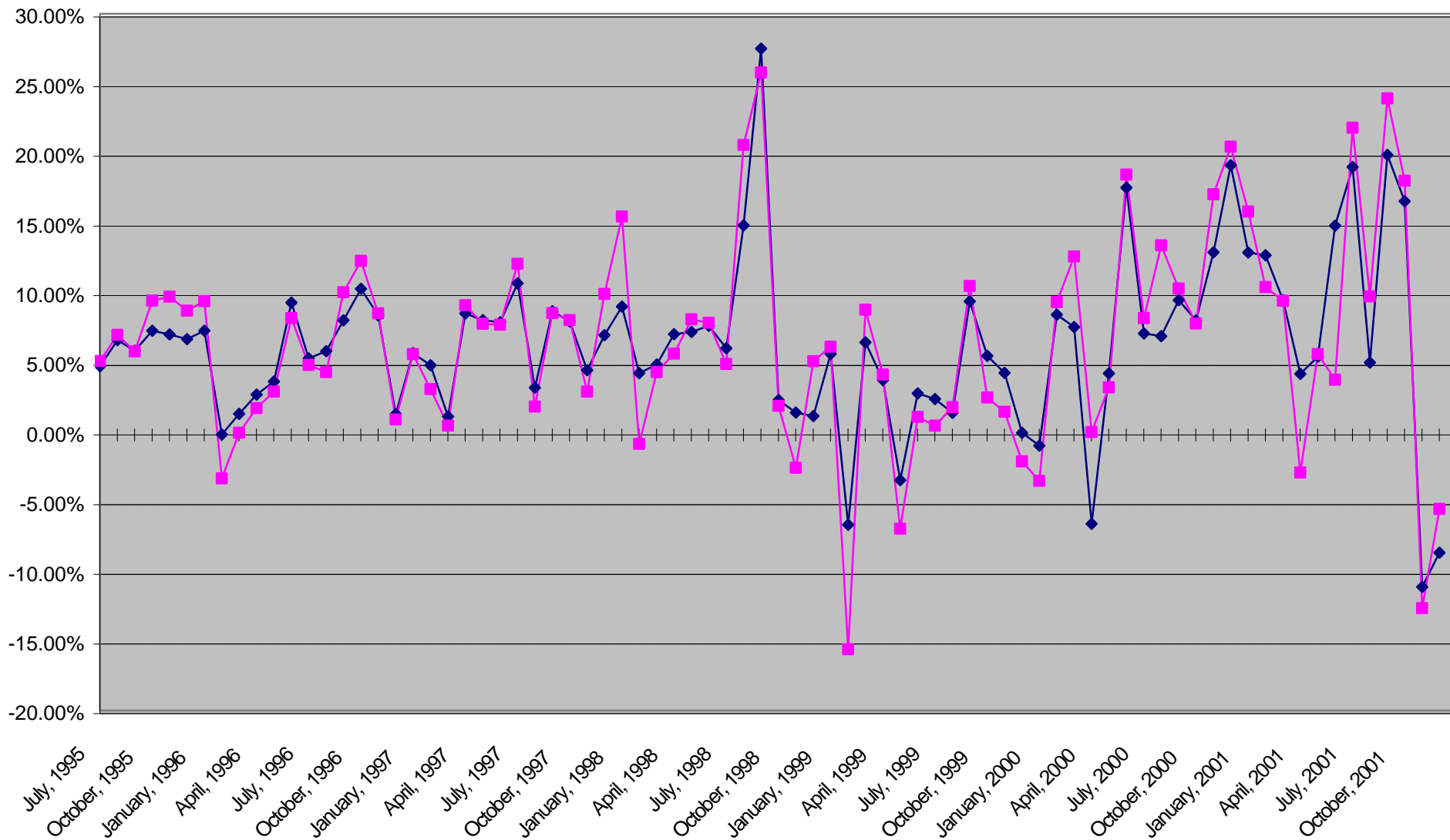


INTERMEDIATE POOL ANNUALIZED YIELD DIFFERENCE

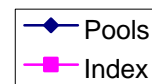
- ◆ Difference
- 12 Month Rolling Average
- ▲ 3 Year Rolling Average



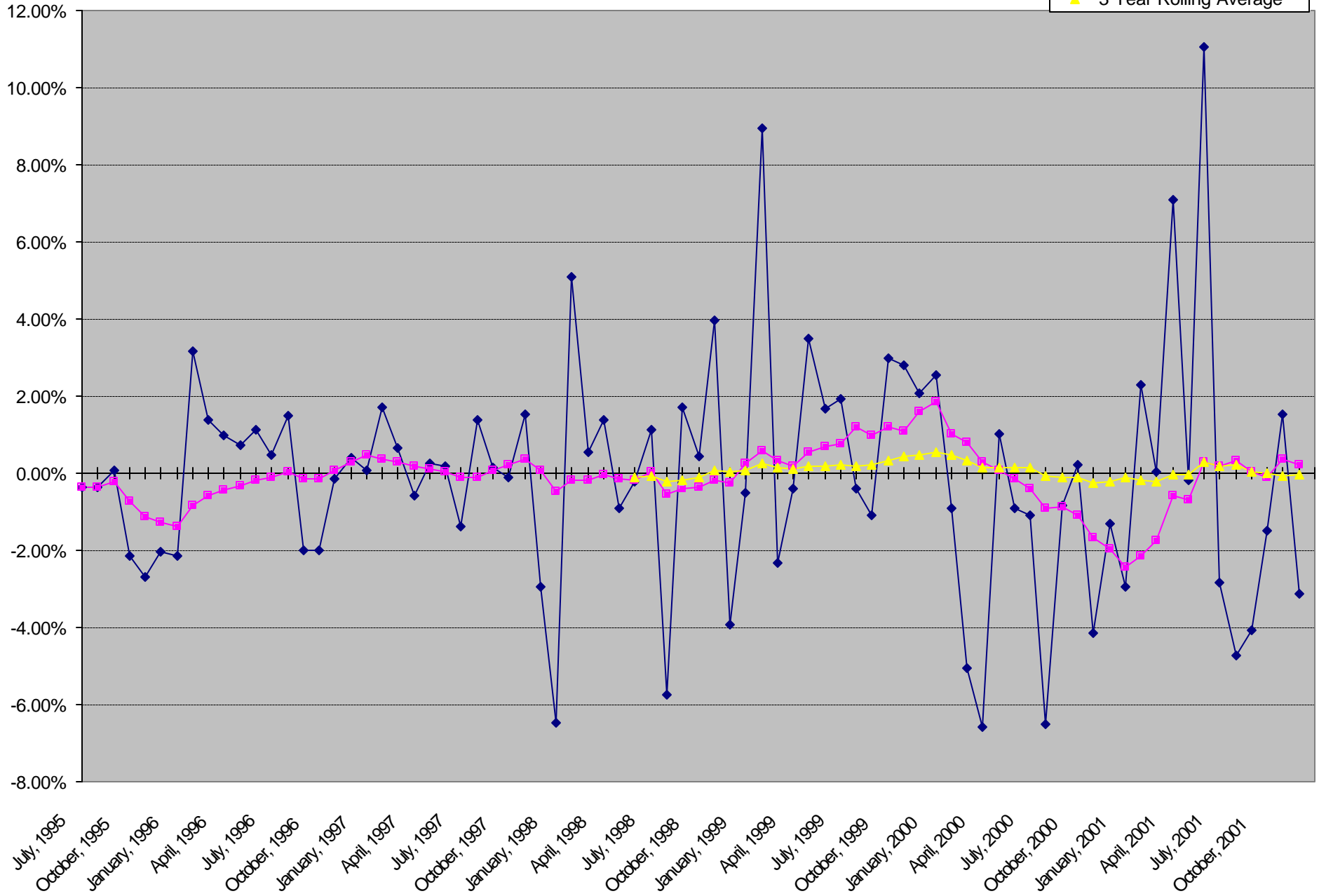
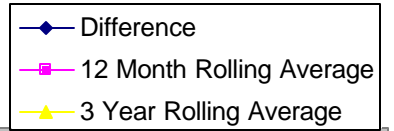
LONG TERM POOL ANNUALIZED YIELD



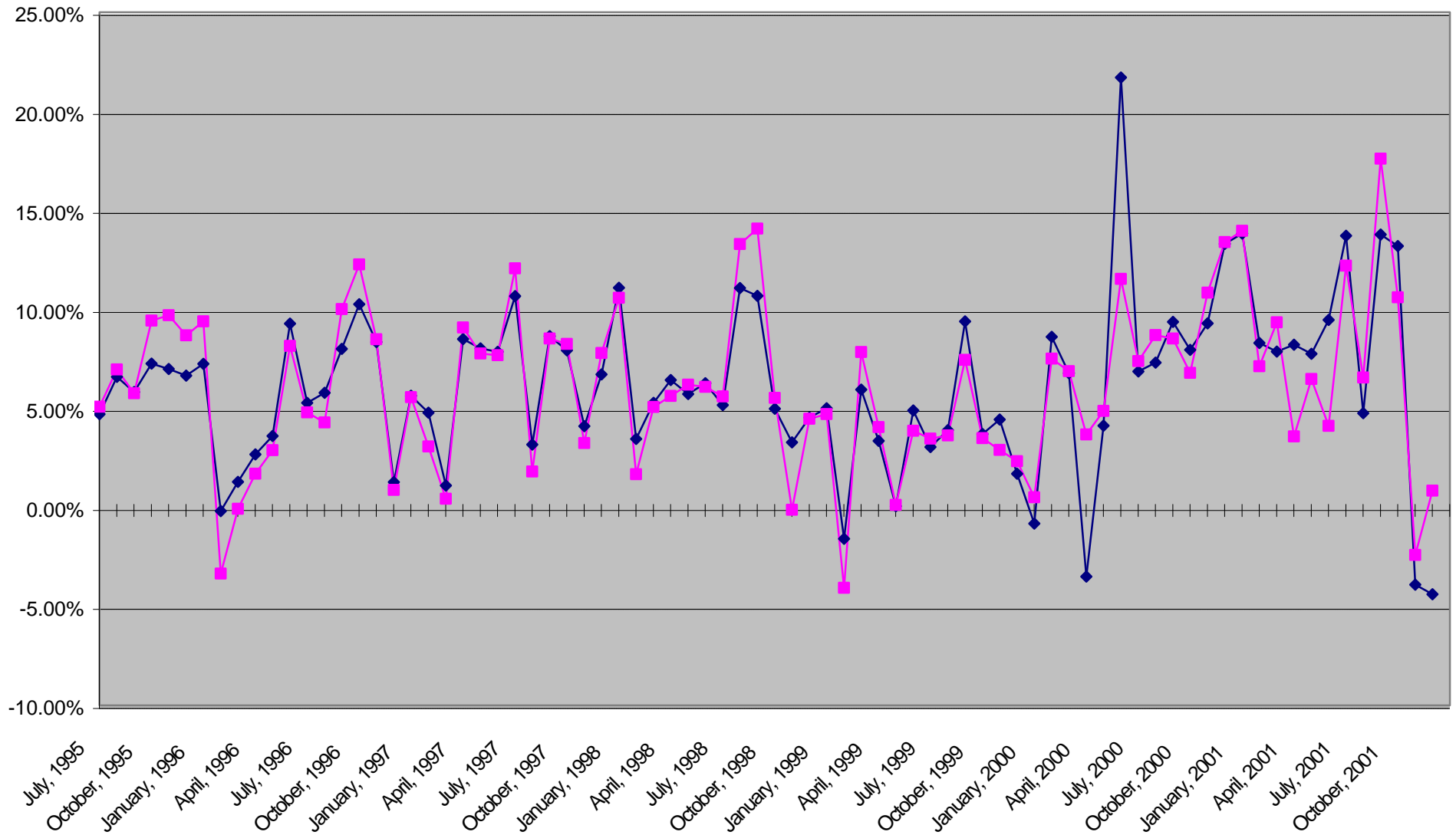
Index consists of 85% Government 1-10 year, 10% Mortgage 0-3 and 5% US Corporate 1-10



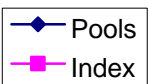
LONG TERM POOL ANNUALIZED YIELD DIFFERENCE



