



COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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GOVERNOR

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February 28, 2001

My Fellow Kentuckians:

I am proud to present the Commonwealth of Kentucky's Comprehensive Annual Financial Report for the Year Ended June 30, 2000.

This report has been prepared by the Finance and Administration Cabinet, Office of the Controller, Division of Statewide Accounting Services, and audited by the independent Office of the Auditor of Public Accounts. It complies with Generally Accepted Accounting Principles for State Government as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants for measuring the financial activity of the government's various funds.

The information contained herein fairly presents and fully discloses all appropriate financial information required for taxpayers, investors, creditors, and others to understand and evaluate Kentucky's financial position.

Sincerely,

A handwritten signature in black ink that reads "Paul E. Patton".

Paul E. Patton



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INTRODUCTORY SECTION



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GOVERNOR

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T. KEVIN FLANERY
SECRETARY

February 28, 2001

The Honorable Paul E. Patton
Governor, Commonwealth of Kentucky
The Capitol Building
Frankfort, Kentucky 40601

Dear Governor Patton:

INTRODUCTION

In accordance with Section 48.800 (3) of the Kentucky Revised Statutes (K.R.S.), it is my pleasure to transmit to you the Comprehensive Annual Financial Report of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2000. This report is prepared by the Finance and Administration Cabinet, Office of the Controller, Division of Statewide Accounting Services, which is responsible for the accurate, complete, and fair presentation of the data contained herein. The information presented fully describes the Commonwealth's financial position and results of operations as measured by the financial activity of the various funds. All appropriate disclosures necessary for the reader to gain the maximum understanding of Kentucky's financial affairs are included.

The report is presented in three sections: introductory, financial, and statistical. The introductory section includes the transmittal letters, the 1999 Certificate of Achievement, condensed summary data charts, and the government's organizational chart and list of principal officials. The financial section includes the auditor's report on the financial statements and schedules, the general purpose financial statements and Notes to Combined Financial Statements, the combining and individual fund and account group financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The Reporting Entity and its Services

This report includes all funds, account groups, and component units for which the Commonwealth is financially accountable, based on criteria established by the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100.

The component units which are blended into the Commonwealth's primary government are: the State Property and Buildings Commission, Kentucky Asset/Liability Commission, Kentucky Lottery Corporation, Turnpike Authority of Kentucky, Board of Agriculture, Kentucky Savings Bond Authority, Kentucky Retirement System, and Kentucky Teachers' Retirement System.



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The Commonwealth's discretely presented component units are: the Bluegrass State Skills Corporation, Kentucky School Facilities Construction Commission, Kentucky State Fair Board, Kentucky Center for the Arts Corporation, Kentucky Educational Television Authority, Kentucky Economic Development Finance Authority, Kentucky Higher Education Assistance Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Educational Savings Plan Trust, Kentucky Housing Corporation, Kentucky Infrastructure Authority, Kentucky Agricultural Finance Corporation, Kentucky Grain Insurance Corporation, Kentucky Local Correctional Facilities Construction Authority, Kentucky Community Technical College System, and the eight state supported universities.

The Commonwealth provides the full range of services contemplated by statute, including economic development, educational and human services, energy and natural resources management, law enforcement, correctional and public protection services, transportation, public improvements, and general legislative, administrative, and judicial services.

ECONOMIC CONDITION AND OUTLOOK

After nine years of unprecedented growth, the U. S. economy defied expectations of a slowdown. The output of total goods and services measured by the growth in real gross domestic product (GDP) surged by 4.9% over the previous year. This strength was all the more impressive as GDP growth in 1999 had been equally robust at 4.1%. The growth rates in both 1999 and 2000 are twice the "normal" long-term average of between 2.0% to 2.5%.

The Kentucky economy also made a strong showing with total personal income rising 5.6%, just slightly lower than the national average of 6.0%. Total nonagricultural employment increased by 2.2% at par with the national average of 2.3%. By the end of the fiscal year, Kentucky's unemployment rate had fallen to 4.2% compared to 4.1% for the U.S.

With both inflation and unemployment at historic lows, consumers are sanguine about their jobs and wages. This has translated into a strong consumption pattern. Both the purchases of durable goods and housing starts have been high. This pattern is expected to continue for the next several years. Our outlook for the Kentucky economy calls for continued growth in personal income averaging 5.5% for the next two years. Nonagricultural employment is expected to grow at around 1.5% annually, approximately the same rate as the national average.

MAJOR INITIATIVES

The major initiatives of 2000 were authorized by the Regular Session of the General Assembly, based on Governor Patton's proposal of an ambitious array of policy and fiscal objectives. Those proposals were buttressed by a strong Kentucky economy and a structurally balanced budget. For the most part, the initiatives build upon a foundation laid in previous budgets and recent special sessions of the General Assembly. The most important of these were in the areas of postsecondary education improvement, infrastructure and community development investment, criminal justice, economic development, information technology, and, of course, elementary and secondary education. The General Assembly endorsed and added additional dollars to the Governor's initiatives in these fundamental areas of state responsibility. The result was, as required, the enactment of a strategically and structurally balanced budget.

Perhaps the cornerstone initiative in 2000 was a new phase of Postsecondary Education Trust Fund financing supporting an array of major investments in university research, endowment programs, information technology, student outreach, instructional and research equipment, infrastructure and maintenance, and a "challenge"/matching fund program. Each of these major investments sustained and built upon initiatives approved in the 1997 Extraordinary Session. Those initiatives have received their first major financial support in the 1998 Regular Session.

2000 also saw the authorization of the largest community development project funding initiative in history. Over 700 individual projects touching virtually every community in the Commonwealth were accorded state financial support. These community development projects were in addition to the enactment of a robust state-centered capital investment program for statewide needs, and were in turn supplemented by over 200 approved individual development projects in coal impact counties. These major investments were supported by a combination of a structured debt financing program as well as General Fund and other cash support.

The year also saw the emergence of new initiatives supported by enabling legislation devoted to the Knowledge-Based Economy, the creation of an Innovations Commission, and to a "smart growth" strategy for the Commonwealth. These crosscutting initiatives involve numerous agencies of state government, as well as localities and the postsecondary education community. A Department for the New Economy was also created to focus on the new economy, best practices and innovations.

For the first time, funding received from the National Tobacco Settlement became available for appropriation. The result was the authorization of a multi-faceted set of initiatives dealing with agricultural development and diversification, early childhood development, and health related initiatives including smoking cessation activities. The Commonwealth elected to split the settlement funds on a percentage basis with 50% devoted to agricultural development and 25% each to early childhood development, and health related initiatives. As a matter of priority, the Commonwealth also bolstered the farm economy income settlement programs authorized from the National Tobacco Settlement Funds.

The array of approved initiatives in 2000 was so far-reaching and numerous as to all but defy explication in this short summary. It is important to emphasize, however, that at the same time this array of initiatives was authorized, the Commonwealth continued to realize a surplus in revenue collections for both the General Fund and Road Fund and continued to build its Budget Reserve Trust Fund to \$239 million.

FINANCIAL INFORMATION

The Accounting System and Budgetary Controls

The Commonwealth's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The governmental funds, expendable trust funds, and agency funds are presented on the modified accrual basis of accounting whereby revenues are recognized when measurable and available, and expenditures are recognized when goods or services are received and the related liabilities are incurred. The proprietary and pension trust funds are presented on the accrual basis of accounting with all revenues and expenses recognized when the transactions occur, regardless of when related cash is received or disbursed.

In developing and operating the Commonwealth's accounting system, emphasis is placed on the adequacy of internal accounting controls. They are designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that financial records are reliable for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived from their use, and that such cost-benefit evaluation requires estimates and judgments by management. All internal control evaluations occur within this framework.

Budgetary control is maintained at the budget unit level described in the Notes to the Combined Financial Statements by the encumbrance of estimated purchase amounts prior to the release of contracts to vendors. Contracts which result in overruns of available balances are not released until budget revisions are approved or additional appropriations are made. Open encumbrances are reported as reservations of fund balances in the Commonwealth's Transportation and Capital Projects Funds at June 30, 2000.

General Fund Condition - Budgetary Basis

General Fund revenue on a budgetary basis for 2000 was \$6.72 billion, an increase of 7.8% over 1999. This amount includes \$6.48 billion in tax and non-tax receipts, and \$239.85 million of Operating Transfers In. Taxes represented 92.2% of all General Fund revenue collected during the period. The amounts and percentages of 2000 revenue derived from specific sources and the changes from 1999 are shown below (expressed in thousands) and are illustrated in Chart 1.

General Fund Revenue and Other Financing Sources - Budgetary Basis

Revenue Source	Amount	Percent of Total	Increase (Decrease) from 1999	
			Amount	Percent
Individual Income Tax	\$ 2,701,615	40.2%	\$ 169,610	6.7%
Sales and Gross Receipts Taxes	2,356,213	35.1%	92,695	4.1%
Property Taxes	387,251	5.8%	(30,227)	(7.2%)
Corporate Income Tax	306,450	4.6%	(5,617)	(1.8%)
Non-Tax Revenue	285,348	4.2%	(1,260)	(0.4%)
Operating Transfers In	239,848	3.6%	208,097	655.4%
Severance Taxes	170,477	2.5%	(4,300)	(2.5%)
License and Privilege Taxes	140,089	2.1%	13,085	10.3%
Inheritance and Estate Taxes	74,490	1.1%	(6,993)	(8.6%)
Miscellaneous Taxes	56,452	0.8%	53,005	1537.70%
Total General Fund Revenue	\$ 6,718,233	100.0%	\$ 488,095	7.8%

General Fund expenditures on a budgetary basis for 2000 totaled \$6.55 billion, including Operating Transfers Out of \$596.17 million. During 2000, expenditures increased by 2.4% and transfers decreased by 18.1% compared to 1999. The general government function includes \$880.57 million of expenditures and transfers for the state supported universities, which together amount to 13.4% of the General Fund total. The amounts and percentages of 2000 expenditures for the various governmental functions and the changes from 1999 are shown below (expressed in thousands) and are illustrated in Chart 1.

General Fund Expenditures and Other Financing Uses - Budgetary Basis

Function	Amount	Percent of Total	Increase (Decrease) from 1999	
			Amount	Percent
General Government	\$ 1,614,446	24.7%	\$ (182,584)	(10.2%)
Legislative and Judicial	205,101	3.1%	20,346	11.0%
Commerce	55,546	0.8%	4,546	8.9%
Education and Humanities	2,844,400	43.4%	62,667	2.3%
Human Resources	1,267,105	19.4%	63,225	5.3%
Justice	421,864	6.5%	44,554	11.8%
Natural Resources and Environmental Protection	59,876	0.9%	2,923	5.1%
Public Protection and Regulation	65,862	1.0%	2,681	4.2%
Transportation	6,520	0.1%	217	3.4%
Non-budgetary Items	6,912	0.1%	(9,964)	(59.0%)
Total General Fund Expenditures	\$ 6,547,632	100.0%	\$ 8,611	0.1%

The General Fund had a 2000 budgetary undesignated fund balance of \$176,353,716. This is an increase of \$112,160,629 over the 1999 year-end budgetary undesignated fund balance of \$64,193,087.

General Governmental Functions - GAAP Basis

General governmental functions on a GAAP basis are accounted for in four governmental funds - General, Special Revenue, Debt Service, and Capital Projects. Revenue for general governmental functions totaled \$12.99 billion for 2000, an increase of 10.4% over the amount recognized during 1999. The amounts and percentages of 2000 revenue derived from specific sources and the changes from 1999 are shown below (expressed in thousands) and are illustrated in Chart 2.

Governmental Funds Revenue - GAAP Basis

Revenue Source	Amount	Percent of Total	Increase (Decrease) from 1999	
			Amount	Percent
Taxes	\$ 7,385,286	56.8%	\$ 309,791	4.4%
Intergovernmental	4,602,881	35.4%	776,896	20.3%
Charges for Services	359,782	2.8%	60,830	20.3%
Other Revenues	230,325	1.8%	44,444	23.9%
Licenses, Fees, and Permits	203,608	1.6%	15,304	8.1%
Interest and Investments	163,893	1.2%	23,565	16.8%
Fines and Forfeits	49,986	0.4%	(3,038)	(5.7%)
Total Governmental Funds Revenue	\$ 12,995,761	100.0%	\$ 1,227,792	10.4%

2000 Governmental Funds Revenue rose \$1.23 billion over 1999. Intergovernmental Income was up almost \$777 million, due primarily to almost \$754 million more in Federal Fund receipts from the United States Government. Tax Revenue improved by nearly \$310 million, including over \$263 million more in the General Fund where Individual Income Tax collections climbed over \$162 million and Sales and Gross Receipts Taxes jumped an additional \$84 million. Sales and Gross Receipts Taxes also rose more than \$144 million in the Transportation Fund. These four specifically described gains account for 93.2% of revenue growth since last year.

Expenditures, excluding transfers, for general governmental functions on a GAAP basis totaled \$12.07 billion for 2000, an increase of 8.8% compared to 1999. The amounts and percentages of 2000 expenditures for various governmental functions and the changes from 1999 are shown below (expressed in thousands) and are illustrated in Chart 2.

Governmental Funds Expenditures - GAAP Basis

Function	Amount	Percent of Total	Increase (Decrease) from 1999	
			Amount	Percent
General Government	\$ 541,008	4.5%	\$ (15,905)	(2.9%)
Legislative and Judicial	212,978	1.8%	26,810	14.4%
Commerce	52,941	0.4%	3,014	6.0%
Education and Humanities	3,351,422	27.8%	100,966	3.1%
Human Resources	5,109,752	42.3%	740,825	17.0%
Justice	511,106	4.2%	59,574	13.2%
Natural Resources and Environmental Protection	125,724	1.0%	4,786	4.0%
Public Protection and Regulation	131,350	1.1%	1,105	0.8%
Transportation	1,502,356	12.5%	146,034	10.8%
Capital Outlay	225,409	1.9%	(40,756)	(15.3%)
Debt Service	302,708	2.5%	(54,990)	(15.4%)
Total Governmental Funds Expenditures	\$ 12,066,754	100.0%	\$971,463	8.8%

2000 Governmental Funds Expenditures grew \$971.5 million over 1999. The cost of Human Resources services rose nearly \$741 million, both in the Federal Fund, where spending went up almost \$496 million, and in the Agency Revenue Fund where payments climbed close to \$240 million. Transportation costs jumped about \$146 million, based on \$143 million more spent in the Federal Fund, offset by \$10 million less spent in the Agency Revenue Fund. And, nearly \$87 million more in General Fund grants and subsidies was the major contributor to the \$101 million growth in Education and Humanities expenditures. These increases were partially offset by nearly \$41 million less spending for Capital Outlay and Debt Service Fund payments of almost \$55 million less than last year. The combined effect of these differences account for 88.6% of the net growth in expenditures this year.

Ending fund balances for all governmental fund types increased 8.0%, from \$2.68 billion as restated for 1999, to \$2.90 billion in 2000. Of these totals, unreserved fund balances increased 17.7%, from \$1.23 billion as restated at July 1, 1999, to \$1.45 billion at June 30, 2000.

Debt Administration

The amount of debt service for general bonded debt, the ratio of this amount to total expenditures for general governmental functions, and the amount of debt per capita are useful indicators to citizens, investors, and management regarding the Commonwealth's debt position. The data for 2000 is:

	<u>Debt Service (thousands)</u>	<u>Ratio to Total General Governmental Expenditures</u>	<u>Debt Per Capita</u>
General Bonded Debt	\$302,708	2.5%	\$581

No general obligation bonds were authorized or outstanding at June 30, 2000.

During 2000, Kentucky issued revenue bonds totaling \$308,490,000 for general governmental functions which are supported by governmental fund appropriations. No bonds were defeased during the period and this entire amount funded new projects. All issues sold during 2000 were rated "AAA" by major rating services. At June 30, 2000, total principal outstanding for revenue bonds paid from governmental fund appropriations was \$2,315,533,850.

Cash Management, Investment and Collateral Policy

The Commonwealth of Kentucky's investments are governed by KRS 42.500 and KAR Title 200 Chapter 14. The State Investment Commission, comprised of the Governor, the Treasurer, Secretary of the Finance and Administration Cabinet, and gubernatorial appointees of the Community Independent Banker's Association and Kentucky Banker's Association, is charged with the oversight of the Commonwealth's investment activities. The Commission is required to meet at least quarterly, and delegates day to day investment management to the Office of Financial Management.

At June 30, 2000, the Commonwealth's operating portfolio was approximately \$3.3 billion in cash and securities. The composition of investments was as follows: U.S. treasury securities (14%); securities issued by agencies, corporations and instrumentalities of the United States Government, including mortgage backed securities and collateralized mortgage obligations (48%); repurchase agreements collateralized by the aforementioned (17%); municipal securities (4%); and corporate and asset backed securities, including money market securities (17%). The portfolio has a current yield of 6.86% and modified duration of 1.34 years. Investment income through June 30, 2000 was \$160.0 million versus \$152.4 million the previous fiscal year. Total return for the Fiscal Year ending June 30, 2000 was 5.01% versus 4.81% for 1999.

The Commonwealth's investments are categorized into four investment pools: Short-Term, Intermediate-Term, Long-Term, and Bond Proceeds Pools. The purpose of these pools is to provide economies of scale that enhance yield, ease administration and increase accountability and control. The Short-Term Pool consists primarily of General Fund cash balances and provides liquidity to the remaining pools. The Intermediate Pool represents Agency Fund investments, state held component unit funds and fiduciary fund accounts held by the state for the benefit of others. The Long Term Pool invests the Budget Reserve Trust Fund and other funds deemed appropriate for the pool where liquidity is not a serious concern. The Bond Proceeds Pool is where bond proceeds for capital construction projects are deposited until expended for their intended purpose.

The Commonwealth of Kentucky engages in selective derivative transactions. These transactions are entered into only with an abundance of caution and for specific hedge applications to minimize yield volatility in the portfolio. The State Investment Commission expressly prohibits the use of margin or other leveraging techniques. The Commonwealth executes a variety of transactions which may be considered derivative transactions, which include: the securities lending program, over-the-counter treasury options, interest rate swaps, and more recently the purchase of mortgage backed securities, and collateralized mortgage obligations.

The Commonwealth has used over-the-counter treasury options since the mid-1980's to hedge and add value to the portfolio of treasury securities. These transactions involve the purchase and sale of put and call options on a covered basis, holding either cash or securities sufficient to meet the obligation should it be exercised. The State Investment Commission limits the total option commitment to no more than twenty percent of the total portfolio of treasury and agency securities. Historically, actual commitments have been less than ten percent of the portfolio.

The Commonwealth has had a securities lending program since the mid-1980's. The state reverses its treasury and agency securities in exchange for 102% of eligible collateral, marked to market daily. Eligible collateral is defined as securities authorized for purchase pursuant to KRS 42.500. Currently, the Commonwealth receives a guaranteed rate of 10 basis points of the average market value of securities in the program.

On September 28, 1995, the State Investment Commission adopted resolution 95-03, which re-authorized interest rate swap transactions in a notional amount not to exceed \$200 million outstanding, using the International Swap Dealers Association, Inc. Master Agreement and applicable appendices. The Commonwealth engages in asset-based interest rate swaps to better manage its duration and to stabilize the volatility of interest income. Currently, the Commonwealth has no asset-based swap transactions outstanding.

House Bill 5 of the First Extraordinary Session of 1997 was enacted on May 30, 1997. The bill amended KRS 42.500 to authorize the purchase of additional investment securities with excess funds available for investment. The new classes of investment securities include: United States dollar denominated corporate securities, issued by foreign and domestic issuers, including sovereign and supernatural governments, rated in one of the three highest categories by a nationally recognized rating agency, and asset backed securities rated in the highest category by a nationally recognized rating agency.

KAR Title 200 Chapter 14 provides, among other things that: corporate securities, inclusive of Commercial Paper, Banker's Acceptances and Certificates of Deposit are limited to twenty-five million per issuer and a stated maturity of five (5) years or less. Money market securities ranked A1-P1 or higher are limited to 20% of any investment pool when combined with corporate and Asset Backed Securities and must not exceed 25% of any investment pool. Asset Backed Securities must have a weighted-average-life of not more than four (4) years at the time of purchase. United States Agency Mortgage Backed Securities ("MBS") and Collateralized Mortgage Obligations ("CMO") are also limited to a maximum of 25% of any investment portfolio. MBS must have a stated final maturity of ten (10) years or less with a weighted-average-life of not more than four (4) years at the time of purchase. CMO must have a weighted-average-life of four (4) years or less.

Risk Management

The Division of Risk Management (DRM) oversees and coordinates risk management and insurance responsibilities among various state agencies in accordance with KRS 42.0245. For the year ended June 30, 2000, the Division achieved a cash savings of \$779,990 by obtaining lower bids from improved insurance bid specifications and by seeking broader markets. Risk exposures in the amount of \$7.0 million were eliminated for properties that were either uninsured or underinsured. The Finance and Administration Cabinet insures property, computers, vehicles, telephones, fidelity bonds, and workers' compensation with a total insurance value of \$436.4 million annually for a premium of \$266,579.

New risk management initiatives fully implemented for the year included developing computer applications for the processing and payment of insurance premiums and obtaining hard to place coverage for the State Employee Blanket Crime Dishonesty Coverage and the Foster Parent Liability program. In addition, a Performance Measurement Method was developed for evaluating risk management activities.

Currently, the Commonwealth's two major self-insurance programs include the State Fire and Tornado Insurance Fund for property and casualty coverage; and the State Self Insurance Fund for Workers' Compensation benefits. The Finance and

Administration Cabinet, in accordance with KRS 45A.022, purchases insurance policies to transfer to insurance companies other financial and catastrophic risks for various state agencies not assumed by these programs. As of June 30, 1999, the Commonwealth terminated the self-insured Kentucky Kare program and offered coverage for health benefits through competitive bidding with the private health insurance markets.

The Fire and Tornado Insurance Fund consists of "premiums" charged to state agencies and universities. Current annual "premiums" of \$6 million insure \$7.2 billion in property assets for 6,800 facilities throughout the state. By statute, the Fund must have a reserve of \$5,000,000 at the close of each fiscal year. All losses are reinsured to limit fund liability to \$300,000 for any one loss to each subject of risk. The premium for reinsurance is \$1,355,000 annually. For the year ended June 30, 2000, the Fund paid 282 claims in the amount of \$1,087,315. Earthquake and Flood Coverage for state facilities are available as additional insured perils in the Fund.

The State Self-Insured Workers' Compensation Trust Fund provides workers' compensation coverage for state employees. At June 30, 2000, the State program had assets of \$20.0 million and an unreserved accumulated deficit of \$42.2 million. Premium income for the fiscal year decreased from \$17.4 million to \$17.0 million and the unreserved accumulated deficit increased \$3.9 million from the previous fiscal year. The Fund carries reinsurance coverage for large individual or incident claims of \$5 million with limits of \$25 million. The amount of claims paid for 2000 was \$18.7 million, which is \$7.8 million more than 1999. The Transportation Cabinet has a separate self-insured workers' compensation fund for its employees. As of June 30, 2000, the Fund has unpaid claims of \$12.9 million. Total expenditures for the year were \$3.3 million in administration and claims. The fund carries reinsurance coverage for claims exceeding \$1 million with limits of \$10 million.

Capital Projects Fund

Proceeds of certain bond issues and other appropriated monies to be used for projects related to economic development and the construction, improvement, and maintenance of the Commonwealth's physical plant are accounted for in the Capital Projects Fund until such projects are completed. Completed construction and improvement projects are capitalized in the appropriate proprietary fund or General Fixed Assets Account Group at year end. All uncompleted construction in progress is capitalized in the General Fixed Assets Account Group or appropriate proprietary fund. During 2000, projects costing \$72,553,388 were completed.

Proprietary Funds

Combined operating revenues of the primary government's Enterprise Funds decreased from \$845.9 million for 1999, to \$751.1 million in 2000. Combined operating expenses of these funds decreased from \$814.9 million for 1999 to \$674.5 million in 2000. The Kentucky Lottery Corporation paces Enterprise Fund activity with operating revenues and expenses of \$583.7 million and \$429.4 million. At June 30, 2000, there are no outstanding revenue bonds in the State Parks Fund or other blended component units.

Combined operating revenues and expenses of discretely presented component units accounted for in proprietary fund types were \$238.7 million and \$293.3 million for FY00, compared to \$212.1 million and \$261.7 million in 1999. The Kentucky Housing Corporation leads such activity with operating revenues and expenses of \$87.2 million and \$80.4 million. At June 30, 2000, outstanding revenue bonds for the discretely presented component units totaled \$2.61 billion, of which \$1.08 billion is accounted for in the Kentucky Housing Corporation.

Combined operating revenues and expenses for the Commonwealth's Internal Service Funds amounted to \$131.8 million and \$151.9 million, as compared to 1999 totals of \$135.5 million and \$118.1 million. The internal service operations provided include, but are not limited to, data processing, telecommunications, property management, and insurance administration.

Proprietary funds receive budgeted operating transfers of General Fund appropriations.

Pension Trust Funds

The Commonwealth administers separate retirement systems for Kentucky employees, State Police officers, public school teachers, judges, legislators and county employees. At June 30, 2000, combined total assets for these plans reached \$27.68 billion. The aggregate operating revenue of these funds was \$2.33 billion, including interest and investment income of \$992 million. Total operating expenses were \$1.61 billion, including retirement benefits paid of \$1.16 billion.

These retirement systems are as follows: Kentucky Employees Retirement System; State Police Retirement System; County Employees Retirement System; Teachers' Retirement System; and the Judicial Form Retirement System (including both the Judicial Retirement Fund and the Legislators' Retirement Fund).

University and College Funds

The eight state-supported universities and Kentucky Community and Technical College System (KCTCS) are discretely presented component units accounted for in the University and College Funds. University and College Current Funds revenue rose from \$1.38 billion in FY99 to \$1.49 billion in FY00 for an increase of 8.4%. State appropriations transferred from the General Fund to these funds went up 2.4% to \$882.3 million. Current fund expenditures and transfers increased 8.8% during FY00, to \$2.41 billion. At June 30, 2000, outstanding revenue bonds for the state supported universities and KCTCS total \$618.3 million, of which \$184.5 million is accounted for by the University of Kentucky and \$152.3 million is accounted for by the University of Louisville.

General Fixed Assets

The general fixed assets of the Commonwealth are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the Enterprise, Internal Service, and Component Units Funds. At June 30, 2000, the general fixed assets of Kentucky amounted to \$1.25 billion. This amount represents the valuation of general fixed assets in accordance with GAAP as described in the Notes to the Financial Statements. Depreciation of general fixed assets is not recognized in the Commonwealth's accounting system.

OTHER INFORMATION

Independent Audit

The accompanying financial statements have been audited by the Office of the Auditor of Public Accounts of the Commonwealth of Kentucky. Their examination was conducted in accordance with generally accepted government auditing standards, and the report of the independent auditor appears elsewhere in this report.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth of Kentucky for its Comprehensive Annual Financial Report for the year ended June 30, 1999. This is the thirteenth consecutive year the Commonwealth has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

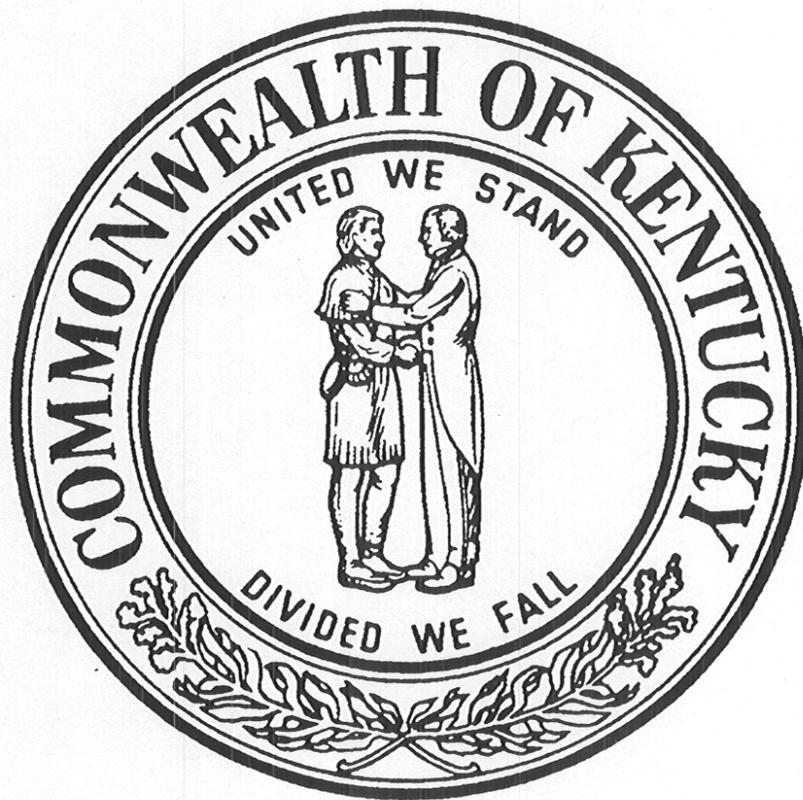
Acknowledgments

The preparation of this report could not have been accomplished without the cooperation of all branches and agencies of the Commonwealth. The professionalism demonstrated by the staffs of the Finance and Administration Cabinet's Divisions of Statewide Accounting Services and Printing, as well as the Office of the Auditor of Public Accounts, is especially noteworthy. Their combined dedication made the publication of this report possible.

Respectfully submitted,

A handwritten signature in cursive script that reads "T. Kevin Flanery". The signature is written in dark ink and is positioned above the printed name.

T. Kevin Flanery, Secretary
Finance and Administration Cabinet





Finance and Administration Cabinet

Office of the Controller

Capitol Annex Building
702 Capitol Avenue, Room 393
Frankfort, Kentucky 40601-3448
(502) 564-2210
Fax (502) 564-6597

Edgar C. Ross
Controller

Paul E. Patton
Governor
T. Kevin Flanery
Secretary

February 28, 2001

The Honorable T. Kevin Flanery
Secretary, Finance and Administration Cabinet
383 New Capitol Annex
Frankfort, Kentucky

Dear Secretary Flanery:

Pursuant to Section 48.800 (3) of the Kentucky Revised Statutes, the Comprehensive Annual Financial Report (CAFR) of the Commonwealth of Kentucky for the fiscal year ended June 30, 2000, is submitted herewith. It contains all funds, account groups, and entities that are controlled by or dependent on the Commonwealth based on the criteria developed by the Governmental Accounting Standards Board (GASB) in its Codification of Governmental Accounting and Financial Reporting Standards, Section 2100.

The basis of accounting upon which the report has been prepared complies with Generally Accepted Accounting Principles (GAAP) for state governments as prescribed by both GASB and the American Institute of Certified Public Accountants' (AICPA) publication Audits of State and Local Governmental Units.

The information presents fairly and fully discloses the financial position and results of financial operations of the Commonwealth for the reporting period as measured by the financial activity of the various funds. All appropriate disclosures necessary to assist readers in their understanding and evaluation of Kentucky's financial condition have been included in this report.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Edgar C. Ross".

Edgar C. Ross, Controller



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Kentucky

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Anne Spray Kinney
President

Jeffrey L. Essler
Executive Director

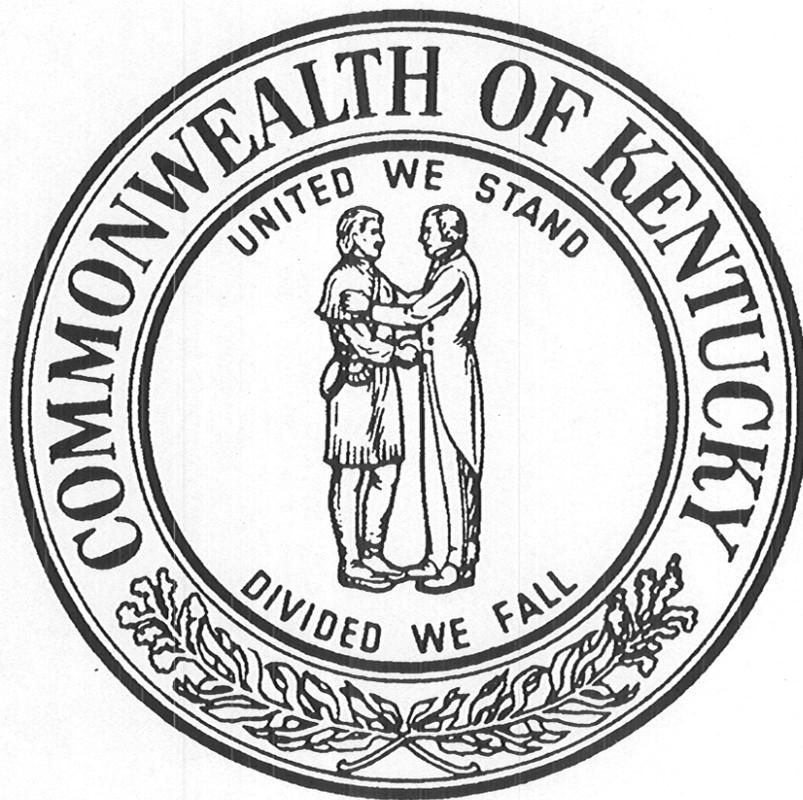


Chart 1

General Fund - Budgetary Basis

Fiscal Year 2000

(amounts in billions)

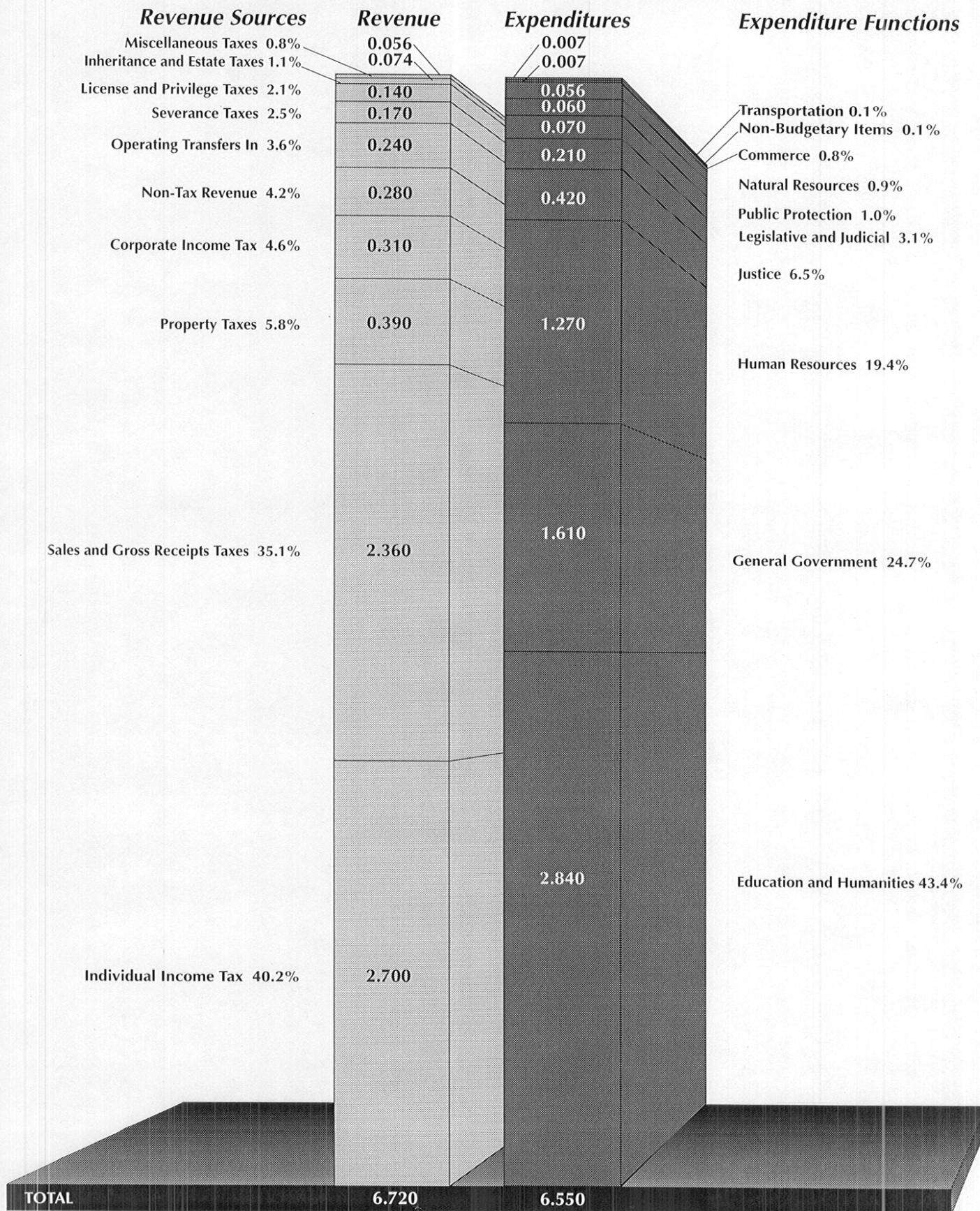
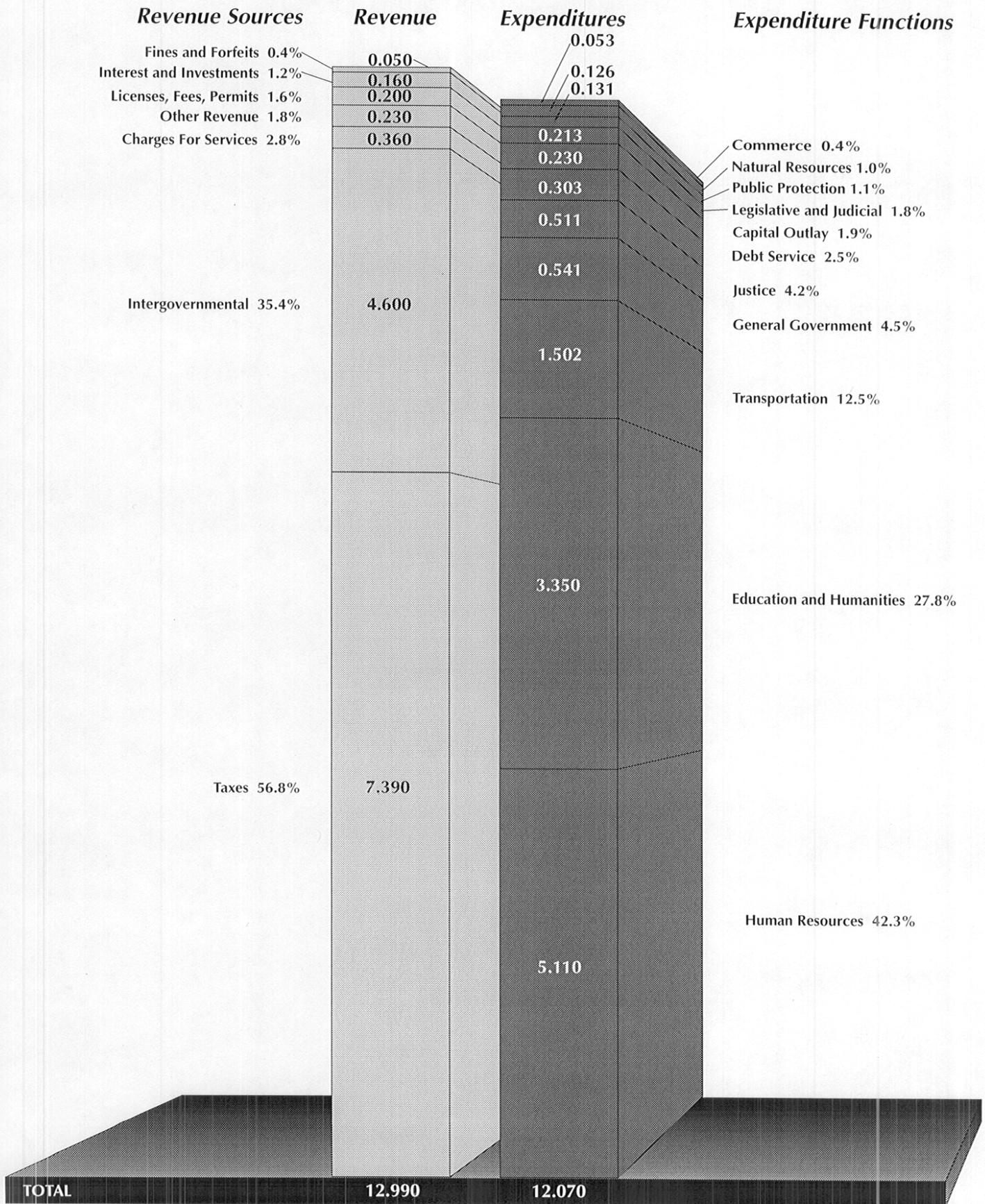


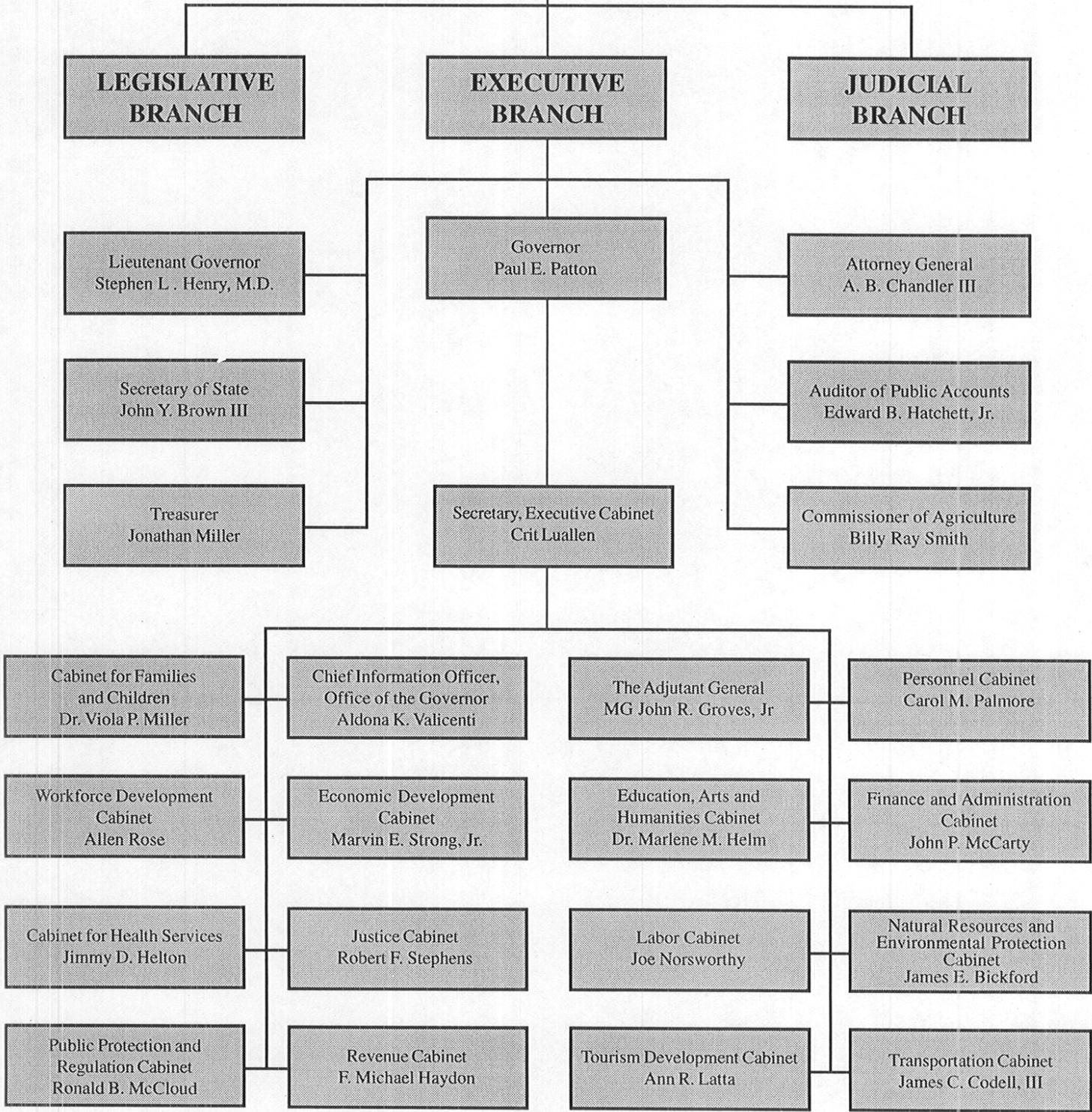
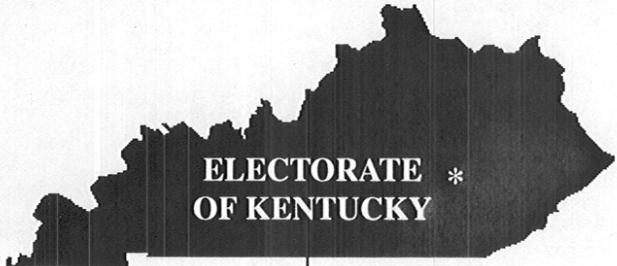
Chart 2

Governmental Funds - GAAP Basis

Fiscal Year 2000

(amounts in billions)





* Principal Officials at June 30, 2000

FINANCIAL SECTION



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Paul E. Patton, Governor
Mr. T. Kevin Flanery, Secretary
Finance and Administration Cabinet

We have audited the accompanying general-purpose financial statements of the Commonwealth of Kentucky as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Commonwealth's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We did not audit the financial statements of certain organizational units within the governmental fund types; the Kentucky Lottery Corporation, Workers' Compensation Special Fund, Petroleum Storage Tank Assurance Program, Transportation Cabinet's Fleet Management Fund and Self-Insured Workers' Compensation Trust Funds within the proprietary fund types; the Pension Trust Funds and Transportation Cabinet's portion of the Agency Funds within the fiduciary fund types; and universities and colleges and certain other discretely presented component units.

These organizational units represent 26.0, 67.6, 93.1, and 99.9 percent of total assets of their respective fund types or component unit; 14.8, 83.0, 80.0, and 99.9 percent of total revenues/additions; and 14.5, 64.6, 74.4, and 99.9 percent of total expenditures/expenses/deductions of the related combined totals of the fund types—governmental, proprietary, fiduciary, and discretely presented component units, respectively. We also did not audit certain fixed assets, which represent 16.4 percent of the General Fixed Assets Account Group. In addition, we did not audit certain long-term obligation accounts, which comprise 39.6 percent of the total liabilities in the General Long-Term Obligations Account Group. These organizational unit financial statements and fixed asset and general long-term obligation accounts were audited by other auditors whose reports thereon were furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the organizational units, the fixed assets, and the long-term obligations referenced above, is based solely on the reports of other auditors.



To the People of Kentucky
The Honorable Paul E. Patton, Governor
Mr. T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Page 2

We conducted our audit in accordance with generally accepted government auditing standards except that a portion of the university and college discretely presented component units was audited in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion based on our audit and the reports of other auditors, the general-purpose financial statements referenced above present fairly, in all material respects, the financial position of the Commonwealth of Kentucky as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and discretely presented component unit proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules included in this report on pages 80 through 167 are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Commonwealth of Kentucky. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The Introductory and Statistical Sections presented in this report on pages 1 through 18 and 168 through 180 were not audited by us and, accordingly, we do not express an opinion thereon.

