Kentucky Association of Counties Leasing Trust and Subsidiary

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2011 and 2010

Kentucky Association of Counties Leasing Trust and Subsidiary

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June 30, 2011 and 2010

Mountjoy
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Medley

Independent Auditor's Report on Consolidated Financial Statements

To the Board of Trustees
Kentucky Association of Counties Leasing Trust and Subsidiary

We have audited the accompanying consolidated statements of financial position of Kentucky Association of Counties Leasing Trust and Subsidiary (a County Interlocal Cooperation Agreement Trust) ("the Trust") as of June 30, 2011 and 2010, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Commonwealth Insurance Company, Inc., a wholly owned subsidiary, which statements reflect total assets of $3,664,426 and total revenues of $1,013,620 for the year ended June 30, 2011. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Commonwealth Insurance Company, Inc., is based solely on the report of the auditors for the year ended June 30, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the report of the other auditor for the year ended June 30, 2011 provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditor for the year ended June 30, 2011, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kentucky Association of Counties Leasing Trust as of June 30, 2011 and 2010, and the results of their activities and changes in net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mountjoy Chilton Medley LLP

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Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidated Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
Assets		
Cash and cash equivalents	$ 3,722,786	$ 3,899,468
Trust estate investments		
Cash and cash equivalents	12,323,721	12,031,116
Investment contracts	97,894,628	118,514,572
U.S. government money market funds	37,703,538	8,364,603
Certificates of deposit	-	7,500,000
Leases receivable	256,283,145	308,447,828
Leases receivable - unrealized depreciation in fair value	(13,615,128)	(15,708,827)
Other receivables	26,745,706	26,712,000
Due from affiliate	264,091	162,422
Notes receivable, net	23,953	183,503
Other investments	5,102,158	3,682,322
Accrued interest receivable	342,705	472,596
Other assets		
Costs of debt issuance, net of accumulated amortization of $4,074,451 and $3,664,746	1,458,887	1,868,591
Other	15,760	28,173
Total Assets	$ 428,265,950	$ 476,158,367
Liabilities and Net Assets		
Liabilities		
Accrued interest payable	$ 306,325	$ 306,254
Interest rate exchanges	(13,615,128)	(15,708,827)
Other accrued expenses	3,780,253	4,828,179
Accrued arbitrage rebate	1,175,987	988,231
Bonds payable	423,075,000	472,670,000
Total Liabilities	414,722,437	463,083,837
Commitments and Contingencies		
Net Assets, unrestricted	13,543,513	13,074,530
Total Liabilities and Net Assets	$ 428,265,950	$ 476,158,367

See accompanying notes.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
Years Ended June 30, 2011 and 2010

	2011	2010
Revenues		
Investment income	$ 1,166,365	$ 1,584,383
Income from leases receivable	12,763,394	14,057,087
Premium income	965,535	924,192
Credit, administrative and fiduciary fees	174,813	-
Miscellaneous income	100,721	-
Net realized and unrealized gains on other investments	576,403	505,955
Total Revenues	15,747,231	17,071,617
Expenses		
Interest	7,633,315	8,019,009
Amortization of deferred financing costs	409,705	163,606
Credit fees	2,751,324	2,769,027
Administrative and other fees	1,469,051	2,243,537
Remarketing fees	461,403	433,137
Legal fees	161,694	563,024
Trustee fees	149,246	242,103
Sponsoring agency fees	1,000	55,605
Lease rebates	1,840,182	2,106,748
Arbitrage rebate	348,149	205,522
Claims expense	40,000	230,311
Provision for income taxes	13,179	11,514
Total Expenses	15,278,248	17,043,143
Changes in Net Assets	468,983	28,474
Net Assets at Beginning of Year	13,074,530	13,046,056
Net Assets at End of Year	$ 13,543,513	$ 13,074,530

See accompanying notes.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Changes in Net Assets	$ 468,983	$ 28,474
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Amortization of debt issuance costs	409,704	163,606
Bad debt expense	172,110	-
Net realized and unrealized gains on other investments	(576,403)	(505,955)
Changes in:		
Receivable from affiliate	(583,825)	-
Accrued interest receivable	129,891	102,686
Other receivables	(33,706)	-
Other assets	12,413	(158,441)
Accrued interest payable	71	(48,247)
Other accrued expenses	(565,770)	998,286
Accrued arbitrage rebate	187,756	205,522
Net Cash (Used) Provided by Operating Activities	(378,776)	785,931
Cash Flows from Investing Activities		
Net (purchases of) proceeds from trust estate investments	(1,511,596)	9,477,716
Lease repayments	52,164,683	10,249,737
Net (purchases of) proceeds from other investments	(843,433)	870,348
Repayments of notes receivable, net	(12,560)	29,254
Net Cash Provided by Investing Activities	49,797,094	20,627,055
Cash Flows from Financing Activities		
Payments on bonds	(49,595,000)	(20,540,000)
Cash Used in Financing Activities	(49,595,000)	(20,540,000)
(Decrease) Increase in Cash and Cash Equivalents	(176,682)	872,986
Cash and Cash Equivalents at Beginning of Year	3,899,468	3,026,482
Cash and Cash Equivalents at End of Year	$ 3,722,786	$ 3,899,468
Supplemental Disclosure:		
Cash paid for interest	$ 7,633,244	$ 8,067,256
Non-cash investing and financing activities:		
Change in fair value of lease receivables and related interest rate exchanges	$ 2,093,699	$ (7,795,758)

See accompanying notes.

Note A - Nature of Organization and Operations

1. General: The Kentucky Association of Counties Leasing Trust ("the Leasing Trust") is a County Interlocal Cooperation Agreement Trust sponsored by the Kentucky Association of Counties ("KACo"), an association comprised of 120 Kentucky counties. KACo's purpose is to assist Kentucky county governments and special districts in fulfilling certain obligations to their constituencies. Each Kentucky county is eligible for membership in KACo. KACo's Board of Directors is made up of elected officials. The Leasing Trust was organized on November 9, 1988 to make funds available for capital improvement projects and equipment purchases by Kentucky county governments and special districts. Any public agency is eligible to participate in the Leasing Trust.

   During the fiscal year ended June 30, 2006, the Leasing Trust formed a wholly-owned subsidiary Commonwealth Insurance Company, Inc. ("the Subsidiary"), a Kentucky domiciled captive insurance company. The Subsidiary provides county bond insurance to members of KACo.

   The accompanying consolidated financial statements include the accounts of the Kentucky Association of Counties Leasing Trust and its Subsidiary. All significant intercompany accounts and transactions have been eliminated. They are collectively referred to as "CoLT".

   CoLT is controlled by a Board of Trustees whose members are appointed by the Board of Directors of KACo. Management is of the opinion that both KACo and CoLT are limited to transactions that would be legal for one or more Kentucky counties.

2. The Trust Estates: CoLT maintains ten separate trust estates ("the Trusts" or "the Trust Estates") to provide funds for CoLT's business purposes as specified in the trust indenture agreements. The trust agreements also provide for financing by contributions from participating members, if necessary. The bonds are formally issued as Money Market Municipal Multi-County Lease Revenue Bonds.

   The funds can be summarized as follows:

Series	Date of Issuance	Sponsor	Issuance Amount
1989 Series	March 1989	Pendleton County	$ 200,000,000
1993 Series	March 1993	Pendleton County	100,000,000
1999 Series	December 1999	Breckinridge County	50,000,000
2001 Series	February 2001	Breckinridge County	50,000,000
2002 Series	January 2002	Breckinridge County	100,000,000
2004 Series	September 2004	Shelby County	100,000,000
2007 Series	April 2007	Christian County	50,000,000
2007B Series	August 2007	Christian County	70,000,000
2008 Series	June 2008	Christian County	30,000,000
2008 A2 Series	December 2008	Trimble County	75,000,000

Note A - Nature of Organization and Operations (Continued)

3. Basis of Presentation: The accompanying consolidated financial statements present the combined financial position, activities and changes in net assets and cash flows for the 1989, 1993, 1999, 2001, 2002, 2004, 2007, 2007B, 2008, and 2008 A2 Trust Estates, the Subsidiary, and Program Administration. Common costs are paid from discretionary funds provided by the Trust Estates as follows:

	2011	2010
1989 Series	$ -	$ 87,171
1993 Series	-	-
1999 Series	111,010	224,512
2001 Series	61,456	109,923
2002 Series	145,211	319,450
2004 Series	245,909	476,639
2007 Series	119,904	185,931
2007B Series	260,406	482,194
2008 Series	41,215	94,445
2008 A2 Series	353,323	238,428
Subsidiary	51,731	82,493
	$ 1,390,165	$ 2,301,186

The consolidated financial statements of CoLT have been prepared on the accrual basis of accounting. The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative accounting technical literature for non-governmental entities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Under the ASC, CoLT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no donor-imposed restrictions on the net assets of CoLT, and thus the net assets of CoLT are considered "unrestricted" as defined by the ASC.

Note A - Nature of Organization and Operations (Continued)

4. Parity: "Parity", as defined by the 1989 trust indenture, is a condition which is deemed to exist when the value of the 1989 Trust Estate assets equals or exceeds the outstanding principal amount of the bonds plus accrued interest. On September 1 of each year in which Parity exists, the excess of the value of the 1989 Trust Estate assets over the outstanding principal and accrued interest on the bonds may be transferred to the Program Discretionary Account for use at the discretion of CoLT's Board of Trustees, subject to certain conditions as specified in a letter of credit agreement with JP Morgan Chase Bank N.A. ("Chase"). During fiscal 2011 and 2010 Parity computations provided to Chase by CoLT indicated that CoLT had not maintained Parity in the 1989 Trust Estate.

5. Distributions on Termination: Upon ultimate termination of the Trusts (no later than March 1, 2019 for the 1989 and 1993 Trusts, no later than December 1, 2029 for the 1999 Trust Estate, no later than March 1, 2031 for the 2001 Trust Estate, no later than February 1, 2032 for the 2002 Trust Estate, no later than September 1, 2034 for the 2004 Trust Estate, no later than April 1, 2037 for the 2007 Trust Estate, no later than August 1, 2037 for the 2007B Trust Estate, no later than June 1, 2038 for the 2008 Trust Estate, and no later than December 1, 2038 for the 2008 A2 Trust Estate), any assets remaining after satisfaction of all liabilities will be returned to participating county governments and special districts on a pro rata basis.

Note B - Contractual Agreements

1. Credit Facility:

   1989 Trust Estate - Effective July 3, 2006, CoLT and Chase became parties to a letter of credit and reimbursement agreement dated July 3, 2006, and extended through May 31, 2012, under which Chase guarantees payment of all principal and interest related to the 1989 Bonds. Concurrent with the agreement, Chase issued an irrevocable letter of credit in favor of CoLT (approximately $113,531,000 at June 30, 2011 and 2010), which is used by CoLT to facilitate redemption of the 1989 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

   Draws on the letter of credit are made by the paying agent, Chase, to fund payments of principal and interest on the 1989 Bonds. Principal draws used for redemption of 1989 Bonds are repaid to Chase by CoLT or by the remarketing agent with the proceeds from resale of the 1989 Bonds. Interest draws are repaid by CoLT.

   In return for the replacement letter of credit and reimbursement agreement, CoLT pays Chase an annual commitment fee of .4% for each investment classification, a disbursement fee of $35 per disbursement made by Chase, and a fee of $3,000 for the issuance of each substitute letter of credit by Chase.

