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December 2005
Figure 27: Total Receipts from State Government FY 1999 – FY 2005 ......................................................... 40
Figure 28: Total Receipts from State Government Adjusted for Inflation to 2005 Values .......................... 40
Executive Summary

The Federal Highway Administration (FHWA) requires state transportation agencies to submit a biennial report on local highway finances. The purpose of these reports is to provide FHWA with the data it needs to capture the financing of highway activities at the local level. Based on this information, it can identify trends in revenue, expenditures, investments, and program development, and in turn make decisions about future investments. The report, FHWA-536, asks agencies to report on four areas of local highway finance: 1) disposition of highway-user revenues; 2) revenues used for roads and streets identified by source and funding type; 3) road and street expenditures identified by purpose of activity; and 4) local highway debt status. This document summarizes data submitted to fulfill the Kentucky Transportation Cabinet’s FHWA-536 obligations in FY 2005. The table below presents itemized revenues and expenditures in each of the four areas of local highway finance listed above. Total receipts were $345,316,724, an increase of $53,730,869 compared to FY 2003. Total disbursements equaled $346,188,072, an increase of $49,831,235 over FY 2003.

<table>
<thead>
<tr>
<th>Disposition of Highway-User Revenues Available for Local Government Expenditure</th>
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<tr>
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<tr>
<td>Local Motor Vehicle Taxes</td>
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<tr>
<td>State Highway User Taxes</td>
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<td>Total Available Revenues</td>
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<thead>
<tr>
<th>Receipts for Road and Street Purposes</th>
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<tbody>
<tr>
<td>Receipts from Local Government Sources</td>
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<tr>
<td>Private Contributions</td>
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<td>Receipts from State Government</td>
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</tr>
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<th>Expenditures for Road and Street Purposes</th>
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<td>Payments to States for Highways</td>
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<td>Payments to Toll Facilities</td>
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<td>Total Disbursements</td>
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<thead>
<tr>
<th>Local Highway Debt Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debts</td>
</tr>
</tbody>
</table>
1. Introduction

1.1 The Federal Highway Administration

The Federal Highway Administration (FHWA) is a division of the United States Department of Transportation that provides governance related to the design, construction, maintenance and preservation of the country’s highways, bridges, and tunnels (FHWA, 2020). Though the Federal-aid Highway Program, the FHWA supports state and local governments in designing, constructing, and maintaining the U.S. highway system. The agency carries out its mission by providing financial and technical assistance to state and local governments.

The Federal-aid Highway Program began in 1916 and since then has gone through many iterations. However, the partnership that stands as the program’s foundation has survived the changes and challenges the country has encountered since its inception (FHWA, 2020). The adaptability of federal-state partnerships lets the FHWA take a leading role in the transportation community. Integral to this relationship is the reporting of each state’s highway financial data.

The FHWA provides a variety of reporting forms to state transportation agencies. These forms are used to collect data from several state agencies and departments as well as many local government agencies. FHWA State Planning and Research (SPR) Program funds are available to all States to defray the cost of obtaining and reporting statistical information to the agency (FHWA, 2020).

The FHWA has designed a series of reporting forms into two main areas: 1) highway use and 2) highway funding. This report presents the form FHWA-536 Local Highway Finance for the fiscal year ending June 2005.

1.2 What is Form FHWA-536?

FHWA-536 is a local highway finance report. The report is a biennial summary of highway funding by local governments (FDOT, 2020). Local governments include counties, townships, municipalities, special districts, and other general-purpose authorities under the jurisdiction of local governments (FHWA, 2020). FHWA-536 provides for the reporting of four basic areas of local highway finance: 1) disposition of highway-user revenues; 2) revenues used for roads and streets identified by source and funding type; 3) road and street expenditures identified by purpose of activity; and 4) local highway debt status (FHWA, 2020).

Using information reported on FHWA-536, the FHWA develops national tables that capture how highway activities are financed at the local level. These data, combined with more comprehensive state highway finance information, help FHWA detect relationships and changes in revenue, expenditure and investment patterns, and financial trends, which are essential for policy and program development (FDOT, 2020).

Highway finance summaries, along with data from the Highway Performance Monitoring System (HPMS), are used by FHWA to estimate highway needs and develop appropriate future federal responsibility in highway transportation (FHWA, 2020). Information presented in the national tables is available for use by myriad interested parties and is frequently used by public and private sector policy staff, all levels of government, business firms, research groups, trade associations, and universities (FHWA, 2020).

National summary tables are developed annually. During off years (the year between FHWA-536 reporting), the FHWA uses projections, estimates, and data submitted voluntarily by states. States have the option of submitting FHWA-536 annually and are encouraged to do so by the FHWA (FHWA, 2020).

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1 The FHWA mission is to “enable and empower the strengthening of a world class highway system that promotes safety, mobility, and economic growth, while enhancing the quality of life of all Americans” (FHWA, 2020).
1.3 Important General Considerations When Completing Form FHWA-536

FHWA provides a list of general considerations states must abide by to ensure consistent reporting within and between states. The following is a list and brief explanation of each of these considerations:

- **Determination of Reporting Year**
  - Fiscal years can vary among local governments. The reporting state should be cognizant of any variables and ensure the reporting period is accurately specified and recorded in the data provided.

- **Coverage and Content of the Local Finance Report**
  - FHWA-536 is submitted biennially. However, the form and data provided are for one year. Summary data represent information for all units of local government. Additionally, FHWA-536 should report the disposition of all highway-user revenues available to local governments for expenditure, and all receipts and expenditures related to: a) the construction, maintenance, operation, and administration of roads, streets, alleys, and other public ways; b) traffic police and road patrols; and c) debt service and status of bonds and notes issued to finance highway activities. Private sector donations for roads and streets should also be reported on FHWA-536. Private contributions are growing and are now a significant source of highway funding. Reporting these data is crucial for FHWA to understand and illustrate the total picture of local highway finance. Lastly, the accounting method used by local governments to report information to the state for FHWA-536 can be either cash or accrual.

- **Toll Facility Data**
  - Local toll facility information must be reported for publicly owned facilities each year. Toll facility data must be reported separately from other local highway finance information. If utilizing FHWA-536 for toll data, a separate form must be completed for each facility.

- **Sampling and Estimation**
  - FHWA recognizes that highway finance data may not be easily obtainable for all units of local government. In such instances, the agency recommends using sampling and estimation techniques. When relying on sampling and estimating, data should be collected for a representative sample of local governments and extrapolated to produce statewide totals. However, this is not a one-size-fits-all scenario. FHWA notes that each State is responsible for determining the sampling and estimating techniques that best represent their local government structures. Additionally, it is imperative to describe in an appendix to the report what techniques were used. When relying on sampling and estimation, a full survey must be conducted every 10 years to ensure the data set’s integrity and representativeness.

- **Capital Outlay on the National Highway System**
  - All expenditures on the National Highway System are particularly important to FHWA. The agency outlines the manner in which it wants states to obtain the necessary information: a) identify local governments with National Highway System routes within their jurisdiction; b) acknowledge that not all local government officials are aware of the National Highway System routes, and provide all local governments with a listing of the National Highway System routes. This activity should be coordinated with the HPMS data set. The actual data set in any given state may be relatively small as nationally only two percent of the total National Highway System is under local jurisdiction (FHWA, 2020).