To the People of Kentucky
The Honorable Paul E. Patton, Governor
Mr. T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Page 3

In accordance with generally accepted government auditing standards, we will also issue our report on our consideration of the Commonwealth of Kentucky's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

February 28, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

**COMMONWEALTH OF KENTUCKY
 COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
 JUNE 30, 2000**

(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS AND OTHER DEBITS</u>				
CASH AND CASH EQUIVALENTS (NOTE 5)	\$ 105,236	\$ 219,341	\$ 6,162	\$ 40,208
CASH WITH FISCAL AGENTS (NOTE 5)			82,299	
CASH ON DEPOSIT WITH FEDERAL GOVERNMENT (NOTE 5)				
RESTRICTED CASH (NOTE 5)		9,582		
INVESTMENTS, NET OF AMORTIZATION (NOTE 5)	214,481	1,233,435	271,332	278,672
RECEIVABLES, NET (NOTE 1)	533,566	869,166	2,826	4,960
INTERFUND RECEIVABLES (NOTE 7)	601,978	725,712	131,410	18,022
DUE FROM COMPONENT UNITS (NOTE 7)	79			
DUE FROM PRIMARY GOVERNMENT (NOTE 7)				
INVENTORIES	14,884	40,761		
PREPAID EXPENSES				
DEFERRED CHARGES				
RESTRICTED ASSETS (NOTE 5)				
LAND				
IMPROVEMENTS OTHER THAN BUILDINGS				
BUILDINGS				
MACHINERY AND EQUIPMENT				
LESS: ACCUMULATED DEPRECIATION				
CONSTRUCTION IN PROGRESS				
OTHER ASSETS				
AMOUNTS AVAILABLE FOR DEBT SERVICE				
AMOUNTS TO BE PROVIDED IN FUTURE YEARS FOR				
LONG-TERM BONDS				
AMOUNTS TO BE PROVIDED IN FUTURE YEARS FOR				
RETIREMENT OF GENERAL LONG-TERM OBLIGATIONS				
TOTAL ASSETS AND OTHERS DEBITS	<u>\$ 1,470,224</u>	<u>\$ 3,097,997</u>	<u>\$ 494,029</u>	<u>\$ 341,862</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>				
LIABILITIES:				
ACCOUNTS PAYABLE	\$ 235,199	\$ 502,804	\$ 1,519	\$ 8,026
TAX REFUNDS PAYABLE	203,646			
ACCRUED LIABILITIES				
INTERFUND PAYABLES (NOTE 7)	311,711	921,385	91,712	16,020
DUE TO COMPONENT UNITS (NOTE 7)	4			
DUE TO PRIMARY GOVERNMENT (NOTE 7)				
CLAIMS LIABILITY				
CLAIMS ADJUSTMENT LIABILITIES				
CAPITAL LEASE OBLIGATIONS (NOTE 10)				
NOTES PAYABLE (NOTE 15)				
BONDS PAYABLE (NOTE 15)				
COMPENSATED ABSENCES (NOTE 1)				
AMOUNTS HELD IN CUSTODY FOR OTHERS				
DEPOSITS AND ADVANCE PAYMENTS				
DEFERRED REVENUE	81,298	116,386	369	15,648
OTHER LIABILITIES				
JUDGEMENTS AND CONTINGENCIES				
TOTAL LIABILITIES	<u>831,858</u>	<u>1,540,575</u>	<u>93,600</u>	<u>39,694</u>
EQUITY AND OTHER CREDITS:				
CONTRIBUTED CAPITAL (NOTE 1)				
INVESTMENT IN FIXED ASSETS (NOTE 1)				
RETAINED EARNINGS:				
RESERVED FOR:				
REVENUE BOND RETIREMENT				
UNRESERVED				
FUND BALANCE (NOTE 1)				
RESERVED FOR:				
ENCUMBRANCES		151,027		80,851
STATUTORY OBLIGATIONS	177,404	41,452		
CAPITAL OUTLAY				324,180
REVENUE BOND RETIREMENT		1,000	300,432	
EMPLOYEE RETIREMENT SYSTEM				
RETIREE'S HEALTH INSURANCE			77,850	
OTHER SPECIFIC PURPOSES (NOTE 1)	254,167	50,343		
UNRESERVED:				
DESIGNATED FOR HIGHWAY CONSTRUCTION		500,996		
DESIGNATED FOR DEBT SERVICE			22,147	
DESIGNATED FOR UNIVERSITIES AND COLLEGES				
UNDESIGNATED	206,795	812,604		(102,863)
TOTAL EQUITY AND OTHER CREDITS	<u>638,366</u>	<u>1,557,422</u>	<u>400,429</u>	<u>302,168</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 1,470,224</u>	<u>\$ 3,097,997</u>	<u>\$ 494,029</u>	<u>\$ 341,862</u>

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals	Component	Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government (Memorandum Only)	Units	Reporting Entity (Memorandum Only)
\$ 66,609	\$ 8,070	\$ 2,135,256	\$	\$	\$ 2,580,882	\$ 1,005,264	\$ 3,586,146
		13,479			95,778		95,778
		719,038			719,038		719,038
784,009	28,102	26,411,797			9,582	24,095	33,677
45,318	578	315,275			29,221,828	1,281,420	30,503,248
2,769	14,710	138,092			1,771,689	2,256,420	4,028,109
					1,632,693		1,632,693
					79	96,324	96,403
						4	4
3,681	4,024				63,350	23,266	86,616
354	1,172	254			1,780	1,644	3,424
						27,506	27,506
						9,727	9,727
15,115	1,187		79,515		95,817	98,863	194,680
58,467	367				58,834	74,113	132,947
114,313	11,239	3,252	692,747		821,551	2,519,717	3,341,268
44,459	122,450		301,318		468,227	831,232	1,299,459
(127,581)	(82,864)				(210,445)	(143,370)	(353,815)
93,924	341		179,565		273,830	150,183	424,013
						317,983	317,983
				401,429	401,429		401,429
						610,940	610,940
				2,755,026	2,755,026		2,755,026
<u>\$ 1,101,437</u>	<u>\$ 109,376</u>	<u>\$ 29,736,443</u>	<u>\$ 1,253,145</u>	<u>\$ 3,156,455</u>	<u>\$ 40,760,968</u>	<u>\$ 9,185,331</u>	<u>\$ 49,946,299</u>
\$ 23,349	\$ 8,665	\$ 199,944	\$	\$	\$ 979,506	\$ 187,044	\$ 1,166,550
					203,646		203,646
5,884	11,617	274,364			1,632,693	87,194	87,194
					4	96,324	1,632,693
						79	96,328
1,518,022	80,902				1,598,924		1,598,924
59,443					59,443		59,443
111	2,102			1,882	4,095	132,729	136,824
3,055				218,680	221,735	54,542	276,277
				2,315,533	2,315,533	3,179,759	5,495,292
8,180	6,938			226,707	241,825	3,875	245,700
		279,250			279,250	3,873	283,123
						6,374	6,374
2,595	3,663	34,028			253,987	54,652	308,639
318,255		654,434		77,765	1,050,454	113,072	1,163,526
				315,888	315,888		315,888
<u>1,938,894</u>	<u>113,887</u>	<u>1,442,020</u>		<u>3,156,455</u>	<u>9,156,983</u>	<u>3,919,517</u>	<u>13,076,500</u>
143,527	478				144,005	144,369	288,374
			1,253,145		1,253,145	2,704,752	3,957,897
(980,984)	(4,989)					364,795	364,795
					(985,973)	508,398	(477,575)
					231,878	15,192	247,070
					218,856		218,856
					324,180	203,967	528,147
					301,432		301,432
		25,826,948			25,826,948		25,826,948
		1,073,060			1,073,060		1,073,060
					382,360	929,117	1,311,477
					500,996		500,996
					22,147		22,147
		1,394,415			2,310,951	356,505	356,505
(837,457)	(4,511)	28,294,423	1,253,145		31,603,985	38,719	2,349,670
<u>\$ 1,101,437</u>	<u>\$ 109,376</u>	<u>\$ 29,736,443</u>	<u>\$ 1,253,145</u>	<u>\$ 3,156,455</u>	<u>\$ 40,760,968</u>	<u>\$ 9,185,331</u>	<u>\$ 49,946,299</u>

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUES (NOTE 1):				
TAXES	\$ 6,198,167	\$ 1,187,119	\$	\$
LICENSES, FEES, AND PERMITS	28,580	175,028		
INTERGOVERNMENTAL	7,523	4,576,282		19,076
CHARGES FOR SERVICES	4,533	351,835	3,414	
FINES AND FORFEITS	47,882	2,104		
INTEREST AND OTHER INVESTMENT INCOME	27,469	82,202	21,800	43,591
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	(9,129)	3,350	(46)	(5,344)
OTHER REVENUES	5,125	219,748	3,341	2,111
TOTAL REVENUES	<u>6,310,150</u>	<u>6,597,668</u>	<u>28,509</u>	<u>59,434</u>
EXPENDITURES:				
CURRENT:				
GENERAL GOVERNMENT	300,621	240,387		
LEGISLATIVE AND JUDICIAL	205,153	7,825		
COMMERCE	21,099	31,842		
EDUCATION AND HUMANITIES	2,757,388	594,034		
HUMAN RESOURCES	1,262,335	3,847,417		
JUSTICE	413,247	97,859		
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	58,663	67,061		
PUBLIC PROTECTION AND REGULATION	46,471	84,879		
TRANSPORTATION	5,985	1,496,371		
CAPITAL OUTLAY				225,409
DEBT SERVICE:				
PRINCIPAL RETIREMENT			133,153	
INTEREST AND FISCAL CHARGES			191,429	
OTHER EXPENDITURES			(21,874)	
TOTAL EXPENDITURES	<u>5,070,962</u>	<u>6,467,675</u>	<u>302,708</u>	<u>225,409</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,239,188</u>	<u>129,993</u>	<u>(274,199)</u>	<u>(165,975)</u>
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS IN	396,164	861,854	337,960	54,340
OPERATING TRANSFERS OUT	(436,071)	(944,769)	(30,593)	(112,599)
TRANSFERS FROM PRIMARY GOVERNMENT				
TRANSFERS TO COMPONENT UNITS	(1,048,810)			
TRANSFERS TO PRIMARY GOVERNMENT				
PROCEEDS FROM SALE OF BONDS:				
NEW ISSUES				91,658
REFUNDING ISSUES			288,667	
CAPITALIZED LEASES	341	646		
NOTES PAYABLE		99,618		
PAYMENTS TO REFUNDED BOND ESCROW AGENTS			(271,985)	
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,088,376)</u>	<u>17,349</u>	<u>324,049</u>	<u>33,399</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	150,812	147,342	49,850	(132,576)
FUND BALANCE AT JULY 1 (NOTE 2), AS RESTATED	487,554	1,410,080	350,579	434,744
FUND BALANCE AT JUNE 30	<u>\$ 638,366</u>	<u>\$ 1,557,422</u>	<u>\$ 400,429</u>	<u>\$ 302,168</u>

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Fiduciary Fund Type Expendable Trust	Totals Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
\$ 264,991	\$ 7,650,277	\$ 1,862	\$ 7,652,139
	203,608		203,608
31,300	4,634,181		4,634,181
69,469	429,251		429,251
	49,986		49,986
95,720	270,782		270,782
(4,729)	(15,898)	116	(15,782)
175,324	405,649	1,528	407,177
<u>632,075</u>	<u>13,627,836</u>	<u>3,506</u>	<u>13,631,342</u>
165,696	706,704		706,704
	212,978		212,978
	52,941	59,722	112,663
297,655	3,649,077		3,649,077
4,645	5,114,397		5,114,397
469	511,575		511,575
	125,724		125,724
	131,350		131,350
37,913	1,540,269		1,540,269
	225,409		225,409
	133,153	37,830	170,983
	191,429	28,493	219,922
	(21,874)		(21,874)
<u>506,378</u>	<u>12,573,132</u>	<u>126,045</u>	<u>12,699,177</u>
125,697	1,054,704	(122,539)	932,165
108,562	1,758,880		1,758,880
(188,862)	(1,712,894)		(1,712,894)
	(1,048,810)	123,071	123,071
		(31,576)	(1,080,386)
		(10,592)	(10,592)
	91,658	55,823	147,481
	288,667		288,667
	987		987
	99,618		99,618
	(271,985)		(271,985)
<u>(80,300)</u>	<u>(793,879)</u>	<u>136,726</u>	<u>(657,153)</u>
45,397	260,825	14,187	275,012
1,349,018	4,031,975	24,532	4,056,507
<u>\$ 1,394,415</u>	<u>\$ 4,292,800</u>	<u>\$ 38,719</u>	<u>\$ 4,331,519</u>

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/FUND EQUITY
BUDGET AND ACTUAL (BUDGETARY BASIS) - ALL BUDGETED FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS (NOTE 4)
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	General Fund			Special Revenue		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
BUDGETED:						
TAXES	\$ 6,156,600	\$ 6,193,037	\$ 36,437	\$ 931,415	\$ 926,508	\$ (4,907)
LICENSES, FEES, AND PERMITS	21,600	28,581	6,981	107,543	111,652	4,109
INTERGOVERNMENTAL	4,700	7,523	2,823			
CHARGES FOR SERVICES	2,500	4,798	2,298	22,005	21,348	(657)
FINES AND FORFEITS	52,300	47,882	(4,418)	40	21	(19)
INTEREST AND OTHER INVESTMENT INCOME	26,200	28,077	1,877	25,000	29,436	4,436
LOTTERY PROCEEDS	151,200	156,300	5,100			
OTHER REVENUES	16,100	12,187	(3,913)	960	1,436	476
TRANSFERS IN	61,900	61,900				
TOTAL BUDGETED REVENUES	6,493,100	6,540,285	47,185	1,086,963	1,090,401	3,438
NON-BUDGETED:						
TAXES					188,894	
LICENSES, FEES, AND PERMITS					64,751	
INTERGOVERNMENTAL					4,085,237	
CHARGES FOR SERVICES					1,411,167	
FINES AND FORFEITS					3,136	
INTEREST AND OTHER INVESTMENT INCOME					28,607	
EMPLOYER CONTRIBUTIONS					169	
OTHER REVENUES					234,022	
ESCHEAT					250	
TRANSFERS IN (INTERFUND)		177,948	177,948		551,169	
TRANSFERS IN (INTRAFUND)					1,032,622	
TOTAL NON-BUDGETED REVENUES		177,948	177,948		7,600,024	
TOTAL REVENUES	6,493,100	6,718,233	225,133		8,690,425	
EXPENDITURES:						
GENERAL GOVERNMENT	1,692,319	1,614,446	77,873	1,979,617	1,417,713	561,904
LEGISLATIVE AND JUDICIAL	229,500	205,101	24,399	15,010	7,505	7,505
COMMERCE	64,627	55,546	9,081	36,107	34,508	1,599
EDUCATION AND HUMANITIES	2,872,222	2,844,400	27,822	694,976	626,223	68,753
HUMAN RESOURCES	1,267,105	1,267,105		3,581,506	3,459,451	122,055
JUSTICE	428,185	421,864	6,321	153,558	133,565	19,993
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	59,898	59,876	22	98,352	69,409	28,943
PUBLIC PROTECTION AND REGULATION	68,480	65,862	2,618	105,708	91,291	14,417
TRANSPORTATION	10,234	6,520	3,714	3,252,078	1,656,907	1,595,171
TOTAL EXPENDITURES	6,692,570	6,540,720	151,850	9,916,912	7,496,572	2,420,340
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(199,470)	177,513	376,983		1,193,853	
OTHER FINANCING SOURCES (USES):						
PROCEEDS FROM SALE OF BONDS					99,618	
TOTAL OTHER FINANCING SOURCES (USES)					99,618	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(199,470)	177,513	376,983		1,293,471	
FUND BALANCE/FUND EQUITY AT JULY 1	422,440	422,440			1,310,271	
NON-BUDGETED ITEMS		(6,912)	(6,912)		(1,307,096)	
FIXED ASSET ALLOCATION						
FUND BALANCE/FUND EQUITY AT JUNE 30	\$ 222,970	\$ 593,041	\$ 370,071	\$	\$ 1,296,646	\$

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Enterprise			Internal Service			Expendable Trust		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$	\$	\$	\$	\$	\$	\$	\$	\$
	651							
	100			3				
	312						14,632	
	122,419			124,042				
	505							
	9,001			375			55,151	
	28,550			7,636			260,208	
							3,976	
	60,222			361			364	
	116,928			552				
	338,688			132,969			334,331	
	338,688			132,969			334,331	
5,523	4,342	1,181	102,527	96,195	6,332			
52,459	52,388	71						
1,580	682	898				274,498	268,518	5,980
			15,856	12,594	3,262			
682	234	448						
395,177	319,412	75,765	591	591				
			29,164	29,120	44			
455,421	377,058	78,363	148,138	138,500	9,638	274,498	268,518	5,980
	(38,370)			(5,531)			65,813	
	(38,370)			(5,531)			65,813	
	365,859			91,136			663,304	
	(2,813)			(5,415)			(9,034)	
	23,261			(9,503)				
\$	\$ 347,937	\$	\$	\$ 70,687	\$	\$	\$ 720,083	\$

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/FUND EQUITY
BUDGET AND ACTUAL (BUDGETARY BASIS) - ALL BUDGETED FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNITS (NOTE 4)
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Component Units		
	Budget	Actual	Variance
REVENUES:			
BUDGETED:			
TAXES	\$	\$	\$
LICENSES, FEES, AND PERMITS			
INTERGOVERNMENTAL			
CHARGES FOR SERVICES			
FINES AND FORFEITS			
INTEREST AND OTHER INVESTMENT INCOME			
LOTTERY PROCEEDS			
OTHER REVENUES			
TRANSFERS IN			
TOTAL BUDGETED REVENUES			
NON-BUDGETED:			
TAXES			
LICENSES, FEES, AND PERMITS			
INTERGOVERNMENTAL			
CHARGES FOR SERVICES		28,398	
FINES AND FORFEITS			
INTEREST AND OTHER INVESTMENT			
EMPLOYER CONTRIBUTIONS			
OTHER REVENUES		17	
TRANSFERS IN (INTERFUND)		7	
TRANSFERS IN (INTRAFUND)		371	
TOTAL NON-BUDGETED REVENUES		28,793	
TOTAL REVENUES		28,793	
EXPENDITURES:			
GENERAL GOVERNMENT			
LEGISLATIVE AND JUDICIAL			
COMMERCE	27,702	26,151	1,551
EDUCATION AND HUMANITIES			
HUMAN RESOURCES			
JUSTICE			
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION			
PUBLIC PROTECTION AND REGULATION			
TRANSPORTATION			
TOTAL EXPENDITURES	27,702	26,151	1,551
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		2,642	
OTHER FINANCING SOURCES (USES):			
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		2,642	
FUND BALANCES/FUND EQUITY AT JULY 1		130,808	
NON-BUDGETED ITEMS		(2)	
FUND BALANCES/FUND EQUITY AT JUNE 30	\$	\$ 133,448	\$

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Proprietary Fund Types		Totals Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
	Enterprise	Internal Service			
OPERATING REVENUES:					
CHARGES FOR SERVICES	\$ 163,892	\$ 131,510	\$ 295,402	\$ 63,119	\$ 358,521
INTEREST AND OTHER INVESTMENT INCOME	1,347		1,347	146,467	147,814
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	136	(146)	(10)	(2,847)	(2,857)
LOTTERY PROCEEDS	583,678		583,678		583,678
OTHER REVENUES	2,077	411	2,488	31,916	34,404
TOTAL OPERATING REVENUES	751,130	131,775	882,905	238,655	1,121,560
OPERATING EXPENSES:					
PERSONAL SERVICES	80,295	58,996	139,291	50,529	189,820
UTILITIES, RENTALS, AND OTHER SERVICES	9,219	34,734	43,953	21,756	65,709
COMMODITIES AND SUPPLIES	41,391	16,064	57,455	2,356	59,811
PROVISION FOR LOAN LOSSES				100	100
GRANTS AND SUBSIDIES	6,984	1,566	8,550	59,979	68,529
DEPRECIATION AND AMORTIZATION	8,705	14,299	23,004	14,481	37,485
INTEREST				105,352	105,352
TRAVEL	1,501	605	2,106	702	2,808
REINSURANCE EXPENSE		1,048	1,048		1,048
CLAIMS EXPENSE	117,975	24,630	142,605		142,605
CLAIM ADJUSTMENT EXPENSE	(518)		(518)		(518)
PRIZE EXPENSE	408,621		408,621		408,621
OTHER EXPENSES	322		322	38,003	38,325
TOTAL OPERATING EXPENSES	674,495	151,942	826,437	293,258	1,119,695
OPERATING INCOME (LOSS)	76,635	(20,167)	56,468	(54,603)	1,865
NONOPERATING REVENUE (EXPENSES):					
INTERGOVERNMENTAL REVENUE				2,200	2,200
GRANTS AND DONATIONS				15,548	15,548
MEMBERSHIP REVENUE				158	158
KENTUCKY CENTER FOR THE ARTS ENDOWMENT				790	790
GAIN (LOSS) ON SALE OF FIXED ASSETS	(1,377)	(462)	(1,839)	(1)	(1,840)
INTEREST AND OTHER INVESTMENT INCOME	14,755	82	14,837	4,584	19,421
INTEREST EXPENSE	(258)	(438)	(696)		(696)
OTHER REVENUES (EXPENSES)	(18,932)	163	(18,769)	7,753	(11,016)
TOTAL NONOPERATING REVENUES (EXPENSES)	(5,812)	(655)	(6,467)	31,032	24,565
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND EXTRAORDINARY ITEMS	70,823	(20,822)	50,001	(23,571)	26,430
OPERATING TRANSFERS IN	109,326	13,651	122,977		122,977
TRANSFERS FROM PRIMARY GOVERNMENT				78,041	78,041
TRANSFERS FROM COMPONENT UNITS				11,570	11,570
OPERATING TRANSFERS OUT	(163,484)	(5,479)	(168,963)		(168,963)
TRANSFERS TO PRIMARY GOVERNMENT				(371)	(371)
TRANSFERS TO COMPONENT UNITS				(3,000)	(3,000)
NET INCOME (LOSS)	16,665	(12,650)	4,015	62,669	66,684
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS	2,412	5,734	8,146	6,674	14,820
INCREASE (DECREASE) IN RETAINED EARNINGS	19,077	(6,916)	12,161	69,343	81,504
RETAINED EARNINGS AT JULY 1 (NOTE 2), AS RESTATED	(1,000,061)	1,927	(998,134)	803,850	(194,284)
RETAINED EARNINGS AT JUNE 30	\$ (980,984)	\$ (4,989)	\$ (985,973)	\$ 873,193	\$ (112,780)

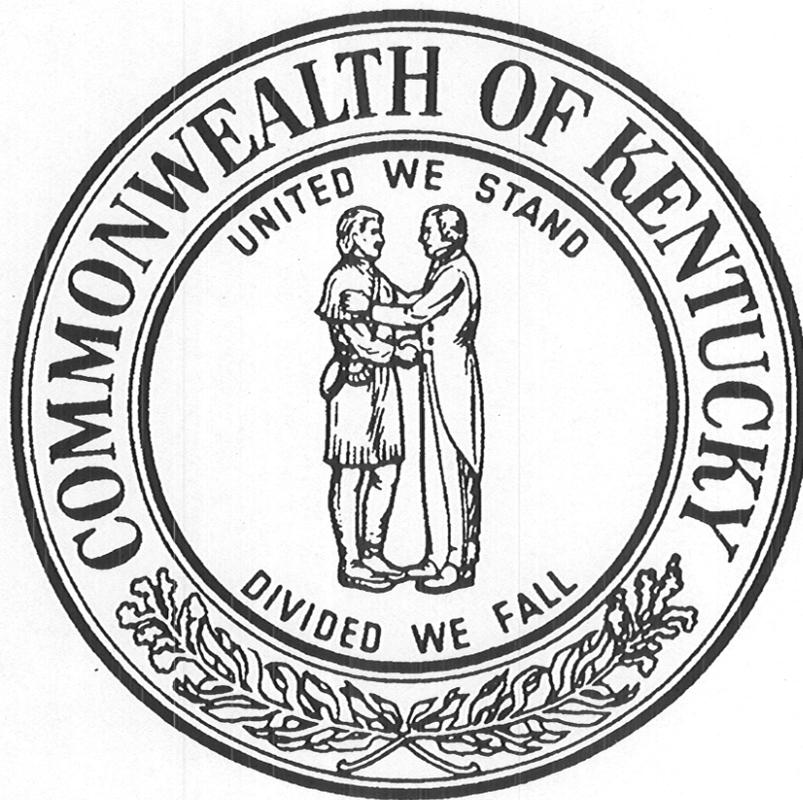
THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COMMONWEALTH OF KENTUCKY
 COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2000**

(Expressed in Thousands)

	<u>Pension Benefits</u>	<u>Healthcare Benefits</u>	<u>Totals (Memorandum Only)</u>
ADDITIONS			
CONTRIBUTIONS:			
EMPLOYER	\$ 624,732	\$ 229,297	\$ 854,029
MEMBER	451,180	36,393	487,573
TOTAL CONTRIBUTIONS	<u>1,075,912</u>	<u>265,690</u>	<u>1,341,602</u>
INVESTMENT INCOME:			
NET APPRECIATION IN FAIR VALUE			
OF INVESTMENTS	242,183	31,230	273,413
INTEREST	579,308	21,337	600,645
DIVIDENDS	188,450	8,818	197,268
REAL ESTATE OPERATING INCOME, NET	60,823		60,823
SECURITIES LENDING INCOME	127,736	5,522	133,258
TOTAL INVESTMENT INCOME	<u>1,198,500</u>	<u>66,907</u>	<u>1,265,407</u>
LESS: INVESTMENT EXPENSE	10,199	73	10,272
LESS: SECURITIES LENDING EXPENSE	123,637	5,353	128,990
NET INVESTMENT INCOME	<u>1,064,664</u>	<u>61,481</u>	<u>1,126,145</u>
TOTAL ADDITIONS	<u>2,140,576</u>	<u>327,171</u>	<u>2,467,747</u>
DEDUCTIONS:			
BENEFIT PAYMENTS	1,095,444	66,487	1,161,931
REFUNDS	32,886	2	32,888
ADMINISTRATIVE EXPENSE	14,924	3,357	18,281
OTHER DEDUCTIONS, NET	180,345	77,340	257,685
TOTAL DEDUCTIONS	<u>1,323,599</u>	<u>147,186</u>	<u>1,470,785</u>
NET INCREASE	<u>816,977</u>	<u>179,985</u>	<u>996,962</u>
NET ASSETS HELD IN TRUST			
BEGINNING OF YEAR	25,009,987	893,059	25,903,046
END OF YEAR	<u>\$ 25,826,964</u>	<u>\$ 1,073,044</u>	<u>\$ 26,900,008</u>

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**COMMONWEALTH OF KENTUCKY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2000**

(Expressed in Thousands)

	Proprietary Fund Types		Totals	Component	Totals
	Enterprise	Internal	Primary	Units	Reporting
		Service	(Memorandum		Entity
			Only)	(Memorandum	Only)
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM CUSTOMERS - PUBLIC	\$ 755,909	\$ 70,437	\$ 826,346	\$ 137,073	\$ 963,419
CASH RECEIVED FROM CUSTOMERS - STATE	2,428	47,148	49,576		49,576
COLLECTION OF PROGRAM LOANS				282,168	282,168
PROGRAM LOANS ISSUED				(400,614)	(400,614)
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(177,340)	(36,359)	(213,699)	(132,775)	(346,474)
CASH PAYMENTS FOR EMPLOYEE SALARIES AND BENEFITS	(80,170)	(56,360)	(136,530)	(48,891)	(185,421)
CASH PAYMENTS FOR CLAIMS EXPENSE	(520,985)	(16,585)	(537,570)		(537,570)
CASH PAYMENTS FROM OTHER SOURCES	286	63	349	3,000	3,349
CASH PAYMENTS (TO) OTHER SOURCES	(44,670)	(2,123)	(46,793)	(40,952)	(87,745)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(64,542)	6,221	(58,321)	(200,991)	(259,312)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
PROCEEDS FROM BOND ISSUANCE				490,251	490,251
PROCEEDS FROM SALE OF REVENUE BONDS FOR COST OF ISSUANCE				(962)	(962)
PRINCIPAL PAYMENT ON DEBT				(273,320)	(273,320)
DEBT RELATED EXPENSES				(101,495)	(101,495)
SUBSIDIES				114,091	114,091
RESIDUAL EQUITY TRANSFER IN (OUT)					
OPERATING TRANSFERS-IN FROM OTHER FUNDS	109,326	13,651	122,977	1,878	124,855
OPERATING TRANSFERS-OUT TO OTHER FUNDS	(163,484)	(5,479)	(168,963)	(3,000)	(171,963)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	(54,158)	8,172	(45,986)	227,443	181,457
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(3,470)	(24,320)	(27,790)	(15,539)	(43,329)
PRINCIPAL PAID ON REVENUE BOND MATURITIES AND EQUIPMENT CONTRACTS	(1,546)		(1,546)	(1,991)	(3,537)
INCREASE IN RESTRICTED ASSET-CONSTRUCTION ACCOUNT				(3,073)	(3,073)
RESTRICTED INCOME-CONSTRUCTION					
INTEREST PAID ON REVENUE BOND AND EQUIPMENT CONTRACTS	(258)	(351)	(609)		(609)
PROCEEDS FROM SALE OF CAPITAL ASSETS	(1,193)	(462)	(1,655)		(1,655)
CONTRIBUTED CAPITAL				11,532	11,532
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(6,467)	(25,133)	(31,600)	(9,071)	(40,671)
CASH FLOWS FROM INVESTING ACTIVITIES:					
PURCHASE OF INVESTMENT SECURITIES	(17,231)	(4,830)	(22,061)	(1,458,073)	(1,480,134)
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENT SECURITIES	85,726	10,711	96,437	1,424,096	1,520,533
INTEREST AND DIVIDENDS ON INVESTMENTS	37,706	341	38,047	52,104	90,151
NET CASH USED IN INVESTING ACTIVITIES	106,201	6,222	112,423	18,127	130,550
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,966)	(4,518)	(23,484)	35,508	12,024
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	85,575	12,588	98,163	497,140	595,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 66,609	\$ 8,070	\$ 74,679	\$ 532,648	\$ 607,327

	Proprietary Fund Types		Totals	Component	Totals
	Enterprise	Internal	Primary	Units	Reporting
		Service	(Memorandum		Entity
			Only)		(Memorandum
					Only)
RECONCILIATION OF OPERATING INCOME TO NET CASH					
PROVIDED BY OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$ 76,635	\$ (20,167)	\$ 56,468	\$ (54,603)	\$ 1,865
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
PROVISION FOR UNCOLLECTIBLE ACCOUNTS				1,211	1,211
DEPRECIATION AND AMORTIZATION	8,705	14,299	23,004	14,481	37,485
INTEREST AND OTHER INVESTMENT INCOME	(1,346)	(357)	(1,703)	(49,781)	(51,484)
INTEREST EXPENSE				102,358	102,358
MISCELLANEOUS NONOPERATING INCOME (EXPENSES)	(45,929)	77	(45,852)	(114,537)	(160,389)
CHANGE IN ASSETS AND LIABILITIES:					
(INCREASE) DECREASE IN ASSETS					
RECEIVABLES, NET	7,807	(41)	7,766	(113,028)	(105,262)
FAIR VALUE OF INVESTMENTS	(136)	146	10	2,383	2,393
INTERFUND RECEIVABLES	(1,283)	(5,458)	(6,741)		(6,741)
INVENTORIES	(200)	(148)	(348)	(2)	(350)
PREPAID EXPENSES	(39)	112	73	519	592
OTHER ASSETS				(1,440)	(1,440)
INCREASE (DECREASE) IN LIABILITIES					
ACCOUNTS PAYABLE	(48,808)	(959)	(49,767)	3,147	(46,620)
INTERFUND PAYABLES	(1,282)	8,041	6,759		6,759
CLAIMS LIABILITY	(21,983)	7,817	(14,166)		(14,166)
CLAIMS ADJUSTMENT LIABILITY	(39,519)		(39,519)		(39,519)
COMPENSATED ABSENCES	684	457	1,141	118	1,259
OTHER LIABILITIES				7,943	7,943
DEFERRED REVENUE	2,152	2,402	4,554	240	4,794
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (64,542)	\$ 6,221	\$ (58,321)	\$ (200,991)	\$ (259,312)

RECONCILIATION OF CASH AND CASH EQUIVALENTS, JUNE 30, 2000

	Component
	Units
PER COMBINED BALANCE SHEET	\$ 1,005,264
LESS: UNIVERSITIES	(467,691)
KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION	(4,925)
CASH AND CASH EQUIVALENTS FOR PROPRIETARY COMPONENT UNITS	\$ 532,648

THE PROPRIETARY FUND TYPES ACQUIRED ASSETS OF \$17,736(000) THROUGH NON-CASH TRANSACTIONS. THE ENTERPRISE FUNDS HAD CONTRIBUTED CAPITAL OF \$8,128,(000) AND CAPITAL LEASES OF \$114,(000). THE INTERNAL SERVICE FUNDS HAD CONTRIBUTED CAPITAL OF \$40,(000) AND CAPITAL LEASES OF \$1,023,(000), THE COMPONENT UNITS HAD CONTRIBUTED CAPITAL OF \$ 8,431(000). PAYMENTS FOR PRINCIPAL AND INTEREST FOR THE YEAR WERE \$11,(000) AND \$2,(000) IN THE ENTERPRISE FUNDS \$137,(000) AND \$16,(000) IN THE INTERNAL SERVICE FUNDS, RESPECTIVELY. GRAND PRIZE INVESTMENTS AND THE RELATED PRIZE LIABILITY IN THE ENTERPRISE FUNDS WERE INCREASED DURING THE YEAR BY APPROXIMATELY \$12,626,(000) ACCRETION OF INTEREST.

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**COMMONWEALTH OF KENTUCKY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
 ALL UNIVERSITY AND COLLEGE CURRENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2000**

(Expressed in Thousands)

	<u>Totals</u> <u>June 30, 2000</u>
REVENUES:	
TUITION AND FEES	\$ 410,371
FEDERAL GRANTS AND CONTRACTS	185,475
STATE/LOCAL GRANTS AND CONTRACTS	98,588
PRIVATE GIFTS, GRANTS AND CONTRACTS	83,454
ENDOWMENT INCOME	8,396
SALES AND SERVICES OF EDUCATION ACTIVITIES	74,069
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	464,371
OTHER REVENUES	168,968
	<u>1,493,692</u>
TOTAL CURRENT REVENUES	<u>1,493,692</u>
EXPENDITURES AND TRANSFERS:	
EDUCATIONAL AND GENERAL:	
INSTRUCTION	664,134
RESEARCH	130,047
PUBLIC SERVICE	250,897
ACADEMIC SUPPORT	123,993
LIBRARIES	59,613
STUDENT SERVICES	93,415
INSTITUTIONAL SUPPORT	181,154
STUDENT FINANCIAL AID	201,789
MAINTENANCE AND OPERATION	128,867
OTHER EXPENDITURES	1,708
	<u>1,835,617</u>
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	<u>1,835,617</u>
MANDATORY TRANSFERS FOR:	
PRINCIPAL AND INTEREST	58,717
CURRENT FUND - UNRESTRICTED	(133)
CURRENT FUND - RESTRICTED	(9)
LOAN FUND	195
UNEXPENDED PLANT FUND	1,511
NON-MANDATORY TRANSFERS FOR:	
CURRENT FUND - UNRESTRICTED	(26,228)
CURRENT FUND - RESTRICTED	(2,561)
ENDOWMENT AND SIMILAR FUNDS	1,238
FOUNDATIONS	500
UNEXPENDED PLANT FUND	48,808
RENEWAL AND REPLACEMENT	3,901
RETIREMENT OF INDEBTEDNESS	354
	<u>1,921,910</u>
TOTAL EDUCATIONAL AND GENERAL	<u>1,921,910</u>
AUXILIARY ENTERPRISES AND HOSPITALS:	
EXPENDITURES	411,148
MANDATORY TRANSFERS FOR:	
PRINCIPAL AND INTEREST	29,474
RETIREMENT OF INDEBTEDNESS	1,198
NON-MANDATORY TRANSFERS FOR:	
CURRENT FUND - UNRESTRICTED	4,436
CURRENT FUND - RESTRICTED	(1,553)
AUXILIARY ENTERPRISES AND HOSPITALS - UNRESTRICTED	(4)
UNEXPENDED PLANT FUND	2,103
RENEWAL AND REPLACEMENT	41,700
	<u>488,502</u>
TOTAL AUXILIARY ENTERPRISES AND HOSPITALS	<u>488,502</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>2,410,412</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):	
TRANSFERS FROM PRIMARY GOVERNMENT	882,274
TRANSFERS TO PRIMARY GOVERNMENT	(607)
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUE	12,698
INDIRECT COST RECOVERED	7,995
REFUNDS TO GRANTORS	(841)
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	720
	<u>720</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ (14,481)</u>

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COMMONWEALTH OF KENTUCKY
 COMBINED STATEMENT OF CHANGES IN FUND BALANCE
 ALL UNIVERSITY AND COLLEGE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2000
 (Expressed in Thousands)**

	Totals
	June 30, 2000
REVENUES AND OTHER ADDITIONS:	
EDUCATIONAL AND GENERAL REVENUES	\$ 704,395
AUXILIARY ENTERPRISES AND HOSPITALS REVENUES	464,858
INDIRECT COST RECOVERED	7,930
RESTRICTED GRANTS AND CONTRACTS	443,946
RESTRICTED GIFTS AND GRANTS	57,343
ENDOWMENT INCOME	8,448
INTEREST AND OTHER INVESTMENT INCOME	47,887
EXPENDED FOR PLANT FACILITIES	215,863
RETIREMENT OF INDEBTEDNESS	75,264
OTHER REVENUE AND ADDITIONS	170,859
TOTAL REVENUES AND OTHER ADDITIONS	<u>2,196,793</u>
EXPENDITURES AND OTHER DEDUCTIONS:	
EDUCATIONAL AND GENERAL EXPENDITURES	1,832,724
AUXILIARY ENTERPRISES AND HOSPITALS EXPENDITURES	411,148
REFUNDS TO GRANTORS	868
ADMINISTRATIVE, COLLECTION, AND LITIGATION COSTS	524
LOAN CANCELLATIONS	1,265
PAYMENT TO BENEFICIARIES	927
EXPENDED FOR PLANT FACILITIES	179,071
RETIREMENT OF INDEBTEDNESS	102,134
INTEREST PAYMENTS	35,203
DISPOSAL OF PLANT FACILITIES	93,549
NOTES ISSUED	10,787
OTHER EXPENDITURES	227,249
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>2,895,449</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):	
NON-MANDATORY TRANSFERS FOR:	
TRANSFERS FROM PRIMARY GOVERNMENT	882,274
TRANSFERS TO PRIMARY GOVERNMENT	(607)
TOTAL TRANSFERS AMONG FUNDS	<u>881,667</u>
INCREASE (DECREASE) IN FUND BALANCE	183,011
FUND BALANCE AT JULY 1, (NOTE 2) AS RESTATED	4,026,498
FUND BALANCE AT JUNE 30	<u>\$ 4,209,509</u>

THE ACCOMPANYING NOTES TO COMBINED FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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Note 1

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements for the University and College Funds have been prepared in conformity with generally accepted accounting principles as prescribed by the AICPA Audit Guide, Audits of Colleges and Universities.

B. Financial Reporting Entity - For financial reporting purposes, the Commonwealth of Kentucky includes all fund types, account groups, departments, and agencies of the Commonwealth, as well as boards, commissions, authorities, corporations, colleges, and universities. These organizational entities comprise the reporting entity of the Commonwealth and are reported in accordance with GASB 14. Consequently, the reporting entity includes organizations that are not legally separate from the primary government and those which are legally separate. Organizations, not legally separate, are reported as part of the primary government. Legally separate organizations are reported as component units if either, the Commonwealth is financially accountable or whose exclusion would cause the Commonwealth's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services almost entirely or exclusively to the primary government or their governing body is substantively the same as the governing body for the primary government. All other component units are discretely presented.

Audited financial statements are available for the following blended component units: Kentucky Lottery Corporation and the Kentucky Turnpike Authority. Audited financial statements are available for all discretely presented component units except the Kentucky Agricultural Finance Authority and the Kentucky Grain Insurance Corporation. (See page 75 for complete list of component units' addresses.)

Blended Component Units

The following legally separate organizations provide services entirely, or almost entirely to the State or otherwise exclusively, or almost exclusively, that benefit the State, and therefore, these organizations' balances and transactions are reported as though they were part of the State's primary government using the blending method.

The State Property and Buildings Commission, Kentucky Asset/Liabilities Commission, Kentucky River Authority, Kentucky Savings Bond Authority, and the Board of Agriculture are legally separate entities of an administrative nature. They are comprised of

elected and appointed officials from various state agencies, and have no cost associated with them. Therefore, there is not a separate presentation for these entities.

State Property and Buildings Commission (KRS 56.450)

This commission is a public body corporate created to issue all revenue bonds for state agencies, unless those agencies are specifically authorized by other provisions of the Kentucky Revised Statutes to issue bonds. The commission is composed of six ex officio members.

Kentucky Asset/Liability Commission (KRS 56.861)

The Commission is a public body corporate, created to take a comprehensive view of the Commonwealth's finances and develop policies and strategies to minimize the impact of fluctuating revenue receipts and interest rates on the Commonwealth's interest-sensitive assets and liabilities. The Commission consists of five ex officio members.

Kentucky River Authority (KRS 151.710)

The Kentucky River Authority possesses the corporate powers that would distinguish it as being legally separate from the Commonwealth. This authority's sole purpose is the maintenance of the Commonwealth's locks and dams on the Kentucky River. The Governor appoints the ten members of this authority.

Kentucky Lottery Corporation (KRS 154A.020)

The Kentucky Lottery Corporation is empowered by the Legislature to administer the Kentucky state lottery games. The board of directors is comprised of seven members appointed by the Governor with the advice and consent of the Senate.

Turnpike Authority of Kentucky (KRS 175.430)

The Turnpike Authority is a body corporate and politic created solely to perform essential governmental functions and to serve the public purposes of constructing, acquiring, financing, and operating turnpike and other road projects for the use, safety, convenience and general welfare of the traveling public, by leasing such projects to the Transportation Cabinet. The seven members of the authority are all ex officio members, including the Governor.

Kentucky Teachers' Retirement System (KRS 161.220)

The Kentucky Teachers' Retirement System is an independent agency and instrumentality of the Commonwealth created to provide pension benefit plan coverage for local school districts and educational agencies of the state. The board includes two ex officio members and seven elected members.

COMMONWEALTH OF KENTUCKY
Notes to Combined Financial Statements
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Kentucky Retirement System (KRS 61.645)

The Kentucky Retirement System administers the Kentucky Employees Retirement System, the County Employees Retirement and the State Police Retirement System. The board consists of the Secretary of the Personnel Cabinet, five members elected by the retirement systems and three members appointed by the Governor.

Board of Agriculture (KRS 246.120)

The board is a body corporate created to act as an advisory board to the Commissioner of Agriculture and aid him in the collection of information concerning crops and in the promulgation of industrial information and act as an immigration committee. The board consists of nine members, two ex officio members and seven citizens of the Commonwealth appointed by the Governor.

Kentucky Savings Bond Authority (KRS 293.030)

The authority is a body corporate and politic created to promote investment by the general public in bonds of the Commonwealth and to reduce interest costs to the Commonwealth or its agencies. The authority consists of seven commissioners, three ex officio members and four members appointed by the Governor.

Discretely Presented Component Units

The component units' columns in the combined financial statements include the data of the following organizations. They are reported in a separate discrete column that is labeled as "Component Units" to emphasize these organizations' separateness from the Commonwealth's primary government.

Bluegrass State Skills Corporation (KRS 154.12-205)

This corporation was created and established to improve and promote the employment opportunities of the citizens of the Commonwealth by assisting the Economic Development Cabinet in creating and expanding programs of skills, training and education. The board of directors consists of eighteen members, five ex officio members and thirteen members appointed by the Governor.

Kentucky School Facilities Construction Commission (KRS 157.617)

The commission is an independent corporate agency and instrumentality of the Commonwealth. The purpose of the Commission is to assist local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet needs. One ex officio member and eight members appointed by the Governor comprise the Commission. The Commission was audited in conjunction with the Commonwealth's financial statements.

Kentucky State Fair Board (KRS 247.090)

This board is a body corporate created to account for revenues earned and expenses incurred in the commercial operations of the State Fair Board. Twelve members compose the board, three ex officio members, the other nine appointed by the Governor.

Kentucky Center for the Arts Corporation (KRS 153.410)

The Center for the Arts is a body corporate created by the General Assembly to promote the growth and development of the arts, convention trade, tourism and hotel industries within Jefferson County and the Commonwealth. The board consists of fifteen members appointed by the Governor.

Kentucky Educational Television Authority (KRS 168.030)

KET is a public body corporate and politic created to prescribe and enforce regulations governing the use of educational television and television facilities and related functions. KET also produces and transmits educational television programs. The authority consists of nine members, five being appointed by the Governor. A component unit of KET is the Kentucky Educational Television Foundation. The foundation is a non-profit Kentucky corporation, which receives, holds and administers gifts and grants in the name of and with the approval of the authority.

Kentucky Economic Development Finance Authority (KRS 154.20-010)

KEDFA possesses the corporate powers necessary to distinguish it as being legally separate from the Commonwealth and was established to assist business enterprises in obtaining financial resources in order to promote the Commonwealth's long-term economic growth. The Kentucky Economic Development Partnership board appoints the five members of this authority. Additionally, other component units of the authority include: The Commonwealth Small Business Development Corporation, the Kentucky Industrial Development Authority, the Kentucky Industrial Revitalization Authority, Kentucky JOBS Development Authority, and the Kentucky Mortgage Insurance and Guarantee Corporation. The financial statements of the component units have been combined with those of the authority.

Kentucky Higher Education Assistance Authority (KRS 164.742)

This authority is a body corporate and politic created to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions, and by insuring eligible student loans.

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Kentucky Higher Education Student Loan Corporation (KRS 164A.050)

KHESLC is a body corporate and politic created to perform essential governmental and public functions and purposes in improving and promoting the educational opportunities of the citizens of the Commonwealth. The board of directors consists of seven members, three ex officio members and four members appointed by the Governor.

Kentucky Educational Savings Plan Trust (KRS 164A.310)

This trust was established to encourage citizens to invest funds for future educational use, and to create an endowment fund, the income from which will be available to participants' savings.

Kentucky Housing Corporation (KRS 198A.030)

The Housing Corporation is a body corporate and politic created to perform essential governmental and public functions in improving and promoting the health and welfare of the citizens of the Commonwealth by the production of residential housing in Kentucky. The board of directors consists of six ex officio members and eight members appointed by the Governor.

Kentucky Infrastructure Authority (KRS 224A.030)

The authority is a body corporate and politic created solely to perform essential governmental functions and to serve the local public agencies in the Commonwealth with respect to the construction and acquisition of infrastructure projects. The board consists of five ex officio members and three members appointed by the Governor.

Kentucky Agricultural Finance Corporation (KRS 247.944)

KAFC is a corporation created to improve and promote the health and general welfare of the people through the promotion of agriculture. The board of directors consists of three ex officio members and nine members appointed by the Governor.

Kentucky Grain Insurance Corporation (KRS 251.620)

KGIC is a body politic created to promote the Commonwealth's welfare by improving the economic stability of agriculture and protecting grain producers in the event of the financial failure of a grain dealer or warehousemen. The board of directors consists of four ex officio members and six members appointed by the Commissioner of the Department of Agriculture.

Kentucky Local Correctional Facilities Construction Authority (KRS 441.615)

This authority is a body corporate and politic created to provide an additional and alternative method of constructing, reconstructing, improving or repairing and financing jails and appurtenant facilities for any local government in the Commonwealth. The membership consists of six ex officio members and four members appointed by the Governor.

State Colleges, Universities and Kentucky Community Technical College System (KRS 164.350)

Each board of regents or board of trustees is appointed by the Governor, and constitute a body corporate with the power to receive and administer revenue and property.

C. Fund Structure and Basis of Accounting - Primary Government - The accompanying financial statements are structured into three fund categories and two account groups. The fund categories include governmental funds, proprietary funds and fiduciary funds. Account groups are presented for general fixed assets and general long-term obligations.

Governmental Funds include:

General Fund - accounts for financial resources appropriated by the General Assembly which are not required to be accounted for in another fund.

Special Revenue Funds - account for specific revenue sources, other than for expendable trusts or major capital projects, dedicated to specific operations.

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related administrative costs.

Capital Projects Fund - accounts for financial resources appropriated by the General Assembly for the acquisition, construction, or renovation of major capital facilities, and for the acquisition of major equipment, other than those financed by proprietary funds and certain trust funds.

All of the governmental funds (where the measurement focus is on the flow of current financial resources) are accounted for on the modified accrual basis of accounting. In accordance with the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Available revenue will be received within 30 days. Principal revenue sources accounted for on the modified accrual basis include federal grants, sales and use tax, coal severance tax, property tax, departmental fees, income taxes, and interest income. Motor vehicle registration fees and fines and forfeitures are accounted for on the cash basis. Generally and except as otherwise provided by law, property taxes are assessed as

COMMONWEALTH OF KENTUCKY
Notes to Combined Financial Statements
June 30, 2000

of January 1, levied (mailed) September 15, due at discount November 1, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale February 1 following the delinquency date. Expenditures are recorded at the time liabilities are incurred except: (1) inventories generally are considered expenditures at acquisition; (2) prepayments usually are accounted for as expenditures of the period of acquisition; (3) principal and interest on long-term debt are recorded when paid; and (4) compensated absences are accounted for as expenditures of the period when used. Encumbrances represented by executed and unperformed contracts, which have been approved by the Finance and Administration Cabinet, at year end are reported as reservations of fund balance for subsequent year expenditure in the Capital Projects and Transportation Funds. Encumbrances in all other funds lapse at the end of the fiscal year.

Proprietary Funds include:

The State has adopted the provisions of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Funds that use Proprietary Fund Accounting." As permitted by GASB Statement No. 20, the primary government's proprietary funds have elected not to adopt FASB Statements or Interpretations issued after November 30, 1989, unless the GASB specifically adopts such FASB Statements or Interpretations. Each proprietary component unit has individually made this election as disclosed in their separate audit reports.

Enterprise Funds - account for those public corporations empowered by the Kentucky Revised Statutes (KRS) to provide certain services to the citizens of the Commonwealth and the operation of State agencies that provide goods or services to the general public on a user charge basis. Also included are the operations of the State's risk management pools.

Internal Service Funds - account for financing goods and services provided by one agency of the Commonwealth primarily to other agencies or governments on a cost reimbursement basis.

All of the proprietary funds (where the measurement focus is on the flow of economic resources) are accounted for on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and become measurable. Expenses are recognized at the time liabilities are incurred.

Fiduciary Funds include:

Expendable Trust Funds - account for assets held by the Commonwealth as a legal trustee when both principal and interest may be expended for designated purposes.

Pension Trust Funds - account for monies received for, expenses incurred by, and net assets available for plan benefits of the various public employee retirement systems.

Agency Funds - account for monies held by the Commonwealth and deferred compensation plans for custodial purposes only.

Expendable Trust and Agency Funds are accounted for on the modified accrual basis of accounting and are reported in the same manner as governmental fund types. Pension Trust Funds are accounted for on the accrual basis of accounting and reported in the same manner as proprietary fund types.

Account Groups include:

General Fixed Assets Account Group - accounts for fixed assets acquired or constructed for general governmental purposes other than those of the proprietary and fiduciary fund types.

General Long-Term Obligations Account Group - accounts for unmatured general long-term liabilities of the Commonwealth other than those of the proprietary and fiduciary fund types.

Certain obligations included in the General Long-Term Obligations Account Group for the State Property and Buildings Commission are also reflected in the statements as investments: The State Property and Buildings Commission issued \$41,380,000 Taxable University Refunding bonds. The proceeds from this issue were used to purchase certain outstanding Housing and Dining Revenue bonds of the State's universities. The income from the Housing and Dining bonds will be used to pay the debt service on the Project Revenue bonds. Savings will be used to reduce the universities' debt service requirements. See Note 15 for additional information.

D. Component Units - presentation of the underlying fund types of the individual component units reported in the discrete column is available from each respective component unit's separately issued financial statements.

E. Budgetary Process and Control - The Commonwealth of Kentucky requires that each branch of government prepare and submit a recommended budget to the General Assembly for each of the two fiscal years to be included in a biennial budget. These budgets are prepared principally on the cash basis. The Legislature reviews these budget requests, makes any necessary revisions, and legally adopts a biennial budget for each of the three branches of government. The Governor has the power to approve or veto each bill, subject to legislative override.

The financial plan for each fiscal year, as presented in a branch budget recommendation, shall be adopted with such modifications as made by the General Assembly (and explained in a budget memorandum) by the passage of the budget bill and such revenue and other acts necessary for the purpose. A budget bill shall not be effective past July 1 of the year in which the next regular session takes place.

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Notes to Combined Financial Statements
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Budgetary control is maintained at the budget unit level as designated by the Legislature (i.e., function, major program area, program, or unit of organization).

Appropriations for the General Fund and Road Fund shall be based upon revenue estimates prepared by the Finance and Administration Cabinet and modifications made by the appropriations committee of the General Assembly. Official revenue estimates are not made for the other budgetary funds.

The funds which have legally adopted annual budgets as part of the primary government include the following: General, Transportation, Federal, Agency Revenue, State Parks, Industries for the Blind, Horse Park, Insurance Administration, Fleet Management, Computer Services, Prison Industries, Central Printing, Property Management, Risk Management, and Unemployment Trust. In addition, the State Fair Board Fund, which is shown as a discretely presented component unit, has a legally adopted budget. Capital Projects are budgeted on a project length basis.

The funds allotted for each purpose of expenditure shall be used for no other purpose, except that the head of any budget unit, with the approval of the Secretary of the Finance and Administration Cabinet, may transfer allotted funds from one purpose of expenditure to another within the budget unit. No revisions of the allotment schedule may provide for an allotment or allotments in excess of the amount appropriated to that budget unit in a joint budget resolution or for expenditure for any other purpose than specified in a joint budget resolution and a budget memorandum. However, budgetary funds except General Fund, Transportation Fund, and Capital Projects Fund, may be amended in an amount up to the actual receipts (not to exceed 5%) by an Advice of Change Order from the Secretary of the Finance and Administration Cabinet. No supplemental appropriations were required during this fiscal year. Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end for long-term construction contracts other than commitments of a continuing nature are reported as reservations of fund balance for subsequent year expenditures. All other encumbered and unencumbered appropriations lapse at the end of each fiscal year except in the Capital Projects and Transportation Funds, which have project length budgets. Encumbrances are carried forward as revisions to appropriations.

The annual budget is prepared principally on the cash basis, which basis differs from generally accepted accounting principles (GAAP). A reconciliation between the budgetary basis and the GAAP basis is presented in Note 4.

F. Cash and Cash Equivalents - In addition to bank accounts, cash on hand, and imprest cash, this classification includes short-term investments with a maturity of 90 days or less, from date of purchase. Cash equivalents are generally stated at cost, which approximates

market. Deferred Compensation amounts are reported at fair value. Short-term investments, classified as cash equivalents at June 30, 2000 are \$2,056,230,267.

G. Investments - This classification includes long-term investments which are stated at fair value. Investments of the Deferred Compensation Plan are reported at fair value. See Note 5 for investment details.

H. Receivables - Receivables in the Commonwealth's governmental and fiduciary funds primarily consist of Federal revenues, taxes, and interest on investments. Some governmental fund revenues are not susceptible to accrual prior to receipt, including licenses, fees, permits, and similar revenues which are recognized on the cash basis. Receivables in all other funds have arisen in the ordinary course of business. Receivables in the governmental funds are reported net of allowances for uncollectibles. The allowance for uncollectibles amounted to \$520,402,829.

I. Interfund Transactions - The Commonwealth has the following types of interfund transactions:

Quasi-external Transactions - Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements - Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers - Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from the fund equity balance.

Operating Transfers - Legally authorized transfers other than residual equity transfers are reported as operating transfers in the financial statements.

The composition of the interfund transactions is presented in Note 7.

J. Inventories - Inventories in the governmental funds and similar trust funds consist of expendable supplies held for consumption, the costs of which are recorded as an expenditure at the time of purchase. Reserves of fund balance have been established for the inventory balances for governmental funds. Inventories in the proprietary funds and similar trust funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the costs of which are recorded as an expense as they are used. Inventories are valued at cost (first-in, first-out, or average cost).

K. Fixed Assets and Depreciation-General Fixed Assets - The policy of the primary government is to capitalize all land. Building

COMMONWEALTH OF KENTUCKY
Notes to Combined Financial Statements
June 30, 2000

and equipment are capitalized when the acquisition cost is \$5,000 or greater. Component units establish their own capital capitalization policy and that policy may vary from the amount of the primary government. All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition. Fixed assets are valued in the General Fixed Assets Account Group at historical cost, estimated historical cost or fair market value at time of donation. Buildings of \$692,747,000 at June 30, 2000, were valued as follows: \$289,530,000 at estimated historical cost, \$351,325,000 at historical cost and \$51,892,000 at fair market value at time of donation. Land of \$79,515,000 at June 30, 2000, was valued as follows: \$32,001,000 at estimated historical cost, \$34,105,000 at historical cost, and \$13,409,000 at fair market value at time of donation. The estimates of historical cost were based on appraised value, as of June 30, 1986, indexed to the date of acquisition. Also, public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and right-of-ways are not capitalized. No depreciation is provided on general fixed assets.

Proprietary and Similar Fiduciary Fund Types - Fund fixed assets acquired or constructed have been stated at historical cost, estimated historical cost, or fair market value at the time of donation.

The discretely presented component unit financial statements of The Kentucky Center for the Arts, Fiscal Year 2000, do not contain the Center's fixed assets. The Finance and Administration Cabinet, Division of Statewide Accounting, Financial Reporting Branch, has adjusted the discretely presented component units column on the appropriate combined statements included in the Commonwealth of Kentucky's Comprehensive Annual Financial Report for the Year Ended June 30, 2000, to add dollar amounts for fixed assets, depreciation, and contributed capital associated with the Center in order to satisfy GAAP requirements regarding the Commonwealth's financial reporting entity.

L. Fund Equity Reserves and Designations - The Commonwealth's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure, or (2) legally segregated for a specific future use. Designated portions of fund balance represent tentative managerial plans for financial resource utilization in a future period.

Fund Balance Reserved for Other Specific Purposes
(Expressed in Thousands)

	Primary Government			Component Units
	General	Special Revenue	Debt Service	Universities
Inventories	\$ 14,884	\$ 40,761	\$	\$
Restricted gifts, grants and contracts				929,117
Deposit with fiscal agents		8,585	77,850	
Compensating balance with depositories		997		
Budget Stabilization	239,283			
TOTALS	<u>\$ 254,167</u>	<u>\$ 50,343</u>	<u>\$ 77,850</u>	<u>\$ 929,117</u>

Historical cost has been estimated for approximately eighty-two percent (82%) of the land cost and forty-eight percent (48%) of the proprietary fund's buildings cost as of June 30, 2000. The estimate of historical cost was based on appraised value as of June 30, 1986, indexed to the date of acquisition. Land and buildings acquired after June 30, 1986, have been valued at historical cost. They are being depreciated principally on a straight-line basis over estimated useful lives ranging from 20 to 50 years for buildings, 3 to 25 years for machinery and equipment, and 10 to 60 years for improvements other than buildings.

It is the Commonwealth's policy to capitalize interest expense incurred on significant assets in proprietary funds during their construction in accordance with FASB Statement No. 62.

M. Long-Term Obligations - Long-term liabilities that will be financed from governmental funds and expendable trust funds are accounted for in the General Long-Term Obligations Account Group. These long-term liabilities include the following:

1. Payments of principal and interest for general obligation debt and revenue bonds which are recorded as expenditures in the Debt Service Fund.
2. Compensated absences reported in the General Long-Term Obligations Account Group include accumulated unpaid vacation and compensatory time accruals. The amount accruing to proprietary funds and pension trust funds has been included in the respective funds when material.