   1999 Trust Estate - CoLT and U.S. Bank National Association ("US Bank") are parties to a letter of credit and reimbursement agreement dated December 1, 1999, and extended through December 15, 2014, under which US Bank guarantees payment of all principal and interest related to the 1999 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $19,321,000 and $21,640,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 1999 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

   In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

Note B - Contractual Agreements (Continued)

1. Credit Facility (Continued):

2001 Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated February 1, 2001, and extended through February 15, 2013, under which US Bank guarantees payment of all principal and interest related to the 2001 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $20,184,000 and $22,594,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2001 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

2002 Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated January 31, 2002, and extended through February 15, 2014, under which US Bank guarantees payment of all principal and interest related to the 2002 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $35,756,000 and $40,125,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2002 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

2004 Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated September 29, 2004, and extended through September 15, 2013, under which US Bank guarantees payment of all principal and interest related to the 2004 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $60,299,000 and $66,839,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2004 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

2007 Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated April 1, 2007, and extended through April 15, 2013, under which US Bank guarantees payment of all principal and interest related to the 2007 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $38,949,000 and $43,222,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2007 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

Note B - Contractual Agreements (Continued)

1. Credit Facility (Continued):

2007B Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated August 1, 2007, and extended through August 15, 2013, under which US Bank guarantees payment of all principal and interest related to the 2007B Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $50,758,000 and $66,647,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2007B Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

2008 Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated June 1, 2008, and extended through June 15, 2014, under which US Bank guarantees payment of all principal and interest related to the 2008 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $24,731,000 and $27,014,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2008 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $10,000. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

2008 A2 Trust Estate - CoLT and US Bank are parties to a letter of credit and reimbursement agreement dated December 1, 2008, and extended through December 15, 2012, under which US Bank guarantees payment of all principal and interest related to the 2008 A2 Bonds. Concurrent with the agreement, US Bank issued an irrevocable letter of credit in favor of CoLT (approximately $62,206,000 and $74,283,000 at June 30, 2011 and 2010, respectively), which is used by CoLT to facilitate the redemption of the 2008 A2 Bonds immediately prior to their remarketing (see Note B, Bond Remarketing).

In return for the letter of credit and reimbursement agreement, CoLT paid US Bank a one-time establishment fee of $37,500. CoLT also pays US Bank an annual letter of credit fee, ranging from 0.40% to 1.25% of the available bond amount in quarterly installments, a disbursement fee of $50 per disbursement made by US Bank, and a fee of $2,500 for the issuance of each substitute letter of credit by US Bank.

2. Administrative Services:

During fiscal year 2011, KACo provided administrative and management services to CoLT pursuant to contracts that became effective on July 1, 2010 and expired June 30, 2011. The agreements can be renewed or extended upon mutual agreement of the parties. These services include management, marketing, and administrative services necessary for the orderly and proper administration of CoLT. KACo bills CoLT quarterly for the cost of providing these services. These contracts were renewed for one year effective July 1, 2011.

During fiscal year 2010, KACo provided administrative and management services to CoLT pursuant to contracts that became effective on July 1, 2009 and expired June 30, 2010.

Note B - Contractual Agreements (Continued)

2. Administrative Services (Continued):

The costs for administrative and management services are a component of administrative and other fees in the accompanying consolidated statements of activities and changes in net assets.

3. Bond Remarketing:

1989 Trust Indenture - As further discussed in Note P, the 1989 Bonds, in their Money Market form, as originally issued, ("the Money Market Bonds") mature in varying periods not greater than six months in term and are convertible, by CoLT, into Fixed Rate Bonds.

Under the terms of a remarketing agreement, Lehman Brothers ("LB") has agreed to use its best efforts to remarket the matured Money Market Bonds and Fixed Rate Bonds (collectively, "the 1989 Bonds"). The Money Market Bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

LB receives annual remarketing fees (payable quarterly) equal to .125% of the principal amount of Money Market Bonds outstanding.

Due to bankruptcy of LB in 2008, Barclays Capital Inc. assumed the remarketing agreement effective September 22, 2008.

1999 Trust Indenture - As further discussed in Note P, the 1999 Bonds, in the Variable Rate Bond form, are considered Weekly Rate Bonds with the ability to be converted to Adjustable Rate Bonds or Fixed Rate Bonds.

Under the terms of a remarketing agreement, Merrill Lynch ("ML") has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 1999 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid ML a one-time establishment fee of $212,500. ML also receives annual remarketing fees (payable quarterly) equal to .08% of the principal amount of 1999 Bonds outstanding.

2001 Trust Indenture - As further discussed in Note P, the 2001 Bonds, in the Variable Rate Bond form, are considered Weekly Rate Bonds with the ability to be converted to Adjustable Rate Bonds or Fixed Rate Bonds.

Under the terms of a remarketing agreement, ML has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2001 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid ML a one-time establishment fee of $250,000. ML also receives annual remarketing fees (payable quarterly) equal to .08% of the principal amount of 2001 Bonds outstanding.

Note B - Contractual Agreements (Continued)

3. Bond Remarketing (Continued):

2002 Trust Indenture - As further discussed in Note P, the 2002 Bonds, in the Variable Rate Bond form, are considered Daily Rate Bonds with the ability to be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds.

Under the terms of a remarketing agreement, J. P. Morgan Securities Inc. ("JPM") has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2002 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid JPM a one-time establishment fee of $250,000. JPM also receives annual remarketing fees (payable quarterly) equal to .10% of the principal amount of 2002 Bonds outstanding.

2004 Trust Indenture - As further discussed in Note P, the 2004 Bonds, in the Variable Rate Bond form, are considered Daily Rate Bonds with the ability to be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds.

Under the terms of a remarketing agreement, JPM has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2004 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid JPM a one-time establishment fee of $350,000. JPM also receives annual remarketing fees (payable quarterly) equal to .08% of the principal amount of Weekly Rate 2004 Bonds and .10% of the Daily Rate 2004 Bonds outstanding.

2007 Trust Indenture - As further discussed in Note P, the 2007 Bonds, in the Variable Rate Bond form, are considered Daily Rate Bonds with the ability to be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds.

Under the terms of a remarketing agreement, JPM has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2007 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid JPM a one-time establishment fee of $100,000. JPM also receives annual remarketing fees (payable quarterly) equal to .07% of the principal amount of Weekly Rate 2007 Bonds and .085% of the Daily Rate 2007 Bonds outstanding.

Note B - Contractual Agreements (Continued)

3. Bond Remarketing (Continued):

2007B Trust Indenture - As further discussed in Note P, the 2007B Bonds, in the Variable Rate Bond form, are considered Daily Rate Bonds with the ability to be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds.

Under the terms of a remarketing agreement, JPM has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2007B bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid JPM a one-time establishment fee of $140,000. JPM also receives annual remarketing fees (payable quarterly) equal to .07% of the principal amount of Weekly Rate 2007B Bonds and .085% of the Daily Rate 2007B Bonds outstanding.

2008 Trust Indenture - As further discussed in Note P, the 2008 Bonds, in the Variable Rate Bond form, are considered Daily Rate Bonds with the ability to be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds.

Under the terms of a remarketing agreement, JPM has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2008 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid JPM a one-time establishment fee of $60,000. JPM also receives annual remarketing fees (payable quarterly) equal to .07% of the principal amount of Weekly Rate 2008 Bonds and .085% of the Daily Rate 2008 Bonds outstanding.

2008 A2 Trust Indenture - As further discussed in Note P, the 2008 A2 Bonds, in the Variable Rate Bond form, are considered Daily Rate Bonds with the ability to be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds.

Under the terms of a remarketing agreement, JPM has agreed to use its best efforts to remarket the Variable Rate Bonds and Fixed Rate Bonds. These 2008 A2 bonds are to be resold at the most favorable interest rates and terms that will result in a sale price equal to the face amount of the bonds sold. Proceeds from the remarketing of the bonds are used to repay draws on the letter of credit (see Note B, Credit Facility).

CoLT paid JPM a one-time establishment fee of $170,946. JPM also receives annual remarketing fees (payable quarterly) equal to .1% of the principal amount of Weekly Rate 2008 A2 Bonds and .125% of the Daily Rate 2008 A2 Bonds outstanding.

Note B - Contractual Agreements (Continued)

4. Trustee Arrangements:

1989 Trust Indenture - Under the terms of a trust indenture dated March 1989, Bank of New York Mellon acts as trustee for the 1989 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, conducts other transactions as directed by CoLT, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for the trustee's services, CoLT pays an annual trust administration fee based on the number of leases outstanding, up to $50,000 per year, a paying agent fee of $2 per check, and an annual investment fee equal to .25% of the market value of investments payable on each anniversary date.

1993 Trust Indenture - Under terms of a separate trust indenture dated February 1993, Bank of New York Mellon acts as trustee, paying agent and registrar for the 1993 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 1993 Trust Estate to pay interest and principal as it becomes due on the 1993 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $15,000, plus other fees based on services provided.

1999 Trust Indenture - Under terms of a separate trust indenture dated December 1999, US Bank, acts as trustee, paying agent and registrar for the 1999 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 1999 Trust Estate to pay interest and principal as it becomes due on the 1999 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000, plus other fees based on services provided.

2001 Trust Indenture - Under terms of a separate trust indenture dated February 2001, US Bank, acts as trustee, paying agent and registrar for the 2001 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2001 Trust Estate to pay interest and principal as it becomes due on the 2001 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000, plus .25% on funds invested in government money market funds and other fees based on services provided.

2002 Trust Indenture - Under terms of a separate trust indenture dated January 2002, US Bank, acts as trustee, paying agent and registrar for the 2002 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2002 Trust Estate to pay interest and principal as it becomes due on the 2002 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000, plus $200 per lease outstanding.

2004 Trust Indenture - Under terms of a separate trust indenture dated September 2004, US Bank, acts as trustee, paying agent and registrar for the 2004 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2004 Trust Estate to pay interest and principal as it becomes due on the 2004 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

Note B - Contractual Agreements (Continued)

4. Trustee Arrangements (Continued):

2007 Trust Indenture - Under terms of a separate trust indenture dated April 2007, US Bank, acts as trustee, paying agent and registrar for the 2007 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2007 Trust Estate to pay interest and principal as it becomes due on the 2007 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2007B Trust Indenture - Under terms of a separate trust indenture dated August 2007, US Bank, acts as trustee, paying agent and registrar for the 2007B Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2007B Trust Estate to pay interest and principal as it becomes due on the 2007B Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2008 Trust Indenture - Under terms of a separate trust indenture dated June 2008, US Bank, acts as trustee, paying agent and registrar for the 2008 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2008 Trust Estate to pay interest and principal as it becomes due on the 2008 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

2008 A2 Trust Indenture - Under terms of a separate trust indenture dated December 2008, US Bank, acts as trustee, paying agent and registrar for the 2008 A2 Trust Estate and, as such, holds investments, receives payments of interest and principal on leases and loans, writes checks on the 2008 A2 Trust Estate to pay interest and principal as it becomes due on the 2008 A2 Bonds, and maintains appropriate books and records to account for all funds established under the trust indenture. In return for these services, the trustee is paid an annual fee of $10,000 plus $200 per lease outstanding.

5. Financial Computation Services:

Lawrenson Services, Inc. ("LSI") performs certain financial computations with respect to the 1989, 1993, 1999, 2001, 2002, 2004, 2007, 2007B, 2008, and 2008 A2 Trust Estates pertaining to lease terms and payments. LSI also performs computations of "Parity" (see Note A) for the 1989 Trust Estate as defined by the trust indenture, for the purpose of determining the amount of the 1989 Trust Estate's earnings that are available for use at the discretion of CoLT's Board of Trustees. Fees paid to LSI are included in administrative fees in the accompanying consolidated statements of activities and changes in net assets.