- **Fund Transfers Between Governments**
Fund transfers between local governments should not be reported on FHWA-536. However, transfers to and from state agencies should be identified and reported. It is important for there to be consistency across FHWA forms in terms of how fund transfers are presented. For example, the amount of money reported on FHWA-536 as a transfer to a state agency should match the amount reported on FHWA-531 (State Highway Income) as receipts from local governments. Transfers from state agencies to local governments reported on FHWA-536 should be match funds shown on FHWA-556 (State Motor-Fuel Tax Receipts), FHWA-566 (State Motor-Vehicle Registration Fees and Other Receipts), and FHWA-532 (State Highway Expenditures). Differences in these reporting amounts are possible only when a local government uses a portion of multipurpose state or federal grants for roads and streets. In this case, the amount reported on FHWA-536 should be higher. Major discrepancies should be explained (FHWA, 2020). Additionally, all federal funds received by local governments should be identified and reported on FHWA-536. Federal funds include a) direct payments; b) grants-in-aid; and c) funds transferred through the state. If the state retains the local portion of the state tax revenue or federal funds, the amount retained by the state should be omitted from FHWA-536 (FHWA, 2020).
2. Instructions for Form FHWA-536

FHWA-536 is divided into four main sections: 1) Disposition of highway-user revenues available for local government expenditure; 2) Receipts for road and street purposes; 3) Expenditures for road and street purposes; and 4) Local highway debt status. FHWA has developed user instructions, which are summarized below.

This chapter also contains FHWA-536 analysis for Kentucky covering FY 2005. This work was completed by researchers at the Kentucky Transportation Center (KTC) on behalf of the Kentucky Transportation Cabinet (KYTC). Values for FY 2005 are compared to previous biennial reports, which were also prepared by the Center.
2.1 Section 1: Disposition of highway-user revenues available for local government expenditure
Section 1 is divided into four main components:

A) Local motor fuel taxes;
B) Local motor-vehicle taxes;
C) Receipts from State highway-user taxes; and
D) Receipts from FHWA.

These elements are further categorized by: i) total receipts available; ii) minus amount for collection expenses; iii) minus amount for non-highway purposes; iv) minus amount used for mass transit; and v) remainder used for highway purposes. Table 1 below captures Section 1 of FHWA-536. Subsequent descriptions correspond to the cells labeled in red (A1, A2, A3….D3, D4, D5).

Table 1: FHWA 536 Section I

<table>
<thead>
<tr>
<th>ITEM</th>
<th>A. Local Motor-Fuel Taxes</th>
<th>B. Local Motor-Vehicle Taxes</th>
<th>C. Receipts from State Highway-User Taxes</th>
<th>D. Receipts from Federal Highway Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total receipts available</td>
<td>A1</td>
<td>B1</td>
<td>C1</td>
<td>D1</td>
</tr>
<tr>
<td>2. Minus amount used for collection expenses</td>
<td>A2</td>
<td>B2</td>
<td>C2</td>
<td>D2</td>
</tr>
<tr>
<td>3. Minus amount used for nonhighway purposes</td>
<td>A3</td>
<td>B3</td>
<td>C3</td>
<td>D3</td>
</tr>
<tr>
<td>4. Minus amount used for mass transit</td>
<td>A4</td>
<td>B4</td>
<td>C4</td>
<td>D4</td>
</tr>
<tr>
<td>5. Remainder used for highway purposes</td>
<td>A5</td>
<td>B5</td>
<td>C5</td>
<td>D5</td>
</tr>
</tbody>
</table>

A. Local Motor-Fuel Taxes
Revenue received from local motor-fuel taxes. This revenue stream is from the local government taxation on the highway use of motor-fuel.

A1. Total receipts available
Net income (i.e., receipts less refunds).

A2. Minus amount for collection expenses
Amount of local motor-fuel tax revenues deducted for the payment of collection expenses. Sometimes this may be paid from local general funds. When this occurs, no amount should be reported here.
A3. Minus amount used for non-highway purposes
Motor-fuel tax revenue used for non-highway or non-transit purposes. Examples include local general purposes (schools) or other modes of transportation (e.g., marine, aviation).

A4. Minus amount used for mass transit
Local motor-fuel taxes used for mass transit.

A5. Remainder used for highway purposes
Calculate A5 using the following equation:

\[ A5 = A1 - A2 - A3 - A4 \]

Kentucky’s motor-fuel tax is state imposed. Gasoline and special fuel dealers transmit the taxes to the Department of Revenue (Kentucky Department of Revenue, 2020). For this reason, no local motor-fuel taxes are recorded in Section IA of FHWA-536.

B. Local Motor-Vehicle Taxes
Revenues received through local motor-vehicle taxes and fees, including local registration fees, plate fees, and wheel taxes. State-imposed registration or driver-license fees are not included.

B1. Total receipts available
Net income (i.e., total receipts less refunds).
- FY 2005 = $16,595,348.

B2. Minus amount used for collection purposes
Local motor-vehicle tax revenue deducted for the payment of collection expenses.
- FY 2005 = $0

B3. Minus amount used for non-highway purposes
Local motor-vehicle tax revenue used for a purpose that was either non-highway or non-transit based. Examples include local general purposes (schools) or other modes of transportation (such as marine or aviation).
- FY 2005 = $0

B4. Minus amount used for mass transit
Amount of local motor-vehicle tax revenues used for mass transit.
- FY 2005 = $0

B5. Remainder used for highway purposes
Calculate B5 using the following equation:

\[ B5 = B1 - B2 - B3 - B4 \]

- FY 2005 = $16,595,348.
- Figure 1 captures trends in this revenue stream for FY 2001 through FY 2005. Revenue has increased steadily since FY 2001, with an increase of $3,260,227 from FY 2001 to FY 2005.
C. Receipts from State Highway-User Taxes
Amount in state highway-user taxes and fees transferred to local government. Included are proceeds from state-imposed motor-fuel taxes, motor-vehicle registration fees, driver-license fees, and motor-carrier taxes. Reported amounts are to be consistent with information provided in FHWA-556, FHWA-566, and FHWA-532.

C1. Total receipts available
All money transferred from state to local governments. Exclude any funds on FHWA-566 (Item 2A) listed as deductions by county and local officials for collection and administration expenses.
- FY 2005 = $186,382,351.

C2. Minus amount used for collection expenses
Cell is gray. Report nothing for this line item.

C3. Minus amount used for non-highway purposes
State highway-user revenues used for non-highway and non-transit purposes, including funds used for local general purposes, other modes of transportation, or specific non-highway purposes. Examples include schools, conservation programs, and courthouses (FHWA, 2020).
- FY 2005 = $0

C4. Minus amount used for mass transit purposes
State highway-user taxes used for mass transit.
- FY 2005 = $0

C5. Remainder used for highway purposes
Calculate C5 using the following equation:
\[ C5 = C1 - C2 - C3 - C4 \]
- FY 2005 = $186,382,351.
Figure 2 captures trends in this revenue stream for FY 1999 through FY 2005. Revenue trended steadily upwards from FY 1999 to FY 2003, with an increase of $13,750,954 over this period. However, FY 2005 saw a proportionally larger growth of $33,874,173, that is more than twice the revenue increase in half the time.

