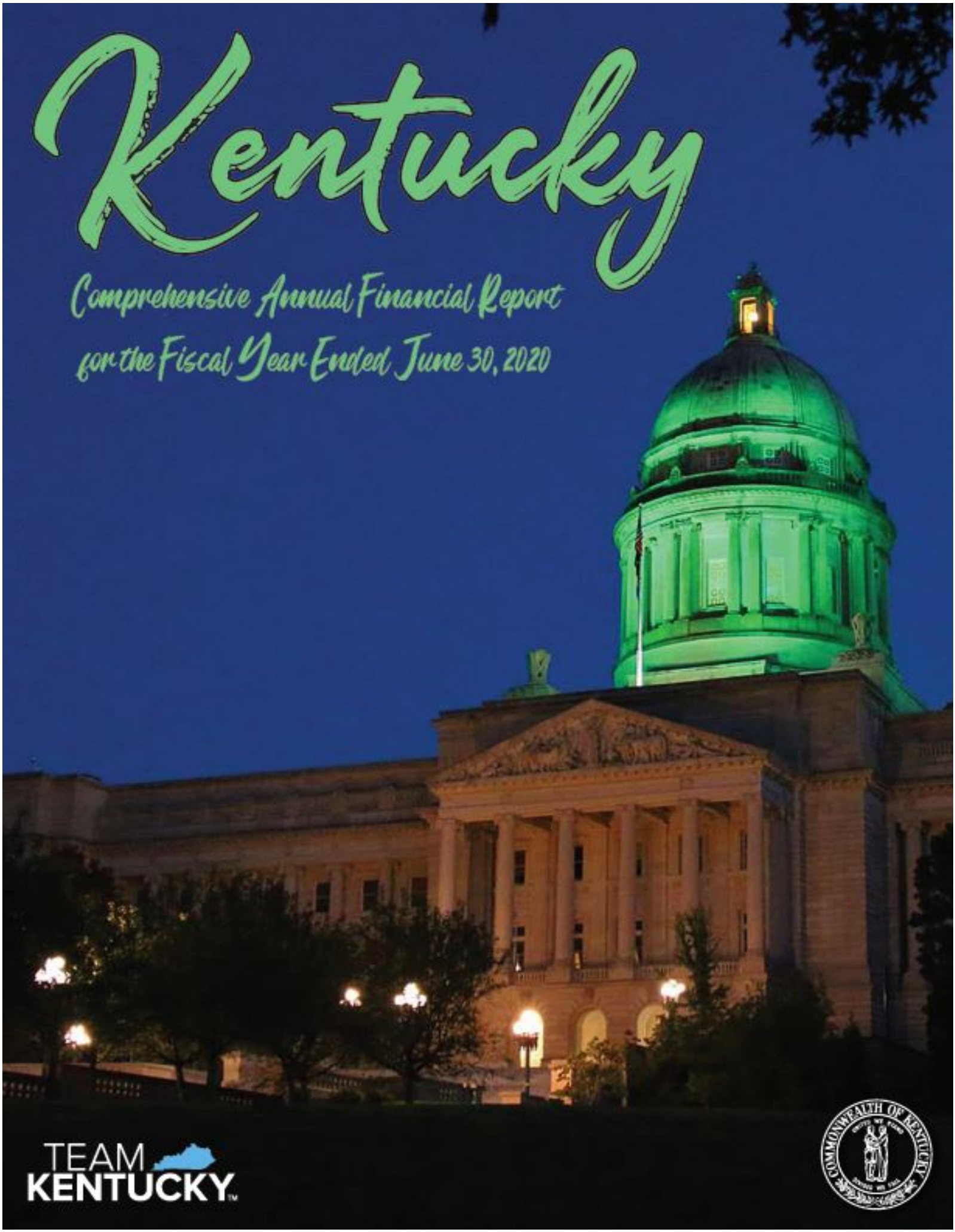
Kentucky

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020



TEAM KENTUCKY™

THIS PAGE INTENTIONALLY LEFT BLANK

Commonwealth of Kentucky Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020

Andy Beshear, Governor

Prepared by:
Finance and Administration Cabinet
Holly M. Johnson, Secretary

Office of the Controller
Edgar C. Ross, Controller

The cost of printing was paid from state funds pursuant to KRS 57.375
Printed on recycled paper

Andy Beshear
Governor

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal 2
Controller's Letter 8
Certificate of Achievement for Excellence in Financial Reporting 9
Organizational Chart and List of Principal Officials 10

FINANCIAL SECTION

Report of the Auditor of Public Accounts 12
Management's Discussion and Analysis 18

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position 29
Statement of Activities 30

Governmental Funds Financial Statements

Balance Sheet-Governmental Funds 33
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position 34
Statement of Revenues, Expenditures, and Changes in Fund Balances 35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities 36

Proprietary Funds Financial Statements

Statement of Fund Net Position 38
Statement of Revenues, Expenses, and Changes in Fund Net Position 40
Statement of Cash Flows 42

Fiduciary Funds Financial Statements

Statement of Fiduciary Net Position-All Fiduciary Funds 45
Statement of Changes in Fiduciary Net Position-All Fiduciary Funds 46

Component Units Financial Statements

Statement of Net Position 48
Statement of Activities 50

Notes to Financial Statements 55

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

Schedule of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual (Budgetary Basis)-General Fund 166
Budget and Actual (Budgetary Basis)-Budgeted Special Revenue Funds 170

Notes to Required Supplementary Information

Budgetary Reporting 180
Budgetary Basis vs. GAAP 181
Infrastructure Assets Reported Using the Modified Approach 182
Entity Risk Pools-Claims Development Information 188

Schedule of Contributions-Pensions 190
Schedule of Changes in Net Pension Liability and Related Ratios 202
Schedule of Commonwealth's Proportionate Share of the Net Pension Liability 206
Schedule of Contributions-OPEB 208
Schedule of Changes in Net OPEB Liability and Related Ratios 214
Schedule of the Commonwealth's Proportionate Share of the Net OPEB Liability 216

OTHER SUPPLEMENTARY INFORMATION

Combining and Individual Fund Statements and Schedules – Non-Major Funds

Non-Major Governmental Funds
Combining Balance Sheet 220
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 222

Schedule of Fund Activities
Schedule of Revenues by Source-General Fund 225
Schedule of Expenditures by Function, Cabinet, and Object-General Fund 226
Schedule of Revenues and Expenditures by Type-Transportation Fund 228

Internal Service Funds
Combining Statement of Fund Net Position 230
Combining Statement of Revenues, Expenses and Changes in Fund Net Position 232
Combining Statement of Cash Flows 234

Capital Assets
Capital Assets Used in the Operation of Governmental Funds by Source 237
Capital Assets Used in the Operation of Governmental Funds Schedule by Function 238
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function 240

Pension (and Other Post Employment Benefit) Trust Funds
Combined Statement of Fiduciary Net Position 242
Combined Statement of Changes in Fiduciary Net Position 243
Combining Statement of Fiduciary Net Position–Pension Funds 244
Combining Statement of Changes in Fiduciary Net Position-Pension Funds 246
Combining Statement of Fiduciary Net Position-Insurance Funds 248
Combining Statement of Changes in Fiduciary Net Position-Insurance Funds 250

Agency Funds
Combining Statement of Fiduciary Net Position 253
Combining Statement of Changes in Assets and Liabilities 254

Non-Major Component Units-Combining
Combining Statement of Net Position-Non-Major Component Units 256
Combining Statement of Activities-Non-Major Component Units 257

Non-Major Component Units-Authorities
Combining Statement of Net Position-Authorities 260
Combining Statement of Activities-Authorities 264
Combining Statement of Cash Flows-Authorities 267

Non-Major Component Units-Universities, Colleges, and Related Entities
Combining Statement of Net Position-Universities, Colleges, and Related Entities 270
Combining Statement of Activities-Universities, Colleges, and Related Entities 272

STATISTICAL SECTION

Fund Balances – Governmental Funds-
For the Last Ten Fiscal Years 276
Changes in Fund Balance-Governmental Funds-
For the Last Ten Fiscal Years 278
Net Position by Component
For the Last Ten Fiscal Years 280
Government-Wide Expenses, Program Revenues, and Net (Expense)/Revenue
For the Last Ten Fiscal Years 282
Personal Income Tax Information-Calendar Years 2009 and 2018 286
Assessed and Estimated Actual Value of Taxable Property
For Calendar Years 2010-2019 289
Property Tax Levies and Collections
For Calendar Years 2010-2019 289
Ratios of Outstanding Debt by Type for the Last Ten Fiscal Years 290
University and College Revenue Bond Coverage for the Last Ten Fiscal Years 292
Top Ten Manufacturers/Supportive Service Firms 292
Demographic Statistics for the Calendar Years 2010-2019 292
Sources of Personal Income-For Calendar Years 2010-2019 293
Operating Indicators By Function for the Last Ten Fiscal Years 294
Capital Asset Statistics By Function for the Last Ten Fiscal Years 295
Operating Information State Government Employees by Function for the Last Ten Fiscal Years 296

INTRODUCTORY SECTION

Commonwealth of Kentucky
Finance and Administration Cabinet
OFFICE OF THE SECRETARY
Room 383, Capitol Annex
702 Capital Avenue
Frankfort, KY 40601-3462
(502) 564-4240
Fax (502) 564-6785

Andy Beshear
Governor

Holly M. Johnson
Secretary

December 17, 2020

The Honorable Andy Beshear, Governor
Members of the Kentucky General Assembly
Citizens of Kentucky

INTRODUCTION

Section 48.800 (3) of the Kentucky Revised Statutes (KRS) requires the Finance and Administration Cabinet to submit a complete report of the financial transactions of the preceding year and of the financial condition of the Commonwealth as of the end of that fiscal year. In accordance with this statute, it is my pleasure to transmit to you the Comprehensive Annual Financial Report of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2020. This report is prepared by the Finance and Administration Cabinet, Office of the Controller, Office of Statewide Accounting Services, which assumes responsibility for the accurate, complete, and fair presentation of the data contained herein. The information presented fully describes the Commonwealth's financial condition and results of operations of the primary government and component units for which it is financially accountable. All appropriate disclosures necessary for the reader to gain the maximum understanding of Kentucky's financial affairs are included.

The accompanying financial statements have been audited by the Office of the Auditor of Public Accounts of the Commonwealth of Kentucky. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The independent auditor concluded that the Commonwealth of Kentucky's financial statements for the year ended June 30, 2020, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The report of the independent auditor appears elsewhere in this report.

PROFILE OF THE COMMONWEALTH OF KENTUCKY

The Reporting Entity and Its Services

This report includes all funds and component units for which the Commonwealth is financially accountable, based on criteria established by the Governmental Accounting Standards Board's (GASB) Statement 14 as amended by GASB 39 and GASB 61. The component units which are blended into the Commonwealth's primary government and function as actual parts of the Commonwealth are: the State Property and Buildings Commission, Kentucky Asset/Liability Commission, Turnpike Authority of Kentucky, Board of Agriculture, Kentucky Retirement System, Judicial Form Retirement System, Kentucky Public Employees' Deferred Compensation Authority, Kentucky Tobacco Settlement Trust Corporation, Kentucky Teachers' Retirement System, Kentucky School Facilities Construction Commission, Kentucky Gas Pipeline Authority, and KentuckyWired Infrastructure Company, Inc.

The Commonwealth's discretely presented component units are: the Bluegrass State Skills Corporation, Kentucky Lottery Corporation, Kentucky River Authority, Kentucky State Fair Board, Kentucky Center for the Arts Corporation, Kentucky Educational Television Authority, Kentucky Economic Development Finance Authority, Kentucky Higher Education Assistance Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Housing Corporation, Kentucky Public Transportation Infrastructure Authority, Kentucky Infrastructure Authority, Kentucky Artisan Center, Kentucky Agricultural Finance Corporation, Kentucky Grain Insurance Corporation, Kentucky Local Correctional Facilities Construction Authority, Louisville Arena Authority, Kentucky Horse Park Foundation, Kentucky Council on Postsecondary Education, Kentucky Community Technical College System, and the eight state-supported universities.

Additional detailed information pertaining to the Commonwealth's component units is located within the Financial Section (particularly Note 1) of this report.

The Commonwealth and Its Services

Located in south central United States along the west side of the Appalachian Mountains, Kentucky was once a part of Virginia. After its split with Virginia, Kentucky retained its "commonwealth" (meaning government based on the consent of the people) status and adopted its Constitution in 1792. The Commonwealth provides the full range of services contemplated by statute, including economic development, educational and human services, energy and natural resources management, law enforcement, correctional and public protection services, transportation, public improvements, and general legislative, administrative, and judicial services. The Commonwealth's chief executive is the Governor who is popularly elected every four years and may serve for two terms. Policies are directed through the various Cabinets. The General Assembly, or state Legislature, has two components: the Senate and the House of Representatives. The Senate has 38 members who are elected to four-year terms and the House has 100 members who are elected to two-year terms. The Legislature meets annually and has the power to enact all laws, subject to limits imposed by the state constitution. Revenue-raising issues must be initiated in the House. All other bills may be introduced by either the House or the Senate.

Budgetary Controls

The Commonwealth uses a biennial budget to assist with planning and control duties. Budgetary control is maintained at the budget unit level and is described in the notes to the Required Supplementary Information. Encumbrance accounting is utilized to ensure the availability of funding before contracts are finalized. Contracts which result in overruns of available balances are not released until budget revisions are approved. Outstanding encumbrances for long-term construction projects in the Transportation Fund and the Capital Projects Fund are included in assigned fund balance. Encumbrances in all other funds lapse at the end of the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

National Economy

According to key economic indicators, the near-term US economy is riddled with uncertainty and risk. As we enter the second quarter of FY21, economic outcomes are strongly influenced by federal fiscal relief measures, as well as the rate of coronavirus cases and deaths. The second, third and fourth quarters of FY21 are expected to be defined by continued headwinds and obstacles, underscoring the difficulty of pegging future movements of the national economy during these unprecedented times.

Early in the pandemic's course, federal fiscal spending and quantitative easing led to a noticeable bump in the economy. Payroll tax delays, assistance to state and local governments for additional costs responding to the virus, and temporary Census hiring contributed to the bump. However, fiscal policy can only be a temporary fix to an economic downturn, as pressures will continue to mount in response to the increase of national debt. A holding pattern has formed following easy gains related to inventory corrections, federal fiscal policy, and quantitative easing that has already occurred. However, the ongoing threat of sporadic regional outbreaks of the coronavirus and a continued need for social distancing measures will continue to hinder the pace of businesses reopening and keep consumers from resuming previous spending habits, thereby greatly slowing the recovery in consumer spending and business investment. Suppressed business operating capacity will translate to further job loss and negatively impact aggregate demand.

Real gross domestic product (real GDP) fell by 3.7 percent in the first quarter of FY21. This is the second consecutive quarter that year-over-year growth has declined. On an adjacent-quarter basis, real GDP increased in the first quarter following two consecutive declines. The last four adjacent-quarter growth rates are 0.6, -1.3, -9.1, and 6.7 percent, respectively. The adjacent-quarter growth of 6.7 percent is the largest single-quarter growth in the history of recorded real GDP following the lowest growth quarter in the previous quarter. The national economic outlook over the next three fiscal quarters includes real GDP growth declining 6.6 percent. The quarterly numbers show sharper rates of decline early in the fiscal year with modest growth in the fourth fiscal quarter of FY21.

Among the elements that comprise real GDP, real consumption is expected to fall the most in absolute terms, losing a staggering $818.1 billion, a 6.4 percent decline in the final three quarters of FY21 compared to the same period in the year prior. Real investment is poised to fall the fastest in percentage terms among the five components of real GDP, losing $380.3 billion or 11.9 percent over the final three quarters of FY21. Real exports is forecasted to decline by 11.6 percent over the second, third, and fourth quarters of FY21. As incomes across the globe declined from the global recession so too does import demand for US goods and services. The result is a significant decline in real export demands. Real imports is forecasted to decline by 9.6 percent over the next three quarters. There was also a considerable decline in US incomes during the recession. This decrease in incomes has led to a decrease in demand for both domestic and foreign goods.