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The policy of the Commonwealth is to record the cost of annual and compensatory leave. Annual leave is accumulated at amounts ranging from 7.5 to 15.00 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. The calendar year is the period used for determining accumulated leave. At June 30, 2000, the estimated liability for accrued annual leave for the governmental and Primary Government proprietary funds was \$165,284,446 and \$11,814,940 respectively. Compensatory leave is granted to authorized employees on an hour-for-hour basis. At June 30, 2000, the estimated liability for compensatory leave in the governmental and Primary Government proprietary funds was \$61,422,806 and \$3,303,060 respectively.

Sick leave for the Primary Government is earned one day per month with unlimited accumulation. All of the qualifying retiring employees' sick leave balances, expressed in months, shall be added to their service credit for the purpose of determining their annual retirement.

There is no liability in the accompanying financial statements for unpaid accumulated sick leave, since it is the Commonwealth's policy to record the cost of sick leave only when paid. See Note 17 for disclosure of the amount of this contingency. The component units have varying policies for compensated absences. Information regarding these policies is available in the audited financial statement of each component unit.

3. Outstanding capital lease obligations for governmental funds and expendable trust funds are reported in the General Long-Term Obligations Account Group.

4. Judgements and contingent liabilities of governmental funds which will not be paid with current resources are reported in the General Long-Term Obligations Account Group.

5. Long-term liabilities of all proprietary and pension trust funds are accounted for in the respective funds.

Long-term obligations exclude those amounts reported as expenditures for compensated absences, judgements, contingencies, and employer pension contributions in the governmental funds which are the amounts that would normally be liquidated with expendable available financial resources.

N. Contributed Capital - The Proprietary Funds receive general fund appropriations and proceeds of revenue bonds for the acquisition of specific fixed assets. The debt service for these bonds is paid by the Commonwealth's General Fund and the liability is reported in the General Long-Term Obligations Account Group.

The assets acquired with the proceeds of the revenue bonds are accounted for in the proprietary funds with an offsetting entry to contributed capital.

(Expressed in Thousands)

Primary Government - Enterprise Fund

Contributed capital as of June 30, 1999	\$ 164,457	
Additions: Fiscal Year 2000	8,128	
		\$ 172,585
Amortization through June 30, 1999	\$ (26,646)	
Additions: Fiscal Year 2000	(2,412)	
		(29,058)
Net contributed capital as of June 30, 2000		<u>\$ 143,527</u>

Primary Government - Internal Service Fund

Contributed capital as of June 30, 1999	\$ 11,095	
Additions: Fiscal Year 2000	40	
Retirements: Fiscal Year 2000	(491)	
		\$ 10,644
Amortization through June 30, 1999	(4,719)	
Additions: Fiscal Year 2000	(5,734)	
Retirements: Fiscal Year 2000	287	
		(10,166)
Net contributed capital as of June 30, 2000		<u>\$ 478</u>

Component Units - Proprietary Funds

Contributed capital as of June 30, 1999	\$ 220,955	
Additions: Fiscal Year 2000	11,505	
		\$ 232,460
Amortization through June 30, 1999	(81,417)	
Additions: Fiscal Year 2000	(6,674)	
		(88,091)
Net contributed capital as of June 30, 2000		<u>\$ 144,369</u>

O. Totals - Memorandum Only - Total columns (memorandum only) have been added to certain statements to reflect totals for both the primary government and the reporting entity. These columns are presented for overview informational purposes and do not represent consolidated financial information.

Note 2

CHANGES IN ACCOUNTING PRINCIPLES, REPORTING PRACTICES, AND PRIOR PERIOD ADJUSTMENTS

The fund balances/retained earnings as previously reported have been restated to conform to generally accepted accounting principles and to correct balances for erroneously recorded transactions.

Special Revenue Fund - The Federal Fund within the Special Revenue Fund was restated for expenditures recorded in excess of revenues for non-cash transactions. The effect of this adjustment was an

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increase in fund balance of \$44,092,000. The Agency Revenue Fund was adjusted to include cash and investments of \$12,031,000 previously omitted in error; and increased by \$245,000 for expenditures erroneously included. The net effect of these adjustments was an increase in fund balance of \$12,276,000. The Other Special Revenue Fund was reduced to write-off loans receivable totaling \$3,487,000. The net effect of these adjustments on the Special Revenue Fund was an increase in fund balance of \$52,881,000.

Debt Service Fund - The Debt Service Fund was restated to include an amount previously omitted in error. The effect of this adjustment was an increase in fund balance of \$100,000.

Capital Projects Fund - The Capital Projects Fund was decreased for projects previously reported in error. The net effect of this adjustment was a decrease in fund balance of \$13,017,000.

Enterprise Funds - The State Park Fund was increased to include an amount previously omitted in error. The effect of this adjustment was an increase in retained earnings of \$610,000 in the State Parks Fund. The Kentucky Kare Insurance Program within the Insurance Administration Fund was increased by \$2,000 for a liability amount previously recorded in error. The net effect of these adjustments was an increase in retained earnings of \$612,000 in the Enterprise Funds.

On July 1, 1999 the capitalization policy for equipment was changed. Prior to July 1, 1999 equipment was capitalized when the acquisition cost of the lead asset and its component parts reached the \$5,000 threshold. Effective July 1, 1999, the policy was changed to require each lead asset and (or) the related component part(s), when recorded as separate assets, to have an acquisition cost of \$5,000 individually. This change was retroactive. Also effective July 1, 1999 the method for charging depreciation to assets changed from the straight-line method, half-year convention, to strictly straight line. This change was retroactive. Neither policy resulted in material changes. The effects of these changes are reflected in the income statement and balance sheet for the fiscal year presented.

Internal Service Funds - On July 1, 1999 the capitalization policy for equipment was changed. Prior to July 1, 1999 equipment was capitalized when the acquisition cost of the lead asset and its component parts reached the \$5,000 threshold. Effective July 1, 1999, the policy was changed to require each lead asset and (or) the related component part(s), when recorded as separate assets, to have an acquisition cost of \$5,000 individually. This change was retroactive. Also effective July 1, 1999 the method for charging depreciation to assets changed from the straight-line method, half-year convention, to strictly straight line. This change was retroactive. Neither policy resulted in material changes. The effects of these changes are reflected in the income statement and balance sheet for the fiscal year presented.

Expendable Trust Funds - The fund balance for the Special Benefits Fund was restated for an amount previously included in error. The effect of this adjustment was a decrease in fund balance of \$1,563,000.

Agency Funds - The fund balance for the Commonwealth Choice Program was restated to include an amount previously omitted in error. The effect of this adjustment was an increase in fund balance of \$100,000.

Account Groups - For financial reporting purposes, a change in capitalization policy in the General Fixed Asset Account Group resulted in a decrease in assets held in the account group of \$2,241,000. Prior to July 1, 1999 equipment was capitalized when the acquisition cost of the lead asset and its component parts reached the \$5,000 threshold. Effective July 1, 1999 the policy was changed to require each lead asset and (or) the related component part(s), when recorded as separate assets, to have an acquisition cost of \$5,000 individually.

Component Units:

Universities - The fund balance for Kentucky State University was restated to include an amount previously omitted in error. The effect of this adjustment was an increase in fund balance of \$133,000.

Note 3

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. The Enterprise Fund - The Insurance Administration Fund has a deficit retained earnings of \$1,071,130,000. The deficit is the result of the inclusion of the actuarial liability for the risk pools, which will be funded in future periods.

B. The Internal Service Fund - The Risk Management Fund has a deficit retained earnings of \$56,722,000. The deficit is the result of accumulated claims liabilities of the Commonwealth's self-insured worker's compensation programs, and is to be funded in future periods.

C. Component Units - Governmental Fund Types - Bluegrass State Skills Corporation has a deficit fund balance of \$245,000. The deficit is the result of expenditure accruals which will be funded in future periods.

Proprietary Fund Types - The Kentucky Local Correctional Facilities Construction Authority has a deficit retained earnings of \$11,206,000 resulting from the recognition of loan commitments before financing was arranged. The Authority will issue bonds to satisfy these commitments in the future.

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Note 4

BUDGETARY BASIS VS. GAAP

The accompanying Combined Statement of Revenues and Expenditures-Budget and Actual (Budgetary Basis)-All Budgeted Fund Types, presents comparisons of the legally adopted budget (see Note 1E) with actual data on budgetary basis. The Other Special Revenue Fund within the Special Revenue Fund type and the Kentucky Lottery Corporation within the Enterprise Fund type are not budgeted and are shown for comparison purposes only.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a schedule reconciling the fund balance on a cash basis at June 30, 2000, to the fund balance on a modified accrual basis follows (expressed in thousands):

Budgetary Funds	General	Special Revenue	Enterprise	Internal Service	Expendable Trust	Component Units
Financial Statements Funds	General	Special Revenue	Enterprise	Internal Service	Fiduciary	Component Units
Fund Balance/Retained Earnings June 30, 2000:						
Budgetary Basis	\$ 593,041	\$ 1,296,646	\$ 347,937	\$ 70,687	\$ 720,083	\$ 133,448
Adjustments:						
Accrued Revenues	231,136	513,366	1,201	(1,472)	9,474	
Accrued Expenditures	(177,986)	(394,409)	(4,326)	(3,003)	(59,061)	
Accrued Transfers (Net)	(6,693)	541				
Total Accruals ¹	46,457	(119,498)	(3,125)	(4,475)	(49,587)	
Reclassifications and Other Adjustments:						
Inventory Balances ¹	13,868	29,929	672	4,024		
To Reclassify Financial Resources into Financial Statement Fund Types ²		(319,884)	(10,591)	6,783		
To Record Financial Resources available as Non-Budgeted Funds ³	(15,000)	431,233	(1,172,350)	(81,530)	27,623,927	5,132,366
Fund Equity/Other Credits June 30, 2000:						
GAAP Basis	\$ 638,366	\$ 1,557,422	\$ (837,457)	\$ (4,511)	\$ 28,294,423	\$ 5,265,814

¹ Basis Differences

² Perspective Differences

³ Entity Differences

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Note 5

EQUITY IN POOLED CASH AND INVESTMENTS, CASH, AND INVESTMENTS

The Commonwealth maintains a cash and investment pool that is available for use by all funds under the auspices of the State Investment Commission as authorized under KRS 42.500 et al. In addition, investments are separately held by several of the State's funds and Component Units. Legally authorized investments vary by fund but generally include: obligations of or guaranteed by the United States; obligations of any corporation of the United States Government; asset backed securities; U.S. dollar denominated corporate securities; collateralized certificates of deposit; bankers' acceptances; commercial paper; and repurchase agreements. In addition to these, pension plans and certain Component Units are permitted to purchase common stocks, corporate bonds and real

property and mineral rights. The Commonwealth is also eligible to invest in reverse repurchase agreements.

Deposits - At year end, the carrying amount of the Commonwealth's deposits for the Primary Government was \$1,304,219,831 and \$563,591,868 for the Component Units. At year end, the bank balance was \$1,310,718,073 and \$562,822,401 for the Primary Government and Component Units, respectively. The bank balance of the Primary Government administered by the State Treasurer was covered by Federal depository insurance or by collateral held by the Commonwealth or the Commonwealth's agent in the Commonwealth's name. The following table categorizes the Primary Government's and Component Units' deposits as: (1) insured or collateralized with securities by the entity or by its agent in the entity's name; (2) collateralized with securities held by the pledging institution's trust department or agent in the entity's name; or (3) uncollateralized where securities are held by the pledging institution but not in the entity's name.

CASH - PRIMARY GOVERNMENT

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
Cash	\$ 364,584,282	\$	\$ 92,312,052	\$ 463,394,576	\$ 456,896,334
Cash with Fiscal Agents	104,360,122			104,360,122	104,360,122
Imprest and Change	6,643,700			6,643,700	6,643,700
Money Market			17,281,103	17,281,103	17,281,103
Total	\$ 475,588,104	\$ 0	\$ 109,593,155	591,679,501	585,181,259
Cash on Deposit with Federal Government				719,038,572	719,038,572
				<u>\$1,310,718,073</u>	<u>\$1,304,219,831</u>

Total

CASH - COMPONENT UNITS

	Categories			Total Bank Balance	Carrying Amount
	1	2	3		
Cash	\$ 413,307,961	\$ 34,499,194	\$ 31,265,506	\$ 478,302,194	\$ 479,072,661
Cash with Fiscal Agents					
Money Market	6,329,386	44,397,000	33,681,827	84,409,213	84,408,213
Nonnegotiable Certificates of Deposit	100,000		10,994	110,994	110,994
Totals	\$ 419,737,347	\$ 78,896,194	\$ 64,958,327	\$ 562,822,401	\$ 563,591,868

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Investments - The Commonwealth holds investments both for its own benefit and as an agent for other related parties. The major investment programs conducted for the direct benefit of the Commonwealth are administered by the Office of Financial Management. The credit risk of those investments held in the Commonwealth's investment pool is all Category(1). The credit risk mix of the retirement systems, component units, and other Commonwealth agencies is disclosed in the financial statement footnotes of the individual entities. The following tables categorize INVESTMENTS - PRIMARY GOVERNMENT

the Primary Government's and Component Units' investments as: Category (1) those investments which are insured or registered, or held by the Commonwealth of Kentucky or its agent in the Commonwealth's name; Category (2) those investments which are uninsured and unregistered with securities held by the counterparty's trust department or agent in the Commonwealth 's name; and Category (3) those investments which are uninsured and unregistered for which the securities are held by the counterparty or by its trust department or agent but not in the Commonwealth 's name.

	Categories			Net Investment	Fair Value
	1	2	3		
Collateralized Mortgage Obligations	\$ 172,207,837	\$	\$	\$ 174,882,900	\$ 172,207,837
Commercial Paper	37,436,414			38,017,948	37,436,414
Common Stocks	15,893,404,902	174,497,688		16,067,902,590	16,067,902,590
Corporate Bonds	3,701,520,297	89,920,451		3,795,685,310	3,791,440,748
Government Securities	5,370,010,138	57,383,520	225,143,965	5,676,656,893	5,652,537,623
Mutual Funds		1,116,035		1,116,035	1,116,035
Negotiable Certificate of Deposit	690,179			700,900	690,179
Repurchase Agreements	1,925,861,669	14,000,000		1,940,840,791	1,939,861,669
Securities Lending Collateral			378,932,413	378,932,413	378,932,413
State and Municipal Obligations	154,864,066			156,673,542	154,864,066
Totals	<u>\$27,255,995,502</u>	<u>\$ 336,917,694</u>	<u>\$ 604,706,378</u>	<u>\$ 28,231,409,322</u>	<u>\$ 28,196,989,574</u>
Government Securities				81,000,186	81,000,186
Mortgages				544,954,661	544,954,661
Mutual Funds				514,965,819	514,965,819
Real Estate				832,620,378	832,620,378
Securities Lending Collateral				275,501,686	275,501,686
State Investment Pool				239,782,745	239,799,718
Other				1,425,036	1,425,036
Investments held by Brokers/Dealers under Securities Loaned					
-Common Stocks				305,601,110	305,601,110
-Corporate Bonds				3,058,461	3,058,461
-Government Securities				326,971,665	326,971,665
Total Investments				<u>\$ 31,357,291,069</u>	<u>\$ 31,322,888,294</u>

INVESTMENTS - COMPONENT UNITS

	Categories			Net Investment	Fair Value
	1	2	3		
Collateralized Mortgage Obligation	\$ 5,181,776	\$	\$	\$ 5,181,776	\$ 5,181,776
Commercial Paper	90,356,993	35,159,988	12,986,849	138,503,830	138,503,830
Common Stock	154,749,875	10,310,900		165,060,775	165,060,775
Corporate Bonds	89,953,654			89,953,654	89,953,654
Equity in Health Care Corps	15,305,748			15,305,748	15,305,748
Government Securities	313,126,260	258,919,489	6,015,800	578,061,549	578,061,549
Mutual Funds	107,083,344	90,333		107,173,677	107,173,677
Negotiable Certificates of Deposit	7,167,098		3,078	7,170,176	7,170,176
Preferred Stock	463,500			463,500	463,500
Repurchase Agreements	270,210,477	12,201,752		282,412,229	282,412,229
Other	10,115,201		102,000	10,217,201	10,217,201
Totals	<u>\$ 1,063,713,926</u>	<u>\$ 316,682,462</u>	<u>\$ 19,107,727</u>	<u>1,399,504,115</u>	<u>1,399,504,115</u>
Corporate Bonds				3,214,508	3,214,508
Guaranteed Investment Contracts				221,473	221,473
Mortgages				15,389,151	15,389,151
Mutual Funds				116,498,579	116,498,579
Real Estate				304,902	304,902
State Investment Pool				182,065,761	181,953,544
Other				39,827,860	39,827,860
Total Investments				<u>\$ 1,757,026,349</u>	<u>\$ 1,756,914,132</u>

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Statutes require that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market value of securities underlying repurchase agreements fell below this required level on a few occasions during the year; however, no losses were sustained due to the fall in collateralization levels. The collateralization is monitored on a weekly basis (as specified within 200 KAR 14.081) and at any point where the collateralization falls below 102 percent of the cost of the repurchase agreement, the seller/borrower is contacted and the situation is normally rectified within two business days.

Securities Lending Program - State statutes, as interpreted by opinions of the Attorney General, authorize the Commonwealth to enter into bonds borrowed/bonds pledged securities lending agreements, that is a transfer of securities with a simultaneous receipt of securities. The securities received in the transfer are the type which the Commonwealth is legally authorized to hold. The Commonwealth does not have the ability to pledge or sell collateral securities without a borrower default. The market value of the securities received in the agreement is 102 percent of the value of the securities transferred. The securities transferred are a part of the total investments reported above. The securities being held are not reported as a part of the total investments. The Commonwealth retains the interest income on the securities being transferred and received a fee of 7.5 basis points from

July 1, 1999 to January 31, 2000 and 10.0 basis points from February 1, 2000 to June 30, 2000. During the year, the Commonwealth earned \$1,484,224 in securities lending income. On June 30, 2000, the market value of the securities transferred was \$1,894,264,345 and the market value of the securities the Commonwealth was holding was \$1,932,151,336. The collateralization requirements and monitoring procedures in the securities lending program are the same as those requirements in regard to repurchase agreements. At year end, the Commonwealth had no credit risk exposure to borrowers because the amounts the Commonwealth owes the borrowers exceed the amounts the borrowers owe the Commonwealth.

Options - The Commonwealth's investment strategy includes the use of derivatives as a tool in managing market risk and providing an opportunity for enhanced return. The Commonwealth selectively utilizes put and call options on United States Treasury securities. These options are on a covered basis, where the Commonwealth holds either cash or securities sufficient to meet the obligation, should the option be exercised. On June 30, 2000, the portfolio had no obligations under option. The Commonwealth also purchases securities that have built in covered calls (callable agency securities). The risk in holding these securities is the risk that the security can be called (bought back) by the issuing agency at par after a specific date.

Note 6

GENERAL FIXED ASSETS

The Commonwealth undertook procedures to have its agencies update their records regarding fixed assets for the year ended June 30, 2000. The Finance and Administration Cabinet's review of the agencies' results disclosed obsolete items and recording errors that

left assets omitted from accounting records. The result of this was a significant increase in the additions and deletions relating to General Fixed Assets for the year ended June 30, 2000.

A statement of changes in general fixed assets for the year ended June 30, 2000, is presented below (Expressed in Thousands):

	Land	Buildings	Machinery and Equipment	Construction in Progress	Totals
Balance June 30, 1999, as restated	\$ 77,958	\$ 666,424	\$ 289,210	\$ 155,995	\$ 1,189,587
Additions	1,607	27,994	45,923	33,702	109,226
Deletions	(50)	(1,671)	(33,815)	(10,132)	(45,668)
Balance June 30, 2000	\$ 79,515	\$ 692,747	\$ 301,318	\$ 179,565	\$ 1,253,145

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Note 7

INTERFUND TRANSACTIONS

The table below shows the interfund receivables and payables and interfund operating transfers for fiscal year 2000 (Expressed in Thousands):

<u>Interfund Receivables and Payables</u>			<u>Transfers In/Out</u>		
<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Fund</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General	\$ 602,057	\$ 311,715	General	\$ 396,164	\$ 1,484,881
Special Revenue:			Special Revenue:		
Transportation	134,533	127,423	Transportation	3,599	161,459
Federal	157,767	278,578	Federal	3,819	41,359
Agency Revenue	342,972	344,971	Agency Revenue	387,817	204,681
Other Special Revenue	90,440	100,133	Other Special Revenue	313,481	406,411
Turnpike Authority		70,280	Turnpike Authority	153,138	130,859
Debt Service	131,410	91,712	Debt Service	337,960	30,593
Capital Projects	18,022	16,020	Capital Projects	54,340	112,599
Enterprise:			Enterprise:		
State Parks	2,146	2,262	State Parks	45,466	2,516
Industries for the Blind	12	32	Kentucky Lottery Corporation		156,300
Horse Park	1	1	Industries for the Blind	961	
Insurance Administration	610	3,589	Horse Park	2,677	
Internal Service:			Insurance Administration	60,222	4,668
Fleet Management	1,636	1,844	Internal Service:		
Computer Services	10,897	9,334	Computer Services	5,166	2,295
Prison Industries	1,208	23	Prison Industries		
Central Printing	297	2	Central Printing		
Property Management	637	346	Property Management	8,485	23
Risk Management	35	68	Risk Management		3,161
Fiduciary Funds:			Fiduciary Funds:		
Unemployment Compensation	1,428	4,139	Unemployment Compensation	327	15,861
Special Benefits	133,813	264,969	Special Benefits	108,235	173,001
Special Deposit Trust	2,851	5,256	Component Units:		
Component Units:			Governmental	123,071	42,168
Proprietary	4	79	Proprietary	89,611	3,371
Universities and Colleges	96,324	96,324	Universities and Colleges	882,274	607
Totals per financial statements:	<u>\$ 1,729,100</u>	<u>\$ 1,729,100</u>	Totals per financial statements:	<u>\$ 2,976,813</u>	<u>\$ 2,976,813</u>

Note 8

PENSION PLANS

Under the provisions of Kentucky Revised Statutes (KRS) 61.645, the Board of Trustees of the Kentucky Retirement Systems administers the Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS), and State Police Retirement System (SPRS).

The Commonwealth contributes to the KERS, a multiple-employer cost sharing defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Per KRS 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend the contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget. The System's administrative budget and employer contribution rates are subject to the approval of the Kentucky General Assembly. Employee contribution rates are set by the statute and may be changed only by the Kentucky General Assembly.

The Commonwealth is the predominant employer for KERS and for note disclosure purposes will be considered as a single employer plan.

CERS, a multiple employer cost sharing defined benefit pension plan, provides for retirement, disability, and death benefits to plan members.

SPRS is a single-employer defined benefit plan that covers all full-time State Troopers employed in a hazardous duty position by the Kentucky State Police. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Per KRS 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend the contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the plan.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate is based on appraisals. Investments that do not have an established market are reported at estimated fair value.

Cost-of-living adjustments (COLA) are provided at the discretion of the State Legislature.

The allocation of insurance premiums paid by the Fund and amounts withheld from members' benefits is based on years of service with the Systems, as follows:

Years of Service	Percent Paid by Insurance Fund	Percent Paid by Member Through Payroll Deduction
20 or More	100%	0%
15-19	75%	25%
10-14	50%	50%
4 - 9	25%	75%
Less Than 4	0%	100%

The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the above mentioned retirement systems. That report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

The Judicial Retirement Plan is a single employer defined benefit plan which provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the State Legislature, except that existing legislation provides that a pension benefit shall be increased, if necessary, so that it equals an amount calculated by using a 1.5125% benefit rate and the sixty month average earnings of the position held by the member at the time of his retirement. Contribution rates are established by KRS 21.525.

The Legislators' Retirement Plan is a single employer defined benefit plan which provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments (COLA) are provided at the discretion of the State Legislature, except that existing legislation provides that a pension benefit shall be increased,

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if necessary, so that it equals an amount calculated by using a 1.925% benefit rate and the sixty month average earnings of the position held by the member at the time of his retirement. Contribution rates are established by KRS 21.525.

The financial statements are prepared using the accrual basis of accounting. Plan member contributions to the plan are recognized when due and the employer has made formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Plans.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

The Judicial Form Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the above mentioned retirement systems. That report may be obtained by writing to the Judicial Form Retirement System, P.O. Box 791, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-5310.

The Kentucky Teachers' Retirement System (KTRS) was established by

the 1938 General Assembly and is governed by Chapter 161 Section 220 through Section 990 of the Kentucky Revised Statutes. KTRS is a multiple-employer cost sharing defined benefit plan established to provide pension plan coverage for local school districts and other educational agencies in the state.

The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching are recognized in the fiscal year due. Plan investments are reported at fair value. Short-term securities are carried at cost, which approximates fair value. Fixed income and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges and security pricing services. Real estate is primarily valued based on appraisals performed by independent appraisers.

Cost-of-living adjustments (COLA) are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

The Kentucky Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601.

	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Employees Retirement System	Kentucky Teachers' Retirement System
Contribution rates:					
State Plan Members	45.20%	22.84%	25.26%	8.03%-18.66%	13.105%-13.840%
Portion of State Contribution for Health Insurance	5.00%	5.00%	8.00%	5%-7%	6.160%-9.855%
Annual pension costs (in Thousands)			21.58%	5.89%-12.66%	0.75%
Contributions made (in Thousands)	\$1,547	\$5,945	\$10,211	\$136,827	\$360,200
Actuarial valuation date	June 30, 2000	June 30, 2000	June 30, 2000	June 30, 2000	June 30, 2000
Actuarial cost method	Projected unit credit	Projected unit credit	Entry age normal	Entry age normal	Projected unit credit
Amortization method	Interest + 1% Unfunded past liability	Interest + 1% Unfunded past liability	Level percent closed	Level percent closed	Level percent open
Remaining amortization period	25 years	25 years	30 years	30 years	4 years
Asset valuation method	Cost	Cost	Five yr. average of market to book	Five yr. average of market to book	Five yr. average of market to book
Actuarial assumptions:					
Investment rate of return	7.00%	7.00%	8.25%	8.25%	7.50%
Inflation Rate			3.50%	3.50%	4.00%
Projected salary increases	5.50%	5.50%	6.50%	6.50%	4.00%-8.10%
Increase in Health Insurance Cost	6%-10%	6%-10%	7.5%-10%	7.5%-10%	1.50%
(Dollar amounts in thousands)					
Annual Required Contributions (ARC)	\$ 1,547	\$ 5,984	\$ 10,211	\$ 134,761	\$ 360,200
Int. on Net Pension Obligation(NPO)	0	273	810	5,261	0
Adjustment to ARC	0	(311)	(492)	(3,195)	0
Annual pension cost	1,547	5,945	10,529	136,827	360,200
Contributions made	1,697	6,119	10,216	136,689	360,200
Increase (Decrease) in NPO	(150)	(174)	313	138	0
NPO beginning of year	0	3,893	9,820	63,775	0
NPO end of year	\$ 0	\$ 3,719	\$ 10,133	\$ 63,913	\$ 0

COMMONWEALTH OF KENTUCKY
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Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Kentucky Employees Retirement System</u>						
<u>Non-Hazardous</u>						
June 30, 1998	\$ 4,356,072,625	\$ 3,800,014,746	\$ (556,057,879)	1.146	\$ 1,321,004,266	(0.421)
June 30, 1999	5,264,340,397	4,327,622,821	(936,717,576)	1.216	1,330,766,100	(0.704)
June 30, 2000	6,806,675,460	4,876,825,772	(1,929,849,688)	1.396	1,409,504,668	(1.369)
<u>Hazardous</u>						
June 30, 1998	\$ 212,214,618	\$ 171,735,076	\$ (40,479,542)	1.236	\$ 93,130,996	(0.435)
June 30, 1999	259,839,319	204,282,788	(55,556,531)	1.272	103,464,123	(0.537)
June 30, 2000	336,213,464	243,365,557	(92,847,907)	1.382	115,639,439	(0.803)
<u>State Police Retirement System</u>						
June 30, 1998	\$ 306,318,918	\$ 294,427,019	\$ (11,891,899)	1.040	\$ 38,727,361	(0.307)
June 30, 1999	357,623,196	314,021,673	(43,601,523)	1.139	40,433,405	(1.078)
June 30, 2000	459,168,574	336,579,763	(122,588,811)	1.364	43,619,383	(2.810)
<u>Judicial Retirement Plan</u>						
June 30, 1998	\$ 185,267,039	\$ 153,968,225	\$ (31,298,814)	1.203	\$ 19,289,394	(1.623)
June 30, 1999	244,347,903	165,220,509	(79,127,394)	1.479	21,491,692	(3.682)
June 30, 2000	271,044,593	179,117,938	(91,926,655)	1.513	24,031,129	(3.825)
<u>Legislators' Retirement Plan</u>						
June 30, 1998	\$ 47,166,187	\$ 40,796,052	\$ (6,370,135)	1.156	\$ 3,080,000	(2.068)
June 30, 1999	61,609,860	41,746,335	(19,863,525)	1.476	3,080,000	(6.449)
June 30, 2000	66,971,719	45,253,158	(21,718,561)	1.480	2,887,500	(7.522)
<u>Kentucky Teachers' Retirement System</u>						
June 30, 1998	\$ 10,370,600,000	\$ 11,516,600,000	\$ 1,146,000,000	0.900	\$ 1,973,700,000	0.581
June 30, 1999	11,958,600,000	12,288,200,000	329,600,000	0.973	2,041,400,000	0.161
June 30, 2000	12,759,600,000	13,330,400,000	570,800,000	0.957	2,133,700,000	0.268

Membership of the retirement systems, at June 30, 2000, is shown in the following table:

	Kentucky Employees Retirement System		County Employees Retirement System		State Police Retirement System	Judicial Retirement Plan
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		
Retirees and beneficiaries receiving benefits	23,760	924	22,708	2,984	797	215
Terminated plan members - vested	3,073	113	3,500	112	9	22
Terminated plan members - non-vested	11,886	646	20,512	339	69	
Active plan members	46,897	4,007	77,419	7,951	1,023	249
Total members	85,616	5,690	124,139	11,386	1,898	486
Number of participating employers	391		1,218		1	1

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Three year trend for contributions
(Expressed in Thousands)

<u>Kentucky Employees Retirement System</u>		<u>Annual Required Contribution</u>	<u>Percentage Contribution</u>
<u>Non-Hazardous</u>			
1998	\$	117,437	95.4%
1999		106,861	100.6%
2000		113,183	101.7%
<u>Hazardous</u>			
1998	\$	16,643	96.1%
1999		19,306	100.7%
2000		21,578	100.3%
<u>State Police Retirement System</u>			
1998	\$	10,294	93.0%
1999		9,465	99.9%
2000		10,211	100.0%
<u>Judicial Retirement Plan</u>			
1998	\$	5,087	105.6%
1999		5,984	102.2%
2000		5,984	102.2%
<u>Legislators' Retirement Plan</u>			
1998	\$	1,629	100.0%
1999		1,547	109.7%
2000		1,547	109.7%
<u>Teachers' Retirement System</u>			
1998	\$	329,500	100.0%
1999		334,700	100.0%
2000		360,200	100.0%

of the Commonwealth, local boards of education, local health departments and retirees under the age of 65. Under health care reform, individuals, municipal governments, and qualified small businesses were also eligible to purchase health insurance from the Commonwealth's self-insured plan. The Plan is administered by third parties responsible for the processing of claims, cost containment, and utilization review. Kentucky Kare had no active contracts. The third party administrators will continue paying claims incurred for the last year the Plan was offered.

B. Deferred Compensation

Employees of the Commonwealth, its cities, counties, and local school districts are eligible to participate in two deferred compensation plans as authorized by the United States Internal Revenue Code. These plans, labeled 457 and 401(k), after sections of the Code, are administered by the Personnel Cabinet and an independent Plan administrator. The Commonwealth, through a board of trustees as defined in KRS 18A.245, selects the administrator to oversee the daily operations and technical compliance of the Plans with applicable sections of the Internal Revenue Code. The Commonwealth's responsibilities consist of withholding payroll deductions for its employees, collecting employee withholdings of the cities, counties, and local school districts, and remitting those withholdings to the insurance companies holding fixed and variable annuity contracts (carriers). Both Plans permit employees to defer collecting a portion of their salary until future years. This deferment is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the 457 Plan are reported in an Expendable Trust Fund within the fiduciary fund type, in compliance with Internal Revenue Code and GASB 32 requirements.

Note 9

EMPLOYEE BENEFIT PLANS

A. Self-Insured Health Care

The Kentucky Kare Health Insurance Authority Board of Directors withdrew the Kentucky Kare Self Insured Health Kare Plan from open enrollment for the Plan Year 1999. Prior to 1999 the Plan had been offered as one of ten health insurance options to employees

Of the \$514,898,000 in the 457 Plan at June 30, 2000, \$327,591,000 was applicable to the Commonwealth, while the remaining \$187,307,000 represents assets of the other jurisdictions participating in the Plan.

Note 10

LEASE OBLIGATIONS

The Commonwealth has entered into various leases for land, buildings, and equipment. Generally, leases contain termination clauses providing for cancellation after 30, 60, or 90 days written notice. In addition, certain leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly. It is expected that in the normal course of business most of these leases will be replaced by similar leases.

Changes in leases payable accounted for in the General Long-Term Obligation account group for the year ended June 30, 2000, are summarized in Note 15.

A portion of the capital lease liability for the University and College Fund is applicable to leases with the Commonwealth.

<u>Legislators' Retirement Plan</u>	<u>Kentucky Teachers' Retirement System</u>	<u>Totals</u>
111	30,612	82,111
61	5,172	12,062
		33,452
<u>119</u>	<u>52,620</u>	<u>190,285</u>
<u>291</u>	<u>88,404</u>	<u>317,910</u>
1	203	1,815

COMMONWEALTH OF KENTUCKY
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At June 30, 2000, capitalized leases included buildings and equipment as follows (Expressed in Thousands):

Equipment acquired through capital leases is recorded at the lesser of fair market value or present value of future minimum lease payments.

	Primary Government		
	Proprietary Fund Types	General Fixed Assets	Component Units
Buildings	\$	\$	\$ 82,299
Equipment			29,094
Total	12,752	4,344	111,393
Less: Accumulated Amortization	(8,567)		
Total, Net of Amortization	\$ 4,185	\$ 4,344	\$ 111,393

Future minimum rental commitments for capitalizable leases as of June 30, 2000, are as follows (Expressed in Thousands):

	Primary Government			Component Units	
	Long-term Obligations Account Group	Enterprise Funds	Internal Service Funds	University and College Funds	Total
2001	\$ 969	\$ 41	\$ 1,654	\$ 12,445	\$ 15,109
2002	607	39	340	25,717	26,703
2003	320	34	187	9,915	10,456
2004	146	9		8,186	8,341
2005	13			6,695	6,708
Thereafter				67,906	67,906
Totals	2,055	123	2,181	130,864	135,223
Less: Amounts representing Interest (2.2% to 15.2%)	173	12	80	36,014	36,279
Present value of future minimum lease payments	\$ 1,882	\$ 111	\$ 2,101	\$ 94,850	\$ 98,944

Note 11

RISKMANAGEMENT

The Commonwealth is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commonwealth utilizes the Risk Management Fund to account for these activities.

Fire and Tornado Insurance:

The Fire and Tornado Insurance Program is established to account for and finance its uninsured risk of loss arising from damages to State buildings and personal property. Under this program, coverage is provided for up to a maximum of \$300,000 per occurrence of loss for each insured subject of risk. The Fire and Tornado Insurance Program purchases reinsurance for claims in excess of coverage provided by the Program. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The claims liability of \$ 893,225 reported in the Program at June 30, 2000, is based on the requirements of GASB 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Program's claims liability amount in Fiscal Years 2000 and 1999 were:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 893,225	\$ 1,237,803
Incurred Claims	1,151,498	1,009,154
Changes in Estimates		
Claim Payments	(1,151,498)	(1,353,732)
Balance at Fiscal Year End	\$ 893,225	\$ 893,225

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Self Insured Workers' Compensation:

The Workers' Compensation Program is self-insurance for the benefit of the Commonwealth's employees, and others as described in KRS 18A.370. Losses payable by the Program include medical claims and loss of wages as a result of an employment related injury. Premiums are established based upon estimated claims and administrative cost for the coming fiscal year. The Program carries reinsurance coverage for large individual or incident claims between \$5,000,000 and \$20,000,000.

The actuarial determined aggregate claims liability of \$60,517,697 reported in the Program at June 30, 2000, includes both reported and unreported insured events, including estimates of future payments of losses and related claims' adjustments. Changes in the Program's claims liability amount in Fiscal Years 2000 and 1999 were:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 17,877,633	\$ 20,094,925
Claims and Claims Adjustments Incurred	4,908,957	1,552,783
Changes in Estimates		
Claims and Claims Adjustment Payments	(3,295,483)	(3,770,075)
Balance at Fiscal Year End	<u>\$ 19,491,107</u>	<u>\$ 17,877,633</u>

Note 12

RISK POOLS

The Commonwealth's risk pools, which are reported as enterprise funds, are the Insurance Administration Fund and the Grain Insurance Fund. The Insurance Administration Fund includes the operations of six risk pools, as follows: Kentucky Kare, Workers' Compensation Insurance, Coal Workers Pneumoconiosis, Petroleum Storage Tank Assurance, Bond Pool, and Mine Subsidence Insurance. The Insurance Administration Fund is reported as part of the primary government. The Grain Insurance Fund is a risk pool reported as a discrete component unit.

Risk Pools - Enterprise Funds

Kentucky Kare:

Kentucky Kare was a self-insured health care Plan offered to employees of the state, local boards of education, local health departments, and retirees under the age of 65 of the Kentucky Retirement systems and private individuals and businesses. The last year the Plan was offered was calendar year 1998. At its board meeting on November 24, 1998, the board members voted to withdraw the Plan from open enrollment for the 1999 calendar year. This Plan was administered by a third party responsible for the processing of claims, cost containment, and utilization review. The third party administrators will continue operations until all claims for the last plan year have been satisfied.

Prior to December 31, 1998, the Kentucky Health Purchasing Alliance collected premiums from Kentucky Kare subscribers. The Kentucky Kare Health Insurance Authority has challenged the premium amounts received from the Kentucky Health Purchasing Alliance. It is expected that in fiscal year 2000-2001 the accounting of all premiums in question will be resolved and the Kentucky Kare Health Insurance Authority will receive an as yet undetermined amount of premiums due.

In fiscal year 2000-2001 anticipated recoveries of prior year claims are expected to offset the new claims paid.

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 54,313,816	\$ 55,269,655
Claims and Claims Adjustments Incurred		
Current Year	15,323,932	13,297,611
Prior Year	3,241,656	(3,087,392)
Total Claims and Claims Adjustments Incurred	18,565,588	10,210,219
Claims and Claims Adjustment Payments	(3,127,586)	(2,702,211)
Current Year	(9,234,121)	(8,463,847)
Prior Year		
Total Claims and Claims Adjustment Payments	(12,361,707)	(11,166,058)
Balance at Fiscal Year End	<u>\$ 60,517,697</u>	<u>\$ 54,313,816</u>

Transportation Cabinet Workers' Compensation:

The Transportation Cabinet's Self-Insured Worker's Compensation Trust Program (the "Program") was organized on July 1, 1963, as a self-insurance fund administered by the Transportation Cabinet of the Commonwealth of Kentucky (the "Cabinet"). The purpose of the Program is to provide workers' compensation insurance to the employees of the Cabinet. The losses incurred by the Program are serviced by a designated third-party administrator who processes and reports all claims to the Program.

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The Plan establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related claims' adjustments. The following represents changes in this liability for the Plan during the past two years:

	Fiscal Year 2000	Fiscal Year 1999
Beginning Unpaid Claims Liability	\$ 1,651,000	\$ 23,212,934
Claims Incurred:		
Current Year		80,885,640
Increase (Decrease) In Prior Years	(1,363,361)	
Total Incurred Claims		80,885,640
Claims Paid:		
Current Year		(79,234,640)
Prior Years	287,639	(23,212,934)
Total Payments	287,639	(102,447,574)
Ending Unpaid Claims	\$ 0	\$ 1,651,000

Workers' Compensation Insurance:

The Kentucky Workers' Compensation Insurance Program, a risk sharing pool, covers pre-existing conditions to protect employers from having to pay for injuries not sustained in their employ, or more than once for disabilities resulting from the same accident. This Program encourages re-employment of injured workers at adequate wages by relieving the employer of the requirement of paying disability compensation in addition to full wages. The Program also covers claims against uninsured employers.

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of \$1,027,272,861 as reported in the financial statements, is the present value of the aggregate actuarial determined claims liability of \$2,221,074,084, discounted at 7.0%, and the net of the estimated realizable value of reimbursements. The claims adjusted liability of \$43,237,490, as reported in the financial statements, is the present value of the aggregate actuarial determined liability of \$93,484,099, discounted at 7.0%.

The actuarial determined liabilities described above arise from projections included in an actuarial report dated November 1, 1999. Changes in the Program's aggregate liabilities for claims and claims adjustment for the past two years are:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 2,400,849,016	\$ 2,421,721,534
Claims and Claims Adjustments Incurred	27,338,895	86,587,401
Changes in Estimates	(6,463,456)	
Claims and Claims Adjustment Payments	(107,166,272)	(107,459,919)
Balance at Fiscal Year End	\$ 2,314,558,183	\$ 2,400,849,016

Coal Workers Pneumoconiosis Fund:

The Coal Workers' Pneumoconiosis Fund (CWPF) was created within the Labor Cabinet through the enactment of House Bill No. 1 by the December 1996 Special Session of the General Assembly. The CWPF is liable for one-half of the income benefits and retraining incentive benefits for occupational pneumoconiosis resulting from exposure to coal dust created in the severance or processing of coal. The employer is liable for the remaining one-half.

In accordance with House Bill No. 1 from the December 1996 Special Session, the Kentucky Workers' Compensation Funding Commission shall impose a pneumoconiosis assessment to prefund the liabilities of the CWPF and to finance its administration. The assessment is three percent (3%) of workers' compensation premiums received on or after January 1, 1997, from employers engaged in the severance or processing of coal and an additional assessment of \$0.025 per ton imposed upon coal severed on or after January 1, 1997. All pneumoconiosis assessments collected by the Funding Commission are to be credited to a separate account within the Benefit Reserve Fund and to be transferred as necessary to pay administrative expenses and current claims of the CWPF.

The Coal Workers' Pneumoconiosis Fund establishes claims liability based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of \$7,406,032, as reported in the financial statements, is the present value of the aggregate actuarial determined liability of \$10,580,045, discounted at 7.0%. The claims adjustment liability of \$388,668, as reported in the financial statements, is the present value of the aggregate actuarial determined liability of \$555,240, discounted at 7.0%.

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Changes in the aggregate liability for claims and claims adjustments for the past two years are as follows:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 11,265,270	\$ 8,392,464
Claims and Claims Adjustments Incurred	232,754	2,902,404
Changes in Estimates		
Claims and Claims Adjustment Payments	(362,739)	(29,598)
Balance at Fiscal Year End	<u>\$ 11,135,285</u>	<u>\$ 11,265,270</u>

As stated above, the Coal Workers' Pneumoconiosis Fund was created by the December 1996 Special Session of the General Assembly. Therefore, there are no provisions for claims prior to 1997.

Petroleum Storage Tank Environmental Assurance Program:

The Office of the Petroleum Storage Tank Environmental Assurance Program, a risk sharing pool, was created in the 1990 regular session of the Kentucky General Assembly. The purpose of the Program is to assist petroleum storage tank owners or operators in complying with federal financial responsibility requirements relating to petroleum storage tanks and in cleaning up contamination caused by leaking tanks. The Program is funded by a fee paid by dealers on each gallon of gasoline and special fuels received in the Commonwealth at a rate of one and four-tenths (\$.014) cents per gallon.

The Program insures petroleum storage tank owners or operators for cost incurred for cleanup and other corrective action required in cleaning up contamination caused by leaking petroleum storage tanks. The Program also provides coverage for third party claims against the owners or operators for damages sustained as a result of leaking storage tanks. Claims paid by the Program are subject to deductibles which are applied separately, by occurrence, for cleanup claims and third party damage claims. The deductible is set at \$1,000 per occurrence for owners or operators of five or less tanks, and at \$5,000 for owners or operators of six to ten tanks, and at \$25,000 for owners of more than ten tanks.

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of \$479,100,000 reported in the financial statements, is the aggregate actuarial determined claims liability and is not discounted. The claims adjustments liability of \$14,500,000 reported in the financial statements is the actuarial determined aggregate liability and is not discounted.

Changes in the Program's aggregate liabilities for claims and claims adjustment for the past two years are:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 515,100,000	\$ 429,100,000
Claims and Claims Adjustments Incurred	56,000,000	115,900,000
Changes in Estimates		
Claims and Claims Adjustment Payments	(77,500,000)	(29,900,000)
Balance at Fiscal Year End	<u>\$ 493,600,000</u>	<u>\$ 515,100,000</u>

Bond Pool:

The Bond Pool was established in 1986 to provide an alternative bonding program for small to medium sized coal companies in Kentucky. Membership in the Pool is voluntary and prospective members must apply to become members. Applicants must meet standards set by the Bond Pool Commission to be accepted as members of the Bond Pool. These standards, used to evaluate potential Bond Pool members, consider factors such as mining experience, reclamation history, and financial condition of the applicant.

Accepted members are rated by the Commission based on the standards considered in the application process. The members are rated and assessed an initial membership fee based on this rating. This fee ranges from \$1,000 to \$2,500. Additionally members pay tonnage fees of \$.05 per ton of surface mined coal and \$.01 per ton for underground mined coal. Provisions are also in effect where the tonnage fee is suspended for members who have participated in the Program for 36 months, or when the Program balance exceeds \$7 million.

The coal companies participating in the Program are required to post a permit specific bond based on the number of acres permitted and their rating in the Program. The Bond Pool in turn provides coverage for reclamation costs that exceed the permit specific bond but limits claims to the total amount of bond required by the permit. The Bond Pool does not pay claims for costs incurred in excess of the required bond amount.

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of \$4,143,459 as reported in the financial statements, is the aggregate actuarial determined claims liability. The claims adjustment liability of \$1,316,035 is the actuarial determined aggregate liability and is not discounted. Changes in the Program's aggregate liabilities for claims and claims adjustments for the past two years are:

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	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 3,459,494	\$ 3,459,494
Claims and Claims Adjustments Incurred	2,000,000	
Changes in Estimates		
Claims and Claims Adjustment Payments		
Balance at Fiscal Year End	<u>\$ 5,459,494</u>	<u>\$ 3,459,494</u>

Mine Subsidence Insurance:

The Mine Subsidence Insurance Program is administered by the Department of Insurance. The provisions of the Program require that all insurance policies issued or renewed that insure a structure located in any county in the Commonwealth, except those specifically exempted by KRS 304.44-60, shall include a separately stated premium for mine subsidence damage coverage. This premium is assessed at the amount determined by the Program and the insurer is required to cede this coverage to the Program. The insurer may refuse to provide coverage where pre-existing damage is determined to exist. The Program provides coverage subject to a deductible of 2% of the policy's total insured value or not less than \$250 and not more than \$500. The Mine Subsidence Program also limits its coverage to \$50,000 per structure.

The claims liability of \$100,000 reported in the Program at June 30, 2000, is based on the requirements of GASB 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Program's claims liability amount in Fiscal Years 2000 and 1999 were:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 450,000	\$ 365,500
Claims and Claims Adjustments Incurred	359,128	134,500
Changes in Estimates		
Claim and Claims Adjustment Payments	(709,128)	(50,000)
Balance at Fiscal Year End	<u>\$ 100,000</u>	<u>\$ 450,000</u>

Risk Pools - Component Units

Grain Insurance:

The Grain Insurance Program is established to promote economic stability in agriculture by providing coverage to grain producers for losses incurred in the event of a financial failure of a grain dealer or

grain warehousemen. The Program is funded by a half-cent per bushel assessment on all marketed grain produced in Kentucky. The Program also has provisions that the assessment can be suspended when the balance of the Program reaches \$3 million and if suspended will be reapplied when the balance of the Program drops to \$2 million.

The claims liability of \$0 reported in the Program at June 30, 2000, is based on the requirements of GASB 10, which states that a liability for claims be reported, if information prior to the issuance of the financial statements indicates that a probable liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. Changes in the Program's claims liability amount in Fiscal Years 2000 and 1999 were:

	Fiscal Year 2000	Fiscal Year 1999
Beginning of Fiscal Year Liability	\$ 0	\$ 0
Claims and Claims Adjustments Incurred		
Changes in Estimates	0	0
Claims and Claims Adjustment Payments	0	0
Balance at Fiscal Year End	<u>\$ 0</u>	<u>\$ 0</u>

Note 13

DEFEASANCE OF LONG-TERM DEBT

Component Units

Morehead State University issued \$4,625,000 Housing and Dining System Refunding Revenue Bonds, Series O, and dated June 1, 2000. The net proceeds of this issue were \$4,534,432 after discounts and cost of issuance of \$90,567. The net proceeds were placed in an escrow account to provide for all future debt service requirements of the Series K and L bonds being defeased. The net savings (reduction in cash flow) for the Refunding Bonds will be \$333,433. The present value of the savings is \$252,183 at a rate of 5.60%

Note 14

RELATED ORGANIZATIONS

The Commonwealth has several related organizations. The financial activities of these organizations are not included in the Commonwealth's financial statements. They are the East Kentucky Corporation, West Kentucky Corporation, West Kentucky Economic Development Fund, Northern Kentucky Convention Center Corporation, Kentucky Employer's Mutual Insurance Authority and the Interstate Air Pollution

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Control Commission. The Commonwealth holds no economic interest in, nor has any financial responsibility for these organizations.

Note 15

LONG-TERM OBLIGATIONS

General Obligation Bonds are issued through the State Property and Buildings Commission, subject to general referendum approval required by the Kentucky Constitution. General obligation bonds pledge the full faith, credit, and taxing power of the Commonwealth and denote application of specific or general tax revenues to provide payment of principal and interest requirements on the debt. No new issues of this type have been issued since 1965, and none are outstanding or authorized but unissued at June 30, 2000.

Revenue Bonds - General authorization for the use of revenue bonds is contained in Chapter 58 of the Kentucky Revised Statutes. Specific authority is contained in the legislation and related KRS chapters creating and empowering the various debt issuing entities. Reference to such legislation and laws is made throughout the following entity descriptions. Effective July 15, 1980, KRS 56.870 requires prior approval of debt financing projects by the Kentucky General Assembly sitting in regular or special sessions. Succeeding statutes establish the methods for this approval and the exemptions from it. The majority of new debt issues are approved through the appropriation act. Per KRS 56.873, effective July 15, 1980, revenue bonds having passed the above mechanisms, and not requiring Commonwealth appropriations, must receive an "A" rating by Moody's Investors Service or the equivalent rating by another qualified rating agency prior to their sale.

Project revenue debt pledges only the revenues produced by the

project so funded as security for repayment and does not directly obligate the Commonwealth. Kentucky's project revenue debt may be further classified by the purpose of the debt. Revenue debt issued by the Kentucky Housing Corporation, Kentucky Infrastructure Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Economic Development Finance Authority, Kentucky Local Correctional Facilities Construction Authority, Kentucky Agricultural Finance Corporation, and Kentucky School Facilities Construction Commission is used as a financing mechanism for activities and facilities not used directly for Commonwealth purposes. The tax-exempt status of such "municipal debt," whether issued by State or local governments, is used to provide financing for entities unable to bear the costs of private financing when the General Assembly deems such entities worthy of public assistance. The other category of revenue debt finances facilities used directly by State Government in activities such as roads, parks, office buildings, and educational facilities. The primary distinction between these categories is that the first type, with the exceptions of the Kentucky School Facilities Construction Commission, which succeeds the Kentucky School Building Authority, and the Kentucky Infrastructure Authority, which succeeds the Kentucky Pollution Abatement and Water Resources Finance Authority, requires no State funds of any type to provide "debt service," principal and interest payments on the debt. The School Facilities Construction Commission supplements funds provided by local governments and school boards in varying percentages for debt service. The Kentucky Infrastructure Authority may accept appropriations made by the General Assembly, in addition to State and Federal grants, related to the purposes for which it was created. This distinction is important in analyzing the true level of "State" debt and the "burden" of that debt on State resources.

During the fiscal year ended June 30, 2000, the debt issuing entities described below sold revenue and revenue refunding bonds as follows:

The agencies and authorities that issue debt and their respective amounts of principal outstanding, net of discounts and defeased bonds, at June 30, 2000, are as follows (Expressed in Thousands):

General Long-Term Obligations Account Group	Principal Outstanding	Interest Rate	Annual Maturity To
Agency: State Property & Buildings Commission	\$ 1,179,111	3.1%-7.65%	2018
Turnpike Auth. of Kentucky	1,136,422	4.9% - 9.7%	2015
Total	<u>\$ 2,315,533</u>		

COMMONWEALTH OF KENTUCKY
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Future revenue bond debt service requirements, to be paid with State funds, at June 30, 2000, are as follows (Expressed in Thousands):

Year Ending June 30,	Principal	Interest	Totals
2001	\$ 168,328	\$ 135,848	\$ 304,176
2002	172,634	123,126	295,760
2003	195,837	128,815	324,652
2004	191,743	133,791	325,534
2005	152,371	119,194	271,565
Thereafter	1,434,620	438,589	1,873,209
	<u>\$ 2,315,533</u>	<u>\$ 1,079,363</u>	<u>\$ 3,394,896</u>

Component Unit Revenue Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Kentucky School Facilities Construction Commission	\$ 610,940	3.0% - 7.6%	2020
Kentucky Housing Corporation*	1,077,490	3.3% - 8.1%	2039
Kentucky Infrastructure Authority*	181,520	4.0% - 7.6%	2019
Kentucky Higher Education Student Loan Corporation	701,560	4.7% - 9.25%	2030
Kentucky Local Correctional Facilities Construction Authority*	36,165	4.55% - 5.5%	2014
University of Kentucky	184,486	3.0% - 6.6%	2024
University of Louisville	152,252	4.3% - 10.0%	2018
Eastern Kentucky University	50,270	3.0% - 6.5%	2020
Western Kentucky University	25,990	2.6% - 6.1%	2012
Murray State University	22,642	3.0% - 6.2%	2019
Morehead State University	34,110	2.875% - 7.15%	2020
Kentucky State University	17,195	4.8% - 6.3%	2014
Northern Kentucky University	48,825	3.0% - 7.8%	2021
Kentucky Community and Technical College System	82,505	3.0% - 7.2%	2011
Total Component Unit Revenue Bonds Payable	<u>\$ 3,225,950</u>		

*Amounts reflect original issue.