![Graph showing revenue trends from 1999 to 2005.](image)

**Figure 2: State Highway-User Tax Receipts used for Highway Purposes FY 1999 - FY 2005**

**D. Receipts from Federal Highway Administration**
All FHWA funds received by local governments. Most of these funds are generated from federal motor-fuel and motor-vehicle taxes are passed through state to local governments.

**D1. Total receipts available**
All funds received by local governments.
- FY 2005 = $18,672,485

**D2. Minus amount used for collection expenses**
Report nothing for this line item. FHWA funds can *only* be used for highway and mass transit purposes.
- FY 2005 = $0

**D3. Minus amount used for non-highway purposes**
Report nothing for this line item. FHWA funds can *only* be used for highway and mass transit purposes.
- FY 2005 = $0

**D4. Minus amount used for mass transit purposes**
FHWA funds used for mass transit.
- FY 2005 = $0

**D5. Remainder used for highway purposes**
Calculate D5 using the following equation:

\[ D5 = D1 - D2 - D3 - D4 \]

- FY 2005 = $18,672,485
Figure 3 captures trends in this revenue stream for FY 1999 through FY 2005. FY 2005 saw a return in revenue close to FY 1999 levels.

Figure 3: Annual Receipts from Federal Highway Administration
2.2 Section II: Receipts for Road and Street Purposes
Section II records revenue streams for local road and street purposes during a given fiscal year. There are four funding source categories: 1) local government, 2) private sources, 3) state government, and 4) federal government. For each category, an attempt should be made to identify the type and amount of funding. Any classification system used for these funds must align with those used in reports that identify state receipts and expenditures (i.e., those used in FHWA-531 and FHWA-532). Table 2 illustrates Section II of FHWA-536. Each source is described in entries below.

Table 2: FHWA 536 Section II

<table>
<thead>
<tr>
<th>II. RECEIPTS FOR ROAD AND STREET PURPOSES</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Receipts from local sources:</td>
<td>A</td>
</tr>
<tr>
<td>1. Local highway-user taxes</td>
<td>A1</td>
</tr>
<tr>
<td>a. Motor Fuel (from Item I.A.5.)</td>
<td>A1a</td>
</tr>
<tr>
<td>b. Motor Vehicle (from Item I.B.5.)</td>
<td>A1b</td>
</tr>
<tr>
<td>c. Total (a.+b.)</td>
<td>A1c</td>
</tr>
<tr>
<td>2. General fund appropriations</td>
<td>A2</td>
</tr>
<tr>
<td>3. Other local imposts (from page 2)</td>
<td>A3</td>
</tr>
<tr>
<td>4. Miscellaneous local receipts (from page 2)</td>
<td>A4</td>
</tr>
<tr>
<td>5. Transfers from toll facilities</td>
<td>A5</td>
</tr>
<tr>
<td>6. Proceeds of sale of bonds and notes:</td>
<td>A6</td>
</tr>
<tr>
<td>a. Bonds - Original Issues</td>
<td>A6a</td>
</tr>
<tr>
<td>b. Bonds - Refunding Issues</td>
<td>A6b</td>
</tr>
<tr>
<td>c. Notes</td>
<td>A6c</td>
</tr>
<tr>
<td>d. Total (a. + b. + c.)</td>
<td>A6d</td>
</tr>
<tr>
<td>7. Total (1 through 6)</td>
<td>A7</td>
</tr>
<tr>
<td>B. Private Contributions</td>
<td>B</td>
</tr>
<tr>
<td>C. Receipts from State government</td>
<td>C</td>
</tr>
<tr>
<td>government from page 2)</td>
<td></td>
</tr>
<tr>
<td>D. Receipts from Federal Government b. Redemption (from page 2)</td>
<td>D</td>
</tr>
</tbody>
</table>
E. Total receipts (A.7 + B + C + D)

A. Receipts from local government sources
All local government funding sources. Do not include revenue generated through state taxes as this is reported in Item C. State taxes encompass taxes collected locally on behalf of the state, even where a portion of those taxes are credited to local road funds.

- This cell is shaded because it is the title cell and broken into additional sub-categories (see below).

A1. Local highway-user taxes
All local fee and tax revenue used for road or street purposes during a fiscal year. Include only local fees and taxes.

- This cell is shaded because it is the title cell and broken into additional sub-categories (see below).

A1a. Motor-fuel
Enter the amount recorded in Section 1, Category A5 (Remainder used for highway purposes).

- Because motor-fuel tax is collected at the state level in Kentucky, record nothing in this cell.

A1b. Motor-vehicle
Enter the amount recorded in Section 1, Category B5 (Remainder used for highway purposes).

- FY 2005 = $16,595,348.

A1c. Total
Calculate A1c using the following equation:

$$A1c = A1a - A1b$$

- FY 2005 = $16,595,348.

A2. General fund appropriations
All appropriations from the local general fund used for roads and streets. Do not include excess general funds in this item.

- FY 2005 = $0

A3. Other local imposts
Local fees and taxes imposed that are dedicated for use on roads and streets. The amount reported on Page 1 should match the sum of detailed items reported on Page 2.

A3a. Property taxes and assessments
Revenues generated from property taxes and special assessments used for constructing and maintaining roads and streets or which are dedicated to highway debt service, including road district levies.

- FY 2005 = $0

A3b. Other local imposts
Revenue generated from other local government taxes and fees, including personal property taxes levied on motor vehicles, impact fees, sales taxes, and any other local taxes and fees used for highway purposes. Identify the specific tax or fee in the detail for this item.

- This cell is shaded because it is the title cell and broken into additional sub-categories (see below).
A3b(1). Sales taxes
Revenues from local government sales taxes.
• FY 2005 = $0

A3b(2) through A3b(6)
Revenues from other local government taxes and fees used for highway purposes. Detail this information on Page 2 of the form.

Page 2 of the FY 2007 FHWA-536 indicates that other local imposts include automobile stickers, parking meters, parking violations, impounds and miscellaneous.
• FY 2005 = $10,718,808.

A detailed breakdown of this number is provided in the bullets and figure below.
• Automobile Stickers = $1,176,576
• Parking Meters = $457,581
• Parking Violations = $2,674,967
• Impounds = $4,949,204
• Miscellaneous = $1,460,480

![Figure 4: FY 2005 Other Local Imposts](image)

A3c. Total
Calculate A3c using the following equation:

\[ A3c = A3a - A3b \]

• FY 2005 = $10,718,808
• Figure 5 captures trends in local impost revenues for FY 1999 through FY 2005. The sharp increase in total local imposts in FY 2005 due to the increase in revenue generated through vehicle impounds.
During FY 2005, the contribution from vehicle impounds used for road and street purposes increased significantly, which is shown in Figure 6.

**A4. Miscellaneous local receipts**
All local income not identified as specifically dedicated for roads and streets. Examples include traffic fines and penalties, investment income, net profit or loss from investment transactions, surplus parking or garage fees transferred to local agencies, and other miscellaneous local receipts. Other revenues can be described as miscellaneous, such as other refunds/reimbursements, sale of surplus equipment and property, excess road materials, borrowed money, and anything else that cannot not be categorized using the standard revenue codes. Detail these items on Page 2 of the report. The total entered on Page 1 should match the total on page 2.
**A4a. Interest on Investments**
Interest and investment income related to cash and investment balances in highway, road, and street accounts and funds.
- FY 2005 = $0.