US personal income rose by 5.0 percent in the first quarter of FY21. Congress authorized just over $4.0 trillion in additional expenditures in the fourth quarter of FY20. Adjacent-quarter growth for the last five quarters are 0.6, 0.9, 1.0, 7.7, and -4.3 percent, respectively. Total personal income was still elevated during the first quarter of FY21 relative to historical levels, but was far less than the fourth quarter FY20 income.

The unexpected delay of a new federal relief package has pushed most of the assumed federal payments back one quarter, weakening personal income in the short-term. US personal income is expected to contract 4.4 percent for the final three quarters of FY21. The expected decline in personal income is due in large part to a reduction in proprietor's income, which is expected to lose a net $462.7 billion of the $849.1 billion in personal income loses over the next three quarters. Wages and salaries is the second largest loser, expected to fall $272.3 billion during the same three quarters. Government transfer payments is the only component of US personal income that is expected to grow over the next three quarters, with a rate of 3.3 percent. Although inflation and nominal interest rates have reached historic lows, consumers will remain cautious until household disposable income and employment gain a better foothold.

Kentucky Economy

The economic outlook for the Commonwealth reveals a bleak trajectory for personal income, as well as wages and salaries for the final three quarters of FY21. Kentucky personal income is anticipated to contract 3.0 percent, a net decrease of $6,245.6 million compared to the same three quarters one year ago. The wages and salaries component of Kentucky personal income is expected to decline by 4.2 percent for the remainder of FY21.

Wage and salary income is the largest component of personal income and has historically made up near 53 percent of personal income. In FY21, wages and salaries will comprise approximately 44 percent of state personal income. Income from wages will be slow to accelerate in the near term, as thousands of Kentuckians remain unemployed due to statewide shutdown orders and business closures.

The second largest component of Kentucky personal income is transfer receipts, which represent an astonishing 32 percent of personal income in FY21. The rate of growth in transfer receipts, as well as the percentage of total income comprised by transfers, both exceed the corresponding national data. Transfer receipts are expected to increase 10.6 percent for the full year of FY21 and 3.8 percent for the final three quarters of the fiscal year. Transfer receipts growth slows down by the fourth quarter of FY21.

The decline in Kentucky personal income is largely due to the declines in wages and salaries and proprietors' income. Proprietors' income is expected to drop 20.6 percent over the next three quarters. Kentucky personal income is expected to drop $6.2 billion (annual rate) over the next three quarters. Kentucky wages and salaries will drop $3.9 billion and proprietors' income will drop $2.6 billion during the same three quarters. Statistically, our General Fund taxes are linked more closely with the income-side variables, especially wages and salaries, rather than the employment trends.

The Commonwealth entered the first quarter of FY21 with non-farm employment loss, decreasing by a 7.9 percent change compared to the first quarter of FY20. The majority of losses occurred in the fourth quarter of FY20. Kentucky non-farm employment growth was weak or flat before the recession. Adjacent-quarter growth rates for the last eight quarters are 0.1, 0.3, -0.01, 0.2, -0.1, 0.004, -13.4, and 6.6 percent, respectively. There were (annual growth) declines in all 11 Kentucky super-sectors. On a percentage basis, the largest losses were in the mining sector. Mining employment dropped by 31.8 percent, or 3,100 jobs. On an absolute basis, the largest losses were in the leisure and hospitality services sector, which fell by 19.0 percent, or 38,400 jobs.

The short-run economic outlook for Kentucky predicts continued employment sector weakness. Total non-farm payroll employment is expected to fall 6.3 percent, a loss of 117,100 jobs (annual rate) during the final three quarters of FY21. All 11 Kentucky super-sectors are forecasted to endure varying degrees of employment declines. The service-producing sector is expected to take the brunt of the job loss, which will account for a staggering decline of 82,600 jobs, or a 6.7 percent drop over the outlook period.

In percentage terms, the goods-producing sector is expected to experience the most pronounced weakness in the employment sector. The decrease in goods-producing employment will account for a loss of 31,400 jobs, or a 9.6 percent drop over the forecasting horizon. Job loss in the goods-producing sectors are especially impactful to the state economy due to the multiplier impact associated with the sector. Many regional economies that will lose the goods-producing jobs will see a fall-off in supporting businesses that the goods-producing sector generates in their communities.

Long-Term Financial Planning

Debt financing of the Commonwealth is classified as either appropriation supported debt or non-appropriation supported debt. Appropriation supported debt carries the name of the Commonwealth and is either a general obligation of the state or a lease revenue obligation of an issuing agency created by the Kentucky General Assembly to finance various projects subject to state appropriation for all or a portion of the debt service on the bonds. Non-appropriation or moral obligation debt carries the name of the Commonwealth for the benefit and convenience of other entities within the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for the payment thereof and does not constitute a debt, liability, obligation, or pledge of the faith and credit of the Commonwealth.

Debt Administration

The amount of net bonded debt, the ratio of this amount to governmental fund revenues, and the amount of net bonded debt per capita are useful indicators to citizens, investors, and management regarding the Commonwealth's debt position. The data for fiscal year 2020 are:

Net Bonded Debt (thousands)	Ratio of Net Bonded Debt to Governmental Funds Revenues	Net Bonded Debt Per Capita
$ 5,761,459	19.91%	$ 1,290

No general obligation bonds were authorized or outstanding at June 30, 2020.

A detailed analysis of the Commonwealth's debt issuance during the fiscal year ended 2020 is presented in Note 16.

Major Initiatives

Fiscal year 2020 began as the second fiscal year of the Commonwealth's 2018-20 biennial budget period. The Commonwealth of Kentucky is one of three states that enact a biennial budget in an even-numbered year; meaning that the fiscal year 2019 and 2020 budgets were enacted in the 2018 Regular Session of the Kentucky General Assembly. A new Governor, Andy Beshear, was inaugurated on December 9, 2020 as the 63rd Governor of Kentucky.

Due to a growing economy, Kentucky's tax revenues were exceeding the budgeted estimates through the first nine months of fiscal year 2020. This mirrored the revenue situation in most states across the country. Through March, General Fund revenues had grown almost four percent and Road Fund revenues had grown over two percent.

On March 6, 2020, Governor Beshear issued his first executive order in response to the public health emergency. Following that and a greater understanding of the impact of the COVID-19 virus, he requested state agencies to limit their hiring and discretionary spending to prepare for the likelihood of a revenue shortfall during the final months of the fiscal year.

The Office of the State Budget Director requested an official revenue forecast revision by the Consensus Forecasting Group, an appointed group of primarily PhD economists, given the significant amount of job losses associated with actions to prevent the spread of the coronavirus. In May, 2020, the Group predicted a $456.7 million General Fund revenue shortfall and a $161.8 million Road Fund revenue shortfall. Those figures assumed a 22 percent decline in the final quarter for the General Fund and a 47 percent decline for the Road Fund over the last three months of the fiscal year.

In the months of March and April the U.S. Congress passed a series of relief legislation that provided significant funding to individuals through direct payments to households and expanded unemployment insurance benefits, as well as substantial subsidies to businesses through the Paycheck Protection Program and the economic injury disaster forgivable loans. That financial support contributed greatly to personal income and buoyed consumer spending. As a result, revenue receipts in the final quarter, April through June, declined only 4.5 percent for the General Fund and 23.6 percent for the Road Fund. The better than expected tax revenues combined with an enhanced federal share of Medicaid, restrained year-end spending, and some flexibility in federal CARES Act funding, enabled the Commonwealth to end fiscal year 2020 with a small surplus in both funds. As a result, the state's rainy day fund received an allocation of $162.5 million. That brought the balance of the fund to its highest ever level in both nominal dollars and percent of General Fund spending.

General Fund spending increased by just 0.7 percent over fiscal year 2019, the lowest growth rate in a decade. The programmatic areas with increased General Fund spending were primarily the Medicaid health benefits, student financial aid due to higher than expected lottery revenues, and increased employer contribution for employee and teacher pensions. Fiscal year 2020 continued the full funding of both the state employee and teachers' pension plans and the pre-funding of their medical benefit plans. The Road Fund spending growth was flat compared to the prior year which was impacted by a 4.8 percent decline in revenues.

The latter portion of the fiscal year was dominated by Kentucky state government's response to the public health emergency. Governor Beshear directed a series of guidelines and daily information sharing that brought the expertise of public health officials and science-based information to Kentuckians about the pandemic and how to prevent the transmission of the virus. Supported by federal CARES Act funding and convening the expertise and efforts of many state government agencies, highlighted by the Department of Public Health and Kentucky's emergency management operations center, the Governor led the state government response. Among the emergency actions that took place were the acquisition of personal protective equipment for medical facilities and staff across the state, obtaining and establishing testing capacity and locations, the establishment of statewide contact tracing, providing support to long-term care facilities, creating protocols for healthy at home and healthy at work, and putting in place a data gathering and reporting process to track the virus and its health effects.

The Commonwealth had to gear up to accommodate an historic surge in services to Kentuckians, particularly in ensuring health care coverage through the Medicaid program and providing unemployment benefits. In addition, a significant portion of the federal government's response and relief funding flowed through state governments, covering areas that ranged from emergency food distribution, delivery of meals to seniors in their homes, funneling financial assistance to child care facilities to care for the children of essential workers, and guiding the allocation of federal dollars to K-12 schools and higher education institutions. In the Medicaid program, Governor Beshear approved a streamlined eligibility process that sped up health care coverage for individuals and families that lost jobs or had reduced employment. Kentucky's Medicaid enrollment in the early months of the pandemic led the nation in the growth rate of additional individuals covered. Initial unemployment insurance claims climbed from about 2,800 per week in mid-March to over 500,000 in just one month, with another 500,000 in the following ten weeks. The federal CARES Act allocated $1.6 billion in April 2020 for the Coronavirus Relief Fund to Kentucky for expenses related to the response to the public health emergency. Each Governor was the recipient for each state. Governor Beshear began the deployment of these resources for the Commonwealth's initial actions, among which was an allocation of $300 million to cities and counties for their expenses in reacting to the pandemic.

FINANCIAL INFORMATION

The Accounting System

The Commonwealth's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Additional discussions of the various funds and how they are reported are located in the Management Discussion and Analysis (MD&A) section of this report.

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

OTHER INFORMATION

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth of Kentucky for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This is the 33rd consecutive year the Commonwealth has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,

Holly M. Johnson, Secretary
Finance and Administration Cabinet

Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
OFFICE OF THE CONTROLLER
Room 484, Capitol Annex
702 Capital Avenue
Frankfort, Kentucky 40601
(502) 564-2210
(502) 564-6597 Facsimile

Andy Beshear
Governor

Holly M. Johnson
Secretary

Edgar C. Ross
Controller

December 17, 2020

The Honorable Holly M. Johnson, Secretary
Finance and Administration Cabinet
702 Capital Avenue
383 New Capitol Annex
Frankfort, Kentucky 40601

Dear Secretary Johnson:

Pursuant to Section 48.800 (3) of the Kentucky Revised Statutes, the Comprehensive Annual Financial Report (CAFR) of the Commonwealth of Kentucky for the fiscal year ended June 30, 2020, is submitted herewith. It contains all funds of the primary government and component units for which it is financially accountable, based on the criteria developed by the Governmental Accounting Standards Board (GASB).

The basis of accounting upon which the report has been prepared complies with accounting principles generally accepted in the United States of America for state governments as prescribed by both GASB and the American Institute of Certified Public Accountants' (AICPA) publication Audits of State and Local Governments.

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

Respectfully submitted,

Edgar C. Ross, Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Commonwealth of Kentucky

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

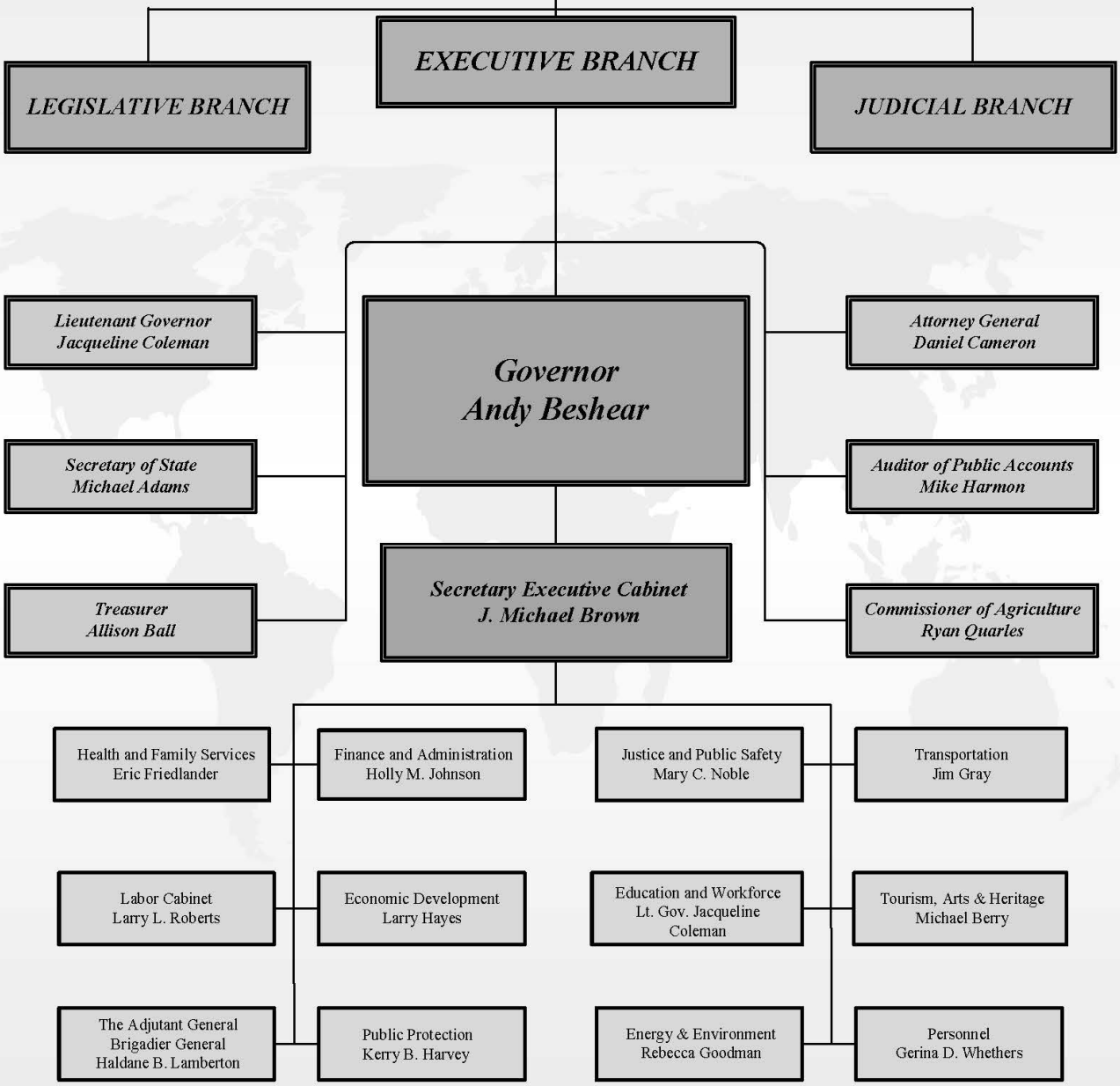
Christopher P. Morrill

Executive Director/CEO

COMMONWEALTH OF KENTUCKY

ELECTORATE OF KENTUCKY

"UNITED WE STAND, DIVIDED WE FALL"



*Principal Officials at June 30, 2020

FINANCIAL SECTION

MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Kentucky, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commonwealth's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of some component units and funds that comprise the Commonwealth of Kentucky. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and funds is based solely on the reports of the other auditors. Those component units and funds were:

Certain portions of the Governmental Funds including:

- Debt Service Fund - Turnpike Authority of Kentucky
- Special Revenue Fund - Turnpike Authority of Kentucky
- Special Revenue Fund - Kentucky Wired Infrastructure Company, Inc.