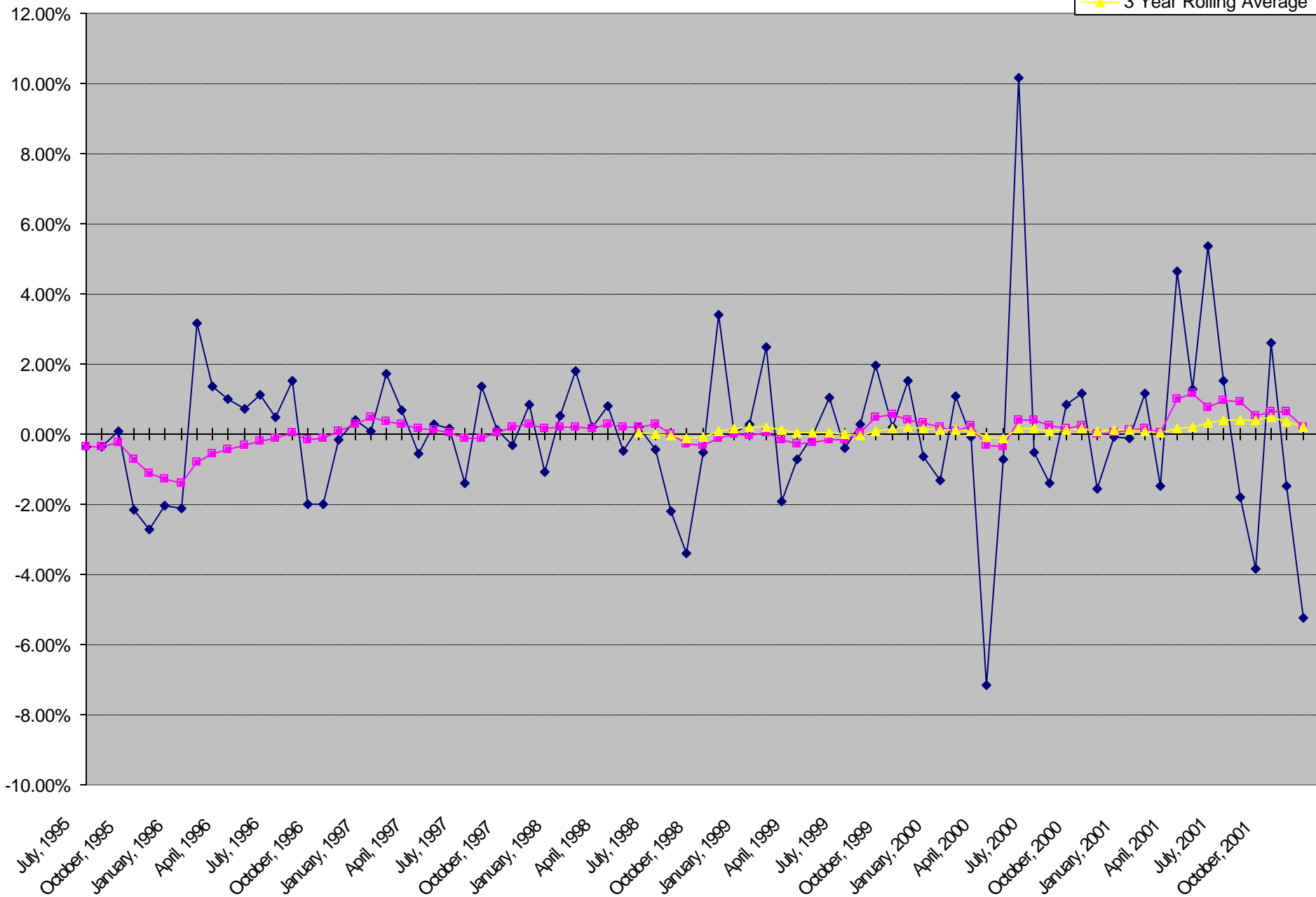
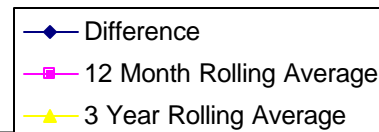
BOND PROCEEDS POOL ANNUALIZED YIELD



Index consists of 85% Government 1-3 year and 15% money market

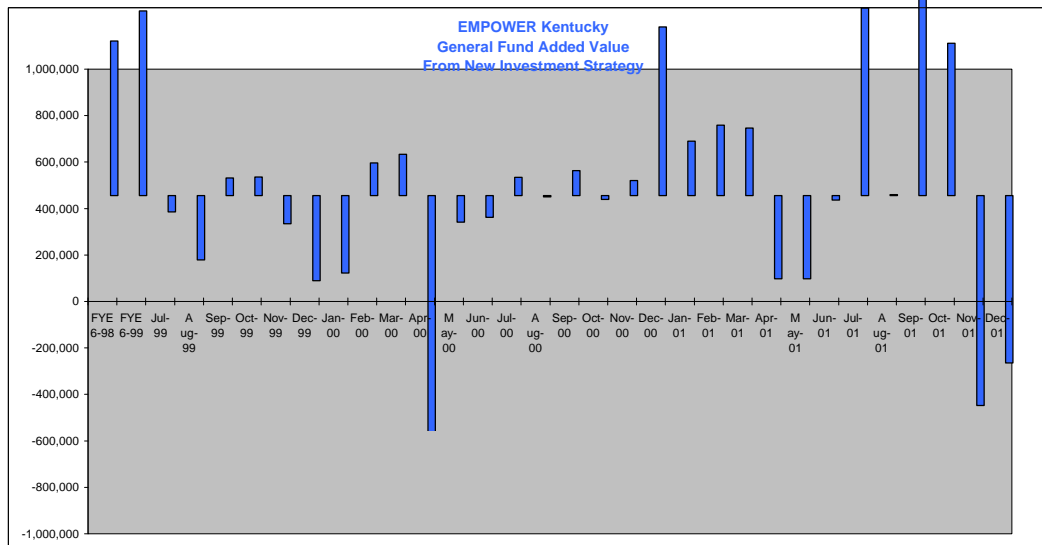


BOND PROCEEDS POOL ANNUALIZED YIELD DIFFERENCE



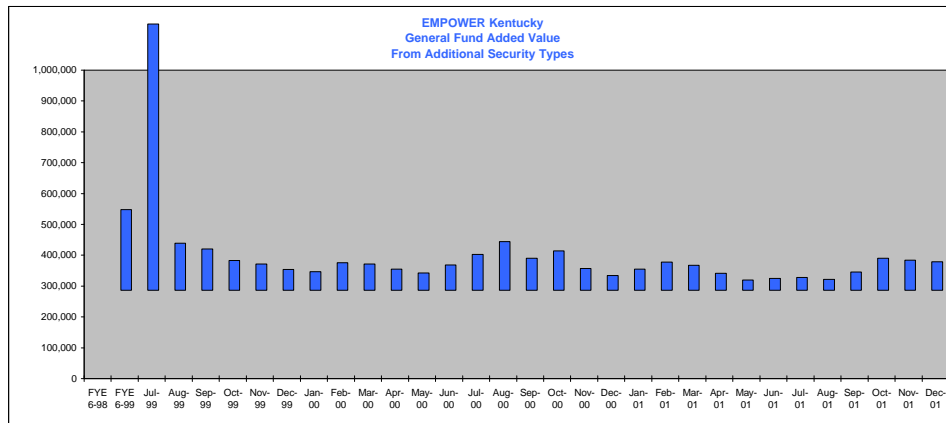
EMPOWER Kentucky
Added Value from New Investment Strategy
Total Return Basis

	BRTF Long-term Pool	General Fund Share of Added-Value
FYE 6/30/98:	844,071	664,615
FYE 6/30/99:	474,664	795,289
Jul-99	-163,541	-70,208
Aug-99	-636,410	-276,410
Sep-99	175,733	75,733
Oct-99	182,772	79,439
Nov-99	-281,273	-121,273
Dec-99	-833,440	-366,774
Jan-00	-675,493	-333,826
Feb-00	307,613	140,946
Mar-00	404,990	178,323
Apr-00	-2,735,856	-1,172,523
May-00	-268,336	-115,002
Jun-00	-218,752	-93,752
FYE 6/30/00 YTD:	-4,741,993	-2,075,327
Jul-00	183,751	78,751
Aug-00	(11,978)	(5,311)
Sep-00	243,819	107,152
Oct-00	(35,863)	(15,863)
Nov-00	147,898	64,565
Dec-00	1,667,426	725,759
Jan-01	532,927	234,594
Feb-01	692,576	302,576
Mar-01	665,983	290,983
Apr-01	(826,661)	(358,327)
May-01	(44,437)	(19,437)
Jun-01	1,572,342	685,675
FYE 6/30/01 YTD:	4,787,783	2,091,117
Jul-01	1,865,960	807,627
Aug-01	11,137	4,470
Sep-01	2,065,496	878,829
Oct-01	1,699,384	656,050
Nov-01	(2,354,069)	(904,069)
Dec-01	(1,888,469)	(720,135)
FYE 6/30/02 YTD:	1,399,439	722,772
Since inception	2,763,964	2,198,466



EMPOWER Kentucky
Added Value from Additional Security Types
Cash Basis

	MBS/CMO/ABS	Corporates	Total Added-Value	General Fund Share of Added-Value
FYE 6/30/98:	1,014,606	318,534	1,333,140	261,195
FYE 6/30/99:	2,446,624	1,273,240	3,782,706	862,910
Jul-99	287,709	151,269	438,978	152,958
Aug-99	289,357	162,708	452,065	133,580
Sep-99	285,902	159,368	445,270	95,998
Oct-99	280,111	155,135	435,246	84,939
Nov-99	283,533	158,545	442,078	67,709
Dec-99	280,997	144,317	425,314	60,549
Jan-00	278,270	151,318	429,588	89,664
Feb-00	276,645	164,516	441,161	85,257
Mar-00	278,113	127,717	405,830	68,109
Apr-00	275,606	150,411	426,017	56,402
May-00	271,881	141,387	413,268	82,221
Jun-00	271,145	147,006	418,151	116,315
FYE 6/30/00 YTD:	3,359,269	1,813,697	5,172,966	1,093,701
Jul-00	265,189	143,865	409,054	157,186
Aug-00	265,145	141,464	406,609	104,221
Sep-00	281,637	123,957	405,594	127,744
Oct-00	278,964	124,241	403,205	70,229
Nov-00	303,524	128,263	431,787	47,930
Dec-00	326,104	139,887	465,991	68,487
Jan-01	344,055	142,548	486,603	90,938
Feb-01	340,366	137,580	477,946	80,738
Mar-01	329,944	60,822	390,766	54,548
Apr-01	354,520	110,216	464,736	33,597
May-01	344,350	145,883	490,233	38,414
Jun-01	337,616	164,931	502,547	41,860
FYE 6/30/01 YTD:	3,771,414	1,563,657	5,335,071	915,892
Jul-01	327,197	176,268	503,465	35,388
Aug-01	315,197	170,633	485,699	59,572
Sep-01	307,697	175,771	483,468	103,533
Oct-01	315,030	184,844	499,874	97,298
Nov-01	319,188	207,984	527,172	91,872
Dec-01	336,043	207,909	543,952	102,750
FYE 6/30/02 YTD:	1,920,352	1,123,409	3,043,630	490,413





2000
Bond Authorizations

December 31, 2001

FY 2001 - 2002
Bond Authorizations

	<u>Project Amount</u>
ALCo 2001 General Fund First Series	38,279,000
State Property and Buildings Commission - Project 68	30,000,000
State Property and Buildings Commission - Project 69	108,318,300
State Property and Buildings Commission - Project 71	162,320,300
State Property and Buildings Commission - Project 72	210,442,000
State Property and Buildings Commission - Project 73 Road Fund	96,300,000
State Property and Buildings Commission - Project 74	211,593,000
State Property and Buildings Commission - Project 76	5,160,000
Agency Fund Bond Projects	138,047,000
Kentucky Infrastructure Authority	63,000,000
Economic Development Cabinet	<u>12,293,000</u>
TOTAL*	1,075,752,600

* Includes \$120,825,000 of Reauthorizations and does not include \$92,000,000 SFCC bond authorization.