**A4b through A4f. Major miscellaneous revenue**
Major miscellaneous sources of revenue for highway purposes. Include the source, type, and amount of revenue. If necessary, attach a supplementary schedule.
- FY 2005 = $19,786,175
- In FY 2005, miscellaneous local receipts decreased in comparison to FY 2003. Miscellaneous local receipts dipped down to just below FY 2001 levels of $19,939,784. Figure 7 illustrates trends in this category since FY 1999.

![Figure 7: Total Miscellaneous Local Receipts for FY 1999 - FY 2005](image)

**A5. Transfers from toll facilities**
All fund transfers from toll facilities to local governments. Identify the toll facility and transferred funds in a separate note.
- FY 2005 = $0.

**A6. Proceeds of sale of bonds and notes**
Net proceeds of debt issued by local government for highway purposes. Bonds are obligations with terms of two or more years. Notes are issued for a term less than two years. Net proceeds are the cash amount received by the local government. Only record the highway portion of the proceeds. Omit this value if the highway portion is not available or easily estimated.
- This cell is shaded because it is the title cell and broken into additional sub-categories (see below).

**A6a. Bonds – original issue**
Proceeds received by local governments from the sale of bonds used solely for road and street purposes.
- FY 2005 = $0
A6b. Bonds – refunding issues
Proceeds received by local governments from the sale of bonds used to retire existing road and street bonds.
• FY 2005 = $0

A6c. Notes
Proceeds received by local governments from the issue of notes for local road and street purposes.
• FY 2005 = $0

A6d. Total
Calculate A6d using the following equation:

\[ A6d = A6a + A6b + A6c \]

• FY 2005 = $0

A7. Total
Total revenue from local sources for road and street programs. Calculate A7 using the following equation:

\[ A7 = A1 + A2 + A3 + A4 + A5 + A6 \]

• FY 2005 = $47,100,331
• Figure 8 illustrates the trend in total receipts from local sources used for road and street purposes from FY 1999 to FY 2005. Values for total receipts from local sources remain stagnant from FY 2003 to FY 2005, with a slight increase of $803,263.

![Figure 8: Total Receipts from Local Sources](image)

B. Private Contributions
All funds local governments receive from the private sector for road and street programs. The ways in which the private sector becomes involved in road and street programs varies, but examples include donations (i.e., cash or property transfers), facility construction, performance of support services (examples provided by FHWA include surveys or engineering services). Also record private contributions in Section III.
• FY 2005 = $0

C. Receipts from State Government
All funds received by local governments from state government for local road and street programs. Forms of state transfer include a) grants-in-aid, b) loans, c) allocations or shares of state taxes, and d) payments under cooperative agreements. Examine FHWA-532 from the previous year. Item A.10 on FHWA-532 provides information on state transfers of state and federal funds to local governments for road and street purposes.

![Figure 9: FY 2005 Other State Fund Receipts](image)

C1. Highway-user taxes
Enter the amount recorded in Section 1, Category C5. This amount represents all transfers of state highway-user taxes and fees used for roads and streets.
• FY 2005 = $186,382,351.

C2. State General funds
State general funds allocated to local governments for highway purposes.
• FY 2005 = $0

C3. Other State funds
All other state funds transferred to local governments for highway purposes. This includes bond sales, sales taxes, excise taxes, severance taxes, and mineral lease taxes. Page 2 of the FY 2007 FHWA-536 indicates that other state funds in Kentucky include state bond proceeds, state grants, truck licenses, driver license fees, and the Local Government Economic Assistance Fund. Two major categories of funds are available for maintaining local roads and streets:
• County Road Fund
• Local Government Economic Assistance Fund
Road Fund County Road Aid represents the largest contribution to the Road Fund. The County Road Aid Program was established by the Kentucky General Assembly in 1936 to help counties build and maintain county roads and bridges. In 1980, the General Assembly approved the distribution of funds directly to county governments. Prior to 1980, KYTC administered funds. The Program is currently funded through annual revenues generated by state taxes on gasoline and other motor fuels – 18.3 percent of the revenue collected via taxes are allocated to the Program. The Kentucky Department of Local Government is responsible for apportioning the County Road Aid funds pursuant to the formula laid out in KRS 179.410 and KRS 177.360. The formula has undergone several revisions. In 1964, the General Assembly adopted the present "fifths" formula, which is also used to apportion Rural Secondary funds. The formula used to allot County Road Aid funds is as follows: One-fifth equally, one fifth based on rural population, one-fifth based on rural public road mileage, and two-fifths based on rural area. Rural is defined as rural population, rural mileage, and rural areas outside of cities, towns, and urban areas having a population of 2,500 or more as shown by the most recent decennial census of the United States. KYTC compiles and coordinates the rural data used in the formula. The Cabinet obtains data on rural population and rural areas for each county from the U.S. Census Bureau. Contrary to a prevalent misconception, county-maintained road mileage alone is not the basis for the mileage used in the formula. All rural public road mileage is used, regardless of which governmental agency is responsible for maintaining it.

Two methods are used for County Road Aid allocations. The first is direct distribution of funds based on motor fuel tax revenues for the preceding month. The second involves a cooperative agreement between counties and the Department of Rural and Municipal Aid. At the beginning of each fiscal year, the projected 80 percent of yearly motor fuel revenues, less three percent, is distributed once material price contracts for the year are submitted by participating counties. The remaining three percent held in reserve is pooled and used in emergency situations. The remaining 20 percent of motor fuel allocations are made available to counties throughout the year.

C3a. State bond proceeds
Amount received from bonds sold by the state.
- FY 2005 = $5,791,375
- Figure 10 illustrates the trend in state bond proceeds for FY 1999 through FY 2005. Note the sharp decline in revenue from FY 1999 to FY 2001. Although revenue increased in FY 2003 and again in FY 2005, FY 2005 figures are still $520,411 below that recorded in FY 1999.

![](image_url)
Identify sources of state funds transferred to local governments.

**C3b. State Grants**  
FY 2005 = $12,579,157  
- Figure 11 illustrates the trend in state grant revenue for FY 1999 through FY 2005.

![State Grant Revenue FY 1999 – FY 2005](image)

**C3c. Truck License Revenue**  
Revenue from truck licensing fees directed toward road and street purposes. KRS 47.020 defines Truck License Distribution; it represents 30 percent of all revenue raised by taxes under sections (3)-(14) of KRS 186.050. Each year, these funds are evenly divided among Kentucky’s 120 counties.  
- FY 2005 = $30,795,175  
- Figure 12 illustrates trends for FY 1999 through FY 2005. Revenue from truck licensing has been increasing steadily since FY 1999.
C3d. Driver’s License Fee
KRS 186.535 states that 25 cents raised from the original issuance or renewal of an operator’s license goes into KYTC’s Road Fund for use in expanding the state driver education program; another 25 cents is refunded to the county of issuance for county road purposes.
- FY 2005 = $495,345
- Figure 12 illustrates trends for FY 1999 through FY 2005. Revenue from driver licensing holds a relatively small share of total revenue used for road and street purposes. However, it has been steadily increasing since FY 1999.