Future revenue bond debt service requirements for bonds issued by the Commonwealth's Component Units, at June 30, 2000, are as follows (Expressed in Thousands):

Year Ending June 30,	Principal	Interest	Totals
2001	\$ 157,999	\$ 169,343	\$ 327,342
2002	174,255	162,198	336,453
2003	172,077	153,348	325,425
2004	162,634	144,863	307,497
2005	184,915	136,848	321,763
Thereafter	2,374,070	1,572,991	3,947,061
	<u>\$ 3,225,950</u>	<u>\$ 2,339,591</u>	<u>\$ 5,565,541</u>

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The Kentucky State Property and Buildings Commission is composed of the Governor, Lieutenant Governor, Attorney General, Secretary of the Finance and Administration Cabinet, Secretary of the Revenue Cabinet, and Secretary of the Economic Development (formerly Commerce) Cabinet. The Commission is an independent agency of the Commonwealth created by KRS 56.450 and empowered upon application of any State agency to issue bonds in its own name to pay the costs of acquiring land and equipment, and the construction and equipping of buildings for the occupancy and/or use of said agencies.

The Commission issued \$308,490,000 in Revenue Bonds as follows:

\$125,455,000, Project 64, dated September 1, 1999, maturing serially each May 1, 2000 through 2018, at 4.20% to 5.75%.

\$128,165,000, Project 65, dated February 1, 2000, maturing serially each February 1, 2001 through 2018, at 4.75% to 6.00%; and

\$54,870,000, Project 66, dated June 1, 2000, and consisting of two series as follows:

\$53,320,000, Series A, with \$48,810,000 in aggregate serial maturities each May 1, 2001 through 2018 at 4.85% to 5.70%, and \$4,510,000 in term bonds due May 1, 2020, at 5.86%; and

\$1,550,000, Series B, all term bonds due May 1, 2002, at 7.28%.

The Turnpike Authority of Kentucky was created in the 1960 regular session of the General Assembly under present KRS sections 175.410 through 175.990 as a body corporate and politic constituting a municipal corporation, political subdivision, and instrumentality of the Commonwealth. The Authority is composed of the Governor, Lieutenant Governor, Attorney General, Secretary of Transportation, Commissioner of Highways, State Highway Engineer, and Secretary of Economic Development. The Secretary of the Finance and Administration Cabinet currently serves as the Authority's Treasurer.

The Authority issued no bonds during the reporting period.

State Universities - The Board of Trustees of the University of Kentucky and the Boards of Regents of the University of Louisville, Eastern Kentucky University, Western Kentucky University, Murray State University, Morehead State University, Kentucky State University, and Northern Kentucky University are authorized under KRS 56.495 to issue debt for the purpose of constructing educational buildings and housing and dining facilities. In addition, the University of Louisville is specifically authorized to issue debt for educational buildings under KRS 64.860 but is limited to \$16 million of refunding debt.

State supported universities issued \$12,415,000 in revenue and refunding revenue bonds as follows:

\$3,000,000, Eastern Kentucky University, Housing System Revenue Bonds, Series M, dated April 1, 2000, maturing serially each February 1, 2002 through 2020, at 4.60% to 5.50%;

\$4,790,000, Morehead State University, Housing and Dining System Revenue Bonds, Series N, dated June 1, 2000, maturing serially each November 1, 2001 through 2020, at 5.00% to 5.75%; and

\$4,625,000, Morehead State University, Housing and Dining System Refunding Revenue Bonds, Series O, dated June 1, 2000, maturing serially each November 1, 2000 through 2010, at 5.00% to 5.25%.

The Kentucky Housing Corporation, established in 1972 under KRS Chapter 198A, is a municipal corporation and political subdivision of the Commonwealth governed by a board of directors comprised of the Secretary of the Finance and Administration Cabinet, Commissioner of the Department of Local Government, Secretary of the Revenue Cabinet, Attorney General, Secretary of the Economic Development Cabinet, Lieutenant Governor, and eight additional members appointed by the Governor. The Corporation is authorized to increase the supply of housing for persons of lower income by making or participating in insured construction loans, and making or participating in insured mortgage loans when financing is not available from private lenders under reasonably equivalent terms and conditions. The Corporation is limited to a \$2.125 billion total maximum principal value of debt outstanding.

The Corporation issued \$258,400,000 in replacement refunding Housing Revenue Bonds and Notes. See the following Notes Payable section for disclosure of \$37,530,000 Housing Revenue Notes, 2000 Series D. The \$220,870,000 in bonds are as indicated below:

Three series, dated July 1, 1999 or the expected delivery date on or about August 19, 1999, with aggregate principal of \$40,000,000 are as follows:

\$3,035,000, 1999 Series D (NON-AMT), term bonds due July 1, 2017, at 5.375%,

\$17,965,000, 1999 Series E (AMT), having term maturities of \$6,635,000 due July 1, 2019, at 5.50%, \$6,830,000 due July 1, 2027, at 5.70%, and \$4,500,000 due January 1, 2028, at 5.70%, and

\$19,000,000, 1999 Series F (TAXABLE), term bonds due July 1, 2031, at 5.68%, Initial Interest Rate.

Three series, dated September 15, 1999 or the expected date of delivery on or about October 28, 1999, with aggregate principal of \$90,000,000 are as follows:

\$3,425,000, 1999 Series G (NON-AMT), term bonds due January 1, 2015, at 5.50%,

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\$65,485,000, 1999 Series H (AMT), with term maturities of \$17,825,000 due July 1, 2020, at 5.85%; \$22,830,000 due January 1, 2026, at 6.05%; \$15,260,000 due January 1, 2030, at 6.08% and \$9,570,000 due July 1, 2030, at 6.08%, and

\$21,090,000, 1999 Series I (TAXABLE), term bonds due July 1, 2013, at 5.82%

Three series, dated April 1, 2000 or the expected delivery dated on or about May 24, 2000, with aggregate principal of \$90,870,000 are as follows:

\$3,480,000, 2000 Series A (NON-AMT), with term maturities of \$1,485,000 due July 1, 2017, at 5.80% and \$1,995,000 due July 1, 2031, at 6.00%,

\$76,995,000, Series B (AMT), with \$13,085,000 in serial bonds maturing each January and July, beginning January 1, 2002 through July 1, 2012, at 5.00% to 5.75%. Term bonds consist of \$4,920,000 due July 1, 2015, at 5.95%; \$8,655,000 due January 1, 2020, at 6.05%; \$22,515,000 due January 1, 2026, at 6.05%; \$19,020,000 due January 1, 2031, at 6.15%; and \$8,800,000 due July 1, 2031, at 6.15%, and

\$10,395,000, 2000 Series C (NON-AMT), term bonds due July 1, 2033, at 5.95%.

As indicated above, see the following Notes Payable section for disclosure of the \$37,530,000, 2000 Series D Notes (AMT).

The Kentucky Infrastructure Authority was created by House Bill 217, during the 1988 regular session of the Kentucky General Assembly, to assist governmental agencies of the Commonwealth with respect to the construction and acquisition of infrastructure projects as defined in the legislation. Pursuant to this Act, which amends KRS Chapter 224A, all powers, duties, and obligations of the Kentucky Pollution Abatement and Water Resources Finance Authority, including administration of debt service on revenue bonds previously issued by the Authority, are transferred to the Kentucky Infrastructure Authority, which is established as a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth.

The Authority issued \$8,110,000 in program revenue bonds, dated February 1, 2000, as follows:

\$3,350,000, Wastewater Revolving Fund Program Revenue Bonds, 2000 Series F, with \$2,615,000 in serial maturities each June 1, 2000 through 2016, at 4.00% to 5.90%. \$735,000 in term bonds is due June 1, 2019, at 6.00%, and

\$4,760,000, Drinking Water Revolving Fund Program Revenue Bonds, 2000 Series A with serial \$3,725,000 in serial maturities each June 1, 2000 through 2016, at 4.00% to 5.90%. \$1,035,000 in term bonds is

due June 1, 2019, at 6.00%.

The Kentucky Higher Education Student Loan Corporation is empowered by KRS Chapter 164A to make and reinsure student loans with the United States of America, pursuant to the Federal Higher Education Act of 1965, and as a body corporate and politic acts as a financing authority to assure a secondary market for insured student loans. The Corporation is governed by a seven member board of directors consisting of the Chairman of the Council on Higher Education, the Secretary of the Finance and Administration Cabinet, the Chairman of the Kentucky Higher Education Assistance Authority, and four members chosen from the general public. The Corporation is limited to a maximum principal outstanding of \$553 million.

The Corporation issued \$150,000,000 in Student Loan Revenue Bonds, dated on the expected date of delivery on or about May 4, 2000. These bonds, which were issued in two Senior Series as Auction Rate Certificates and bear interest as described in the Official Statement, are as follows:

\$126,250,000, Senior Series 2000A, are due May 1, 2030, and consist of \$42,100,000, Series 2000A-1, \$42,100,000, Series 2000A-2, and \$42,050,000, Series 2000A-3 and

\$23,750,000, Senior Series 2000B, also due May 1, 2030.

The Kentucky Local Correctional Facilities Construction Authority is a body corporate and politic as well as an agency and instrumentality of the Commonwealth created in 1982 pursuant to KRS 441.605 through 441.695, as amended, to provide additional and alternative methods for acquiring, constructing, improving or repairing, and financing both regional and local jail facilities.

The Authority issued no bonds during the year ended June 30, 2000.

The Kentucky School Facilities Construction Commission was created by act of the 1985 Extraordinary Session of the Kentucky General Assembly as the successor agency to the Kentucky School Building Authority (KSBA) and empowered pursuant to KRS 157.640 with all rights of successorship necessary to assure all legal and contractual functions and liabilities associated with the outstanding bonds issued in the name of the Authority, including refunding of then existing Authority debt. The Commission is an independent corporate agency and instrumentality of the Commonwealth pursuant to KRS 157.611 through 157.640 and empowered therein to: (1) act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease agreements with local boards of education to finance construction of new facilities or major renovation of existing facilities; (2) enter into agreements which may provide for a percentage discount, on a biennially renewable basis, of annual lease agreements due the Commission for those districts which participate; and (3) enter into lease agreements with the Department of Education to build State-owned facilities operated by the Department of Education.

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During the fiscal year ended June 30, 2000, the Commission sold fifty (50) school building revenue bond issues having aggregate state participation of \$55,822,941 maturing through June 1, 2020, at interest rates of 3.70% to 6.10%. Due to the length of the listing, the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 2000, which is contained in the publication titled SUPPLEMENTARY INFORMATION to the Kentucky Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2000. Copies of this report are available from the Division of Statewide Accounting, Financial Reporting Branch, 483 Capitol Annex, Frankfort, Kentucky 40601.

The Kentucky Agricultural Finance Corporation is a public corporation and governmental agency of the Commonwealth established by Act of the 1984 General Assembly for the purpose of "improving and promoting the health, welfare, and prosperity of the people of the Commonwealth through the stimulation of existing agricultural ventures." The Authority's bond program is designed to help lender banks and other financial institutions assist eligible farmers in obtaining low interest loans through the issuance of tax-exempt agricultural revenue bonds. The Authority's debt does not constitute a legal or moral obligation of the Commonwealth, and this debt is not included in these general purpose financial statements.

The Corporation issued no bonds during the year ended June 30, 2000.

The Kentucky Economic Development Finance Authority established in 1958 under KRS Chapter 154, is an independent agency of Commonwealth which operates in close cooperation with the Secretary of the Economic Development Cabinet to promote the industrial development of Kentucky.

The Authority issued no revenue bonds that constitute a legal obligation of the Commonwealth during the fiscal year ended June 30, 2000.

During this same reporting period, KEDFA is a party to \$78,585,000 in conduit debt which does not constitute a general debt, liability, or moral obligation of the Commonwealth. Accordingly, these general purpose financial statements do not include any assets or liabilities related to the issuance of this debt.

NOTES PAYABLE:

At June 30, 2000, the following entities had notes payable as follows:

The Kentucky Asset/Liability Commission, created by House Bill 5 enacted by the 1997 Extraordinary Session of the Kentucky General Assembly, develops policies and strategies to minimize the impact of fluctuating interest rates on the Commonwealth's interest-sensitive assets and liabilities. It is authorized to issue tax and revenue anticipation notes, project notes and funding notes. Tax and revenue notes are to be used for the purpose of providing monies to discharge expenditure demands in anticipation of revenues and taxes to be collected during the fiscal year. Project notes are to be used for authorized projects upon request of the Finance and

Administration Cabinet, to be repaid through financing agreements or alternative agreements. Funding notes are to be used for the purpose of funding judgements against the Commonwealth or any state agency.

\$218,680,000 is outstanding on Commission Notes as follows:

\$15,000,000 is outstanding on Project Notes, 1998 Agency Fund Series A. Additional Notes, issued pursuant to a March 9, 2000 Supplement to the Official Statement dated September 2, 1998, mature June 30, 2002, at the Money Market Rate as described therein.

\$42,920,000 is outstanding on Project Notes, 1999 General Fund First Series, dated March 1, 1999, and is due serially each March 1, 2001 through 2006, at 3.50% to 4.125%.

\$20,280,000 is outstanding on Project Notes, 1999 General Fund Second Series A. These Notes, which closed August 25, 1999, may bear interest at the Commercial Paper Rate, the Daily Rate, the Weekly Rate, or the Fixed Rate as more fully described in the Official Statement, but in no event shall the interest rate on the Notes exceed the Maximum Interest Rate of 12%. The final maturity of any Notes issued pursuant to the Indenture cannot extend beyond June 20, 2003.

\$20,280,000 is also outstanding on Project Notes, 1999 General Fund Third Series A. These Notes, which closed September 23, 1999, may bear interest and may not exceed final maturity as described immediately above.

\$20,000,000 is outstanding on Project Notes, 1999 General Fund Fourth Series A. These Notes, which closed November 17, 1999, also may bear interest and may not exceed final maturity as described for Project Notes, 1999 General Fund Series A. This issue, however, does have an additional interest rate mode referred to as the Index Rate.

\$75,200,000 is outstanding on Project Notes, 1999 Road Fund First Series. These Notes, which closed October 6, 1999, also may bear interest and may not exceed final maturity as described for Project Notes, 1999 General Fund Second Series A.

\$25,000,000 is outstanding on Project Notes, 1999 Road Fund Second Series. These Notes, which closed October 27, 1999, also may bear interest and may not exceed final maturity as described for Project Notes, 1999 General Fund Second Series A.

The Kentucky Housing Corporation issued Housing Revenue Notes, 2000 Series D (AMT), dated the expected date of delivery on or about May 24, 2000, in the principal amount of \$37,530,000, due January 1, 2001, at 4.40%.

The Kentucky Lottery Corporation borrowed \$6,787,000 in December 1996 to fund renovation of real estate purchased to be used as new corporate headquarters. Monthly interest payments include 6.66% annual interest. Principal payments began in October 1997 and are due in 60 monthly installments. Current principal outstanding on the Note is \$3,055,000.

COMMONWEALTH OF KENTUCKY
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The University of Kentucky reported \$2,090,255 in notes payable as follows: (1) The University's Health Care Collection Service, Inc. has \$23,778 outstanding on notes maturing in 2001. Kentucky Technology, Incorporated has a \$1.5 million note due 2003 at 2.0% annual interest. (See Note 6 to UK Research Foundation's audited financial statements.) Health Associates of Kentucky has three notes with aggregate principal of \$566,477 due in annual principal installments through July 2005. (See Note 9 to the audited financial statement for the Albert B. Chandler Medical Center, University Hospital.)

The University of Louisville Athletic Association has received an \$8.5 million dollar loan from the University of Louisville Foundation Inc. for the construction of Cardinal Park on an unsecured, non-interest bearing basis due upon receipt of pledges by the Association. The Association's intent is to repay the \$8.5 million loan with future pledges and gifts which are currently being solicited from public and private sources as part of a campaign drive to provide funding for the Cardinal Park project.

Northern Kentucky University reported \$1,519,000 in notes payable for various installment purchase contracts to acquire property and equipment, including \$455,000 during fiscal year 2000.

Murray State University reported notes payable of \$1,391,656 including \$175,680 for the Regional Special events center maturing in 2002 at 6.7%, \$93,594 in Murray State University Foundation Notes with maturities to 2003 at 7.0% to 8.5% for various departmental operating expenditures, \$41,625 in Ohio Valley Conference assesment program notes maturing in 2003 at 6.0% and three bank master lease agreements totaling \$1,080,757 and maturing through 2004 at 4.23% to 4.93% to finance the campus networking project, computer equipment and vehicles.

Western Kentucky University reported Notes Payable of \$2,705,947 related to the payment of debt service on substantially all the University's residence hall, which have been transferred to the WKU Student Life Foundation, Inc. (See Note 9 to the University's audited financial statements.)

Future debt service requirements for aggregate Notes Payable at June 30, 2000, are as follows (Expressed in Thousands):

Year Ending June 30,	Principal	Interest	Totals
2001	\$ 231,345	\$ 5,006	\$ 236,351
2002	9,111	1,795	10,906
2003	8,288	1,415	9,703
2004	9,444	1,081	10,525
2005	8,021	743	8,764
Thereafter	9,610	474	10,084
	<u>\$ 275,819</u>	<u>\$ 10,514</u>	<u>\$ 286,333</u>

Changes in General Long-Term Obligations
Changes in general long-term obligations for the fiscal year ended June 30, 2000, are summarized as follows: (Expressed in Thousands)

	Compensated Absences	Capital Leases	Notes Payable	State Supported Revenue Bonds	Judgements & Contingent Liabilities	Unfunded Employer Pension Contributions	Totals
Balance at June 30, 1999, as restated	\$ 211,379	\$ 1,946	\$ 338,400	\$ 2,178,683	\$ 290,331	\$ 77,488	\$ 3,098,227
Obligations Incurred	165,595	1,006	99,618	380,325	27,280	451	674,275
Obligations Retired	(150,267)	(1,070)	(219,338)	(243,475)	(1,723)	(174)	(616,047)
Balance at June 30, 2000	<u>\$ 226,707</u>	<u>\$ 1,882</u>	<u>\$ 218,680</u>	<u>\$ 2,315,533</u>	<u>\$ 315,888</u>	<u>\$ 77,765</u>	<u>\$ 3,156,455</u>

COMMONWEALTH OF KENTUCKY
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June 30, 2000

Note 16

SEGMENT INFORMATION

Segment financial information for the Commonwealth's Enterprise Funds for the year ended June 30, 2000, is presented below (Expressed in Thousands):

**Primary Government
Enterprise Funds**

	State Parks	Kentucky Lottery Corporation	Industries for the Blind	Horse Park	Insurance Administration	Totals
	Recreation and Lodging	Lottery Operations	Light Industry	Equine Museum	Insurance	
Goods and Services Provided						
Operating Revenues	\$ 45,876	\$ 583,678	\$ 259	\$ 5,114	\$ 116,203	\$ 751,130
Depreciation and Amortization Expense	4,416	3,141	33	891	224	8,705
Operating Income (Loss)	(48,213)	154,250	(1,416)	(3,421)	(24,565)	76,635
Income (Loss) Before Operating Transfers and Extraordinary Item	(49,434)	150,056	(1,412)	(3,415)	(24,972)	70,823
Operating Transfers:						
In	45,466		961	2,677	60,222	109,326
Out	(2,516)	(156,300)			(4,668)	(163,484)
Net Income (Loss)	(6,484)	(6,244)	(451)	(738)	30,582	16,665
Current Contributed Capital: Contributions	7,533			595		8,128
Fixed Assets:						
Additions	9,560	1,862		615		12,037
Deletions	1,782	220			138	2,140
Net Working Capital	682	19,051	116	659	(61,063)	(40,555)
Total Assets	185,634	378,207	547	16,051	520,998	1,101,437
Bonds and Other Long-Term Liabilities:						
Payable from Operating Revenue and Operating Transfers-in	3,341	266,867		368	1,478,289	1,748,865
Total Equity	172,376	45,853	447	14,997	(1,071,130)	(837,457)

COMMONWEALTH OF KENTUCKY
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**CONDENSED STATEMENT
INFORMATION**

**Condensed Balance Sheet Information
for the Commonwealth's Discretely
Presented Component Units
(Expressed in Thousands)**

	Governmental	Proprietary Funds	
		Kentucky Housing Corporation	Kentucky Infrastructure Authority
<u>Assets</u>			
Current Assets	\$ 7,263	\$ 292,616	\$ 114,861
Property, Plant and Equipment (net)	24	6,080	
Other Assets	652,661	1,106,046	363,765
Total Assets	\$ 659,948	\$ 1,404,742	\$ 478,626
<u>Liabilities</u>			
Current Liabilities	\$ 10,265	\$ 130,995	\$ 13,563
Capital Lease Obligations			
Notes Payable			
Revenue Bonds	610,940	1,048,878	165,931
Amounts Held in Custody for Others			
Deposits and Advance Payments			
Deferred Revenue			
Other Liabilities			
Total Liabilities	621,205	1,179,873	179,494
<u>Fund Equity</u>			
Investment in Fixed Assets	24		
Contributed Capital			
Fund Balance:			
Reserved for:			
Encumbrances			
Capital Outlay			
Restricted Gifts, Grants and Contracts			
Unreserved:			
Designated for Universities and Colleges			
Undesignated	38,719		
Retained Earnings:			
Reserved for:			
Revenue Bond Retirement		192,508	
Unreserved		32,361	299,132
Total Fund Equity	38,743	224,869	299,132
Total Liabilities and Fund Equity	659,948	\$ 1,404,742	\$ 478,626

COMMONWEALTH OF KENTUCKY
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Others	Universities and College Funds			Totals
	University of Kentucky	University of Louisville	Others	
\$ 238,003	\$ 1,093,883	\$ 225,926	\$ 414,766	\$ 2,387,318
214,794	1,352,780	704,945	1,526,058	3,804,681
826,868	7,828	3,043	33,120	2,993,331
<u>\$ 1,279,665</u>	<u>\$ 2,454,491</u>	<u>\$ 933,914</u>	<u>\$ 1,973,944</u>	<u>\$ 9,185,330</u>
\$ 85,658	\$ 170,678	\$ 41,333	\$ 76,250	\$ 528,742
	52,636	1,795	40,419	94,850
	1,524	8,567	5,616	15,707
709,910	184,486	152,252	281,537	3,153,934
	666		3,207	3,873
	4,105	1,302	967	6,374
	14,675	21,137	13,174	48,986
1,784	62,570	1,685	12,260	78,299
<u>797,352</u>	<u>491,340</u>	<u>228,071</u>	<u>433,430</u>	<u>3,930,765</u>
144,369	1,088,331	551,199	1,065,198	2,704,752
				144,369
	1,459	7,542	6,191	15,192
	64,933	17,150	121,883	203,966
	653,590	77,914	197,613	929,117
	154,838	52,038	149,629	356,505
				38,719
172,287				364,795
165,657				497,150
482,313	1,963,151	705,843	1,540,514	5,254,565
<u>\$ 1,279,665</u>	<u>\$ 2,454,491</u>	<u>\$ 933,914</u>	<u>\$ 1,973,944</u>	<u>\$ 9,185,330</u>

COMMONWEALTH OF KENTUCKY
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CONDENSED STATEMENT INFORMATION

Condensed Statement of Changes in Retained Earnings Discretely Presented Proprietary Funds (Expressed in Thousands)

	Kentucky Housing Corporation	Kentucky Infrastructure Authority	Others	Totals
Operating Revenues	\$ 87,168	\$ 20,241	\$ 131,246	\$ 238,655
Operating Expenses:				
Operating and Other Expenses	78,337	17,558	182,882	278,777
Depreciation & Amortization	2,104	247	12,130	14,481
Operating Income (Loss)	<u>6,727</u>	<u>2,436</u>	<u>(63,766)</u>	<u>(54,603)</u>
Nonoperating Revenues (Expenses)	(674)	14,644	17,062	31,032
Transfers:				
From Primary Government		11,834	66,207	78,041
From Component Units			11,570	11,570
To Primary Government			(371)	(371)
To Component Units			<u>(3,000)</u>	<u>(3,000)</u>
Net Income (Loss)	6,053	28,914	27,702	62,669
Depreciation on Fixed Assets				
Acquired by Capital Grants			6,674	6,674
Retained Earnings - July 1, 1999	218,816	270,218	314,816	803,850
Retained Earnings - June 30, 2000	<u>\$ 224,869</u>	<u>\$ 299,132</u>	<u>\$ 349,192</u>	<u>\$ 873,193</u>

Condensed Statement of Changes in Fund Balance Discretely Presented Governmental Funds (Expressed in Thousands)

	<u>Governmental</u>
Total Revenues	\$ 3,506
Total Expenditures	<u>126,045</u>
Other Financing Sources (uses):	
Transfers:	
From Primary Government	123,071
Transfers to Component Units	(31,576)
Transfers to Primary Government	(10,592)
Proceeds from Revenue Bonds	<u>55,823</u>
Excess of Revenues and other Financing Sources Over (under) Expenditures and Other Financing Uses	<u>14,187</u>
Fund Balance - July 1, 1999	24,532
Fund Balance - June 30, 2000	<u>\$ 38,719</u>

COMMONWEALTH OF KENTUCKY
Notes to Combined Financial Statements
June 30, 2000

Condensed Statement of Changes in Fund Balances
University and College Funds
(Expressed in Thousands)

	University of Kentucky	University of Louisville	Others	Totals
Total Revenues and Other Additions	\$ 1,061,553	\$ 341,204	\$ 794,036	\$ 2,196,793
Total Expenditures and Other Deductions	1,243,522	474,673	1,177,254	2,895,449
Transfers from (to) Primary Government	290,835	163,529	427,303	881,667
Net Increase for Year	108,866	30,060	44,085	183,011
Fund Balance and Other Credits, Beginning, As Restated	1,854,285	675,783	1,496,430	4,026,498
Fund Balance and Other Credits, Ending	<u>\$ 1,963,151</u>	<u>\$ 705,843</u>	<u>\$ 1,540,515</u>	<u>\$ 4,209,509</u>

Condensed Statement of Current Funds Revenues, Expenditures and Other Changes
University and College Funds
(Expressed in Thousands)

	University of Kentucky	University of Louisville	Others	Totals
Total Revenues	\$ 650,908	\$ 266,726	\$ 576,058	\$ 1,493,692
Expenditures:				
Education and General	588,818	358,837	887,962	1,835,617
Auxiliary Enterprises and Hospitals	291,018	53,965	66,165	411,148
Total Expenditures	879,836	412,802	954,127	2,246,765
Mandatory Transfers	18,665	17,193	55,095	90,953
Non-Mandatory Transfers	48,761	10,002	13,931	72,694
Total Expenditures and Transfers	947,262	439,997	1,023,153	2,410,412
Other Transfers	290,835	163,529	427,303	881,667
Other Additions (Deductions)	3,346	6,041	11,185	20,572
Net Increase (Decrease) in Fund Balance	<u>\$ (2,173)</u>	<u>\$ (3,701)</u>	<u>\$ (8,607)</u>	<u>\$ (14,481)</u>

Note 17

COMMITMENTS AND CONTINGENCIES

Litigation - The Commonwealth, its units and employees are parties to numerous legal proceedings, many of which normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the Commonwealth's financial position.

The Kentucky Revenue Cabinet is involved in litigation related to sales and use tax exemptions, provided for under the New and Expanded Industry exemption of the Kentucky Revised Statutes. On September 28, 2000, the Kentucky Supreme Court issued an opinion reversing a decision of the Court of Appeals that expanded the potential exemptions under this statute by extending the exemption to manufacturing machinery. The Kentucky Revenue Cabinet filed a petition for a rehearing and the petition was denied on January 25, 2001. The Kentucky Revenue Cabinet has indicated that potential exposure for refunds could be \$70 million annually for the proceeding four (4) years for a total of \$280 million. Since the reversing opinion was issued after the end of the fiscal year, no provision for this liability has been made in the accompanying financial statements.

In addition, the Commonwealth and its units are involved in certain other legal proceedings which, if decided adversely to the Commonwealth, may require the Commonwealth to make material future expenditures for expanded services or capital facilities or may impair future revenue sources or may require the refund of prior collections. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the Commonwealth.

Federal Grants - The Commonwealth receives significant financial assistance from the U.S. Government in the form of grants and Federal revenue sharing entitlements. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the Commonwealth.

Leases - The Commonwealth has entered into various operating leases for land and buildings. All leases contain termination clauses providing for the cancellation after 30, 60, or 90 days written notice to the lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business most of these leases will be replaced by similar leases. Primary Government expenditures for rent under leases for the years ended June 30, 2000 and 1999, amounted to \$62.3 million and \$46.0 million, respectively. The operating leases of the Commonwealth do not contain escalation clauses for rental or expense which would require adjustment to be in compliance with GASB Statement 13.

Sick Leave - It is the policy of the Commonwealth to record the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death, there was no liability for sick leave at June 30, 2000. The estimated accumulated amount of unused sick leave at that date for the governmental and proprietary funds was \$299,141,909 and \$21,772,874 respectively.

Construction Projects - The Transportation Cabinet, at June 30, 2000, had contractual commitments of approximately \$732,656,063, for the construction of numerous highway projects. It is anticipated that these projects will be funded with approximately 23% State funds, 68% Federal funds, and the remaining 9% with proceeds from the sale of revenue bonds.

Note 18

SUBSEQUENT EVENTS

The Lottery Corporation has been effected by changes to the Internal Revenue Code. Changes to Section 451 (h) of the Internal Revenue Code, which became effective during fiscal year 1999, allows pre-October 22, 1998 winners an option for the payment of the remainder of their prize. Winners had an 18-month period, beginning July 1, 1999, to elect to receive a single cash payment for the remaining value of their prize. During fiscal year 2000, 38 winners exercised this option and the Corporation sold investments with a fair market value of \$24,535,000 to meet these obligations and the estimated prize liability was reduced by \$19,571,000. The Corporation recorded a loss of \$4,964,000 on resulting from the sale of these investments for fiscal year 2000.

As of November 29, 2000, 26 additional winners had exercised their option and were paid the single cash payment option. The fair market value of investments sold to meet these obligations was \$32,092,000 and the estimated prize liability was reduced by \$19,437,000. The Corporation will record a loss of \$13,655,000 in fiscal year 2001 related to these transactions.

The debt issuing entities of the Commonwealth issued or agreed to administer State participation in debt service payments for revenue bonds sold after June 30, 2000, and prior to February 16, 2001, and reported other subsequent events for the same period, as described below.

The State Property and Buildings Commission issued \$329,390,000 in project revenue bonds as follows:

\$126,920,000, Project 67, dated September 1, 2000, with serial maturities each September 1, 2001 through 2019, at 4.20% to 5.65%. The proceeds of the Bonds will be used to (i) pay costs of constructing, acquiring, installing and equipping a portion of the project as

COMMONWEALTH OF KENTUCKY
Notes to Combined Financial Statements
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described more fully on page B-1 of the Official Statement, (ii) refund outstanding Kentucky Asset/Liability Commission Notes, 1999 General Fund Fourth Series A, the proceeds of which were used to pay costs of constructing, acquiring, installing and equipping a portion of the Project and (iii) pay the costs of issuing the Bonds. See related reference in Notes Payable Section, Note 15.

\$155,410,000, Project 68, dated October 1, 2000, with serial maturities each October 1, 2001 through 2015, at 4.45% to 5.75%. The proceeds of the bonds will be used to (i) pay costs of constructing, acquiring, installing and equipping a portion of the project as described more fully at Exhibit B of the Official Statement, (ii) refund outstanding Kentucky Asset/Liability Commission project Notes, 1999 General Fund Third Series A, the proceeds of which were used to pay costs of constructing, acquiring, installing and equipping a portion of the project and (iii) pay costs of issuing the Bonds. See related reference in Notes Payable Section, Note 15.

\$47,060,000, Project 68 (Second Series), dated January 1, 2001, with delayed serial maturities beginning each October 1, 2016 through 2020 at 4.75% to 5.25%. The proceeds will (i) refund certain of the Commission's outstanding bonds, as more fully described in the Official Statement and (ii) pay the costs of issuance.

The Kentucky Asset/Liability Commission issued \$802,052,000 new and previously authorized Notes, including:

\$400,000,000, General Fund Tax and Revenue Anticipation Notes, 2000 Series A, dated Date of Delivery on or about July 3, 2000, were issued. The proceeds will be used to discharge expenditure demands on the General Fund of the Commonwealth for the fiscal year ending June 30, 2001, in anticipation of taxes and revenues to be collected during Fiscal Year 2001 and to pay the costs of issuance of the 2000 Series A Notes. The Notes are due June 27, 2001 at 5.25%,

\$150,700,000, 2000 General Fund Tax Revenue Anticipation Notes, 2000 Series B, dated Date of Delivery on or about September 28, 2000 were also issued. The proceeds will be used to discharge expenditures demands as described for 2000 Series A above and to pay the costs of issuance of the 2000 Series B Notes. The Notes are due June 27, 2001, at 5.00%, and a

\$50,000,000 tranche to Project Notes, 1999 General Fund Second Series A, by Supplement dated September 7, 2000 to Official Statement dated August 25, 1999. \$20,280,000 of Notes were issued and outstanding at June 30, 2000. The Commission is now issuing \$50,000,000 in additional Notes and redeeming \$5,280,000 of the Outstanding Notes as of the date of this Supplement. A portion of the Notes will be used to provide interim financing for certain Projects (defined in the Official Statement)

\$100,000,000 tranche to Project Notes, 1999 Road Fund Second Series, by Lehman Brothers Memorandum dated October 10, 2000, in

accordance with the Official Statement dated on or about October 27, 1999. \$25,000,000 of Notes were issued and outstanding at June 30, 2000. The Commission is now issuing \$100,000,000 in additional Notes, which mature March 1, 2001, at 4.35%, to provide interim financing for certain additions and improvements to the Kentucky Economic Development Road System in anticipation of the issuance of Bonds by the Turnpike Authority of Kentucky, as authorized and described in the Official Statement.

\$63,902,000 tranche to Project Notes, 1999 General Fund Second Series A, by Merrill Lynch Memorandum dated January 30, 2001. As indicated two paragraphs above, \$20,280,000 of Notes were issued and outstanding at June 30, 2000. \$50,000,000 in additional Notes were issued and \$5,280,000 in outstanding Notes redeemed as of September 7, 2000. Notes outstanding now total \$128,902,000, effective February 5, 2001. See Official Statement referenced above for use of proceeds.

\$37,450,000, Project Notes, 2001 General Fund First Series, dated February 1, 2001, were sold February 7, 2001. The proceeds (i) pay the costs of acquiring equipment for the benefit of various State Agencies of the Commonwealth and (ii) pay the costs of issuing the Notes, as more fully described in the Official Statement.

The Turnpike Authority of Kentucky issued \$332,785,000 in Economic Development Road Revenue and Revenue Refunding Bonds (Revitalization Projects) as follows:

\$179,825,000, Series 2000, dated November 15, 2000, maturing serially each July 1, 2001 through 2015, at 4.40% to 5.75%. The 2000 Bonds (i) pay a portion of the costs of certain public highway projects (the "Revitalization Projects"); (ii) refund certain Project Notes (1999 Road Fund First Series and 1999 Road Fund Second Series) of the Kentucky Asset/Liability Commission ("ALCo"); and (iii) pay certain costs of issuance of the 2000 Bonds.

\$152,960,000, 2001 Series A, dated February 1, 2001, maturing serially each July 1, 2009 through 2015, at 4.20% to 5.50%. The 2001 Series A Bonds (i) refund certain bonds previously issued by the Authority to pay a portion of the costs of certain highway projects (the "Revitalization Projects"), and (ii) pay certain costs of issuance of the 2001A Bonds.

The Kentucky Housing Corporation, issued Housing Revenue Bonds in the aggregate principal amount of \$73,495,000 to continue the Corporation's program of purchasing qualified mortgage loans made to eligible borrowers to finance owner occupied single family residences, and refinance certain borrowings. Prior Bonds and Notes of the Corporation as more fully described in the Official Statement dated September 1, 2000. Three Series were issued as follows:

\$1,225,000, 2000 Series E (NON-AMT) with term maturities of \$690,000 due July 1, 2017, at 5.65% and \$535,000 due July 1, 2031, at 5.80%

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\$47,270,000, 2000 Series F (AMT) with term maturities of \$6,080,000, due July 1, 2020, at 5.85%, \$19,390,000, due July 1, 2026, at 5.85%, and \$21,800,000, due July 1, 2031, at 5.95%, and

\$25,000,000, 2000 Series G (TAXABLE), due July 1, 2018, at 7.39%.

Additionally, on July 3, 2000, the Corporation executed a request and authorization and resultantly received a draw in the principal amount of \$3,675,000 against the Single Family Mortgage Revenue Bonds, Draw Down Series 2000. The proceeds of the borrowings are invested in short-term repurchase agreements collateralized by federal agency obligations. The purpose of the borrowing is to preserve tax-exempt bond issuance capacity.

Also, on July 3, 2000, August 3, 2000 and September 1, 2000 the Corporation borrowed \$264,000, \$133,000 and \$95,000 respectively, from a bank line of credit. The proceeds of the borrowings are invested in short-term repurchase agreements collateralized by federal agency obligations. The purpose of borrowings is to preserve tax-exempt bond issuance capacity.

And finally, on July 27, 2000, the Board of Directors, authorized the development of a financing plan for the issuance of tax-exempt and taxable bonds with an anticipated amount of \$73,495,000, the proceeds of which will be used to finance mortgage loans for persons and families of lower and moderate income. The financing is expected to be completed in October 2000.

The University of Kentucky issued Consolidated Educational Buildings Revenue Bonds, Series Q, dated October 15, 2000, in the Principal amount of \$29,870,000, due serially and annually each May 1, 2001 through 2020 at 4.75% to 5.25% interest. The bond proceeds fund construction of facilities described in the Commonwealth of

Kentucky State Budget as the Seaton Center Addition/Renovation and Parking #2 Expansion/Renovation/Replacement, and more fully described on page six of the Official Statement.

The University of Kentucky also issued Housing and Dining System Revenue Bonds, Series R, in the principal amount of \$10,450,000, due serially and annually each June 1, 2001 through 2020 at 4.5% to 5.0% interest. The bond proceeds will pay the costs, to the extent not otherwise provided, of renovating and completing educational buildings for housing purposes, as more fully described on page six of the official Statement.

The Western Kentucky University Board of Regents, in July 1999, approved the establishment of a research foundation. The research foundation will be a conduit organization through which certain research and development grants and awards will flow to allow for greater flexibility on behalf of university faculty members. The research foundation will adhere to all University policies and procedures, and all research foundation employees will be University employees. The University anticipates that the research foundation will be a component unit of the University included in the University's financial statements using the blended method. At June 30, 2000, the research foundation was still in the process of being organized, which the University anticipates having completed prior to June 30, 2001.

The Kentucky Economic Development Finance Authority reports that the 2000 Regular Session of the Kentucky General Assembly passed into law House Bill 572.

Kentucky School Facilities Construction Commission administers State participation in the debt service payments of local public school district revenue bonds issued subsequent to June 30, 2000, and maturing as to principal through 2019 as follows:

School District	Sale Date	Principal at Issue	State Share	Interest Rate
Bellevue Independent	07/11/00	\$ 1,510,000	\$ 347,268	4.6-5.5%
Jackson Independent	07/13/00	760,000	123,595	5.35-5.6%
Powell County	07/13/00	107,000	107,000	4.9-5.85%
Jefferson County	07/17/00	34,500,000	16,765,309	5.125-5.25%
Lawrence County	08/01/00	5,200,000	1,438,590	5.0-5.25%
Nelson County	08/15/00	53,000	53,000	5.0-5.7%
Owen County	08/16/00	106,000	95,916	NIC-5.1216%
Calloway County	08/18/00	1,230,000	1,230,000	5.0-5.7%
Rockcastle County	08/22/00	5,155,000	1,392,668	4.25-5.25%
Martin County	08/23/00	4,730,000	2,433,380	4.25-5.375%
Pike County	08/29/00	14,190,000	11,346,606	5.0-5.1%
Adair County	09/07/00	3,080,000	1,735,109	5.1%
Henderson County	11/01/00	4,735,000	2,449,742	4.25-4.6%
Bell County	11/28/00	7,690,000	2,505,121	5.0-5.15%
Harlan County	11/30/00	775,000	775,000	4.5-5.2%
Logan County	12/13/00	2,830,000	753,555	4.55-5.1%
Anderson County	12/14/00	8,185,000	392,178	5.0%
Owsley County	01/24/01	1,040,000	223,513	3.75 - 4.8%
		<u>\$ 95,876,000</u>	<u>\$ 44,167,550</u>	

COMMONWEALTH OF KENTUCKY
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June 30, 2000

Audited financial statements for component units may be requested at the following addresses:

Bluegrass State Skills Corporation
Capital Plaza Tower
500 Mero Street
Frankfort, Kentucky 40601

Kentucky Turnpike Authority
Room 92, Capitol Annex Building
Frankfort, Kentucky 40601

Kentucky Center for the Arts
5 Riverfront Plaza
Louisville, Kentucky 40202-2989

Kentucky Economic Development Finance Authority
Capital Plaza Tower
500 Mero Street
Frankfort, Kentucky 40601

Kentucky Higher Education Student Loan Corporation
10180 Linn Station Road
P.O. Box 24266
Louisville, Kentucky 40224-0266

Kentucky Housing Corporation
1231 Louisville Road
Frankfort, Kentucky 40601

Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, Kentucky 40601

Teachers' Retirement System
479 Versailles Road
Frankfort, Kentucky 40601

University of Louisville
Belknap Campus
Controller's Office
Louisville, Kentucky 40292

Western Kentucky University
Vice President for Finance and Administration
1 Big Red Way
Bowling Green, Kentucky 42101-3576

Murray State University
Financial Management and Planning
Murray, Kentucky 42071

Kentucky State University
Office of Administrative Affairs
East Main Street
Frankfort, Kentucky 40601

Kentucky Lottery Corporation
1011 West Main Street
Louisville, Kentucky 40202-2623

Kentucky State Fair Board
Kentucky Fair and Exposition Center
P.O. Box 37130
Louisville, Kentucky 40233-7130

Kentucky Educational Television
600 Cooper Drive
Lexington, Kentucky 40502

Kentucky Higher Education Assistance Authority
1050 U.S. 127 South, Suite 102
Frankfort, Kentucky 40601

Kentucky Educational Savings Plan Trust
1050 U.S. 127 South, Suite 102
Frankfort, Kentucky 40601

Kentucky Infrastructure Authority
Suite 261, Capitol Annex Building
Frankfort, Kentucky 40601

Kentucky Local Correctional Facilities Construction Authority
Suite 261, Capitol Annex Building
Frankfort, Kentucky 40601

Kentucky Judicial Form Retirement System
P.O. Box 791
Frankfort, Kentucky 40602

University of Kentucky
General Accounting
371 Peterson Service Building
Lexington, Kentucky 40506-0005

Eastern Kentucky University
Vice President for Business Affairs
521 Lancaster Avenue
Richmond, Kentucky 40475-3101

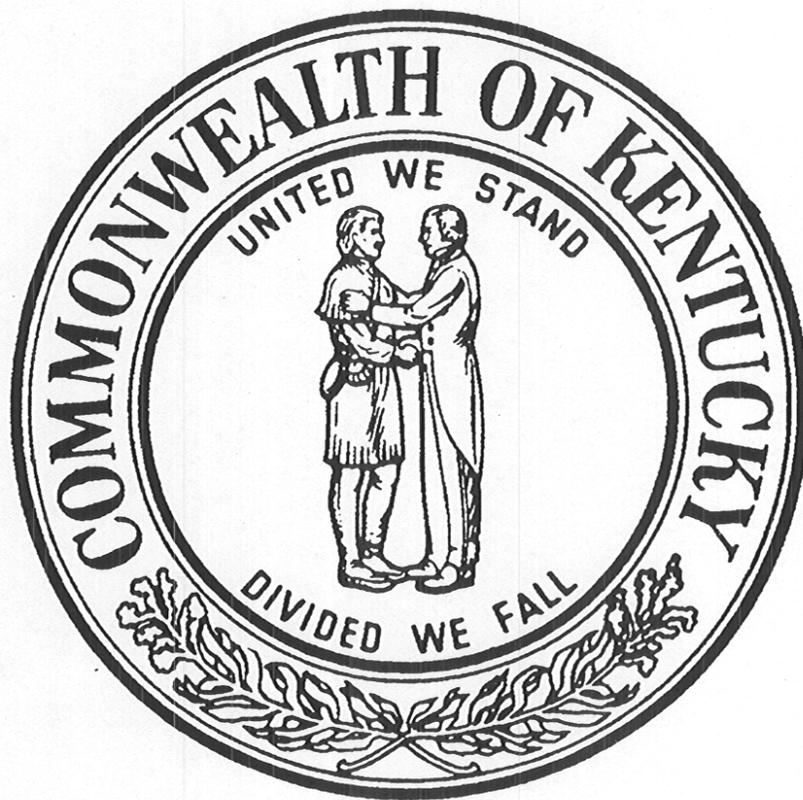
Morehead State University
Office of Accounting and Budgetary Control
202 Howell-McDowell Administration Building
Morehead, Kentucky 40351-1689

Northern Kentucky University
Office of Business Affairs
Lucas Administration Center 726
Nunn Drive
Highland Heights, Kentucky 41099-8101

COMMONWEALTH OF KENTUCKY
Notes to Combined Financial Statements
June 30, 2000

Audited financial statements for component units may be requested at the following addresses:

Kentucky Community Technical College System
POBox 14092
2760 Research Park Dr.
Convention Building
Lexington, Kentucky 40512-4092



**COMBINING, INDIVIDUAL FUND AND ACCOUNT GROUP
SCHEDULES AND STATEMENTS**

GENERAL FUND

The **General Fund** accounts for financial resources appropriated by the General Assembly that are not required to be accounted for in another fund.

