

#### **42.410 Duties of Office of Financial Management -- Contents of state debt report.**

- (1) The Office of Financial Management established in KRS 42.0201 shall, subject to the provisions of KRS 41.020 to 41.375 and KRS 42.500, have and perform functions and duties as follows:
  - (a) The analysis and management of short and long-term cash flow requirements;
  - (b) The maximization of the return on state investments given the cash flow and liquidity requirements;
  - (c) The coordination and monitoring of cash needs relative to investment and debt activity;
  - (d) The development of a long-term debt plan including criteria for the issuance of debt and an evaluation of how much total state debt is justified;
  - (e) The responsibility for liaison with the General Assembly on all investment and debt matters, including, but not limited to, new bond issues, the status of state debt, and the status of state investments; and
  - (f) All other functions of the cabinet relative to state investment and debt management including, but not limited to, the making of debt service payments, the sale of bonds, and staff assistance to the State Property and Buildings Commission, the Asset Liability Commission, and the State Investment Commission.
- (2) The Office of Financial Management shall render monthly written reports concerning the performance of each investment to the State Investment Commission.
- (3) The Office of Financial Management shall review state appropriation-supported bond issues for possible debt service savings through refundings as market conditions warrant.
- (4) The Office of Financial Management shall submit a report within forty-five (45) days after the publication of the Comprehensive Annual Financial Report to the Legislative Research Commission, for referral to the appropriate committee, indicating the bond issues refunded, original and new interest rates, estimated savings, original and new amortization schedules, issuance costs, debt reserves, disposition of savings, and information on economic, fiscal, and market indicators of the Commonwealth's debt position.
- (5) The state debt report shall include, but not be limited to, economic, fiscal, and market indicators of debt position as set forth in this section. Indicators shall be presented in tabular and, where appropriate, graphical form. Indicators shall be presented for the fiscal year just ended and, if data is available and except as otherwise noted, for the preceding nine (9) fiscal years.
- (6) Economic indicators shall include:
  - (a) Nonappropriation-supported debt as a percent of state total personal income;
  - (b) Nonappropriation-supported debt as a percent of total assessed value of property;
  - (c) Nonappropriation-supported debt per capita;

- (d) Appropriation-supported debt as a percent of state total personal income;
  - (e) Appropriation-supported debt as a percent of total assessed value of property;
  - (f) Appropriation-supported debt per capita;
  - (g) Appropriation-supported debt service as a percent of total state personal income;
  - (h) Appropriation-supported debt service as a percent of total assessed value of property; and
  - (i) Appropriation-supported debt service per capita.
- (7) Fiscal indicators shall be reported separately and in total for the general fund, the road fund, and each restricted fund account from which debt service is expended.
- (8) Fiscal indicators shall include:
- (a) Annual appropriation-supported debt service as a percent of total revenues; and
  - (b) Annual appropriation-supported debt service as a percent of available revenues.
- (9) Market indicators shall include:
- (a) The rating assigned by Moody's Investors Services, Inc., or a comparable rating agency, to each nonappropriation-supported bond issued in the fiscal year just ended;
  - (b) The rating assigned by Moody's Investors Services, Inc., or a comparable rating agency, to each appropriation-supported bond issued in the fiscal year just ended;
  - (c) A comparison of the difference between the true interest cost of each nonappropriation-supported bond issued and the value of a selected revenue bond index, as published by the Bond Buyer Weekly, the Delphis Hanover Corporation, or other comparable service on a date relevant to the bond issue; and
  - (d) A comparison of the difference between the true interest cost of each appropriation-supported bond issued and the value of a selected municipal bond index, as published by the Bond Buyer Weekly, the Delphis Hanover Corporation, or other comparable service on a date relevant to the bond issue.
- (10) The state debt report shall contain a complete description of the sources of data used to prepare the report. This description shall include, but not be limited to, an enumeration, by fund and restricted fund account, of all debt, debt service, and revenue figures; the source and publication date of figures used for state total personal income, total assessed value of property, population, and selected bond indexes.
- (11) If the sources of data used in a current report differ substantially from those used in the report of the preceding year, the report shall include a detailed explanation of the change. If possible, data presented in the current report for previous years shall be calculated so that, in any one (1) report, indicators for all years are calculated using consistent data categories. The use of any inconsistent data shall be noted and

explained.

- (12) Nothing in this section shall authorize any act inconsistent with the authority granted the State Investment Commission by KRS 42.500 and 42.525.

**Effective:** June 20, 2005

**History:** Amended 2005 Ky. Acts ch. 85, sec. 16, effective June 20, 2005. -- Amended 2000 Ky. Acts ch. 46, sec. 8, effective July 14, 2000. -- Amended 1997 (1st Extra. Sess.) Ky. Acts ch. 4, sec. 42, effective May 30, 1997. -- Amended 1994 Ky. Acts ch. 508, sec. 13, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 295, sec. 3, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 30, sec. 2, effective July 13, 1990; and ch. 321, sec. 4, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 82, sec. 1, effective July 15, 1988. -- Amended 1982 Ky. Acts ch. 382, sec. 23, effective July 15, 1982. -- Created 1980 Ky. Acts ch. 310, sec. 2, effective July 15, 1980.

**Legislative Research Commission Note** (11/21/2011). The Reviser of Statutes has corrected a manifest clerical or typographical error in the reference to "KRS 42.4201" in subsection (1) of this statute. The correct reference is to KRS 42.0201, which created the Office of Financial Management, and that change has been made under the authority of KRS 7.136.