Note C - Summary of Significant Accounting Policies

1. 1989 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 1989 Trust Estate as more fully described in the trust indenture:

   Revenue Fund - This fund is used to receive investment income from the Revolving Funds and the Debt Service Reserve Fund and all non-principal payments from leases and loans, with such funds being subsequently used with others, if necessary, to reimburse draws against the letter of credit made by the paying agent for the payment of interest on the 1989 Bonds or, after such draws have been reimbursed, to pay certain expenses of CoLT. If "Parity", as defined, does not exist, any amounts then remaining will be transferred to a Revolving Fund. If "Parity" does exist, such remaining amounts may be transferred to the Program Discretionary Fund for use at the discretion of the Board of Trustees.

   Revolving Funds - These funds are used to receive payments of principal from lessees to be held for use in new leases and loans. As described in Note P, Revolving Funds are established on six-month intervals. Unless an appropriate opinion of bond counsel is received which would require the funds to be investment-yield-restricted, any amounts remaining in a Revolving Fund for more than three years must be used to redeem the 1989 Bonds.

   Debt Service Reserve Fund - This fund is used for the deposit of $20,000,000 of the proceeds from the initial bond sale, which amount is the Debt Service Requirement to be maintained while the 1989 Bonds remain outstanding. Amounts on deposit in the Debt Service Reserve Fund will be applied for the purposes of satisfying Revenue Fund obligations, should amounts in the Revenue Fund be insufficient for those purposes. Any amounts in the Debt Service Reserve Fund that are in excess of the Debt Service Requirement are periodically transferred to the Revenue Fund.

   Program Discretionary Fund - This fund is used to receive amounts transferred out of any other funds upon the existence of "Parity", as defined, for use at the discretion of CoLT's Board of Trustees. At June 30, 2011 and 2010, the balance is $658,164.

2. 1993 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 1993 Trust Estate as more fully described in the trust indenture:

   Project Fund - This fund is currently used to hold the proceeds of the bond issue until the monies are utilized to make leases or loans, or are transferred to other funds as outlined in the trust indenture ("Bond Proceeds Account"). Other accounts within this fund may be utilized at a later date as leases or loans are executed.

   Revenue Fund - This fund is used to hold Available Monies and Non-Available Monies, as defined in the trust indenture, not otherwise required to be transferred to other funds, and disburse such deposits predominantly to pay interest on the 1993 Bonds and fiduciary and administrative expenses in excess of amounts in the Expense Fund, described below.

   Expense Fund - This fund was used to hold an original deposit of $1,310,208 of the initial proceeds from the bond sale for the payment of administrative and fiduciary expenses until such funds are exhausted. At June 30, 2011 and 2010, the balance is $129,167 and $138,547, respectively.

   Debt Service Reserve Fund - This fund is used for the deposit of $8,775,000 (purchase price of related investment agreement with a face value of $10 million,) to be maintained while the 1993 Bonds remain outstanding and to be used to satisfy Revenue Fund obligations, if such amounts in the Revenue Fund are insufficient.

Note C - Summary of Significant Accounting Policies (Continued)

3. 1999 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 1999 Trust Estate as more fully described in the trust indenture:

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 1999 Bonds and fiduciary and administrative fees.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $5,000,000 exists in this fund.

4. 2001 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2001 Trust Estate as more fully described in the trust indenture:

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2001 Bonds and fiduciary and administrative fees.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $5,000,000 exists in this fund.

Note C - Summary of Significant Accounting Policies (Continued)

5. 2002 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2002 Trust Estate as more fully described in the trust indenture:

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2002 Bonds and fiduciary and administrative fees.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $10,000,000 exists in this fund.

6. 2004 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2004 Trust Estate as more fully described in the trust indenture:

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2004 Bonds and fiduciary and administrative fees.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $10,000,000 exists in this fund.

Note C - Summary of Significant Accounting Policies (Continued)

7. 2007 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2007 Trust Estate as more fully described in the trust indenture:

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2007 Bonds and fiduciary and administrative fees.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $5,000,000 exists in this fund.

8. 2007B Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2007B Trust Estate as more fully described in the trust indenture:

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2007B Bonds and fiduciary and administrative fees in excess of amounts in the Expense Fund, described below.

   Expense Fund - This fund is used to hold monies as designated by CoLT for the cost of issuing bonds and, afterward, fiduciary and administrative fees until exhausted.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $7,000,000 exists in this fund.

Note C - Summary of Significant Accounting Policies (Continued)

9. 2008 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2008 Trust Estate as more fully described in the trust indenture:

   Project Fund - This fund is used to hold proceeds of the bond issue for the acquisition or construction of projects to be leased. Any remaining funds are transferred to the Revenue Fund.

   Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

   Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2008 Bonds and fiduciary and administrative fees in excess of amounts in the Expense Fund, described below.

   Expense Fund - This fund is used to hold monies as designated by CoLT for the cost of issuing bonds and, afterward, fiduciary and administrative fees until exhausted.

   Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

   Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $3,000,000 exists in this fund.

10. 2008 A2 Trust Estate: The following presents a summarized description of the primary funds currently used to account for assets in the 2008 A2 Trust Estate as more fully described in the trust indenture:

    Project Fund - This fund is used to hold proceeds of the bond issue for the acquisition or construction of projects to be leased. Any remaining funds are transferred to the Revenue Fund.

    Redemption Fund - This fund receives transfers from other funds and when funds are available this fund will redeem the applicable bonds on certain interest payment dates.

    Revenue Fund - This fund is used to collect lease payments from lessees and hold monies not otherwise required to be transferred into other accounts. The fund disburses such monies predominantly to pay interest on the 2008 A2 Bonds and fiduciary and administrative fees in excess of amounts in the Expense Fund, described below.

    Expense Fund - This fund is used to hold monies as designated by CoLT for the cost of issuing bonds and, afterward, fiduciary and administrative fees until exhausted.

Note C - Summary of Significant Accounting Policies (Continued)

10. 2008 A2 Trust Estate (Continued):

Program Discretionary Fund - This fund is used to receive any excess monies upon the existence of investment assets exceeding investment liabilities. Any amount transferred into this fund can be used at CoLT's discretion. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

Prepayment Fund - This fund is used to hold lessees' optional lease prepayments. The principal component of each payment will be transferred to the Redemption Fund to redeem the portion of the bonds associated with the lessees' prepayment. As of June 30, 2011 and 2010, no amounts have been deposited into this fund.

Debt Service Reserve Fund - This fund is used to apply money to the Revenue Fund to pay interest, or to the Redemption Fund to redeem bonds. At June 30, 2011 and 2010, $7,500,000 exists in this fund.

11. Trust Estate Investments: Investment contracts included in the Trust Estates are held for long-term investment purposes and are stated at cost and adjusted for accretion of discounts computed on the interest yield method over the estimated lives of the investments. At June 30, 2011 and 2010, investment contracts with the 1993 Trust Estate had net remaining discounts of approximately $174,000 and $204,000, respectively.

The ASC requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the financial statements of not-for-profit organizations. Accordingly, CoLT's investments are stated at fair value.

12. Interest Rate Exchange Agreements: The Trust accounts for interest rate exchange agreements in accordance with the ASC. The ASC establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the statement of financial position as either an asset or liability measured at its fair value.

CoLT utilizes interest rate swaps to provide fixed rate leases out of its Trust Estates (excluding the 1993 Trust Estate) without bearing interest rate risk. Under the terms of the agreements, CoLT pays to the swap counterparty the agreed to fixed rate and receives interest based upon an agreed to variable indexed rate (see below). These interest rate swap agreements have been designated by CoLT as fair value hedges of the underlying changes in the fair value of the leases receivable. The terms of the swap agreement are established to exactly match those of the underlying lease instruments (including notional amounts, payment dates, variable interest rates, etc.). Net payments made (received) under the swap agreements (settlements) are included as a component of interest expense (income). Changes in the fair value of the swap instruments, as well as changes in the fair value of the underlying lease instruments, are included as components of interest income, net. The following outlines the swap agreements in place as of June 30, 2011 and 2010.

1989 Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with Commonwealth Bank of Australia in fiscal 1991, on which CoLT currently pays weighted average fixed rates, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $24,900 and $28,200, respectively, under this agreement.

Note C - Summary of Significant Accounting Policies (Continued)

12. Interest Rate Exchange Agreements (Continued):

1999 Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with Merrill Lynch in December 1999, of $4,097,000 on which CoLT pays fixed rates ranging from 6.07% to 6.42%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $214,000 and $229,500, respectively, under this agreement.

2001 Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in February 2001, of $10,080,066 on which CoLT pays fixed rates ranging from 4.09% to 5.62%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $485,100 and $529,100, respectively, under this agreement.

2002 Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with Chase in June 2002, of $11,635,088 on which CoLT pays fixed rates ranging from 3.08% to 4.65%, and receives a variable rate tied to the One Day Municipal Paper Market rates. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $454,500 and $503,200, respectively, under this agreement.

2004 Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in September 2004 of $32,931,348 on which CoLT pays fixed rates ranging from 3.41% to 4.94%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $1,261,400 and $1,451,300, respectively, under this agreement.

2007 Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in May 2007 of $26,576,978 on which CoLT pays fixed rates ranging from 3.20% to 5.46%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $972,800 and $1,078,500, respectively, under this agreement.

2007B Trust Estate

As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in August 2007 of $32,502,221 on which CoLT pays fixed rates ranging from 3.49% to 5.28%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $1,139,800 and $1,208,900, respectively, under this agreement.

Note C - Summary of Significant Accounting Policies (Continued)

12. Interest Rate Exchange Agreements (Continued):

    2008 Trust Estate

    As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in August 2008 of $7,879,230 on which CoLT pays fixed rates ranging from 3.69% and 4.51%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $274,900 and $279,600, respectively, under this agreement.

    2008 A2 Trust Estate

    As of June 30, 2011, CoLT has outstanding swap contracts under a master swap agreement, executed with US Bank in December 2008 of $34,093,000 on which CoLT pays fixed rates ranging from 4.10% to 4.39%, and receives a variable rate tied to the BMA Index. For the years ended June 30, 2011 and 2010, CoLT made settlement payments of approximately $1,039,700 and $1,032,500, respectively, under this agreement.

    CoLT is exposed to credit losses in the event of non-performance by the counterparties to such interest rate exchange agreements. CoLT anticipates, however, that counterparties will be able to satisfy any obligations under the agreements. CoLT does not obtain collateral or other security to support such derivative financial instruments subject to credit risk, but the trustees monitor the credit standing of the counterparties.

13. Cash and Cash Equivalents: CoLT considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. CoLT typically maintains cash on deposit at banks in excess of federally insured limits. Accordingly, at various times during the years ended June 30, 2011 and 2010, balances were uninsured and uncollateralized.

14. Other Assets: Costs of the 1993, 1999, 2001, 2002, 2004, 2007, 2007B, 2008, and 2008 A2 debt issuances have been capitalized and are being amortized to interest expense on the effective interest method as follows:

    Costs of issuance on the 1993 Bonds were allocated pro rata between the $90,000,000 Series A Bonds and the $10,000,000 Series B Bonds. Costs of the Series A issue were being amortized over the life of the related contract in which these proceeds are invested (through September 1, 2008). During the fiscal year ended June 30, 2006, the Series A Bonds were retired and the balance of the cost of issuance of $215,340 was expensed. Costs of the Series B issue are being amortized over the term of those bonds (through March 1, 2019).

    Cost of issuance of the 1999 Bonds are being amortized over the term of the related bonds (through December 1, 2029).

    Cost of issuance of the 2001 Bonds are being amortized over the term of the related bonds (through March 1, 2031).

    Cost of issuance of the 2002 Bonds are being amortized over the term of the related bonds (through February 1, 2032).

    Cost of issuance of the 2004 Bonds are being amortized over the term of the related bonds (through September 1, 2034).

Note C - Summary of Significant Accounting Policies (Continued)

14. Other Assets (Continued):

    Cost of issuance of the 2007 Bonds are being amortized over the term of the related bonds (through April 1, 2037).