ALCo 2001 General Fund First Series

Seven Year Notes

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Document Management Digitization System	Libraries and Archives	1,188,000
Forestry Radio Equipment	Department for Natural Resources	1,504,000
Unified Criminal Justice Information	Department of State Police	1,402,000
Equipment Replacement Pool	Eastern Kentucky University	1,582,000
System Infrastructure	Educational Professional Standards Boar	2,000,000
System Infrastructure - Database System	Educational Professional Standards Boar	2,900,000
Maintaining the Kentucky Spatial Data Infrastructure	Governor's Office for Technology	700,000
Unified Criminal Justice System	Governor's Office for Technology	4,585,000
Statewide Public Health System	Cabinet for Health Services	2,000,000
Equipment Replacement Pool	KY State University	253,000
Equipment Replacement Pool	Western Kentucky University	1,394,000
Equipment Replacement Pool	Morehead State University	751,000
Equipment Replacement Pool	Murray State University	1,009,000
Equipment Replacement Pool	Northern Kentucky University	861,000
New Personnel Payroll System	Personnel	1,450,000
On-line Access to Employee Records	Personnel	550,000
Equipment Replacement Pool	University of Kentucky	7,385,000
Equipment Replacement Pool	University of Louisville	3,547,000
Equipment Replacement Pool	KY Community Tech College System	3,218,000
		<hr/> 38,279,000

State Property and Buildings Commission

Project 68

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Capital Renewal & Maintenance Pool	Council on Postsecondary Education	30,000,000
		<hr/>
		30,000,000

State Property and Buildings Commission

Project 69

<u>Project Title</u>	<u>County/Agency</u>	<u>Project Amount</u>
Allen County Volunteer Fire Department	Allen	125,000
Allen County Fiscal Court Facilities Improvement and Equipment at	Allen	150,000
Allen County Fiscal Court - Water Line Extension for Agricultural, Bu	Allen	125,000
Anderson County Park	Anderson	500,000
Lawrenceburg Library Project	Anderson	200,000
Cave City Convention Center and Farmers Market	Barren	3,000,000
Barren County Park Improvements	Barren	200,000
Barren County Fiscal Court - Fire Departments	Barren	200,000
Pine Mountain State Park Golf Course	Bell	2,000,000
City of Walton - Sidewalks	Boone	100,000
South Fork Park - Improvements	Boone	100,000
Farmers' Market Building	Bourbon	178,000
Volunteer Fire Departments	Bourbon	313,000
Highlands Museum	Boyd	200,000
Ashland School System, Boyd School System, and Fairview Indepe	Boyd	300,000
Paramount Center	Boyd	3,000,000
Millennium Park	Boyle	475,000
Perryville Battlefield State Park	Boyle	475,000
Germantown Fire Department	Bracken	100,000
Breckinridge County Fiscal Court - Ten Fire Departments - \$20,000	Breckinridge	200,000
Breckinridge County Fiscal Court - County Jail Project	Breckinridge	500,000
Butler County Fiscal Court-Variou Fire Departments	Butler	200,000
Caldwell County Senior Citizens Building	Caldwell	150,000
Western Kentucky Veterans' Center - Additional	Part II_69	229,000
Eastern Kentucky Veterans' Center - Additional	Part II_69	328,000
Murray/Calloway County Fire and Rescue	Calloway	150,000
Murray/Calloway County Parks Improvements	Calloway	150,000
Dayton Community Center	Campbell	500,000
Black Mountain Preservation Project	Part II_69	4,100,000
Casey County Jail	Casey	500,000
Casey County Fiscal Court - Seven Fire Departments - \$15,000 eac	Casey	105,000
Casey County Senior Citizens Building	Casey	175,000
Christian County Convention Center	Christian	6,750,000
911 Center	Clay	110,000
Clay County Community Center/Land Acquisition	Clay	300,000
Manchester Civic/Education Center	Clay	325,000
KCTCS Technical College	Clinton	2,000,000
Crittenden County Fire and Rescue Departments	Crittenden	105,000
Cumberland County Board of Education - Renovation	Cumberland	300,000
Area Museum	Daviess	1,270,000
Museum of Fine Arts	Daviess	600,000
Edmonson Parks Commission- New Park at Chalybeate Springs	Edmonson	400,000
Edmonson Fiscal Court - Fire Departments	Edmonson	100,000
Elliott County Board of Education/Pool Project	Elliott	750,000
Volunteer Fire Departments	Elliott	100,000
Convention Center/Rupp Arena	Fayette	15,000,000
Johnson Community Center	Fayette	1,700,000
Horse Park Water Line Extension	Fayette	1,389,000
Floyd County Fiscal Court - Martin Community Center - Construction	Floyd	929,500
Prestonsburg Development Project	Floyd	3,000,000
Gallatin County Fiscal Court - Sewer Lines	Gallatin	300,000
Graves County Volunteer Fire Department	Graves	150,000
Mayfield/Graves Youth Soccer	Graves	125,000
Grayson County Fiscal Court- Seven Fire Departments - \$20,000 ea	Grayson	140,000

Project 69

<u>Project Title</u>	<u>County/Agency</u>	<u>Project Amount</u>
Grayson County Fiscal Court- County Jail Project	Grayson	500,000
Green County Fiscal Court- Fire Departments	Green	100,000
Sidewalks for Cecilia	Hardin	100,000
Volunteer Fire Departments	Hardin	390,000
Harlan County Garage	Harlan	200,000
Industrial Park Road	Harrison	1,000,000
Hart County Fire Departments - Distribute to Seven Fire Department	Hart	300,000
Hart County Historic Thomas House	Hart	100,000
Louisville Oral School	Jefferson	1,000,000
Presbyterian Community Center	Jefferson	300,000
City of Shively Fire Trucks	Jefferson	300,000
City of Shively Community Center	Jefferson	400,000
African - American Heritage Museum	Jefferson	3,000,000
Louisville Waterfront Development Corporation Phase II	Jefferson	12,500,000
Jessamine County Humane Society Building	Jessamine	125,000
Covington Youth Sports Complex	Kenton	200,000
Taylor Mill Pride Park	Kenton	150,000
Crestview Hills- Turn Lane Turkey Foot	Kenton	100,000
Crestview Hills - Sidewalks Dixie Highway	Kenton	100,000
Villa Hills Sidewalks - Collins Road	Kenton	100,000
Hindman City Hall	Knott	100,000
Barbourville Independent School System Activity	Knox	3,000,000
Lawrence County School System Recreational Improvements	Lawrence	160,000
Lawrence County Volunteer Fire Department	Lawrence	105,000
City of Beattyville	Lee	150,000
Volunteer Fire Departments	Letcher	300,000
Public Library in Jenkins	Letcher	200,000
Lewis County Fiscal Court - Divide Equally Among Volunteer Fire D	Lewis	100,000
Broughtontown - Remodel and upgrade of School Building for existi	Lincoln	150,000
Logan Todd Water Commission Project	Logan	1,000,000
Logan County Industrial Park	Logan	200,000
Madison County Fiscal Court- Equal Distribution to Volunteer Fire D	Madison	100,000
Madison County Rural Sanitary Sewer	Madison	2,400,000
Berea Artisans Center	Madison	1,400,000
Madison County Library - Property Acquisition	Madison	100,000
Magoffin County Administrative Office Building	Magoffin	300,000
Emergency Service Center	Marion	500,000
Kedron Bridge	Marion	500,000
Police Building	Marion	150,000
Maysville Convention Center	Mason	450,000
Paducah/McCracken County Convention Center	McCracken	200,000
Meade County Fiscal Court - Seven Fire Departments - \$20,000 eac	Meade	140,000
Meade County Ambulance Service Emergency Medical Technician	Meade	100,000
Meade Olin Park Improvements, Concession Stands, Locker Room	Meade	100,000
City of Brandenburg - Completion of Water Treatment Plant	Meade	200,000
Metcalfe County Fiscal Court - Fire Departments	Metcalfe	100,000
Morgan County Bridge Project	Morgan	200,000
Morgan County High Technology Center - Construction	Morgan	4,400,000
Muhlenberg County Community College Satellite Site	Muhlenberg	700,000
Bloomfield Sidewalks	Nelson	175,000
Old Bardstown Village	Nelson	100,000
Nicholas County Health Department	Nicholas	250,000
Ohio County Fiscal Court - Nine Fire Departments - \$20,000 each	Ohio	180,000
Oldham County Parks	Oldham	500,000
Road Barn and Ambulance Center	Owen	225,000
Challenger Learning Center of Kentucky Board	Perry	200,000

Project 69

<u>Project Title</u>	<u>County/Agency</u>	<u>Project Amount</u>
Pike County Fiscal Court - Thirty-three Volunteer Fire Departments -	Pike	165,000
Powell County Ambulance Service	Powell	500,000
Pulaski County Fiscal Court - Fifteen Fire Departments - \$15,000 ea	Pulaski	225,000
County Health Department - Building Improvement Needs	Pulaski	150,000
Rowan Regional Industrial Park Fire Department	Rowan	400,000
Morehead City Water Expansion	Rowan	525,000
Franklin/Simpson Industrial Park Development	Simpson	750,000
Franklin Park Improvements	Simpson	150,000
Various State Parks - Technology Upgrades	Statewide	588,000
Area Technical Center Equipment	Statewide	2,998,800
City of Campbellsville - Water and Sewer Improvements/Expansions	Taylor	900,000
Logan Todd Regional Water Project	Todd	500,000
Trimble County Fiscal Court - County Parks	Trimble	200,000
Union County Fairgrounds Convention Center & Pavilion	Union	500,000
L&N Depot Restoration and Bowling Green Public Library Joint Effor	Warren	800,000
Mackville Community Park	Washington	180,000
Wayne County Fire Protection District #1	Wayne	190,000
Webster County Fire Departments	Webster	150,000
City of Williamsburg Park Development	Whitley	1,000,000
Whitley County Water	Whitley	1,000,000
Campton Library	Wolfe	175,000
Bluegrass Railroad Museum - Bridgework, Rail Work, Signs, Miscell	Woodford	250,000
Barren County Courthouse	Barren	500,000
Bath County Courthouse Renovation	Bath	100,000
Trigg County Courthouse Annex	Trigg	250,000
Trimble County Courthouse Improvements	Trimble	200,000
		<hr/>
		108,318,300

State Property and Buildings Commission

Project 71

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
Tri-County Industrial Park for Water Tower	Adair	250,000
Allen County Water District	Allen	150,000
Allen County Fiscal Court - Park Improvements	Allen	200,000
Anderson County Water Projects	Anderson	350,000
Infrastructure Improvements and Construction of Spec. Building at Barren State Park Boat Dock	Ballard	450,000
Preston Sewer Project	Barren	300,000
Big Bone Lick State Park - Land Acquisition and Park Improvements	Bath	150,000
Boone County Fiscal Court - Water and Sewer Projects	Boone	1,000,000
Study and Correction of Drainage Problems near I-64, Exit 181	Boone	500,000
Ashland Water Front	Boyd	250,000
Hub Frankel Building	Boyd	200,000
Breckinridge County Fiscal Court - Sewer and Water Projects	Boyle	975,000
Bullitt County Water and Sewer Line Expansion	Breckinridge	500,000
Brooks Sewer Plants	Bullitt	2,000,000
Butler County Water Project	Bullitt	300,000
Caldwell County/Princeton Water District	Butler	250,000
East Calloway County Water Extension	Caldwell	240,000
Murray/Calloway County Industrial Development/Business Incubator	Calloway	100,000
Bellevue Community Center	Calloway	500,000
L & N Bridge - Newport	Campbell	500,000
Bellevue Independent School Remodeling	Campbell	4,000,000
Carlisle County Sewer Project	Campbell	350,000
Carroll County Fiscal Court - Sewer Lines	Carlisle	450,000
Carter County Water Project	Carroll	200,000
State Office Building	Carter	1,000,000
College Park Gym Renovation	Clark	1,000,000
Manchester Water and Waste	Clark	1,000,000
Crittenden/Livingston Water	Clay	300,000
Dale Hollow State Park - Facility	Crittenden	100,000
Cumberland County Day Care/Early Childhood Facility	Cumberland	2,150,000
Daviess County Parks Building	Cumberland	270,000
Advanced Technology Center Study	Daviess	195,000
Ben Hawes State Park Project	Daviess	375,000
Daviess County Waterfront Development	Daviess	1,004,800
English Park Docking Facility	Daviess	1,105,000
Brownsville Natural Gas Line	Daviess	1,300,000
City of Brownsville Water and Sewer - Extensions across bridge at Sewer System Upgrade	Edmonson	125,000
Kentucky Aviation Museum	Edmonson	500,000
Northern Elementary - Creative Playground	Estill	400,000
Lexington/Fayette County Parks	Fayette	300,000
Horse Park Infrastructure Development	Fayette	125,000
Water Resources and Land Acquisition - Department of Parks for El Jenny Wiley-Construction and Dredging of New Boat Ramp	Fayette	1,000,000
East Kentucky Center for Science, Math, and Technology	Fayette	1,550,000
Holmes Street Drainage Project	Fleming	1,000,000
Hickman/Fulton County Riverport	Floyd	500,000
Water Line Extension	Floyd	1,000,000
Lancaster Rural Water Intake	Franklin	3,000,000
Grant County Public Library	Fulton	450,000
Grant County Rural Water Extensions	Gallatin	250,000
Mayfield/Graves County Airport	Garrard	500,000
	Grant	750,000
	Grant	250,000
	Graves	100,000