C3e. Local Government Economic Assistance Fund (LGEA Fund)
The LGEA Fund is a revenue sharing program that was established by the General Assembly in 1980. Its purpose is to return a portion of state-collected coal and non-coal mineral severance taxes to eligible local
governments (KRS 42.450 to KRS 42.495). The Division of County and Municipal Accounting within the Department of Local Government is responsible for apportioning these funds to eligible local governments. Funds are used by local governments to improve the environment for new industry and enhance resident quality of life. When the coal severance and processing taxes collected exceeds $15.8 million, half of the excess is transferred from the General Fund into the LGEA fund. By statute, the minimum transfer amount is 12 percent of the total severance and processing taxes collected. Half of annual tax collections from the sale and processing of minerals, exclusive of coal, also is transferred to LGEAF. Sixty percent of the coal severance tax is allocated among coal-producing counties, while 30 percent is allocated to each coal-producing county based on per capita income, ton-miles of resource roads, and population. The remaining 10 percent is allocated to coal-impact counties, which are non-coal producing counties with at least 0.25 percent of the total coal ton miles hauled over public roads within their boundary. Distribution is based on geographic area, ton-miles of coal haul roads, and per capita income in inverse order.

The mineral severance and processing tax is distributed based on the tax collected on minerals severed. Ten percent of the coal and mineral funds allocated to each county is divided among its cities based on the ratio of the population of each incorporated area to the total population of all the incorporated areas within the county. Coal-producing counties and cities must dedicate 30 percent of the coal tax portion of LGEAF to the maintenance of local public highways which have been used for a significant amount of coal transport. The remaining 70 percent may be spent on public safety, environmental protection, public transportation, health, recreation, libraries, social services, administration, industrial and economic development, and vocational education. Coal-impact counties and cities must allocate 100 percent of their LGEAF proceeds to public transportation, streets, and roads. The mineral tax portion of LGEAF may be spent on any of the above categories.

- **FY 2005** = $43,500,505
- Figure 14 illustrates trends for FY 1999 through FY 2005. Transfers were down sharply in FY 2001 and FY 2003. However, in FY 2005 a recovery is noted in fund receipts for road and street purposes to FY 1999 levels of $43,745,453.

![Figure 14: Local Government Economic Assistance Fund Receipts FY 1999 - FY 2005](image)

### C3f. Total

Total receipts from other state government funds. The sum of state bond proceeds, state grants, truck licensing, driver’s licensing and the local government economic assistance fund.
• FY 2005 = $93,161,557
• Funding from other fund sources declined in FY 2001 and FY 2003. This reduction is reflective of reduced proceeds from state bond proceeds, state grants and the local government economic assistance fund. In FY 2005, total receipts from other state government funds exceed FY 1999 values by $12,595,008.

Figure 15: Total Receipts from Other State Government Funds for Road and Street Purposes FY 1999 - FY 2005

C4. Total
Total receipts from state government funds. The sum of highway-user taxes, state general funds, and other state funds.
• FY 2005 = $279,543,908
• See Page 1 of FHWA-536 for total and Page 2 for an itemized listing.
• Figure 16 illustrates total receipts from state government funds used for road and street purposes from FY 1999 to FY 2005. Fund sources remain relatively flat from FY 1999 to FY 2003. However, there is an increase in revenue in FY 2005. State government highway-user tax receipts increased in this same time period. FY 2005 values total $186,382,351, while FY 1999 values total $138,757,224. These increases are evident in Figure 16.
D. Receipts from Federal Government
Funds directed from federal agencies to local governments for highway activities. These funds may be transferred directly (from federal agency to local government) or indirectly (passing through state government). Consult FHWA-532; Item A10 provides data on federal funds to local governments for roads and streets.

D1. Federal Highway Administration
Enter the amount recorded in Section 1, Category D5. It represents all FHWA funds passed through the state to local governments for highway purposes.
- FY 2005 = $18,672,485

D2. Other Federal Agencies
Funds local governments receive from other federal agencies for highway purposes, either directly or indirectly (through the state). Federal grants, payments, refunds, and reimbursements consist of several types of revenues, including Department of Homeland Security (DHS) and Department of Housing and Urban Development (HUD) flood reimbursements, federal emergency assistance, and federally funded grants. State grants, payments, refunds and reimbursements are not defined by statute. Examples include items such as flood damage reimbursement, road energy recovery fund, miscellaneous payments, and special state funds (e.g., bridge fund, strip mine permits).

D2a. Forest Service
Funds paid to local governments by the United States Forest Service for roads and streets (see KRS 149.130 for a definition of National Forest fund). Federal funding paid to states are distributed to counties that are home to National Forests. Apportionment is contingent on the size of the reserve in a county. Counties must put half the receipts in the road fund and the other half in a fund for public schools. Typically, the Forest Service contributes a relatively small amount of revenue to local governments for road and street purposes.
- FY 2005 = $0
- Although a relatively small contribution from federal government for road and street purposes – contributions from the Forest Service declined sharply from FY 1999 ($475,337), to $86,102 in FY 2001, to $0 in FY 2005.
**D2b. FEMA**
Funds directed to local governments from the Federal Emergency Management Agency (FEMA) to use for roads and streets.
- FY 2005 = $0

**D2c. HUD**
Funds directed to local government from HUD to use for roads and streets.
- FY 2005 = $0

**D2d through D2f.**
Identify additional federal agencies that provided funding to local governments for highway purposes.

**D2g. Total**
Total revenue received from other federal agencies.
\[
D2g = D2a + D2b + D2c + D2d + D2e + D2f
\]
- FY 2005 = $0

**D3. Total**
Total revenue from federal sources directed to local governments for road and street programs. Calculate D3 using the following equation:
\[
D3 = D1 + D2
\]
- FY 2005 = $18,672,485

**E. Total Receipts**
Seen on Page 1, Section II total revenue local governments receive from local, private, state resources, and federal resources for road and street purposes. Calculate E using the following equation:
\[
E = A + B + C + D
\]
FY 2005 = $345,316,724

Table 3 looks at the proportions of funding sources for FY 1999 and FY 2005. Between FY1999 and FY 2003, there is a year on year increase in local source percentage of funding, which is matched by a small decline in state funding receipts. However, in FY 2005 the local source total percentage falls to 14%, with the state source percentage returning to 81% or FY 1999 percentages.

Table 3: Proportion of Funding Sources

<table>
<thead>
<tr>
<th></th>
<th>Local Source Percentage</th>
<th>State Source Percentage</th>
<th>Federal Source Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 1999</td>
<td>12%</td>
<td>81%</td>
<td>7%</td>
</tr>
<tr>
<td>FY 2001</td>
<td>15%</td>
<td>80%</td>
<td>5%</td>
</tr>
<tr>
<td>FY 2003</td>
<td>16%</td>
<td>78%</td>
<td>6%</td>
</tr>
<tr>
<td>FY 2005</td>
<td>14%</td>
<td>81%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Figure 19 illustrates total receipts for FY 1999 through FY 2005. After funding remained flat for 1999-2003, it has since gradually increased.
Figure 19: Total Receipts for Road and Street Purposes by Fiscal Year
2.3 Section III: Expenditures for Road and Street Purposes

This section examines local government expenditures for highway purposes. Expenditures are placed into four categories: 1) local highway disbursements, 2) debt service on local obligations, 3) payments to state governments, and 4) payments to toll facilities. In some cases, projects are jointly funded by local and state governments. When this occurs, record local government expenditures FHWA-536 and state government expenditures on FHWA-532. If the state retains full control over a project, but contracts with a local government for some services, report the expenditures on FHWA-532 only.