    Cost of issuance of the 2007B Bonds are being amortized over the term of the related bonds (through August 1, 2037).

    Cost of issuance of the 2008 Bonds are being amortized over the term of the related bonds (through June 1, 2038).

    Cost of issuance of the 2008 A2 Bonds are being amortized over the term of the related bonds (through December 1, 2038).

15. Use of Estimates: The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

16. Reclassifications: Certain reclassifications were made to the June 30, 2010 consolidated financial statements to conform to the June 30, 2011 presentation.

17. Subsequent Events: Subsequent events for CoLT have been considered through the date of the Independent Auditor's Report, which represents the date which the financial statements were available to be issued.

Note D - 1989 Trust Estate Investments

1. Lehman Brothers (LB) Contract: As of June 30, 2011 and 2010, a portion of the balances of the Debt Service Reserve Fund ($20,000,000 for both years), the Revolving Funds ($28,755,073 and $28,766,651, respectively) and the Revenue Fund ($1,807,675 for both years) of the 1989 Trust Estate are held by the Trustee in the Trustee's name on behalf of CoLT pursuant to the terms of the guaranteed investment contract with LB ("the LB Contract"), which also serves as the remarketer of the Money Market Bonds (see Note B).

Note D - 1989 Trust Estate Investments

1. Lehman Brothers (LB) Contract (Continued): The LB Contract specifies that the collateral for the investment contracts which is held by the trustee, consists of the following types of investments at the discretion of LB:

   - Obligations of the United States of America ("U.S. Treasury Securities")
   - Obligations of the following agencies and instrumentalities of the United States of America:
     - Government National Mortgage Association ("GNMA")
     - Veterans Administration
     - Federal Housing Administration
     - Export-Import Bank
     - Overseas Private Investment Corporation
     - Commodity Credit Corporation
     - Small Business Administration
   - Obligations of the Federal Home Loan Mortgage Corporation ("FHLMC") or the Federal National Mortgage Association ("FNMA")
   - Repurchase agreements with FDIC insured banks chartered or located in the state of Kentucky meeting certain financial requirements (provided such repurchase agreements are collateralized at 103% by securities of any of the above entities delivered to or registered in the name of the trustee or its designee)
   - Other investments as may be approved by Chase (see Note B)

   Pursuant to the terms of the LB Contract, the 1989 Trust Estate receives investment income equal to the interest cost of outstanding 1989 Bonds plus: 1) 2.40% for Debt Service Reserve Fund investments and 2) 2.50% for all other investments. These interest rate spreads are guaranteed by LB. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 1989 Trust is borne by LB, while any excess is retained by LB as compensation for risks assumed and services rendered.

   The LB Contract includes a security agreement that provides for LB to transfer additional securities to the trustee, as collateral (collateral securities), if the market value of the investment securities drops below cost. In such event, the market value of the collateral securities transferred plus the market value of the investment securities must equal at least 103% of the investment contracts balance.

   As of June 30, 2011 and 2010, LB's obligation under the LB Contract was secured by U.S. Government Agency Securities and consisted of securities of FHLMC and FNMA. Actions related to the LB bankruptcy have created uncertainty as to the ownership of a portion of the collateral. If the LB contract is modified by bankruptcy proceedings, the 1989 Trust Estate may not have sufficient funds to pay amounts due on the related bonds. CoLT has no obligation to pay any deficiency. Furthermore, the bonds are secured by a letter of credit and CoLT expects all bond payments to be made in the normal course of business with draws on the letter of credit.

2. Money Market Funds: As of June 30, 2011 and 2010 $1,345,536 and $1,829,806, respectively, of the 1989 Trust Estate was invested in securities of JP Morgan U.S. Treasury Securities Money Market Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note D - 1989 Trust Estate Investments (Continued)

3. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $12,319,950 and $11,976,423 of the 1989 Trust Estate was invested in cash and cash equivalents.

Note E - 1993 Trust Estate Investments

1. Assured Return Management Corporation Contract: In connection with the issuance of the 1993 Series A Bonds, CoLT signed an agreement with Assured Return Management Corporation ("ARMC", an affiliate of Lehman Government Securities, Inc.) dated September 1, 1995, to invest $90 million. In July 2005, CoLT redeemed the $90 Million ARMC Contract with the proceeds of the redemption paying down the 1993 bonds (see Note P).

2. TransAmerica Contracts: The Debt Service Reserve Fund is invested in a guaranteed investment contract ("GIC") with TransAmerica. This GIC was purchased at a discounted price of $8,775,000 on March 10, 1993, has a par value of $10,000,000, bears an interest rate of 6.4% payable semiannually, and has a March 1, 2019 maturity date. Funds may, however, be withdrawn to cure payment defaults under eligible leases or loans or if TransAmerica's S&P credit rating falls below a credit rating of "AA-", unless TransAmerica takes certain actions specified in the contract which would generally secure or guarantee the contract value. At June 30, 2011 and 2010, respectively, the balance in this investment contract was $9,984,651 and $9,958,282, which is net of any unaccreted discounts.

3. LaSalle National Bank: All of the Expense Fund as of June 30, 2011 and 2010, $129,167 and $138,547, respectively (which includes accrued interest), is invested in a time deposit with LaSalle National Bank bearing interest at 5.18%, payable annually, with a maturity date of February 1, 2018. The trustee may withdraw funds periodically to pay certain administrative and fiduciary fees as outlined in the trust indenture.

4. Money Market Funds: As of June 30, 2011 and 2010, $1,722 of the 1993 Trust Estate was invested in the Blackrock U.S. Treasury Money Market Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

5. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $1,860 and $0 of the 1993 Trust Estate was invested in cash and cash equivalents.

Note F - 1999 Trust Estate Investments

1. Bayerische Contract: As of June 30, 2011 and 2010, the Debt Service Reserve Fund ($5,000,000 for both years), a portion of the Redemption Fund ($177,167 and $1,361,020, respectively), and a portion of the Revenue Fund ($396,186 and $328,339, respectively) of the 1999 Trust Estate are held by the Trustee in the Trustee's name on behalf of CoLT pursuant to the terms of the guaranteed investment contract with Bayerische.

   Pursuant to the terms of the Bayerische Contract, the 1999 Trust Estate receives investment income equal to the interest cost of the outstanding 1999 Bonds plus: 1) 1.41% on Project Fund investments and 2) .77% on the combined balance of Debt Service Reserve Fund, Revenue Fund and Redemption Fund investments. The Expense Fund earns 5.08%. These interest rate spreads are guaranteed by Bayerische. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 1999 Trust is borne by Bayerische, while any excess is retained by Bayerische as compensation for risks assumed and services rendered.

Note F - 1999 Trust Estate Investments (Continued)

2. Money Market Funds: As of June 30, 2011 and 2010, $37,358 and $119,248, respectively, of the 1999 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual funds investing exclusively in U.S. Treasury obligations.

Note G - 2001 Trust Estate Investments

1. Trinity Plus Funding Contract: As of June 30, 2011 and 2010, the Debt Service Reserve Fund ($5,000,000 for both years), a portion of the Revenue Fund ($428,610 and $580,723, respectively), and a portion of the Redemption Fund ($1,780,189 and $1,964,708, respectively) of the 2001 Trust Estate are held by the Trustee in the Trustee's name on behalf of CoLT pursuant to the terms of the guaranteed investment contract with Trinity Plus Funding.

   Pursuant to the terms of the Trinity Plus Funding Contract, the 2001 Trust Estate receives investment income equal to the interest cost of the outstanding 2001 Bonds plus: 1) 1.40% on Project Fund investments, 2) 1.05% on the combined balance of Debt Service Reserve Fund, Revenue Fund and Redemption Fund investments and 3) 1.40% on Expense Fund investments. These interest rate spreads are guaranteed by Trinity Plus Funding. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2001 Trust is borne by Trinity Plus Funding, while any excess is retained by Trinity Plus Funding as compensation for risks assumed and services rendered.

2. Money Market Funds: As of June 30, 2011 and 2010, $99,090 and $53,877, respectively, of the 2001 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual funds investing exclusively in U.S. Treasury obligations.

3. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $456 and $13,150, respectively, of the 2001 Trust Estate was invested in cash and cash equivalents.

Note H - 2002 Trust Estate Investments

1. Bank of America N.A. Contract: As of June 30, 2011 and 2010, the Debt Service Reserve Fund ($10,000,000 for both years), a portion of the Revenue Fund ($822,912 and $826,979, respectively), and a portion of the Redemption Fund ($2,350,579 and $2,204,792, respectively) of the 2002 Trust Estate are held by the Trustee in the Trustee's name on behalf of CoLT pursuant to the terms of the guaranteed investment contract with Bank of America, N.A.

   Pursuant to the terms of the Bank of America, N.A. Contract, the 2002 Trust Estate receives investment income equal to the interest cost of the outstanding 2002 Bonds plus 0.43% on combined balances of the Debt Service Reserve Fund and Revenue Fund. This interest rate spread is guaranteed by Bank of America, N.A. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2002 Trust is borne by Bank of America, N.A., while any excess is retained by Bank of America, N.A. as compensation for risks assumed and services rendered.

2. Money Market Funds: As of June 30, 2011 and 2010, $86,395 and $267,204, respectively, of the 2002 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual funds investing exclusively in U.S. Treasury obligations.

Note H - 2002 Trust Estate Investments (Continued)

3. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $0 and $4,572, respectively, of the 2002 Trust Estate was invested in cash and cash equivalents.

Note I - 2004 Trust Estate Investments

1. Capital Corporation Investment Agreement: As of June 30, 2010, the Debt Service Fund ($10,000,000), a portion of the Redemption Fund ($1,914,176), and a portion of the Revenue Fund ($1,102,095) of the 2004 Trust Estate are held by the trustee in the trustee's name on behalf of CoLT, pursuant to the terms of the guaranteed investment contract with Pallas Capital Corporation. As of June 30, 2011, no funds were invested under this agreement.

   Pursuant to the terms of the contract, the 2004 Trust Estate receives investment income equal to the interest cost of the outstanding 2004 Bonds plus 0.5% on the combined balance of the Revenue Fund and Debt Service Reserve Fund. This interest rate spread is guaranteed by Pallas Capital Corporation. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2004 Trust is borne by Pallas Capital Corporation, while any excess is retained by Pallas Capital Corporation, as compensation for risks assumed and services rendered.

2. Money Market Funds: As of June 30, 2011 and 2010, $12,415,690 and $492,558, respectively of the 2004 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

3. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $0 and $23,315, respectively, of the 2004 Trust Estate was invested in cash and cash equivalents.

Note J - 2007 Trust Estate Investments

1. DEPFA Bank Investment Agreement: As of June 30, 2011 and 2010, the Debt Service Fund ($5,000,000 for both years), a portion of the Revenue Fund ($1,187,289 and $1,115,861, respectively), and a portion of the Redemption Fund ($448,989 and $553,394, respectively) of the 2007 Trust Estate are held by the trustee in the trustee's name on behalf of CoLT, pursuant to the terms of the guaranteed investment contract with DEPFA Bank.

   Pursuant to the terms of the contract, the 2007 Trust Estate receives interest at the Securities Industry and Financial Markets Association index ("SIFMA ") plus 0.96% related to the Debt Service Fund and the SIFMA index plus 0.50% for the float funds. This interest rate is guaranteed. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2007 Trust is borne by DEPFA Bank, while any excess is retained by DEPFA Bank, as compensation for risks assumed and services rendered.

2. Money-Market Funds: As of June 30, 2011 and 2010, $121,884 and $246,145, respectively of the 2007 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

3. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $0 and $6,141, respectively, of the 2007 Trust Estate was invested in cash and cash equivalents.