Project 71

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
North Graves Sanitary Sewer Project	Graves	400,000
Women's Group Home	Graves	275,000
Grayson County Fiscal Court- Water and Sewer Project	Grayson	500,000
Green County Water	Green	450,000
Greenup County Fiscal Court for Water Projects	Greenup	500,000
Greenup County Fiscal Court - (Winified Sewer Project -\$50,000; Cit	Greenup	175,000
Hancock County Water Project	Hancock	115,000
Challenger Learning Center	Hardin	760,000
Community Center, Vine Grove	Hardin	300,000
Hardin County Water District #2 - Rineyville Project	Hardin	1,200,000
Hardin County Water District #2	Hardin	421,500
Radcliff Industrial Park	Hardin	1,000,000
Elizabethtown State Theater Renovation	Hardin	500,000
Tri-County Clinic (Appalachian Regional Hospital) Cumberland	Harlan	500,000
Harlan County Jail Design and Construction	Harlan	500,000
Black Mountain Water District -Water Line Extension	Harlan	500,000
Cawood Water District - Extend Water Lines from Ross Point to Let	Harlan	500,000
Harlan County and City of Cumberland jointly to extend water lines f	Harlan	500,000
Green Hill Water District - Water Line Extension - Isaacs Creek, Big	Harlan	500,000
KCTCS Education Building	Harrison	200,000
Hart County Waterlines	Hart	500,000
Hart County Fiscal Court - Water and Sewer Project	Hart	500,000
Henderson County Technology	Henderson	1,500,000
Henry County Disaster and Emergency Services Office Building	Henry	150,000
Henry County Water Line Extensions - Campbellsburg Sewer Projec	Henry	350,000
Columbus/Belmont State Park Enhancement	Hickman	450,000
Dawson Springs Swimming Pool	Hopkins	650,000
Madisonville Community College Renovation	Hopkins	850,000
Cardinal Park	Jefferson	350,000
Home of the Innocents	Jefferson	7,000,000
Iroquois Amphitheater	Jefferson	4,600,000
Neighborhood House	Jefferson	700,000
Rosenberger House Renovation	Jefferson	100,000
Farnsley Kaufman House Renovation	Jefferson	115,000
Ky State Fair and Expo Ctr - South Wing "C"	Jefferson	2,500,000
KY State Fair and Expo Ctr - Cardinal Stad Turf	Jefferson	1,500,000
Muhammad Ali Center	Jefferson	7,000,000
Louisville Medical Center Development	Jefferson	5,000,000
Jessamine County Park and Aquatic Center	Jessamine	775,000
Wilmore Icthus Park Entrance	Jessamine	100,000
Johnson County Water Lines	Johnson	500,000
Independence City Park	Kenton	200,000
Ft. Mitchell Park at Crescent	Kenton	150,000
City of Erlanger Mobile Data Terminal	Kenton	200,000
City of Visalia Water Project for Fire Department	Kenton	300,000
Hindman Water Tank	Knott	200,000
Troublesome Creek Sewer	Knott	600,000
Knott County KCTCS Parking	Knott	1,000,000
Pedestrian Walkway	Knott	100,000
Knox County Fiscal Court - Eight Fire Departments - \$15,000 each	Knox	120,000
Larue County Water	Larue	250,000
Purchase Lincoln Boyhood Home	Larue	500,000
Laurel County Water	Laurel	250,000
Laurel County Fiscal Court - Eleven Fire Departments - \$15,000 eac	Laurel	165,000
Levi Jackson State Park	Laurel	250,000
Blaine Community Center and Park Enhancement	Lawrence	110,000

Project 71

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
State Highway 32 Sewer Project	Lawrence	500,000
Lawrence County Fiscal Court - Community Development Building	Lawrence	300,000
Lee County Water and Sewer Expansion	Lee	200,000
Lee County Fiscal Court - Emergency Services Building	Lee	100,000
Beattyville/Lee County Water Tank Construction	Lee	100,000
Letcher County Water	Letcher	250,000
Community Park at Ashcamp	Pike	100,000
Water Line Extensions for Whitesburg	Letcher	500,000
Concord Water Line Extension	Lewis	350,000
Lewis County Water Project	Lewis	100,000
Lincoln County Technology Center	Lincoln	2,500,000
Crittenden/Livingston Water District	Livingston	100,000
Lyon County Water Projects	Lyon	200,000
Ducannon Lane Water Project	Madison	2,400,000
City of Benton Sewer Restoration	Marshall	500,000
Sewer Extension Calvert City Annexed Area/I-24 to Kentucky Dam	Marshall	300,000
Kentucky Dam Village State Park Marina Repair	Marshall	1,750,000
Martin County Community Center	Martin	500,000
Martin County Water Projects	Martin	500,000
Martin County Fiscal Court - Park Improvements	Martin	100,000
Maysville Underground Railroad Building Renovation	Mason	150,000
Metropolitan Hotel Renovation- Match Federal Grant	McCracken	100,000
Priority I Sewer Projects, Paducah - McCracken Joint Sewer Agency	McCracken	395,000
Four Rivers Center	McCracken	8,000,000
Challenger Learning Center - Equipment & Improvements	McCracken	150,000
McCreary County/Somerset Community Center	McCreary	2,500,000
Expansion Meade County Water System	Meade	500,000
Meade County Industrial Park Development of 24 Acre Site and Buil	Meade	250,000
Meade County Fiscal Court - Water & Sewer Project	Meade	500,000
Regional Water and Sewer Project	Menifee	500,000
Burgin Drinking Water Enhancement	Mercer	100,000
Mercer County Park Improvements	Mercer	800,000
City of Edmonton	Metcalfe	200,000
Metcalfe County Fiscal Court - Water & Sewer	Metcalfe	500,000
Monroe County Industrial Park	Monroe	250,000
Monroe County Fiscal Court - Water Lines	Monroe	500,000
Old Mulkey State Park	Monroe	250,000
Community Center Funding - Multi - County Workforce Training Cen	Montgomery	2,000,000
Montgomery and Morgan Mid School Tech Project	Montgomery	140,000
Morgan County Water	Morgan	800,000
City of Greenville Sewer Plant Expansion	Muhlenberg	500,000
Muhlenberg County Water District	Muhlenberg	100,000
Powderly Sewer Collection System	Muhlenberg	200,000
Wickland Mansion Project	Nelson	500,000
Nelson County Waterlines - Water extensions as follows: KY 605 (M	Nelson	1,000,000
Ohio County Water Fund	Ohio	250,000
Ohio County Fiscal Court - Water System	Ohio	200,000
Oldham County Business Park (Technology)	Oldham	200,000
Oldham County Fiscal Court - Water & Sewer Projects	Oldham	150,000
Water and Sewer Line Extensions to Owen County High School	Owen	275,000
Booneville Sewer Expansion	Owsley	500,000
Sewer District Project	Pendleton	200,000
Pendleton County Fiscal Court - Water and Sanitation Lines	Pendleton	400,000
City of Vicco Water Projects	Perry	150,000
Viper Volunteer Fire Department Water Projects	Perry	100,000
Center for Rural Health	Perry	4,000,000

Project 71

<u>Project Title</u>	<u>County</u>	<u>Project Amount</u>
Straight Hollow Water	Pike	110,000
South Williamson Sewer Project	Pike	200,000
Eastern Kentucky Exposition Center	Pike	6,900,000
Ballfork and Mayfork Water	Pike	127,000
Southeast Pulaski Water District - Water Lines	Pulaski	150,000
Western Pulaski Water District - Water Lines	Pulaski	150,000
Southeast Water Association	Pulaski	350,000
Robertson County Public Library	Robertson	175,000
Country Music Museum	Rockcastle	1,500,000
Livingston Community Center Renovation	Rockcastle	100,000
Morehead State University Radiological Imaging Equipment	Rowan	100,000
Jamestown Water Project	Russell	150,000
Russell Springs Sewer and Water	Russell	175,000
Lake Cumberland State Park - Design and Renovation	Russell	192,000
Scott County Reservoir	Scott	825,000
Shelby County Vocational Education School Remodeling	Shelby	1,000,000
Goodnight Memorial Library	Simpson	250,000
Franklin/Simpson Technical Center	Simpson	1,000,000
Spencer County Fiscal Court - Recreation Facility	Spencer	250,000
City of Taylorsville Water Works	Spencer	1,250,000
Acquaculture Infrastructure Components	Statewide	4,000,000
Industrial Park and Water Sewer Improvements	Trigg	200,000
21st Century Training Classroom	Union	500,000
Union County Agricultural Fair - Arnold Arena and Convention Center	Union	900,000
Capitol Arts Center - Bowling Green	Warren	6,750,000
Willisburg Community Park	Washington	380,000
Springfield Water & Sewer Commission - Water & Sewer Improvements	Washington	1,500,000
City of Monticello Downtown Stabilization Project	Wayne	700,000
Corbin Center for Technology and Community Activities	Whitley	6,000,000
Water Plant Renovation	Wolfe	175,000
Community Center - Versailles	Woodford	1,000,000
Versailles Water Project	Woodford	1,000,000
Bracken County Courthouse Elevator	Bracken	230,000
McLean Courthouse Renovation	McLean	225,000
		<hr/>
		162,320,300

State Property and Buildings Commission

Project 72

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Environmental Pool	Department of Military Affairs	174,000
Renaissance Kentucky	Local Government	6,000,000
New Science Building	Murray State University	13,000,000
New Power Plant	Nothern Kentucky University	12,000,000
Science Complex Renovation and Expansion	Western Kentucky University	15,000,000
Southeast CC Newman Hall Renovation	KY Community and Technical College Syste	2,000,000
Elizabethtown CC- Science Building Renovation	KY Community and Technical College Syste	2,200,000
Mayo Technical College: Campus Renovation	KY Community and Technical College Syste	7,582,000
Combined Residential/Detention Facility - Hardin County	Department of Juvenile Justice	11,211,000
New Medium Security Prison/Design/Build - Elliott County	Department of Corrections	87,408,000
Kentucky State Reformatory - New Gas Boiler Plant	Department of Corrections	7,000,000
Western Kentucky Correctional Complex -44 Bed Segregation Un	Department of Corrections	4,300,000
Blackburn Correction Complex- Roof Replacement	Department of Corrections	1,400,000
Kentucky School for the Blind Roofing and Weatherproofing	Department of Education	1,122,000
Kentucky School for the Deaf Roof Replacement	Department of Education	850,000
Kentucky School for the Deaf Fire Safety/Dorm Renovation	Department of Education	1,250,000
NTSC Transmitters	KY Educational Television	2,800,000
Kentucky History Center Area Restoration	Department for Facilities Management	4,000,000
Fort Boonesborough - Park Improvements	Department of Parks	500,000
Children's Advocacy Centers	Cabinet for Families and Children	640,000
Miscellaneous Roof Replacement/Repair Pool	Department for Mental Health/Mental Retarda	500,000
New Power Plant - Western State Hospital	Department for Mental Health/Mental Retarda	3,880,000
Kentucky State Capitol Complex- Historic Restoration Design Infr	Department for Facilities Management	6,447,000
Kentucky State Capitol Complex- Historic Restoration Design Infr	Department for Facilities Management	12,678,000
Statewide Property Acquisition/Demolition Fund	Department for Facilities Management	5,000,000
Sprinkler Recall/Replacement	Department for Facilities Management	1,500,000
		<hr/> 210,442,000