Certain portions of the Proprietary Funds including:

- Within the Insurance Administration Fund:
  - Kentucky Special Fund and Uninsured Employers' Fund
  - Petroleum Storage Tank Environmental Assurance Program

Certain portions of the Internal Service Funds within the Risk Management Fund including:

- Kentucky Transportation Cabinet's Self-Insured Workers' Compensation Trust Program

Certain Fiduciary Funds including:

- Kentucky Employees' Retirement System
- Kentucky Public Employees' Deferred Compensation Authority
- Kentucky Teacher's Retirement System
- Kentucky Judicial Form Retirement System
- Kentucky Coal Workers' Pneumoconiosis Fund

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
WWW.AUDITOR.KY.GOV
AN EQUAL OPPORTUNITY EMPLOYER M/F/D

Component Units:

- Bluegrass State Skills Corporation
- Kentucky Center for the Arts Corporation
- Kentucky Economic Development Finance Authority
- Kentucky Higher Education Assistance Authority
- Kentucky Higher Education Student Loan Corporation
- Kentucky Educational Television Authority
- Kentucky Public Transportation Infrastructure Authority
- Kentucky Horse Park Foundation, Incorporated
- Kentucky Housing Corporation
- Kentucky Infrastructure Authority
- Kentucky Lottery Corporation
- Kentucky State Fair Board
- Louisville Arena Authority

Component Units - Colleges and Universities and related entities:

- University of Kentucky
- Eastern Kentucky University
- Morehead State University
- Northern Kentucky University
- Kentucky Community and Technical College System
- University of Louisville
- Murray State University
- Western Kentucky University
- Kentucky Council on Postsecondary Education

Those financial statements reflect total assets and revenues of the government-wide financial statements and total assets and revenues or additions of the fund financial statements as follows:

Government-Wide Financial Statements:	**Percent of Assets**	**Percent of Revenues**
Primary Government - Governmental Activities	0.63%	0.14%
Primary Government - Business-Type Activities	21.59%	4.81%
Component Units	98.54%	99.13%
Fund Financial Statements:		
Governmental Funds - Non-Major Funds	24.55%	3.89%
Proprietary Funds - Business-Type Activities - Enterprise Funds	21.30%	4.67%
Proprietary Funds - Governmental Activities - Internal Service Funds	.08%	1.25%
Fiduciary Funds - Pension and Insurance Trust Funds	100.00%	100.00%
Fiduciary Funds - Agency Funds	0.34%	0.00%

The financial reporting framework used by the Turnpike Authority of Kentucky is different than the financial reporting framework used for the group financial statements. As the auditor of the group financial statements, we have applied audit procedures on the conversion adjustments to the financial statements of the Turnpike Authority of Kentucky, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for the Turnpike Authority of Kentucky prior to these conversion adjustments, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the governmental activities, aggregate discretely presented component units, each major fund except the unemployment compensation fund, and aggregate remaining fund information and qualified audit opinions on the business-type activities and the unemployment compensation fund.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Transportation Fund	Unmodified
Federal Fund	Unmodified
Agency Revenue Fund	Unmodified
Capital Projects Fund	Unmodified
Debt Service Fund	Unmodified
State Parks Fund	Unmodified
Kentucky Horse Park Fund	Unmodified
Insurance Administration Fund	Unmodified
Kentucky Public Employees Health Insurance Fund	Unmodified
Unemployment Compensation Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis For Qualified Opinion on Business-Type Activities and Unemployment Compensation Fund

The Kentucky Office of Unemployment Insurance had poor internal controls over benefit payments which increased the risk of fraud and undetected material misstatements. During the fourth quarter of fiscal year 2020, the Office of Unemployment Insurance, in an effort to expedite unemployment benefit payments, eliminated key internal controls that were in place to reduce the risk of improper payments. As a result, payments were paid to claimants without verification of eligibility. A significant backlog of unprocessed claims existed at year end and as of the date of our audit report. Management was unable to provide a reasonable or reliable estimate of the financial statement impact of this backlog of claims. Because of this, we were unable to obtain sufficient appropriate audit evidence to conclude that the accounts payable balance in the unemployment compensation fund was free of material misstatement. Accounting principles generally accepted in the United States of America (GAAP) require that expenses be recorded in the period in which they are incurred. The amount by which this GAAP departure would affect the accounts payable balance of the Unemployment Compensation Fund and, consequently, the Business-Type Activities has not been determined.

Qualified Opinion on Business-Type Activities and Unemployment Compensation Fund

In our opinion, except for the effects of the matters described in the "Basis For Qualified Opinion on Business-Type Activities and Unemployment Compensation Fund" paragraph, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the unemployment compensation fund of the Commonwealth of Kentucky, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Governmental Activities, Major Funds Except Unemployment Insurance Fund, Aggregate Discretely Presented Component Units and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major funds except unemployment insurance fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the Commonwealth of Kentucky, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Adjustment

As discussed in Note 2 to the financial statements, the Unemployment Compensation Fund Statement of Cash Flows has been restated to correct the beginning cash balance due to a material error. This restatement did not impact net position. Our opinion is not modified with respect to this matter.

Other Matters

An audit report of the financial statements for Kentucky State University has not be released as of the date of this report, and therefore, amounts presented are unaudited. Kentucky State University's financial activities have been included in the basic financial statements as discretely presented component units and represent .54% percent of assets and .72% of revenues, of the Commonwealth's aggregate discretely presented component units.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 18 through 26, budgetary comparison schedules and corresponding notes on pages 166 through 181, and information about infrastructure assets reported using the modified approach on pages 182 through 187, claims development information for entity risk pools on pages 188 and 189, Schedule of Contributions—Pensions on page 190 through 201, Schedule of Changes in Net Pension Liability and Related Ratios on page 202 and 204, the Schedule of Commonwealth's Proportionate Share of the Net Pension Liability on page 206 and 207, the Schedule of Contributions—OPEB on page 208 through 213, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 214 and 215, and the Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability on page 216 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Kentucky's basic financial statements. The combining financial statements, presented in this report on pages 220 through 273 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 by us and the other auditors. In our opinion, the combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The Introductory and Statistical sections presented in this report on pages 2 through 10 and pages 276 through 297 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing StandardS

In accordance with *Government Auditing Standards,* we will also issue our report on our consideration of the Commonwealth of Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth's internal control over financial reporting and compliance.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

December 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Commonwealth of Kentucky's Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2020. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide an easily readable explanation of the information in the basic financial statements. It should be read in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the Commonwealth's financial statements, which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:
The liabilities and deferred inflows of the Commonwealth's governmental activities exceeded its assets and deferred outflows at fiscal year ending June 30, 2020, by $11.52 billion, an increase in net position of $3.6 billion related to current year activity. Assets of the Commonwealth's business-type activities exceeded liabilities by $203 thousand, a decrease in net position of $907.2 million related to current year activity, mainly due to the COVID-19 Pandemic and an increased amount of Unemployment Compensation Benefit claims. Total net position increased by $2.7 billion to $(11.5) billion. The primary reasons for this increase were due to deferrals relating to pension and other post-employment benefits, bonds and notes payable, and a resolved contingent liability.

The assets of component units exceeded liabilities at fiscal year ending June 30, 2020, by $11 billion, an increase of $1.2 billion related to current year activity.

There were fluctuations in Governmental Activities; these fluctuations will be discussed by fund under the section titled **Financial Analysis of the Commonwealth's Individual Funds**.

Fund Highlights:
As of the close of fiscal year 2020, the Commonwealth's governmental funds reported combined ending fund balances of $3.0 billion, a net change in fund balance of $578.4 million, a change in inventory of $5.7 million, for a combined net change of $584.1 million in comparison with the prior year. Approximately 77.6 percent or $2.3 billion of the ending fund balance is restricted. There is unrestricted (committed, assigned, or unassigned) fund balance of $668.8 million available for spending either at the government's discretion or upon legislative approval.

Enterprise funds reported net position of $203 thousand, of which $253.5 million was restricted or invested in capital assets and the balance of $(253.3) million was unrestricted.

Long-Term Debt:
The Commonwealth's total long-term debt obligations (bonds and notes payable) decreased by $359.9 million to $6.9 billion during the current fiscal year.

There were fluctuations in Primary Governmental Activities, these fluctuations will be discussed by fund under the section titled **Financial Analysis of the Commonwealth's Individual Funds**.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commonwealth's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes other required supplementary information (General and Special Revenue Fund budgetary schedules; condition and maintenance data regarding infrastructure; claims development information; and pension related schedules) and other supplementary information (combining financial statements). Each of these components is described below.

Government-Wide Financial Statements:
The Government-Wide Financial Statements provide a broad view of the Commonwealth's operations in a manner similar to a private-sector business. These statements report financial information about the entire government except fiduciary activities. The statements provide both short-term and long-term information about the Commonwealth's financial position, which assists in assessing the Commonwealth's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. They take into account all revenues and expenses of the fiscal year even if no cash has been received or paid. The government-wide financial statements include two statements: The Statement of Net Position shows the financial position of the Commonwealth at the end of the fiscal year. The Statement of Activities presents information showing how the government's financial position has changed since the beginning of the fiscal year.

Both of the above financial statements have separate sections for three different types of state programs or activities.

These three types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this category. Internal Service Fund balances are reported as a part of governmental activities.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services provided by the State. The business-type activities of the Commonwealth include the operations of various Enterprise Funds as listed later in the text.

Discretely Presented Component Units – These are operations for which the Commonwealth has financial accountability but which possess certain independent qualities as well. More information on the Commonwealth's discretely presented component units can be found in Note 1.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements:
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by state law or bond covenants and additional funds are established for management and fiscal control of resources.

The fund financial statements focus on activities of state government. All of the funds of the Commonwealth can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Table 1, below, summarizes the major features of the basic financial statements and how the relate to one another.

Table 1. Major Features of the Commonwealth of Kentucky's Government-Wide and Fund Financial Statements				
	Government-Wide Financial Statements	**Fund Financial Statements**		
		Governmental	**Proprietary**	**Fiduciary**
Scope	Entire government (except fiduciary funds) and the Commonwealth's component units	The activities of the Commonwealth that are not proprietary or fiduciary	Activities of the Commonwealth that are similar to private businesses	Instances where the Commonwealth is the trustee for someone else's resources
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Fund Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial, and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow – Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements - Notes to the financial statements provide information necessary to fully understand the data provided in the government-wide and fund financial statements. They are an integral part of the financial statements and focus on the primary government and its activities.

Required Supplementary Information - In addition to Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of required supplementary information that further explains and supports the information contained in the financial statements.

Other Supplementary Information - Supplementary information includes the introductory section, combining financial statements for non-major governmental funds, non-major discretely presented component units, the individual internal service funds and fiduciary funds, and the statistical section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:
Net position may serve as a useful indicator of a government's financial position. The Commonwealth's combined net position (governmental and business-type activities) totaled $(11.5) billion at the end of fiscal year 2020, as compared to $(14.2) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, $24.4 billion, is net investment in capital assets (e.g. land, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending.

The second largest portion of the Commonwealth's net position, totaling $1.6 billion, is restricted and represents resources that are subject to either external restrictions or legislative restrictions on how they may be used. The remaining balance is unrestricted net position. The unrestricted net position, if they have a positive value, could be used at the Commonwealth's discretion. However, the unrestricted balance is $(37.6) billion; therefore, funds are not available for discretionary purposes. A contributing factor to the negative balance is that liabilities are recognized on the government-wide statement of net position when the obligation is incurred. Accordingly, the Commonwealth recognizes long-term liabilities (such as general bonded debt, compensated absences, unfunded employer pension cost, and contingent liabilities-shown in Note 16 to the financial statements) on the statement of net position.

Table 2 below presents the Commonwealth's condensed statement of net position as of June 30, 2020 and June 30, 2019, derived from the government-wide Statement of Net Position.

Table 2: Condensed Statement of Net Position (Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current Assets	$ 7,031,841	$ 5,374,027	$ 1,538,717	$ 1,931,973	$ 8,570,558	$ 7,306,000
Capital Assets	25,944,011	25,434,520	273,110	282,877	26,217,121	25,717,397
Other Assets	—	—	—	—	—	—
Total Assets	32,975,852	30,808,547	1,811,827	2,214,850	34,787,679	33,023,397
Deferred outflows of resources	4,975,047	6,314,476	55,769	64,988	5,030,816	6,379,464
Non Current Liabilities	35,425,898	35,382,892	1,016,989	1,060,763	36,442,887	36,443,655
Other Liabilities	4,328,156	3,353,900	829,311	296,322	5,157,467	3,650,222
Total Liabilities	39,754,054	38,736,792	1,846,300	1,357,085	41,600,354	40,093,877
Deferred inflows of resources	9,718,731	13,516,015	21,093	15,304	9,739,824	13,531,319
Net investment in capital assets	24,168,762	23,433,119	253,466	261,109	24,422,228	23,694,228
Restricted	1,626,862	1,487,313	—	779,736	1,626,862	2,267,049
Unrestricted	(37,317,510)	(40,050,216)	(253,263)	(133,396)	(37,570,773)	(40,183,612)
Total Net Position	$ (11,521,886)	$ (15,129,784)	$ 203	$ 907,449	$ (11,521,683)	$ (14,222,335)

Changes in Net Position:

The revenues and expenses information, as shown in Table 3, was derived from the government-wide Statement of Activities and reflects how the Commonwealth's net position changed during fiscal year 2020. The Commonwealth received program revenues of $17.0 billion and general revenues (including transfers) of $16.7 billion for total revenues of $33.7 billion during fiscal year 2020. Expenses for the Commonwealth during fiscal year 2020 were $31.0 billion, the total net position of the Commonwealth increased in the amount of $2.7 billion, net of contributions, transfers and special items.

Table 3: Condensed Statement of Activities (Expressed in Thousands)

	2020 Governmental Activities	2019 Governmental Activities	2020 Business-Type Activities	2019 Business-Type Activities	2020 Total	2019 Total
Revenues:						
Program Revenues:						
Charges for Services	$ 1,523,145	$ 1,638,299	$ 2,361,712	$ 2,363,556	$ 3,884,857	$ 4,001,855
Operating Grants and Contributions	12,125,363	10,704,976	—	13,106	12,125,363	10,718,082
Capital Grants and Contributions	994,683	914,965	—	—	994,683	914,965
General Revenues:						
Income Taxes	5,227,264	5,141,688	—	—	5,227,264	5,141,688
Sales Taxes	6,827,433	6,543,315	—	—	6,827,433	6,543,315
Property Taxes	654,791	648,739	—	—	654,791	648,739
Other Taxes	403,432	441,271	—	—	403,432	441,271
Investment Earnings	—	—	49,769	54,938	49,769	54,938
Other	753,620	582,795	2,737,756	1,751	3,491,376	584,546
Total Revenues	28,509,731	26,616,048	5,149,237	2,433,351	33,658,968	29,049,399
Expenses:						
Governmental Activities:						
General Government	405,039	363,782	—	—	405,039	363,782
Legislative and Judicial	526,102	468,775	—	—	526,102	468,775
Commerce	175,902	152,031	—	—	175,902	152,031
Education and Humanities	6,070,241	6,213,059	—	—	6,070,241	6,213,059
Human Resources	13,760,639	12,938,155	—	—	13,760,639	12,938,155
Justice	1,470,004	1,426,465	—	—	1,470,004	1,426,465
Natural Resources and Environmental Protection	254,103	229,066	—	—	254,103	229,066
Public Protection and Regulation	167,030	155,311	—	—	167,030	155,311
Transportation	1,938,390	1,932,570	—	—	1,938,390	1,932,570
Interest Expense	277,084	287,577	—	—	277,084	287,577
Business-type Activities:						
State Parks	—	—	122,723	140,307	122,723	140,307
Kentucky Horse Park	—	—	16,993	19,538	16,993	19,538
Kentucky Public Employees Health Plan	—	—	1,839,500	1,812,826	1,839,500	1,812,826
Insurance Administration	—	—	41,317	(6,593)	41,317	(6,593)
Unemployment Compensation	—	—	3,890,468	288,755	3,890,468	288,755
Total Expenses	25,044,534	24,166,791	5,911,001	2,254,833	30,955,535	26,421,624
Increase (Decrease) in Net Position Before Transfers	3,465,197	2,449,257	(761,764)	178,518	2,703,433	2,627,775
Transfers	145,482	114,562	(145,482)	(115,891)	—	(1,329)
Change in Net Position	3,610,679	2,563,819	(907,246)	62,627	2,703,433	2,626,446
Net Position, July 1, as restated	(15,132,565)	(17,693,603)	907,449	844,822	(14,225,116)	(16,848,781)
Net Position, June 30	$ (11,521,886)	$ (15,129,784)	$ 203	$ 907,449	$ (11,521,683)	$ (14,222,335)

Governmental Activities:
The governmental activities resulted in an increase the Commonwealth's net position by $3.6 billion. Approximately 46.0 percent of the governmental activities' total revenue came from taxes, while 46.0 percent resulted from grants and contributions (including federal aid). Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were insufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes.

State Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenue
General Government	$ 405,039	$ 969,932	$ 564,893
Legislative and Judicial	526,102	50,368	(475,734)
Commerce	175,902	88,866	(87,036)
Education and Humanities	6,070,241	1,187,291	(4,882,950)
Human Resources	13,760,639	10,696,401	(3,064,238)
Justice	1,470,004	127,892	(1,342,112)
Natural Resources and Environmental Protection	254,103	125,294	(128,809)
Public Protection and Regulation	167,030	112,546	(54,484)
Transportation	1,938,390	1,284,601	(653,789)
Interest Expense	277,084	—	(277,084)
Totals	$ 25,044,534	$ 14,643,191	$ (10,401,343)

Business-Type Activities:
Table 5 below presents program expenses and revenues for business-type activities. The business-type activities resulted in a decrease the Commonwealth's net position by $(907.2) million. Program revenues generated by the operations of the State Parks, the Kentucky Horse Park, and Unemployment Compensation were not sufficient to cover program expenses. Nonoperating revenues were needed to support expenses of these programs.

State Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenue
State Parks	$ 122,723	$ 40,574	$ (82,149)
Kentucky Horse Park	16,993	7,297	(9,696)
Kentucky Public Employees Health Plan	1,839,500	1,851,183	11,683
Insurance Administration	41,317	114,048	72,731
Unemployment Compensation	3,890,468	348,610	(3,541,858)
Totals	$ 5,911,001	$ 2,361,712	$ (3,549,289)

Overall Analysis

Financial highlights for the State as a whole during fiscal year ended June 30, 2020, include the following:

- The liabilities of the State's governmental activities exceed assets (net position) at the close of the fiscal year. Liabilities exceeded assets by $11.52 billion and the State's business-type activities now have assets that exceed liabilities (net position) by $203 thousand.
- The State's total net position increased during the year by $2.7 billion. Net position of governmental activities increased by $3.6 billion, and net position of business-type activities decresased by $(907.2) million.
- The net position of the governmental activities continues to be negative because pension and other post employment benefit liabilities.

FINANCIAL ANALYSIS OF THE COMMONWEALTH'S INDIVIDUAL FUNDS

At June 30, 2020, the Commonwealth's governmental funds reported combined ending fund balances of $3.0 billion, a net increase of $584.1 million in comparison with the prior year. $5.4 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The $2.3 billion is restricted for certain purposes and is not available to fund current operations. The $668.8 million is considered unrestricted (committed, assigned, or unassigned). When the unrestricted balance is positive it is available for spending either at the government's discretion or upon legislative approval.

General Fund:
The General Fund is the primary operating fund of the Commonwealth. The fund balance at June 30, 2020, was $610 million. The balance reported reflects an increase of $377.5 million from the previously reported amount. The major factor for the increase in fund balance was increased tax revenue and the reduction of KTRS Pension and Other Post Employment Liabilities.

The fund balance is segregated into non-spendable and spendable amounts with the spendable amounts further segregated as restricted, committed, assigned, and unassigned. Inventory of $5.4 million represents the non-spendable amount.

Major Special Revenue Funds:
The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by $1.59 billion from the previous year, a change of 10.6 percent. Expenditures increased by $1.6 billion from the previous year, a change of 11.0 percent. The Transportation Fund experienced a slight decrease in revenues and an decrease in expenditures, resulting in a increase in fund balance of $238 thousand.

Proprietary Funds:
The Commonwealth's proprietary funds reported net position of $(177) million, which included $0.2 million in the enterprise funds and $(177) million in the internal service funds. This is a total decrease in net position of $(922) million from the previous year. This change in net position involved mainly from one fund, the Unemployment Compensation which had a decrease of $797.8 million for the 2020 fiscal year. This change is due to the COVID19 pandemic and an increase in unemployment insurance benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the official revenue forecast for the General Fund decreased. General Fund revenues, for the year, were more than the final budgetary estimates by approximately $578 million. Actual expenditures for the year were approximately $601 million less than the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Commonwealth's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to $27.9 billion, with accumulated depreciation of $1.7 billion, leaving a net book value of $26.2 billion. This investment in capital assets includes land, improvements, buildings, equipment, and construction in progress, infrastructure and intangibles. Infrastructure assets are normally immovable and of value only to the Commonwealth, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the Commonwealth's investment in capital assets for the current fiscal year was about 4.1 percent in terms of net book value. However, actual expenditures to purchase or construct capital assets were $1.3 billion for the year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled $137.2 million. Additional information on the Commonwealth's capital assets can be found in Note 6 of the "Notes to the Financial Statements" of this report.

Infrastructure Assets – The Commonwealth has elected to utilize the "Modified Approach" as it relates to guidelines set forth in GASB Statement Number 34. Under this alternative method the Commonwealth expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include nearly 63,854 lane miles of roads and approximately 9,048 bridges that the Commonwealth has responsibility for maintaining.

- There have been no significant changes in the condition level of infrastructure assets.
- The asset condition level established by the Commonwealth has approximately been met and exceeded for the past ten years.

A more in-depth discussion of the Commonwealth's infrastructure assets is located in the "Required Supplemental Information" section of this report.

Debt Administration - The Office of Financial Management as established in KRS 42.4201, is responsible for the oversight of the Commonwealth's debt. The Office develops a long-term debt plan including criteria for the issuance of debt and an evaluation of the total state debt to be incurred. Debt is issued through the State Property and Buildings Commission and the Kentucky Asset/Liability Commission.

The Commonwealth of Kentucky's bonded debt decreased by $317 million to $5.9 billion, a 5.1 percent decrease during the current fiscal year. The major factors in this decrease is a result of the refunding of old issues by the FY2020 new issues. The remaining liability on the retired bonds plus the FY2020 principle payments on the remaining bonds outstanding were greater than the FY2020 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2020. Additional information on the Commonwealth's long-term debt obligations can be found in Note 16 of the notes to the financial statements of this report.

During the fiscal year there were no changes in credit ratings by Moody's Investors Service, Standard & Poor's Rating Services, Fitch Ratings, Inc., or Kroll Bond Rating Agency. The current ratings on Kentucky's General Obligation debt (though none is outstanding) are Aa3 by Moody's; AA- by Fitch; A by Standard and Poor's; and AA- by Kroll. The current ratings by debt service on Kentucky's General Fund appropriation supported debt are as follows: A1 by Moody's; A+ by Fitch; A- by Standard and Poor's; and A+ by Kroll. The Kroll rating dated September 26, 2019, was the first rating sought by the Commonwealth from this rating agency.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The US Economy is riddled with uncertainty and risk. The US Real gross domestic product (real GDP) has fell for two consecutive quarters. The national economic outlook over the next three fiscal quarters includes real GDP growth declining 6.6 percent. The quarterly numbers show sharper rates of decline early in the fiscal year with modest growth in the fourth fiscal quarter of FY21. A significant degree of uncertainty looms over the forecast horizon as economic outcomes are strongly influenced by federal fiscal relief measures, as well as the rate of coronavirus cases and deaths. The pessimistic forecast, which will be the basis of this quarterly report, is heavily based upon a belief that some of the recent economic improvements will not generate a firmer recovery until a vaccine becomes available by mid-calendar year 2021. It also assumes a resurgence in new coronavirus cases will occur in the fall months, an assumption that has already been met in most states including Kentucky.

Due to the continued impact of the coronavirus, the level of uncertainty in the economy and revenue picture remains heightened. Outbreaks of the coronavirus hinder the pace of businesses reopening and may keep consumers from resuming previous spending habits, thereby greatly slowing the recovery in consumer spending and business investment. This slowing recovery and suppressed business operating capacity will translate into further job loss and negatively impact aggregate demand. There is an estimated FY21 General Fund revenue shortfall of $99 million compared to the enacted revenue estimate of $11,603.1 million. The Road Fund outlook has improved.

The economic outlook for the Commonwealth reveals a bleak trajectory for personal income, wages and salaries for the final three quarters of FY21. Wages and salaries are expected to decline. This decline will present difficulties in recovery in the withholding component of individual income tax and sales and use tax. Wage and salary income is the largest component of personal income and has historically made up nearly 53 percent of personal income. In FY21, wages and salaries will comprise approximately 44 percent of state personal income. Income from wages will be slow to accelerate in the near term, as thousands of Kentuckians remain unemployed due to statewide shutdown orders and business closures. Kentucky personal income is expected to fall 3.0 percent while wages and salaries are expected to decline 4.2 percent over the final three quarters of FY21. Throughout the course of FY21, Kentucky personal income is expected to decline by 1.8 percent, slightly outperforming the US personal income decline of 3.0 percent. The expected decline in personal income is due in large part to a large decrease in wages and salaries and proprietors' income relative to the same three quarter period in FY20.

EFFECTS OF CORONAVIRUS

On March 11, 2020, the World Health Organization officially declared Coronavirus (COVID-19), the disease caused by the novel coronavirus, a pandemic. The impact of the pandemic which had begun to be seen in late March 2020, impacted fiscal year 2020 and is likely to affect various parts of the fiscal year 2021 operations and financial performance. In response to the COVID-19 pandemic, the United States Congress passed, and the President-signed, a variety of legislation (including but not limited to the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act") that provides certain relief to partially mitigate the economic impact of the pandemic. The relief provided under the CARES Act has been and is expected to be distributed through the Coronavirus Relief Fund (CRF). The outbreak of COVID-19 has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The degree of any such impact to the State's operations and finances (and those of its municipalities and major public authorities), is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the overall impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the State, its economy and the Financial Plan.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commonwealth of Kentucky's finances for all of Kentucky's citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Commonwealth's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Commonwealth of Kentucky, Finance and Administration Cabinet, Office of the Controller, 702 Capital Avenue, Frankfort, KY 40601.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
June 30, 2020
(Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and cash equivalents (Note 5)	$ 2,559,624	$ 455,043	$ 3,014,667	$ 2,489,066
Cash on deposit with the federal Government (Note 5)	—	10,654	10,654	—
Cash with fiscal agents (Note 5)	119,865	—	119,865	—
Restricted cash (Note 5)	6,236	—	6,236	—
Investments, net of amortization (Note 5)	1,309,759	359,541	1,669,300	2,157,600
Invested security collateral (Note 5)	64,140	—	64,140	—
Receivables, net (Note 4)	2,780,673	639,632	3,420,305	3,997,880
Notes receivable	5,190	161	5,351	—
Capital lease receivable (Note 4)	153,720	—	153,720	—
Internal balances (Note 7)	(52,784)	52,784	—	—
Inventories	76,528	16,678	93,206	97,615
Prepaid expenses	7,945	4,224	12,169	54,949
Unamortized cost of issuance	945	—	945	—
Restricted assets:				
Cash and cash equivalents (Note 5)	—	—	—	648,497
Investments (Note 5)	—	—	—	2,006,106
Capital assets (Note 6):				
Land	244,258	24,943	269,201	518,986
Improvements other than buildings	33,473	154,901	188,374	642,929
Buildings	1,705,907	369,967	2,075,874	10,677,685
Machinery and equipment	828,472	21,473	849,945	1,939,125
Other capital assets	—	2,276	2,276	655,758
Easements and other intangibles	222,432	4,638	227,070	309,351
Less: Accumulated depreciation and amortization	(1,360,206)	(317,579)	(1,677,785)	(6,276,013)
Construction in progress	2,469,248	12,491	2,481,739	364,468
Infrastructure	21,800,427	—	21,800,427	1,043,493
Total Capital Assets	25,944,011	273,110	26,217,121	9,875,782
Other assets	—	—	—	509,629
Total Assets	32,975,852	1,811,827	34,787,679	21,837,124
Deferred outflows of resources (Note 16)	4,975,047	55,769	5,030,816	328,553
Liabilities				
Accounts payable (Note 4)	1,309,298	532,775	1,842,073	783,777
Tax refunds payable	339,828	—	339,828	—
Unearned revenue	1,496,274	3,849	1,500,123	331,765
Other liabilities	—	—	—	251,744
Liabilities from restricted assets	—	—	—	6,895
Obligations under securities lending	64,140	—	64,140	—
Noncurrent liabilities:				
Due within one year (Note 16)	1,118,616	292,687	1,411,303	444,203
Due in more than one year (Note 16)	35,425,898	1,016,989	36,442,887	7,916,043
Total Liabilities	39,754,054	1,846,300	41,600,354	9,734,427
Deferred inflows of resources (Note 16)	9,718,731	21,093	9,739,824	1,447,882
Net Position				
Net investment in capital assets	24,168,762	253,466	24,422,228	5,653,068
Restricted for:				
Debt service	212,299	—	212,299	525,511
Capital projects	864,278	—	864,278	221,601
Highways	550,285	—	550,285	—
Unemployment benefits	—	—	—	—
Other purposes (Note 1)	—	—	—	4,017,238
Unrestricted	(37,317,510)	(253,263)	(37,570,773)	565,950
Total Net Position	$ (11,521,886)	$ 203	$ (11,521,683)	$ 10,983,368

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

COMMONWEALTH OF KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2020
(Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 405,039	$ 692,112	$ 271,505	$ 6,315
Legislative and Judicial	526,102	42,633	7,735	—
Commerce	175,902	58,587	30,037	242
Education and Humanities	6,070,241	57,848	1,129,443	—
Human Resources	13,760,639	195,329	10,494,997	6,075
Justice	1,470,004	29,395	98,497	—
Natural Resources and Environmental Protection	254,103	46,378	78,916	—
Public Protection and Regulation	167,030	106,120	6,426	—
Transportation	1,938,390	294,743	7,807	982,051
Interest expense	277,084	—	—	—
Total Governmental Activities	25,044,534	1,523,145	12,125,363	994,683
Business-Type Activities:				
State Parks	122,723	40,574	—	—
Kentucky Horse Park	16,993	7,297	—	—
Kentucky Public Employees Health Plan	1,839,500	1,851,183	—	—
Insurance Administration	41,317	114,048	—	—
Unemployment Compensation	3,890,468	348,610	—	—
Total Business-Type Activities	5,911,001	2,361,712	—	—
Total Primary Government	$ 30,955,535	$ 3,884,857	$ 12,125,363	$ 994,683
Component Units:				
Authorities:				
Kentucky Housing Corporation	$ 263,112	$ 100,111	$ 200,461	$ —
Kentucky Higher Education Student Loan Corporation	29,750	25,232	—	—
Kentucky Lottery Corporation	931,555	1,203,442	—	—
Kentucky Public Transportation Infrastructure Authority	12,134	49,794	—	—
Universities, Colleges, & Related Entities:				
University of Kentucky	3,586,554	3,035,355	475,988	35,584
University of Louisville	2,162,405	1,831,612	109,398	—
Kentucky Community and Technical College System	514,480	110,353	100,048	—
Other Component Units	1,579,165	766,296	434,230	2,147
Total Component Units	$ 9,079,155	$ 7,122,195	$ 1,320,125	$ 37,731
General Revenues (Note 1):				
Taxes:				
Sales and gross receipt tax				
Individual income tax				
Corporate income tax				
Property tax				
License and privilege tax				
Severance tax				
Inheritance and estate tax				
Miscellaneous taxes				
Unrestricted grants and contributions				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous general				
Special items				
Extraordinary items				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position at July 1, As Restated (Note 2)				
Net Position at June 30				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
$ 564,893	$ —	$ 564,893	
(475,734)	—	(475,734)	
(87,036)	—	(87,036)	
(4,882,950)	—	(4,882,950)	
(3,064,238)	—	(3,064,238)	
(1,342,112)	—	(1,342,112)	
(128,809)	—	(128,809)	
(54,484)	—	(54,484)	
(653,789)	—	(653,789)	
(277,084)	—	(277,084)	
(10,401,343)	—	(10,401,343)	
—	(82,149)	(82,149)	
—	(9,696)	(9,696)	
—	11,683	11,683	
—	72,731	72,731	
—	(3,541,858)	(3,541,858)	
—	(3,549,289)	(3,549,289)	
(10,401,343)	(3,549,289)	(13,950,632)	
—	—	—	$ 37,460
—	—	—	(4,518)
—	—	—	271,887
—	—	—	37,660
—	—	—	(39,627)
—	—	—	(221,395)
—	—	—	(304,079)
—	—	—	(376,492)
—	—	—	(599,104)
6,827,433	—	6,827,433	—
4,831,399	—	4,831,399	—
395,865	—	395,865	—
654,791	—	654,791	—
29,257	—	29,257	—
109,176	—	109,176	—
48,250	—	48,250	—
216,749	—	216,749	—
4,597	2,744,933	2,749,530	1,401,591
—	49,769	49,769	39,799
7,657	44	7,701	(349)
741,366	(7,221)	734,145	580,033
—	—	—	—
—	—	—	—
145,482	(145,482)	—	(256,068)
14,012,022	2,642,043	16,654,065	1,765,006
3,610,679	(907,246)	2,703,433	1,165,902
(15,132,565)	907,449	(14,225,116)	9,817,466
$ (11,521,886)	$ 203	$ (11,521,683)	$ 10,983,368

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Major Funds

General Fund

The General Fund is the Commonwealth's operating fund and accounts for and reports all financial resources appropriated by the General Assembly that are not required to be accounted for in other funds.