Note K - 2007B Trust Estate Investments

1. Capital Corporation Investment Agreement: As of June 30, 2010, the balance of the Debt Service Fund ($7,000,000) of the 2007B Trust Estate is held by the trustee in the trustee's name on behalf of CoLT, pursuant to the terms of the guaranteed investment contract with Pallas Capital Corporation. As of June 30, 2011, no funds were invested under this agreement.

   Pursuant to the terms of the contract, the 2007B Trust Estate receives investment income equal to the Securities Industry and Financial Markets Association index ("SIFMA") plus 0.85% related to the Debt Service Fund. This interest rate is guaranteed by Pallas Capital Corporation. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2007B Trust is borne by Pallas Capital Corporation, while any excess is retained by Pallas Capital Corporation, as compensation for risks assumed and services rendered.

2. Bayerische Contract: As of June 30, 2010, a portion of the Bond Proceeds Fund ($22,877), and a portion of the Fiduciary Fees Account ($17,500) of the 2007B Trust Estate are held by the Trustee in the Trustee's name on behalf of CoLT pursuant to the terms of the guaranteed investment contract with Bayerische. As of June 30, 2011, no funds were invested under this agreement.

   Pursuant to the terms of the Bayerische Contract, the 2008 Trust Estate receives investment income equal to the Securities Industry and Financial Markets Association index ("SIFMA ") plus 0.85% related to the Funds. The interest rate is guaranteed by Bayerische. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2008 Trust is borne by Bayerische, while any excess is retained by Bayerische as compensation for risks assumed and services rendered.

3. Money Market Funds: As of June 30, 2011 and 2010, $13,257,634 and $2,366,560, respectively of the 2007B Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

4. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $352 and $0, respectively, of the 2007B Trust Estate was invested in cash and cash equivalents.

Note L - 2008 Trust Estate Investments

1. DEPFA Bank Investment Agreement: As of June 30, 2010, a portion of the Bond Proceeds Fund ($4,764) and the Fiduciary Fees Account ($76,500) of the 2008 Trust Estate are held by the trustee in the trustee's name on behalf of CoLT, pursuant to the terms of the guaranteed investment contract with DEPFA Bank. As of June 30, 2011, no funds were invested under this agreement.

   Pursuant to the terms of the contract, the 2008 Trust Estate receives interest at the Securities Industry and Financial Markets Association index ("SIFMA ") plus 0.55% for the funds. This interest rate is guaranteed. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2008 Trust is borne by DEPFA Bank, while any excess is retained by DEPFA Bank, as compensation for risks assumed and services rendered.

Note L - 2008 Trust Estate Investments (Continued)

2. Bayerische Contract: As of June 30, 2011 and 2010, the Debt Service Fund ($3,000,000 for both years), a portion of the Revenue Fund ($564,248 and $478,208, respectively), and a portion of the Redemption Fund ($1,043,071 and $187,160, respectively) of the 2008 Trust Estate are held by the trustee in the trustee's name on behalf of CoLT, pursuant to the terms of the guaranteed investment contract with Bayerische.

   Pursuant to the terms of the Bayerische Contract, the 2008 Trust Estate receives interest at the Securities Industry and Financial Markets Association index ("SIFMA ") Swap Index plus 0.78% for the float funds and SIMFA Swap Index plus 1.04% for the Debt Service Fund. These interest rates are guaranteed. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2008 Trust is borne by Bayerische, while any excess is retained by Bayerische as compensation for risks assumed and services rendered.

3. Money Market Funds: As of June 30, 2011 and 2010, $176,711 and $169,228, respectively of the 2008 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

Note M - 2008 A2 Trust Estate Investments

1. Bayerische Contract: As of June 30, 2011 and 2010, a portion of the Bond Proceeds Fund ($18,822 and $18,821, respectively), and the Fiduciary Fees Account ($0 and $85,500, respectively) of the 2008 A2 Trust Estate are held by the trustee in the trustee's name on behalf of CoLT, pursuant to the terms of the guaranteed investment contract with Bayerische.

   Pursuant to the terms of the Bayerische Contract, the 2008 A2 Trust Estate receives interest at a fixed rate of 1.395% for the Bond Proceeds Fund and the Fiduciary Fees Account. The interest rate is guaranteed. Any deficiency in actual earnings (including capital gains and losses) as compared to the guaranteed earnings of the 2008 A2 Trust is borne by Bayerische, while any excess is retained by Bayerische as compensation for risks assumed and services rendered.

2. Certificate of Deposit: As of June 30, 2010, $7,500,000 of the 2008 A2 Trust Estate was invested in a certificate of deposit at US Bank earning a fixed rate of 2.1%. No amounts were invested in certificates of deposit at June 30, 2011.

3. Money Market Funds: As of June 30, 2011 and 2010, $10,161,518 and $2,818,255, respectively of the 2008 A2 Trust Estate was invested in securities of The American Government Obligation Fund, a diversified mutual fund investing exclusively in U.S. Treasury obligations.

4. Cash and Cash Equivalents: As of June 30, 2011 and 2010, $1,103 and $7,515, respectively, of the 2008 Trust Estate was invested in cash and cash equivalents.

Note N - Leases Receivable

As explained in Note A, CoLT was organized to make funds available for capital improvement projects and equipment purchases by Kentucky county governments and special districts. The future minimum lease payments receivable under these leases as of June 30, 2011 are as follows:

Year Ending June 30,	Amount
2012	$ 23,130,241
2013	17,699,830
2014	15,847,108
2015	14,363,470
2016	14,368,010
Thereafter	170,874,486
	$ 256,283,145

Interest income on leases is recognized using the effective interest method.

Technically, under Kentucky law, counties cannot commit to long-term debt. Thus, lease payments are subject to annual appropriation. Counties, however, have historically not defaulted or withdrawn from long-term agreements. Management believes certain processes and precedents are in place in state government to provide reasonable assurance that the leases will be honored by the counties as long-term, non-cancelable agreements.

Note O - Other Investments

These funds principally represent accumulated amounts transferred to the Program Discretionary Fund (see Note A).

As of June 30, 2011 and 2010, other investments included investments stated at fair value, as follows:

	Fair Value		Cost	
	2011	2010	2011	2010
Money market funds	$ 156,213	$ 116,432	$ 156,189	$ 116,432
Mutual funds				
Equity funds	4,945,945	3,565,890	4,784,119	3,980,443
	$ 5,102,158	$ 3,682,322	$ 4,940,308	$ 4,096,875

Note P - Bonds Payable

1. 1989 Series: On March 28, 1989, CoLT, through the County of Pendleton, Kentucky, issued $200,000,000 of Money Market Municipal Multi-County Lease Revenue Bonds (the 1989 Bonds) as described in Note A. In May 1993, $95,000,000 of the 1989 Bonds were permanently retired by CoLT. Substantially all assets of the 1989 Trust Estate are pledged to secure repayment of the 1989 Bonds. Repayment of the bonds has been guaranteed by Chase under the credit facility agreement described in Note B. The 1989 Bonds have various maturities and bear interest at various rates. The average interest rates for the years ended June 30, 2011 and 2010 were 0.37% and 0.29%, respectively.

   When the Bonds mature, they are redeemed, and sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 1989 Bonds have a final maturity date of March 1, 2019, beyond which they may not be remarketed.

   Receipts of principal from leases and loans are deposited into dated Revolving Funds, which are established on six-month intervals. The amount held in each Revolving Fund at the close of the fund (six months after opening) must be used to permanently retire outstanding 1989 Bonds unless used for new leases or loans within three years of the opening of that Revolving Fund, unless an appropriate opinion of bond counsel is received which would require the funds to be investment-yield-restricted (see Note C).

2. 1993 Series: On March 10, 1993, CoLT, through the County of Pendleton, Kentucky, issued $100,000,000 of Multi-County Lease Revenue Bonds ("the 1993 Bonds"), as previously discussed, in two series as follows:

Amount	Interest Rate	Description
$ 90,000,000	6.5%	1993 Series A Bonds - redeemed July 2005
$ 10,000,000	6.4%	1993 Series B Bonds due March 1, 2019

   The 1993 Trust Estate, as defined in the trust indenture, has been pledged to secure repayment of the 1993 Bonds.

   The Series A Bonds were redeemed at par value in July 2005.

   The Series B Bonds are subject to mandatory redemption under either of the following circumstances:

   - On each March 1, in an amount equal to the aggregate principal component of leases due since the prior March 1.
   - Termination of a letter of credit consistent with that noted above for the Series A bonds.

Note P - Bonds Payable (Continued)

3. 1999 Series: On December 14, 1999, CoLT, through the County of Breckinridge, Kentucky, issued \$50,000,000 of Bonds. The bonds were initially offered as Weekly Rate Bonds. Weekly Rate Bonds can be converted to Adjustable Rate Bonds or Fixed Rate Bonds. CoLT has the ability to redeem Weekly Rate Bonds on any business day, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is 10 years from the fixed rate conversion date. During the years ended June 30, 2011 and 2010, \$2,285,000 and \$550,000, respectively, of the 1999 Bonds were permanently retired by CoLT. Substantially all assets of the 1999 Trust Estate are pledged to secure repayment of the 1999 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.27% and 0.24%, respectively.

   When the Weekly Rate Bonds and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 1999 Bonds have a final maturity date of December 1, 2029, beyond which they may not be remarketed.

4. 2001 Series: On February 8, 2001, CoLT, through the County of Breckinridge, Kentucky, issued \$50,000,000 of Bonds. The bonds were initially offered as Weekly Rate Bonds. Weekly Rate Bonds can be converted to Adjustable Rate Bonds or Fixed Rate Bonds. CoLT has the ability to redeem Weekly Rate Bonds on any business day, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is 10 years from the fixed rate conversion date. During the years ended June 30, 2011 and 2010, \$2,375,000 and \$760,000, respectively, of the 2001 Bonds were permanently retired by CoLT. Substantially all assets of the 2001 Trust Estate are pledged to secure repayment of the 2001 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.26% and 0.24%, respectively.

   When the Weekly Rate Bonds and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2001 Bonds have a final maturity date of March 1, 2031, beyond which they may not be remarketed.

5. 2002 Series: On January 1, 2002, CoLT, through the County of Breckinridge, Kentucky, issued \$100,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During the years ended June 30, 2011 and 2010, \$4,305,000 and \$1,765,000, respectively, of the 2002 Bonds were permanently retired by CoLT. Substantially all assets of the 2002 Trust Estate are pledged to secure repayment of the 2002 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.22% and 0.21%, respectively.

   When the Daily Rate Bonds, Weekly Rate Bonds, and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2002 Bonds have a final maturity date of February 1, 2032, beyond which they may not be remarketed.

Note P - Bonds Payable (Continued)

6. 2004 Series: On September 1, 2004, CoLT, through the County of Shelby, Kentucky, issued $100,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During the fiscal years ended June 30, 2011 and 2010, $6,460,000 and $6,850,000, respectively, of the 2004 Bonds were permanently retired by CoLT. Substantially all assets of the 2004 Trust Estate are pledged to secure repayment of the 2004 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.22% and 0.14%, respectively.

   When the Daily Rate Bonds, Weekly Rate Bonds, and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2004 Bonds have a final maturity date of September 1, 2034, beyond which they may not be remarketed.

7. 2007 Series: On April 1, 2007, CoLT, through the County of Christian, Kentucky, issued $50,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During the fiscal years ended June 30, 2011 and 2010, $4,320,000 and $3,430,000, respectively, of the 2007 Bonds were permanently retired by CoLT. Substantially all assets of the 2007 Trust Estate are pledged to secure repayment of the 2007 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.22% and 0.21%, respectively.

   When the Daily Rate Bonds, Weekly Rate Bonds, and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2007 Bonds have a final maturity date of April 1, 2037, beyond which they may not be remarketed.