State Property and Buildings Commission

Project 73 - Road Fund

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Transportation Office Building* and Building Parking Structure	Transportation Cabinet	96,300,000
		<hr/>
		96,300,000

* Reauthorization of \$68,100,000 and 2000 authorizations of \$7,500,000 and \$20,700,000

State Property and Buildings Commission

Project 74

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
State-Owned Dam Repair- Reauthorization	Department for Environmental Protection	2,000,000
Boiler Replacement - Central State Hospital	Department for Mental Health/Mental Retarda	2,457,000
Kentucky Correctional Institution for Women- Phase II Expansion	Department of Corrections	900,000
Secure Juvenile Detention Center - Fayette County	Department of Juvenile Justice	6,700,000
Woodsbend Youth Development Center Education Addition - Mor	Department of Juvenile Justice	1,101,000
Replacement Facility (up to 100 beds) - Jefferson County	Department of Juvenile Justice	10,000,000
Health Education Center - Phase I	Eastern Kentucky University	7,000,000
Business and Technology Building	Eastern Kentucky University	5,000,000
Economic Opportunity Zones	Economic Development	2,000,000
Morgan County Regional Water Lines *	Economic Development	1,000,000
SE KY Center for Business Technology *	Economic Development	4,000,000
NE KY Regional Industrial Park Authority *	Economic Development	2,000,000
Blue Licks Lodge/Daniel Boone Cabin Preserv. *	Economic Development	750,000
South Central KY Technology Center *	Economic Development	4,000,000
Tourism Development Loan Program *	Economic Development	1,500,000
City of Prestonsburg Improvements *	Economic Development	1,000,000
Grayson Lake Golf Course *	Economic Development	4,500,000
Rural Development Bond Fund	Finance	25,000,000
Statewide Microwave Network Maintenance	Governor's Office for Technology	2,500,000
Jefferson CC: Renovation of Downtown Campus	KY Community and Technical College Syste	8,800,000
Ashland Technical College: Original Campus Renovation	KY Community and Technical College Syste	6,900,000
Cumberland TC, Harlan Campus: Renovate Building 2	KY Community and Technical College Syste	4,114,000
Northern KY Community & Technical College, Phase I	KY Community and Technical College Syste	10,000,000
DTV-HDTV Broadcast Transmission	KY Educational Television	12,700,000
Muck Processing Facility	KY Horse Park	375,000
Kentucky River Water Storage Enhancements	KY River Authority	1,500,000
Hathaway Hall Renovation	KY State University	3,796,000
Carver Hall Renovation	KY State University	5,000,000
Student Center Renovation & Expansion - Phase I	Morehead State University	10,000,000
Old Science Renovation (Design Phase)	Nothern Kentucky University	1,000,000
Biomedical Sciences Research Building	University of Kentucky	39,000,000
Research Building (Belknap Campus)	University of Louisville	25,000,000
		211,593,000

* Economic Development Bond Pool Reauthorization

State Property and Buildings Commission

Project 76

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Ashland, Inc. - Kenton County Airport Board *	Economic Developmen	1,334,000
Clayton Homes - Larue County *	Economic Developmen	30,000
Dana Corp. - City of Hopkinsville *	Economic Developmen	250,000
Dana Corp. - City of Owensboro *	Economic Developmen	400,000
Family Dollar Services - Rowan County *	Economic Developmen	400,000
Ford Motor Co. Kentucky Truck Plant - Jefferson County *	Economic Developmen	1,700,000
Grupo Antolin KY, Inc. - City of Hopkinsville *	Economic Developmen	81,000
IBM - Lexington Fayette Urban County Government *	Economic Developmen	240,000
Meritor Suspension Systems Co. - City of Hopkinsville *	Economic Developmen	100,000
Stupp Brothers - City of Bowling Green *	Economic Developmen	150,000
Williamette Industries, Inc. - Hancock County *	Economic Developmen	225,000
Worldwide Equipment - Floyd County *	Economic Developmen	250,000
		<hr/>
		5,160,000

* Economic Development Bond Pool Reauthorization

Kentucky Infrastructure Authority

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Fund F Loans- Drinking Water Reauthorization	KY Infrastructure Authority	6,000,000
Water Resources Development	KY Infrastructure Authority	50,000,000
Wastewater Revolving Loan and Grant Fund A	KY Infrastructure Authority	7,000,000
		<hr/>
		63,000,000

Economic Development Cabinet

<u>Project Title</u>	<u>Agency Name</u>	<u>Project Amount</u>
Economic Development Bond Pool *	Economic Development	8,293,000
Economic Development Bond Pool	Economic Development	4,000,000
		<hr/>
		12,293,000