Transportation Fund

The Transportation Fund accounts for and reports specific revenue sources which are restricted or committed for the construction, preservation, and maintenance of roads.

Federal Fund

The Federal Fund accounts for and reports monies received from the federal government that are restricted or committed to specific programs and operations.

Agency Revenue Fund

The Agency Revenue Fund accounts for and reports specific taxes, fees, and charges that are restricted or committed to expenditures for a particular function or activity. The General Assembly usually appropriates this fund.

Capital Projects Fund

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

Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for repayment of principal, interest, and administrative fees due on general long-term issues of the Commonwealth and for the accumulation of financial resources used to make such payments.

Non-Major Funds

Non-Major governmental funds are presented by fund type beginning on page..... 219

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020
(Expressed in Thousands)

	General	Transportation	Federal	Agency Revenue	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents (Note 5)	$ 209,342	$ 93,861	$1,435,450	$ 209,722	$ 62,711	$ 17	$ 532,716	$ 2,543,819
Cash with fiscal agents (Note 5)	—	—	—	—	26,682	93,184	—	119,866
Restricted cash (Note 5)	—	—	6,236	—	—	—	—	6,236
Investments, net of amortization (Note 5)	4,821	357,641	—	541,445	229,435	124	141,490	1,274,956
Invested security collateral	6,056	13,411	—	22,755	8,677	—	13,240	64,139
Receivables, net (Note 4)	1,644,864	161,280	735,613	96,094	4,710	—	136,653	2,779,214
Notes receivable	—	—	151	3,659	—	—	1,380	5,190
Capital lease receivable (Note 4)	—	—	—	—	—	153,720	—	153,720
Interfund receivables (Note 7)	29,585	3,816	8,332	142,521	7,470	—	6,988	198,712
Interfund loans receivable (Note 7)	—	—	—	19,117	—	—	13,601	32,718
Inventories	5,375	64,089	445	4,346	—	—	—	74,255
Total Assets	$ 1,900,043	$ 694,098	$2,186,227	$ 1,039,659	$ 339,685	$ 247,045	$ 846,068	$ 7,252,825
Liabilities and Fund Balances								
Liabilities:								
Accounts payable (Note 4)	$ 560,785	$ 90,655	$ 556,247	$ 71,155	$ 8,443	$ —	$ 31,821	$ 1,319,106
Tax refunds payable	339,828	—	—	—	—	—	—	339,828
Interfund payables (Note 7)	139,604	2,838	83,276	15,990	3,145	—	26,649	271,502
Interfund loans payable (Note 7)	2,971	—	—	4,701	—	—	462	8,134
Obligations under securities lending	6,056	13,411	—	22,755	8,677	—	13,240	64,139
Unearned revenue	—	—	1,495,483	236	798	—	1	1,496,518
Other liabilities	—	—	—	—	—	—	2,781	2,781
Total Liabilities	1,049,244	106,904	2,135,006	114,837	21,063	—	74,954	3,502,008
Deferred inflows of resources Unavailable	240,491	36,909	151,794	56,370	1,107	153,720	105,377	745,768
Fund Balances:								
Nonspendable (Note 1)	5,375	—	—	—	—	—	—	5,375
Restricted for (Note 1)	—	550,285	445	828,519	317,515	93,325	540,816	2,330,905
Committed to (Note1)	—	—	—	18,290	—	—	115,747	134,037
Assigned to (Note1)	93,764	—	—	21,643	—	—	9,174	124,581
Unassigned (Note 1)	511,169	—	(101,018)	—	—	—	—	410,151
Total Fund Balances	610,308	550,285	(100,573)	868,452	317,515	93,325	665,737	3,005,049
Total Liabilities and Fund Balances	$ 1,900,043	$ 694,098	$2,186,227	$ 1,039,659	$ 339,685	$ 247,045	$ 846,068	$ 7,252,825

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

RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020
(Expressed in Thousands)

Total Fund Balances - Governmental Funds		$ 3,005,049
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land and other non-depreciable assets	$ 327,425	
Buildings, equipment, and other depreciable assets	2,029,433	
Infrastructure	21,800,427	
Accumulated depreciation	(1,034,372)	
Construction in progress	2,450,824	25,573,737
Certain revenues are earned but not available, and therefore, are deferred in the funds.		745,768
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		6,139
Internal service funds are used by management to charge the costs of Fleet Management, Computer Services, Central Printing, Prison Industries, Property Management and Risk Management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		(177,289)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital lease obligations	$ (31,532)	
Compensated absences	(254,063)	
Pollution remediation obligations	(10,869)	
Judgements and contingencies	(10,608)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	(104,660)	
Net pension obligations and related deferred outflows/inflows	(32,881,019)	(33,292,751)
Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds; however, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement:		
Bonds payable	$ (6,090,144)	
Notes payable	(691,489)	
Unamortized premiums and discounts	(460,239)	
Less deferred amounts on refundings	(36,302)	
Accrued interest payable	(104,365)	(7,382,539)
Net Position of Governmental Activities		$ (11,521,886)

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

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	General	Transportation	Federal	Agency Revenue	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 11,293,996	$ 1,340,456	$ —	$ 460,008	$ —	$ —	$ 87,125	$ 13,181,585
Licenses, fees, and permits	27,382	148,839	—	230,354	—	—	14,003	420,578
Intergovernmental	304	—	12,988,214	59,381	12,394	—	8	13,060,301
Charges for services	279,690	9,291	1,375	691,958	138	45,650	248,305	1,276,407
Fines and forfeits	25,504	9	—	7,115	—	—	17,014	49,642
Interest and other investment income	(3,863)	4,849	3,106	8,758	23,236	725	24,474	61,285
Increase (decrease) in fair value of investments	(1,364)	1,849	265	3,507	581	10	91	4,939
Securities lending income	428	947		1,607	613		—	3,595
Other revenues	86,856	6,106	91,099	442,957	932	107,663	148,893	884,506
Total Revenues	11,708,933	1,512,346	13,084,059	1,905,645	37,894	154,048	539,913	28,942,838
Expenditures								
Current:								
General Government	1,744,318	—	168,598	202,625	—	—	666,968	2,782,509
Legislative and Judicial	446,827	—	7,753	40,632	—	—	—	495,212
Commerce	36,219	—	21,511	57,081	—	—	656	115,467
Education and Humanities	4,834,010	—	1,083,431	36,430	—	—	75,604	6,029,475
Human Resources	2,851,773	—	10,637,271	980,119	—	—	28,674	14,497,837
Justice	902,032	—	101,236	125,638	—	—	5,805	1,134,711
Natural Resources and Environmental Protection	73,554	—	72,906	57,749	—	—	11,472	215,681
Public Protection and Regulation	17,929	—	5,535	118,767	—	—	2,284	144,515
Transportation	7,138	1,356,450	939,210	110,812	—	—	129,294	2,542,904
Debt service:								
Principal retirement	—	—	—	—	—	502,256	192,320	694,576
Interest and fiscal charges	—	—	—	—	—	217,549	87,201	304,750
Other expenditures	—	—	—	—	—	(7,130)	545	(6,585)
Securities lending	365	809	—	1,373	524	—	—	3,071
Capital outlay:								
Buildings	—	—	—	—	323,072	—	—	323,072
Total Expenditures	10,914,165	1,357,259	13,037,451	1,731,226	323,596	712,675	1,200,823	29,277,195
Excess (Deficiency) of Revenues over (under) Expenditures	794,768	155,087	46,608	174,419	(285,702)	(558,627)	(660,910)	(334,357)
Other Financing Sources (Uses)								
Transfers in	316,344	4,124	125	336,064	51,088	725,255	758,088	2,191,088
Transfers out	(732,112)	(159,095)	(114,978)	(381,039)	(138,931)	—	(529,274)	(2,055,429)
Capitalized leases	547	122	329	705	—	—	—	1,703
Issuance of bonds:								
New issues	—	—	—	—	389,330	66,805	446,496	902,631
Refunding issues	—	—	—	—	—	—	6,076	6,076
Premiums	—	—	—	—	41,653	3,339	128	45,120
Discounts	—	—	—	—	(1,184)	(266)	(588)	(2,038)
Payments to refunded bond escrow agent	—	—	—	—	—	(170,751)	(5,603)	(176,354)
Total Other Financing Sources (Uses)	(415,221)	(154,849)	(114,524)	(44,270)	341,956	624,382	675,323	912,797
Net Change in Fund Balances	379,547	238	(67,916)	130,149	56,254	65,755	14,413	578,440
Fund Balances at July 1, as restated	232,760	544,377	(32,949)	736,563	261,261	27,570	651,324	2,420,906
Increase (decrease) in inventories	(1,999)	5,670	292	1,740	—	—	—	5,703
Fund Balances at June 30	$ 610,308	$ 550,285	$ (100,573)	$ 868,452	$ 317,515	$ 93,325	$ 665,737	$ 3,005,049

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

Net Change in Fund Balances-Total Governmental Funds		$ 578,440
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Assets disposed of, net book value	$ (19,954)	
Donated assets, acquisition value	1,080	
Buildings, equipment, and other depreciable assets	73,416	
Infrastructure	541,469	
Accumulated depreciation	(91,930)	504,081
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		177,359
Certain expenditures are reported in the funds; however, they increase assets reported on the Statement of Net Position and have been eliminated from the Statement of Activities:		
Prepaid expenses	$ 4,736	
Inventories	5,703	10,439
Internal service funds are used by management to charge the costs of Fleet Management, Computer Services, Central Printing, Prison Industries, Property Management and Risk Management to individual funds. The net revenues (expense) of certain activities of the internal service funds are reported with governmental activities.		(15,115)
Certain expenditures are reported in the funds; however, they either increase or decrease long-term liabilities reported on the Statement of Net Position and have been eliminated from the Statement of Activities.		
Capital lease payments	$ 5,951	
Compensated absence payments	(14,142)	
Pollution remediation payments	(3,942)	
Litigation payments	438,197	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	5,590	
Excess contributions to pension funds	1,646,494	2,078,148
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond and note proceeds and premiums received	$ (946,932)	
Repayment of bond principal	1,093,820	
Payment to refunded bond escrow agent	168,230	
Accrued interest	(45,626)	
Loss on refunding	8,133	
Unamortized issue costs	(298)	277,327
Change in Net Position of Governmental Activities		$ 3,610,679

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

Enterprise Funds (All Major)

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

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

Insurance Administration Fund
The Insurance Administration Fund accounts for insurance risk pools operated by the state. These include:

> ***Workers' Compensation Fund*** provides benefits for workers with illnesses, which are not attributable to one employer.
> ***Petroleum Storage Tank Environmental Assurance Program*** provides for the cleanup of leaking underground storage tanks in amounts that exceed the insurance required of the owners and operators.
> ***Mine Subsidence Insurance Program*** provides coverage against losses arising out of or due to mine subsidence within the Commonwealth.
> ***Kentucky Reclamation Guaranty Program*** provides coverage to reclaim surface mined land when the permit holder has forfeited bonds posted for such purpose.

Kentucky Public Employees Health Insurance Fund
The Kentucky Public Employees Health Insurance Fund accounts for the revenues and expenses incurred in the commercial operation of the health insurance program for state employees, teachers and retirees.

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

Internal Service Funds

Individual fund statements for the Internal Service Funds, whose combined totals are presented on this statement, begin on page 229

COMMONWEALTH OF KENTUCKY
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2020
(Expressed in Thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
Assets			
Current assets:			
Cash and cash equivalents (Note 5)	$ 169	$ 60	$ 95,828
Cash on deposit with the federal government (Note 5)	—	—	—
Cash with fiscal agents (Note 5)	—	—	—
Restricted cash (Note 5)	—	—	—
Receivables, net (Note 4)	2,082	267	—
Interfunds receivable (Note 7)	3,953	17	474
Inventories	930	26	15,722
Prepaid expenses	46	26	2,857
Total Current Assets	7,180	396	114,881
Noncurrent assets:			
Restricted investments (Note 5)	—	—	—
Investments, net of amortization (Note 5)	—	717	357,853
Receivables, net	—	161	—
Capital assets (Note 6):			
Land	20,490	4,453	—
Improvements other than buildings	118,569	36,332	—
Buildings	265,853	104,114	—
Machinery and equipment	14,737	3,729	3,007
Other capital assets	—	2,276	—
Easements and other intangibles	2,322	—	2,316
Less: Accumulated depreciation and amortization	(257,226)	(58,602)	(1,751)
Construction in progress	12,491	—	—
Total Capital Assets	177,236	92,302	3,572
Total Noncurrent Assets	177,236	93,180	361,425
Total Assets	184,416	93,576	476,306
Deferred outflows of resources (Note 16)	31,897	4,133	15,685
Liabilities			
Current liabilities:			
Accounts payable (Note 4)	5,939	677	2,050
Interfunds payable (Note 7)	3,988	18	455
Interfund loans payable (Note 7)	16,215	2,023	—
Claims liability (Note 16)	—	—	55,449
Claims adjustment liability (Note 16)	—	—	4,405
Capital lease obligations (Note 11) (Note 16)	1,832	292	—
Pollution Remediation (Note 16)	—	30	—
Compensated absences (Note 16)	4,760	447	1,183
Unearned revenue	3,285	564	—
Other liabilities (Note 16)	—	—	—
Total Current Liabilities	36,019	4,051	63,542
Noncurrent liabilities:			
Claims liability (Note 16)	—	—	498,055
Claims adjustment liability (Note 16)	—	—	28,525
Capital lease obligations (Note 11) (Note 16)	17,064	456	—
Pollution Remediation (Note 16)	—	319	—
Compensated absences (Note 16)	251	24	296
Net pension liability (Note 8) (Note 16)	216,718	25,551	107,732
Net OPEB Liability (Note 9) (Note 16)	33,162	3,791	16,125
Other liabilities (Note 16)	—	—	—
Total Noncurrent Liabilities	267,195	30,141	650,733
Total Liabilities	303,214	34,192	714,275
Deferred inflows of resources (Note 16)	11,848	1,374	6,854
Net Position			
Net investment in capital assets	158,339	91,555	3,572
Restricted for:			
Unemployment benefits	—	—	—
Unrestricted	(257,088)	(29,412)	(232,710)
Total Net Position	$ (98,749)	$ 62,143	$ (229,138)