8. 2007B Series: On August 1, 2007, CoLT, through the County of Christian, Kentucky, issued $70,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During the years ended June 30, 2011 and 2010, $15,695,000 and $2,765,000, respectively, of the 2007B Bonds were permanently retired by CoLT. Substantially all assets of the 2007B Trust Estate are pledged to secure repayment of the 2007B Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.22% and 0.21%, respectively.

   When the Daily Rate Bonds, Weekly Rate Bonds, and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2007B Bonds have a final maturity date of August 1, 2037, beyond which they may not be remarketed.

Note P - Bonds Payable (Continued)

9. 2008 Series: On June 1, 2008, CoLT, through the County of Christian, Kentucky, issued $30,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any September 1 or March 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During the years ended June 30, 2011 and 2010, $2,255,000 and $2,620,000, respectively, of the 2008 Bonds were permanently retired by CoLT. Substantially all assets of the 2008 Trust Estate are pledged to secure repayment of the 2008 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.22% and 0.21%, respectively.

   When the Daily Rate Bonds, Weekly Rate Bonds, and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2008 Bonds have a final maturity date of June 1, 2038, beyond which they may not be remarketed.

10. 2008 A2 Series: On December 1, 2008, CoLT, through the County of Trimble, Kentucky, issued $75,000,000 of Bonds. The bonds were initially offered as Daily Rate Bonds. Daily Rate Bonds can be converted to Weekly Rate Bonds, Adjustable Rate Bonds, or Fixed Rate Bonds. CoLT has the ability to redeem Daily Rate Bonds and Weekly Rate Bonds the first business day of each month, Adjustable Rate Bonds on any June 1 or December 1 (or, if not a business day, then the next business day), and Fixed Rate Bonds on any interest payment date that is at least 10 years from the fixed rate conversion date. During the years ended June 30, 2011 and 2010 $11,900,000 and $1,800,000, respectively, of the 2008 A2 Bonds were permanently retired by CoLT. Substantially all assets of the 2008 A2 Trust Estate are pledged to secure repayment of the 2008 A2 Bonds. Repayment of the bonds has been guaranteed by US Bank under the Credit Facility agreement described in Note B. The average interest rates for the years ended June 30, 2011 and 2010 were 0.22% and 0.21%, respectively.

    When the Daily Rate Bonds, Weekly Rate Bonds, and the Adjustable Rate Bonds are redeemed, they are sold with the assistance of the remarketing agent (see Note B) at the best terms available. The 2008 Bonds have a final maturity date of December 1, 2038, beyond which they may not be remarketed.

Note Q - Fair Value of Financial Instruments

The Financial Accounting Standards Board ("FASB") issued a standard under the ASC which defines fair value and provides a framework for measuring fair value, and expands disclosures required for fair value measurements. The ASC also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest to lowest priority, are described below:

Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting CoLT's own assumptions.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments. The following is a description of the valuation methodologies used for assets measured at fair value:

Short-Term and Variable Rate Financial Instruments - Many of CoLT's financial instruments have short-term maturities or have interest rates which vary in the short-term. These include cash investments (except for fixed rate investment contracts), accrued interest receivable and payable, accrued expenses, and the Bonds. The fair values of such instruments approximate the respective carrying values. The fair value of the Bonds, together with the related swap contracts and leases, approximate the carrying value of these financial instruments (Level 1).

Fixed Rate Investment Contracts and Related Financing - These arrangements included in Notes D through M were negotiated and entered into in connection with specific financing transactions. Due to the uniqueness of these arrangements, the lack of transferability and the fact that the principal amount invested, in most cases, fluctuates over the term of the agreement, no market values are available. However, in management's opinion, the credit risk related to these agreements has not changed. Furthermore, the stated interest rates, terms and principal amounts on the financing obligations and related investment agreements have generally been correlated in such a way that changes in market interest rates should not have a material net impact on values (Level 2).

Letter of Credit Agreement - As described in Note B, CoLT, Chase, and US Bank are parties to letter of credit and reimbursement agreements to provide additional collateral for CoLT's 1989, 1999, 2001, 2002, 2004, 2007, 2007B, 2008, and 2008 A2 Bonds outstanding. These agreements are integral to the bond issue to which they relate and, as such, cannot be marketed separately. It is the opinion of management that any fair value related to these agreements has already been included in the fair values of the related bond issue.

Other Investments - The investments and instruments discussed in Notes D through M and Note O are recorded at fair value based on quoted market prices or values provided by brokerage firms based upon cash flow models (Levels 1 and 2).

Note Q - Fair Value of Financial Instruments (Continued)

The following table summarizes CoLT's assets and liabilities measured at fair value as of June 30, 2011:

Assets

	Level 1	Level 2	Total
Cash Equivalents	$ 50,027,259	$ -	$ 50,027,259
Fixed Rate Investment Contracts	-	97,894,628	97,894,628
Other Investments	4,356,740	745,418	5,102,158
	$ 54,383,999	$ 98,640,046	$ 153,024,045

Liabilities

	Level 1	Level 2	Total
Interest Rate Exchanges	$ -	$ (13,615,128)	$ (13,615,128)

The following table summarizes CoLT's assets and liabilities measured at fair value as of June 30, 2010:

Assets

	Level 1	Level 2	Total
Cash Equivalents	$ 20,395,719	$ -	$ 20,395,719
Fixed Rate Investment Contracts	-	118,514,572	118,514,572
Certificates of Deposit	7,500,000	-	7,500,000
Other Investments	3,682,322	-	3,682,322
	$ 31,578,041	$ 118,514,572	$ 150,092,613

Liabilities

	Level 1	Level 2	Total
Interest Rate Exchanges	$ -	$ (15,708,827)	$ (15,708,827)

Note R - Tax Status

The trust agreements state that all funds held are considered to be property of the public agencies participating in the Trusts. The Trusts intend to be instruments of the participating public agencies and only execute essential government functions. The income of the Trusts accrues to the benefit of the participating public agencies. As such, the income of CoLT is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements related to the Trusts.

Further, under a "Special Section" of the Tax Reform Act of 1986, including technical corrections, CoLT and 12 other similar entities are allowed to retain investment income in excess of tax-exempt interest expense (known as "arbitrage") under certain circumstances, as provided in title trust documents, for use at CoLT's discretion (the Credit Facility Agreement limits such use to circumstances under which "Parity" exists). This Special Section relates to the 1989 Trust Estate only. The other CoLT Bonds are exempt from this Special Section.

The 1999, 2001, 2002, 2004, 2007, 2007B, 2008 and 2008 A2 Bonds are subject to the arbitrage rebate regulations included in the Internal Revenue Code. These regulations require arbitrage earnings be rebated to the United States to prevent a bond issuance from being classified as arbitrage bonds. The regulations include certain exceptions to the rebate payments. Accrued arbitrage rebates at June 30, 2011 and 2010 are $1,175,987 and $988,231, respectively.

The Subsidiary, for federal income tax purposes, is classified as an insurance company, other than a life insurance company, as described under Internal Revenue Code Section 831. The Subsidiary also qualifies under Code Section 834 for an alternative income tax calculation available to certain electing small insurance companies which have net premium income not exceeding $1,200,000. Under this election, the Subsidiary is taxed only on its net investment income. The Subsidiary is exempt from Kentucky corporate income taxes. Total income tax expense for the year ended June 30, 2011 and 2010 was $13,179 and $11,514, respectively.

The FASB issued standards, contained in the ASC, clarifying the accounting for uncertainty in income taxes recognized in annual financial statements. These standards require recognition and measurement of uncertain income tax position using a "more-likely-than-not" approach. The standards also provide guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. CoLT determined that no material adjustment for tax exposures or unrecognized tax benefits was required under the recognition and measurement and disclosure guidance of the standard as of June 30, 2011 and 2010.

Note S - Concentrations

At June 30, 2011, there are leases receivable outstanding of approximately $60,525,000 from two counties which represents approximately 24% of leases receivable. At June 30, 2010, there are leases receivable outstanding of approximately $34,670,000 from one county which represents approximately 11% of leases receivable.

Note T - Other Receivables

Other receivables represent additional amounts due under the LB contract (see Note D), but not included in the investment accounts. Amounts related to certain leases maturing June 30, 2009 were not replaced in the 1989 Trustee Estate investment accounts. These amounts are LB's obligation under the LB Contract.

Note U - Notes Receivable

In July 2005, CoLT loaned Bluegrass Water Supply Commission $165,000. This note accrues interest at a rate of 20% of the prime rate (0.65% at June 30, 2011). Payment of all interest and principal was due April 2010, however the terms were extended to make the note due on demand. The note and interest receivable balance was $172,110 as of June 30, 2011 and 2010. As of June 30, 2011 management has recorded a reserve for the entire balance of the receivable as payment is uncertain.

The remaining balance in notes receivable as of June 30, 2011 and 2010 are related party notes, which are discussed in Note V below.

Note V - Related-Party Transactions

As discussed in Note A, CoLT and the Trusts are sponsored by KACo. From time to time in the ordinary course of business, CoLT enters into transactions with KACo affiliates. Members of CoLT's Board are also members of this organization.

For each of the years ended June 30, 2011 and 2010, CoLT paid $2,000 to KACo for licensing fees.

As noted in Note B2, KACo collects management fees from CoLT for providing services necessary for the orderly and proper administration of CoLT. For the years ended June 30, 2011 and 2010, CoLT paid $590,566 and $582,926, respectively, to KACo for management fees.

In the fiscal years ended June 30, 2011 and 2010, CoLT entered into agreements with KACo (see Note B2), in which CoLT pays a quarterly fee to cover all program administration costs paid by KACo. Cash paid to KACo was $825,390 and $1,144,916 for the fiscal years ended June 30, 2011 and 2010, respectively. The related expense was $914,162 and $932,572 for the years ended June 30, 2011 and 2010, respectively. Under the agreement, differences between amounts incurred by CoLT and paid by KACo and the quarterly fee will be "trued up" after year end. As of June 30, 2011 and 2010, CoLT has recorded a receivable of $101,669 and $190,441, respectively, related to the "true-up".

During the year ended June 30, 2009, KACo paid rebates to counties on behalf of CoLT 1989 trust estate in the amount of $100,721. This amount was forgiven by KACo during fiscal year 2011, and therefore is reflected as miscellaneous income in the accompanying statement of activities and changes in net assets for the year ended June 30, 2011.

During the fiscal year ended June 30, 2009, CoLT loaned $12,000,000 to KACo from the 2008 trust estate to construct a new building. As of June 30, 2011 and 2010, CoLT has $8,932,452 and $10,905,000, respectively, recorded as a lease receivable from KACo.

In 1999, CoLT loaned Kentucky Magistrates/Commissioners Association ("KMCA") approximately $20,500 to be used for the acquisition of certain property. In 2002, CoLT loaned KMCA approximately $31,100 for the acquisition of equipment. In 2004, CoLT loaned KMCA $45,260 to be used for the acquisition of equipment. As of June 30, 2010, $11,393 remained outstanding and is reflected in the accompanying balance sheets in notes receivable. These amounts were repaid during fiscal year 2011.