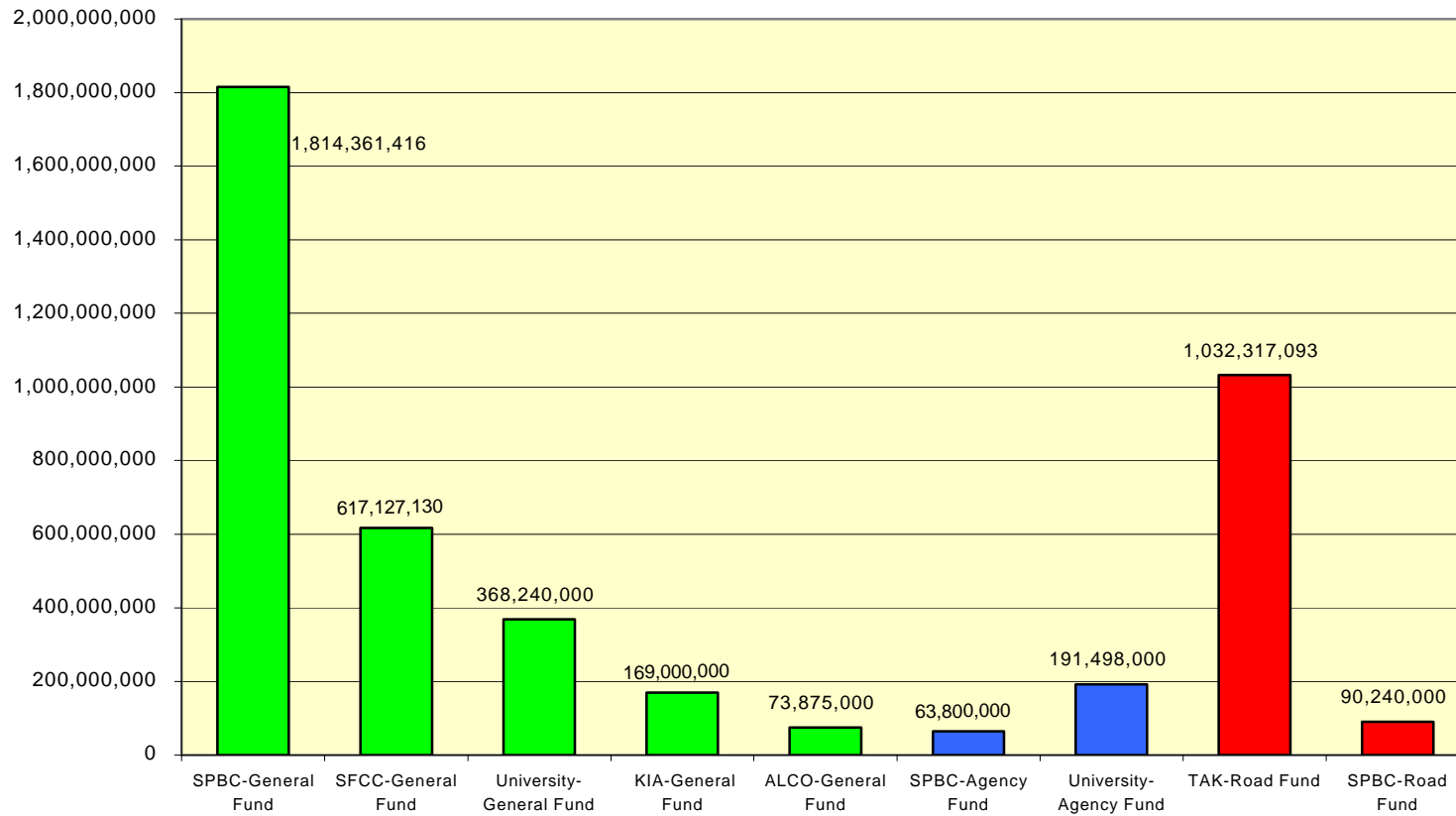
* Reauthorization



Debt Outstanding by Fund Source

December 31, 2001

**Appropriation Supported Principal Outstanding by Fund Source
as of 12/31/01**

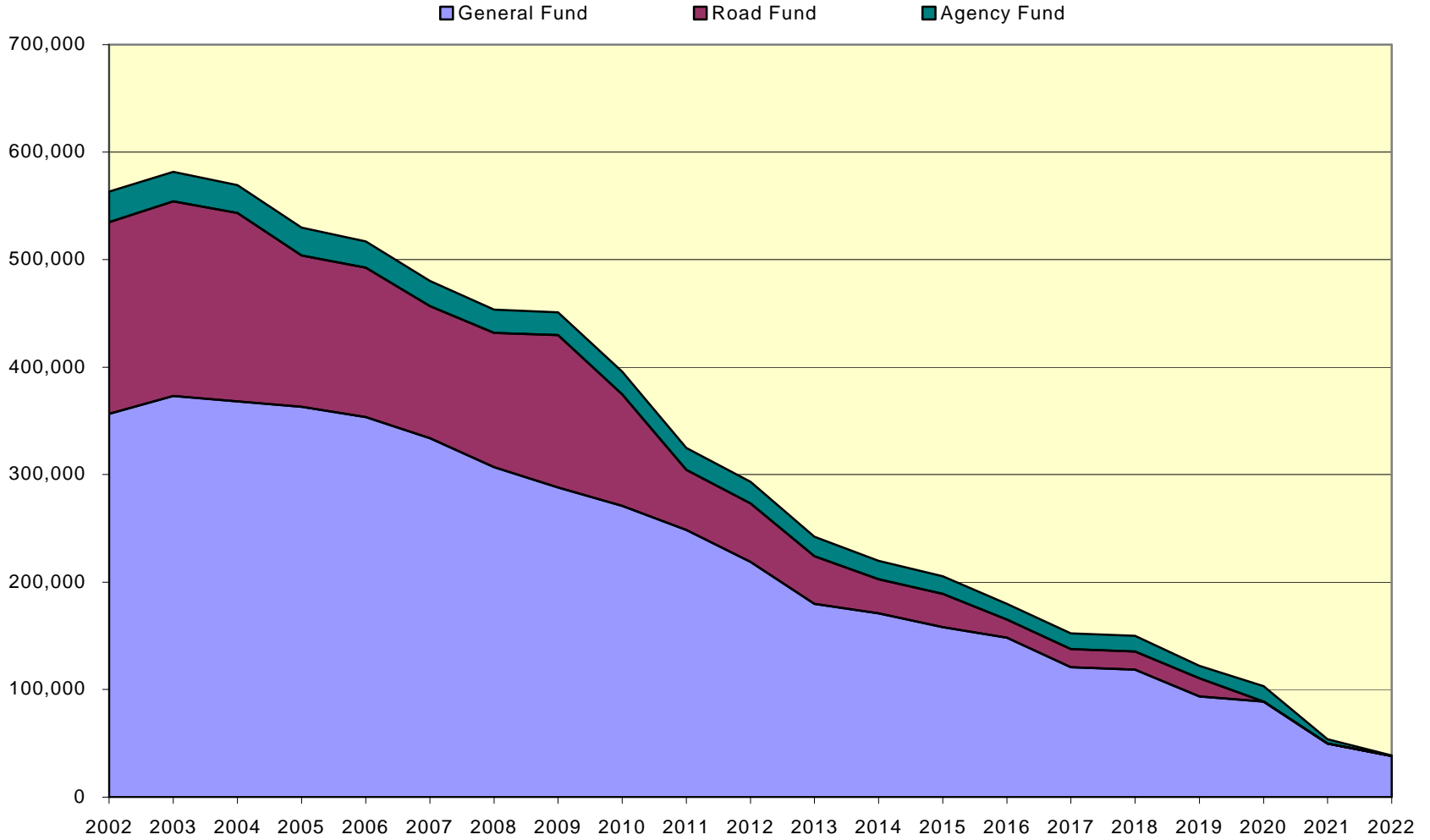




Debt Service by Fund Source

December 31, 2001

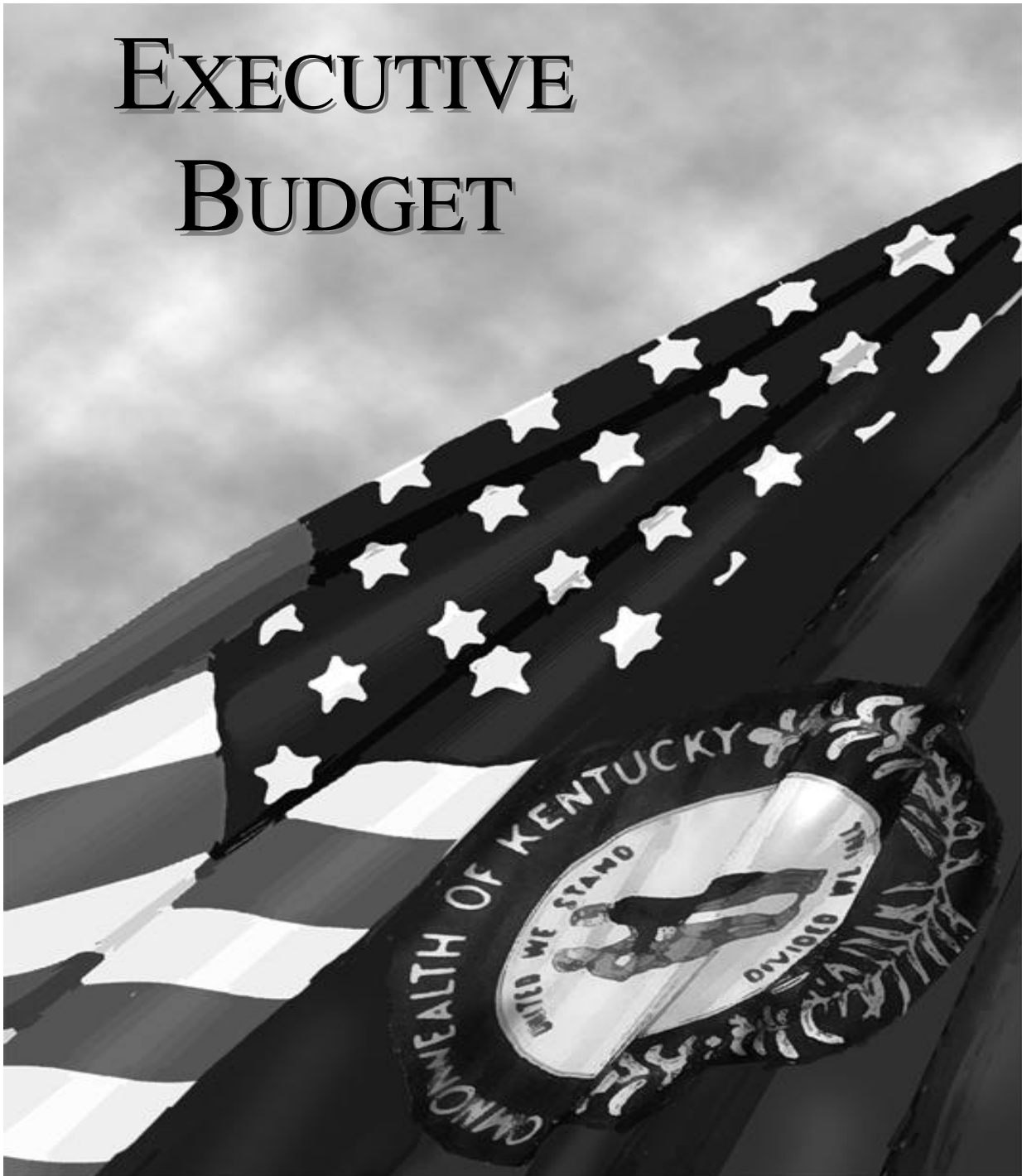
**Appropriation Supported Debt Service
by Fund Source as of 12/31/01 (000)**



2002-2004

***Capital
Financing
Analysis***

**EXECUTIVE
BUDGET**



**PAUL E. PATTON
GOVERNOR**

**JAMES R. RAMSEY
STATE BUDGET DIRECTOR**

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SECTION I

ASSUMPTIONS

Assumptions

This analysis is premised on the following assumptions:

- FY2002-2004 General Fund revenues are based on the December 17, 2001 Official Revenue Estimates. Growth rates for FY2003 and FY2004 are projected using 1.0 elasticity.
- FY2002-2004 Road Fund revenues are based the December 17, 2001 Official Revenue Estimates. Growth rates for FY2003 and 2004 are projected using 0.8 elasticity.
- Agency Fund revenues are based on actual 2001 revenue from the supplement to the FY 2001 CAFR with no implied growth rate for FY2003 and FY2004.
- Tobacco Settlement Funds are included in the General Fund revenue.
- All remaining authorized but unissued debt is assumed to be issued by June 30, 2002 at the template rates except for SFCC debt that is authorized at 5.80%.
- Two percent (2%) Cost of Issuance.
- Where actual debt service is unknown, required debt service is estimated from amortization schedules using the debt service template rates.



SECTION II

EXECUTIVE SUMMARY

Executive Summary

Governor Paul E. Patton proposes \$298 million in new debt-financed projects. The proposal for the 2002-2004 biennium is compared to previous biennia in Table 1 and is described in more detail in Appendix C.

The ***Capital Financing Analysis*** provides an overview of the structure of debt issuance in the Commonwealth. In addition, historical information about the status of the debt program is provided in the Appendices. This information is required pursuant to KRS 42.410.

**Table 1
DEBT AUTHORIZED BY RECENT
SESSIONS OF THE
GENERAL ASSEMBLY**

<u>Fiscal Year</u>	<u>Principal Debt Authorized</u>	<u>Fiscal Year</u>	<u>Principal Debt Authorized</u>
1980	\$ 689,312,400	1992	\$ 439,375,100
1982	534,024,000	1994 ¹	429,575,900
1984	535,929,000	1996 ²	313,575,000
1986	494,721,100	1998 ³	1,168,030,000
1988	364,171,900	2000 ⁴	1,046,727,600
1990	1,148,218,400	2002 ⁵	298,000,000

¹ This includes debt authorized in the 1995 Extraordinary Session of the General Assembly and debt authorized by the Surplus Expenditure Plan.

² Enacted in the 1996-98 Budget of the Commonwealth, and subsequent May 1997 Extraordinary Session of the Kentucky General Assembly. Includes all new authorized debt and all reauthorized debt for the 1996-1998 Biennium.

Reauthorized: \$69,393,000 General Fund and \$2,000,000 Agency Fund
 New Authorization: \$103,796,000 General Fund and \$35,000,000 Agency Fund
 May 1997 Extraordinary Session: Includes \$103,386,000 of Bond Funded Projects

Excludes the \$60,000,000 of Agency Bonds in the Finance Cabinet (KIA leveraging). Pursuant to KRS 56.870 (3), legislative authorization is required when revolving fund repayments are used to support bonds. This authorization was never acted upon or reauthorized.

³ Debt Enacted in the 1998-2000 Budget of the Commonwealth.

Reauthorized: \$74,102,000 General Fund and \$2,000,000 Agency Fund
 New Authorizations: \$600,830,000 General Fund; \$268,100,000 Road Fund; and \$96,100,000 Agency Fund
 \$126,898,000 is authorized in the General Fund Surplus Expenditure Plan
 \$201,000,000 is authorized for SFCC, however, debt service is appropriated for only \$108,130,000 in FY 2000

⁴ Debt Enacted in the 2000-2002 Budget of the Commonwealth.

General Fund Authorization:	\$901,002,600
Road Fund Authorization:	\$ 28,200,000
Agency Fund Authorization:	\$117,525,000

The 2000 Session of the Kentucky General Assembly authorized \$1,053,015,600 of debt. The Secretary of Finance and Administration determined to fund \$6,288,000 of debt authorized projects with General Fund, thereby reducing the authorized debt to \$1,046,727,600.

⁵ New Debt Recommended in the 2002-2004 Executive Budget of the Commonwealth.



SECTION III

DEBT CAPACITY ANALYSIS

Debt Capacity Analysis

Purpose

This report provides a review of pertinent historical information about the Commonwealth's debt, debt management goals, and Governor Paul E. Patton's capital financing plan recommendation. The Governor's recommendation of authorized debt for new projects for FY2003 and FY2004 is evaluated against various measures of debt affordability and previous biennial authorizations.

The goals of the debt management program of the Commonwealth are:

1. Maintain debt at levels that eliminate questions concerning the state's willingness or ability to make timely payments on appropriation supported debt.
2. Issue debt only for those projects that will provide benefits equal to or longer than the amortization period of the debt.
3. Maintain or improve the state's current Aa3/AA-/AA- State Property and Buildings Commission debt rating.
4. Initiate reviews of debt management processes that are consistent with reviews by external entities such as rating agencies.
5. Establish and implement a program to manage the net interest expenses of the Commonwealth.
6. Use debt to finance projects prudently, without neglecting the capital investment needs of the state.
7. Continually strive to reduce the expense of debt through ongoing management of outstanding debt and analysis of low-cost alternatives.
8. Use tax-exempt rather than taxable funding sources for project financing whenever possible to minimize overall governmental operating costs.

These goals continue to be important to the assessment by outside entities of the use of debt by the Commonwealth and provide an appropriate backdrop for any discussion about long-term capital expenditures.

Structure

The Commonwealth's indebtedness is classified as either appropriation supported or non-appropriation supported debt.

Appropriation supported debt carries the name of the Commonwealth and is either (i) a general obligation of the state, or (ii) a project revenue obligation of one of the debt-issuing agencies created by the Kentucky General Assembly to finance various projects and is subject to state appropriations for all or a portion of the debt service on the bonds.

General obligation bonds pledge the full faith, credit and taxing power of the Commonwealth for the repayment of debt. The Kentucky Constitution requires voter approval by general referendum prior to the issuance of general obligation bonds in amounts exceeding \$500,000. Kentucky has not issued general obligation bonds since 1966. The Commonwealth currently has no general obligation bonds outstanding.

Project revenue bonds are issued by various debt-issuing authorities of the Commonwealth (Chart 1). These bonds pledge, as security for repayment of the debt, the revenues produced by the projects funded by the debt. Project revenue bonds are not a direct obligation of the Commonwealth. Project revenue bonds are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project funded constitute the entire source of payment.

Non-appropriation or moral obligation debt carries the name of the Commonwealth for the benefit and convenience of other entities within the state. The bonds are special obligations of the issuer, secured and payable solely from the sources pledged for the payment thereof and do not constitute a debt, liability, obligation or a pledge of the faith and credit of the Commonwealth. The General Assembly does not intend to appropriate any funds to fulfill the financial obligations represented by these types of bonds. In the event of a shortfall, the issuer convenants to request from the Governor and the General Assembly sufficient amounts to pay debt service.

Definitions

Total debt service is defined as all debt service appropriated by the General Assembly. This includes debt service on all bond issues of the State Property and Buildings Commission, fixed rate notes of the Kentucky Asset/Liability Commission, state universities (consolidated educational buildings revenue bonds, hospital revenue bonds, community college revenue bonds, and housing and dining system revenue bonds), the Turnpike Authority of Kentucky, and the state appropriation-supported portion of both the School Facilities Construction Commission and the Kentucky Infrastructure Authority.