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GENERAL FUND
JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
<u>ASSETS</u>	
CASH AND CASH EQUIVALENTS	\$ 105,236
INVESTMENTS, NET OF AMORTIZATION	214,481
RECEIVABLES, NET	533,566
INTERFUND RECEIVABLES	601,978
DUE FROM COMPONENT UNITS	79
INVENTORIES	14,884
TOTAL ASSETS	<u>\$ 1,470,224</u>
<u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES:	
ACCOUNTS PAYABLE	\$ 235,199
TAX REFUNDS PAYABLE	203,646
INTERFUND PAYABLES	311,711
DUE TO COMPONENT UNITS	4
DEFERRED REVENUE	81,298
TOTAL LIABILITIES	<u>831,858</u>
FUND BALANCE:	
RESERVED FOR:	
STATUTORY OBLIGATIONS	177,404
BUDGET STABILIZATION	239,283
INVENTORIES	14,884
UNRESERVED:	
UNDESIGNATED	206,795
TOTAL FUND BALANCE	<u>638,366</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,470,224</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
REVENUES:	
TAXES	\$ 6,198,167
LICENSES, FEES, AND PERMITS	28,580
INTERGOVERNMENTAL	7,523
CHARGES FOR SERVICES	4,533
FINES AND FORFEITS	47,882
INTEREST AND OTHER INVESTMENT INCOME	27,469
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	(9,129)
OTHER REVENUES	5,125
TOTAL REVENUES	<u>6,310,150</u>
EXPENDITURES:	
GENERAL GOVERNMENT	300,621
LEGISLATIVE AND JUDICIAL	205,153
COMMERCE	21,099
EDUCATION AND HUMANITIES	2,757,388
HUMAN RESOURCES	1,262,335
JUSTICE	413,247
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	58,663
PUBLIC PROTECTION AND REGULATION	46,471
TRANSPORTATION	5,985
TOTAL EXPENDITURES	<u>5,070,962</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,239,188</u>
OTHER FINANCING SOURCES (USES):	
OPERATING TRANSFERS IN	396,164
OPERATING TRANSFERS OUT	(436,071)
TRANSFERS TO COMPONENT UNITS	(1,048,810)
CAPITALIZED LEASES	341
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,088,376)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	150,812
FUND BALANCE AT JULY 1	487,554
INCREASE (DECREASE) IN INVENTORIES	
FUND BALANCE AT JUNE 30	<u>\$ 638,366</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
BUDGETED:			
TAXES	\$ 6,156,600	\$ 6,193,037	\$ 36,437
LICENSES, FEES, AND PERMITS	21,600	28,581	6,981
INTERGOVERNMENTAL	4,700	7,523	2,823
CHARGES FOR SERVICES	2,500	4,798	2,298
FINES AND FORFEITS	52,300	47,882	(4,418)
INTEREST AND OTHER INVESTMENT INCOME	26,200	28,077	1,877
LOTTERY PROCEEDS	151,200	156,300	5,100
OTHER REVENUES	16,100	12,187	(3,913)
TRANSFERS IN	61,900	61,900	
TOTAL BUDGETED REVENUES	<u>6,493,100</u>	<u>6,540,285</u>	<u>47,185</u>
NON-BUDGETED:			
TRANSFERS IN (INTERFUND)		177,948	177,948
TOTAL NON-BUDGETED REVENUES		<u>177,948</u>	<u>177,948</u>
TOTAL REVENUES	<u>6,493,100</u>	<u>6,718,233</u>	<u>225,133</u>
EXPENDITURES:			
GENERAL GOVERNMENT:			
CABINET OF THE GENERAL GOVERNMENT			
GOVERNOR'S OFFICE	8,405	8,402	3
CHIEF INFORMATION OFFICER	300	278	22
DEPARTMENT OF VETERANS AFFAIRS	6,765	6,747	18
GOVERNOR'S OFFICE FOR POLICY AND MANAGEMENT	3,258	3,134	124
STATE PLANNING FUND	233	233	
UNIFIED PROSECUTORIAL SYSTEM - COMMONWEALTH ATTORNEYS	20,334	20,142	192
UNIFIED PROSECUTORIAL SYSTEM - COUNTY ATTORNEYS	18,349	18,349	
DEPARTMENT OF AGRICULTURE	23,155	23,044	111
OFFICE OF THE ATTORNEY GENERAL	12,959	12,952	7
AUDITOR OF PUBLIC ACCOUNTS	5,749	5,749	
REGISTRY OF ELECTION FINANCE	2,409	1,319	1,090
DEPARTMENT OF MILITARY AFFAIRS	17,549	16,481	1,068
DEPARTMENT OF LOCAL GOVERNMENT	10,183	10,182	1
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND	28,675	28,675	
LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND	28,321	28,321	
LOCAL GOVERNMENT AREA DEVELOPMENT FUND	1,000	1,000	
SECRETARY OF STATE - GENERAL OPERATIONS	2,354	2,262	92
DEPARTMENT OF THE TREASURY	2,285	2,172	113
BOARD OF ELECTIONS	4,278	4,148	130
PERSONNEL BOARD	544	541	3
SCHOOL FACILITIES CONSTRUCTION COMMISSION	70,864	67,955	2,909
EXECUTIVE BRANCH ETHICS COMMISSION	282	282	
COMMISSION ON HUMAN RIGHTS	1,963	1,960	3
COMMISSION ON WOMEN	268	267	1
COUNCIL ON POSTSECONDARY EDUCATION	102,795	101,878	917
PERSONNEL CABINET	10,297	9,128	1,169

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
CABINET FOR UNIVERSITIES			
EASTERN KENTUCKY UNIVERSITY	65,727	65,693	34
KENTUCKY STATE UNIVERSITY	20,873	20,873	
MOREHEAD STATE UNIVERSITY	38,122	38,122	
MURRAY STATE UNIVERSITY	45,024	45,024	
NORTHERN KENTUCKY UNIVERSITY	34,722	34,675	47
UNIVERSITY OF KENTUCKY	290,835	290,649	186
UNIVERSITY OF LOUISVILLE	163,529	162,894	635
WESTERN KENTUCKY UNIVERSITY	59,590	59,590	
KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM	163,646	163,048	598
REVENUE CABINET	60,237	59,539	698
OFFICE OF PROPERTY VALUATION ADMINISTRATORS	22,972	22,971	1
FINANCE AND ADMINISTRATION CABINET			
OFFICE OF THE SECRETARY	3,543	3,543	
OFFICE OF LEGAL AND LEGISLATIVE SERVICES	665	628	37
OFFICE OF MANAGEMENT AND BUDGET	919	919	
DEBT SERVICE	169,864	169,864	
OFFICE OF THE CONTROLLER	4,479	4,479	
DEPARTMENT FOR ADMINISTRATION	3,671	3,671	
DEPARTMENT FOR FACILITIES MANAGEMENT	8,365	8,365	
FACILITIES MANAGEMENT - 1997 FLOOD HOUSING DISASTER AID	106	106	
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY	30,775	29,740	1,035
SPECIAL ACCOUNTS - CAPITAL CONSTRUCTION	1,085	1,085	
COUNTY COSTS	17,818	17,287	531
STATE TECHNOLOGY PROJECTS FUND	26,964	26,964	
APPROPRIATIONS NOT OTHERWISE CLASSIFIED:			
BOARD OF CLAIMS AWARDS	600	538	62
GUARDIAN AD LITEM	2,500	2,500	
COURT ORDERED TAX REFUNDS	68,314	3,131	65,183
PRIOR YEAR CLAIMS	906	746	160
UNREDEEMED CHECKS REFUNDED	920	899	21
INVOLUNTARY COMMITMENTS	60	56	4
FRANKFORT IN LIEU OF TAXES	195	195	
FRANKFORT CEMETERY	3	3	
POLICE AND FIREMEN LIFE INSURANCE	300	50	250
MASTER COMMISSIONER EMPLOYERS RETIREMENT	280	131	149
MASTER COMMISSIONER SOCIAL SECURITY	166	166	
WORKERS' COMPENSATION	290	281	9
ATTORNEY GENERAL EXPENSE	620	393	227
MEDICAL MALPRACTICE LIABILITY INSURANCE REIMBURSEMENTS	60	27	33
TOTAL GENERAL GOVERNMENT	<u>1,692,319</u>	<u>1,614,446</u>	<u>77,873</u>
LEGISLATIVE AND JUDICIAL:			
GENERAL ASSEMBLY	25,767	12,659	13,108
LEGISLATIVE RESEARCH COMMISSION:	28,979	25,303	3,676
JUDICIAL RETIREMENT SYSTEM	6,418	6,418	
COURT OF JUSTICE - COURT FACILITY USE	1,486		1,486
COURT OF JUSTICE - OPERATION AND ADMINISTRATION	128,153	128,153	
COURT OF JUSTICE - LOCAL FACILITY SUPPORT	38,697	32,568	6,129
TOTAL LEGISLATIVE AND JUDICIAL	<u>229,500</u>	<u>205,101</u>	<u>24,399</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2000

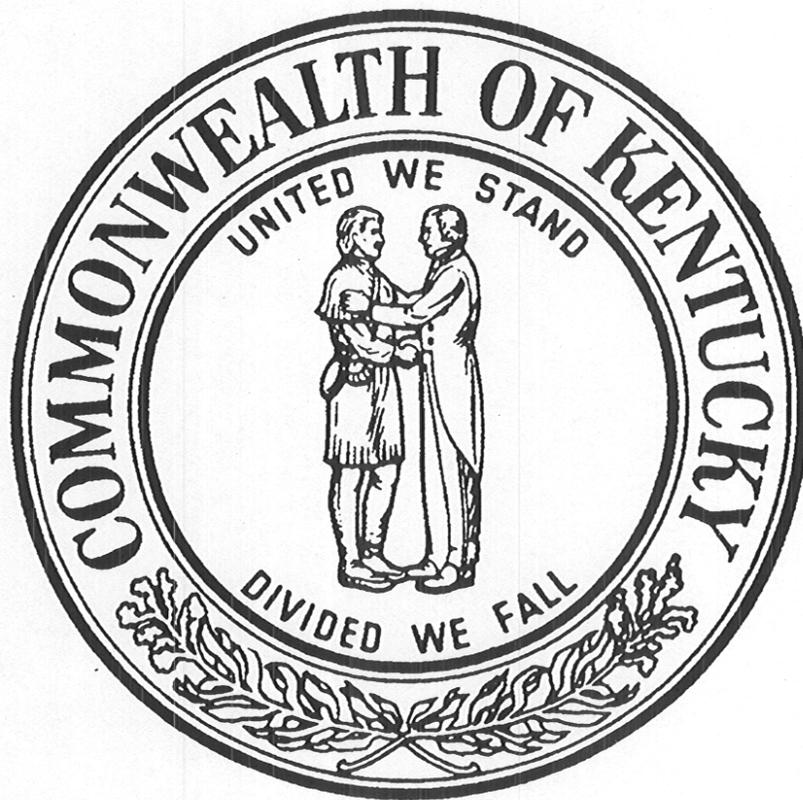
(Expressed in Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
COMMERCE:			
ECONOMIC DEVELOPMENT:			
OFFICE OF THE SECRETARY	4,491	4,483	8
ADMINISTRATION AND SUPPORT	2,008	1,972	36
JOB DEVELOPMENT	2,413	2,301	112
FINANCIAL INCENTIVES	12,568	3,989	8,579
COMMUNITY DEVELOPMENT	3,162	3,114	48
DEBT SERVICE	666	666	
TOURISM - OFFICE OF THE SECRETARY	1,276	1,258	18
BREAKS INTERSTATE PARK	200	200	
DEPARTMENT OF TRAVEL DEVELOPMENT	7,178	6,900	278
KENTUCKY STATE FAIR BOARD	407	406	1
KENTUCKY HORSE PARK	1,632	1,632	
DEPARTMENT OF PARKS	28,626	28,625	1
TOTAL COMMERCE	<u>64,627</u>	<u>55,546</u>	<u>9,081</u>
EDUCATION AND HUMANITIES:			
OFFICE OF THE SECRETARY	2,633	2,611	22
COMMISSION ON DEAF AND HARD OF HEARING	853	853	
KENTUCKY HERITAGE COUNCIL	902	902	
KENTUCKY ARTS COUNCIL	4,217	4,217	
DEPARTMENT OF EDUCATION:			
SUPPORT EDUCATION EXCELLENCE IN KY (SEEK)	2,183,568	2,158,089	25,479
EXECUTIVE POLICY AND MANAGEMENT	2,365	2,333	32
MANAGEMENT SUPPORT SERVICES	341,155	340,780	375
LEARNING SUPPORT SERVICES	172,451	170,542	1,909
KENTUCKY EDUCATION TELEVISION	14,770	14,770	
KENTUCKY HISTORICAL SOCIETY	5,756	5,756	
KENTUCKY CENTER FOR THE ARTS	625	625	
LIBRARIES AND ARCHIVES - DIRECT LOCAL AID	6,614	6,614	
LIBRARIES AND ARCHIVES - GENERAL OPERATIONS	6,611	6,611	
TEACHERS' RETIREMENT SYSTEM	75,828	75,828	
WORKFORCE DEVELOPMENT - OFFICE OF THE SECRETARY:			
GENERAL ADMINISTRATION AND PROGRAM SUPPORT	2,554	2,554	
TEACHER RETIREMENT EMPLOYER CONTRIBUTION MATCH	4,530	4,525	5
WORKFORCE DEVELOPMENT:			
DEPARTMENT FOR THE BLIND	2,131	2,131	
DEPARTMENT OF EMPLOYMENT SERVICES	599	599	
BOARD FOR ADULT AND TECHNICAL EDUCATION	30	30	
DEPARTMENT FOR TECHNICAL EDUCATION	19,516	19,516	
DEPARTMENT FOR ADULT EDUCATION & LITERACY	14,641	14,641	
VOCATIONAL REHABILITATION	9,873	9,873	
TOTAL EDUCATION AND HUMANITIES	<u>2,872,222</u>	<u>2,844,400</u>	<u>27,822</u>
HUMAN RESOURCES:			
CABINET FOR FAMILIES AND CHILDREN:			
ADMINISTRATIVE SERVICES	30,592	30,592	
OFFICE OF FAMILY RESOURCES AND YOUTH SERVICES CENTERS	43,481	43,481	
COMMUNITY BASED SERVICES	265,227	265,227	
CABINET FOR HEALTH SERVICES			
ADMINISTRATIVE SUPPORT	17,787	17,787	
OFFICE OF THE INSPECTOR GENERAL	5,117	5,117	
DEPARTMENT OF PUBLIC HEALTH	56,589	56,589	
DEPARTMENT FOR MENTAL HEALTH AND MENTAL RETARDATION	158,872	158,872	
DEPARTMENT FOR MEDICAID SERVICES	19,425	19,425	
MEDICAID SERVICES BENEFITS	640,355	640,355	
OFFICE OF CERTIFICATE OF NEED	132	132	
COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS	6,191	6,191	
OFFICE OF AGING SERVICES	23,337	23,337	
TOTAL HUMAN RESOURCES	<u>1,267,105</u>	<u>1,267,105</u>	

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
JUSTICE:			
JUSTICE - ADMINISTRATION	6,505	6,466	39
DEPARTMENT OF STATE POLICE	78,098	77,597	501
DEPARTMENT OF JUVENILE JUSTICE	69,009	69,009	
DEPARTMENT OF CORRECTIONS:			
MANAGEMENT	15,194	15,171	23
ADULT INSTITUTIONS	174,363	171,352	3,011
LOCAL JAIL ALLOTMENT	15,182	14,392	790
COMMUNITY SERVICES AND LOCAL FACILITIES	69,834	67,877	1,957
TOTAL JUSTICE	<u>428,185</u>	<u>421,864</u>	<u>6,321</u>
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION:			
OFFICE OF THE SECRETARY	9,280	9,280	
KENTUCKY RIVER AUTHORITY	369	352	17
ENVIRONMENTAL QUALITY COMMISSION	250	250	
KENTUCKY NATURE PRESERVES COMMISSION	786	786	
DEPARTMENT FOR ENVIRONMENTAL PROTECTION	22,073	22,073	
DEPARTMENT FOR NATURAL RESOURCES	17,095	17,095	
DEPARTMENT FOR SURFACE MINING RECLAMATION AND ENFORCEMENT	10,045	10,040	5
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	<u>59,898</u>	<u>59,876</u>	<u>22</u>
PUBLIC PROTECTION AND REGULATION:			
OFFICE OF THE SECRETARY			
BOARD OF CLAIMS/CRIME VICTIMS COMPENSATION BOARD	412	412	
BOARD OF TAX APPEALS	422	418	4
KENTUCKY RACING COMMISSION	1,357	1,357	
PUBLIC SERVICE COMMISSION	10,699	9,190	1,509
DEPARTMENT FOR PUBLIC ADVOCACY	17,949	17,949	
DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL	2,623	1,623	1,000
DEPARTMENT OF HOUSING, BUILDINGS, AND CONSTRUCTION	3,577	3,577	
DEPARTMENT FOR MINES AND MINERALS	10,074	10,074	
LABOR - OFFICE OF THE SECRETARY	533	489	44
DEPARTMENT OF WORKPLACE STANDARDS	1,834	1,773	61
WORKERS COMPENSATION FUNDING COMMISSION	19,000	19,000	
TOTAL PUBLIC PROTECTION AND REGULATION	<u>68,480</u>	<u>65,862</u>	<u>2,618</u>
TRANSPORTATION:			
AIR	4,577	2,895	1,682
RAIL	72	69	3
PUBLIC	5,585	3,556	2,029
TOTAL TRANSPORTATION	<u>10,234</u>	<u>6,520</u>	<u>3,714</u>
TOTAL EXPENDITURES	<u>6,692,570</u>	<u>6,540,720</u>	<u>151,850</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(199,470)	177,513	376,983
FUND BALANCE AT JULY 1	422,440	422,440	
NON-BUDGETED ITEMS		(6,912)	(6,912)
FUND BALANCE AT JUNE 30	<u>\$ 222,970</u>	<u>\$ 593,041</u>	<u>\$ 370,071</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
REVENUES BY SOURCE	
TAXES:	
SALES AND GROSS RECEIPTS	\$ 2,359,224
INCOME:	
INDIVIDUAL	2,701,349
CORPORATIONS	307,939
PROPERTY	440,438
COAL SEVERANCE	169,154
LICENSES AND PRIVILEGES	139,922
INHERITANCE AND ESTATE	76,751
MISCELLANEOUS	3,390
TOTAL TAXES	<u>6,198,167</u>
LICENSES, FEES, AND PERMITS	28,580
INTERGOVERNMENTAL	7,523
CHARGES FOR SERVICES	4,533
FINES AND FORFEITS	47,882
INTEREST AND OTHER INVESTMENT INCOME	27,469
INCREASE(DECREASE) IN FAIR MARKET VALUE	(9,129)
OTHER REVENUES	5,125
TOTAL REVENUES BY SOURCE	<u><u>\$ 6,310,150</u></u>



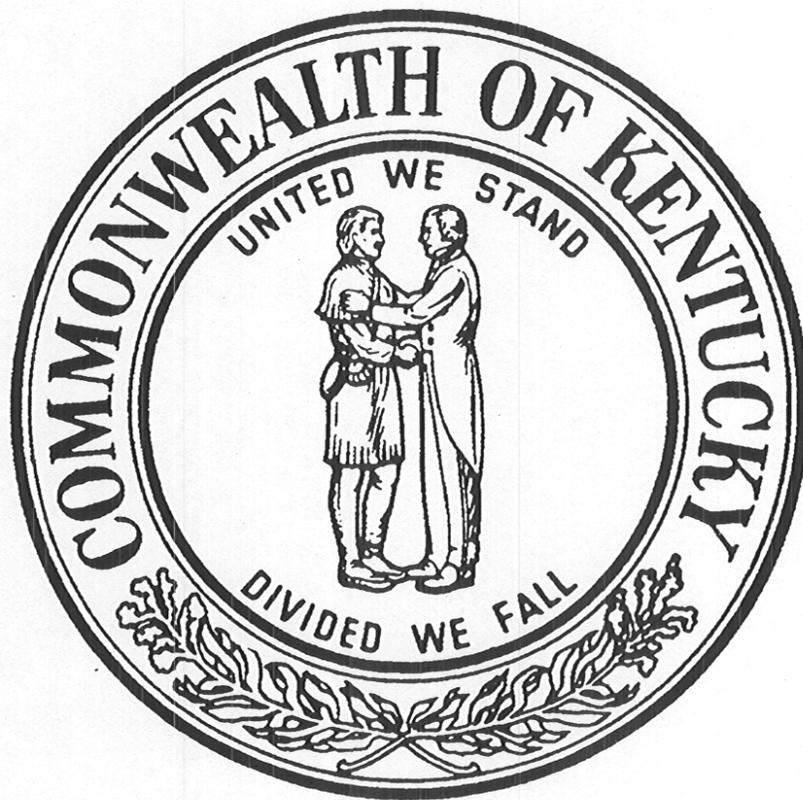
COMMONWEALTH OF KENTUCKY
SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed In Thousands)

	<u>June 30, 2000</u>
GENERAL GOVERNMENT:	
CABINET FOR GENERAL GOVERNMENT:	
PERSONAL SERVICES	\$ 104,063
UTILITIES, RENTALS, AND OTHER SERVICES	10,843
COMMODITIES AND SUPPLIES	5,369
GRANTS AND SUBSIDIES	51,877
CAPITAL OUTLAY	415
TRAVEL	2,241
JUDGEMENTS AND CONTINGENT LIABILITIES	<u>70</u>
TOTAL CABINET FOR GENERAL GOVERNMENT	<u>174,878</u>
FINANCE AND ADMINISTRATION CABINET:	
PERSONAL SERVICES	12,384
UTILITIES, RENTALS, AND OTHER SERVICES	2,219
COMMODITIES AND SUPPLIES	16,799
GRANTS AND SUBSIDIES	1,280
CAPITAL OUTLAY	52
TRAVEL	119
JUDGEMENTS AND CONTINGENT LIABILITIES	5,204
REISSUE UNREDEEMED TREASURY CHECKS	<u>898</u>
TOTAL FINANCE AND ADMINISTRATION CABINET	<u>38,955</u>
REVENUE CABINET:	
PERSONAL SERVICES	64,265
UTILITIES, RENTALS, AND OTHER SERVICES	15,229
COMMODITIES AND SUPPLIES	1,742
TRAVEL	1,197
JUDGEMENTS AND CONTINGENT LIABILITIES	<u>2,295</u>
TOTAL REVENUE CABINET	<u>84,728</u>
PERSONNEL CABINET:	
PERSONAL SERVICES	8,820
UTILITIES, RENTALS, AND OTHER SERVICES	152
COMMODITIES AND SUPPLIES	82
TRAVEL	6
JUDGEMENTS AND CONTINGENT LIABILITIES	<u>(7,000)</u>
TOTAL PERSONNEL CABINET	<u>2,060</u>
TOTAL GENERAL GOVERNMENT	<u>300,621</u>
LEGISLATIVE AND JUDICIAL:	
PERSONAL SERVICES	141,681
UTILITIES, RENTALS, AND OTHER SERVICES	41,064
COMMODITIES AND SUPPLIES	17,644
CAPITAL OUTLAY	1,744
TRAVEL	<u>3,020</u>
TOTAL LEGISLATIVE AND JUDICIAL	<u>205,153</u>
COMMERCE:	
ECONOMIC DEVELOPMENT CABINET:	
PERSONAL SERVICES	6,927
UTILITIES, RENTALS, AND OTHER SERVICES	913
COMMODITIES AND SUPPLIES	523
GRANTS AND SUBSIDIES	3,686
TRAVEL	<u>214</u>
TOTAL ECONOMIC DEVELOPMENT CABINET	<u>12,263</u>

	<u>June 30, 2000</u>
TOURISM CABINET:	
PERSONAL SERVICES	3,259
UTILITIES, RENTALS, AND OTHER SERVICES	7,441
COMMODITIES AND SUPPLIES	(3,036)
GRANTS AND SUBSIDIES	1,300
CAPITAL OUTLAY	23
TRAVEL	(198)
JUDGEMENTS AND CONTINGENT LIABILITIES	47
TOTAL TOURISM CABINET	<u>8,836</u>
TOTAL COMMERCE	<u>21,099</u>
EDUCATION AND HUMANITIES:	
EDUCATION AND HUMANITIES CABINET:	
PERSONAL SERVICES	60,143
UTILITIES, RENTALS, AND OTHER SERVICES	12,191
COMMODITIES AND SUPPLIES	(1,726)
GRANTS AND SUBSIDIES	2,631,087
CAPITAL OUTLAY	634
TRAVEL	2,720
TOTAL EDUCATION AND HUMANITIES CABINET	<u>2,705,049</u>
WORKFORCE DEVELOPMENT CABINET:	
PERSONAL SERVICES	24,364
UTILITIES, RENTALS, AND OTHER SERVICES	2,829
COMMODITIES AND SUPPLIES	4,050
GRANTS AND SUBSIDIES	20,178
CAPITAL OUTLAY	349
TRAVEL	540
JUDGEMENTS AND CONTINGENT LIABILITIES	29
TOTAL WORKFORCE DEVELOPMENT CABINET	<u>52,339</u>
TOTAL EDUCATION AND HUMANITIES	<u>2,757,388</u>
HUMAN RESOURCES:	
CABINET FOR FAMILIES AND CHILDREN:	
PERSONAL SERVICES	79,230
UTILITIES, RENTALS, AND OTHER SERVICES	21,233
COMMODITIES AND SUPPLIES	7,693
GRANTS AND SUBSIDIES	225,918
CAPITAL OUTLAY	1,512
TRAVEL	4,025
JUDGEMENTS AND CONTINGENT LIABILITIES	203
TOTAL CABINET FOR FAMILIES AND CHILDREN	<u>339,814</u>
HEALTH SERVICES CABINET:	
PERSONAL SERVICES	91,531
UTILITIES, RENTALS, AND OTHER SERVICES	5,991
COMMODITIES AND SUPPLIES	127,387
GRANTS AND SUBSIDIES	697,039
CAPITAL OUTLAY	480
TRAVEL	847
JUDGEMENTS AND CONTINGENT LIABILITIES	(754)
TOTAL CABINET FOR HEALTH SERVICES	<u>922,521</u>
TOTAL HUMAN RESOURCES	<u>1,262,335</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
JUSTICE:	
PERSONAL SERVICES	236,046
UTILITIES, RENTALS, AND OTHER SERVICES	25,542
COMMODITIES AND SUPPLIES	24,137
GRANTS AND SUBSIDIES	120,840
CAPITAL OUTLAY	4,340
TRAVEL	941
JUDGEMENTS AND CONTINGENT LIABILITIES	1,401
TOTAL JUSTICE	<u>413,247</u>
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION:	
PERSONAL SERVICES	45,716
UTILITIES, RENTALS, AND OTHER SERVICES	4,494
COMMODITIES AND SUPPLIES	4,013
GRANTS AND SUBSIDIES	3,552
CAPITAL OUTLAY	543
TRAVEL	869
JUDGEMENTS AND CONTINGENT LIABILITIES	(524)
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	<u>58,663</u>
PUBLIC PROTECTION AND REGULATION:	
PUBLIC PROTECTION AND REGULATION CABINET:	
PERSONAL SERVICES	32,606
UTILITIES, RENTALS, AND OTHER SERVICES	3,422
COMMODITIES AND SUPPLIES	2,280
GRANTS AND SUBSIDIES	4,958
CAPITAL OUTLAY	249
TRAVEL	701
TOTAL PUBLIC PROTECTION AND REGULATION CABINET	<u>44,216</u>
LABOR CABINET:	
PERSONAL SERVICES	1,810
UTILITIES, RENTALS, AND OTHER SERVICES	109
COMMODITIES AND SUPPLIES	94
GRANTS AND SUBSIDIES	120
TRAVEL	122
TOTAL LABOR CABINET	<u>2,255</u>
TOTAL PUBLIC PROTECTION AND REGULATION	<u>46,471</u>
TRANSPORTATION :	
PERSONAL SERVICES	1,178
UTILITIES, RENTALS, AND OTHER SERVICES	31
COMMODITIES AND SUPPLIES	150
GRANTS	4,924
CAPITAL OUTLAY	(331)
TRAVEL	26
JUDGEMENTS AND CONTINGENT LIABILITIES	7
TOTAL TRANSPORTATION	<u>5,985</u>
TOTAL EXPENDITURES	<u><u>\$ 5,070,962</u></u>



SPECIAL REVENUE FUNDS

The **Special Revenue Funds** account for special revenue sources dedicated to specific operations other than expendable trusts or major capital projects. Kentucky uses the following Special Revenue Funds:

Transportation Fund - accounts for General Fund transfers, agency revenue, federal revenue, and related expenditures of the Transportation Cabinet including the constitutional Road Fund.

Federal Fund - accounts for monies received from the Federal Government.

Agency Revenue Fund - accounts for revenues and expenditures of restricted taxes, fees, and charges related to a particular function or activity and usually appropriated by the General Assembly.

Other Special Revenue Fund - accounts for revenues and expenditures of restricted taxes, fees, and charges related to a particular function or activity, but not usually appropriated by the General Assembly.

Turnpike Authority of Kentucky - issues debt to acquire infrastructure which is leased to the Transportation Cabinet of the Commonwealth.

**COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2000**

(Expressed in Thousands)

	<u>Transportation</u>	<u>Federal</u>	<u>Agency Revenue</u>	<u>Other Special Revenue</u>	<u>Turnpike Authority of Kentucky</u>	<u>Totals June 30, 2000</u>
<u>ASSETS</u>						
CASH AND CASH EQUIVALENTS	\$ 58,481	\$	\$ 32,563	\$ 29,821	\$ 98,476	\$ 219,341
RESTRICTED CASH	997		8,585			9,582
INVESTMENTS, NET OF AMORTIZATION	634,246		254,687	271,170	73,332	1,233,435
RECEIVABLES, NET	95,011	682,233	43,770	47,733	419	869,166
INTERFUND RECEIVABLES	134,533	157,767	342,972	90,440		725,712
INVENTORIES	38,159	1,016	1,517	69		40,761
TOTAL ASSETS	<u>\$ 961,427</u>	<u>\$ 841,016</u>	<u>\$ 684,094</u>	<u>\$ 439,233</u>	<u>\$ 172,227</u>	<u>\$ 3,097,997</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
ACCOUNTS PAYABLE	\$ 63,449	\$ 412,128	\$ 26,312	\$ 288	\$ 627	\$ 502,804
INTERFUND PAYABLES	127,423	278,578	344,971	100,133	70,280	921,385
DEFERRED REVENUE	21,398	61,913	14,031	18,854	190	116,386
TOTAL LIABILITIES	<u>212,270</u>	<u>752,619</u>	<u>385,314</u>	<u>119,275</u>	<u>71,097</u>	<u>1,540,575</u>
FUND BALANCE:						
RESERVED FOR:						
ENCUMBRANCES	151,027					151,027
STATUTORY OBLIGATIONS	41,452					41,452
INVENTORIES	38,159	1,016	1,517	69		40,761
DEPOSIT WITH FISCAL AGENTS			8,585			8,585
COMPENSATING BALANCE WITH DEPOSITORIES	997					997
REVENUE BOND RETIREMENT				1,000		1,000
UNRESERVED:						
DESIGNATED FOR HIGHWAY CONSTRUCTION	399,866				101,130	500,996
UNDESIGNATED	117,656	87,381	288,678	318,889		812,604
TOTAL FUND BALANCES	<u>749,157</u>	<u>88,397</u>	<u>298,780</u>	<u>319,958</u>	<u>101,130</u>	<u>1,557,422</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 961,427</u>	<u>\$ 841,016</u>	<u>\$ 684,094</u>	<u>\$ 439,233</u>	<u>\$ 172,227</u>	<u>\$ 3,097,997</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Transportation	Federal	Agency Revenue	Other Special Revenue	Turnpike Authority of Kentucky	Totals June 30, 2000
REVENUES:						
TAXES	\$ 938,551	\$ 106	\$ 186,660	61,802	\$	\$ 1,187,119
LICENSES, FEES AND PERMITS	111,571	(25)	62,776	706		175,028
INTERGOVERNMENTAL	377	4,546,192	28,332	1,381		4,576,282
CHARGES FOR SERVICES	21,239	332	322,315	7,949		351,835
FINES AND FORFEITS	21		545	1,538		2,104
INTEREST AND OTHER INVESTMENT INCOME	27,952	328	5,163	43,679	5,080	82,202
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	(60)		2,167	1,243		3,350
OTHER REVENUES	1,444	108,036	55,544	54,724		219,748
TOTAL REVENUES	1,101,095	4,654,969	663,502	173,022	5,080	6,597,668
EXPENDITURES:						
GENERAL GOVERNMENT		61,620	115,798	38,284	24,685	240,387
LEGISLATIVE AND JUDICIAL		1,731	5,377	717		7,825
COMMERCE		6,539	25,255	48		31,842
EDUCATION AND HUMANITIES		547,861	45,579	594		594,034
HUMAN RESOURCES		3,311,394	535,418	605		3,847,417
JUSTICE		33,316	64,539	4		97,859
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION		39,119	26,562	1,380		67,061
PUBLIC PROTECTION AND REGULATION		4,964	79,915			84,879
TRANSPORTATION	923,911	527,497	44,963			1,496,371
TOTAL EXPENDITURES	923,911	4,534,041	943,406	41,632	24,685	6,467,675
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	177,184	120,928	(279,904)	131,390	(19,605)	129,993
OTHER FINANCING SOURCES (USES):						
OPERATING TRANSFERS IN	3,599	3,819	387,817	313,481	153,138	861,854
OPERATING TRANSFERS OUT	(161,459)	(41,359)	(204,681)	(406,411)	(130,859)	(944,769)
CAPITALIZED LEASES		10	636			646
NOTES PAYABLE			99,618			99,618
TOTAL OTHER FINANCING SOURCES (USES)	(157,860)	(37,530)	283,390	(92,930)	22,279	17,349
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	19,324	83,398	3,486	38,460	2,674	147,342
FUND BALANCES AT JULY 1, AS RESTATED	729,833	4,999	295,294	281,498	98,456	1,410,080
FUND BALANCES AT JUNE 30	\$ 749,157	\$ 88,397	\$ 298,780	\$ 319,958	\$ 101,130	\$ 1,557,422

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
REVENUES:	
TAXES	\$ 938,551
LICENSES, FEES AND PERMITS	111,571
INTERGOVERNMENTAL	377
CHARGES FOR SERVICES	21,239
FINES AND FORFEITS	21
INTEREST AND OTHER INVESTMENT INCOME	27,952
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	(60)
OTHER REVENUES	1,444
TOTAL REVENUES	<u>1,101,095</u>
EXPENDITURES:	
TRANSPORTATION:	
GENERAL ADMINISTRATION AND SUPPORT	74,794
MOTOR VEHICLE REGULATION	29,131
JUSTICE - STATE POLICE	(10,353)
HIGHWAYS	824,521
OTHER	5,818
TOTAL EXPENDITURES	<u>923,911</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>177,184</u>
OTHER FINANCING SOURCES (USES):	
OPERATING TRANSFERS IN	3,599
OPERATING TRANSFERS OUT	(161,459)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(157,860)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	19,324
FUND BALANCE AT JULY 1, AS RESTATED	729,833
FUND BALANCE AT JUNE 30	<u>\$ 749,157</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Transportation			Federal		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
BUDGETED:						
TAXES	\$ 931,415	\$ 926,508	\$ (4,907)	\$	\$	\$
LICENSES, FEES, AND PERMITS	107,543	111,652	4,109			
CHARGES FOR SERVICES	22,005	21,348	(657)			
FINES AND FORFEITS	40	21	(19)			
INTEREST AND OTHER INVESTMENT INCOME	25,000	29,436	4,436			
OTHER REVENUES	960	1,436	476			
TOTAL BUDGETED REVENUES	1,086,963	1,090,401	3,438			
NON-BUDGETED:						
TAXES					106	
LICENSES, FEES, AND PERMITS					(25)	
INTERGOVERNMENTAL		377	377		4,055,920	
CHARGES FOR SERVICES					344	
FINES AND FORFEITS						
INTEREST AND OTHER INVESTMENT INCOME					329	
EMPLOYER CONTRIBUTIONS						
OTHER REVENUES					101,031	
ESCHEAT						
TRANSFERS IN (INTERFUND)		3,599	3,599		3,492	
TRANSFERS IN (INTRAFUND)					2,098	
TOTAL NON-BUDGETED REVENUE		3,976	3,976		4,163,295	
TOTAL REVENUES	1,086,963	1,094,377	7,414		4,163,295	
EXPENDITURES:						
GENERAL GOVERNMENT:						
GOVERNOR'S OFFICE				105	84	21
GOVERNORS OFFICE FOR POLICY AND MANAGEMENT						
GOVERNOR'S OFFICE FOR TECHNOLOGY	125		125			
DEPARTMENT OF VETERANS AFFAIRS						
UNIFIED PROSECUTORIAL SYSTEM:						
COMMONWEALTH ATTORNEYS				768	606	162
COUNTY ATTORNEYS				322	235	87
DEPARTMENT OF AGRICULTURE				2,188	1,961	227
OFFICE OF THE ATTORNEY GENERAL				2,962	2,146	816
AUDITOR OF PUBLIC ACCOUNTS						
MILITARY AFFAIRS:						
KENTUCKY RETIREMENT SYSTEMS				31,310	16,165	15,145
LOCAL GOVERNMENT:						
VARIOUS AREA DEVELOPMENT DISTRICTS				43,088	33,562	9,526
SECRETARY OF STATE						
BOARD OF:						
ACCOUNTANCY						
ALCOHOL AND DRUG COUNSELORS						
AUCTIONEERS						
BARBERING						
CHIROPRACTIC EXAMINERS						
CERTIFICATION FOR PROF. COUNSELORS						
FEE-BASED PASTORAL COUNSELORS						
INTERPRETERS FOR DEAF & HARD OF HEARING						
DENTISTRY						
DIETITIANS AND NUTRITIONISTS						
ELECTIONS						
EMBALMERS AND FUNERAL HOME DIRECTORS						
EXAMINERS AND REGISTRATION OF ARCHITECTS						
EXAMINERS AND REGISTRATION OF LANDSCAPE ARCHITECTS						
EXAMINERS OF PSYCHOLOGISTS						
EXAMINERS OF SOCIAL WORKERS						
HAIRDRESSERS AND COSMETOLOGISTS						
LICENSING HEARING AID DEALERS & FITTERS						
LICENSURE FOR NURSING HOME ADMINISTRATORS						

Agency Revenue			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
\$	\$	\$	\$	\$	\$
			931,415	926,508	(4,907)
			107,543	111,652	4,109
			22,005	21,348	(657)
			40	21	(19)
			25,000	29,436	4,436
			960	1,436	476
			1,086,963	1,090,401	3,438
	188,788			188,894	
	64,776			64,751	
	28,940			4,085,237	
	1,410,823			1,411,167	
	3,136			3,136	
	28,278			28,607	
	169			169	
	132,991			234,022	
	250			250	
	544,078			551,169	
	1,030,524			1,032,622	
	3,432,753			7,600,024	
	3,432,753			8,690,425	
400	382	18	505	466	39
789	462	327	789	462	327
633	510	123	758	510	248
11,305	10,274	1,031	11,305	10,274	1,031
590	261	329	1,358	867	491
100	2	98	422	237	185
2,473	2,246	227	4,661	4,207	454
3,132	2,196	936	6,094	4,342	1,752
3,979	2,667	1,312	3,979	2,667	1,312
19,700	17,765	1,935	51,010	33,930	17,080
16,252	9,677	6,575	16,252	9,677	6,575
1,229	890	339	44,317	34,452	9,865
146	108	38	146	108	38
669	635	34	669	635	34
77	51	26	77	51	26
322	312	10	322	312	10
223	207	16	223	207	16
149	149		149	149	
30	30		30	30	
20	8	12	20	8	12
60	60		60	60	
413	381	32	413	381	32
43	42	1	43	42	1
40	9	31	40	9	31
206	205	1	206	205	1
203	156	47	203	156	47
47	46	1	47	46	1
191	181	10	191	181	10
94	88	6	94	88	6
876	835	41	876	835	41
42	41	1	42	41	1
80	65	15	80	65	15

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Transportation			Federal		
	Budget	Actual	Variance	Budget	Actual	Variance
MEDICAL LICENSURE						
NURSING						
OPHTHALMIC DISPENSERS						
OPTOMETRIC EXAMINERS						
ART THERAPISTS						
OCCUPATIONAL THERAPY						
RESPIRATORY CARE PRACTITIONERS						
MARRIAGE AND FAMILY THERAPISTS						
BOARD OF:						
GEOLOGISTS						
PERSONNEL						
PHARMACY						
PHYSICAL THERAPISTS						
PODIATRY						
REGISTRATION FOR PROFESSIONAL						
ENGINEERS AND LAND SURVEYORS						
SPEECH PATHOLOGY AND AUDIOLOGY						
VETERINARY EXAMINERS						
KENTUCKY ATHLETICS COMMISSION						
EXECUTIVE BRANCH ETHICS COMMISSION						
REAL ESTATE COMMISSION						
REAL ESTATE APPRAISER BOARD						
COMMISSION ON HUMAN RIGHTS				370	253	117
COUNCIL ON POSTSECONDARY EDUCATION				4,064	1,804	2,260
PERSONNEL CABINET:						
GENERAL OPERATIONS						
PUBLIC EMPLOYEE DEFERRED						
COMPENSATION AUTHORITY						
UNIVERSITIES:						
EASTERN KENTUCKY UNIVERSITY						
KENTUCKY STATE UNIVERSITY						
MOREHEAD STATE UNIVERSITY						
MURRAY STATE UNIVERSITY						
NORTHERN KENTUCKY UNIVERSITY						
UNIVERSITY OF KENTUCKY						
UNIVERSITY OF LOUISVILLE						
WESTERN KENTUCKY UNIVERSITY						
KENTUCKY COMMUNITY AND TECHNICAL						
COLLEGE SYSTEM				12,231	7,118	5,113
REVENUE CABINET:						
GENERAL OPERATIONS	1,352	1,352		40	35	5
OFFICE OF PROPERTY VALUATION						
ADMINISTRATORS ACCOUNTING						
FINANCE AND ADMINISTRATION CABINET:						
OFFICE OF THE SECRETARY				50,132	528	49,604
OFFICE OF THE CONTROLLER						
OFFICE OF MANAGEMENT AND BUDGET						
RURAL EMPOWERMENT ZONE GRANT				8,000	5,071	2,929
KENTUCKY HIGHER EDUCATION						
ASSISTANCE AUTHORITY				325	312	13
COUNTY COSTS						
DEPARTMENT FOR ADMINISTRATION	270	270				
OFFICE OF GOVERNMENTAL SERVICES CENTER						
DEPARTMENT FOR FACILITIES MANAGEMENT						
CAMPBELL COUNTY FEES						
DAVIESS COUNTY FEES						
FAYETTE COUNTY FEES						
HARDIN COUNTY FEES						
JEFFERSON COUNTY FEES						
KENTON COUNTY FEES						
PIKE COUNTY FEES						
WARREN COUNTY FEES						
TOTAL GENERAL GOVERNMENT	1,747	1,622	125	155,905	69,880	86,025

Agency Revenue			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
1,712	1,699	13	1,712	1,699	13
3,409	3,389	20	3,409	3,389	20
36	35	1	36	35	1
135	135		135	135	
9	8	1	9	8	1
51	46	5	51	46	5
85	79	6	85	79	6
41	39	2	41	39	2
137	125	12	137	125	12
5		5	5		5
716	677	39	716	677	39
255	252	3	255	252	3
9	8	1	9	8	1
1,033	1,014	19	1,033	1,014	19
84	83	1	84	83	1
127	111	16	127	111	16
108	103	5	108	103	5
3	3		3	3	
2,093	1,664	429	2,093	1,664	429
475	475		475	475	
30	25	5	400	278	122
9,333	7,630	1,703	13,397	9,434	3,963
11,418	7,342	4,076	11,418	7,342	4,076
3,992	3,978	14	3,992	3,978	14
118,111	117,471	640	118,111	117,471	640
28,328	24,814	3,514	28,328	24,814	3,514
71,719	44,563	27,156	71,719	44,563	27,156
56,587	52,096	4,491	56,587	52,096	4,491
64,762	62,179	2,583	64,762	62,179	2,583
786,714	658,467	128,247	786,714	658,467	128,247
254,296	56,089	198,207	254,296	56,089	198,207
97,000	70,171	26,829	97,000	70,171	26,829
117,076	74,991	42,085	129,307	82,109	47,198
2,722	2,654	68	4,114	4,041	73
2,549	2,169	380	2,549	2,169	380
3,414	3,195	219	53,546	3,723	49,823
357	350	7	357	350	7
42		42	42		42
			8,000	5,071	2,929
44,310	38,340	5,970	44,635	38,652	5,983
1,427	1,427		1,427	1,427	
3,301	2,973	328	3,571	3,243	328
1,382	1,129	253	1,382	1,129	253
134	64	70	134	64	70
3,556	2,485	1,071	3,556	2,485	1,071
4,104	3,720	384	4,104	3,720	384
11,462	7,878	3,584	11,462	7,878	3,584
3,341	2,905	436	3,341	2,905	436
30,155	24,784	5,371	30,155	24,784	5,371
6,781	4,406	2,375	6,781	4,406	2,375
3,493	2,659	834	3,493	2,659	834
5,033	4,371	662	5,033	4,371	662
<u>1,821,965</u>	<u>1,346,211</u>	<u>475,754</u>	<u>1,979,617</u>	<u>1,417,713</u>	<u>561,904</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Transportation			Federal		
	Budget	Actual	Variance	Budget	Actual	Variance
LEGISLATIVE AND JUDICIAL:						
GENERAL ASSEMBLY						
LEGISLATIVE RESEARCH COMMISSION				1		1
JUDICIAL FORM RETIREMENT SYSTEM						
COURT OF JUSTICE OPERATIONS AND ADMINISTRATION				3,186	1,714	1,472
TOTAL LEGISLATIVE AND JUDICIAL				3,187	1,714	1,473
COMMERCE:						
ECONOMIC DEVELOPMENT CABINET						
ADMINISTRATION AND SUPPORT						
FINANCIAL INCENTIVES						
COMMUNITY DEVELOPMENT				328	274	54
TOURISM:						
OFFICE OF THE SECRETARY				34		34
TRAVEL DEVELOPMENT						
DEPARTMENT OF FISH AND WILDLIFE RESOURCES				7,332	6,170	1,162
TOTAL COMMERCE				7,694	6,444	1,250
EDUCATION AND HUMANITIES:						
COMMISSION ON THE DEAF AND HARD OF HEARING						
ENVIRONMENTAL EDUCATION COUNCIL						
KENTUCKY HERITAGE COUNCIL				934	883	51
KENTUCKY ARTS COUNCIL				606	606	
OFFICE OF THE SECRETARY				10		10
EDUCATION:						
EXECUTIVE POLICY AND MANAGEMENT				526	526	
MANAGEMENT SUPPORT SERVICES				158,782	155,346	3,436
LEARNING SUPPORT SERVICES				285,562	269,542	16,020
KENTUCKY EDUCATIONAL TELEVISION				700	660	40
KENTUCKY HISTORICAL SOCIETY				186	13	173
LIBRARIES AND ARCHIVES:						
DIRECT LOCAL AID				581	566	15
GENERAL OPERATIONS				2,034	1,595	439
TEACHERS RETIREMENT SYSTEM						
WORKFORCE DEVELOPMENT:						
OFFICE OF THE SECRETARY						
ADMINISTRATION & PROGRAM SUPPORT				3,012	2,153	859
BOARD OF PROPRIETARY EDUCATION						
DEPARTMENT FOR THE BLIND				7,207	7,127	80
OFFICE OF TRAINING AND REEMPLOYMENT				51,573	30,018	21,555
DEPARTMENT FOR EMPLOYMENT SERVICES				49,296	43,600	5,696
DEPARTMENT FOR TECHNICAL EDUCATION				15,200	10,860	4,340
DEPT FOR ADULT EDUCATION & LITERACY				9,267	9,205	62
DEPT OF VOCATIONAL REHABILITATION				41,320	41,094	226
TOTAL EDUCATION AND HUMANITIES				626,796	573,794	53,002
HUMAN RESOURCES:						
CABINET FOR FAMILIES AND CHILDREN						
ADMINISTRATIVE SERVICES				42,866	35,356	7,510
DISABILITY DETERMINATION				35,108	31,802	3,306
COMMUNITY BASED SERVICES				458,263	414,366	43,897
FAMILY RESOURCES AND YOUTH SERVICES CENTERS				345	326	19

Agency Revenue			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
458	174	284	458	174	284
1,611	4	1,607	1,612	4	1,608
136	125	11	136	125	11
9,618	5,488	4,130	12,804	7,202	5,602
11,823	5,791	6,032	15,010	7,505	7,505
223	164	59	223	164	59
2,982	2,774	208	2,982	2,774	208
187	162	25	515	436	79
4		4	38		38
25	4	21	25	4	21
24,992	24,960	32	32,324	31,130	1,194
28,413	28,064	349	36,107	34,508	1,599
226	215	11	226	215	11
262	207	55	262	207	55
285	200	85	1,219	1,083	136
669	568	101	1,275	1,174	101
97	4	93	107	4	103
406	278	128	932	804	128
2,893	2,098	795	161,675	157,444	4,231
3,406	2,808	598	288,968	272,350	16,618
2,886	1,811	1,075	3,586	2,471	1,115
785	775	10	971	788	183
9	1	8	590	567	23
1,590	1,296	294	3,624	2,891	733
4,733	4,696	37	4,733	4,696	37
5,874	4,960	914	8,886	7,113	1,773
116	105	11	116	105	11
1,588	1,564	24	8,795	8,691	104
67	50	17	51,640	30,068	21,572
18,433	9,489	8,944	67,729	53,089	14,640
19,416	17,811	1,605	34,616	28,671	5,945
1,532	619	913	10,799	9,824	975
2,907	2,874	33	44,227	43,968	259
68,180	52,429	15,751	694,976	626,223	68,753
7,752	3,568	4,184	50,618	38,924	11,694
300	61	239	35,408	31,863	3,545
80,061	73,969	6,092	538,324	488,335	49,989
4	3	1	349	329	20

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Transportation			Federal		
	Budget	Actual	Variance	Budget	Actual	Variance
CABINET FOR HEALTH SERVICES:						
ADMINISTRATIVE SUPPORT				1,700	1,700	
OFFICE OF INSPECTOR GENERAL				7,269	7,269	
DEPARTMENT OF PUBLIC HEALTH				129,404	117,345	12,059
DEPARTMENT FOR MENTAL HEALTH AND MENTAL RETARDATION				43,550	32,944	10,606
DEPARTMENT FOR MEDICAID SERVICES				40,015	35,118	4,897
MEDICAID SERVICES BENEFITS				2,227,661	2,225,429	2,232
OFFICE OF CERTIFICATE OF NEED						
COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS				5,270	5,044	226
OFFICE OF AGING SERVICES				17,158	15,973	1,185
TOTAL HUMAN RESOURCES				3,008,609	2,922,672	85,937
JUSTICE:						
OFFICE OF THE SECRETARY				13,083	9,890	3,193
DEPARTMENT OF STATE POLICE	30,000	30,000		9,433	6,993	2,440
DEPARTMENT OF JUVENILE JUSTICE				21,757	12,719	9,038
DEPARTMENT OF CRIMINAL JUSTICE TRAINING				1,371	193	1,178
DEPARTMENT OF CORRECTIONS:						
MANAGEMENT				2,761	2,680	81
ADULT INSTITUTIONS				275	227	48
COMMUNITY SERVICE AND LOCAL FACILITIES				1,412	1,412	
TOTAL JUSTICE	30,000	30,000		50,092	34,114	15,978
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION:						
OFFICE OF THE SECRETARY				2,166	1,614	552
KENTUCKY RIVER AUTHORITY						
ENVIRONMENTAL QUALITY COMMISSION						
KENTUCKY NATURE PRESERVES COMMISSION				40	22	18
DEPARTMENT FOR ENVIRONMENTAL PROTECTION				16,192	11,065	5,127
DEPARTMENT FOR NATURAL RESOURCES				2,751	2,481	270
DEPARTMENT FOR SURFACE MINING:						
RECLAMATION & ENFORCEMENT				16,196	13,470	2,726
AML RECLAMATION PROJECTS				22,456	9,993	12,463
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION				59,801	38,645	21,156
PUBLIC PROTECTION AND REGULATION:						
OFFICE OF THE SECRETARY						
BOARD OF CLAIMS AND CRIME VICTIMS COMPENSATION				351	351	
KENTUCKY RACING COMMISSION						
PUBLIC SERVICE COMMISSION				229	180	49
HEALTH PURCHASING ALLIANCE						
DEPARTMENT:						
FOR PUBLIC ADVOCACY				1,128	880	248
OF ALCOHOLIC BEVERAGE CONTROL				387	103	284
OF CHARITABLE GAMING						
OF FINANCIAL INSTITUTIONS						
OF HOUSING, BUILDINGS, AND CONSTRUCTION						
OF INSURANCE						
FOR MINES AND MINERALS				591	591	

Agency Revenue			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
3,882	3,798	84	5,582	5,498	84
1,159	1,020	139	8,428	8,289	139
12,516	11,163	1,353	141,920	128,508	13,412
152,749	144,913	7,836	196,299	177,857	18,442
12,231	11,782	449	52,246	46,900	5,346
284,054	283,291	763	2,511,715	2,508,720	2,995
319	284	35	319	284	35
5,100	2,909	2,191	10,370	7,953	2,417
12,770	18	12,752	29,928	15,991	13,937
572,897	536,779	36,118	3,581,506	3,459,451	122,055
1,596	939	657	14,679	10,829	3,850
12,333	10,162	2,171	51,766	47,155	4,611
20,254	20,209	45	42,011	32,928	9,083
29,813	29,078	735	31,184	29,271	1,913
261	188	73	3,022	2,868	154
8,573	8,573		8,848	8,800	48
636	302	334	2,048	1,714	334
73,466	69,451	4,015	153,558	133,565	19,993
562	181	381	2,728	1,795	933
1,750	932	818	1,750	932	818
2	2		2	2	
696	467	229	736	489	247
24,218	21,282	2,936	40,410	32,347	8,063
6,016	3,529	2,487	8,767	6,010	2,757
5,307	4,371	936	21,503	17,841	3,662
			22,456	9,993	12,463
38,551	30,764	7,787	98,352	69,409	28,943
1,829	1,641	188	1,829	1,641	188
1,445	1,329	116	1,796	1,680	116
14,486	13,923	563	14,486	13,923	563
22	4	18	251	184	67
8,567	379	8,188	8,567	379	8,188
4,145	3,936	209	5,273	4,816	457
4,100	3,183	917	4,487	3,286	1,201
5,744	5,089	655	5,744	5,089	655
9,808	9,331	477	9,808	9,331	477
28,477	27,856	621	28,477	27,856	621
15,648	14,510	1,138	15,648	14,510	1,138
810	726	84	1,401	1,317	84

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Transportation			Federal		
	Budget	Actual	Variance	Budget	Actual	Variance
LABOR CABINET:						
OFFICE OF THE SECRETARY						
OCCUPATIONAL SAFETY AND						
HEALTH REVIEW COMMISSION				174	134	40
WORKPLACE STANDARDS				3,279	3,029	250
TOTAL PUBLIC PROTECTION AND REGULATION				6,139	5,268	871
TRANSPORTATION:						
ADMINISTRATION & SUPPORT	66,623	52,981	13,642			
REVENUE SHARING	270,947	209,787	61,160			
AIR TRANSPORTATION				374		374
HIGHWAYS	1,181,320	589,875	591,445	1,116,904	517,350	599,554
HIGHWAYS-PUBLIC TRANSPORTATION				8,297	6,052	2,245
VEHICLE REGULATION	32,272	28,795	3,477	5,130	2,157	2,973
DEBT SERVICE	168,633	168,499	134			
TRANSFERS TO CAPITAL CONSTRUCTION	8,843	8,843				
ROAD FUND JUDGEMENTS	338		338			
1990 ECONOMIC DEVELOPMENT BOND PROJECTS						
TOTAL TRANSPORTATION	1,728,976	1,058,780	670,196	1,130,705	525,559	605,146
TOTAL EXPENDITURES	1,760,723	1,090,402	670,321	5,048,928	4,178,090	870,838
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	(673,760)	3,975	677,735		(14,795)	
OTHER FINANCING SOURCES (USES):						
PROCEEDS FROM SALE OF BONDS						
TOTAL OTHER FINANCING SOURCES (USES)						
EXCESS OF REVENUES AND OTHER FINANCING						
SOURCES OVER (UNDER) EXPENDITURES AND						
OTHER FINANCING USES	(673,760)	3,975			(14,795)	
FUND BALANCES AT JULY 1	705,517	705,517			56,422	
NON-BUDGETED ITEMS		(4,302)	(4,302)		(34,595)	
FUND BALANCES AT JUNE 30	\$ 31,757	\$ 705,190	\$ 673,433	\$	\$ 7,032	\$

Agency Revenue			Totals		
Budget	Actual	Variance	Budget	Actual	Variance
4,488	4,116	372	4,488	4,116	372
			174	134	40
			3,279	3,029	250
99,569	86,023	13,546	105,708	91,291	14,417
50		50	66,673	52,981	13,692
60	33	27	270,947	209,787	61,160
73,274	(2,713)	75,987	434	33	401
50,069	679	49,390	2,371,498	1,104,512	1,266,986
3,757	1,677	2,080	58,366	6,731	51,635
			41,159	32,629	8,530
			168,633	168,499	134
			8,843	8,843	
			338		338
265,187	72,892	192,295	265,187	72,892	192,295
392,397	72,568	319,829	3,252,078	1,656,907	1,595,171
3,107,261	2,228,080	879,181	9,916,912	7,496,572	2,420,340
	1,204,673			1,193,853	
	99,618			99,618	
	99,618			99,618	
	1,304,291			1,293,471	
	548,332			1,310,271	
	(1,268,199)			(1,307,096)	
\$	\$ 584,424	\$	\$	\$ 1,296,646	\$

DEBT SERVICE FUND

The **Debt Service Fund** accounts for payment of principal, interest, and administrative fees due on general long-term debt issues of the Commonwealth, and for the accumulation of financial resources used to make such payments.

The **Turnpike Authority of Kentucky** issues debt to acquire infrastructure which is leased to the Transportation Cabinet of the Commonwealth.

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2000

(Expressed in Thousands)

	<u>Primary Government</u>	<u>Turnpike Authority of Kentucky</u>	<u>Totals June 30, 2000</u>
<u>ASSETS</u>			
CASH AND CASH EQUIVALENTS	\$ 4,257	\$ 1,905	\$ 6,162
CASH WITH FISCAL AGENTS	82,296	3	82,299
INVESTMENTS, NET OF AMORTIZATION	42,609	228,723	271,332
RECEIVABLES, NET	369	2,457	2,826
INTERFUND RECEIVABLES	61,130	70,280	131,410
TOTAL ASSETS	<u>\$ 190,661</u>	<u>\$ 303,368</u>	<u>\$ 494,029</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
ACCOUNTS PAYABLE	\$ (1,417)	\$ 2,936	\$ 1,519
INTERFUND PAYABLE	91,712		91,712
DEFERRED REVENUE	369		369
TOTAL LIABILITIES	<u>90,664</u>	<u>2,936</u>	<u>93,600</u>
FUND BALANCE:			
RESERVED FOR:			
REVENUE BOND RETIREMENT		300,432	300,432
DEPOSIT WITH FISCAL AGENTS	77,850		77,850
UNRESERVED:			
DESIGNATED FOR DEBT SERVICE	22,147		22,147
TOTAL FUND BALANCE	<u>99,997</u>	<u>300,432</u>	<u>400,429</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 190,661</u>	<u>\$ 303,368</u>	<u>\$ 494,029</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>Primary Government</u>	<u>Turnpike Authority of Kentucky</u>	<u>Totals June 30, 2000</u>
REVENUES:			
CHARGES FOR SERVICES	\$ 3,414	\$	\$ 3,414
INTEREST AND OTHER INVESTMENT INCOME	6,512	15,288	21,800
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	(46)		(46)
OTHER REVENUES	3,341		3,341
TOTAL REVENUES	<u>13,221</u>	<u>15,288</u>	<u>28,509</u>
EXPENDITURES:			
PRINCIPAL RETIREMENT	47,358	85,795	133,153
INTEREST AND FISCAL CHARGES	118,203	73,226	191,429
OTHER EXPENDITURES	(21,874)		(21,874)
TOTAL EXPENDITURES	<u>143,687</u>	<u>159,021</u>	<u>302,708</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(130,466)</u>	<u>(143,733)</u>	<u>(274,199)</u>
OTHER FINANCING SOURCES (USES):			
OPERATING TRANSFERS IN - GENERAL FUND	206,592		206,592
OPERATING TRANSFERS IN - CAPITAL PROJECTS FUND	138		138
OPERATING TRANSFERS IN - AGENCY REVENUE FUND		130,859	130,859
OPERATING TRANSFERS IN - STATE FAIR BOARD FUND	371		371
OPERATING TRANSFERS OUT - GENERAL FUND	(30,593)		(30,593)
PROCEEDS FROM SALE OF BONDS:			
REFUNDING ISSUES	288,667		288,667
PAYMENTS TO REFUNDED BOND ESCROW AGENT	(271,985)		(271,985)
TOTAL OTHER FINANCING SOURCES (USES)	<u>193,190</u>	<u>130,859</u>	<u>324,049</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	62,724	(12,874)	49,850
FUND BALANCE AT JULY 1, AS RESTATED	37,273	313,306	350,579
FUND BALANCE AT JUNE 30	<u>\$ 99,997</u>	<u>\$ 300,432</u>	<u>\$ 400,429</u>

CAPITAL PROJECTS FUND

The **Capital Projects Fund** accounts for financial resources appropriated by the General Assembly for the acquisition, construction, or renovation of major capital facilities, and for the acquisition of major equipment other than that financed by proprietary funds, certain trust funds, and university and college funds.