<table>
<thead>
<tr>
<th>Table 4: Local Government Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITEM</td>
</tr>
<tr>
<td>A. Local highway expenditures:</td>
</tr>
<tr>
<td>1. Capital outlay (from page 2)</td>
</tr>
<tr>
<td>2. Maintenance:</td>
</tr>
<tr>
<td>3. Road and street services:</td>
</tr>
<tr>
<td>a. Traffic control operations</td>
</tr>
<tr>
<td>b. Snow and ice removal</td>
</tr>
<tr>
<td>c. Other</td>
</tr>
<tr>
<td>d. Total (a. through c.)</td>
</tr>
<tr>
<td>4. General administration &amp; miscellaneous</td>
</tr>
<tr>
<td>5. Highway law enforcement and safety</td>
</tr>
<tr>
<td>6. Total (1 through 5)</td>
</tr>
<tr>
<td>B. Debt service on local obligations:</td>
</tr>
<tr>
<td>1. Bonds:</td>
</tr>
<tr>
<td>a. Interest</td>
</tr>
<tr>
<td>b. Redemption</td>
</tr>
<tr>
<td>c. Total (a. + b.)</td>
</tr>
<tr>
<td>2. Notes:</td>
</tr>
<tr>
<td>a. Interest</td>
</tr>
<tr>
<td>b. Redemption</td>
</tr>
<tr>
<td>c. Total (a. + b.)</td>
</tr>
<tr>
<td>3. Total (1.c + 2.c)</td>
</tr>
<tr>
<td>C. Payments to State for highways</td>
</tr>
</tbody>
</table>
A. Local Highway Expenditures
All expenditures made by local government for highway activities.

A1. Capital Outlay
All capital outlays by local governments for highways, roads, and streets. This information should be consistent with information provided on FHWA-531 and FHWA-532. Omit from this section capital outlay for toll facilities, mass transit, and most administrative costs. Include the following: 1) construction materials and supplies, 2) construction machinery and equipment, and 3) administrative costs directly assignable to specific capital outlay projects.

- FY 2005 = $176,279,315

Figure 20: Capital Outlay by Local Government for Road and Street Purposes FY 1999 - FY 2005

A1a. Right-of-way
Includes the following expenses: 1) right-of-way administration; 2) purchase of land, improvements, and easements; and 3) the costs of moving and relocating buildings, businesses, and people. Report the amount spent on the National Highway System in Column A, and the amount spent off the National Highway System in Column B.

- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

A1b. Engineering
Includes the following expenses: 1) field engineering and costs; 2) surveys, material testing, and borings; 3) preparation of plans, specifications, and estimates; and 4) traffic and related studies. Report the amount spent on the National Highway System in Column A, and the amount spent off the National Highway System in Column B.

- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1c. Construction**
Expenditures for construction of roads and bridges. This includes roadway earth work and grading; drainage and related protective structures; base and surface or resurfacing; shoulder and approach surfacing, including turnouts; interchanges; frontage roads; climbing lanes and parking areas; utility relocation; major and minor widening; safety-related improvements; and environmentally related improvements. Construction of structures includes bridges; viaducts; grade separation structures; overpasses and underpasses; vehicular tunnels and subway, sewer and drainage systems; walls and roads over dams; ferries and landings. It also includes protective systems installed on structures exposed to harsh environments and chemical damage.
- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1c1. New Facilities**
Expenditures for new highways, roads, and bridges on the National Highway System.
- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1c2. Capacity Improvements**
Expenditures for improvements that add capacity to facilities (e.g., adding lanes). Only record funds spent on the National Highway system.
- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1c3. System Preservation**
Expenditures used to preserve the existing system without significantly improving capacity. Only record funds spent on the National Highway System.
- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1c4. System enhancement and operation**
Expenditures made to address environmental sustainability – improvements not directly related to roads and bridges, such as safety, traffic management, traffic engineering, railroad grade crossings, vehicle weight enforcement facilities. Only record funds spent on the National Highway System.
- FY 2005 = $0
- Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1c5. Total Construction**
Column A is total construction costs for the National Highway System. Calculate A1c5 using the following equation:

\[ A1c5 = A1c1 + A1c2 + A1c3 + A1c4 \]
• FY 2005 = $0
• Data for capital outlay is not reported on County or City reports to accommodate further disbursement reporting.

**A1d. Total**
Calculate A1d using the following equation:

\[ A1d = A1a + A1b + A1c \]

• FY 2005 = $176,279,315.

**A2. Maintenance**
Maintenance encompasses activities done to preserve the highway system in a condition that is close as possible to the original condition (FHWA, 2020). Includes the cost of materials, supplies, and equipment for maintenance activities. Maintenance activities for toll facilities are reported separately.

• FY 2005 = $30,459,786

**A3. Road and street services**
Local government operational expenditures for roads, streets and bridges.

• This cell is shaded because it is the title cell and broken into additional sub-categories (see below).

**A3a. Traffic control operations**
Expenditures for traffic control operations.

• FY 2005 = $0

**A3b. Snow and ice removal**
Expenditures for snow and ice removal, gritting, deicing, and the installation and removal of snow fences.

• FY 2005 = $0

**A3c. Other**
Road and street services such as highway air quality monitoring, highway beautification, mowing, and litter removal.

• FY 2005 = $0

**A3d. Total**
Calculate A3d using the following equation:

\[ A3d = A3a + A3b + A3c \]

• FY 2005 = $105,672,311

**A4. General Administration and Miscellaneous**
Expenditures not classified as capital outlay, maintenance, or operations. Include highway planning traffic studies and research in this item.

• FY 2005 = $20,798,315

**A5. Highway law enforcement and safety**
Local government outlays for highway and traffic police used for traffic supervision and enforcement of highway, traffic and safety laws. Costs are sometimes aggregated with general police activities. If this occurs, estimates are reliable.
• FY 2005 = $0

**A6. Total**
Total local highway disbursements costs. Calculate A6 using the following equation:

\[ A6 = A1 + A2 + A3 + A4 + A5 \]

• FY 2005 = $333,209,727

**B. Debt service on local obligations**
Interest and redemption payments for local highway, road, and street bonds issued by local government. See Section II Bonds and notes. Debt service also includes all expenditures resulting from the sale and retirement of highway debt. The only debt service reported is from Item II A6, and the amount recorded in Section IV.

**B1. Bonds**
Debt service on bonds.
• This cell is shaded because it is the title cell and broken into additional sub-categories (see below).

**B1a. Interest**
Bond interest costs and financing costs.
• FY 2005 = $0

**B1b. Redemption**
Bond redemption payments at net value.
• FY 2005 = $0

**B1c. Total**
Calculate B1c using the following equation:

\[ B1c = B1a + B1b \]

• FY 2005 = $0

**B2. Notes**
Debt service costs on notes.
• This cell is shaded because it is the title cell and broken into additional sub-categories (see below).