**Chart 1
ACTIVE DEBT ISSUING ENTITIES**

<u>ENTITY</u>	<u>STATUTORY AUTHORITY/ PURPOSE</u>	<u>DEBT LIMITATIONS</u>	<u>MOODY'S/S & P/Fitch</u>
State Property and Buildings Commission	KRS 56.450 Provide financing for capital construction projects and financing programs approved by the General Assembly.	Cannot incur debt without prior approval of projects and appropriation of debt service by the General Assembly.	Aa3/AA-/AA-
Kentucky Asset/Liability Commission	KRS 56.860 Provide for short-term financing of capital projects and the management of cash borrowings.	Cannot incur debt without prior approval of projects and appropriation of debt service by the General Assembly.	Varies
Turnpike Authority of Kentucky	KRS 175.410-175.990 Construct, maintain, repair and operate Turnpike projects, resource recovery roads, and economic development roads.	Cannot incur debt without prior approval of projects and appropriations of debt service by the General Assembly.	Aa3/AA-/AA-
The State Universities	KRS 56.495 Construct educational buildings and housing and dining facilities.	Cannot incur debt without prior approval of projects and appropriations of debt service by the General Assembly.	Varies
Kentucky Housing Corporation	KRS 198A Make low interest mortgage construction loans to increase the supply of housing for low and moderate income residents of the state.	Limited to \$2.5 billion of debt outstanding.	Aaa/AAA
Kentucky Infrastructure Authority	KRS 224A Provide financial assistance to local governments for the construction or refinancing of infrastructure facilities and to provide loans to industries for construction of pollution control facilities.	Revolving Fund programs cannot incur debt without appropriation of debt service by the General Assembly. Without legislative approval, other programs limited to \$60 and \$125 million of debt outstanding; for maturities under and over 3 years respectively.	Aa3/AA-/AA-
Kentucky Higher Education Student Loan Corporation	KRS 164A Make guaranteed student loans to residents of the state to attend post-secondary institutions and to make loans to students attending post-secondary schools within the state.	Limited to \$950 million of debt outstanding.	Aaa/AA-
School Facilities Construction Commission	KRS 157.800-157.895 Assist local school districts with the financing and construction of school buildings. Finance the construction of vocational education facilities.	Cannot incur debt without appropriation of debt service by General Assembly.	Aa3/A+/A
Kentucky Economic Development Finance Authority	KRS 154 Issue industrial revenue bonds on behalf of industries, hospitals, and commercial enterprises in the state. Provide low interest loans to developing businesses. Provide financing and tax credits to manufacturing entities expanding or locating facilities in the state.	None	Varies
Kentucky Local Correctional Facilities Construction Authority	KRS 441.605-441.695 Provide an alternative method of constructing, improving, repairing, and financing local jails.	Limited to the level of debt service supported by court fees pledged as repayment for the bonds.	AAA
Kentucky Agricultural Finance Corporation	KRS 247.940 Provide low interest loans to Kentucky farmers for the purpose of stimulating existing agricultural enterprises and the promotion of new agricultural ventures.	Limited to \$500 million of debt outstanding.	N/A

*Ratings, where applicable, include Moody's, Standard & Poors, and Fitch.

Revenue is defined to include the General Fund, Road Fund, and Agency Fund and is reported on an actual cash (budgetary) basis. Although the state adopted a modified accrual basis of accounting in 1983, the use of the cash basis allows for an analysis of debt for a longer time period. Revenues for the General Fund and Road Fund for FY2001 are actual and those for FY2002 through FY2004 are based upon the December 17, 2001 Revenue Estimates. Agency Fund estimates are based upon actual results for FY2001 and are held constant for the time frame of this analysis. Historical revenue figures and debt service levels were obtained from the ***Kentucky Comprehensive Annual Financial Report*** and the supplemental reports for the various years.

Debt capacity is the total amount of new asset bonds that can be supported by a calculated amount of state appropriations (assuming a 20-year long-term tax-exempt interest rate of 7.25 percent or other applicable rates). Asset bonds equate to project costs plus cost of issuance. It assumes no debt service reserves, except in the case of university bonds, where asset bonds include debt service reserves.

Historical Information

Table 2 shows the historical comparison of debt outstanding in current and constant dollars.

Table 3 shows the comparison of debt outstanding and required debt service as a percent of assessed property, personal income, and on a per capita basis.

Table 4 provides the historical comparison of total appropriation required debt service as a percentage of total revenue. This is the key indicator of debt health for the Commonwealth and is used to assess the impact of any capital program.

Table 5 provides an update of Table 4 to include Governor Paul E. Patton's proposed debt financed projects.

Table 2
APPROPRIATION SUPPORTED DEBT
PRINCIPAL DEBT OUTSTANDING
(000,000)

<u>Fiscal Year</u>	<u>Current</u>	<u>Percent Change</u>	<u>CPI Constant Dollar Adjustment</u>	<u>Constant (1984)</u>	<u>Percent Change</u>
1984	2,100.72	17.90	1.0181	2,063.37	13.68
1985	2,098.89	-0.09	1.0580	1,983.83	-3.86
1986	2,197.98	4.72	1.0888	2,018.72	1.76
1987	2,627.29	19.53	1.1131	2,360.34	16.92
1988	2,771.07	5.47	1.1593	2,390.30	1.27
1989	2,726.69	-1.60	1.2123	2,249.19	-5.90
1990	2,736.18	0.35	1.2703	2,153.96	-4.23
1991	3,253.56	18.91	1.3401	2,427.85	12.72
1992	3,537.60	8.73	1.3828	2,558.29	5.37
1993	3,837.65	8.48	1.4259	2,691.39	5.20
1994	3,785.78	-1.35	1.4633	2,587.15	-3.87
1995	3,809.20	0.62	1.5051	2,530.86	-2.18
1996	3,775.38	-0.89	1.5463	2,441.56	-3.53
1997	3,557.74	-5.76	1.5902	2,237.29	-8.37
1998	3,433.34	-3.50	1.6187	2,121.05	-5.20
1999	3,589.95	4.56	1.6463	2,180.62	2.81
2000	3,556.97	-0.92	1.6938	2,099.99	-3.70
2001	3,966.22	11.51	1.7519	2,263.95	7.81
2002 ¹	4,385.94	10.58	1.7905	2,499.56	8.20
2003	4,037.78	-7.94	1.8273	2,209.70	-9.79
2004 ²	3,681.02	-8.84	1.8740	1,964.26	-11.11

¹ Assumes all previously authorized debt will be issued by June 30, 2002.

² Assumes no additional debt authorization for the 2002-2004 Biennium.

Table 3
APPROPRIATION SUPPORTED DEBT
KENTUCKY ECONOMIC DEBT INDICATORS
(Current Dollars)

<u>Fiscal Year</u>	<u>Debt as a % of Assessed Property</u>	<u>Required Debt Service as a % of Assessed Property</u>	<u>Debt as a % of Personal Income</u>	<u>Required Debt Service as a % of Personal Income</u>	<u>Debt Per Capita (\$)</u>	<u>Required Debt Service Per Capita (\$)</u>
1978	2.83	0.21	7.44	0.56	494.01	37.15
1979	2.83	0.19	7.46	0.50	550.26	36.97
1980	2.57	0.19	7.19	0.53	577.58	42.83
1981	2.32	0.18	6.54	0.51	580.30	45.19
1982	1.70	0.17	4.97	0.50	463.46	46.57
1983	1.66	0.17	5.06	0.53	485.76	50.41
1984	1.84	0.18	5.47	0.52	572.40	54.77
1985	1.69	0.19	5.03	0.56	571.44	63.68
1986	1.66	0.19	5.09	0.57	598.09	67.31
1987	1.85	0.17	5.84	0.55	714.33	67.27
1988	1.78	0.18	5.79	0.58	753.01	75.46
1989	1.68	0.18	5.28	0.57	741.55	79.38
1990	1.51	0.17	4.95	0.55	740.99	82.44
1991	1.68	0.16	5.56	0.54	875.79	84.70
1992	1.71	0.19	5.63	0.63	941.76	105.00
1993	1.76	0.18	5.79	0.60	1,011.96	104.10
1994	1.69	0.18	5.48	0.57	990.21	103.57
1995	1.57	0.17	5.25	0.58	988.05	110.15
1996	1.47	0.17	4.98	0.57	972.78	112.27
1997	1.40	0.18	4.41	0.57	910.42	117.60
1998	1.46	0.19	4.02	0.54	873.11	116.33
1999	1.41	0.18	4.00	0.51	906.37	116.16
2000	1.33	0.21	3.78	0.59	880.05	137.68
2001	1.44	0.20	3.96	0.55	974.88	135.96
2002*	1.56	0.20	4.26	0.54	1,070.97	136.73
2003*	1.42	0.21	3.77	0.56	980.67	146.74
2004*	1.26	0.20	3.25	0.52	889.51	143.09

*Estimated

Table 4
APPROPRIATION SUPPORTED DEBT SERVICE
AS A PERCENT OF TOTAL REVENUE
(000,000)

<u>Fiscal Year</u>	<u>Total Revenue (\$)</u>	<u>Total Debt Service (\$)</u>	<u>Appropriation Required Debt Service/ Revenue (%)</u>
1967	612.16	49.18	8.03
1968	745.01	54.67	7.34
1969	932.33	67.01	7.19
1970	925.39	74.57	8.06
1971	1,055.46	73.36	6.95
1972	1,235.47	85.15	6.89
1973	1,349.80	91.18	6.75
1974	1,482.62	101.04	6.82
1975	1,733.88	117.18	6.76
1976	1,852.92	117.05	6.32
1977	1,995.62	117.57	5.89
1978	2,328.35	134.28	5.77
1979	2,732.90	134.77	4.93
1980	2,895.18	156.75	5.41
1981	3,099.47	165.54	5.34
1982	3,242.64	170.67	5.26
1983	3,452.40	184.89	5.36
1984	3,738.28	201.02	5.38
1985	3,959.25	233.91	5.91
1986	4,248.04	247.38	5.82
1987	4,933.93	247.42	5.01
1988	5,134.52	277.69	5.41
1989	5,407.11	291.89	5.40
1990	5,814.85	304.43	5.24
1991	6,143.23	314.66	5.12
1992	6,419.98	394.44	6.14
1993	6,578.18	394.76	6.00
1994	6,800.82	395.95	5.82
1995	7,554.79	424.65	5.62
1996	7,759.59	435.72	5.62
1997	8,188.75	459.56	5.61
1998	8,675.10	457.44	5.27
1999	9,123.43	460.08	5.04
2000	9,569.31	556.47	5.82
2001	9,920.68	553.15	5.58
2002	10,028.78 ¹	559.94 ²	5.58
2003	10,257.88 ¹	604.17 ²	5.89
2004	10,556.78 ¹	592.16 ²	5.61

¹Estimated.

²Assumes all authorized debt will be issued by June 30, 2002.

**Table 5
INCREASED DEBT SERVICE/
REVENUE RATIOS**

<u>Fiscal Year</u>	<u>No New Debt</u>	<u>\$298,000,000 of New Authorization</u>
1980	5.41%	
1981	5.34	
1982	5.26	
1983	5.36	
1984	5.38	
1985	5.91	
1986	5.82	
1987	5.01	
1988	5.41	
1989	5.40	
1990	5.24	
1991	5.12	
1992	6.14	
1993	6.00	
1994	5.82	
1995	5.62	
1996	5.62	
1997	5.61	
1998	5.27	
1999	5.04	
2000	5.82	
2001	5.58	
2002	5.58	
2003	5.89	5.89
2004	5.61	5.90



SECTION IV

APPENDIX

Appendix A – Economic Indicators

The following data reflect Kentucky's debt and debt service in comparison with various economic indicators or measures of wealth. Appropriation supported debt and three categories of debt service are presented in terms of the economic variables of assessed property values, personal income and population.