Mountjoy
Chilton
Medley

Independent Auditor's Report on Supplementary Information

To the Board of Trustees
Kentucky Association of Counties Leasing Trust and Subsidiary

We have audited the consolidated financial statements of Kentucky Association of Counties Leasing Trust and Subsidiary for the years ended June 30, 2011 and 2010 and our report thereon dated November 29, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statements of financial position for June 30, 2011 and 2010, the consolidating statements of activities and changes in net assets for the years ended June 30, 2011 and 2010, and the consolidating statements of cash flows for the years ended June 30, 2011 and 2010, are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Mountjoy Chilton Medley LLP

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November 29, 2011

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Supplementary Information

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidating Statements of Financial Position
June 30, 2011

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-Wealth Ins.	Eliminations	Total
Assets														
Cash and cash equivalents	$ 821,237	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	2,901,549	$ -	$ 3,722,786
Trust estate investments														
Cash and cash equivalents	-	12,319,950	1,860	-	456	-	-	-	352	-	1,103	-	-	12,323,721
Investment contracts	-	50,562,748	10,113,818	5,573,353	7,208,799	13,173,491	-	6,636,278	-	4,607,319	18,822	-	-	97,894,628
U.S. government money market funds	-	1,345,536	1,722	37,358	99,090	86,395	12,415,690	121,884	13,257,634	176,711	10,161,518	-	-	37,703,538
Certificates of deposit	-	-	-	-	-	-	-	-	-	-	-			-
Leases receivable	-	13,894,373	-	13,831,839	13,160,242	22,564,321	48,411,180	32,946,272	38,537,885	20,310,671	52,626,362	-	-	256,283,145
Leases receivable - unrealized appreciation (depreciation) in fair value	-	(58,288)	-	(800,330)	(1,486,179)	(1,129,142)	(3,310,710)	(2,516,074)	(2,506,990)	(457,483)	(1,349,932)	-	-	(13,615,128)
Other receivables	33,706	26,712,000	-	-	-	-	-	-	-	-	-	-	-	26,745,706
Due from affiliate	728,988	162,422	-	-	-	-	-	-	-	-	-	-	(627,319)	264,091
Notes receivable, net	23,953	-	-	-	-	-	-	-	-	-	-	-	-	23,953
Other investments	4,356,740	-	-	-	-	-	-	-	-	-	-	745,418	-	5,102,158
Accrued interest receivable	11,591	213,575	54,735	3,993	6,730	5,367	3,871	4,886	20,573	4,040	13,344	-	-	342,705
Other assets														
Costs of debt issuance, net	-	-	20,819	90,085	86,164	112,297	264,434	193,978	194,505	156,119	334,196	6,290	-	1,458,887
Other	-	-	-	-	-	-	3,429	-	-	-	-	12,331	-	15,760
Total Assets	$ 5,976,215	$ 105,152,316	$ 10,192,954	$ 18,736,298	$ 19,075,302	$ 34,812,729	$ 57,787,894	$ 37,387,224	$ 49,503,959	$ 24,797,377	$ 61,805,413	$ 3,665,588	$ (627,319)	$ 428,265,950
Liabilities and Net Assets														
Liabilities														
Accrued interest payable	$ -	$ 31,933	$ 211,556	$ 4,457	$ 4,613	$ 6,763	$ 11,387	$ 7,576	$ 10,850	$ 4,759	$ 12,431	$ -	$ -	$ 306,325
Interest rate exchanges	-	(58,288)	-	(800,330)	(1,486,179)	(1,129,142)	(3,310,710)	(2,516,074)	(2,506,990)	(457,483)	(1,349,932)	-	-	(13,615,128)
Other accrued expenses	-	674,876	333,200	246,060	95,673	293,066	491,016	215,417	424,183	415,509	667,409	551,163	(627,319)	3,780,253
Accrued arbitrage rebate	-	-	-	15,867	-	15,009	215,166	374,329	150,671	68,914	336,031	-	-	1,175,987
Bonds payable		105,000,000	10,000,000	19,040,000	19,890,000	35,235,000	59,565,000	38,475,000	50,140,000	24,430,000	61,300,000	-	-	423,075,000
Total Liabilities	-	105,648,521	10,544,756	18,506,054	18,504,107	34,420,696	56,971,859	36,556,248	48,218,714	24,461,699	60,965,939	551,163	(627,319)	414,722,437
Commitments and Contingencies														
Net Assets, unrestricted	5,976,215	(496,205)	(351,802)	230,244	571,195	392,033	816,035	830,976	1,285,245	335,678	839,474	3,114,425	-	13,543,513
Total Liabilities and Net Assets	$ 5,976,215	$ 105,152,316	$ 10,192,954	$ 18,736,298	$ 19,075,302	$ 34,812,729	$ 57,787,894	$ 37,387,224	$ 49,503,959	$ 24,797,377	$ 61,805,413	$ 3,665,588	$ (627,319)	$ 428,265,950

See independent auditor's report on supplementary information.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidating Statements of Financial Position
June 30, 2010

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Eliminations	Total
Assets														
Cash and cash equivalents	$ 921,990	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,977,478	$ -	$ 3,899,468
Trust estate investments														
Cash and cash equivalents	-	11,976,423	-	-	13,150	4,572	23,315	6,141	-	-	7,515	-	-	12,031,116
Investment contracts	-	50,574,326	10,096,829	6,689,359	7,545,431	13,031,771	13,016,271	6,669,255	7,040,377	3,746,632	104,321	-	-	118,514,572
U.S. government money market funds	-	1,829,806	1,722	119,248	53,877	267,204	492,558	246,145	2,366,560	169,228	2,818,255	-	-	8,364,603
Certificates of deposit	-	-	-	-	-	-	-	-	-	-	7,500,000	-	-	7,500,000
Leases receivable	-	14,227,322	-	14,925,733	15,374,333	26,881,501	53,841,004	37,085,061	58,207,049	23,445,223	64,460,602	-	-	308,447,828
Leases receivable - unrealized appreciation (depreciation) in fair value	-	(58,288)	-	(885,345)	(1,679,639)	(1,117,236)	(3,793,420)	(2,875,884)	(2,971,374)	(693,474)	(1,634,167)	-	-	(15,708,827)
Other receivables	-	26,712,000	-	-	-	-	-	-	-	-	-	-	-	26,712,000
Due from affiliate	190,360	162,422	-	-	-	-	-	-	-	-	-	-	(190,360)	162,422
Notes receivable	183,503	-	-	-	-	-	-	-	-	-	-	-	-	183,503
Other investments	3,682,322	-	-	-	-	-	-	-	-	-	-	-	-	3,682,322
Accrued interest receivable	-	188,130	219,707	5,599	7,887	7,080	6,826	5,897	12,847	4,006	14,617	-	-	472,596
Other assets														
Costs of debt issuance, net	-	-	20,819	110,628	98,013	138,097	349,890	230,767	293,718	187,279	433,090	6,290	-	1,868,591
Other	-	-	-	-	-	-	3,429	-	-	-	-	24,744	-	28,173
Total Assets	$ 4,978,175	$ 105,612,141	$ 10,339,077	$ 20,965,222	$ 21,413,052	$ 39,212,989	$ 63,939,873	$ 41,367,382	$ 64,949,177	$ 26,858,894	$ 73,704,233	$ 3,008,512	$ (190,360)	$ 476,158,367
Liabilities and Net Assets														
Liabilities														
Accrued interest payable	$ -	$ 29,318	$ 211,556	$ 4,373	$ 4,592	$ 6,930	$ 12,041	$ 7,795	$ 12,004	$ 4,838	$ 12,807	$ -	$ -	$ 306,254
Interest rate exchanges	-	(58,288)	-	(885,345)	(1,679,639)	(1,117,236)	(3,793,420)	(2,875,884)	(2,971,374)	(693,474)	(1,634,167)	-	-	(15,708,827)
Other accrued expenses	-	872,803	355,420	266,149	119,024	343,554	571,792	257,560	597,098	466,192	658,947	510,000	(190,360)	4,828,179
Accrued arbitrage rebate	-	-	-	-	-	11,255	205,166	346,329	118,931	49,575	256,975	-	-	988,231
Bonds payable		105,000,000	10,000,000	21,325,000	22,265,000	39,540,000	66,025,000	42,795,000	65,835,000	26,685,000	73,200,000	-	-	472,670,000
Total Liabilities	-	105,843,833	10,566,976	20,710,177	20,708,977	38,784,503	63,020,579	40,530,800	63,591,659	26,512,131	72,494,562	510,000	(190,360)	463,083,837
Commitments and Contingencies														
Net Assets, unrestricted	4,978,175	(231,692)	(227,899)	255,045	704,075	428,486	919,294	836,582	1,357,518	346,763	1,209,671	2,498,512	-	13,074,530
Total Liabilities and Net Assets	$ 4,978,175	$ 105,612,141	$ 10,339,077	$ 20,965,222	$ 21,413,052	$ 39,212,989	$ 63,939,873	$ 41,367,382	$ 64,949,177	$ 26,858,894	$ 73,704,233	$ 3,008,512	$ (190,360)	$ 476,158,367

See independent auditor's report on supplementary information.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2011

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Elim-inations	Total
Revenues														
Investment income	$ 113,611	$ 25,444	$ 508,877	$ 63,879	$ 85,889	$ 80,681	$ 28,487	$ 78,636	$ 80,287	$ 47,360	$ -	$ 53,214	$ -	$ 1,166,365
Income from leases receivable														
Interest	1,201	610,597	-	683,978	757,380	1,104,741	2,375,772	1,571,834	2,233,171	876,619	2,548,101	-	-	12,763,394
Premium income												965,535		965,535
Credit, administrative and														
fiduciary fees	1,868,208	-	-	-	-	-	-	-	-	-	-	-	(1,693,395)	174,813
Miscellaneous income	-	100,721	-	-	-	-	-	-	-	-	-	-	-	100,721
Net realized and unrealized														
gains (losses) on investments	581,532	-	-	-	-	-	-	-	-	-	-	(5,129)	-	576,403
Total Revenues	2,564,552	736,762	508,877	747,857	843,269	1,185,422	2,404,259	1,650,470	2,313,458	923,979	2,548,101	1,013,620	(1,693,395)	15,747,231
Expenses														
Interest	-	399,610	640,000	267,599	540,443	535,478	1,397,390	1,063,481	1,268,889	331,910	1,188,515	-	-	7,633,315
Amortization of deferred														
financing costs	-	-	-	20,543	11,849	25,800	85,456	36,790	99,213	31,160	98,894	-	-	409,705
Credit fees	-	464,107	-	158,841	108,990	243,861	410,608	230,017	341,851	114,874	678,175	-	-	2,751,324
Administrative and other fees	1,381,598	-	15,000	119,010	68,472	153,231	249,909	119,904	308,256	45,215	357,323	344,528	(1,693,395)	1,469,051
Remarketing fees	-	131,250	-	15,720	16,276	37,135	62,031	34,701	40,856	21,965	101,469	-	-	461,403
Legal fees	183,914	-	(22,220)	-	-	-	-	-	-	-	-	-	-	161,694
Trustee fees	-	6,308	-	13,489	15,333	19,283	27,800	19,200	16,000	13,250	18,583	-	-	149,246
Sponsoring agency fees	1,000	-	-	-	-	-	-	-	-	-	-	-	-	1,000
Lease rebates	-	-	-	161,589	54,393	203,333	264,324	123,983	278,926	357,351	396,283	-	-	1,840,182
Arbitrage rebate	-	-	-	15,867	160,393	3,754	10,000	28,000	31,740	19,339	79,056	-	-	348,149
Claims expense	-	-	-	-	-	-	-	-	-	-	-	40,000	-	40,000
Provision for income taxes	-	-	-	-	-	-	-	-	-	-	-	13,179	-	13,179
Total Expenses	1,566,512	1,001,275	632,780	772,658	976,149	1,221,875	2,507,518	1,656,076	2,385,731	935,064	2,918,298	397,707	(1,693,395)	15,278,248
Changes in Net Assets	998,040	(264,513)	(123,903)	(24,801)	(132,880)	(36,453)	(103,259)	(5,606)	(72,273)	(11,085)	(370,197)	615,913	-	468,983
Net Assets (Deficit) at														
Beginning of Year	4,978,175	(231,692)	(227,899)	255,045	704,075	428,486	919,294	836,582	1,357,518	346,763	1,209,671	2,498,512	-	13,074,530
Net Assets (Deficit) at End of Year	$ 5,976,215	$ (496,205)	$ (351,802)	$ 230,244	$ 571,195	$ 392,033	$ 816,035	$ 830,976	$ 1,285,245	$ 335,678	$ 839,474	$ 3,114,425	$ -	$ 13,543,513