**B2a. Interest**
Note interest costs and any financing costs.
• FY 2005 = $0

**B2b. Redemption**
Note redemption payments at net value.
• FY 2005 = $0

**B2c. Total**
Calculate B2c using the following equation:

\[ B2c = B2a + B1b \]
• FY 2005 = $0

**B3: Total**
Calculate B3 using the following equation:

\[ B3 = B1c + B2c \]

• FY 2005 = $12,978,345

C. Payments to States for highways
Fund transfers *from* local government *to* the state for highway, road, and street purposes. This value should reflect data reported on form FHWA-531.
• FY 2005 = $0

D. Payments to toll facilities
Funds transferred *from* local government *to* either a state or a local toll facility. Identify the toll facility and amount transferred in a note.
• FY 2005 = $0

E. Total Expenditures
Calculate E using the following equation:

\[ E = A6 + B3 + C + D \]

• FY 2005 = $346,188,072
• Figure 21 captures total disbursements for road and street purposes for FY 1999 through FY 2005. Note there has been a steady upward trend over this period.

![Figure 21: Total Disbursements for Road and Street Purposes by Fiscal Year](image-url)
Figure 22 presents data on total receipts and disbursements for FY 1999 through FY 2005. Total receipts are represented by the blue bars, and total disbursement by orange bars. A general trend of increasing revenues and expenditures over this time period is observable.

Figure 22: Disposition of Highway-User Revenues Available for Local Government Expenditure (Income vs Expenditure)
2.4 Section IV: Local Highway Debt Status
This section records the status of local government highway debt. For FY 2005, the highway debt recorded in this section is $0. Brief descriptions of each category are provided below.

Table 5: Local Highway Debt Entry

<table>
<thead>
<tr>
<th>IV. LOCAL HIGHWAY DEBT STATUS</th>
<th>Opening Debt</th>
<th>Amount Issued</th>
<th>Redemptions</th>
<th>Closing Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Bonds (Total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Bonds (Refunding Portion)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Notes (Total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A. Bonds (Total)
Total amount of bonds at face value. This includes bonds outstanding at the beginning of the year, bonds issued during the year, bonds redeemed during the year, and bonds outstanding at the end of the year.

A1. Bonds (Refunding Portion)
Bonds entered in A. Bonds (Total) that were involved in refunding.

B. Notes (Total)
Face value or par value of all notes. This includes notes outstanding at the beginning of the year, notes issued during the year, notes redeemed during the year, and notes outstanding at the end of the year.

A completed version of the FHWA-536 for FY 2005 is provided on the following pages.
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

<table>
<thead>
<tr>
<th>ITEM</th>
<th>A. Local Motor-Fuel Taxes</th>
<th>B. Local Motor-Vehicle Taxes</th>
<th>C. Receipts from State Highway-User Taxes</th>
<th>D. Receipts from Federal Highway Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total receipts available</td>
<td>16,595,348</td>
<td>186,382,351</td>
<td>18,672,485</td>
<td></td>
</tr>
<tr>
<td>2. Minus amount used for collection expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Minus amount used for nonhighway purposes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Minus amount used for mass transit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Remainder used for highway purposes</td>
<td>0</td>
<td>16,595,348</td>
<td>186,382,351</td>
<td>18,672,485</td>
</tr>
</tbody>
</table>

II. RECEIPTS FOR ROAD AND STREET PURPOSES

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Receipts from local sources:</td>
<td></td>
</tr>
<tr>
<td>1. Local highway-user taxes</td>
<td></td>
</tr>
<tr>
<td>a. Motor Fuel (from Item I.A.5.)</td>
<td>0</td>
</tr>
<tr>
<td>b. Motor Vehicle (from Item I.B.5.)</td>
<td>16,595,348</td>
</tr>
<tr>
<td>c. Total (a.+b.)</td>
<td>16,595,348</td>
</tr>
<tr>
<td>2. General fund appropriations</td>
<td></td>
</tr>
<tr>
<td>a. Traffic control operations</td>
<td></td>
</tr>
<tr>
<td>b. Snow and ice removal</td>
<td></td>
</tr>
<tr>
<td>c. Other</td>
<td></td>
</tr>
<tr>
<td>3. Other local imposts (from page 2)</td>
<td>10,718,808</td>
</tr>
<tr>
<td>4. Miscellaneous local receipts (from page 2)</td>
<td>19,786,175</td>
</tr>
<tr>
<td>5. Transfers from toll facilities</td>
<td></td>
</tr>
<tr>
<td>6. Proceeds of sale of bonds and notes:</td>
<td></td>
</tr>
<tr>
<td>a. Bonds - Original Issues</td>
<td></td>
</tr>
<tr>
<td>b. Bonds - Refunding Issues</td>
<td></td>
</tr>
<tr>
<td>c. Notes</td>
<td></td>
</tr>
<tr>
<td>d. Total (a. + b. + c.)</td>
<td>0</td>
</tr>
<tr>
<td>7. Total (1 through 6)</td>
<td>47,100,331</td>
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<tr>
<td>B. Private Contributions</td>
<td></td>
</tr>
<tr>
<td>c. Total (a. + b. + c.)</td>
<td>0</td>
</tr>
<tr>
<td>C. Receipts from State government (from page 2)</td>
<td>279,543,908</td>
</tr>
<tr>
<td>2. Notes:</td>
<td></td>
</tr>
<tr>
<td>a. Interest</td>
<td></td>
</tr>
<tr>
<td>D. Receipts from Federal Government</td>
<td></td>
</tr>
<tr>
<td>(from page 2)</td>
<td>18,672,485</td>
</tr>
<tr>
<td>b. Redemption</td>
<td></td>
</tr>
<tr>
<td>c. Total (a. + b.)</td>
<td>0</td>
</tr>
<tr>
<td>E. Total receipts (A.7 + B + C + D)</td>
<td>345,316,724</td>
</tr>
</tbody>
</table>

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Local highway disbursements:</td>
<td></td>
</tr>
<tr>
<td>1. Capital outlay (from page 2)</td>
<td>176,279,315</td>
</tr>
<tr>
<td>2. Maintenance:</td>
<td></td>
</tr>
<tr>
<td>3. Road and street services:</td>
<td></td>
</tr>
<tr>
<td>a. Traffic control operations</td>
<td></td>
</tr>
<tr>
<td>b. Snow and ice removal</td>
<td></td>
</tr>
<tr>
<td>c. Other</td>
<td></td>
</tr>
<tr>
<td>4. General administration &amp; miscellaneous</td>
<td></td>
</tr>
<tr>
<td>5. Highway law enforcement and safety</td>
<td></td>
</tr>
<tr>
<td>6. Total (1 through 5)</td>
<td>333,209,727</td>
</tr>
<tr>
<td>B. Debt service on local obligations:</td>
<td></td>
</tr>
<tr>
<td>1. Bonds:</td>
<td></td>
</tr>
<tr>
<td>a. Interest</td>
<td></td>
</tr>
<tr>
<td>2. Notes:</td>
<td></td>
</tr>
<tr>
<td>a. Interest</td>
<td></td>
</tr>
<tr>
<td>3. Total (a. + b.)</td>
<td>0</td>
</tr>
<tr>
<td>2.c.</td>
<td></td>
</tr>
<tr>
<td>C. Payments to State for highways</td>
<td></td>
</tr>
<tr>
<td>D. Payments to toll facilities</td>
<td></td>
</tr>
<tr>
<td>E. Total disbursements (A.6 + B.3 + C + D)</td>
<td>346,188,072</td>
</tr>
</tbody>
</table>