Tables A-1, A-2 and A-3 show the annual debt and debt service in three different categories: required, appropriated and actual. "Required debt service" is the debt service that is actually due to the bondholders regardless of source of revenue. Debt service may be paid from interest earnings on the debt service reserve funds as well as by direct appropriations or projected revenues. The "required debt service" category is the most accurate reflection of the Commonwealth's liability.

"Appropriated debt service" reflects those funds that were appropriated in the various budgets for debt service. In many cases, these figures are estimated in advance of debt being issued or refinanced. These figures are neither an accurate nor consistent reflection of the Commonwealth's debt liability and are presented pursuant to KRS 42.410.

"Actual debt service" reflects those funds that flowed through the Debt Service Fund within the state's accounting system. These figures include not only debt service but also proceeds from refundings, costs of issuance and accrued interest on newly issued bonds, rebate and arbitrage penalty payments and trustee fees. These data are not an accurate reflection of the Commonwealth's debt liability, but are being presented pursuant to KRS 42.410.

Table A-4 reflects Kentucky's non-appropriation supported debt in relation to the economic variables of assessed property value, personal income and population. Non-appropriation supported debt is the debt of those authorities for which appropriation of state funds is not used to pay the debt service. The authorities include the Kentucky Higher Education Student Loan Corporation, Kentucky Housing Corporation, certain debt of the Kentucky Infrastructure Authority, Kentucky Local Correctional Facilities Construction Authority, Kentucky Agricultural Finance Corporation and Kentucky Economic Development Finance Authority (formerly Kentucky Development Finance Authority). The total debt and debt service shows a significant decrease in FY93 due to a change in reporting methodology. Project revenue debt is included for only the Kentucky Development Finance Authority (K DFA) Yen bonds issued in 1987 and debt of the Kentucky Local Correctional Facilities Construction Authority. The industrial development bonds ("IDBs") of K DFA, the Kentucky Infrastructure Authority and the Kentucky Agricultural Finance Corporation are no longer included in the Comprehensive Annual Financial Report.

Table A-1
APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE
AS A PERCENT OF ASSESSED PROPERTY
(Current Dollars)

<u>Fiscal Year</u>	<u>Debt as a % of Assessed Property</u>	<u>Required Debt Service as a % of Assessed Property</u>	<u>Appropriated Debt Service as a % of Assessed Property</u>	<u>Actual Debt Service as a % of Assessed Property</u>
1990	1.51	0.17	0.17	0.16
1991	1.68	0.16	0.19	0.16
1992	1.71	0.19	0.21	0.15
1993	1.76	0.18	0.18	0.17
1994	1.69	0.18	0.19	0.20
1995	1.57	0.17	0.17	0.16
1996	1.47	0.17	0.17	0.18
1997	1.40	0.18	0.18	0.18
1998	1.46	0.19	0.19	0.16
1999	1.41	0.18	0.18	0.18
2000	1.33	0.21	0.16	0.19
2001	1.44	0.20	0.15	0.17

Table A-2
APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE
AS A PERCENT OF PERSONAL INCOME
(Current Dollars)

<u>Fiscal Year</u>	<u>Debt as a % of Personal Income</u>	<u>Debt Service as a % of Personal Income</u>	<u>Appropriated Debt Service as a % of Personal Income</u>	<u>Actual Debt Service % of Personal Income</u>
1990	4.95	0.55	0.56	0.50
1991	5.56	0.54	0.63	0.57
1992	5.63	0.63	0.69	0.66
1993	5.79	0.60	0.59	0.52
1994	5.48	0.57	0.63	0.57
1995	5.25	0.58	0.56	0.60
1996	4.98	0.57	0.57	0.56
1997	4.41	0.57	0.57	0.57
1998	4.02	0.54	0.54	0.52
1999	4.00	0.51	0.51	0.49
2000	3.78	0.59	0.44	0.44
2001	3.96	0.55	0.42	0.42

Table A-3
APPROPRIATION SUPPORTED DEBT AND DEBT SERVICE
AS A PERCENT OF POPULATION
(Current Dollars)

<u>Year</u>	<u>Debt Per Capita (\$)</u>	<u>Required Debt Service Per Capita (\$)</u>	<u>Appropriated Debt Service Per Capita (\$)</u>	<u>Actual Debt Service Per Capita (\$)</u>
1990	740.99	82.44	84.58	74.67
1991	875.79	84.70	99.38	90.04
1992	941.76	105.00	116.12	110.07
1993	1,011.96	104.10	103.89	91.62
1994	990.21	103.57	114.06	103.64
1995	988.05	110.15	105.98	112.75
1996	972.78	112.27	110.82	108.66
1997	910.42	117.60	117.60	116.98
1998	873.11	116.33	116.33	112.70
1999	906.37	116.16	116.16	110.47
2000	880.05	137.68	103.48	103.48
2001	974.88	135.96	104.51	104.51

Table A-4
NON-APPROPRIATION SUPPORTED DEBT
KENTUCKY ECONOMIC DEBT INDICATORS

<u>Fiscal Year</u>	<u>Debt as a % of Assessed Property</u>	<u>Debt as a % of Personal Income</u>	<u>Debt Per Capita Debt (\$)</u>
1990	1.22	4.02	601.65
1991	1.29	4.28	674.63
1992	1.21	4.00	669.27
1993	0.64	2.10	367.42
1994	0.57	1.86	335.82
1995	0.54	1.82	342.11
1996	0.54	1.81	354.67
1997	0.61	1.93	398.02
1998	0.66	1.83	396.83
1999	0.65	1.85	419.44
2000	0.66	1.83	396.83
2001	0.65	1.85	419.44

Appendix B: Fiscal Debt Indicators

In the following table, total appropriated revenue is shown in terms of the three categories of debt service as described in Appendix A. Appropriated revenue is the revenue of the General Fund, Road Fund and Agency Fund. Table B-1 compares required appropriated and actual debt service to total revenue.

Table B-2 reflects the three categories of debt service in terms of “available appropriated revenues.” This form of revenue is revenue from the same sources as described above less funds that are statutorily dedicated to a specific purpose. In the case of the General Fund: Base Court Revenue, Surface Mining County Acreage and Permit Fees, Local Government Economic Assistance Fund and Public Service Commission Administrative Assessments are subtracted to the degree the expenditures can be identified in the Comprehensive Annual Financial Report. In the case of the Road Fund (Table B-3), the following receipts are subtracted: County Road Aid, Rural Secondary Road Aid, Municipal Road Aid within the Motor Fuels Normal and Motor Fuels Normal Use accounts, Kentucky Transportation Center Funds, Coal Haul Cooperative Agreements, Extended Weight and Coal Haul Fines, Drivers Education Program and Drivers License Photo Program.

The Agency Fund receipts include those agency funds that are actually applied to debt service. These include primarily the debt service for university housing and dining and hospital issues. In addition certain bonds of the Capital Plaza Authority, the former Human Resources Cabinet (SPBC Project 31), and the Kentucky State Fair Board are included.

**Table B-1
 APPROPRIATED DEBT SERVICE
 AS A PERCENT OF TOTAL REVENUE
 (Budget Basis)**

<u>Fiscal Year</u>	<u>Total Revenue (\$Millions)</u>	<u>Required Debt Service/ Revenue (%)</u>	<u>Appropriated Debt Service/ Revenue (%)</u>	<u>Actual Debt Service/ Revenue (%)</u>
1990	5,814.85	5.24	5.37	4.74
1991	6,143.23	5.12	6.01	5.44
1992	6,419.98	6.14	6.79	6.44
1993	6,578.18	6.00	5.99	5.28
1994	6,800.82	5.82	6.41	5.83
1995	7,554.79	5.62	5.41	5.75
1996	7,759.59	5.62	5.54	5.43
1997	8,188.75	5.61	5.61	5.58
1998	8,675.10	5.27	5.27	5.11
1999	9,123.43	5.04	5.04	4.80
2000	9,569.31	5.82	5.81	4.37
2001	9,920.68	5.58	5.57	4.29

**Table B-2
 APPROPRIATED DEBT SERVICE
 AS A PERCENT OF AVAILABLE REVENUE
 (Budget Basis)**

<u>Fiscal Year</u>	<u>Total Revenue (\$Millions)</u>	<u>Required Debt Service/ Revenue (%)</u>	<u>Appropriated Debt Service/ Revenue (%)</u>	<u>Actual Debt Service/ Revenue (%)</u>
1987	3,363.50	7.36	7.45	7.67
1988	3,484.01	7.97	7.83	6.97
1989	3,831.16	7.62	6.78	6.94
1990	4,143.64	7.35	7.54	6.65
1991	4,889.69	6.44	7.55	6.84
1992	4,956.73	7.96	8.80	8.34
1993	5,131.53	7.69	7.68	6.77
1994	5,298.89	7.47	8.23	7.48
1995	5,837.56	7.27	7.00	7.45
1996	6,063.35	7.19	7.09	6.96
1997	6,400.18	7.18	7.18	7.14
1998	6,800.88	6.73	6.73	6.52
1999	7,029.55	6.54	6.54	6.22
2000	7,463.36	7.46	7.46	5.60
2001	7,573.54	7.30	7.30	5.61

**Table B-3
ROAD FUND DEBT SERVICE
AS A PERCENT OF REVENUE
(000,000)**

<u>Fiscal Year</u>	<u>Available Road Fund Revenue</u>	<u>Debt Service</u>	<u>Debt Service as a Percent of Available Revenue</u>
1980	\$ 557.63	\$ 104.59	18.76%
1981	543.79	112.97	20.77
1982	514.40	112.50	21.87
1983	526.85	113.97	21.63
1984	574.20	112.89	19.66
1985	399.62	137.14	34.32
1986	401.98	134.90	33.56
1987	510.23	130.03	25.48
1988	469.32	134.67	28.69
1989	556.90	126.13	22.65
1990	581.46	129.11	22.20
1991	597.15	163.70	27.41
1992	616.06	156.44	25.39
1993	640.67	147.46	23.02
1994	680.46	151.60	22.28
1995	710.64	145.69	20.50
1996	748.09	155.37	20.77
1997	763.14	160.58	21.04
1998	811.04	153.66	18.95
1999	839.58	154.37	18.39
2000	876.19	174.65	19.93
2001	847.67	153.81	18.14
2002*	877.41	175.16	19.96
2003*	888.93	178.13	20.04
2004*	917.66	171.95	18.74

* Estimated based on the December 17, 2001 official estimates for the Road Fund less proportional revenue sharing and dedicated funds. These estimates are based on debt issued as of 1/11/2002.

All previously authorized Road Fund debt is issued.

Appendix C: New Debt Authorized

<i>Cabinet/Agency</i>	<i>Project Title</i>	<i>Project/Pool Authorization</i>	<i>Cabinet/Agency Totals</i>
<u>GENERAL GOV'T</u>			
KIA	Waste Water Revolving Loan Fund A	\$ 6,200,000	
KIA	Drinking Water Revolving Loan Fund F	5,000,000	\$ 11,200,000
<u>POSTSECONDARY ED</u>			
CPE	Research Challenge Trust Fund Endowment Match	\$100,000,000	
CPE	Regional University Excellence Trust Fund - Endowment Match	20,000,000	
CPE	Agency Bond Pool	66,800,000	\$186,800,000
SFCC	Offers of Assistance		\$100,000,000
GRAND TOTAL			\$298,000,000

Appendix D: University Rating Agency Information

	<u>MOODY'S</u>	<u>STANDARD & POOR'S</u>
CONSOLIDATED EDUCATION		
Eastern Kentucky University	A3	A
Kentucky State University	A3	NR
Morehead State University	A2	A
Murray State University	A3	A
Northern Kentucky University	A3	A-
University of Kentucky	Aa3	AA-
University of Louisville	A1	AA-
Western Kentucky University	A3	A-
HOUSING AND DINING		
Eastern Kentucky University	A3	BBB+
Kentucky State University	Baa1	NR
Morehead State University	A3	BBB+
Murray State University	NR	BBB+
Northern Kentucky University	Baa1	NR
University of Kentucky	A1	NR
University of Louisville	A1	NR
Western Kentucky University	Baa2	BBB+
COMMUNITY COLLEGE		
University of Kentucky	A2	A
HOSPITAL		
University of Kentucky	Aa	AA-

Legend: NR-Not Rated per Rating Agency