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

Enterprise Funds			Governmental
Kentucky Public Employees Health Plan	Unemployment Compensation	Totals June 30, 2020	Activities- Internal Service Funds
$ 354,817	$ 4,169	$ 455,043	$ 47,903
—	10,654	10,654	—
—	—	—	—
—	—	—	—
115,536	521,747	639,632	1,459
71,111	26	75,581	2,134
—	—	16,678	2,275
1,295	—	4,224	3,210
542,759	536,596	1,201,812	56,981
—	—	—	—
971	—	359,541	2,704
—	—	161	—
—	—	24,943	16,740
—	—	154,901	4,100
—	—	369,967	473,626
—	—	21,473	181,543
—	—	2,276	1,675
—	—	4,638	—
—	—	(317,579)	(325,834)
—	—	12,491	18,424
—	—	273,110	370,274
971	—	632,812	372,978
543,730	536,596	1,834,624	429,959
4,054	—	55,769	37,812
12,527	511,582	532,775	24,671
—	98	4,559	330
—	—	18,238	6,382
91,271	—	146,720	32,080
—	—	4,405	629
—	—	2,124	10,627
—	—	30	—
318	—	6,708	3,347
—	—	3,849	220
132,700	—	132,700	—
236,816	511,680	852,108	78,286
—	—	498,055	210,513
—	—	28,525	5,088
—	—	17,520	26,249
—	—	319	—
23	—	594	1,862
22,378	—	372,379	260,784
3,522	—	56,600	42,088
—	42,997	42,997	—
25,923	42,997	1,016,989	546,584
262,739	554,677	1,869,097	624,870
1,017	—	21,093	20,190
—	—	253,466	333,399
—	—	—	
284,028	(18,081)	(253,263)	(510,688)
$ 284,028	$ (18,081)	$ 203	$ (177,289)

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
Operating Revenues:			
Charges for sales and services:			
State parks sales and services	$ 40,574	$ —	$ —
Horse park admissions and sales	—	7,297	—
Insurance receipts	—	—	114,048
Unemployment insurance receipts	—	—	—
Internal service fund receipts	—	—	—
Other services	355	67	1,311
Total Operating Revenues	40,929	7,364	115,359
Operating Expenses:			
Personal services	70,273	8,056	29,023
Utilities, rental, and other services	18,654	3,636	4,664
Commodities and supplies	16,985	848	777
Grants and subsidies	—	11	—
Depreciation and amortization	11,868	4,407	360
Travel	227	4	179
Reinsurance expense	—	—	—
Claims expense	258	—	13,026
Claims adjustment expense	5	—	(6,716)
Other expenses	1,899	—	4
Total Operating Expenses	120,169	16,962	41,317
Operating Income (Loss)	(79,240)	(9,598)	74,042
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	(1,433)	44	—
Interest and other investment income	—	—	13,900
Increase (decrease) in fair value of investments	—	—	15,889
Interest expense	(1,121)	(31)	—
Intergovernmental	—	—	—
Other revenues (expenses)	—	—	(8,963)
Total Nonoperating Revenues (Expenses)	(2,554)	13	20,826
Income (Loss) before Capital Contributions and Transfers	(81,794)	(9,585)	94,868
Capital contributions			
Transfers in	69,525	2,342	80
Transfers out	(3,476)	—	(24,762)
Change in Net Position	(15,745)	(7,243)	70,186
Net Position at July 1, As Restated	(83,004)	69,386	(299,324)
Net Position at June 30	$ (98,749)	$ 62,143	$ (229,138)

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

Enterprise Funds			Governmental Activities- Internal Service Funds
Kentucky Public Employees Health Plan	Unemployment Compensation	Totals June 30, 2020	
$ —	$ —	$ 40,574	$ —
—	—	7,297	—
1,851,183	—	1,965,231	—
—	348,610	348,610	—
—	—	—	241,215
—	—	1,733	28,108
1,851,183	348,610	2,363,445	269,323
9,620	7,576	124,548	97,634
1,040	840	28,834	60,390
956	—	19,566	48,988
—	3,882,037	3,882,048	603
—	—	16,635	28,630
7	12	429	83
—	—	—	244
1,712,172	—	1,725,456	56,036
—	—	(6,711)	887
115,705	3	117,611	—
1,839,500	3,890,468	5,908,416	293,495
11,683	(3,541,858)	(3,544,971)	(24,172)
—	—	(1,389)	622
6,968	13,012	33,880	161
—	—	15,889	—
—	—	(1,152)	(1,145)
—	2,744,933	2,744,933	—
9	—	(8,954)	—
6,977	2,757,945	2,783,207	(362)
18,660	(783,913)	(761,764)	(24,534)
77	—	72,024	15,324
(175,364)	(13,904)	(217,506)	(5,905)
(156,627)	(797,817)	(907,246)	(15,115)
440,655	779,736	907,449	(162,174)
$ 284,028	$ (18,081)	$ 203	$ (177,289)

COMMONWEALTH OF KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Business-Type Activities -		
	State Parks	Kentucky Horse Park	Insurance Administration
Cash Flows from Operating Activities			
Cash received from customers - public	$ 40,052	$ 951	$ 113,161
Cash received from customers - state	—	7,193	1,235
Cash payments to suppliers for goods and services	(31,049)	(3,157)	(1,532)
Cash payments for employee salaries and benefits	(60,810)	(7,060)	(23,522)
Cash payments for claims expense	(263)	—	(60,979)
Cash payments from other sources	355	67	1,240
Cash payments to other sources	(4,361)	—	(12,035)
Net Cash Provided (Used) by Operating Activities	(56,076)	(2,006)	17,568
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	69,525	2,342	80
Transfers to other funds	(3,476)	—	(24,762)
Intergovernmental	—	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	66,049	2,342	(24,682)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(7,038)	(451)	(733)
Principal paid on revenue bond maturities and equipment contracts	(1,817)	(346)	—
Interest paid on revenue bonds and equipment contracts	(1,121)	(31)	—
Proceeds from the sale of capital assets	3	—	—
Net Cash Provided (Used) for Capital and Related Financing Activities	(9,973)	(828)	(733)
Cash Flows from Investing Activities			
Purchase of investment securities	—	(24)	(158,050)
Proceeds from the sale of investment securities	—	—	158,352
Interest and dividends on investments	—	—	14,121
Net Cash Provided (Used) in Investing Activities	—	(24)	14,423
Net Increase (Decrease) in Cash and Cash Equivalents	—	(516)	6,576
Cash and Cash Equivalents at July 1, As Restated	169	576	89,252
Cash and Cash Equivalents at June 30	$ 169	$ 60	$ 95,828
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	$ (79,240)	$ (9,598)	$ 74,042
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	11,868	4,407	360
Miscellaneous nonoperating income (expense)	—	—	(8,962)
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	372	763	258
Interfund receivables	(3,901)	(1)	(18)
Inventories	277	3	—
Prepaid expenses	(1)	(27)	—
Other assets	—	(10)	89
(Increase) decrease in deferred outflows	7,470	357	1,420
Increase (decrease) in liabilities:			
Accounts payable	(2,784)	(755)	683
Interfund payables	7,136	2,038	416
Claims liability	—	—	(48,116)
Claims adjustment liability	—	—	(6,716)
Compensated absences	(306)	(76)	(32)
Unearned revenue	508	94	—
Pension liability	342	1,443	5,071
OPEB liability	(3,530)	(179)	(1,411)
Other liabilities	(1)	—	—
Increase (decrease) in deferred inflows	5,714	(465)	484
Net Cash Provided (Used) by Operating Activities	$ (56,076)	$ (2,006)	$ 17,568
Noncash Investing, Capital, and Financing Activities			
Change in fair value of investments	$ —	$ —	$ 15,889
Contributions of capital assets	—	—	—
Capital assets acquired through leases	(41)	—	—
Total Noncash Investing, Capital, and Financing Activities	$ (41)	$ —	$ 15,889

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

Enterprise Funds			Governmental Activities - Internal Service Funds
Kentucky Public Employees Health Plan	Unemployment Compensation	Totals June 30, 2020	
$ 174,100	$ 428,015	$ 756,279	$ 18,323
1,525,096	—	1,533,524	246,629
(5,489)	(745)	(41,972)	(113,356)
(4,460)	(7,590)	(103,442)	(97,458)
(1,785,604)	—	(1,846,846)	(39,207)
146,953	4,885	153,500	148
	(3,385,211)	(3,401,607)	(2,685)
50,596	(2,960,646)	(2,950,564)	12,394
77	—	72,024	15,324
(175,364)	(13,904)	(217,506)	(5,905)
7	2,325,940	2,325,947	—
(175,280)	2,312,036	2,180,465	9,419
—	—	(8,222)	(31,506)
—	—	(2,163)	(10,625)
—	—	(1,152)	(1,145)
—	—	3	428
—	—	(11,534)	(42,848)
—	—	(158,074)	—
—	—	158,352	7,424
6,406	13,012	33,539	162
6,406	13,012	33,817	7,586
(118,278)	(635,598)	(747,816)	(13,449)
473,095	650,421	1,213,513	61,352
$ 354,817	$ 14,823	$ 465,697	$ 47,903
$ 11,683	$ (3,541,858)	$ (3,544,971)	$ (24,172)
—	—	16,635	28,630
2	—	(8,960)	—
(5,253)	79,404	75,544	(484)
—	—	(3,920)	(834)
—	—	280	(341)
(929)	—	(957)	(3,294)
—	—	79	—
(232)	—	9,015	6,525
(206)	496,826	493,764	(4,773)
—	98	9,688	4,679
6,106	—	(42,010)	16,786
—	—	(6,716)	(153)
24	—	(390)	(242)
—	—	602	(2,903)
1,920	—	8,776	242
(40)	—	(5,160)	(4,643)
37,600	4,884	42,483	—
(79)	—	5,654	(2,629)
$ 50,596	$ (2,960,646)	$ (2,950,564)	$ 12,394
$ —	$ —	$ 15,889	—
—	—	—	(83,516)
—	—	(41)	(59)
$ —	$ —	$ 15,848	$ (83,575)

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Pension (and Other Post Employment Benefit) Trust Funds account for monies received for and expenses incurred by the various public employee retirement systems administered by the Commonwealth. Kentucky uses the following pension (and other post employment benefit) trust funds:

Kentucky Employees' Retirement System
County Employees' Retirement System
Judicial Retirement Plan
State Police Retirement System
Kentucky Teachers' Retirement System
Legislators' Retirement Plan
Kentucky Public Employees' Deferred Compensation Authority

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

Commonwealth Choice Program
County Fees Trust Fund
Special Deposit Trust Fund
Coal Workers' Pneumoconiosis Fund

COMMONWEALTH OF KENTUCKY
STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Pension (and Other Post Employment Benefit) Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 5)	$ 2,276,973	$ 290,717
Investments, net of amortization (Note 5)	—	285,312
Pension trust fund investments (Note 5):		
Corporate and government bonds	16,986,165	—
Common stocks	18,281,736	—
Alternatives	1,579,203	—
Derivatives	9,618	—
Real estate	2,126,478	—
Other	3,359,859	—
Invested security collateral	355,013	56,038
Receivables, net	605,685	115,136
Prepaid expenses	40	—
Capital assets, net	13,691	—
Total Assets	45,594,461	747,203
Liabilities		
Investments - accounts payable	556,296	—
Accounts payable	47,586	304,108
Amounts held in custody for others	—	387,057
Obligations under securities lending	355,013	56,038
Total Liabilities	958,895	747,203
Net Position		
Restricted for:		
Pension and other post employment benefits	44,635,566	—
Total Net Position	$ 44,635,566	$ —

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

COMMONWEALTH OF KENTUCKY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Pension (and Other Post Employment Benefit) Trust Funds
Additions	
Contributions:	
Employer	$ 3,440,297
Member	952,745
Non-Employer	—
Total Contributions	4,393,042
Other Contributions:	
Participant fees	8,157
Other receipts	6,278
Total Other Contributions	14,435
Investment income:	
Net increase (decrease) in fair value of investments	819,773
Interest	617,979
Dividends	250,947
Real estate operating income, net	27,050
Securities lending income, net	15,203
Total Investment Income	1,730,952
Less: Investment expense	151,577
Less: Securities lending expense	9,849
Net Investment Income	1,569,526
Total Additions	5,977,003
Deductions	
Benefit payments	4,617,439
Refunds	62,056
Administrative expenses	62,599
Self funding insurance costs	5,986
Healthcare premiums subsidies	378,591
Other deductions, net	145,996
Total Deductions	5,272,667
Change in Net Position	704,336
Net Position - Restricted for Pension and Other Post Employment Benefits	
Net Position at July 1	43,931,230
Net Position at June 30	$ 44,635,566

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

COMPONENT UNITS FINANCIAL STATEMENTS

Major Component Units

Kentucky Housing Corporation

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

Kentucky Higher Education Student Loan Corporation

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

Kentucky Lottery Corporation

The Kentucky Lottery Corporation, empowered by KRS 154A, administers the Kentucky State Lottery and operates pursuant to amend-ed section 226 of the Constitution of Kentucky as ratified by voters of the Commonwealth.

Kentucky Public Transportation Infrastructure Authority (KPTIA)

The Kentucky Public Transportation Infrastructure Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth established in 2009 pursuant to KRS Chapter 175B as amended. The authority reviews, approves and monitor certain significant transportation projects. The projects are within the Commonwealth and between the Commonwealth and other states.

Universities, Colleges, and Related Entities

The Universities, Colleges, and Related Entities account for all transactions relating to the eight State-supported universities and the system of community colleges and technical schools. These institutions maintain their own financial records and are not part of the central accounting system operated by the Finance and Administration Cabinet. The major component units-universities, colleges, and related entities are:

University of Kentucky
University of Louisville
Kentucky Community and Technical College System

Non-Major Component Units

The non-major component units are presented beginning on page..... 256

COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	University of Louisville	Kentucky Community and Technical College System	Kentucky Housing Corporation
Assets				
Current assets:				
Cash and cash equivalents (Note 5)	$ 1,024,241	$ 474,115	$ 265,978	$ 108,823
Restricted cash (Note 5)	—	7,637	—	—
Investments, net of amortization (Note 5)	16,119	128,009	—	98,368
Accounts receivable, net	429,692	351,104	33,095	5,463
Interest receivable	1,069	—	—	—
Inventories	55,501	36,115	—	—
Prepaid expenses	10,552	28,007	—	—
Other current assets	1,895	60,846	2,282	73,199
Total Current Assets	1,539,069	1,085,833	301,355	285,853
Noncurrent assets:				
Restricted cash (Note 5)	207,044	48,865	76,256	—
Long-term investments (Note 5)	70,919	805,629	17,357	150,469
Restricted long-term investments (Note 5)	1,598,415	—	67,299	—
Long-term receivables, net	350,727	74,533	1,885	437,484
Capital assets (Note 6):				
Land	91,328	137,547	31,473	1,089
Improvements other than buildings	372,467	33,996	27,578	—
Buildings	4,126,851	1,755,743	946,332	5,927
Machinery and equipment	692,801	436,635	208,275	3,523
Infrastructure	—	—	—	—
Other capital assets	170,974	288,359	50,762	—
Easements and other intangibles	236,858	4,757	308	—
Less: Accumulated depreciation and amortization	(2,319,772)	(1,205,522)	(564,793)	(6,971)
Construction in progress	166,140	43,388	54,616	—
Total Capital Assets	3,537,647	1,494,903	754,551	3,568
Other assets	5,112	112,489	52,525	6,179
Total Noncurrent Assets, Net	5,769,864	2,536,419	969,873	597,700
Total Assets	7,308,933	3,622,252	1,271,228	883,553
Deferred outflows of resources (Note 16)	33,101	13,687	31,202	12,428
Liabilities				
Current liabilities:				
Accounts payable and accruals	303,115	321,677	21,319	15,928
Current portion of long-term debt:				
Notes payable (Note 16)	1,550	5,116	—	7,875
Bonds payable (Note 16)	45,960	17,876	—	15,700
Capital lease obligations (Note 11)(Note 16)	6,453	5,619	9,205	—
Compensated absences (Note 16)(Note 17)	863	76,413	970	—
Claims liability (Note 16)	—	—	—	—
Prize liability (Note 16)	—	—	—	—
Unearned revenues	189,741	48,216	10,640	—
Payable from restricted assets	—	—	—	—
Other current liabilities	28,943	100,870	3,020	87,855
Total Current Liabilities	576,625	575,787	45,154	127,358
Noncurrent liabilities:				
Notes payable (Note 16)	24,171	116,082	—	—
Bonds payable (Note 16)	1,073,094	270,374	—	273,902
Capital lease obligations (Note 11)(Note 16)	114,867	25,158	148,985	—
Prize liability (Note 16)	—	—	—	—
Compensated absences (Note 16)(Note 17)	5,161	—	8,734	—
Net pension liability (Note 8) (Note 16)	—	—	243,073	99,354
Net OPEB liability (Note 9) (Note 16)	121,916	74,239	47,135	15,637
Other long-term liabilities	311,983	166,645	—	15,988
Total Noncurrent Liabilities	1,651,192	652,498	447,927	404,881
Total Liabilities	2,227,817	1,228,285	493,081	532,239
Deferred inflows of resources (Note 16)	582,347	65,829	145,329	12,830
Net Position				
Net investment in capital assets	1,942,496	887,099	598,513	3,568
Restricted for:				
Debt service	2,117	21,087	—	272,868
Capital projects	61,276	13,930	48,092	—
Other purposes (Note 1)	1,073,845	816,137	153,062	—
Unrestricted	1,452,136	603,572	(135,647)	74,476
Total Net Position	$ 4,531,870	$ 2,341,825	$ 664,020	$ 350,912