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
<u>ASSETS</u>	
CASH AND CASH EQUIVALENTS	\$ 40,208
INVESTMENTS, NET OF AMORTIZATION	278,672
RECEIVABLES, NET	4,960
INTERFUND RECEIVABLES	18,022
DUE FROM COMPONENT UNITS	
TOTAL ASSETS	<u>\$ 341,862</u>
<u>LIABILITIES AND FUND BALANCE</u>	
LIABILITIES:	
ACCOUNTS PAYABLE	\$ 8,026
INTERFUND PAYABLES	16,020
DEFERRED REVENUE	15,648
TOTAL LIABILITIES	<u>39,694</u>
FUND BALANCE:	
RESERVED FOR:	
ENCUMBRANCES	80,851
CAPITAL OUTLAY	324,180
UNRESERVED:	
UNDESIGNATED	(102,863)
TOTAL FUND BALANCE	<u>302,168</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 341,862</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>June 30, 2000</u>
REVENUES:	
INTERGOVERNMENTAL	\$ 19,076
INTEREST AND OTHER INVESTMENT INCOME	43,591
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS	(5,344)
OTHER REVENUES	<u>2,111</u>
TOTAL REVENUES	<u>59,434</u>
EXPENDITURES:	
CAPITAL OUTLAY:	
GENERAL GOVERNMENT	125,502
COMMERCE	44,013
EDUCATION AND HUMANITIES	3,473
HUMAN RESOURCES	1,987
JUSTICE	34,386
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	2,247
PUBLIC PROTECTION AND REGULATION	2,688
TRANSPORTATION	<u>11,113</u>
TOTAL EXPENDITURES	<u>225,409</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(165,975)</u>
OTHER FINANCING SOURCES (USES):	
OPERATING TRANSFERS IN	54,340
OPERATING TRANSFERS OUT	(112,599)
PROCEEDS FROM SALE OF BONDS :	
NEW ISSUES	<u>91,658</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>33,399</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(132,576)
FUND BALANCE AT JULY 1, AS RESTATED	434,744
FUND BALANCE AT JUNE 30	<u>\$ 302,168</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF CONSTRUCTION IN PROGRESS
CAPITAL PROJECTS FUND - (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Appropriations		Expenditures		Unexpended Balances
	To Date	Prior Years	Current Year	Totals	
GENERAL GOVERNMENT:					
CABINET OF THE GENERAL GOVERNMENT	\$ 542,889	\$ 58,210	\$ 62,712	\$ 120,922	\$ 421,967
REVENUE CABINET	625	349	75	424	201
FINANCE AND ADMINISTRATION CABINET	518,768	46,970	25,674	72,644	446,124
CABINET FOR UNIVERSITIES	4,751,543	965,945	134,143	1,100,088	3,651,455
PERSONNEL CABINET	3,600	1,446	145	1,591	2,009
TOTAL GENERAL GOVERNMENT	5,817,425	1,072,920	222,749	1,295,669	4,521,756
COMMERCE:					
CABINET FOR ECONOMIC DEVELOPMENT	188,722	58,920	2,824	61,744	126,978
TOURISM CABINET	330,688	186,538	43,350	229,888	100,800
TOTAL COMMERCE	519,410	245,458	46,174	291,632	227,778
EDUCATION AND HUMANITIES:					
EDUCATION, ARTS AND HUMANITIES CABINET	151,578	57,471	5,651	63,122	88,456
CABINET FOR WORKFORCE DEVELOPMENT	33,143	14,503	2,868	17,371	15,772
TOTAL EDUCATION AND HUMANITIES	184,721	71,974	8,519	80,493	104,228
HUMAN RESOURCES:					
CABINET FOR FAMILIES AND CHILDREN	7,549	3,052	136	3,188	4,361
CABINET FOR HEALTH SERVICES	32,009	14,507	2,049	16,556	15,453
TOTAL HUMAN RESOURCES	39,558	17,559	2,185	19,744	19,814
JUSTICE:					
JUSTICE CABINET	384,509	108,667	33,798	142,465	242,044
TOTAL JUSTICE	384,509	108,667	33,798	142,465	242,044
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION:					
NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION CABINET	68,664	12,044	2,250	14,294	54,370
TOTAL NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION	68,664	12,044	2,250	14,294	54,370
PUBLIC PROTECTION AND REGULATION:					
PUBLIC PROTECTION AND REGULATION CABINET	8,289	5,177	2,757	7,934	355
LABOR CABINET	3,188	2,513	429	2,942	246
TOTAL PUBLIC PROTECTION AND REGULATION	11,477	7,690	3,186	10,876	601
TRANSPORTATION:					
TRANSPORTATION CABINET	183,473	26,092	11,253	37,345	146,128
TOTAL TRANSPORTATION	183,473	26,092	11,253	37,345	146,128
TOTAL PROJECTS	\$ 7,209,237	\$ 1,562,404	\$ 330,114	\$ 1,892,518	\$ 5,316,719

ENTERPRISE FUNDS

The **Enterprise Funds** - account for those public corporations empowered by the Kentucky Revised Statutes (KRS) to provide certain services to the citizens of Kentucky and the operation of State agencies that provide goods or services to the general public on a user charge basis. The State enterprise operations are described below.

State Parks Fund - accounts for revenues earned and expenses incurred in the commercial operations of the Department of Parks.

Kentucky Lottery Corporation - empowered by KRS 154A to administer the Kentucky state lottery created pursuant to amended Section 226 of the Constitution of Kentucky as ratified by the voters of the Commonwealth.

Industries for the Blind Fund - accounts for revenues earned and expenses incurred in the commercial operations of the Department for the Blind.

State Horse Park Fund - accounts for revenues earned and expenses incurred in the commercial operations of the Kentucky Horse Park.

Insurance Administration Fund - accounts for insurance risk pools operated by the State. These include:

Kentucky Kare - a self insured health care plan offered to employees of the State, local boards of education, local health departments, and retirees under the age of 65.

Workers' Compensation Special Fund - provides benefits for workers with illnesses which are not attributable to one employer.

Coal Workers Pneumoconiosis Fund - provides benefits for workers with pneumoconiosis resulting from exposure to coal dust created in the severance or processing of coal.

Petroleum Storage Tank Environmental Assurance Program - provides for the clean-up of leaking underground storage tanks in amounts that exceed the insurance coverage required of the owners and operators.

Mine Subsidence Insurance Program - provides coverage against losses arising out of or due to mine subsidence within this state.

Bond Pool Program - provides coverage to reclaim surface mined land when the permit holder has forfeited bonds posted for such purpose.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 2000
(Expressed in Thousands)

	State Parks	Kentucky Lottery Corporation	Industries for the Blind	Horse Park	Insurance Administration	Totals June 30, 2000
ASSETS						
CASH AND CASH EQUIVALENTS	\$ 4,028	\$ 29,793	\$ 53	\$ 379	\$ 32,356	\$ 66,609
INVESTMENTS, NET OF AMORTIZATION		34,534				34,534
RECEIVABLES, NET	1,796	19,477	2	442	17,557	39,274
INTERFUND RECEIVABLES	2,146		12	1	610	2,769
INTEREST RECEIVABLE					2,253	2,253
INVENTORIES	2,624	385	149	523		3,681
PREPAID EXPENSES	5	349				354
TOTAL CURRENT ASSETS	10,599	84,538	216	1,345	52,776	149,474
OTHER ASSETS:						
LONG TERM INVESTMENTS	4,495	277,109	31	197	467,643	749,475
LONG-TERM RECEIVABLES		3,791				3,791
TOTAL OTHER ASSETS	4,495	280,900	31	197	467,643	753,266
FIXED ASSETS:						
LAND	11,688	423	50	2,954		15,115
IMPROVEMENTS OTHER THAN BUILDINGS	44,293	327		13,847		58,467
BUILDINGS	90,516	7,129	988	15,680		114,313
MACHINERY AND EQUIPMENT	13,730	26,556	84	2,638	1,451	44,459
LESS: ACCUMULATED DEPRECIATION	(83,064)	(21,666)	(822)	(21,157)	(872)	(127,581)
CONSTRUCTION IN PROGRESS	93,377			547		93,924
TOTAL FIXED ASSETS, NET	170,540	12,769	300	14,509	579	198,697
TOTAL ASSETS	\$ 185,634	\$ 378,207	\$ 547	\$ 16,051	\$ 520,998	\$ 1,101,437
LIABILITIES AND FUND BALANCE						
CURRENT LIABILITIES:						
ACCOUNTS PAYABLE	\$ 2,907	\$ 10,783	\$ 68	\$ 316	\$ 9,275	\$ 23,349
INTERFUND PAYABLES	2,262		32	1	3,589	5,884
CLAIMS LIABILITY					96,060	96,060
CLAIMS ADJUSTMENT LIABILITY					3,865	3,865
CAPITAL LEASE OBLIGATIONS	18			16		34
NOTES PAYABLE		1,356				1,356
LONG-TERM DEBT		52,621				52,621
COMPENSATED ABSENCES	2,240	727		248	1,050	4,265
DEFERRED REVENUE	2,490			105		2,595
TOTAL CURRENT LIABILITIES	9,917	65,487	100	686	113,839	190,029
LONG-TERM LIABILITIES:						
CLAIMS LIABILITY					1,421,962	1,421,962
CLAIMS ADJUSTMENT LIABILITY					55,578	55,578
CAPITAL LEASE OBLIGATIONS	32			45		77
NOTES PAYABLE		1,699				1,699
COMPENSATED ABSENCES	2,843			323	749	3,915
OTHER LIABILITIES	466	265,168				265,634
TOTAL LONG-TERM LIABILITIES	3,341	266,867		368	1,478,289	1,748,865
TOTAL LIABILITIES	13,258	332,354	100	1,054	1,592,128	1,938,894
FUND EQUITY:						
CONTRIBUTED CAPITAL	129,341			14,186		143,527
RETAINED EARNINGS:						
UNRESERVED	43,035	45,853	447	811	(1,071,130)	(980,984)
TOTAL FUND EQUITY	172,376	45,853	447	14,997	(1,071,130)	(837,457)
TOTAL LIABILITIES AND FUND EQUITY	\$ 185,634	\$ 378,207	\$ 547	\$ 16,051	\$ 520,998	\$ 1,101,437

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	State Parks	Kentucky Lottery Corporation	Industries for the Blind	Horse Park	Insurance Administration	Totals June 30, 2000
OPERATING REVENUES:						
CHARGES FOR SERVICES	\$ 45,525	\$	\$ 262	\$ 5,114	\$ 112,991	\$ 163,892
INTEREST AND OTHER INVESTMENT INCOME					1,347	1,347
INCREASE(DECREASE) IN FAIR VALUE						
OF INVESTMENTS	16		(3)		123	136
LOTTERY PROCEEDS		583,678				583,678
OTHER REVENUES	335				1,742	2,077
TOTAL OPERATING REVENUES	<u>45,876</u>	<u>583,678</u>	<u>259</u>	<u>5,114</u>	<u>116,203</u>	<u>751,130</u>
OPERATING EXPENSES:						
PERSONAL EXPENSES	46,331	10,862	526	3,968	18,608	80,295
UTILITIES, RENTALS, AND OTHER SERVICES	5,129	125	28	1,263	2,674	9,219
COMMODITIES AND SUPPLIES	37,968	219	42	2,366	796	41,391
GRANTS AND SUBSIDIES	50	5,905	1,029			6,984
DEPRECIATION AND AMORTIZATION	4,416	3,141	33	891	224	8,705
TRAVEL	394	555	17	46	489	1,501
CLAIMS EXPENSE	(199)			1	118,173	117,975
CLAIMS ADJUSTMENT EXPENSE					(518)	(518)
PRIZE EXPENSE		408,621				408,621
OTHER EXPENSES		-			322	322
TOTAL OPERATING EXPENSES	<u>94,089</u>	<u>429,428</u>	<u>1,675</u>	<u>8,535</u>	<u>140,768</u>	<u>674,495</u>
OPERATING INCOME (LOSS)	<u>(48,213)</u>	<u>154,250</u>	<u>(1,416)</u>	<u>(3,421)</u>	<u>(24,565)</u>	<u>76,635</u>
NONOPERATING REVENUES (EXPENSES)						
GAIN (LOSS) ON SALE OF FIXED ASSETS	(1,284)			6	(99)	(1,377)
INTEREST AND OTHER INVESTMENT INCOME	64	(3,939)	4	2	18,624	14,755
CHANGE IN ACTUARIAL ESTIMATE						
INTEREST EXPENSE	(1)	(255)		(2)		(258)
OTHER REVENUES (EXPENSE)					(18,932)	(18,932)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(1,221)</u>	<u>(4,194)</u>	<u>4</u>	<u>6</u>	<u>(407)</u>	<u>(5,812)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>(49,434)</u>	<u>150,056</u>	<u>(1,412)</u>	<u>(3,415)</u>	<u>(24,972)</u>	<u>70,823</u>
OPERATING TRANSFERS IN	45,466		961	2,677	60,222	109,326
OPERATING TRANSFERS OUT	(2,516)	(156,300)			(4,668)	(163,484)
NET INCOME (LOSS)	<u>(6,484)</u>	<u>(6,244)</u>	<u>(451)</u>	<u>(738)</u>	<u>30,582</u>	<u>16,665</u>
ADD DEPRECIATION ON FIXED ASSETS						
ACQUIRED BY CAPITAL GRANTS	<u>1,584</u>			<u>828</u>		<u>2,412</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	(4,900)	(6,244)	(451)	90	30,582	19,077
RETAINED EARNINGS AT JULY 1, AS RESTATED	47,935	52,097	898	721	(1,101,712)	(1,000,061)
RETAINED EARNINGS AT JUNE 30	<u>\$ 43,035</u>	<u>\$ 45,853</u>	<u>\$ 447</u>	<u>\$ 811</u>	<u>\$ (1,071,130)</u>	<u>\$ (980,984)</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	State Parks	Lottery Corporation
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH RECEIVED FROM CUSTOMERS - PUBLIC	\$ 43,280	\$ 592,690
CASH RECEIVED FROM CUSTOMERS - STATE	2,071	
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(41,627)	(128,139)
CASH PAYMENTS FOR EMPLOYEE SALARIES AND BENEFITS	(46,311)	(10,862)
CASH PAYMENTS FOR CLAIMS EXPENSE		(341,925)
CASH PAYMENTS FROM OTHER SOURCES	285	
CASH PAYMENTS (TO) OTHER SOURCES		
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(42,302)</u>	<u>111,764</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
OPERATING TRANSFERS-IN FROM OTHER FUNDS	45,466	
OPERATING TRANSFERS-OUT TO OTHER FUNDS	(2,516)	(156,300)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>42,950</u>	<u>(156,300)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(1,641)	(1,862)
PRINCIPAL PAID ON REVENUE BOND MATURITIES AND EQUIPMENT CONTRACTS		(1,356)
INTEREST PAID ON REVENUE BOND AND EQUIPMENT CONTRACTS	(1)	(257)
PROCEEDS FROM SALE OF CAPITAL ASSETS	(1,284)	
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,926)</u>	<u>(3,475)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
PURCHASE OF INVESTMENT SECURITIES		(8,618)
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENT SECURITIES	(3,363)	61,641
INTEREST AND DIVIDENDS ON INVESTMENTS	80	2,048
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,283)</u>	<u>55,071</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,561)	7,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,589	22,733
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,028</u>	<u>\$ 29,793</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	\$ (48,213)	\$ 154,250
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	4,416	3,141
INTEREST AND OTHER INVESTMENT INCOME		
MISCELLANEOUS NONOPERATING INCOME (EXPENSE)		
CHANGE IN ASSETS AND LIABILITIES:		
(INCREASE) DECREASE IN ASSETS		
RECEIVABLES, NET	(597)	8,857
INTERFUND RECEIVABLES	(2,035)	
FAIR VALUE OF INVESTMENTS	(16)	
INVENTORIES	6	(113)
PREPAID EXPENSES		(41)
INCREASE (DECREASE) IN LIABILITIES		
ACCOUNTS PAYABLE	(643)	(54,424)
INTERFUND PAYABLES	1,908	
CLAIMS LIABILITY		
CLAIMS ADJUSTMENT LIABILITY		
COMPENSATED ABSENCES	414	94
DEFERRED REVENUE	2,458	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (42,302)</u>	<u>\$ 111,764</u>

THROUGH CONTRIBUTED CAPITAL, STATE PARKS AND THE HORSE PARK ACQUIRED FIXED ASSETS COSTING \$7,533,(000), AND \$595,(000), RESPECTIVELY. THROUGH CAPITAL LEASES, STATE PARKS ACQUIRED FIXED ASSETS COSTING \$52,(000), WITH PRINCIPAL AND INTEREST PAYMENTS OF \$4,(000) AND \$1,(000) RESPECTIVELY. THROUGH CAPITAL LEASES HORSE PARK ACQUIRED FIXED ASSETS COSTING \$62,(000), WITH PRINCIPAL AND INTEREST PAYMENTS OF \$7,(000) AND \$1,(000) RESPECTIVELY. THE ACCRETION OF INTEREST ON INVESTMENTS HELD BY THE LOTTERY TO FUND GRAND PRIZES, WHICH INCREASED PRIZE LIABILITY TOTALED \$12,626(000) FOR THE YEAR.

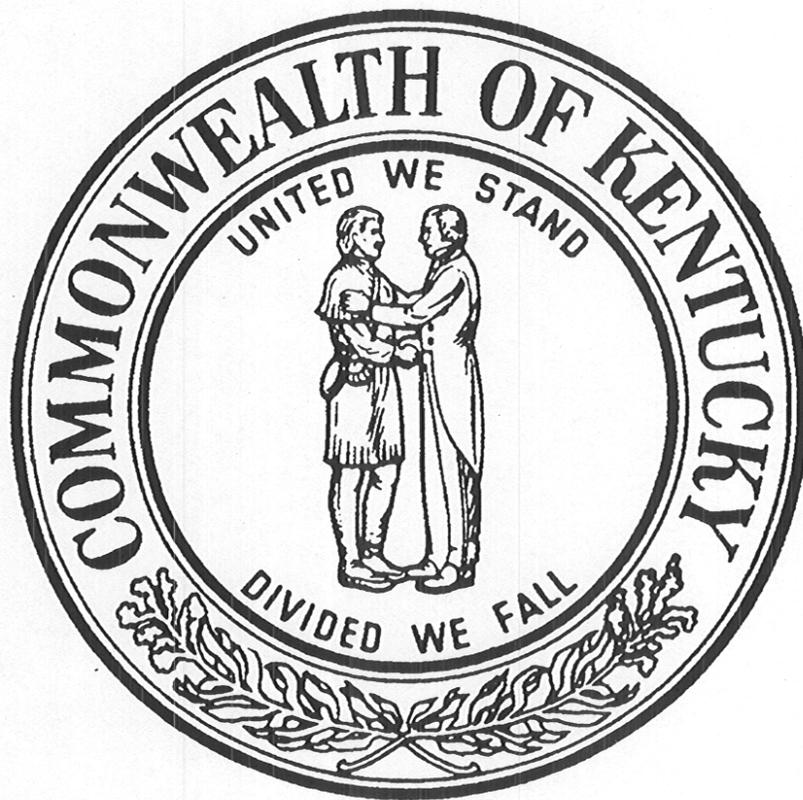
Industries for the Blind	Horse Park	Insurance Administration	Totals June 30,2000
\$ (8)	\$ 4,731	\$ 115,216	\$ 755,909
262	95		2,428
29	(3,617)	(3,986)	(177,340)
(542)	(3,946)	(18,509)	(80,170)
	(1)	(179,059)	(520,985)
	1		286
(1,030)		(43,640)	(44,670)
(1,289)	(2,737)	(129,978)	(64,542)
961	2,677	60,222	109,326
		(4,668)	(163,484)
961	2,677	55,554	(54,158)
	33		(3,470)
		(190)	(1,546)
			(258)
85	6		(1,193)
85	39	(190)	(6,467)
	(118)	(8,495)	(17,231)
		27,448	85,726
	3	35,575	37,706
	(115)	54,528	106,201
(243)	(136)	(20,086)	(18,966)
296	515	52,442	85,575
\$ 53	\$ 379	\$ 32,356	\$ 66,609
\$ (1,416)	\$ (3,421)	\$ (24,565)	\$ 76,635
33	891	224	8,705
		(1,346)	(1,346)
		(45,929)	(45,929)
4	(251)	(206)	7,807
(12)		764	(1,283)
3	(93)	(123)	(136)
	2		(200)
			(39)
69	126	6,064	(48,808)
31	(22)	(3,199)	(1,282)
		(21,983)	(21,983)
		(39,519)	(39,519)
	68	108	684
(1)	(37)	(268)	2,152
\$ (1,289)	\$ (2,737)	\$ (129,978)	\$ (64,542)

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	State Parks			Industries For The Blind		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
TAXES	\$	\$	\$	\$	\$	\$
LICENSES, FEES, AND PERMITS						
CHARGES FOR SERVICES		47,859				
FINES AND FORFEITS						
INTERGOVERNMENTAL INCOME		50			262	
INTEREST AND OTHER INVESTMENT INCOME		40			4	
OTHER REVENUES		325				
TRANSFERS IN (INTERFUND)						
TRANSFERS IN (INTRAFUND)		700				
TOTAL REVENUES		48,974			266	
EXPENSES:						
GENERAL GOVERNMENT:						
OFFICE OF THE ATTORNEY GENERAL						
PERSONNEL CABINET						
FINANCE AND ADMINISTRATION						
COMMERCE	47,682	47,613	69			
EDUCATION AND HUMANITIES				1,580	682	898
NATURAL RESOURCES AND						
ENVIRONMENTAL PROTECTION:						
DEPT FOR SURFACE MINING						
RECLAMATION & ENFORCEMENT						
PUBLIC PROTECTION AND REGULATION:						
SECRETARY'S OFFICE						
DEPARTMENT OF INSURANCE						
LABOR CABINET:						
KENTUCKY OCCUPATIONAL SAFETY &						
HEALTH REVIEW COMMISSION						
DEPARTMENT OF WORKPLACE						
STANDARDS						
DEPARTMENT OF WORKERS CLAIMS						
WORKERS COMPENSATION FUNDING						
COMMISSION						
TOTAL EXPENSES	47,682	47,613	69	1,580	682	898
EXCESS OF REVENUES OVER						
(UNDER) EXPENSES		1,361			(416)	
FUND BALANCES/FUND EQUITY AT JULY 1		155,915			779	
NON-BUDGETED ITEMS		(2,026)				
FIXED ASSET ALLOCATION		23,321			(30)	
FUND BALANCES/FUND EQUITY AT JUNE 30	\$	\$ 178,571	\$	\$	\$ 333	\$

Horse Park			Insurance Administration			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$	\$	\$	\$	\$ 651	\$	\$	\$ 651	\$
	4,767			100			100	
				69,793			122,419	
				505			505	
				8,957			312	
	5			28,220			9,001	
				60,222			28,550	
				116,228			60,222	
	4,772			284,676			116,928	
							338,688	
			4,057	3,666	391	4,057	3,666	391
			423	404	19	423	404	19
			1,043	272	771	1,043	272	771
4,777	4,775	2				52,459	52,388	71
						1,580	682	898
			682	234	448	682	234	448
			77,830	77,721	109	77,830	77,721	109
			395	184	211	395	184	211
			319	280	39	319	280	39
			148,658	106,705	41,953	148,658	106,705	41,953
			15,637	12,387	3,250	15,637	12,387	3,250
			152,338	122,135	30,203	152,338	122,135	30,203
4,777	4,775	2	401,382	323,988	77,394	455,421	377,058	78,363
	(3)			(39,312)			(38,370)	
	14,991			194,174			365,859	
	(30)			(787)			(2,813)	
\$	\$ 14,958	\$	\$	\$ 154,075	\$	\$	\$ 347,937	\$



INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided on a cost reimbursement basis by one agency of the Commonwealth to other state agencies or governments. Kentucky uses the following Internal Service Funds:

Fleet Management Fund - accounts for expenses incurred and reimbursements received by the Transportation Cabinet for the management and maintenance of the State's motor vehicle fleet.

Computer Services Fund - accounts for expenses incurred and reimbursements received by the Governor's Office for Technology for computer and related data processing services.

Prison Industries Fund - accounts for expenses incurred and reimbursements received by the Department of Corrections' industrial prison operations.

Central Printing Fund - accounts for expenses incurred and reimbursements received by the Finance and Administration Cabinet's Division of Printing.

Property Management Fund - accounts for expenses incurred and reimbursements received by the Finance and Administration Cabinet's space rental and maintenance operation.

Risk Management Fund - accounts for the self insurance operations of the State which include:

Fire and Tornado Insurance Program - accounts for monies received by the Department of Insurance from State agencies and expended for insuring State property against loss from fires, tornadoes, etc.

State Workers' Compensation Program - accounts for monies received by the Personnel Cabinet from State agencies and expended for claims for job related injuries to State employees.

Transportation Cabinet's Self-Insured Workers' Compensation Trust Program - provides workers' compensation insurance for the employees of the Transportation Cabinet.

**COMMONWEALTH OF KENTUCKY
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 JUNE 30, 2000**

(Expressed in Thousands)

<u>ASSETS</u>	<u>Fleet Management</u>	<u>Computer Services</u>
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	\$ 42	\$ 1,543
RECEIVABLES, NET	43	436
INTERFUND RECEIVABLES	1,636	10,897
INVENTORIES		295
PREPAID EXPENSES		589
TOTAL CURRENT ASSETS	1,721	13,760
OTHER ASSETS:		
LONG-TERM INVESTMENTS	354	2,739
TOTAL OTHER ASSETS	354	2,739
FIXED ASSETS:		
LAND		
IMPROVEMENTS OTHER THAN BUILDINGS		356
BUILDINGS		6,920
MACHINERY AND EQUIPMENT	78,620	38,681
LESS: ACCUMULATED DEPRECIATION	(45,759)	(31,177)
CONSTRUCTION IN PROGRESS		
TOTAL FIXED ASSETS, NET	32,861	14,780
TOTAL ASSETS	\$ 34,936	\$ 31,279
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$ 96	\$ 4,154
INTERFUND PAYABLES	1,844	9,334
CLAIMS LIABILITY		
CAPITAL LEASE OBLIGATIONS	506	1,088
COMPENSATED ABSENCES		2,597
DEFERRED REVENUE		3,499
TOTAL CURRENT LIABILITIES	2,446	20,672
LONG-TERM LIABILITIES:		
CLAIMS LIABILITY		
CAPITAL LEASE OBLIGATIONS		508
COMPENSATED ABSENCES		2,429
TOTAL LONG-TERM LIABILITIES		2,937
TOTAL LIABILITIES	2,446	23,609
FUND EQUITY:		
CONTRIBUTED CAPITAL		
RETAINED EARNINGS:		
UNRESERVED	32,490	7,670
TOTAL FUND EQUITY	32,490	7,670
TOTAL LIABILITIES AND FUND EQUITY	\$ 34,936	\$ 31,279

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2000
\$ 2,215	\$ 316	\$ 1,248	\$ 2,706	\$ 8,070
67	6	26		578
1,208	297	637	35	14,710
3,435	294			4,024
			583	1,172
<u>6,925</u>	<u>913</u>	<u>1,911</u>	<u>3,324</u>	<u>28,554</u>
<u>1,183</u>	<u>185</u>	<u>741</u>	<u>22,900</u>	<u>28,102</u>
<u>1,183</u>	<u>185</u>	<u>741</u>	<u>22,900</u>	<u>28,102</u>
918		269		1,187
		11		367
3,564		755		11,239
2,575	1,719	855		122,450
(3,850)	(1,336)	(742)		(82,864)
341				341
<u>3,548</u>	<u>383</u>	<u>1,148</u>		<u>52,720</u>
<u>\$ 11,656</u>	<u>\$ 1,481</u>	<u>\$ 3,800</u>	<u>\$ 26,224</u>	<u>\$ 109,376</u>
\$ 609	\$ 179	\$ 1,675	\$ 1,952	\$ 8,665
23	2	346	68	11,617
			13,597	13,597
				1,594
230	182	599	24	3,632
	41	123		3,663
<u>862</u>	<u>404</u>	<u>2,743</u>	<u>15,641</u>	<u>42,768</u>
			67,305	67,305
				508
<u>200</u>	<u>159</u>	<u>518</u>		<u>3,306</u>
<u>200</u>	<u>159</u>	<u>518</u>	<u>67,305</u>	<u>71,119</u>
<u>1,062</u>	<u>563</u>	<u>3,261</u>	<u>82,946</u>	<u>113,887</u>
79		399		478
<u>10,515</u>	<u>918</u>	<u>140</u>	<u>(56,722)</u>	<u>(4,989)</u>
<u>10,594</u>	<u>918</u>	<u>539</u>	<u>(56,722)</u>	<u>(4,511)</u>
<u>\$ 11,656</u>	<u>\$ 1,481</u>	<u>\$ 3,800</u>	<u>\$ 26,224</u>	<u>\$ 109,376</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Fleet Management	Computer Services
OPERATING REVENUES:		
CHARGES FOR SERVICES	\$ 19,193	\$ 50,628
INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	36	(80)
OTHER REVENUES	(1)	14
TOTAL OPERATING REVENUE	<u>19,228</u>	<u>50,562</u>
OPERATING EXPENSES:		
PERSONAL SERVICES	1,661	32,686
UTILITIES, RENTALS, AND OTHER SERVICES	760	21,614
COMMODITIES AND SUPPLIES	5,992	(235)
GRANTS AND SUBSIDIES	649	
DEPRECIATION AND AMORTIZATION	11,286	2,558
TRAVEL	7	218
REINSURANCE EXPENSE		
CLAIMS EXPENSE		
TOTAL OPERATING EXPENSES	<u>20,355</u>	<u>56,841</u>
OPERATING INCOME (LOSS)	<u>(1,127)</u>	<u>(6,279)</u>
NONOPERATING REVENUES (EXPENSES):		
GAIN (LOSS) ON SALE OF FIXED ASSETS	1,082	(1,096)
INTEREST AND OTHER INVESTMENT INCOME	(14)	26
INTEREST EXPENSE	(351)	(87)
OTHER REVENUE (EXPENSES)	160	
TOTAL NONOPERATING REVENUES AND EXPENSES	<u>877</u>	<u>(1,157)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(250)	(7,436)
OPERATING TRANSFERS IN		5,166
OPERATING TRANSFERS OUT		<u>(2,295)</u>
NET INCOME (LOSS)	(250)	(4,565)
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS	<u>5,718</u>	
INCREASE (DECREASE) IN RETAINED EARNINGS	5,468	(4,565)
RETAINED EARNINGS AT JULY 1	<u>27,022</u>	<u>12,235</u>
RETAINED EARNINGS AT JUNE 30	<u>\$ 32,490</u>	<u>\$ 7,670</u>

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2000
\$ 10,454	\$ 5,102	\$ 19,763	\$ 26,370	\$ 131,510
(121)	(19)	(77)	115	(146)
18	21	3	356	411
<u>10,351</u>	<u>5,104</u>	<u>19,689</u>	<u>26,841</u>	<u>131,775</u>
3,334	2,329	17,033	1,953	58,996
576	1,504	9,231	1,049	34,734
6,588	799	2,895	25	16,064
917				1,566
130	223	102		14,299
58	5	293	24	605
			1,048	1,048
		1	24,629	24,630
<u>11,603</u>	<u>4,860</u>	<u>29,555</u>	<u>28,728</u>	<u>151,942</u>
(1,252)	244	(9,866)	(1,887)	(20,167)
(447)	(1)			(462)
39	6	25		82
				(438)
2		1		163
<u>(406)</u>	<u>5</u>	<u>26</u>		<u>(655)</u>
(1,658)	249	(9,840)	(1,887)	(20,822)
		8,485		13,651
		(23)	(3,161)	(5,479)
(1,658)	249	(1,378)	(5,048)	(12,650)
4		12		5,734
(1,654)	249	(1,366)	(5,048)	(6,916)
12,169	669	1,506	(51,674)	1,927
<u>\$ 10,515</u>	<u>\$ 918</u>	<u>\$ 140</u>	<u>\$ (56,722)</u>	<u>\$ (4,989)</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Fleet Management	Computer Services
CASH FLOWS FROM OPERATING ACTIVITIES:		
CASH RECEIVED FROM CUSTOMERS - PUBLIC	\$ 18,080	\$ 49,656
CASH RECEIVED FROM CUSTOMERS - STATE	(7,690)	(487)
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(1,668)	(12,897)
CASH PAYMENTS FOR EMPLOYEE SALARIES AND BENEFITS		(32,479)
CASH PAYMENTS FOR CLAIMS EXPENSE		
CASH PAYMENTS FROM OTHER SOURCES		38
CASH PAYMENTS (TO) OTHER SOURCES	(472)	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,250</u>	<u>3,831</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
OPERATING TRANSFERS-IN FROM OTHER FUNDS		5,166
OPERATING TRANSFERS-OUT TO OTHER FUNDS		(2,295)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		<u>2,871</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(17,913)	(5,211)
INTEREST PAID ON REVENUE BOND AND EQUIPMENT CONTRACTS	(351)	
PROCEEDS FROM SALE OF CAPITAL ASSETS	1,082	(1,096)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(17,182)</u>	<u>(6,307)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
PURCHASE OF INVESTMENT SECURITIES		(2,536)
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENT SECURITIES	7,964	
INTEREST AND DIVIDENDS ON INVESTMENTS		
NET CASH USED IN INVESTING ACTIVITIES	<u>7,964</u>	<u>(2,536)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(968)	(2,141)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,010	3,684
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 42</u>	<u>\$ 1,543</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
OPERATING INCOME (LOSS)	\$ (1,127)	\$ (6,279)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION AND AMORTIZATION	11,286	2,558
INTEREST AND OTHER INVESTMENT INCOME	17	
MISCELLANEOUS NONOPERATING INCOME (EXPENSES)	161	(87)
CHANGE IN ASSETS AND LIABILITIES:		
(INCREASE) DECREASE IN ASSETS		
RECEIVABLES, NET	167	(320)
INTERFUND RECEIVABLES	(1,189)	(3,641)
FAIR VALUE OF INVESTMENTS	(36)	80
INVENTORIES		(202)
PREPAID EXPENSES		111
INCREASE (DECREASE) IN LIABILITIES		
ACCOUNTS PAYABLE	(2,402)	(485)
INTERFUND PAYABLES	1,464	9,169
CLAIMS LIABILITY		
COMPENSATED ABSENCES		425
DEFERRED REVENUE	(91)	2,502
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 8,250</u>	<u>\$ 3,831</u>

THROUGH CAPITAL LEASES, COMPUTER SERVICES ACQUIRED FIXED ASSETS COSTING \$1,023,(000), WITH PRINCIPAL AND INTEREST PAYMENTS OF \$137,(000) AND \$16,(000) RESPECTIVELY.
THROUGH CONTRIBUTED CAPITAL, PRISON INDUSTRIES ACQUIRED FIXED ASSETS COSTING \$40,(000)

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2000
\$ 2,519	\$ 1	\$ 181	\$ 23,224	\$ 70,437
7,482	5,008	19,611		47,148
(6,891)	(2,249)	(10,984)	(1,670)	(36,359)
(3,378)	(2,345)	(17,296)	(862)	(56,360)
	21	(1)	(16,584)	(16,585)
		4		63
(896)			(755)	(2,123)
(1,164)	436	(8,485)	3,353	6,221
		8,485		13,651
		(23)	(3,161)	(5,479)
		8,462	(3,161)	8,172
(647)	(404)	(145)		(24,320)
(447)	(1)			(351)
(1,094)	(405)	(145)		(462)
				(25,133)
	(52)	(119)	(2,123)	(4,830)
418			2,329	10,711
(82)	(13)	(52)	488	341
336	(65)	(171)	694	6,222
(1,922)	(34)	(339)	886	(4,518)
4,137	350	1,587	1,820	12,588
\$ 2,215	\$ 316	\$ 1,248	\$ 2,706	\$ 8,070
\$ (1,252)	\$ 244	\$ (9,866)	\$ (1,887)	\$ (20,167)
130	223	102		14,299
2		1	(374)	(357)
				77
33	(2)	(19)	100	(41)
(471)	(60)	(69)	(28)	(5,458)
121	19	77	(115)	146
(1)	55			(148)
			1	112
299		821	808	(959)
(24)	1	321	(2,890)	8,041
			7,817	7,817
14	(13)	30	1	457
(15)	(31)	117	(80)	2,402
\$ (1,164)	\$ 436	\$ (8,485)	\$ 3,353	\$ 6,221

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TRANSPORTATION - FLEET MANAGEMENT			
REVENUES:			
CHARGES FOR SERVICES	\$	\$ 19,170	\$
OTHER REVENUES		1,518	
TOTAL REVENUES		20,688	
EXPENSES:	29,164	29,120	44
EXCESS OF REVENUES OVER (UNDER) EXPENSES		(8,432)	
FUND EQUITY AT JULY 1		42,202	
NON-BUDGETED ITEMS		161	
FIXED ASSET ALLOCATION		(9,461)	
FUND EQUITY AT JUNE 30	<u>\$</u>	<u>\$ 24,470</u>	<u>\$</u>
GENERAL GOVERNMENT - COMPUTER SERVICES			
REVENUES:			
CHARGES FOR SERVICES	\$	\$ 52,817	\$
OTHER REVENUES		15	
TRANSFERS IN (INTERFUND)		347	
TRANSFERS IN (INTRAFUND)			
TOTAL REVENUES		53,179	
EXPENSES:	59,167	57,062	2,105
EXCESS OF REVENUES OVER (UNDER) EXPENSES		(3,883)	
FUND EQUITY AT JULY 1		12,688	
FIXED ASSET ALLOCATION		932	
FUND EQUITY AT JUNE 30	<u>\$</u>	<u>\$ 9,737</u>	<u>\$</u>
JUSTICE - PRISON INDUSTRIES			
REVENUES:			
LICENSES, FEES, AND PERMITS	\$	\$ 2	\$
CHARGES FOR SERVICES		10,453	
INTEREST AND INVESTMENT INCOME		1	
OTHER REVENUES		21	
TOTAL REVENUES		10,477	
EXPENSES:	15,856	12,594	3,262
EXCESS OF REVENUES OVER (UNDER) EXPENSES		(2,117)	
FUND EQUITY AT JULY 1		9,378	
FIXED ASSET ALLOCATION		(114)	
FUND EQUITY AT JUNE 30	<u>\$</u>	<u>\$ 7,147</u>	<u>\$</u>
GENERAL GOVERNMENT - CENTRAL PRINTING			
REVENUES:			
CHARGES FOR SERVICES	\$	\$ 4,926	\$
OTHER REVENUES		21	
TOTAL REVENUES		4,947	
EXPENSES:	5,370	5,043	327
EXCESS OF REVENUES OVER (UNDER) EXPENSES		(96)	
FUND EQUITY AT JULY 1		967	
FIXED ASSET ALLOCATION		(68)	
FUND EQUITY AT JUNE 30	<u>\$</u>	<u>\$ 803</u>	<u>\$</u>

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL GOVERNMENT - PROPERTY MANAGEMENT			
REVENUES:			
LICENSES, FEES, AND PERMITS	\$	\$ 1	\$
CHARGES FOR SERVICES		19,850	
OTHER REVENUES		3	
TRANSFERS IN (INTERFUND)		14	
TOTAL REVENUES		19,868	
EXPENSES:	20,324	20,220	104
EXCESS OF REVENUES OVER (UNDER) EXPENSES		(352)	
FUND EQUITY AT JULY 1		3,827	
FIXED ASSET ALLOCATION		(200)	
FUND EQUITY AT JUNE 30	\$	\$ 3,275	\$
GENERAL GOVERNMENT - RISK MANAGEMENT			
REVENUES:			
CHARGES FOR SERVICES	\$	\$ 16,826	\$
INTEREST AND INVESTMENT INCOME		374	
OTHER REVENUES		6,058	
TRANSFERS IN (INTRAFUND)		552	
TOTAL REVENUES		23,810	
EXPENSES:			
PERSONNEL CABINET	17,666	13,870	3,796
PUBLIC PROTECTION CABINET	591	591	
TOTAL EXPENSES	18,257	14,461	3,796
EXCESS OF REVENUES OVER (UNDER) EXPENSES		9,349	
FUND EQUITY AT JULY 1		22,074	
NON-BUDGETED ITEMS		(5,576)	
FIXED ASSET ALLOCATION		(592)	
FUND EQUITY AT JUNE 30	\$	\$ 25,255	\$
TOTALS			
REVENUES:			
LICENSES, FEES, AND PERMITS	\$	\$ 3	\$
CHARGES FOR SERVICES		124,042	
INTEREST AND OTHER INVESTMENT INCOME		375	
OTHER REVENUES		7,636	
TRANSFERS IN (INTERFUND)		361	
TRANSFERS IN (INTRAFUND)		552	
TOTAL REVENUES		132,969	
EXPENSES:			
TRANSPORTATION	29,164	29,120	44
GENERAL GOVERNMENT	102,527	96,195	6,332
JUSTICE	15,856	12,594	3,262
PUBLIC PROTECTION AND REGULATION	591	591	
TOTAL EXPENSES	148,138	138,500	9,638
EXCESS OF REVENUES OVER (UNDER) EXPENSES		(5,531)	
FUND EQUITY AT JULY 1		91,136	
NON-BUDGETED ITEMS		(5,415)	
FIXED ASSET ALLOCATION		(9,503)	
FUND EQUITY AT JUNE 30	\$	\$ 70,687	\$

TRUST AND AGENCY FUNDS

Kentucky utilizes four types of **Trust and Agency Funds** to account for assets held as trustee or agent for individuals, private organizations, or other governments as follows:

Expendable Trust Funds account for assets held by the Commonwealth as a legal trustee when both principal and interest may be expended for designated purposes. Kentucky uses the following Expendable Trust Funds:

Unemployment Compensation Fund - accounts for assessed employer contributions and related unemployment compensation payments.

Special Benefits Fund - accounts for other fiduciary monies to be expended only for designated operations.

Pension Trust Funds account for monies received for and expenses incurred by the various public employee retirement systems administered by the State. Kentucky uses the following Pension Trust Funds:

Kentucky Employees Retirement System Fund - accounts for revenues and expenses of the retirement system which covers substantially all regular full-time employees of any State department, board or agency directed by Executive Order to participate in the System.

State Police Retirement System Fund - accounts for revenues and expenses of the retirement system which covers substantially all regular full-time officers of the Kentucky State Police.

County Employees Retirement System Fund - accounts for revenues and expenses of the retirement system that covers substantially all regular full-time employees of each county, local school board, and additional local agencies electing to participate in the System.

Kentucky Retirement System Insurance Fund - accounts for accident and health insurance benefits for members of the Kentucky Employees, State Police and County Employees Retirement Systems.

Teachers' Retirement System Fund - accounts for revenues and expenses of the retirement system which covers substantially all persons occupying positions in the public elementary and secondary schools for which a certificate is required, faculty members of five regional universities, the Commissioner of Education and the professional staff members of the Department of Education.

Judicial Retirement System Fund - accounts for revenues and expenses of the retirement system that covers all District Judges, Circuit Judges, Judges of the Court of Appeals, and Judges of the Supreme Court.

Legislators' Retirement System Fund - accounts for revenues and expenses of the retirement system that covers all members of the General Assembly.

Agency Funds account for monies held by the Commonwealth for custodial purposes only. Kentucky uses the following Agency Funds:

Commonwealth Choice - accounts for flexible benefits spending accounts.

County Sinking Fund - accounts for monies generated through the sale of bonds for specific uses by the counties.

Special Deposit Trust Fund - accounts for monies held by the Commonwealth and earmarked for specific purposes such as employee withholdings.

**COMMONWEALTH OF KENTUCKY
 COMBINING BALANCE SHEET
 ALL TRUST AND AGENCY FUNDS
 JUNE 30, 2000**

(Expressed in Thousands)

	<u>Expendable Trust Funds</u>	
	<u>Unemployment Compensation</u>	<u>Special Benefits</u>
<u>ASSETS</u>		
CASH AND CASH EQUIVALENTS	\$ 285	\$ 111,358
CASH WITH FISCAL AGENTS		
CASH ON DEPOSIT WITH FEDERAL GOVERNMENT	719,038	
INVESTMENTS, NET OF AMORTIZATION	2,343	753,214
RECEIVABLES, NET	44,712	5,472
INTERFUND RECEIVABLES	1,428	133,813
PREPAID EXPENSES		
BUILDINGS		
TOTAL ASSETS	<u>\$ 767,806</u>	<u>\$ 1,003,857</u>
<u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 63,461	\$ 10,651
INTERFUND PAYABLES	4,139	264,969
AMOUNTS HELD IN CUSTODY FOR OTHERS		
DEFERRED REVENUE	29,710	4,318
OTHER LIABILITIES		
TOTAL LIABILITIES	<u>97,310</u>	<u>279,938</u>
FUND EQUITY		
FUND BALANCE:		
RESERVED FOR:		
EMPLOYEE RETIREMENT SYSTEMS		
RETIREE'S HEALTH INSURANCE		
UNRESERVED:		
UNDESIGNATED	670,496	723,919
TOTAL FUND EQUITY	<u>670,496</u>	<u>723,919</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 767,806</u>	<u>\$ 1,003,857</u>

Agency Funds				
Pension Trust	Commonwealth Choice Program	County Sinking Fund	Special Deposit Trust	Totals June 30, 2000
\$ 1,863,891	\$ 13,196	\$ 283	\$ 159,722	\$ 2,135,256
				13,479
				719,038
25,551,019			105,221	26,411,797
261,810			3,281	315,275
			2,851	138,092
254				254
3,252				3,252
\$ 27,680,226	\$ 13,196	\$ 283	\$ 271,075	\$ 29,736,443
\$ 125,784	\$	\$	\$ 48	\$ 199,944
			5,256	274,364
	13,196	283	265,771	279,250
				34,028
654,434				654,434
780,218	13,196	283	271,075	1,442,020
25,826,948				25,826,948
1,073,060				1,073,060
				1,394,415
26,900,008				28,294,423
\$ 27,680,226	\$ 13,196	\$ 283	\$ 271,075	\$ 29,736,443

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2000

(Expressed in Thousands)

	Kentucky Employees Retirement System			
	Non-Hazardous Duty		Hazardous Duty	
	Pension Benefits	Healthcare Benefits	Pension Benefits	Healthcare Benefits
ASSETS				
CASH AND SHORT-TERM INVESTMENTS				
CASH	\$	\$	\$	\$
SHORT-TERM INVESTMENTS	369,291	33,143	31,704	8,873
TOTAL CASH AND SHORT-TERM INVESTMENTS	<u>\$ 369,291</u>	<u>\$ 33,143</u>	<u>\$ 31,704</u>	<u>\$ 8,873</u>
RECEIVABLES				
INVESTMENTS - ACCOUNTS RECEIVABLE	\$ 137	\$ 4	\$ 6	\$ 1
INTEREST RECEIVABLE	21,776	1,394	1,221	343
ACCOUNTS RECEIVABLE	37,555	7,155	2,972	1,944
TOTAL RECEIVABLES	<u>\$ 59,468</u>	<u>\$ 8,553</u>	<u>\$ 4,199</u>	<u>\$ 2,288</u>
INVESTMENTS AT FAIR VALUE				
CORPORATE AND GOVERNMENT BONDS	\$ 1,251,706	\$ 84,253	\$ 70,728	\$ 20,708
COMMON STOCKS	3,827,370	251,094	165,930	65,784
MORTGAGES	259,092	6,368	11,383	1,624
REAL ESTATE	266,555		20,379	
TOTAL INVESTMENTS AT FAIR VALUE	<u>\$ 5,604,723</u>	<u>\$ 341,715</u>	<u>\$ 268,420</u>	<u>\$ 88,116</u>
INVESTED SECURITY COLLATERAL	147,195	744	6,137	193
FIXED ASSETS, NET				
PREPAID EXPENSES				
TOTAL ASSETS	<u>\$ 6,180,677</u>	<u>\$ 384,155</u>	<u>\$ 310,460</u>	<u>\$ 99,470</u>
LIABILITIES				
INVESTMENT - ACCOUNTS PAYABLE	\$ 16,026	\$ 69	\$ 1,503	\$ 11
ACCOUNTS PAYABLE		61	900	6
OBLIGATIONS UNDER SECURITIES LENDING	147,195	744	6,137	193
TOTAL LIABILITIES	<u>163,221</u>	<u>874</u>	<u>8,540</u>	<u>210</u>
NET ASSETS HELD FOR:				
EMPLOYEE RETIREMENT BENEFITS	6,017,456		301,920	
RETIREE'S HEALTH INSURANCE	<u>\$</u>	<u>\$ 383,281</u>	<u>\$</u>	<u>\$ 99,260</u>

State Police Retirement System		County Employees Retirement System			
Pension Benefits	Healthcare Benefits	Non-Hazardous Duty		Hazardous Duty	
Pension Benefits	Healthcare Benefits	Pension Benefits	Healthcare Benefits	Pension Benefits	Healthcare Benefits
\$ 23,238	\$ 5,588	\$ 347,821	\$ 23,158	\$ 95,076	\$ 14,741
<u>\$ 23,238</u>	<u>\$ 5,588</u>	<u>\$ 347,821</u>	<u>\$ 23,158</u>	<u>\$ 95,076</u>	<u>\$ 14,741</u>
\$ 9	\$ 1	\$ 102	\$ 3	\$ 28	\$ 1
1,358	255	17,218	1,113	4,706	600
1,478	662	35,813	6,288	14,373	2,832
<u>\$ 2,845</u>	<u>\$ 918</u>	<u>\$ 53,133</u>	<u>\$ 7,404</u>	<u>\$ 19,107</u>	<u>\$ 3,433</u>
\$ 74,310	\$ 15,451	\$ 996,473	\$ 68,248	\$ 267,953	\$ 36,122
275,459	46,292	2,880,049	203,684	786,273	102,660
17,144	1,180	188,866	5,162	51,353	2,782
19,561		219,223		64,592	
<u>\$ 386,474</u>	<u>\$ 62,923</u>	<u>\$ 4,284,611</u>	<u>\$ 277,094</u>	<u>\$ 1,170,171</u>	<u>\$ 141,564</u>
8,741	136	109,765	596	30,838	311
<u>\$ 421,298</u>	<u>\$ 69,565</u>	<u>\$ 4,795,330</u>	<u>\$ 308,252</u>	<u>\$ 1,315,192</u>	<u>\$ 160,049</u>
\$ 1,026	\$ 9	\$ 12,411	\$ 84	\$ 4,418	\$ 17
	4		27		33
8,741	136	109,765	596	30,838	311
<u>9,767</u>	<u>149</u>	<u>122,176</u>	<u>707</u>	<u>35,256</u>	<u>361</u>
411,531		4,673,154		1,279,936	
<u>\$ 411,531</u>	<u>\$ 69,416</u>	<u>\$ 4,673,154</u>	<u>\$ 307,545</u>	<u>\$ 1,279,936</u>	<u>\$ 159,688</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2000

(Expressed in Thousands)

	Teachers' Retirement System		Judicial Retirement System	Legislators' Retirement System	Totals June 30, 2000
	Pension Benefits	Healthcare Benefits	Pension Benefits	Pension Benefits	
ASSETS					
CASH AND SHORT-TERM INVESTMENTS					
CASH	\$ 1,596	\$	\$	\$ 1	\$ 1,597
SHORT-TERM INVESTMENTS	818,765	59,585	26,096	5,215	1,862,294
TOTAL CASH AND SHORT-TERM INVESTMENTS	\$ 820,361	\$ 59,585	\$ 26,096	\$ 5,216	\$ 1,863,891
RECEIVABLES					
INVESTMENTS - ACCOUNTS RECEIVABLE	\$ 73,112	\$	\$	\$	\$ 73,404
INTEREST RECEIVABLE			1,694	400	52,078
ACCOUNTS RECEIVABLE	23,498	1,708	50		136,328
TOTAL RECEIVABLES	\$ 96,610	\$ 1,708	\$ 1,744	\$ 400	\$ 261,810
INVESTMENTS AT FAIR VALUE					
CORPORATE AND GOVERNMENT BONDS	\$ 4,120,326	\$	\$ 72,221	\$ 18,270	\$ 7,096,769
COMMON STOCKS	7,393,185		158,759	42,469	16,199,008
MORTGAGES	235,081				780,035
REAL ESTATE	230,463				820,773
TOTAL INVESTMENTS AT FAIR VALUE	\$ 11,979,055	\$	\$ 230,980	\$ 60,739	\$ 24,896,585
INVESTED SECURITY COLLATERAL	349,778				654,434
FIXED ASSETS, NET	3,252				3,252
PREPAID EXPENSES	254				254
TOTAL ASSETS	\$ 13,249,310	\$ 61,293	\$ 258,820	\$ 66,355	\$ 27,680,226
LIABILITIES					
INVESTMENT - ACCOUNTS PAYABLE	\$ 77,096	\$	\$	\$	\$ 112,670
ACCOUNTS PAYABLE	4,660	7,423			13,114
OBLIGATIONS UNDER SECURITIES LENDING	349,778				654,434
TOTAL LIABILITIES	431,534	7,423			780,218
NET ASSETS HELD FOR:					
EMPLOYEE RETIREMENT BENEFITS	12,817,776		258,820	66,355	25,826,948
RETIREE'S HEALTH INSURANCE	\$	\$ 53,870	\$	\$	\$ 1,073,060