See independent auditor's report on supplementary information.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statements of Activities and Changes in Net Assets
Year Ended June 30, 2010

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Eliminations	Total
Revenues														
Investment income	$ 170,476	$ -	$ 653,896	$ 59,703	$ 82,408	$ 75,265	$ 81,108	$ 116,099	$ 111,232	$ 45,890	$ 144,882	$ 43,424	$ -	$ 1,584,383
Income from leases receivable														
Interest	-	797,834	-	721,650	857,094	1,253,057	2,850,375	1,639,623	2,467,245	917,168	2,553,041	-	-	14,057,087
Premium income	-	-	-	-	-	-	-	-	-	-	-	924,192		924,192
Credit, administrative and fiduciary fees	1,887,062	-	-	-	-	-	-	-	-	-	-	-	(1,887,062)	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net realized and unrealized gains on other investments	505,955	-	-	-	-	-	-	-	-	-	-	-	-	505,955
Total Revenues	2,563,493	797,834	653,896	781,353	939,502	1,328,322	2,931,483	1,755,722	2,578,477	963,058	2,697,923	967,616	(1,887,062)	17,071,617
Expenses														
Interest	-	330,355	640,000	282,372	584,535	586,150	1,545,551	1,172,558	1,353,448	337,601	1,186,439	-	-	8,019,009
Amortization of deferred financing costs	-	-	-	9,804	9,374	15,213	20,466	30,051	27,399	22,112	29,187	-	-	163,606
Transfers	-	-	-	-	-	-	-	-	-	-		-	-	-
Credit fees	-	449,375	-	143,907	106,324	236,702	400,685	231,040	388,485	119,071	693,438	-	-	2,769,027
Administrative and other fees	1,502,754	101,572	15,000	232,511	127,067	324,846	477,325	190,928	475,118	98,768	243,430	341,280	(1,887,062)	2,243,537
Remarketing fees	-	131,249	-	19,816	17,733	15,669	70,138	36,392	41,881	22,543	77,716	-	-	433,137
Legal fees	540,804	-	22,220	-	-	-	-	-	-	-	-	-	-	563,024
Trustee fees	-	52,236	-	12,450	17,350	20,983	59,500	21,100	24,367	14,200	19,917	-	-	242,103
Sponsoring agency fees	55,605	-	-	-	-	-	-	-	-	-	-	-	-	55,605
Lease rebates	-	-	-	179,081	71,776	239,898	321,910	154,246	394,072	328,042	417,723	-	-	2,106,748
Arbitrage rebate	-	-	-	-	-	3,697	10,000	36,359	31,800	18,896	104,770	-	-	205,522
Claims expense	-	-	-	-	-	-	-	-	-	-	-	230,311	-	230,311
Provision for income taxes	-	-	-	-	-	-	-	-	-	-	-	11,514	-	11,514
Total Expenses	2,099,163	1,064,787	677,220	879,941	934,159	1,443,158	2,905,575	1,872,674	2,736,570	961,233	2,772,620	583,105	(1,887,062)	17,043,143
Changes in Net Assets	464,330	(266,953)	(23,324)	(98,588)	5,343	(114,836)	25,908	(116,952)	(158,093)	1,825	(74,697)	384,511	-	28,474
Net Assets (Deficit) at Beginning of Year	4,513,845	35,261	(204,575)	353,633	698,732	543,322	893,386	953,534	1,515,611	344,938	1,284,368	2,114,001	-	13,046,056
Net Assets (Deficit) at End of Year	$ 4,978,175	$ (231,692)	$ (227,899)	$ 255,045	$ 704,075	$ 428,486	$ 919,294	$ 836,582	$ 1,357,518	$ 346,763	$ 1,209,671	$ 2,498,512	$ -	$ 13,074,530

See independent auditor's report on supplementary information.

Kentucky Association of Counties Leasing Trust and Subsidiary
Consolidating Statements of Cash Flows
Year Ended June 30, 2011

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Eliminations	Total
Cash Flows from Operating Activities														
Changes in net assets	$ 998,040	$ (264,513)	$ (123,903)	$ (24,801)	$ (132,880)	$ (36,453)	$ (103,259)	$ (5,606)	$ (72,273)	$ (11,085)	$ (370,197)	$ 615,913	$ -	$ 468,983
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:														
Amortization of debt issuance costs	-	-	-	20,543	11,849	25,800	85,456	36,789	99,213	31,160	98,894	-	-	409,704
Bad debt expense	172,110	-	-	-	-	-	-	-	-	-	-	-	-	172,110
Net realized and unrealized gains on other investments	(581,532)	-	-	-	-	-	-	-	-	-	-	5,129	-	(576,403)
Changes in:														
Other receivables	(33,706)	-	-	-	-	-	-	-	-	-	-	-	-	(33,706)
Receivable from affiliate, net	(538,628)	-	-	-	-	-	-	-	-	-	-	-	(45,197)	(583,825)
Accrued interest receivable	(11,591)	(25,445)	164,972	1,606	1,157	1,713	2,955	1,011	(7,726)	(34)	1,273	-	-	129,891
Other assets	-	-	-	-	-	-	-	-	-	-	-	12,413	-	12,413
Accrued interest payable	-	2,615	-	84	21	(167)	(654)	(219)	(1,154)	(79)	(376)	-	-	71
Other accrued expenses	-	(197,927)	(22,220)	(20,089)	(23,351)	(50,488)	(80,776)	(42,143)	(172,915)	(50,683)	8,462	41,163	45,197	(565,770)
Accrued arbitrage rebate	-	-	-	15,867	-	3,754	10,000	28,000	31,740	19,339	79,056	-	-	187,756
Net Cash Provided (Used) by Operating Activities	4,693	(485,270)	18,849	(6,790)	(143,204)	(55,841)	(86,278)	17,832	(123,115)	(11,382)	(182,888)	674,618	-	(378,776)
Cash Flows from Investing Activities														
Net proceeds from (purchases of) trust estate investments	-	152,321	(18,849)	1,197,896	304,113	43,661	1,116,454	163,379	(3,851,049)	(868,170)	248,648	-	-	(1,511,596)
Lease repayments	-	332,949	-	1,093,894	2,214,091	4,317,180	5,429,824	4,138,789	19,669,164	3,134,552	11,834,240	-	-	52,164,683
Purchases of other investments	(92,886)	-	-	-	-	-	-	-	-	-	-	(750,547)	-	(843,433)
Issuance of notes receivable, net	(12,560)	-	-	-	-	-	-	-	-	-	-	-	-	(12,560)
Net Cash (Used) Provided by Investing Activities	(105,446)	485,270	(18,849)	2,291,790	2,518,204	4,360,841	6,546,278	4,302,168	15,818,115	2,266,382	12,082,888	(750,547)	-	49,797,094
Cash Flows from Financing Activities														
Payments on bonds	-	-	-	(2,285,000)	(2,375,000)	(4,305,000)	(6,460,000)	(4,320,000)	(15,695,000)	(2,255,000)	(11,900,000)	-	-	(49,595,000)
Net Cash Used by Financing Activities	-	-	-	(2,285,000)	(2,375,000)	(4,305,000)	(6,460,000)	(4,320,000)	(15,695,000)	(2,255,000)	(11,900,000)	-	-	(49,595,000)
Increase in Cash and Cash Equivalents	(100,753)	-	-	-	-	-	-	-	-	-	-	(75,929)	-	(176,682)
Cash and Cash Equivalents at Beginning of Year	921,990	-	-	-	-	-	-	-	-	-	-	2,977,478	-	3,899,468
Cash and Cash Equivalents at End of Year	$ 821,237	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,901,549	$ -	$ 3,722,786

See independent auditor's report on supplementary information.

Kentucky Association of Counties Leasing Trust
and Subsidiary
Consolidating Statements of Cash Flows
Year Ended June 30, 2010

	Program Admin	1989 Trust Estate	1993 Trust Estate	1999 Trust Estate	2001 Trust Estate	2002 Trust Estate	2004 Trust Estate	2007 Trust Estate	2007B Trust Estate	2008 Trust Estate	2008 A2 Trust Estate	Common-wealth Ins.	Elim-inations	Total
Cash Flows from Operating Activities														
Changes in net assets	$ 464,330	$ (266,953)	$ (23,324)	$ (98,588)	$ 5,343	$ (114,836)	$ 25,908	$ (116,952)	$ (158,093)	$ 1,825	$ (74,697)	$ 384,511	$ -	$ 28,474
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:														
Amortization of debt issuance costs	-	-	-	9,804	9,374	15,213	20,466	30,051	27,399	22,112	29,187	-	-	163,606
Bad debt expense														-
Net realized and unrealized losses on other investments	(505,955)	-	-	-	-	-	-	-	-	-		-	-	(505,955)
Changes in:														
Receivable from affiliate, net	(114,515)	-	-	-	-	-	-	-	-	-		-	114,515	-
Accrued interest receivable	-	29,135	27,617	(1,157)	7,246	(934)	(753)	3,425	(6,752)	180	44,679	-	-	102,686
Other assets	-	(162,422)	-	-	-	-	(3,429)	-	-	-	-	7,410	-	(158,441)
Accrued interest payable	-	(49,670)	-	357	366	(216)	(198)	512	474	(85)	213	-	-	(48,247)
Other accrued expenses	(302,700)	97,612	22,220	137,142	20,833	87,082	151,559	104,984	210,284	78,106	465,376	40,303	(114,515)	998,286
Accrued arbitrage rebate	-	-	-	-	-	3,697	10,000	36,359	31,800	18,896	104,770	-	-	205,522
Net Cash (Used) Provided by Operating Activities	(458,840)	(352,298)	26,513	47,558	43,162	(9,994)	203,553	58,379	105,112	121,034	569,528	432,224	-	785,931
Cash Flows from Investing Activities														
Net proceeds from (purchases of) trust estate investments	-	(5,757,827)	(26,513)	(1,219,631)	(1,566,946)	(1,695,408)	(1,311,514)	3,117,594	(351,603)	564,959	17,724,605	-	-	9,477,716
Leases executed, net of repayments	-	6,110,125	-	1,722,073	2,283,784	3,470,402	7,957,961	254,027	3,011,491	1,934,007	(16,494,133)	-	-	10,249,737
Net purchases of other investments	870,348	-	-	-	-	-	-	-	-	-	-	-	-	870,348
Issuance of other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments of notes receivable, net	29,254	-	-	-	-	-	-	-	-	-		-	-	29,254
Net Cash Provided (Used) by Investing Activities	899,602	352,298	(26,513)	502,442	716,838	1,774,994	6,646,447	3,371,621	2,659,888	2,498,966	1,230,472	-	-	20,627,055
Cash Flows from Financing Activities														
Bond issuance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from bond issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on bonds	-	-	-	(550,000)	(760,000)	(1,765,000)	(6,850,000)	(3,430,000)	(2,765,000)	(2,620,000)	(1,800,000)	-	-	(20,540,000)
Net Cash Used by Financing Activities	-	-	-	(550,000)	(760,000)	(1,765,000)	(6,850,000)	(3,430,000)	(2,765,000)	(2,620,000)	(1,800,000)	-	-	(20,540,000)
Increase in Cash and Cash Equivalents	440,762	-	-	-	-	-	-	-	-	-	-	432,224	-	872,986
Cash and Cash Equivalents at Beginning of Year	481,228	-	-	-	-	-	-	-	-	-	-	2,545,254	-	3,026,482
Cash and Cash Equivalents at End of Year	$ 921,990	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,977,478	$ -	$ 3,899,468

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