IV. LOCAL HIGHWAY DEBT STATUS

<table>
<thead>
<tr>
<th>ITEM</th>
<th>OPENING DEBT</th>
<th>AMOUNT ISSUED</th>
<th>REDEMPTIONS</th>
<th>CLOSING DEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Bonds (Total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Bonds (Refunding Portion)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Notes (Total)</td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>
LOCAL HIGHWAY FINANCE REPORT

STATE: Kentucky
YEAR ENDING: June, 2005

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.3. Other local imposts:</td>
<td></td>
<td>A.4. Miscellaneous local receipts:</td>
<td></td>
</tr>
<tr>
<td>a. Property Taxes and Assessments</td>
<td></td>
<td>a. Interest on investments</td>
<td></td>
</tr>
<tr>
<td>b. Other local imposts:</td>
<td></td>
<td>b. Miscellaneous</td>
<td>19,786,175</td>
</tr>
<tr>
<td>1. Automobile Stickers</td>
<td>1,176,576</td>
<td>c. (Specify)</td>
<td></td>
</tr>
<tr>
<td>2. Parking Meters</td>
<td>457,581</td>
<td>d. (Specify)</td>
<td></td>
</tr>
<tr>
<td>3. Parking Violations</td>
<td>2,674,967</td>
<td>e. (Specify)</td>
<td></td>
</tr>
<tr>
<td>4. Impounds</td>
<td>4,949,204</td>
<td>f. (Specify)</td>
<td></td>
</tr>
<tr>
<td>5. Miscellaneous</td>
<td>1,460,480</td>
<td>g. (Specify)</td>
<td></td>
</tr>
<tr>
<td>6. Total (1. through 5.)</td>
<td>10,718,808</td>
<td>h. (Specify)</td>
<td></td>
</tr>
<tr>
<td>c. Total (a. + b.)</td>
<td>10,718,808</td>
<td></td>
<td>19,786,175</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Receipts from State Government</td>
<td></td>
<td>D. Receipts from Federal Government</td>
<td></td>
</tr>
<tr>
<td>1. Highway-user taxes (from Item I.C.5.)</td>
<td>186,382,351</td>
<td>1. FHWA (from Item I.D.5.)</td>
<td>18,672,485</td>
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<tr>
<td>2. State general funds</td>
<td></td>
<td>2. Other Federal agencies:</td>
<td></td>
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<tr>
<td>3. Other State funds:</td>
<td></td>
<td>a. Forest Service</td>
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<tr>
<td>a. State bond proceeds</td>
<td>5,791,375</td>
<td>b. FEMA</td>
<td></td>
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<tr>
<td>b. State Grants</td>
<td>12,579,157</td>
<td>c. HUD</td>
<td></td>
</tr>
<tr>
<td>c. Truck License</td>
<td>30,795,175</td>
<td>d. (Specify)</td>
<td></td>
</tr>
<tr>
<td>d. Drivers License</td>
<td>495,345</td>
<td>e. (Specify)</td>
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<tr>
<td>e. LGEA</td>
<td>43,500,505</td>
<td>f. (Specify)</td>
<td></td>
</tr>
<tr>
<td>f. Total (a. through e.)</td>
<td>93,161,557</td>
<td>g. Total (a. through f.)</td>
<td>0</td>
</tr>
<tr>
<td>4. Total (1. + 2. + 3.f)</td>
<td>279,543,908</td>
<td>3. Total (1. + 2.g)</td>
<td>18,672,485</td>
</tr>
</tbody>
</table>

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III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

<table>
<thead>
<tr>
<th>ITEM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1. Capital outlay:</td>
<td></td>
</tr>
<tr>
<td>a. Right-Of-Way Costs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ON NATIONAL HIGHWAY SYSTEM (a)</th>
<th>OFF NATIONAL HIGHWAY SYSTEM (b)</th>
<th>TOTAL (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>b. Engineering Costs</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>----------------------</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>c. Construction:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1). New Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2). Capacity Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3). System Preservation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4). System Enhancement And Operation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5). Total Construction (1)+(2)+(3)+(4)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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Notes and Comments:

Data derived from information provided by the Department of Local Government and the Kentucky League of Cities
3. Inflation Adjustments

To understand trends in spending over the study period (FY 1999 through FY 2005), the real dollar value of receipts and disbursements was calculated by adjusting for inflation – using 2005 as the base year. According to the CPI Inflation Calculator, $1 spent in 1999 equaled $1.16 in 2005, $1 in 2001 equaled $1.09 in 2007, $1 in 2003 equaled $1.05 in 2005. Figure 23 reflects trends in receipts after applying the appropriate inflation adjustment factors. Although revenue dipped in FY 2001, it has been on the increase since. In FY 2005, total receipts surpassed FY 1999 total receipts.

![Figure 23: Total Receipts Adjusted for Inflation to 2005 Values](image)

Figure 24 examines total disbursements by local governments for road and street purposes. Spending gradually trended upwards from FY 1999 through FY 2005, with disbursements peaking in FY 2005 at $345,316,724.

![Figure 24: Total Disbursements Adjusted for Inflation to 2005 Values](image)
Figure 25 places total receipts and disbursements side by side for each year. Disbursements exceeded receipts during FY 2001 ($9,363,421), FY 2003 ($5,009,531), and FY 2005 ($871,348). A surplus was registered in in FY 1999 ($33,396,360).

Figure 25: Receipts and Disbursements Adjusted for Inflation to 2005 Values

Figure 26 highlights the shrinking pool of revenue made available to local governments by FHWA. This trend becomes more pronounced when amounts are adjusted for inflation. The chart’s blue line presents the value of receipts in nominal dollars, while the orange line presents the values adjusted to 2005 dollars.

Figure 26: Annual Receipts from FHWA Adjusted for Inflation to FY 2005 Values
When presented in nominal dollars, total receipts from state government, which are shown in Figure 27, gradually increased over the study period.

![Figure 27: Total Receipts from State Government FY 1999 – FY 2005](image)

Making inflation adjustments reveals more variability. In FYs 2001 and 2003, total receipts were down considerably, before rebounding in FY 2005.

![Figure 28: Total Receipts from State Government Adjusted for Inflation to 2005 Values](image)
4. Conclusion

Total receipts and disbursements gradually increased between FY 1999 and FY 2005, although some fluctuations are apparent. FY 2005 topped all other years in total receipts – $345,316,724. Overall, receipts from FHWA fell during the study period. Local governments have not benefitted from private contributions, as they generate no revenue in Kentucky. The largest contribution to local government receipts is state government. Fluctuations in total receipts help explain why disbursements exceeded receipts in some years (FYs 2001, 2003, and 2005).
References


KRS 138.220 State gasoline and special fuel tax -- Supplementary highway user motor fuel tax -- Imposition -- Determination of average wholesale price -- Additional tax or credit for tax-paid inventory. Date Viewed January 8th 2020: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=44019>

KRS 177.320 Use of portion of gasoline tax revenues for secondary and rural roads, county roads and bridges and the Kentucky Transportation Center -- Allocation of funds. Date Viewed January 8th 2020: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=5308>


42.4501 Definitions for KRS 42.450 to 42.495. Date Viewed January 8th 2020: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=44912>

KRS 179.440 Counties may spend county road funds. Date Viewed January 8th 2020: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=5518>


CPI Inflation Calculator. Date Viewed February 3rd 2020: <https://data.bls.gov/cgi-bin/cpicalc.pl>