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Unemployment Compensation	Special Benefits	Totals June 30, 2000
REVENUES:			
TAXES	\$ 263,546	\$ 1,445	\$ 264,991
INTERGOVERNMENTAL	27,614	3,686	31,300
CHARGES FOR SERVICES		69,469	69,469
INTEREST AND OTHER INVESTMENT INCOME	44,437	51,283	95,720
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS		(4,729)	(4,729)
OTHER REVENUES	15,459	159,865	175,324
TOTAL REVENUES	<u>351,056</u>	<u>281,019</u>	<u>632,075</u>
EXPENDITURES:			
GENERAL GOVERNMENT		165,696	165,696
LEGISLATIVE AND JUDICIAL			
COMMERCE			
EDUCATION AND HUMANITIES	287,284	10,371	297,655
HUMAN RESOURCES		4,645	4,645
JUSTICE		469	469
TRANSPORTATION		37,913	37,913
TOTAL EXPENDITURES	<u>287,284</u>	<u>219,094</u>	<u>506,378</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>63,772</u>	<u>61,925</u>	<u>125,697</u>
OTHER FINANCING SOURCES (USES):			
OPERATING TRANSFERS IN	327	108,235	108,562
OPERATING TRANSFERS OUT	(15,861)	(173,001)	(188,862)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,534)</u>	<u>(64,766)</u>	<u>(80,300)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	48,238	(2,841)	45,397
FUND BALANCES AT JULY 1, AS RESTATED	622,258	726,760	1,349,018
FUND BALANCES AT JUNE 30	<u>\$ 670,496</u>	<u>\$ 723,919</u>	<u>\$ 1,394,415</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2000

(Expressed in Thousands)

	Kentucky Employees Retirement System			
	Non-Hazardous Duty		Hazardous Duty	
	Pension Benefits	Healthcare Benefits	Pension Benefits	Healthcare Benefits
ADDITIONS				
CONTRIBUTIONS				
EMPLOYER	\$ 115,055	\$ 76,926	\$ 21,633	\$ 12,047
EMPLOYEE	107,835		9,375	
TOTAL CONTRIBUTIONS	<u>222,890</u>	<u>76,926</u>	<u>31,008</u>	<u>12,047</u>
INVESTMENT INCOME				
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	113,401	11,542	1,651	3,593
INTEREST	114,715	6,529	6,782	1,692
DIVIDENDS	47,721	3,341	1,915	863
REAL ESTATE OPERATING INCOME, NET	18,617		1,436	
SECURITIES LENDING INCOME	51,575	2,067	1,862	541
TOTAL INVESTMENT INCOME	<u>346,029</u>	<u>23,479</u>	<u>13,646</u>	<u>6,689</u>
LESS: INVESTMENT EXPENSE	2,418	31	120	8
LESS: SECURITIES LENDING EXPENSE	49,931	2,000	1,804	524
NET INVESTMENT INCOME	<u>293,680</u>	<u>21,448</u>	<u>11,722</u>	<u>6,157</u>
TOTAL ADDITIONS	<u>516,570</u>	<u>98,374</u>	<u>42,730</u>	<u>18,204</u>
DEDUCTIONS				
BENEFIT PAYMENTS	252,775	30,364	6,224	1,570
REFUNDS	7,901		1,140	
ADMINISTRATIVE EXPENSES	3,346	141	295	11
OTHER DEDUCTIONS, NET	76,918		12,048	
TOTAL DEDUCTIONS	<u>340,940</u>	<u>30,505</u>	<u>19,707</u>	<u>1,581</u>
NET INCREASE (DECREASE)	175,630	67,869	23,023	16,623
NET ASSETS HELD IN TRUST				
BEGINNING OF YEAR	5,841,832	315,406	278,899	82,635
ADJUSTMENTS TO NET ASSETS	(6)	6	(2)	2
END OF YEAR	<u>\$ 6,017,456</u>	<u>\$ 383,281</u>	<u>\$ 301,920</u>	<u>\$ 99,260</u>

State Police Retirement System		County Employees Retirement System			
Pension Benefits	Healthcare Benefits	Non-Hazardous Duty		Hazardous Duty	
		Pension Benefits	Healthcare Benefits	Pension Benefits	Healthcare Benefits
\$ 10,216	\$ 7,818	\$ 106,587	\$ 55,214	\$ 51,739	\$ 28,345
4,202		96,676		28,476	
14,418	7,818	203,263	55,214	80,215	28,345
6,696	2,266	74,300	9,139	14,196	4,690
6,889	1,256	91,255	5,200	25,308	2,949
3,507	609	36,305	2,711	9,899	1,294
1,439		14,742		4,366	
3,226	390	38,561	1,667	10,336	857
21,757	4,521	255,163	18,717	64,105	9,790
171	6	1,849	25	524	3
3,124	377	37,333	1,612	10,007	840
18,462	4,138	215,981	17,080	53,574	8,947
32,880	11,956	419,244	72,294	133,789	37,292
19,974	3,014	148,015	21,942	49,622	9,597
80		10,769		1,479	
69	15	5,502	115	562	51
7,819		55,214		28,346	
27,942	3,029	219,500	22,057	80,009	9,648
4,938	8,927	199,744	50,237	53,780	27,644
406,594	60,488	4,473,415	257,303	1,226,158	132,042
(1)	1	(5)	5	(2)	2
\$ 411,531	\$ 69,416	\$ 4,673,154	\$ 307,545	\$ 1,279,936	\$ 159,688

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS
JUNE 30, 2000
(Expressed in Thousands)

	Teachers' Retirement System		Judicial Retirement System	Legislators' Retirement System	Totals June 30, 2000
	Pension Benefits	Healthcare Benefits	Pension Benefits	Pension Benefits	
ADDITIONS					
CONTRIBUTIONS					
EMPLOYER	\$ 311,287	\$ 48,947	\$ 6,418	\$ 1,797	\$ 854,029
EMPLOYEE	203,149	36,393	1,290	177	487,573
TOTAL CONTRIBUTIONS	514,436	85,340	7,708	1,974	1,341,602
INVESTMENT INCOME					
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	23,755		6,369	1,815	273,413
INTEREST	326,995	3,711	5,933	1,431	600,645
DIVIDENDS	87,536		1,283	284	197,268
REAL ESTATE OPERATING INCOME, NET	20,223				60,823
SECURITIES LENDING INCOME	22,176				133,258
TOTAL INVESTMENT INCOME	480,685	3,711	13,585	3,530	1,265,407
LESS: INVESTMENT EXPENSE	4,957		150	10	10,272
LESS: SECURITIES LENDING EXPENSE	21,438				128,990
NET INVESTMENT INCOME	454,290	3,711	13,435	3,520	1,126,145
TOTAL ADDITIONS	968,726	89,051	21,143	5,494	2,467,747
DEDUCTIONS					
BENEFIT PAYMENTS	609,422		7,428	1,984	1,161,931
REFUNDS	11,437	2	11	69	32,888
ADMINISTRATIVE EXPENSES	4,860	3,024	189	101	18,281
OTHER DEDUCTIONS, NET		77,340			257,685
TOTAL DEDUCTIONS	625,719	80,366	7,628	2,154	1,470,785
NET INCREASE (DECREASE)	343,007	8,685	13,515	3,340	996,962
NET ASSETS HELD IN TRUST					
BEGINNING OF YEAR	12,474,769	45,185	245,305	63,015	25,903,046
END OF YEAR	\$ 12,817,776	\$ 53,870	\$ 258,820	\$ 66,355	\$ 26,900,008

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Balance		Balance	
	July 1, 1999	Additions	Deductions	June 30, 2000
COMMONWEALTH CHOICE PROGRAM				
<u>ASSETS</u>				
CASH WITH FISCAL AGENTS	\$ 9,853	\$ 16,544	\$ 13,201	\$ 13,196
TOTAL ASSETS	<u>\$ 9,853</u>	<u>\$ 16,544</u>	<u>\$ 13,201</u>	<u>\$ 13,196</u>
<u>LIABILITIES</u>				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 9,853	\$ 16,544	\$ 13,201	\$ 13,196
TOTAL LIABILITIES	<u>\$ 9,853</u>	<u>\$ 16,544</u>	<u>\$ 13,201</u>	<u>\$ 13,196</u>
COUNTY SINKING FUND				
<u>ASSETS</u>				
CASH & CASH EQUIVALENTS	\$ 2	\$	\$ 2	\$
CASH WITH FISCAL AGENTS	283			283
INVESTMENTS	66		66	
ACCOUNTS RECEIVABLE	1		1	
TOTAL ASSETS	<u>\$ 352</u>	<u>\$</u>	<u>\$ 69</u>	<u>\$ 283</u>
<u>LIABILITIES</u>				
AMOUNTS HELD IN CUSTODY FOR OTHERS	\$ 352	\$	\$ 69	\$ 283
TOTAL LIABILITIES	<u>\$ 352</u>	<u>\$</u>	<u>\$ 69</u>	<u>\$ 283</u>
SPECIAL DEPOSIT TRUST FUND				
<u>ASSETS</u>				
CASH & CASH EQUIVALENTS	\$ 126,196	\$ 2,131,523	\$ 2,097,997	\$ 159,722
INVESTMENTS	34,843	105,221	34,843	105,221
ACCOUNTS RECEIVABLE	50,748	3,281	50,748	3,281
INTERFUND RECEIVABLES		2,851		2,851
TOTAL ASSETS	<u>\$ 211,787</u>	<u>\$ 2,242,876</u>	<u>\$ 2,183,588</u>	<u>\$ 271,075</u>
<u>LIABILITIES</u>				
INTERFUND PAYABLES	\$ 40	\$ 5,256	\$ 40	\$ 5,256
ACCOUNTS PAYABLE		48		48
AMOUNTS HELD IN CUSTODY FOR OTHERS	211,747	2,066,726	2,012,702	265,771
TOTAL LIABILITIES	<u>\$ 211,787</u>	<u>\$ 2,072,030</u>	<u>\$ 2,012,742</u>	<u>\$ 271,075</u>
ALL AGENCY FUNDS				
<u>ASSETS</u>				
CASH & CASH EQUIVALENTS	\$ 126,198	\$ 2,131,523	\$ 2,097,999	\$ 159,722
CASH WITH FISCAL AGENTS	10,136	16,544	13,201	13,479
INVESTMENTS	34,909	105,221	34,909	105,221
ACCOUNTS RECEIVABLE	50,749	3,281	50,749	3,281
INTERFUND RECEIVABLES		2,851		2,851
TOTAL ASSETS	<u>\$ 221,992</u>	<u>\$ 2,259,420</u>	<u>\$ 2,196,858</u>	<u>\$ 284,554</u>
<u>LIABILITIES</u>				
INTERFUND PAYABLES	40	5,256	40	5,256
ACCOUNTS PAYABLE		48		48
AMOUNTS HELD IN CUSTODY FOR OTHERS	221,952	2,083,270	2,025,972	279,250
TOTAL LIABILITIES	<u>\$ 221,992</u>	<u>\$ 2,088,574</u>	<u>\$ 2,026,012</u>	<u>\$ 284,554</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Unemployment Compensation		
	Budget	Actual	Variance
REVENUES:			
INTERGOVERNMENTAL CONTRIBUTIONS	\$	\$ 14,632	\$
INTEREST AND OTHER INVESTMENT INCOME		260,208	
OTHER REVENUES		55,151	
TRANSFERS IN		3,976	
TOTAL REVENUES		334,331	
EXPENDITURES:			
WORKFORCE DEVELOPMENT			
DEPARTMENT FOR EMPLOYMENT SERVICES:			
UNEMPLOYMENT INSURANCE BENEFITS	274,498	268,518	5,980
TOTAL WORKFORCE DEVELOPMENT	274,498	268,518	5,980
TOTAL EXPENDITURES	274,498	268,518	5,980
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		65,813	
FUND BALANCE AT JULY 1		663,304	
NON-BUDGETED ITEMS		(9,034)	
FUND BALANCE AT JUNE 30	\$	\$ 720,083	\$

GENERAL FIXED ASSETS ACCOUNT GROUP

The **General Fixed Assets Account Group** accounts for the Commonwealth's fixed assets, except those related to the proprietary funds, trust funds, and discretely presented component units.

COMMONWEALTH OF KENTUCKY
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 2000

(Expressed In Thousands)

	<u>June 30, 2000</u>
GENERAL FIXED ASSETS:	
LAND	\$ 79,515
BUILDINGS	692,747
MACHINERY AND EQUIPMENT	301,318
CONSTRUCTION IN PROGRESS	<u>179,565</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 1,253,145</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM:	
GENERAL FUND REVENUES	\$ 90,909
SPECIAL REVENUE FUNDS REVENUE	315,616
DONATIONS	105,730
CAPITAL PROJECTS FUND:	
STATE APPROPRIATIONS	5,440
REVENUE BONDS	380,687
FEDERAL GRANTS	46,091
OTHER	2,158
FIXED ASSETS ACQUIRED PRIOR TO JULY 1, 1984 (A)	270,739
FIXED ASSETS ACQUIRED AFTER JULY 1, 1984 (A)	<u>35,775</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 1,253,145</u>

(A) FIXED ASSETS WITH AN UNDETERMINED FUNDING SOURCE.

COMMONWEALTH OF KENTUCKY
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
JUNE 30, 2000

(Expressed in Thousands)

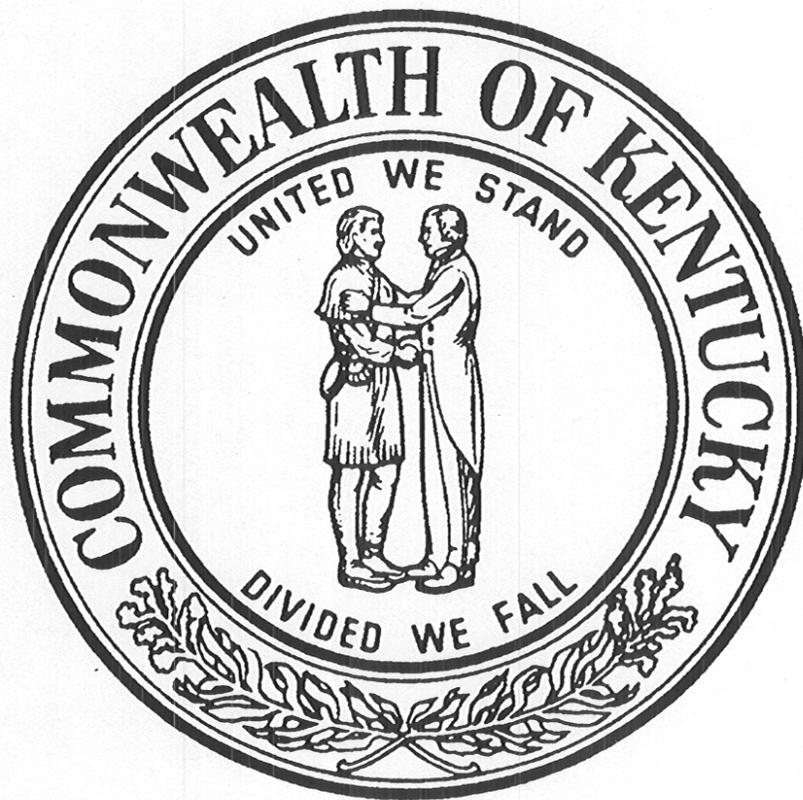
<u>FUNCTION AND ACTIVITY</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Totals June 30, 2000</u>
GENERAL GOVERNMENT:				
CABINET FOR GENERAL GOVERNMENT	\$ 7,062	\$ 98,840	\$ 12,331	\$ 118,233
REVENUE CABINET			3,897	3,897
FINANCE & ADMINISTRATION (A)	7,743	187,321	1,870	196,934
PERSONNEL CABINET			1,532	1,532
TOTAL GENERAL GOVERNMENT	<u>14,805</u>	<u>286,161</u>	<u>19,630</u>	<u>320,596</u>
LEGISLATIVE & JUDICIAL	55		10,711	10,766
COMMERCE:				
ECONOMIC DEVELOPMENT CABINET	13,599	21,507	270	35,376
TOURISM CABINET	<u>27,602</u>	<u>7,271</u>	<u>16,205</u>	<u>51,078</u>
TOTAL COMMERCE	<u>41,201</u>	<u>28,778</u>	<u>16,475</u>	<u>86,454</u>
EDUCATION & HUMANITIES:				
EDUCATION & HUMANITIES CABINET	377	25,341	9,429	35,147
WORKFORCE DEVELOPMENT CABINET	<u>1,077</u>	<u>10,674</u>	<u>19,670</u>	<u>31,421</u>
TOTAL EDUCATION & HUMANITIES	<u>1,454</u>	<u>36,015</u>	<u>29,099</u>	<u>66,568</u>
HUMAN RESOURCES	3,120	80,081	13,052	96,253
JUSTICE	4,414	192,817	59,047	256,278
NATURAL RESOURCES & ENVIRONMENTAL PROTECTION	8,526	879	30,471	39,876
PUBLIC PROTECTION & REGULATION:				
PUBLIC PROTECTION & REGULATION CABINET			3,348	3,348
LABOR CABINET			<u>2,586</u>	<u>2,586</u>
TOTAL PUBLIC PROTECTION & REGULATION			<u>5,934</u>	<u>5,934</u>
TRANSPORTATION	<u>5,940</u>	<u>68,016</u>	<u>116,899</u>	<u>190,855</u>
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	79,515	692,747	301,318	1,073,580
CONSTRUCTION IN PROGRESS		179,565		179,565
TOTAL GENERAL FIXED ASSETS	<u>\$ 79,515</u>	<u>\$ 872,312</u>	<u>\$ 301,318</u>	<u>\$ 1,253,145</u>

(A) FIXED ASSETS TOTALING \$799,(000) WERE PREVIOUSLY REPORTED WITHIN THE FINANCE AND ADMINISTRATION CABINET FUNCTION. THESE ASSETS ARE NOW REPORTED UNDER AN INTERNAL SERVICE FUND - COMPUTER SERVICES

COMMONWEALTH OF KENTUCKY
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	Balance June 30, 1999	Additions	Retirements	Balance June 30, 2000
GENERAL GOVERNMENT:				
CABINET FOR GENERAL GOVERNMENT	\$ 116,739	\$ 4,088	\$ 2,594	\$ 118,233
REVENUE CABINET	5,524	510	2,137	3,897
FINANCE & ADMINISTRATION (A)	176,869	21,158	1,093	196,934
PERSONNEL CABINET	1,014	518		1,532
TOTAL GENERAL GOVERNMENT	<u>300,146</u>	<u>26,274</u>	<u>5,824</u>	<u>320,596</u>
LEGISLATIVE & JUDICIAL	10,515	3,900	3,649	10,766
COMMERCE:				
ECONOMIC DEVELOPMENT CABINET	35,362	78	64	35,376
TOURISM CABINET	50,028	2,485	1,435	51,078
TOTAL COMMERCE	<u>85,390</u>	<u>2,563</u>	<u>1,499</u>	<u>86,454</u>
EDUCATION & HUMANITIES:				
EDUCATION & HUMANITIES CABINET	35,024	993	870	35,147
WORKFORCE DEVELOPMENT CABINET	26,778	5,920	1,277	31,421
TOTAL EDUCATION & HUMANITIES	<u>61,802</u>	<u>6,913</u>	<u>2,147</u>	<u>66,568</u>
HUMAN RESOURCES	99,728	3,882	7,357	96,253
JUSTICE	250,175	10,556	4,453	256,278
NATURAL RESOURCES & ENVIRONMENTAL PROTECTION	35,794	5,271	1,189	39,876
PUBLIC PROTECTION & REGULATION:				
PUBLIC PROTECTION & REGULATION CABINET	3,474	995	1,121	3,348
LABOR CABINET	2,032	582	28	2,586
TOTAL PUBLIC PROTECTION & REGULATION	<u>5,506</u>	<u>1,577</u>	<u>1,149</u>	<u>5,934</u>
TRANSPORTATION	<u>184,536</u>	<u>14,588</u>	<u>8,269</u>	<u>190,855</u>
TOTAL GENERAL FIXED ASSETS ALLOCATED TO FUNCTIONS	1,033,592	75,524	35,536	1,073,580
CONSTRUCTION IN PROGRESS	155,995	33,702	10,132	179,565
TOTAL GENERAL FIXED ASSETS	<u>\$ 1,189,587</u>	<u>\$ 109,226</u>	<u>\$ 45,668</u>	<u>\$ 1,253,145</u>

(A) FIXED ASSETS TOTALING \$799,(000) WERE PREVIOUSLY REPORTED WITHIN THE FINANCE AND ADMINISTRATION CABINET FUNCTION. THESE ASSETS ARE NOW REPORTED UNDER AN INTERNAL SERVICE FUND- COMPUTER SERVICES



COMPONENT UNITS

Component Units Funds account for the financial activities of the Commonwealth of Kentucky's component units, which have been determined to be legally separate from the State's primary government and for which the primary government is financially accountable. The Component Units are presented in three separate categories: Governmental Funds, Proprietary Funds and University and College Funds.

Governmental Funds

Bluegrass State Skills Corporation - established to improve and promote the employment opportunities of the citizens of the Commonwealth by assisting the Economic Development Cabinet in creating and expanding programs of skill, training and education.

Kentucky School Facilities Construction Commission - established to assist local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet needs.

Proprietary Funds

Enterprise Funds

Kentucky State Fair Board - accounts for revenues earned and expenses incurred in the commercial operations of the State Fair Board.

Kentucky Center for the Arts - established by the General Assembly to promote the growth and development of the arts, convention trade, tourism and hotel industries within Jefferson County and the Commonwealth. The Center has the responsibility of maintaining, operating and insuring the Kentucky Center for the Arts building.

Kentucky Educational Television Authority - established by KRS 168.030 to produce and transmit educational television programming to the citizens of the Commonwealth.

Kentucky Economic Development Finance Authority - established in 1958 under KRS Chapter 154 to promote industrial development, and authorized to issue industrial revenue bonds that do not constitute a legal or moral obligation of the Commonwealth.

Kentucky Higher Education Assistance Authority - established by KRS 164.742 to improve higher education opportunities by insuring eligible student loans and providing grants and scholarship awards to eligible students.

Kentucky Higher Education Student Loan Corporation - empowered by KRS Chapter 164A to finance state and federally insured loans to students attending eligible postsecondary institutions, through direct loans to students and the purchase of student notes from lenders.

Kentucky Educational Savings Plan Trust - established by KRS 164A.310 to encourage citizens to invest funds for future educational use, and to create an endowment fund, the income from which will be available to participants' savings.

Kentucky Housing Corporation - authorized under KRS Chapter 198A in 1972 to increase the supply of housing for persons of lower income by making and participating in insured construction loans, and making or participating in insured mortgage loans when financing is not available from private lenders under reasonable equivalent terms and conditions.

Kentucky Infrastructure Authority - established in 1988 by KRS 224A.030, as amended, to assume all powers, duties and obligations of the Kentucky Pollution Abatement and Water Resources Finance Authority in assisting governmental agencies within the Commonwealth in constructing and acquiring infrastructure projects.

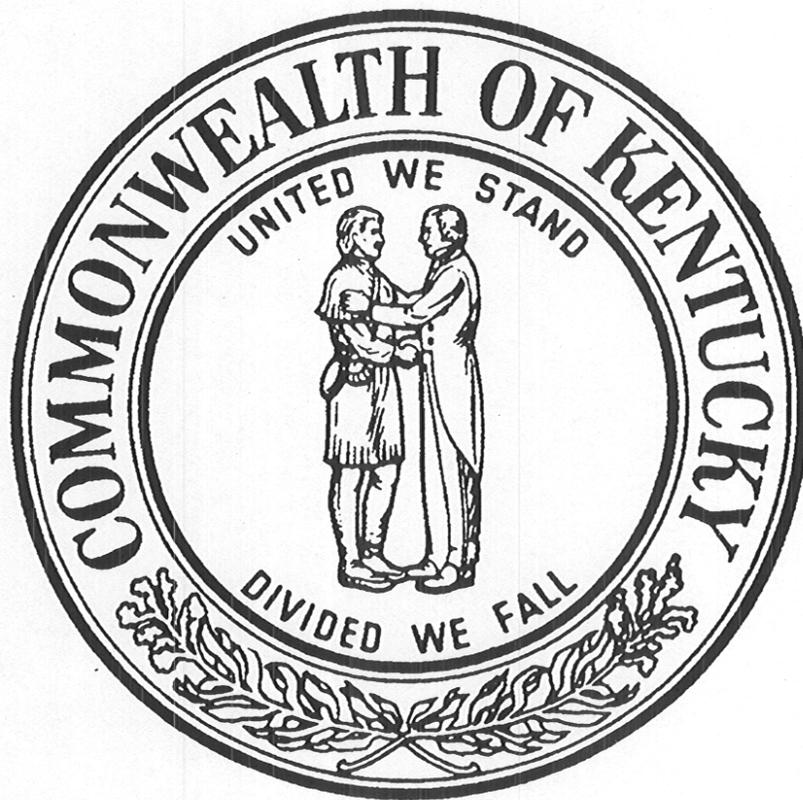
Kentucky Agricultural Finance Corporation - created by the 1984 General Assembly to "improve and promote the health, welfare and prosperity of the people of the Commonwealth through the stimulation of existing agricultural ventures." This corporation helps banks and other financial institutions assist eligible farmers in receiving low interest loans through the issuance of tax-exempt agricultural revenue bonds.

Kentucky Grain Insurance Corporation- provides protection to grain producers in the event of the failure of a grain dealer or grain warehouseman.

Kentucky Local Correctional Facilities Construction Authority - created in 1982 pursuant to Sections 441.605 through 441.695 of the KRS to provide an additional and alternative method for constructing, improving, repairing, and financing regional and local jail facilities.

The **University and College Funds** account for all transactions relating to the eight State supported universities and the community colleges and technical schools. These institutions maintain their own financial records and are not a part of the central accounting system operated by the Finance and Administration Cabinet. The following component units are included:

Eastern Kentucky University
Kentucky State University
Morehead State University
Murray State University
Northern Kentucky University
University of Kentucky
University of Louisville
Western Kentucky University
Kentucky Community Technical College System



**COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
COMPONENT UNITS
JUNE 30, 2000**

(Expressed in Thousands)

	Governmental Fund Types	Proprietary Fund Types	University and College Funds	Totals June 30, 2000
<u>ASSETS</u>				
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	\$ 4,925	\$ 532,648	\$ 467,691	\$ 1,005,264
RESTRICTED CASH		24,095		24,095
RECEIVABLES, NET	2,338	64,449	306,947	373,734
DUE FROM COMPONENT UNITS			96,324	96,324
DUE FROM PRIMARY GOVERNMENT		4		4
INTEREST RECEIVABLE		22,059		22,059
INVENTORIES		532	22,734	23,266
PREPAID EXPENSES		1,644		1,644
OTHER ASSETS		49	317,934	317,983
TOTAL CURRENT ASSETS	<u>7,263</u>	<u>645,480</u>	<u>1,211,630</u>	<u>1,864,373</u>
OTHER ASSETS:				
LONG-TERM INVESTMENTS	41,721	398,819	840,880	1,281,420
LONG-TERM RECEIVABLES		1,860,627		1,860,627
AMOUNT TO BE PROVIDED	610,940			610,940
DEFERRED CHARGES		27,506		27,506
RESTRICTED ASSETS		9,727		9,727
TOTAL OTHER ASSETS	<u>652,661</u>	<u>2,296,679</u>	<u>840,880</u>	<u>3,790,220</u>
FIXED ASSETS:				
LAND		15,220	83,643	98,863
IMPROVEMENTS OTHER THAN BUILDINGS			74,113	74,113
BUILDINGS		277,908	2,241,809	2,519,717
MACHINERY AND EQUIPMENT	24	63,212	767,996	831,232
LESS ACCUMULATED DEPRECIATION		(143,370)		(143,370)
CONSTRUCTION IN PROGRESS		7,904	142,279	150,183
TOTAL FIXED ASSETS, NET	<u>24</u>	<u>220,874</u>	<u>3,309,840</u>	<u>3,530,738</u>
TOTAL ASSETS	<u>\$ 659,948</u>	<u>\$ 3,163,033</u>	<u>\$ 5,362,350</u>	<u>\$ 9,185,331</u>
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES:				
CURRENT LIABILITIES:				
ACCOUNTS PAYABLE	\$ 10,265	\$ 72,036	\$ 104,743	\$ 187,044
ACCRUED LIABILITIES			87,194	87,194
DUE TO COMPONENT UNITS			96,324	96,324
DUE TO PRIMARY GOVERNMENT		79		79
CAPITAL LEASE OBLIGATIONS		37,879		37,879
NOTES PAYABLE		38,835		38,835
BONDS PAYABLE		25,825		25,825
COMPENSATED ABSENCES		2,694		2,694
DEFERRED REVENUE		5,666	48,986	54,652
AMOUNT HELD IN CUSTODY FOR OTHERS			3,873	3,873
DEPOSITS AND ADVANCE PAYMENTS			6,374	6,374
OTHER LIABILITIES		35,954	76,515	112,469
TOTAL CURRENT LIABILITIES	<u>10,265</u>	<u>218,968</u>	<u>424,009</u>	<u>653,242</u>
LONG-TERM LIABILITIES:				
CAPITAL LEASE OBLIGATIONS			94,850	94,850
NOTES PAYABLE			15,707	15,707
BONDS PAYABLE	610,940	1,924,719	618,275	3,153,934
COMPENSATED ABSENCES		1,181		1,181
OTHER LONG-TERM LIABILITIES		603		603
TOTAL LONG-TERM LIABILITIES	<u>610,940</u>	<u>1,926,503</u>	<u>728,832</u>	<u>3,266,275</u>
TOTAL LIABILITIES	<u>621,205</u>	<u>2,145,471</u>	<u>1,152,841</u>	<u>3,919,517</u>
FUND EQUITY AND OTHER CREDITS:				
CONTRIBUTED CAPITAL		144,369		144,369
INVESTMENT IN FIXED ASSETS	24		2,704,728	2,704,752
RETAINED EARNINGS:				
RESERVED FOR:				
REVENUE BOND RETIREMENT		364,795		364,795
UNRESERVED		508,398		508,398
FUND BALANCE:				
RESERVED FOR:				
ENCUMBRANCES			15,192	15,192
CAPITAL OUTLAY			203,967	203,967
RESTRICTED GIFTS, GRANTS, AND CONTRACTS			929,117	929,117
UNRESERVED:				
DESIGNATED FOR UNIVERSITIES AND COLLEGES			356,505	356,505
UNDESIGNATED	38,719			38,719
TOTAL FUND EQUITY	<u>38,743</u>	<u>1,017,562</u>	<u>4,209,509</u>	<u>5,265,814</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 659,948</u>	<u>\$ 3,163,033</u>	<u>\$ 5,362,350</u>	<u>\$ 9,185,331</u>

**COMMONWEALTH OF KENTUCKY
 COMBINING BALANCE SHEET
 COMPONENT UNITS - GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000**

(Expressed in Thousands)

	<u>Bluegrass State Skills Corporation</u>	<u>Kentucky School Facilities Construction Commission</u>	<u>Totals June 30, 2000</u>
<u>ASSETS</u>			
CURRENT ASSETS:			
CASH AND CASH EQUIVALENTS	\$	\$	\$
RECEIVABLES, NET	1,066	4,925 1,272	4,925 2,338
TOTAL CURRENT ASSETS	<u>1,066</u>	<u>6,197</u>	<u>7,263</u>
OTHER ASSETS:			
LONG-TERM INVESTMENTS		41,721	41,721
AMOUNT TO BE PROVIDED		610,940	610,940
TOTAL OTHER ASSETS		<u>652,661</u>	<u>652,661</u>
FIXED ASSETS:			
MACHINERY AND EQUIPMENT	24		24
TOTAL FIXED ASSETS, NET	<u>24</u>		<u>24</u>
TOTAL ASSETS	<u>\$ 1,090</u>	<u>\$ 658,858</u>	<u>\$ 659,948</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,311	\$ 8,954	\$ 10,265
DUE TO PRIMARY GOVERNMENT			
TOTAL CURRENT LIABILITIES	<u>1,311</u>	<u>8,954</u>	<u>10,265</u>
LONG-TERM LIABILITIES:			
BONDS PAYABLE		610,940	610,940
TOTAL LONG-TERM LIABILITIES		<u>610,940</u>	<u>610,940</u>
TOTAL LIABILITIES	<u>1,311</u>	<u>619,894</u>	<u>621,205</u>
FUND EQUITY:			
INVESTMENT IN FIXED ASSETS	24		24
FUND BALANCE			
UNRESERVED:	(245)	38,964	38,719
TOTAL FUND EQUITY	<u>(221)</u>	<u>38,964</u>	<u>38,743</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,090</u>	<u>\$ 658,858</u>	<u>\$ 659,948</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNITS - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000
(Expressed in Thousands)

	<u>Bluegrass State Skills Corporation</u>	<u>Kentucky School Facilities Construction Commission</u>	<u>Totals June 30, 2000</u>
REVENUES:			
INTEREST AND OTHER INVESTMENT INCOME	\$	\$ 1,862	\$ 1,862
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS		116	116
OTHER REVENUE		1,528	1,528
TOTAL REVENUES		<u>3,506</u>	<u>3,506</u>
EXPENDITURES:			
PERSONAL SERVICES	512	216	728
UTILITIES, RENTALS, AND OTHER SERVICES	33	1	34
GRANTS AND SUBSIDIES	3,121	55,823	58,944
CAPITAL OUTLAY	5		5
DEBT SERVICE PRINCIPAL RETIREMENT		37,830	37,830
DEBT SERVICE INTEREST AND FISCAL CHARGES		28,493	28,493
TRAVEL	11		11
TOTAL EXPENDITURES	<u>3,682</u>	<u>122,363</u>	<u>126,045</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,682)</u>	<u>(118,857)</u>	<u>(122,539)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS FROM PRIMARY GOVERNMENT	3,608	119,463	123,071
TRANSFERS TO COMPONENT UNITS		(31,576)	(31,576)
TRANSFERS TO PRIMARY GOVERNMENT		(10,592)	(10,592)
PROCEEDS FROM REVENUE BONDS		55,823	55,823
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,608</u>	<u>133,118</u>	<u>136,726</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(74)	14,261	14,187
FUND BALANCE AT JULY 1	(171)	24,703	24,532
INCREASE (DECREASE) IN INVENTORIES			
FUND BALANCE AT JUNE 30	<u>\$ (245)</u>	<u>\$ 38,964</u>	<u>\$ 38,719</u>

**COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
COMPONENT UNITS - PROPRIETARY FUND TYPES
JUNE 30, 2000**

(Expressed in Thousands)

	Kentucky State Fair Board	Kentucky Center for the Arts	Kentucky Educational Television Authority	Kentucky Economic Development Finance Authority	Kentucky Higher Education Assistance Authority
<u>ASSETS</u>					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	\$ 5,632	\$ 981	\$ 1,772	\$ 30,142	\$ 40,988
RESTRICTED CASH					
RECEIVABLES, NET	2,126	358	962	26	16,691
DUE FROM PRIMARY GOVERNMENT	4				
INTEREST RECEIVABLE		2		1,012	1,574
INVENTORIES		25	507		
PREPAID EXPENSES	562	223	569		
OTHER ASSETS					49
TOTAL CURRENT ASSETS	<u>8,324</u>	<u>1,589</u>	<u>3,810</u>	<u>31,180</u>	<u>59,302</u>
OTHER ASSETS:					
LONG-TERM INVESTMENTS		5,575	2,309	50,243	10,244
LONG-TERM RECEIVABLES				45,834	6,896
DEFERRED CHARGES	555		339		
RESTRICTED ASSETS					8,505
TOTAL OTHER ASSETS	<u>555</u>	<u>5,575</u>	<u>2,648</u>	<u>96,077</u>	<u>25,645</u>
FIXED ASSETS:					
LAND	14,073	129	76		
BUILDINGS	229,845	31,571	11,622	463	
MACHINERY AND EQUIPMENT	5,051	8,858	34,731	401	6,164
LESS: ACCUMULATED DEPRECIATION	(80,569)	(20,019)	(31,671)	(864)	(4,257)
CONSTRUCTION IN PROGRESS	7,396		508		
TOTAL FIXED ASSETS, NET	<u>175,796</u>	<u>20,539</u>	<u>15,266</u>		<u>1,907</u>
TOTAL ASSETS	<u>\$ 184,675</u>	<u>\$ 27,703</u>	<u>\$ 21,724</u>	<u>\$ 127,257</u>	<u>\$ 86,854</u>
<u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES:					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE	\$ 1,260	\$ 326	\$ 1,246	\$ 25	\$ 14,846
DUE TO PRIMARY GOVERNMENT	79				
CAPITAL LEASE OBLIGATIONS					
NOTES PAYABLE					
BONDS PAYABLE					
COMPENSATED ABSENCES	791	124	1,543		
AMOUNT HELD IN CUSTODY FOR OTHERS					
DEFERRED REVENUE	2,763	1,078	287		
OTHER LIABILITIES					
TOTAL CURRENT LIABILITIES	<u>4,893</u>	<u>1,528</u>	<u>3,076</u>	<u>25</u>	<u>14,846</u>
LONG-TERM LIABILITIES:					
BONDS PAYABLE					
COMPENSATED ABSENCES					1,181
OTHER LONG-TERM LIABILITIES					603
TOTAL LONG-TERM LIABILITIES					<u>1,784</u>
TOTAL LIABILITIES	<u>4,893</u>	<u>1,528</u>	<u>3,076</u>	<u>25</u>	<u>16,630</u>
FUND EQUITY:					
CONTRIBUTED CAPITAL	128,329	16,040			
RETAINED EARNINGS:					
RESERVED FOR:					
REVENUE BOND RETIREMENT				62,816	57,632
UNRESERVED	51,453	10,135	18,648	64,416	12,592
TOTAL FUND EQUITY	<u>179,782</u>	<u>26,175</u>	<u>18,648</u>	<u>127,232</u>	<u>70,224</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 184,675</u>	<u>\$ 27,703</u>	<u>\$ 21,724</u>	<u>\$ 127,257</u>	<u>\$ 86,854</u>

Kentucky Higher Education Student Loan Corporation	Kentucky Educational Savings Plan Trust	Kentucky Housing Corporation	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Kentucky Local Correctional Facilities Construction Authority	Totals June 30, 2000
\$ 99,367	\$ 66	\$ 241,920	\$ 95,426	\$ 54	\$ 587	\$ 15,713	\$ 532,648
827	3	24,095					24,095
16,359	45	26,501	16,616			339	64,449
190			2,819			248	4
		100					22,059
							532
116,743	114	292,616	114,861	54	587	16,300	1,644
							49
132,654	11,200	124,911	55,852	459	4,975	397	398,819
529,881		965,503	306,021			6,492	1,860,627
8,521		15,632	1,892			567	27,506
						1,222	9,727
671,056	11,200	1,106,046	363,765	459	4,975	8,678	2,296,679
		942					15,220
		4407					277,908
3,446		4,561					63,212
(2,160)		(3,830)					(143,370)
							7,904
1,286		6,080					220,874
\$ 789,085	\$ 11,314	\$ 1,404,742	\$ 478,626	\$ 513	\$ 5,562	\$ 24,978	\$ 3,163,033
\$ 21,871	\$ 66	\$ 29,904	\$ 2,115	\$	\$ 35	\$ 342	\$ 72,036
							79
		37,879					37,879
		25,870	11,298			1,667	38,835
25,825							25,825
236							2,694
		1,538					5,666
		35,804	150				35,954
47,932	66	130,995	13,563		35	2,009	218,968
675,735		1,048,878	165,931			34,175	1,924,719
							1,181
							603
675,735		1,048,878	165,931			34,175	1,926,503
723,667	66	1,179,873	179,494		35	36,184	2,145,471
							144,369
51,839		192,508					364,795
13,579	11,248	32,361	299,132	513	5,527	(11,206)	508,398
65,418	11,248	224,869	299,132	513	5,527	(11,206)	1,017,562
\$ 789,085	\$ 11,314	\$ 1,404,742	\$ 478,626	\$ 513	\$ 5,562	\$ 24,978	\$ 3,163,033

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
COMPONENT UNITS - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	Kentucky State Fair Board	Kentucky Center for the Arts	Kentucky Educational Television Authority	Kentucky Economic Development Finance Authority	Kentucky Higher Education Assistance Authority
OPERATING REVENUES:					
CHARGES FOR SERVICES	\$ 27,950	\$ 3,387	\$ 621	\$ 984	\$ 719
INTEREST AND OTHER INVESTMENT INCOME				1,567	2,188
INCREASE(DECREASE) IN FAIR VALUE OF INVESTMENTS					
OTHER REVENUES	3,204		2,037	38	24,641
TOTAL OPERATING REVENUES	31,154	3,387	2,658	2,589	27,548
OPERATING EXPENSES:					
PERSONAL SERVICES	12,941	5,888	10,921	948	9,047
UTILITIES, RENTALS, AND OTHER SERVICES	14,881	1,703		444	2,507
COMMODITIES AND SUPPLIES	1,174	332			382
PROVISION FOR LOAN LOSSES				100	
GRANTS AND SUBSIDIES		54			51,811
DEPRECIATION AND AMORTIZATION	5,670	2,316	1,819	11	767
INTEREST					
TRAVEL	81	80		24	205
OTHER EXPENSES		76	13,328	83	6,934
TOTAL OPERATING EXPENSES	34,747	10,449	26,068	1,610	71,653
OPERATING INCOME (LOSS)	(3,593)	(7,062)	(23,410)	979	(44,105)
NONOPERATING REVENUES (EXPENSES):					
INTERGOVERNMENTAL REVENUES		2,200			
GRANTS AND DONATIONS		637			267
MEMBERSHIP REVENUE		158			
KENTUCKY CENTER FOR THE ARTS ENDOWMENT		790			
GAIN (LOSS) ON SALE OF FIXED ASSETS		(1)			
INTEREST AND OTHER INVESTMENT INCOME(LOSS)	156	107	57	4,264	
OTHER REVENUE (EXPENSES)	673	12	7,743	(1)	
TOTAL NONOPERATING REVENUE (EXPENSES)	829	3,903	7,800	4,263	267
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND EXTRAORDINARY ITEM	(2,764)	(3,159)	(15,610)	5,242	(43,838)
TRANSFERS FROM PRIMARY GOVERNMENT	407	1,471	14,770		48,068
TRANSFERS FROM COMPONENT UNITS					3,000
TRANSFERS TO PRIMARY GOVERNMENT	(371)				
TRANSFERS TO COMPONENT UNITS					
NET INCOME (LOSS)	(2,728)	(1,688)	(840)	5,242	7,230
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS					
	4,972	1,702			
INCREASE (DECREASE) IN RETAINED EARNINGS	2,244	14	(840)	5,242	7,230
RETAINED EARNINGS AT JULY 1	49,209	10,121	19,488	121,990	62,994
RETAINED EARNINGS AT JUNE 30	\$ 51,453	\$ 10,135	\$ 18,648	\$ 127,232	\$ 70,224

Kentucky Higher Education Student Loan Corporation	Kentucky Educational Savings Plan Trust	Kentucky Housing Corporation	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Kentucky Local Correctional Facilities Construction Authority	Totals June 30, 2000
\$ 748	\$	\$ 11,075	\$ 11,991	\$	\$	\$ 5,644	\$ 63,119
52,712	1,224	78,932	8,250		364	1,230	146,467
		(2,839)		2	24	(34)	(2,847)
1,896	4					96	31,916
55,356	1,228	87,168	20,241	2	388	6,936	238,655
		9,903	897		(16)		50,529
		2,221					21,756
		468					2,356
		2,370	4,222			1,522	100
1,547		2,104	247				59,979
32,432		58,563	12,439			1,918	14,481
		312					105,352
12,945	41	4,500				96	702
46,924	41	80,441	17,805		(16)	3,536	38,003
8,432	1,187	6,727	2,436	2	404	3,400	293,258
							(54,603)
							2,200
			14,644				15,548
							158
							790
							(1)
		(674)					4,584
		(674)	14,644				7,753
							31,032
8,432	1,187	6,053	17,080	2	404	3,400	(23,571)
	1,491		11,834				78,041
	8,570						11,570
(3,000)							(371)
5,432	11,248	6,053	28,914	2	404	3,400	(3,000)
							62,669
							6,674
5,432	11,248	6,053	28,914	2	404	3,400	69,343
59,986		218,816	270,218	511	5,123	(14,606)	803,850
\$ 65,418	\$ 11,248	\$ 224,869	\$ 299,132	\$ 513	\$ 5,527	\$ (11,206)	\$ 873,193

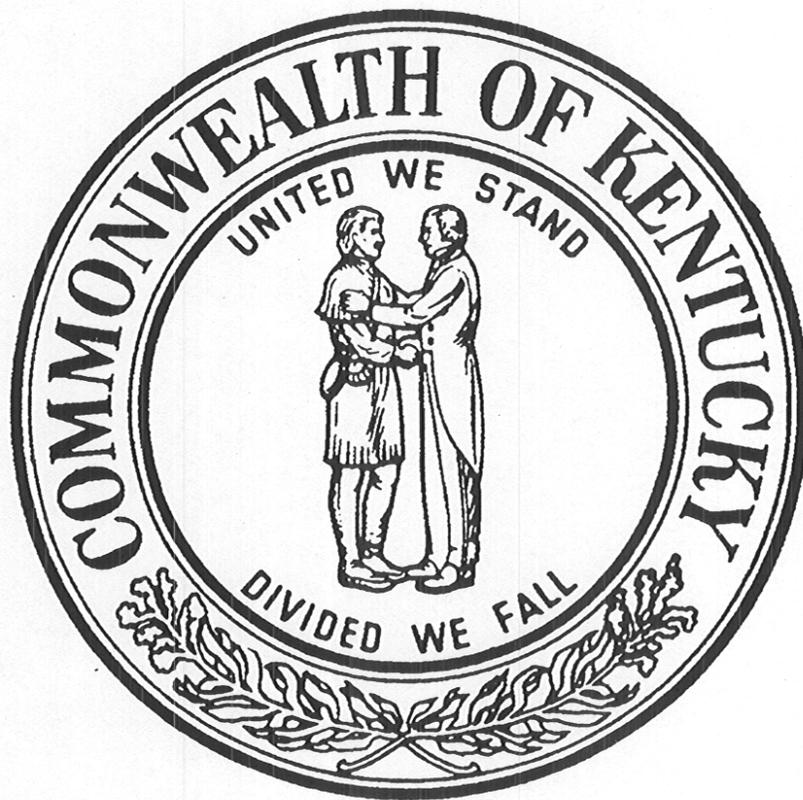
**COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

(Expressed in Thousands)

	Kentucky State Fair Board	Kentucky Center For The Arts	Kentucky Educational Television Authority	Kentucky Economic Development Finance Authority
CASH FLOWS FROM OPERATING ACTIVITIES:				
CASH RECEIVED FROM CUSTOMERS - PUBLIC	\$ 30,815	\$ 3,223	\$ 4,119	\$ 2,498
COLLECTION OF PROGRAM LOANS				10,395
PROGRAM LOANS ISSUED				(11,146)
CASH PAYMENTS TO SUPPLIERS FOR GOODS AND SERVICES	(17,563)	(4,214)	(12,988)	(581)
CASH PAYMENTS FOR EMPLOYEE SALARIES AND BENEFITS	(11,286)	(3,949)	(10,901)	(948)
CASH PAYMENTS FROM OTHER SOURCES				
CASH PAYMENTS (TO) OTHER SOURCES				
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,966</u>	<u>(4,940)</u>	<u>(19,770)</u>	<u>218</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
PROCEEDS FROM BOND ISSUANCE				
PROCEEDS FROM SALE OF REVENUE BONDS FOR COST OF ISSUANCE				
PRINCIPAL PAYMENT ON DEBT				
DEBT RELATED EXPENSES				
SUBSIDIES	673	3,811	20,991	
OPERATING TRANSFERS-IN FROM OTHER FUNDS	407	1,471		
OPERATING TRANSFERS-OUT TO OTHER FUNDS				
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,080</u>	<u>5,282</u>	<u>20,991</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
ACQUISITION AND CONSTRUCTION OF CAPITAL ASSETS	(7,769)	(538)	(5,244)	
PRINCIPAL PAID ON REVENUE BOND MATURITIES AND EQUIPMENT CONTRACTS	(371)			
INCREASE IN RESTRICTED ASSET - CONSTRUCTION ACCOUNT	(3,073)			
CONTRIBUTED CAPITAL	11,532			
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>319</u>	<u>(538)</u>	<u>(5,244)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
PURCHASE OF INVESTMENT SECURITIES		(3,076)	(2,089)	(120,312)
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENT SECURITIES		2,715	5,683	145,647
INTEREST AND DIVIDENDS ON INVESTMENTS	156	107	63	4,078
NET CASH USED IN INVESTING ACTIVITIES	<u>156</u>	<u>(254)</u>	<u>3,657</u>	<u>29,413</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>3,521</u>	<u>(450)</u>	<u>(366)</u>	<u>29,631</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,111	1,431	2,138	511
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,632</u>	<u>\$ 981</u>	<u>\$ 1,772</u>	<u>\$ 30,142</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	\$ (3,592)	\$ (7,062)	\$ (23,410)	\$ 979
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
PROVISION FOR UNCOLLECTIBLE ACCOUNTS				100
DEPRECIATION AND AMORTIZATION	5,670	2,316	1,819	11
INTEREST AND OTHER INVESTMENT INCOME			4	
INTEREST EXPENSE				
MISCELLANEOUS NONOPERATING INCOME (EXPENSES)			1,503	
CHANGE IN ASSETS AND LIABILITIES:				
(INCREASE) DECREASE IN ASSETS				
RECEIVABLES, NET	(883)	2	(116)	(843)
FAIR VALUE OF INVESTMENTS			99	
INVENTORIES		41	(43)	
PREPAID EXPENSES	45	26	73	
OTHER ASSETS			187	
INCREASE (DECREASE) IN LIABILITIES				
ACCOUNTS PAYABLE	183	(99)	10	(29)
COMPENSATED ABSENCES		3	104	
OTHER LIABILITIES				
DEFERRED REVENUE	543	(167)		
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,966</u>	<u>\$ (4,940)</u>	<u>\$ (19,770)</u>	<u>\$ 218</u>

THROUGH CONTRIBUTED CAPITAL, STATE FAIR BOARD ACQUIRED FIXED ASSETS COSTING \$8,431(000).