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

Authorities				
Kentucky Higher Education Student Loan Corporation	Kentucky Lottery Corporation	Kentucky Public Transportation Infrastructure Authority	Non-Major Component Units	All Component Units Totals June 30, 2020
$ 14,371	$ 17,458	$ —	$ 584,080	$ 2,489,066
—	2,600	—	25,572	35,809
—	2,203	127,627	351,664	723,990
117	56,862	6,766	208,949	1,092,048
27,734	—	—	2,082	30,885
—	—	—	5,999	97,615
672	—	—	15,718	54,949
96,213	824	—	76,047	311,306
139,107	79,947	134,393	1,270,111	4,835,668
71,637		—	208,886	612,688
9,330	7,701	—	372,205	1,433,610
—	—	—	340,392	2,006,106
876,317	—	—	1,134,001	2,874,947
—	423	—	257,126	518,986
—	—	—	208,888	642,929
—	8,540	—	3,834,292	10,677,685
9,569	9,358	—	578,964	1,939,125
—	—	1,043,493	—	1,043,493
—	—	—	145,663	655,758
904	—	66,524	—	309,351
(10,188)	(12,729)	—	(2,156,038)	(6,276,013)
—	—	—	100,324	364,468
285	5,592	1,110,017	2,969,219	9,875,782
—	5,951	—	16,067	198,323
957,569	19,244	1,110,017	5,040,770	17,001,456
1,096,676	99,191	1,244,410	6,310,881	21,837,124
13,290	—	—	224,845	328,553
2,544	7,571	19,292	92,331	783,777
72,511	—	1,000	6,030	94,082
10,090	—	3,955	69,212	162,793
—	—	—	9,642	30,919
2,536	1,375	—	22,880	105,037
—	—	—	—	—
—	49,928	—	1,297	51,225
—	—	—	83,168	331,765
—	—	—	6,895	6,895
6,876	10,693	—	13,634	251,891
94,557	69,567	24,247	305,089	1,818,384
266,225	—	449,200	15,181	870,859
558,972	—	325,227	779,865	3,281,434
—	—	—	512,162	801,172
—	10,553	—	—	10,553
—	399	—	818	15,112
115,795	—	—	1,360,733	1,818,955
18,226	—	—	238,862	516,015
8,651	—	—	98,676	601,943
967,869	10,952	774,427	3,006,297	7,916,043
1,062,426	80,519	798,674	3,311,386	9,734,427
19,631	—	—	621,916	1,447,882
285	5,592	448,817	1,766,698	5,653,068
143,878	—	82,645	2,916	525,511
—	—	—	98,303	221,601
5,668	—	—	1,968,526	4,017,238
(121,922)	13,080	(85,726)	(1,234,019)	565,950
$ 27,909	$ 18,672	$ 445,736	$ 2,602,424	$ 10,983,368

COMMONWEALTH OF KENTUCKY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	**University of Louisville**	**Kentucky Community and Technical College System**	**Kentucky Housing Corporation**
Expenses:				
Operating and other expenses	$ 3,586,554	$ 2,162,405	$ 514,480	$ 263,112
Total Expenses	3,586,554	2,162,405	514,480	263,112
Program Revenues:				
Charges for services	3,035,355	1,831,612	110,353	100,111
Operating grants and contributions	475,988	109,398	100,048	200,461
Capital grants and contributions	35,584	—	—	—
Total Program Revenues	3,546,927	1,941,010	210,401	300,572
Net Program (Expense) Revenue	(39,627)	(221,395)	(304,079)	37,460
General Revenues:				
Unrestricted grants and contributions	151,291	334,050	382,055	—
Unrestricted investment earnings	19,196	6,578	8,724	—
Gain on sale of capital assets	—	—	(2,998)	—
Miscellaneous general	222,457	279,524	17,547	—
Transfers	—	(17,115)	—	—
Total General Revenues	392,944	603,037	405,328	—
Change in Net Position	353,317	381,642	101,249	37,460
Net Position at July 1, As Restated (Note 2)	4,178,553	1,960,183	562,771	313,452
Net Position at June 30	$ 4,531,870	$ 2,341,825	$ 664,020	$ 350,912

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

Authorities				
Kentucky Higher Education Student Loan Corporation	Kentucky Lottery Corporation	Kentucky Public Transportation Infrastructure Authority	Non-Major Component Units	All Component Units Totals June 30, 2020
$ 29,750	$ 931,555	$ 12,134	$ 1,579,165	$ 9,079,155
29,750	931,555	12,134	1,579,165	9,079,155
25,232	1,203,442	49,794	766,296	7,122,195
—	—	—	434,230	1,320,125
—	—	—	2,147	37,731
25,232	1,203,442	49,794	1,202,673	8,480,051
(4,518)	271,887	37,660	(376,492)	(599,104)
—	—	275	533,920	1,401,591
—	872	(35,014)	39,443	39,799
—	24	—	2,625	(349)
—	(319)	—	60,824	580,033
—	(272,223)	—	33,270	(256,068)
—	(271,646)	(34,739)	670,082	1,765,006
(4,518)	241	2,921	293,590	1,165,902
32,427	18,431	442,815	2,308,834	9,817,466
$ 27,909	$ 18,672	$ 445,736	$ 2,602,424	$ 10,983,368

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

NOTES TO FINANCIAL STATEMENTS

INDEX FOR NOTES

TO THE FINANCIAL STATEMENTS

Note 1	Significant Accounting Policies	54
Note 2	Changes in Accounting Principles, Reporting Practices, and Prior-Period Adjustments	74
Note 3	Stewardship, Compliance, and Accountability	74
Note 4	Disaggregation of Accounts Payable and Accounts Receivable	75
Note 5	Equity in Pooled Cash and Investments, Cash, and Investments	77
Note 6	Capital Assets	92
Note 7	Interfund Transactions	94
Note 8	Pension Plans	97
Note 9	Other Postemployment Benefits	116
Note 10	Employee Benefit Plan	134
Note 11	Lease Obligations	134
Note 12	Risk Management	135
Note 13	Risk Pools	136
Note 14	Defeasance of Long-Term Debt	140
Note 15	Related Organizations	141
Note 16	Long-Term Obligations	142
Note 17	Commitments and Contingencies	156
Note 18	Subsequent Events	159

Note 1

SIGNIFICANT ACCOUNTING POLICIES

A. **Basis of Presentation**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America for state governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. Conformity with generally accepted accounting principles requires the use of estimates when determining the effect of future events such as uncollectible receivables, inventory obsolescence, service lives and salvage values of depreciable assets, and periods benefited by a deferred cost. Accounting estimates change as new events occur, as more experience is acquired, or as additional information is obtained. In some instances, changes in estimates could be significant. For example, the estimate of outstanding claims for Unemployment Compensation.

The financial statements for the Universities, Colleges, and Related Entities Funds have been prepared according to standards established by GASB Statement No. 35.

B. **Financial Reporting Entity**

For financial reporting purposes, the Commonwealth of Kentucky includes all fund types, departments, and agencies of the Commonwealth, as well as boards, commissions, authorities, corporations, colleges, and universities. These organizational units comprise the reporting entity of the Commonwealth and are reported in accordance with GASB Statement No. 14, as amended. Consequently, the reporting entity includes organizations that are not legally separate from the primary government and also those that are legally separate. Organizations not legally separate are reported as part of the primary government. Legally separate organizations are reported as component units if either the Commonwealth is financially accountable for the organization or when exclusion of the organization would cause the Commonwealth's financial statements to be misleading or incomplete.

Component units may be blended or discretely presented. Blended component units are those that either provide services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as that of the primary government. Amounts related to blended component units are included as if the component units were part of the primary government. All other component units are discretely presented, or shown separately from the primary government.

Audited financial statements are available for the following blended component units: Kentucky Retirement System, Kentucky Teachers' Retirement System, Judicial Form Retirement System, Kentucky Public Employees' Deferred Compensation Authority, Turnpike Authority of Kentucky, and KentuckyWired Infrastructure Company, Inc. Audited financial statements are available for all discretely presented component units except the Kentucky Agricultural Finance Authority, and the Kentucky Grain Insurance Corporation. (See component unit addresses for a complete list of contact information.)

Blended Component Units

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

Kentucky Retirement System (KRS 61.645)

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

Kentucky Teachers' Retirement System (KRS 161.220)

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

Judicial Form Retirement System (KRS 21.530)

The Judicial Form Retirement System accounts for monies and securities, including contributions and earnings, which will be used to pay benefits to the members of the Legislators' Retirement Plan and the Judicial Retirement Plan. The board consists of eight members; three are appointed by the Supreme Court, two by the Governor, one by the President of the Senate, one by the Speaker of the House of Representatives, and one by the President and Speaker jointly.

Turnpike Authority of Kentucky (KRS 175.430)

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

Kentucky Public Employees' Deferred Compensation Authority (KRS 18A.230 to 18A.275)

The Kentucky Employees' Deferred Compensation Authority administers two deferred compensation plans as authorized by sections 457 and 401(k) of the United States Internal Revenue Code. The plans are defined contribution plans with 998 participating employers. Under provisions of the Plans, employees of the Commonwealth and agencies thereof, including persons in the public school systems, universities, or local governments, are eligible to contribute on a pre-tax basis through payroll deductions. In no event shall the 457, 401(k) or Deemed IRA trust Funds be used for, or diverted to, purposes other than the exclusive benefit of the participants and beneficiaries or in the payment of the expenses of the Plans and Trust. The board includes three ex officio members and four members appointed by the Governor.

KentuckyWired Infrastructure Company, Incorporated

The KentuckyWired Infrastructure Company, Inc. (KWIC) was formed as a nonprofit corporation operating in the state of Kentucky. It was formed to finance the "Next Generation Kentucky Information Highway project (NGKIH). NGKIH will provide reliable, high-speed internet access across Kentucky, connecting key public sites and promoting economic development. The board consists of three members appointed by the Governor.

Kentucky School Facilities Construction Commission (KRS 157.617)

This commission is an independent corporate agency and instrumentality of the Commonwealth. The purpose of the commission is to assist local school districts in meeting the school construction needs of the Commonwealth in a manner that will ensure an equitable distribution of funds based upon unmet needs. One ex officio member and eight members appointed by the Governor comprise the commission.

Administrative Entities

The State Property and Buildings Commission, Kentucky Asset/Liabilities Commission, Kentucky Tobacco Settlement Trust Corporation, Kentucky Gas Pipeline Authority, and the Board of Agriculture are legally separate entities of an administrative nature. They are comprised of elected and appointed officials from various state agencies, and have no cost associated with them. Therefore, there is no separate presentation for these entities.

State Property and Buildings Commission (KRS 56.450)

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

Kentucky Asset/Liability Commission (KRS 56.861)

This commission is a public body corporate that takes a comprehensive view of the Commonwealth's finances and develops policies and strategies to minimize the impact of fluctuating revenue receipts and interest rates on the Commonwealth's interest-sensitive assets and liabilities. The commission consists of five ex officio members.

Kentucky Tobacco Settlement Trust Corporation (KRS 248.480)

The Kentucky Tobacco Settlement Trust Corporation is a public body corporate that performs essential governmental and public functions by assisting in the implementation of the national tobacco grower settlement trust agreement. The board of directors is comprised of five ex officio members and nine members appointed by the Governor with the advice and consent of the Senate and House of Representatives.

Kentucky Gas Pipeline Authority (KRS 353.752)

This authority is a body corporate and politic to provide a financing mechanism for projects that will increase severance tax revenue for Kentucky, create jobs for Kentuckians, and create a competitive advantage in environmentally responsible development. The authority consists of nine members, the secretary of the Finance and Administration Cabinet, the secretary of the Tourism, Arts and Heritage Cabinet, the secretary of the Environmental and Public Protection Cabinet, a member designated by the Kentucky Oil and Gas Association, a member designated by the Kentucky Society of Professional Engineers, a member designated by the Kentucky Gas Association, a citizen member appointed by the Governor, and two legislative members.

Board of Agriculture (KRS 246.120)

This board is a body corporate that acts as an advisory board to the Commissioner of Agriculture, aids in the collection of information concerning crops, promulgates industrial information, and acts as an immigration committee. The board consists of five ex officio members and nine citizens of the Commonwealth appointed by the Governor.

Discretely Presented Component Units

The component unit column in the combined financial statements includes the data of the discretely presented component units described below. The component units are legally separate entities. However, there is a financial interdependence or the primary government controls the selections of the board and operations. They are reported together in a separate column to reflect that they are legally separate, but their interdependence requires that they be included as part of the reporting entity.

Kentucky Public Transportation Infrastructure Authority (KRS 175B.15)

This authority is an independent de jure municipal corporation and political subdivision of the Commonwealth. The authority reviews, approves, and monitors certain significant transportation projects within the Commonwealth and between the Commonwealth and other states. If necessary, the authority can assist with the operation, financing and management of those projects. The authority consists of eleven voting members: the secretary of the Transportation Cabinet (Chair), the secretary of the Finance and Administration Cabinet (Vice Chair), one representative from the Kentucky Association of Counties, one representative from the Kentucky County Judges/Executive Association, one representative from the Kentucky League of Cities, and six citizens at-large. A financial benefit/burden exists between the Commonwealth and the authority.

Kentucky River Authority (KRS 151.710)

The Kentucky River Authority possesses the corporate powers that distinguish it as being legally separate from the Commonwealth. The authority is charged with developing comprehensive plans for the management of the Kentucky River Basin. The Governor appoints the twelve members of this authority. A financial benefit/burden exists between the Commonwealth and the authority.

Kentucky Housing Corporation (KRS 198A.030)

The Housing Corporation is a body corporate and politic that performs essential governmental and public functions in improving and promoting the health and welfare of the citizens of the Commonwealth by the production of residential housing in Kentucky. The board of directors consists of six ex officio members and eight members appointed by the Governor. The Commonwealth has the ability to impose its will since it may appoint, hire, reassign, or dismiss management responsible for operations.

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

KHESLC is a body corporate and politic created to perform essential governmental and public functions and purposes in improving and promoting the educational opportunities of the citizens of the Commonwealth. The corporation is governed by board of directors appointed by the Governor, as prescribed in KRS 164A.050. The Commonwealth provides operating support to the corporation, creating a financial benefit/burden relationship.

Bluegrass State Skills Corporation (KRS 154.12-205)

This corporation attempts to improve and promote employment opportunities of the Commonwealth's citizens by assisting the Kentucky Cabinet for Economic Development in creating and expanding programs offering skills, training, and education. The board of directors consists of six ex officio members and twelve members appointed by the Governor. The Commonwealth has the ability to impose its will and there also exists a financial benefit/burden relationship.

Kentucky State Fair Board (KRS 247.090)

This board is a body corporate that accounts for revenues earned and expenses incurred in the commercial operations of the State Fair Board. Three ex officio members and twelve members appointed by the Governor make up the fifteen-member board. The Commonwealth has the ability to impose its will and there also exists a financial benefit/burden relationship.

Kentucky Center for the Arts Corporation (KRS 153.410)

The Center for the Arts is a body corporate created by the General Assembly to promote the growth and development of the arts, convention trade, tourism and hotel industries within Jefferson County and the Commonwealth. The board consists of fifteen members appointed by the Governor. The Commonwealth provides significant operating support to the corporation, creating a financial benefit/burden relationship.