Kentucky Higher Education Assistance Authority	Kentucky Higher Education Student Loan Corporation	Kentucky Educational Savings Plan Trust	Kentucky Housing Corporation	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Kentucky Local Correctional Facilities Construction Authority	Totals June 30, 2000
\$ 31,220	\$ 37,263	\$ 2,255	\$ 18,989	\$ 600	\$	\$	\$ 6,091	\$ 137,073
318	86,434		165,790	18,394			837	282,168
(2,711)	(171,060)		(192,606)	(23,091)				(400,614)
(77,003)	(7,329)	(33)	(10,221)	(2,809)			(34)	(132,775)
(7,406)	(4,186)		(10,215)					(48,891)
3,000								3,000
	(34,418)	(767)		(2,315)			(3,452)	(40,952)
<u>(52,582)</u>	<u>(93,296)</u>	<u>1,455</u>	<u>(28,263)</u>	<u>(9,221)</u>			<u>3,442</u>	<u>(200,991)</u>
	186,600		295,541	8,110				490,251
	(962)							(962)
	(74,830)		(186,865)	(11,625)				(273,320)
59,632	(31,257)		(59,660)	(10,578)				(101,495)
			2,506	26,478				114,091
	(3,000)							1,878
<u>59,632</u>	<u>76,551</u>		<u>51,522</u>	<u>12,385</u>				<u>227,443</u>
(620)	(671)		(697)					(15,539)
							(1,620)	(1,991)
								(3,073)
								11,532
<u>(620)</u>	<u>(671)</u>		<u>(697)</u>				<u>(1,620)</u>	<u>(9,071)</u>
(12,322)	(355,032)	(29,494)	(767,199)	(167,970)		(183)	(396)	(1,458,073)
17,109	337,273	27,470	743,061	145,123	15			1,424,096
2,461	9,619	202	16,055	18,313	2	399	649	52,104
<u>7,248</u>	<u>(8,140)</u>	<u>(1,822)</u>	<u>(8,083)</u>	<u>(4,534)</u>	<u>17</u>	<u>216</u>	<u>253</u>	<u>18,127</u>
13,678	(25,556)	(367)	14,479	(1,370)	17	216	2,075	35,508
27,310	124,923	433	227,441	96,796	37	371	13,638	497,140
<u>\$ 40,988</u>	<u>\$ 99,367</u>	<u>\$ 66</u>	<u>\$ 241,920</u>	<u>\$ 95,426</u>	<u>\$ 54</u>	<u>\$ 587</u>	<u>\$ 15,713</u>	<u>\$ 532,648</u>
\$ (44,105)	\$ 8,432	\$ 1,187	\$ 6,727	\$ 2,436	\$ 2	\$ 404	\$ 3,400	\$ (54,602)
	218		893					1,211
767	1,547		2,104	247				14,481
(1,985)	(10,030)	(1,228)	(17,041)	(18,477)		(375)	(649)	(49,781)
(1,076)	32,432		58,563	12,439				102,358
	(116,660)	1,488	(835)				(34)	(114,538)
(6,462)	(12,242)	(3)	(87,949)	(5,298)		63	703	(113,028)
			2,839	(563)	(2)	(24)	34	2,383
								(2)
268	(95)		202					519
			(1,627)					(1,440)
	3,068	11	31			(16)	(12)	3,147
11								118
	34		7,914	(5)				7,943
			(84)			(52)		240
<u>\$ (52,582)</u>	<u>\$ (93,296)</u>	<u>\$ 1,455</u>	<u>\$ (28,263)</u>	<u>\$ (9,221)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,442</u>	<u>\$ (200,991)</u>



COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
COMMERCE-STATE FAIR BOARD			
REVENUES:			
CHARGES FOR SERVICES	\$	\$ 28,398	\$
OTHER REVENUES		17	
TRANSFERS IN (INTERFUND)		7	
TRANSFERS IN (INTRAFUND)		371	
TOTAL REVENUES		<u>28,793</u>	
EXPENSES	<u>27,702</u>	<u>26,151</u>	<u>1,551</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES		2,642	
FUND EQUITY AT JULY 1		130,808	
NON-BUDGETED ITEMS		(2)	
FUND EQUITY AT JUNE 30	<u>\$</u>	<u>\$ 133,448</u>	<u>\$</u>

**COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
COMPONENT UNITS - ALL UNIVERSITY AND COLLEGE FUNDS
JUNE 30, 2000**

(Expressed in Thousands)

	<u>University of Kentucky</u>	<u>University of Louisville</u>	<u>Eastern Kentucky University</u>
<u>ASSETS</u>			
CASH AND CASH EQUIVALENTS	\$ 250,015	\$ 49,952	\$ 44,187
INVESTMENTS, NET OF AMORTIZATION	554,879	120,602	41,042
RECEIVABLES, NET:			
STATE AGENCIES			4,905
OTHERS	189,905	54,041	11,589
INTERFUND RECEIVABLES	87,054		54
INVENTORIES	12,030	1,331	548
LAND	23,170	28,897	4,567
IMPROVEMENTS OTHER THAN BUILDINGS	38,500		9,833
BUILDINGS	747,106	486,180	153,934
MACHINERY AND EQUIPMENT	394,118	120,302	56,136
LIBRARY BOOKS	92,518	69,566	28,113
LIVESTOCK			317
CONSTRUCTION IN PROGRESS	57,368		6,890
OTHER ASSETS	7,828	3,043	2,206
TOTAL ASSETS	<u>\$ 2,454,491</u>	<u>\$ 933,914</u>	<u>\$ 364,321</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
ACCOUNTS PAYABLE:			
STATE AGENCIES	\$	\$	\$ 50
OTHERS	34,676	41,333	4,996
ACCRUED LIABILITIES	48,948		2,546
INTERFUND PAYABLES	87,054		54
CAPITAL LEASE OBLIGATIONS	52,636	1,795	20,350
NOTES PAYABLE	1,524	8,567	
BONDS PAYABLE	184,486	152,252	50,270
AMOUNTS HELD IN CUSTODY FOR OTHERS	666		578
DEPOSITS AND ADVANCE PAYMENTS	4,105	1,302	489
DEFERRED REVENUE	14,675	21,137	2,361
OTHER LIABILITIES	62,570	1,685	11
TOTAL LIABILITIES	<u>491,340</u>	<u>228,071</u>	<u>81,705</u>
FUND EQUITY:			
INVESTMENT IN FIXED ASSETS	1,088,331	551,199	183,853
FUND BALANCE:			
RESERVED FOR:			
ENCUMBRANCES	1,459	7,542	3,567
CAPITAL OUTLAY	64,933	17,150	40,517
RESTRICTED GIFTS, GRANTS, AND CONTRACTS	653,590	77,914	54,668
UNRESERVED:			
DESIGNATED FOR UNIVERSITIES AND COLLEGES	154,838	52,038	11
TOTAL FUND EQUITY	<u>1,963,151</u>	<u>705,843</u>	<u>282,616</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,454,491</u>	<u>\$ 933,914</u>	<u>\$ 364,321</u>

Western Kentucky University	Morehead State University	Murray State University	Northern Kentucky University	(UNAUDITED) Kentucky State University	Kentucky Community Technical College System	Totals June 30, 2000
\$ 2,930	\$ 19,423	\$ 25,284	\$ 7,472	\$ 5,366	\$ 63,062	\$ 467,691
43,702	11,700	5,309	21,330	13,477	28,839	840,880
107	838	1,260	1,552			8,662
10,489	6,310	6,656	3,895	5,140	10,260	298,285
164	1,766	4,878	212	513	1,683	96,324
1,249	1,837	1,473	1,258	559	2,449	22,734
2,613	7,801	4,070	3,109	1,255	8,161	83,643
5,953		9,702	4,235	496	5,394	74,113
105,364	131,614	125,509	121,542	88,688	281,872	2,241,809
40,551	14,349	31,253	20,917	18,485	71,885	767,996
23,976	12,470	20,881	19,636	6,456		273,616
	4	6				327
14,389	3,666	19,748	8,483	1,144	30,591	142,279
7,398	66	21,273	2,135	41	1	43,991
<u>\$ 258,885</u>	<u>\$ 211,844</u>	<u>\$ 277,302</u>	<u>\$ 215,776</u>	<u>\$ 141,620</u>	<u>\$ 504,197</u>	<u>\$ 5,362,350</u>
\$ 574	\$	\$ 40	\$ 30	\$	\$	\$ 694
2,040	678	4,261	2,857	2,412	10,796	104,049
2,922	4,648	4,079	5,843	3,560	14,648	87,194
164	1,766	4,878	212	513	1,683	96,324
2,732	2,032	2,185	13,120			94,850
2,706		1,391	1,519			15,707
25,990	34,110	22,642	48,825	17,195	82,505	618,275
814	789	161	619	246		3,873
		284	194			6,374
3,882	491	1,062	3,817		1,561	48,986
5,540	2,039				4,670	76,515
<u>47,364</u>	<u>46,553</u>	<u>40,983</u>	<u>77,036</u>	<u>23,926</u>	<u>115,863</u>	<u>1,152,841</u>
152,523	131,789	197,552	105,975		293,506	2,704,728
1,824		575	225			15,192
12,394	11,745		18,972		38,256	203,967
29,060	20,565	38,192	12,368	6,093	36,667	929,117
<u>15,720</u>	<u>1,192</u>	<u></u>	<u>1,200</u>	<u>111,601</u>	<u>19,905</u>	<u>356,505</u>
<u>211,521</u>	<u>165,291</u>	<u>236,319</u>	<u>138,740</u>	<u>117,694</u>	<u>388,334</u>	<u>4,209,509</u>
<u>\$ 258,885</u>	<u>\$ 211,844</u>	<u>\$ 277,302</u>	<u>\$ 215,776</u>	<u>\$ 141,620</u>	<u>\$ 504,197</u>	<u>\$ 5,362,350</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
COMPONENT UNITS - ALL UNIVERSITY AND COLLEGE CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	University of Kentucky	University of Louisville	Eastern Kentucky University
REVENUES:			
TUITION AND FEES	\$ 118,012	\$ 74,163	\$ 35,980
FEDERAL GRANTS AND CONTRACTS	16,202	30,951	33,754
STATE/LOCAL GRANTS AND CONTRACTS	13,315	7,882	12,934
PRIVATE GIFTS, GRANTS AND CONTRACTS	63,158	13,011	850
ENDOWMENT INCOME	7,593		
SALES AND SERVICES OF EDUCATION ACTIVITIES	53,980	614	4,159
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	341,490	32,282	13,254
OTHER REVENUES	37,158	107,823	4,945
TOTAL CURRENT REVENUES	<u>650,908</u>	<u>266,726</u>	<u>105,876</u>
EXPENDITURES AND TRANSFERS:			
EDUCATIONAL AND GENERAL:			
INSTRUCTION	209,099	112,504	56,036
RESEARCH	60,898	57,330	640
PUBLIC SERVICE	122,879	71,535	21,857
ACADEMIC SUPPORT	36,247	19,458	25,644
LIBRARIES	23,711	12,583	4,025
STUDENT SERVICES	20,585	9,642	9,127
INSTITUTIONAL SUPPORT	41,960	32,392	8,305
STUDENT FINANCIAL AID	40,053	22,254	18,078
MAINTENANCE AND OPERATION	32,841	20,079	15,555
OTHER EXPENDITURES	545	1,060	
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	<u>588,818</u>	<u>358,837</u>	<u>159,267</u>
MANDATORY TRANSFERS FOR:			
PRINCIPAL AND INTEREST	13,321	15,767	3,032
CURRENT FUND - UNRESTRICTED	(133)		
CURRENT FUND - RESTRICTED	(10)		
LOAN FUND	98	50	6
UNEXPENDED PLANT FUND	1,511		
NON-MANDATORY TRANSFERS FOR:			
CURRENT FUND - UNRESTRICTED	(20,678)		
CURRENT FUND - RESTRICTED	(2,561)		
ENDOWMENT AND SIMILAR FUNDS	648		
FOUNDATIONS	500		
UNEXPENDED PLANT FUND	20,748	10,002	
RENEWAL AND REPLACEMENT	3,760		
RETIREMENT OF INDEBTEDNESS			
TOTAL EDUCATIONAL AND GENERAL	<u>606,022</u>	<u>384,656</u>	<u>162,305</u>
AUXILIARY ENTERPRISES AND HOSPITALS:			
EXPENDITURES	291,018	53,965	12,553
MANDATORY TRANSFERS FOR:			
PRINCIPAL AND INTEREST	3,878	1,376	3,335
RETIREMENT OF INDEBTEDNESS			
NON-MANDATORY TRANSFERS:			
CURRENT FUND - UNRESTRICTED	4,363		
CURRENT FUND - RESTRICTED			
AUXILIARY ENTERPRISES AND HOSPITALS - UNRESTRICTED	(4)		
UNEXPENDED PLANT FUND	384		1,338
RENEWAL AND REPLACEMENT	41,601		
TOTAL AUXILIARY ENTERPRISES AND HOSPITALS	<u>341,240</u>	<u>55,341</u>	<u>17,226</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>947,262</u>	<u>439,997</u>	<u>179,531</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
TRANSFERS FROM PRIMARY GOVERNMENT	290,835	163,529	65,694
TRANSFERS TO PRIMARY GOVERNMENT			
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUE	3,346	(999)	705
INDIRECT COST RECOVERED		6,320	
REFUNDS TO GRANTORS			(614)
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)		720	
NET INCREASE (DECREASE) IN FUND BALANCE	<u>\$ (2,173)</u>	<u>\$ (3,701)</u>	<u>\$ (7,870)</u>

Western Kentucky University	Morehead State University	Murray State University	Northern Kentucky University	(UNAUDITED) Kentucky State University	Kentucky Community Technical College System	Totals June 30, 2000
\$ 38,648	\$ 21,783	\$ 27,756	\$ 38,072	\$ 7,527	\$ 48,430	\$ 410,371
	27,361	8,253	5,622	12,277	51,055	185,475
29,350	1,917	5,096	3,213	17	24,864	98,588
1,817	639	1,790	944		1,245	83,454
		558			245	8,396
4,319	1,266	2,805	863	787	5,276	74,069
30,925	9,866	14,179	6,599	3,985	11,791	464,371
4,745	4,208	3,823	3,824	666	1,776	168,968
<u>109,804</u>	<u>67,040</u>	<u>64,260</u>	<u>59,137</u>	<u>25,259</u>	<u>144,682</u>	<u>1,493,692</u>
53,737	27,915	38,697	33,492	11,216	121,438	664,134
3,859	509	2,131	265	4,415		130,047
14,210	5,842	4,429	3,087	2,675	4,383	250,897
8,079	4,906	4,627	6,688	2,304	16,040	123,993
5,140	2,477	2,617	3,939		5,121	59,613
11,820	6,606	8,068	7,250	3,812	16,505	93,415
14,736	8,677	9,004	10,937	7,399	47,744	181,154
16,955	25,970	13,863	10,439	5,275	48,902	201,789
12,349	5,017	9,575	7,002	4,164	22,285	128,867
100		3				1,708
<u>140,985</u>	<u>87,919</u>	<u>93,014</u>	<u>83,099</u>	<u>41,260</u>	<u>282,418</u>	<u>1,835,617</u>
4,248	2,891	1,546	5,111	2,646	10,155	58,717
	1					(133)
18		2	21			(9)
						195
						1,511
(1,646)		(73)		(3,831)		(26,228)
	458	378			(246)	(2,561)
						1,238
2,709	1,028	93	190	3,831	10,207	500
		141				48,808
		354				3,901
<u>146,314</u>	<u>92,297</u>	<u>95,455</u>	<u>88,421</u>	<u>43,906</u>	<u>302,534</u>	<u>1,921,910</u>
12,190	7,596	12,725	4,979	3,554	12,568	411,148
17,610	2,006	944	325			29,474
			1,198			1,198
		73				4,436
(1,553)						(1,553)
		383	(22)		20	(4)
					99	2,103
<u>28,247</u>	<u>9,602</u>	<u>14,125</u>	<u>6,480</u>	<u>3,554</u>	<u>12,687</u>	<u>488,502</u>
<u>174,561</u>	<u>101,899</u>	<u>109,580</u>	<u>94,901</u>	<u>47,460</u>	<u>315,221</u>	<u>2,410,412</u>
59,876	38,122	45,024	34,675	20,873	163,646	882,274
(195)	(412)					(607)
275		1,981	(55)		7,445	12,698
1,092		334	184	65		7,995
(106)		(95)	(26)			(841)
						720
<u>\$ (3,815)</u>	<u>\$ 2,851</u>	<u>\$ 1,924</u>	<u>\$ (986)</u>	<u>\$ (1,263)</u>	<u>\$ 552</u>	<u>\$ (14,481)</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FUND BALANCE
COMPONENT UNITS - ALL UNIVERSITY AND COLLEGE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000

(Expressed in Thousands)

	University of Kentucky	University of Louisville	Eastern Kentucky University
REVENUES AND OTHER ADDITIONS:			
EDUCATIONAL AND GENERAL REVENUES	\$ 262,466	\$ 167,989	\$ 46,563
AUXILIARY ENTERPRISES AND HOSPITALS REVENUES	341,490	32,968	13,055
INDIRECT COST RECOVERED		6,320	
RESTRICTED GRANTS AND CONTRACTS	154,928	53,361	72,988
RESTRICTED GIFTS AND GRANTS	40,458	4,118	3,929
ENDOWMENT INCOME	7,645		
INTEREST AND OTHER INVESTMENT INCOME	32,483	6,785	926
EXPENDED FOR PLANT FACILITIES	107,555	38,913	10,668
RETIREMENT OF INDEBTEDNESS	14,420	11,079	5,850
OTHER REVENUES AND ADDITIONS	100,108	19,671	5,392
TOTAL REVENUES AND OTHER ADDITIONS	<u>1,061,553</u>	<u>341,204</u>	<u>159,371</u>
EXPENDITURES AND OTHER DEDUCTIONS:			
EDUCATIONAL AND GENERAL EXPENDITURES	588,818	357,777	157,438
AUXILIARY ENTERPRISES AND HOSPITALS EXPENDITURES	291,018	53,965	12,553
REFUNDS TO GRANTORS	1		638
ADMINISTRATIVE, COLLECTION, AND LITIGATION COSTS	31		88
LOAN CANCELLATIONS	251	262	217
PAYMENT TO BENEFICIARIES			927
EXPENDED FOR PLANT FACILITIES	99,649	34,949	5,228
RETIREMENT OF INDEBTEDNESS	15,245	11,079	29,200
INTEREST PAYMENTS	10,099	8,377	2,659
DISPOSAL OF PLANT FACILITIES	35,826	4,156	2,353
NOTES ISSUED			
OTHER EXPENDITURES	202,584	4,108	3,939
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>1,243,522</u>	<u>474,673</u>	<u>215,240</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):			
NON-MANDATORY TRANSFERS FOR:			
TRANSFERS FROM PRIMARY GOVERNMENT	290,835	163,529	65,694
TRANSFERS TO PRIMARY GOVERNMENT			
TOTAL TRANSFERS AMONG FUNDS	<u>290,835</u>	<u>163,529</u>	<u>65,694</u>
INCREASE (DECREASE) IN FUND BALANCE	108,866	30,060	9,825
FUND BALANCE AT JULY 1, AS RESTATED	1,854,285	675,783	272,791
FUND BALANCE AT JUNE 30	<u>\$ 1,963,151</u>	<u>\$ 705,843</u>	<u>\$ 282,616</u>

Western Kentucky University	Morehead State University	Murray State University	Northern Kentucky University	(UNAUDITED) Kentucky State University	Kentucky Community Technical College System	Totals June 30, 2000
\$ 43,352	\$ 27,244	\$ 34,384	\$ 40,610	\$ 21,339	\$ 60,448	\$ 704,395
30,925	9,866	14,179	6,599	3,985	11,791	464,858
1,092		334	184			7,930
29,657	29,919	19,037	9,354		74,702	443,946
1,426		1,010	1,175		5,227	57,343
		558			245	8,448
1,713	585	589	1,925	494	2,387	47,887
16,964	6,572	13,077	9,602		12,512	215,863
21,029	6,361	2,911	5,219	1,570	6,825	75,264
7,431	10,605	6,463	8,376	3	12,810	170,859
<u>153,589</u>	<u>91,152</u>	<u>92,542</u>	<u>83,044</u>	<u>27,391</u>	<u>186,947</u>	<u>2,196,793</u>
140,984	87,919	93,011	83,099	41,260	282,418	1,832,724
12,190	7,596	12,725	4,979	3,554	12,568	411,148
106		95	28			868
342	6	2	52	3		524
241	88	117	40	49		1,265
						927
10,640	6,305	8,363	6,170		7,767	179,071
24,323	6,362	2,911	4,619	1,570	6,825	102,134
2,449	1,700	1,249	3,247	1,076	4,347	35,203
38,580	348	9,005	3,234		47	93,549
	10,169	163	455			10,787
1,343	4,503	214	1,442	5,089	4,027	227,249
<u>231,198</u>	<u>124,996</u>	<u>127,855</u>	<u>107,365</u>	<u>52,601</u>	<u>317,999</u>	<u>2,895,449</u>
59,876	38,122	45,024	34,675	20,873	163,646	882,274
(195)	(412)					(607)
<u>59,681</u>	<u>37,710</u>	<u>45,024</u>	<u>34,675</u>	<u>20,873</u>	<u>163,646</u>	<u>881,667</u>
(17,928)	3,866	9,711	10,354	(4,337)	32,594	183,011
229,449	161,425	226,608	128,386	122,031	355,740	4,026,498
<u>\$ 211,521</u>	<u>\$ 165,291</u>	<u>\$ 236,319</u>	<u>\$ 138,740</u>	<u>\$ 117,694</u>	<u>\$ 388,334</u>	<u>\$ 4,209,509</u>

STATISTICAL SECTION

The **Statistical Section** gives report users a better historical perspective of financial information that may assist in assessing current financial status and trends of the Commonwealth. In addition, certain demographic and economic data have been presented that will allow a broader understanding of the economic and social environment in which State Government operates.

**COMMONWEALTH OF KENTUCKY
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)**

<u>SOURCE</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Taxes:										
Sales & Gross Receipts	\$ 1,931,992	\$ 2,259,989	\$ 2,442,419	\$ 2,539,066	\$ 2,739,653	\$ 2,873,176	\$ 3,018,770	\$ 3,167,442	\$ 3,255,990	\$ 3,546,343
Individual Income	1,642,691	1,629,678	1,676,263	1,870,096	1,964,960	2,080,418	2,201,574	2,390,823	2,538,948	2,701,349
Corporation Income	319,338	271,022	254,797	269,048	340,913	289,508	291,536	338,354	312,579	307,939
Property	323,378	339,590	353,711	370,200	386,389	409,175	440,973	405,528	424,471	440,438
License & Privilege	110,046	111,315	117,471	114,052	137,578	130,778	145,178	162,122	170,480	139,922
Severance	188,924	185,020	180,704	181,340	177,826	185,019	185,744	187,126	173,094	169,154
Inheritance & Estate	68,597	77,241	71,040	76,173	79,531	82,673	93,962	105,550	79,168	76,751
Miscellaneous	118,327	116,692	125,636	120,036	117,077	104,819	109,451	114,903	120,765	3,390
Total Taxes	<u>4,703,293</u>	<u>4,990,547</u>	<u>5,222,041</u>	<u>5,540,011</u>	<u>5,943,927</u>	<u>6,155,566</u>	<u>6,487,188</u>	<u>6,871,848</u>	<u>7,075,495</u>	<u>7,385,286</u>
Intergovernmental Revenue	2,158,400	2,520,376	2,687,598	2,657,925	3,307,139	3,394,888	3,625,241	3,809,686	3,825,985	4,602,881
Charges for Services	167,144	140,798	147,617	192,659	222,309	277,165	262,366	289,555	298,952	359,782
Licenses, Fees & Permits	126,840	138,877	161,510	134,161	160,975	163,331	164,557	170,454	188,304	203,608
Fines & Forfeitures	41,106	39,229	39,972	38,563	40,720	40,485	48,538	47,265	53,024	49,986
Interest & Investments *	108,962	112,519	107,210	90,931	112,124	148,908	155,878	191,986	140,328	163,893
Other Income	136,338	80,241	123,951	93,683	133,506	133,524	193,206	218,883	185,881	230,325
Total Non-Tax Income	<u>2,738,790</u>	<u>3,032,040</u>	<u>3,267,858</u>	<u>3,207,922</u>	<u>3,976,773</u>	<u>4,158,301</u>	<u>4,449,786</u>	<u>4,727,829</u>	<u>4,692,474</u>	<u>5,610,475</u>
Total Revenues	<u>\$ 7,442,083</u>	<u>\$ 8,022,587</u>	<u>\$ 8,489,899</u>	<u>\$ 8,747,933</u>	<u>\$ 9,920,700</u>	<u>\$ 10,313,867</u>	<u>\$ 10,936,974</u>	<u>\$ 11,599,677</u>	<u>\$ 11,767,969</u>	<u>\$ 12,995,761</u>

NOTE: * 1999 Amount adjusted in accordance with GASB 31

**COMMONWEALTH OF KENTUCKY
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)**

<u>FUNCTIONS</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Government	\$ 300,969	\$ 236,096	\$ 444,901	\$ 452,593	\$ 418,256	\$ 494,599	\$ 593,500	\$ 652,980	\$ 556,913	\$ 541,008
Legislative & Judicial	111,920	119,345	120,036	128,575	132,421	147,563	150,604	165,645	186,168	212,978
Commerce	40,485	41,512	37,279	37,656	42,430	42,704	44,408	45,953	49,927	52,941
Education & Humanities	2,302,807	2,511,764	2,578,179	2,663,797	2,835,220	2,962,449	3,076,843	3,187,712	3,250,456	3,351,422
Human Resources	2,495,859	2,916,988	3,129,059	3,077,162	3,818,430	3,819,907	4,208,762	4,253,354	4,368,927	5,109,752
Justice	98,068	101,291	229,972	232,221	255,424	282,999	340,100	402,149	451,532	511,106
Natural Resources and										
Environmental Protection	98,517	56,919	83,481	105,920	110,509	96,094	103,356	112,923	120,938	125,724
Corrections	150,637	158,260	0	0	0	0	0	0	0	0
Public Protection and										
Regulation	72,138	73,888	83,322	79,816	86,411	94,124	105,763	115,479	130,245	131,350
Transportation	813,903	976,826	874,160	843,456	980,083	1,061,589	1,092,563	1,135,102	1,356,322	1,502,356
Capital Outlay	125,600	201,665	149,910	79,707	82,040	79,245	99,702	135,106	266,165	225,409
Debt Service	334,487	413,450	284,323	357,122	416,756	392,130	332,127	438,029	357,698	302,708
Total Expenditures	<u>\$ 6,945,390</u>	<u>\$ 7,808,004</u>	<u>\$ 8,014,622</u>	<u>\$ 8,058,025</u>	<u>\$ 9,177,980</u>	<u>\$ 9,473,403</u>	<u>\$ 10,147,728</u>	<u>\$ 10,644,432</u>	<u>\$ 11,095,291</u>	<u>\$ 12,066,754</u>

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Report

NOTE: In 1990 the Energy Function was distributed among other functions. In 1993 the Corrections Function was combined into the Justice Function.

COMMONWEALTH OF KENTUCKY

DESCRIPTION OF TAX SOURCES - ALL GOVERNMENTAL FUND TYPES

JUNE 30, 2000

SALES AND USE - On July 1, 1960, Kentucky became the thirty-fourth state to enact a sales and use tax. Although the tax was broad based at the time of its inception, the sales and use tax has been significantly eroded over the years with the passage of numerous exemptions. This has been partially offset with rate increases in 1968 (3% to 5%) and 1990 (5% to 6%), and expansion of the tax base in 1985 to cover leases and rentals of tangible personal property. During fiscal year 2000, the sales and use tax continued to be the second largest generator of General Fund revenue for the Commonwealth.

COAL SEVERANCE - Kentucky's coal severance tax became effective April 1, 1972, and was intended to replace a major portion of the revenue expected to be lost by the exemption of groceries from the sales tax. It was the first major severance tax among the states. The initial rate of 4% on the gross value of coal mined in Kentucky or .30 per ton, whichever is greater, was raised to 4.5% of the gross value of coal mined or .50 per ton, whichever is greater, in 1976. In 1978, the statutes were revised to include the taxation of coal processing and added a deduction from the gross value for the cost of transportation. A 1986 amendment provides that coal producing and coal impact counties were to receive a minimum of 10% of coal severance and processing taxes for fiscal year 1986-87 and 12% for subsequent years. The percentage has increased over the years to a level of 30% effective fiscal year 1998-99.

MOTOR FUELS - In 1920, Kentucky became the fifth state to adopt a gasoline tax. The initial rate of one cent per gallon reached five cents per gallon by 1926. Effective April 1, 1948, the tax per gallon was raised to seven cents, with two-sevenths of the total set aside for rural and secondary roads. On July 1, 1962, administration of the motor fuels use tax was transferred from the Department of Revenue to the Department of Motor Transportation, and on July 1, 1972, the tax rate increased to nine cents per gallon. Effective July 1, 1980, the rate was changed to 9% of the weighted average wholesale tank wagon price for sale in Kentucky. In no case shall the average wholesale price be deemed to be less than one dollar and eleven cents per gallon, nor more than one dollar and fifty cents per gallon. On July 1, 1986, the tax on gasoline and LP gas was increased five cents per gallon and the tax on special fuels was increased two cents per gallon.

MOTOR VEHICLE USAGE TAX - Motor vehicles were originally taxed under the 3 percent gross receipts tax that was repealed in 1936. After repeal, a special 3 percent tax on motor vehicles was enacted. This tax is based on the "retail price" of the motor vehicles as defined by statute. The tax was increased to 5 percent in April 1968, and to 6 percent on July 1, 1990. The tax is paid to the county clerk when a vehicle is first registered in the owner's name. The proceeds derived from the tax are deposited to the Road Fund for use in the construction and maintenance of Kentucky's roads and bridges.

MOTOR VEHICLE REGISTRATION - The 1936 General Assembly fixed a flat \$4.50 registration fee (plus fifty cents for the County Clerk) for passenger cars. Similar fees were enacted in 1938 for farm trucks and in 1944 for church buses, water well drillers, and certain wreckers. Truck licenses were changed to a graduated "gross weight" basis in 1964. The current \$11.50 fee for passenger cars, farm trucks, and the lightest trucks was passed in 1968. In 1973, all motor vehicle registration functions were transferred from the Department of Revenue to the Department of Transportation. The apportioned registration of commercial vehicles began April 1, 1974. Current rates for heavier trucks range from \$24 (6,001-10,000 lbs.) to \$1,250.50 (73,281-80,000 lbs.) with extended weight tags available for coal haulers.

INDIVIDUAL INCOME TAX - The individual income tax became effective for income earned during calendar year 1936 and produced its first revenue during fiscal year 1936-37. The initial rates ranged from 2% on the first \$3,000 of income to 5% on all over \$5,000. In 1950, a rate of 6% was imposed on income in excess of \$8,000. In 1954, Kentucky became the fourth state to implement a withholding system and also adopted the federal definition of net income. Currently, net income is computed using the Internal Revenue Code in effect on December 31, 1999, for tax years beginning after December 31, 1999, modified for Kentucky differences between federal and Kentucky tax laws. Primary differences include the tax treatment of pension income and interest on federal obligations. The rates applied to net income are: 2% of the first \$3,000; 3% of the next \$1,000; 4% of the next \$1,000; 5% of the next \$3,000; and 6% of the excess over \$8,000. The personal tax credit of \$20 went into effect in 1961 and a standard deduction of \$650 was adopted in 1976. The standard deduction increased to \$900 for 1997, increases to \$1,200 for 1998, \$1,500 for 1999 and \$1,700 for 2000 and will be indexed thereafter. A low income tax credit of 5% to 100% for single persons or married couples with adjusted gross income of \$25,000 or less was enacted in 1990. A child and dependent care credit equal to 20% of the Federal credit is also allowed.

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CORPORATION INCOME TAX - The corporate income tax was enacted to first apply to calendar year 1936 income. The rate was 4% of net income assigned to Kentucky after deduction of federal income taxes. This rate was changed to 4.5% in 1950 and again to 5% of the first \$25,000 of taxable income and 7% of all in excess thereof in 1956. In 1972, the federal tax deduction was removed and the state rate reduced to 4% of the first \$25,000 and 5.8% on the excess. Tax rates beginning on January 1, 1980, were: first \$25,000 at 3%; next \$25,000 at 4%; next \$50,000 at 5%; and the excess over \$100,000 at 6%. The 1985 Special Session of the General Assembly passed the Kentucky Equity Tax Act (KETA) into law. KETA mandated a State depreciation system separate from the federal system. This new Kentucky system allowed corporate taxpayers to recover the entire cost of property through depreciations compared to recovery of 71% of cost using the Accelerated Cost Recovery System (ACRS) as adjusted for under prior Kentucky Law. KETA also added a new graduated rate of 7.25% of taxable income in excess of \$250,000 of taxable income effective August 1, 1985.

The 1990 General Assembly replaced the Kentucky depreciation system with the depreciation and expense deductions allowed by Sections 168 and 179 of the Internal Revenue Code in effect on December 31, 1989, effective for property placed in service after December 31, 1989. The tax rates beginning on January 1, 1990 are: first \$25,000 at 4%; next \$25,000 at 5%; next \$50,000 at 6%; next \$150,000 at 7%; and all over \$250,000 at 8.25%.

The 1994 General Assembly amended KRS 141.0101 to make Kentucky depreciation rules consistent with federal depreciation rules for all assets, regardless of when placed in service, effective for taxable years, beginning after December 31, 1993. To account for this change in depreciation rules, each taxpayer must determine the amount of any difference in Kentucky adjusted basis and federal adjusted basis (transition amount) as of the first day of the first taxable year beginning after December 31, 1993. The transition amount must be added to or subtracted from gross income in the first taxable year beginning after December 31, 1993, if the amount does not exceed \$100,000 or in equal amounts over 4 years if the amount exceeds \$100,000 or the taxpayer so elects.

The 1996 General Assembly amended KRS 141.120 to prohibit affiliated corporations from filing combined Kentucky income tax returns using the unitary business concept and allows affiliated corporations to elect to file consolidated Kentucky income tax returns, with such election being binding for 96 consecutive calendar months.

Effective for tax years beginning after December 31, 1996, net income is computed using the Internal Revenue Code in effect on December 31, 1999.

PROPERTY TAX - Kentucky has levied a property tax since the creation of the state in 1792. Prior to 1934, the property tax was the State's major revenue source. In that year, an attempt to remove the tax on real estate was ruled unconstitutional. The tax rate was then reduced from 30 cents to 5 cents per \$100 assessed value. The 1965 Special Session of the General Assembly further reduced the rate on real estate from five cents to 1.5 cents and on tangible property from 50 cents to 15 cents. House Bill 4, passed in the 1976 regular session of the General Assembly, established the power equalization program for school funding and raised the State tax rate on real property from 1.5 cents to 31.5 cents per \$100 of assessed value and the tax rate on tangible personal property from 15 cents to 45 cents per \$100 of assessed value. This increase in the State property tax rate was accompanied by a 30 cents per \$100 of assessed value decrease in local school tax rates. The tax rate on intangible personal property, which is not subject to local rates, remained at 25 cents per \$100. House Bill 44, enacted by the 1979 extraordinary legislative session, established a new rate setting mechanism which limited the increase in aggregate revenues for all taxing districts in general, and specifically limited the State rate for real estate to no greater than necessary to provide a 4% increase in revenue from year to year. As a result, the State tax rate on real property has dropped 55% from 31.5 cents per \$100 in 1978 to 14.1 cents per \$100 in 2000.

The 1996 General Assembly repealed the bank shares property tax and enacted a bank franchise tax for state tax purposes and a local deposits franchise tax for local tax purposes. A discussion of the bank franchise tax follows.

INHERITANCE AND ESTATE TAX - Inheritance Tax is a tax on the right to receive property upon the death of the owner. The tax rates and exemptions are based on the relationship of the beneficiary to the decedent. The Kentucky inheritance tax began in 1906 and taxed all beneficiaries other than nearest relatives. Beneficiaries taxed were given a \$500 exemption. Many changes have been enacted over the years to the inheritance tax, however, the Kentucky estate tax that was enacted in 1936, has not been changed. The Kentucky estate tax is equal to the amount that the state death tax credit allowable under the federal estate tax law exceeds the total inheritance tax paid.

A major change was made in 1985 to the Kentucky inheritance tax when a surviving spouse was given an exemption of the total amount inherited. Effective for dated of death on or after July 1, 1998, the inheritance tax for parents, children (natural, step, or adopted), grandchildren, brothers (half, or whole) and sisters (half or whole) was phased out over a four year period. The exemption during the phase-out period was the greater of the exemption permitted under the pre July 1, 1995 law or a percentage of the inheritable interest.

COMMONWEALTH OF KENTUCKY

The inheritance tax for these beneficiaries was completely phased out for deaths that occurred after June 30, 1998. If the entire estate passes to exempt beneficiaries there may not be any Kentucky inheritance tax due, but there could be Kentucky estate tax due because the estate is large enough to require that a federal estate tax return be filed and a state death tax credit is allowed.

Other beneficiaries such as nieces, nephew, daughters-in-law, sons-in-law, great-grandchildren, cousins and relatives were affected by the 1995 phase-out of the inheritance tax. All transfers to educational, religious or other institutions whose sole purpose are to carry on charitable, educational, or religious work are exempt from the Kentucky inheritance tax.

PROVIDER TAX - House Bill 250, enacted during the 1994 Regular Session of the General Assembly, continued the Kentucky Health Care Provider Tax. The bill, which was effective July 15, 1994, imposed a 2.5% tax on a gross revenues received by all providers of hospital services, a 2% tax on gross revenues received by other providers of specified health care items or services, and a .25 cent tax per outpatient prescription drug dispensed by pharmacies or other persons dispensing outpatient prescription drugs (KRS Chapter 142). The purpose of the Health Care Provider Tax is to help fund Kentucky's \$2 billion Medicaid program. The Medicaid program is a joint federal-state medical assistance program that is operated and administered by the state. Approximately 25% of the funding for the program is provided by the state with remaining 75% being funded by the federal government.

KRS Chapter 142 was amended in 1996 to phase out the health care provider tax on physician services. The rate is 1% for the period July 1, 1997, through June 30, 1999. The tax on physician services will be entirely removed as of July 1, 1999.

KRS Chapter 142 was amended in 1998 to phase out the tax on outpatient prescription drugs. The tax on outpatient prescription drugs will be reduced from 25 cents to 15 cents per prescription for the period July 1, 1999, through June 20, 2000. Effective July 1, 2000, the tax on outpatient prescription drugs will expire.

BANK FRANCHISE TAX - House Bill 416 as enacted by the 1996 General Assembly created the bank franchise tax. The tax is imposed on any financial institution which obtains or solicits business from 20 or more persons within the Commonwealth or has receipts attributable to sources in the Commonwealth which equal or exceed \$100,000. The bank franchise tax is based on a five year average of net capital accounts reflected on the quarterly reports of condition filed with applicable federal regulatory institution. The minimum tax is \$300 per year. Because HB 416 is effective for the

calendar year 1996, the first tax returns and payments were due on March 15, 1997.

Effective for tax years beginning after December 31, 1997, KRS 136.500 was amended in 1998 to define the term "Kentucky obligations" to mean all obligations of the Commonwealth of Kentucky, its counties, municipalities, taxing districts, exempt from taxation under the Kentucky Revised Statutes and the Kentucky Constitution. The amendment allows as a deduction from capital an amount equal to the same percentage of total capital as the book value of Kentucky obligations bears to the book value of the total assets of the financial institution. Additionally, the quarterly averages of net capital and deductions for United States and Kentucky obligations will be divided by four, without regard to the actual existence of the financial institution.

**COMMONWEALTH OF KENTUCKY
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 FOR CALENDAR YEARS 1990 - 1999**

(Expressed in Thousands, Except Ratio Data)

For the Year Ended December 31	Real Property		Personal Property		Totals		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Value	Assessed Value	Estimated Value	Assessed Value	Estimated Value	
	1990	\$ 69,798,888	\$ 80,228,607	\$ 124,398,999	\$ 124,398,999	\$ 194,197,887	
1991	74,626,422	84,802,752	132,552,592	132,552,592	207,179,014	217,355,344	95.3%
1992	78,150,012	87,809,002	140,219,154	140,219,154	218,369,166	228,028,156	95.8%
1993	82,268,682	89,422,480	141,750,516	141,750,516	224,019,198	231,172,996	96.9%
1994	89,570,464	95,287,728	153,225,083	153,225,083	242,795,547	248,512,811	97.7%
1995	94,579,246	100,616,219	161,791,401	161,791,401	256,370,647	262,407,620	97.7%
1996	101,534,494	108,015,419	152,832,983	152,832,983	254,367,477	260,848,402	97.5%
1997	108,116,208	115,017,243	126,697,050	126,697,050	234,813,258	241,714,293	97.1%
1998	115,597,215	122,975,761	135,357,598	135,357,598	250,954,813	258,333,359	97.1%
1999	124,491,269	132,437,520	138,552,878	138,552,878	263,044,147	270,990,398	97.1%

SOURCE: Kentucky Revenue Cabinet

NOTE: Assessed values are established through the utilization of an annual ad valorem tax based on the fair value of property.

**COMMONWEALTH OF KENTUCKY
 PROPERTY TAX LEVIES AND COLLECTIONS
 FOR FISCAL YEARS 1990 - 1999**

(Expressed in Thousands Except Percentages)

For the Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1990	\$ 318,531	\$ 295,729	92.8%	\$ 7,617	\$ 303,346	95.2%
1991	341,926	313,503	91.7%	9,871	323,374	94.6%
1992	356,238	329,783	92.6%	8,765	338,548	95.0%
1993	374,257	345,089	92.2%	9,669	354,758	94.8%
1994	392,652	357,996	91.2%	12,204	370,200	94.3%
1995	417,799	377,710	90.4%	17,615	395,325	94.6%
1996	424,505	391,977	92.3%	17,200	409,177	96.4%
1997	410,755	399,759	97.3%	15,099	414,858	101.0%
1998	365,014	349,774	95.8%	13,019	362,793	99.4%
1999	377,738	358,478	94.9%	11,927	370,405	98.1%

SOURCE: Kentucky Revenue Cabinet

NOTE: Property taxes are assessed as of January 1 of each year in one of two ways: 1) by the 120 Property Valuation Administrators within the Commonwealth, or 2) by the Revenue Cabinet. The tax rates are set by the various taxing jurisdictions and applied to the particular assessment. Tax bills are delivered by September 15 of each year. Also, the "Total Tax Levy" in this table has been respecified for the years shown to adjust for the fact that the receipts for motor vehicles involve two different assessment years.

**COMMONWEALTH OF KENTUCKY
RATIO OF GENERAL LONG-TERM BONDED DEBT
TO ASSESSED VALUE AND DEBT PER CAPITA
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands, Except Ratio and Per Capita Debt)

For the Year Ended June 30	Estimated Population	Assessed Value	General Long-Term Bonded Debt	General Bonded Debt	
				Ratio to Assessed Value	Per Capita
1991	3,715	\$ 207,179,014	\$ 2,790,549	1.3%	\$ 751
1992	3,756	218,369,166	2,819,240	1.3%	751
1993	3,792	224,019,198	3,144,038	1.4%	829
1994	3,823	242,795,547	3,098,553	1.3%	811
1995	3,855	256,370,647	3,133,332	1.2%	813
1996	3,881	254,367,477	3,134,342	1.2%	808
1997	3,908	234,813,258	3,133,332	1.3%	802
1998	3,934	250,954,813	2,833,433	1.1%	720
1999	3,961	362,044,147	2,178,683	0.6%	550
2000	3,988	274,517,919	2,315,533	0.8%	581

SOURCE: U.S. Department of Commerce, Bureau of the Census, released March 2000 and provided by Kentucky Economic Development Cabinet.

NOTE: General long-term bonded debt outstanding includes adjustments to eliminate bonds accounted for by Proprietary Funds, State Universities, as well as adjustments reflecting updated amortization schedules, bonds redeemed prior to scheduled maturity, and correction of maturity.

**COMMONWEALTH OF KENTUCKY
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT TO
TOTAL EXPENDITURES FOR GENERAL GOVERNMENTAL FUNCTIONS
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands, Except Ratio Data)

For the Year Ended June 30	General	Total	Ratio
	Long - Term Debt Service	Expenditures	
1991	\$ 334,487	\$ 6,945,390	4.8%
1992	413,450	7,808,004	5.3%
1993	284,323	8,014,622	3.5%
1994	357,122	8,058,025	4.4%
1995	416,756	9,177,980	4.5%
1996	392,130	9,473,403	4.1%
1997	332,127	10,147,728	3.3%
1998	438,029	10,644,432	4.1%
1999	357,698	11,095,291	3.2%
2000	302,708	12,066,754	2.5%

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Report.

**COMMONWEALTH OF KENTUCKY
UNIVERSITY AND COLLEGE FUNDS REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands, Except Coverage)

For the Year Ended June 30	Unrestricted Current Funds Beginning Balance	Unrestricted Current Funds Revenues and Additions	Unrestricted Current Funds Expenditures and Transfers	Net Revenue Available for Debt Service Requirements	Debt Service Requirements	Coverage
1991	\$ 132,486	\$ 1,268,409	\$ 1,262,373	\$ 138,522	\$ 64,195	2.16
1992	139,539	1,377,283	1,372,630	144,192	73,763	1.95
1993	144,239	1,378,410	1,365,768	156,881	108,448	1.45
1994	156,881	1,446,681	1,405,432	198,130	81,304	2.44
1995	198,435	1,531,477	1,475,510	254,402	81,113	3.14
1996	254,402	1,584,733	1,587,982	251,153	84,791	2.96
1997	251,153	1,763,331	1,743,647	270,837	84,962	3.19
1998	270,778	1,788,100	1,782,483	276,395	88,252	3.13
1999	265,694	1,961,010	1,897,023	329,681	84,782	3.89
2000	314,956	2,063,076	2,084,044	293,988	86,164	3.41

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Reports; state universities' audited financial statements.

**COMMONWEALTH OF KENTUCKY
DEMOGRAPHIC STATISTICS
FOR CALENDAR YEARS 1990-1999**

<u>For the Year Ended December 31</u>	<u>Estimated Population</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
1990	3,686,892 *	\$ 15,484	5.9%
1991	3,714,686	16,241	7.5%
1992	3,756,358	17,320	6.9%
1993	3,792,288	17,815	6.2%
1994	3,823,215	18,514	5.4%
1995	3,855,248	19,215	5.4%
1996	3,881,051	20,155	5.6%
1997	3,907,816	21,215	5.4%
1998	3,934,310	22,353	4.6%
1999	3,960,825	23,237	4.5%

SOURCE: U.S. Department of Commerce, Bureau of Census; U.S. Department of Commerce, Bureau of Economic Analysis; Kentucky Cabinet for Human Resources

NOTE: * Revised 1990 census count

**COMMONWEALTH OF KENTUCKY
CONSTRUCTION AND BANK DEPOSITS
FOR CALENDAR YEARS 1990-1999**

(Expressed in Thousands, Except Number of Units)

<u>For the Year Ended December 31</u>	<u>Non-Residential Construction</u>		<u>Residential Construction</u>		<u>Bank Deposits</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
1990	7,823	\$ 655,650	11,810	\$ 771,010	\$ 33,487,743
1991	7,908	582,450	11,961	784,108	34,076,826
1992	8,437	677,181	14,689	1,023,682	34,882,000
1993	8,952	797,365	15,907	1,172,971	35,112,000
1994	10,024	801,728	18,554	1,370,011	37,352,000
1995	10,025	1,247,662	17,625	1,276,432	37,893,000
1996	See Note	See Note	18,778	1,484,079	39,769,000
1997	See Note	See Note	18,114	1,483,895	38,247,000
1998	See Note	See Note	20,640	1,730,505	39,921,000
1999	See Note	See Note	21,581	1,909,051	37,173,000

SOURCE: U.S. Department of Commerce, Bureau of Census; Federal Deposit Insurance Corporation

NOTE: Beginning January 1996, the Bureau of Census, Building Permits Section has discontinued collection of Nonresidential Data due to budget reductions.

COMMONWEALTH OF KENTUCKY
SOURCES OF PERSONAL INCOME
FOR CALENDAR YEARS 1990-1999
(Expressed in Thousands, Except Percent Data)

Source	1990		1991		1992		1993		1994	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 962,565	2.4%	\$ 992,423	2.4%	\$ 1,218,102	2.7%	\$ 1,038,066	2.2%	\$ 1,062,592	2.1%
Agriculture Services, Forestry, Fisheries and Others	249,402	0.6%	277,061	0.7%	292,038	0.6%	337,604	0.7%	319,445	0.6%
Mining	1,677,881	4.2%	1,501,106	3.6%	1,491,082	3.3%	1,426,899	3.0%	1,435,725	2.9%
Manufacturing	8,999,691	22.3%	8,957,637	21.4%	9,774,810	21.4%	10,274,871	21.5%	10,975,287	21.9%
Construction	2,236,258	5.6%	2,198,997	5.3%	2,463,938	5.4%	2,684,113	5.6%	2,875,033	5.7%
Wholesale and Retail Trade	5,878,371	14.6%	6,161,601	14.7%	6,608,880	14.4%	6,911,573	14.5%	7,355,968	14.7%
Finance, Insurance and Real Estate	1,755,510	4.4%	1,830,408	4.4%	2,075,570	4.5%	2,354,124	4.9%	2,330,102	4.7%
Transportation and Public Utilities	2,806,167	7.0%	2,974,582	7.1%	3,179,558	7.0%	3,321,852	7.0%	3,577,361	7.1%
Services	7,942,779	19.7%	8,498,816	20.3%	9,382,867	20.5%	9,951,554	20.9%	10,454,944	20.9%
Government and Government Enterprises	7,760,714	19.3%	8,413,530	20.1%	9,261,611	20.2%	9,389,110	19.7%	9,692,029	19.4%

Source	1995		1996		1997		1998		1999	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 651,984	1.3%	\$ 1,005,924	1.8%	\$ 1,089,167	1.9%	\$ 952,853	1.6%	\$ 517,624	0.8%
Agriculture Services, Forestry, Fisheries and Others	341,495	0.7%	343,124	0.6%	381,648	0.7%	418,171	0.7%	459,520	0.7%
Mining	1,322,910	2.6%	1,280,840	2.4%	1,285,507	2.2%	1,349,932	2.2%	1,317,251	2.1%
Manufacturing	11,424,900	22.1%	11,589,170	21.3%	12,115,128	21.0%	12,627,586	20.8%	13,250,867	20.7%
Construction	2,877,756	5.6%	3,076,508	5.7%	3,327,837	5.8%	3,564,392	5.9%	3,860,806	6.0%
Wholesale and Retail Trade	7,828,796	15.1%	8,196,534	15.1%	8,799,702	15.3%	9,416,822	15.5%	10,058,449	15.7%
Finance, Insurance and Real Estate	2,469,422	4.8%	2,638,070	4.8%	2,879,267	5.0%	3,047,100	5.0%	3,179,882	5.0%
Transportation and Public Utilities	3,702,916	7.2%	3,923,834	7.2%	4,139,835	7.2%	4,606,622	7.6%	4,900,018	7.6%
Services	11,128,883	21.5%	11,967,410	22.0%	12,756,562	22.1%	13,696,971	22.5%	14,746,767	23.0%
Government and Government Enterprises	10,032,371	19.4%	10,424,575	19.1%	10,820,700	18.8%	11,137,773	18.3%	11,772,286	18.4%

SOURCE: Kentucky Cabinet for Economic Development, Division of Research
NOTE: Percentages may not add to 100% due to rounding.

COMMONWEALTH OF KENTUCKY
TOP 10 MANUFACTURERS
(Ranked by Number of Employees)
2000

<u>Company</u>	<u>Number of Plants</u>	<u>Number of Employees</u>
General Electric Company	6	10,430
Ford Motor Company	2	9,580
Toyota Motor Corporation	1	7,900
Lexmark International Group	1	6,000
Johnson Controls, Incorporated	12	5,460
Dana Corporation	11	4,121
Emerson Electric Company	8	3,065
Publishers Printing	2	2,555
R.R. Donnelly and Sons Company	2	2,400
Matsushita Electric Incorporated Company	2	1,800

SOURCE: 2000 Kentucky Directory of Manufactures, Harris InfoSource in cooperation with the Kentucky Cabinet for Economic Development.

COMMONWEALTH OF KENTUCKY
SCHEDULE OF MISCELLANEOUS STATISTICS
JUNE 30, 2000

Adoption of Kentucky Constitution	1792
Form of Government	Legislative, Executive, Judicial
Land Area (square miles)	39,650
Miles of Highways, Roads and Streets	73,960

Police Protection:

Statewide Jurisdiction	
Number of Kentucky State Police Posts	16
Number of Sworn Officers	950
Number of Other Statewide Agencies	7
Number of Officers	666
County Jurisdictions	
Number of Sheriffs	120
Number of Deputies	1,370
Number of County Departments	13
Number of County Officers	649
Local Jurisdictions	
Number of Departments	248
Number of Sworn Officers	3,806
College and Universities	
Number of Departments	9
Number of Sworn Officers	136
Other law Enforcement/Task Forces/Airport Security/ County Schools Security	
Number of Departments	12
Number of Sworn Officers	177

Higher Education:

State Supported Universities and Community Colleges	
Number of Campuses	22
Number of Full-Time Instructional Faculty	5,511
Number of Students, Fall 1999	148,448
Private Colleges and Universities	
Number of Campuses	21
Number of Full-Time Instructional Faculty	1,310
Number of Students, Fall 1999	26,422

State Supported Recreation:

Number of Resort Parks	17
Number of Recreation Parks	22
Number of Historic Sites	10
Area of State Parks (acres)	44,900
Number of 1998 Overnight Visitors	1,165,584

Permanent Full-Time Executive Branch Employees	35,963
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SOURCES: Kentucky Revised Statutes
Kentucky Transportation Cabinet
Kentucky State Police
Kentucky Council on Higher Education
Kentucky Department of Parks
Kentucky Department of Personnel

**COMMONWEALTH OF KENTUCKY
 ENTITY RISK POOLS
 CLAIMS DEVELOPMENT INFORMATION
 FOR THE LAST EIGHT YEARS**

(Expressed in Thousands)

	Fiscal and Policy Year Ended							
	1993	1994	1995	1996	1997	1998	1999	2000
Earned Premiums	\$ 13,426	\$ 14,052	# 12,991	\$ 14,470	\$ 14,095	\$ 16,121	\$ 17,351	\$ 17,026
Earned Investment Income								
Total	<u>13,426</u>	<u>14,052</u>	<u>12,991</u>	<u>14,470</u>	<u>14,095</u>	<u>16,121</u>	<u>17,351</u>	<u>17,026</u>
Administrative Expense	821	669	401	542	554	404	513	526
Incurred Claims as								
Originally Estimated	11,013	15,531	12,727	14,709	14,982	13,243	13,297	15,324
Claims Paid (Cumulative) as of:								
End of Fiscal Year	3,129	3,441	3,093	3,010	2,615	2,819	2,702	3,128
One Year Later	6,308	6,492	5,797	5,882	5,626	5,697	5,833	
Two Years Later	8,163	8,207	7,588	7,560	7,156	7,179		
Three Years Later	9,743	9,152	8,721	8,632	8,172			
Four Years Later	10,664	10,211	9,346	9,552				
Five Years Later	11,482	10,671	9,812					
Six Years Later	11,969	11,043						
Seven Years Later	12,495							
Re-estimation of Incurred Claims								
End of Fiscal Year	11,013	15,531	12,727	14,709	14,982	13,243	13,297	15,324
One Year Later	12,589	15,277	12,883	14,502	13,006	12,876	13,623	
Two Years Later	13,269	16,075	13,266	14,519	12,627	13,473		
Three Years Later	13,858	15,324	13,526	14,021	12,762			
Four Years Later	14,421	15,230	13,797	14,507				
Five Years Later	16,164	14,424	14,028					
Six Years Later	15,428	14,503						
Seven Years Later	15,836							
Increase (Decrease) in Estimated								
Incurred Claims From the								
Original Estimate Using								
Re-estimation as of the End								
of the Most Recent Fiscal Year	4,823	(1,028)	1,301	(202)	(2,220)	230	326	

SOURCE: Per Compilations Report

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