Kentucky Authority for Educational Television (KET) (KRS 168.030)

KET is a public body corporate and politic that prescribes and enforces regulations governing the use of educational television and television facilities and related functions. KET also produces and transmits educational television programs. The authority consists of nine members. The Governor appoints five of these members. The board elects a liaison between the authority and the department on matters of curriculum. The Council on Postsecondary Education elects a representative of the University of Kentucky and a representative of the other state universities. The authority's members elect a chairman. A component unit of KET is the Kentucky Educational Television Foundation. The foundation is a non-profit Kentucky corporation that receives, holds, and administers gifts and grants in the name of and with the approval of the authority. The Commonwealth provides significant operating support to the authority, creating a financial benefit/burden relationship.

Kentucky Economic Development Finance Authority (KEDFA) (KRS 154.20-010)

KEDFA possesses the corporate powers necessary to distinguish it as legally separate from the Commonwealth. It was established to assist business enterprises in obtaining financial resources in order to promote the Commonwealth's long-term economic growth. The Kentucky Economic Development Partnership board appoints the five members of this authority. Additionally, other component units of the authority include the Kentucky Industrial Development Authority, the Kentucky Industrial Revitalization Authority, the Kentucky JOBS Development Authority, and the Kentucky Mortgage Insurance and Guarantee Corporation. The financial statements of the component units are combined with those of the authority. Commonwealth funds may be used for operating support to the authority, creating a financial benefit/burden relationship.

Kentucky Higher Education Assistance Authority (KHEAA) (KRS 164.742)

This authority is a body corporate and politic that operates to improve the higher education opportunities of persons who are attending or planning to attend eligible institutions by insuring eligible student loans. The authority is governed by a board of directors consisting of fifteen members appointed by the governor. KHEAA also oversees the Kentucky Educational Savings Plan Trust and the Commonwealth Postsecondary Education Prepaid Trust Fund, also known as Kentucky's Affordable Prepaid Tuition (KAPT), both of which are component units of KHEAA. Commonwealth funds are appropriated for program and operating support to the authority, creating a financial benefit/burden relationship.

Kentucky Council on Postsecondary Education (KRS 164.011)

This council was established in 1997 under the direction of the Kentucky Postsecondary Education Improvement Act. The board consists of sixteen members--thirteen citizens appointed by the Governor, one faculty member, one student, and the commissioner of education. This council coordinates change and improvement in Kentucky's postsecondary education system. This council strives to increase literacy, improve work-related skills, and to raise the number of students attending college and completing college degrees. The Commonwealth provides significant operating support to the council, creating a financial benefit/burden relationship.

Kentucky Infrastructure Authority (KRS 224A.030)

This authority is a body corporate and politic created to perform essential governmental functions and to serve the local public agencies of the Commonwealth with respect to the construction and acquisition of infrastructure projects. The board consists of five ex officio members and five members appointed by the Governor. The Commonwealth provides significant operating support to the authority, creating a financial benefit/burden relationship.

Kentucky Agricultural Finance Corporation (KAFC) (KRS 247.944)

KAFC is a corporation that seeks to improve and promote the health and general welfare of the Commonwealth's people through the advancement of agriculture. The board of directors consists of three ex officio members and nine members appointed by the Governor. The Commonwealth provides significant operating support to the corporation, creating a financial benefit/burden relationship.

Kentucky Grain Insurance Corporation (KGIC) (KRS 251.620)

KGIC is a body politic created to promote the Commonwealth's welfare by improving the economic stability of agriculture and protecting grain producers in the event of a financial failure of a grain dealer or warehouseman. The board of directors consists of four ex officio members and six members appointed by the Commissioner of the Department of Agriculture. The Commonwealth is responsible for any insufficiency of funds to pay claims creating a financial benefit/burden relationship.

Kentucky Local Correctional Facilities Construction Authority (KRS 441.615)

This authority is a body corporate and politic created to provide an additional and alternative method of constructing, reconstructing, improving or repairing, and financing jails and appurtenant facilities for any local government in the Commonwealth. The membership consists of six ex officio members and four members appointed by the Governor. The Commonwealth provides funds, staff assistants, facilities, and materials required by the authority in the conduct of its duties and activities, creating a financial benefit/burden relationship.

Appalachian/Kentucky Artisans Gateway Center Authority (KRS 148.561) (The Kentucky Artisan Center)

This authority is an independent, de jure municipal corporation and is a body corporate and politic. It is governed by a board of directors consisting of thirteen members. The authority operates and manages the Kentucky Artisan Center at Berea. The Commonwealth provides significant operating support to the authority, creating a financial benefit/burden relationship.

Kentucky Lottery Corporation (KRS 154A.020)

The Kentucky Lottery Corporation is empowered by the Legislature to administer the Kentucky state lottery games. The board of directors is comprised of one ex officio member and seven members appointed by the Governor with the advice and consent of the Senate. The Kentucky Lottery Corporation provides significant revenues to the Commonwealth, creating a financial benefit/burden relationship.

Kentucky Horse Park Foundation, Incorporated

The Kentucky Horse Park Foundation, Inc., is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park (the Park). Although the Park does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the foundation holds and invests is restricted by the donors to the activities of the Park. The foundation's fiscal year ended May 31, 2020, and amounts included are for the year then ended. The Commonwealth provides significant operating support to the foundation, creating a financial benefit/burden relationship.

Louisville Arena Authority, Incorporated

The Louisville Arena Authority, Inc., was created in 2005 and oversees the financial process of the KFC Yum! Center. The Arena Authority guided the development, financing and construction process of the $238 million arena. The Arena Authority's fiscal year ended December 31, 2019, and amounts included are for the year then ended. The Governor appoints the majority of the board of directors and due to the TIF arrangement; the Commonwealth has created a financial benefit/burden relationship.

Universities, Colleges, and Related Entities (KRS 164.350)

Each board of regents or board of trustees is appointed by the Governor, and constitutes a body corporate with the power to receive and administer revenue and property. Commonwealth funds are appropriated for program and operating support to these entities, creating a financial benefit/burden relationship.

C. Government-Wide Financial Statements

Government-Wide Financial Statements – The Statement of Net Position and Statement of Activities report information on all governmental and business-type activities of the primary government and its non-fiduciary component units. Governmental activities are generally characterized by their use of taxes, intergovernmental revenues, and other non-exchange revenues as funding sources. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds and fiduciary component units are not included in government-wide financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary, pension, and other employee benefit trust fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues once provider-imposed eligibility requirements have been met.

The **Statement of Net Position** presents the reporting entity's non-fiduciary assets and liabilities with the difference between the two shown as net position. Net position is reported in three categories:

(1) **Net investment in capital assets** consist of capital assets, net of accumulated depreciation and further reduced by debt net of cash balances, for debt related to the acquisition, construction, or improvement of those assets.
(2) **Restricted net position** result from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation.
(3) **Unrestricted net position** are those net position that do not meet the definition of restricted net position or invested in capital assets.

When restricted assets and unrestricted assets are both available for a particular purpose, the Commonwealth's objective is to use any restricted funds first, since unrestricted funds are available for any purpose and provide for greater financial flexibility. If the rules governing restricted assets are met, restricted assets may be the only funds used. However, there may be instances in which restricted funds may only be spent in proportion to unrestricted funds spent. Assets shown as restricted for "other purposes" for the Major Component Units are as follows:

Restricted Net Position For Other Purposes
(Expressed in Thousands)

	Major Component Units
Loans	$ 25,904
Education	198,608
Instruction	152,809
Scholarships and Fellowships	987,313
Research	684,078
Total	$ 2,048,712

A significant feature of the government-wide Statement of Activities is the presentation of each program's net cost. GAAP require the reporting of a program's net cost to indicate how self-sustaining the program is and to reveal the extent of reliance on other governmental units. Net cost is obtained by subtracting program expenses from program revenues. Program expenses are those costs attributable to a particular function including certain indirect costs. GAAP permit both direct and indirect program expenses to be presented together in an "Expenses" column. Therefore, indirect expenses are not specifically identified with individual functions and activities.

Program revenues are resources that derive directly from the program itself or from parties outside the government that reduce the total expense of the benefiting functional activity to arrive at the net expense of the activity.

The Statement of Activities categorizes program revenues into three groups: charges for goods, services, and other benefits; operating grants and contributions; and capital grants and contributions. Revenues not considered program revenues are classified as general revenues. General revenues include all taxes regardless of type. The sales and gross receipts taxes reflected on the statement of activities for the governmental activities include various taxes that are computed using sales price or gross receipts of the reporting entity. For fiscal year 2020, the total amount of sales and gross receipts tax reported in the government wide statements was $6,827,433,000 and comprised of:

Sales and Gross Receipts Tax
(Expressed in Thousands)

Sales and Use Tax	$ 4,191,328
Motor Fuels Tax	690,280
Motor Vehicles Usage Tax	539,686
Healthcare Provider Tax	298,945
Tobacco Products Tax	382,071
Insurance Premiums Tax	178,083
Limited Liability Entity Tax	288,236
Alcoholic Beverage Tax	159,588
Telecommunications Tax	70,648
Transient Room Tax	12,349
Parimutel and Race Track Admission Tax	16,219
Total Sales and Gross Receipts Tax	$ 6,827,433

D. Fund Financial Statements

Primary Government – The accompanying financial statements are structured into three fund categories including governmental funds, proprietary funds, and fiduciary funds. Funds are characterized as either major or non-major. Major funds are those funds whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds of that category or type (governmental or enterprise funds), and whose total assets, liabilities, revenues, or expenditures/ expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The Commonwealth's major funds are identified herein.

Governmental Funds

All governmental fund statements are accounted for on the modified accrual basis of accounting and focus on the flow of current financial resources. In accordance with the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the fiscal period. Revenues are considered to be available when they are either collected within the current period or their collection is expected shortly after the end of the current period in time to meet current liabilities. The State generally includes those revenues to be received up to thirty days following the end of the accounting period. Revenues expected to be collected after thirty days beyond the end of the fiscal year are considered unavailable and are reported as deferred inflows. Unearned revenues are reported as amounts received but unearned as of June 30.

Principal revenue sources accounted for on the modified accrual basis include federal grants, sales and use tax, coal severance tax, property tax, departmental fees, income taxes, and interest income. Motor vehicle registration fees and fines and forfeitures are accounted for on the cash basis. Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) September 15, due at discount November 1, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale February 1 following the delinquency date.

In governmental funds, where the focus is on the flow of current resources, expenditures are usually recorded at the time liabilities are incurred. Exceptions are: inventories, prepayments, and acquisition of capital assets which are recorded at the time of acquisition; and principal and interest on long-term debt, as well as compensated absences which are recorded as expenditures in the period payment is made.

A description of major governmental funds follows:

General Fund – a major fund that accounts for and reports all financial resources appropriated by the General Assembly which are not required to be accounted for in another fund.

Special Revenue Funds – a category of governmental funds that accounts for the proceeds of specific revenue sources, other than for major capital projects, which are restricted or committed to expenditures for a specific purposes.

Included in this category are such funds as the transportation fund, federal fund, and agency revenue fund.

> **Transportation Fund –** a major fund that accounts for and reports the proceeds of taxes, fees, and charges that are restricted or committed to activities related to the preservation and maintenance of roads.
>
> **Federal Fund –** a major fund that accounts for and reports monies received from the federal government that are restricted or committed to specific programs and operations.
>
> **Agency Revenue Fund –** a major fund that accounts for and reports restricted taxes, fees, and charges that are restricted or committed to expenditure for a particular function or activity.

Capital Projects Fund – a major fund that is used to account for and report financial resources that are restricted, committed or assigned for capital outlay as appropriated by the General Assembly for the acquisition, construction, or renovation of major capital facilities, and for the acquisition of major equipment, other than those financed by proprietary funds and certain trust funds.

Debt Service Fund – a major fund used to account for and report financial resources which are restricted, committed, or assigned to expenditures for the repayment of general long-term obligations principle, interest, and related administrative costs.

Proprietary Funds

Proprietary funds use the full accrual basis of accounting, recognizing revenues and expenses when they occur, regardless of the timing of the cash flows. On the statement of revenues, expenses, and changes in net position, the term "expenses" (not "expenditures" as in governmental funds on a modified accrual basis) describes decreases in economic benefits and emphasizes the accrual basis of accounting.

Proprietary funds' revenues and expenses are divided into operating and nonoperating revenues and expenses. Although not specifically defined by GAAP, operating revenues and expenses are considered to be those resources gained and consumed to produce and deliver goods and services that are central to that fund's particular purpose. Other revenues and expenses are classified as nonoperating. Operating and nonoperating expenses are further characterized by object (personal services, depreciation expense, travel expense, etc.).

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

State Parks Fund – a major fund that accounts for revenues earned and expenses incurred in the commercial operations of the Department of Parks.

Kentucky Horse Park Fund – a major fund that accounts for revenues earned and expenses incurred in the commercial operations of the Kentucky Horse Park.

Insurance Administration Fund – a major fund that accounts for insurance risk pools operated by the State, including the Workers' Compensation Special Fund, Petroleum Storage Tank Environmental Assurance Program, Mine Subsidence Insurance Program, and Kentucky Reclamation Guaranty Program.

Kentucky Public Employees Health Plan – a major fund that accounts for the revenues and expenses incurred in the commercial operation of the health insurance program for state employees, boards of education, and quasi-governmental agencies.

Unemployment Compensation Fund – a major fund that accounts for assessed employer contributions collected and related unemployment compensation payments to recipients.

In early March 2020, the COVID-19 Pandemic had the Commonwealth, and the Country, quickly moving to assist those hit hardest by the pandemic. An unprecedented amount of public assistance was provided through the Unemployment Compensation Fund by means of Unemployment Insurance (UI) Benefits. Due to an increased number of claims and an out-dated benefits system, UI experienced a substantial backlog of claims. At June 30, 2020 a reasonably estimated liability of $511,582,000 was accrued as a current accounts payable. This amount was based on claims filed prior to June 30, 2020, and paid through November 17, 2020. Any remaining accounts payable / liability amount for unpaid claims filed prior to June 30, 2020 could not be reasonably estimated due to system limitations and not being able to determine payment amounts of unprocessed claims.

Internal Service Funds – a category of proprietary funds that accounts for financing goods and services provided by one agency of the Commonwealth primarily to other agencies or governments on a cost reimbursement basis. All of the proprietary funds (where the measurement focus is on the flow of economic resources) are accounted for on the accrual basis of accounting. Accordingly, revenues are recognized when they are both earned and measurable. Expenses are recognized at the time liabilities are incurred.

Since internal service funds usually exist to support governmental activities, they are normally included as part of the governmental activities reported in the government-wide statements, rather than being presented separately.

Specific activities reported under Internal Service Funds are:

1. Management/maintenance of State motor vehicle fleet
2. Industrial prison operations
3. Rental and maintenance operations for buildings
4. Computer and related data processing services
5. Printing services
6. Fire and tornado insurance programs
7. State workers' compensation program
8. Transportation Cabinet self-insured workers' compensation trust program

Fiduciary Funds

Fiduciary funds are defined as funds used to report assets held in a trustee or agency capacity for others and which, therefore, cannot be used to support the government's own programs. This category of funds includes pension (and other employee benefit) trust funds, investment trust funds, and agency funds. The Commonwealth's fiduciary fund types are described below.

Pension and (Other Post Employment Benefit) Trust Funds – account for monies received for, expenses incurred by, and assets available for plan benefits of the various public employee retirement systems. This fund type also accounts for monies held in deferred compensation plans. Pension Trust Funds are accounted for on the accrual basis of accounting and reported in the same manner as proprietary fund types.

Agency Funds – account for monies held by the Commonwealth for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus. However, the agency fund uses the accrual basis of accounting when recognizing payables and receivables.

Specific activities listed under the Commonwealth's Agency Funds are:

1. Commonwealth Choice Program
2. Special Deposit Trusts holding monies for specific purposes
3. County Fees Fund holding monies for Kentucky Counties with a population of 70,000 or more
4. Coal Workers' Pneumoconiosis holding monies for Kentucky Employees Mutual Insurance.

As discussed previously, because the fiduciary fund resources are not available to support government programs, fiduciary funds (and component units that are fiduciary in nature) are excluded from the government-wide financial statements. Inclusion of these funds would create a misleading view of the government's net position.

E. Presentation of Component Units

Presentation of the underlying fund types of the individual component units (described previously) reported in the discrete column is available from each respective component unit's separately issued financial statements.

The Major Discretely Presented Component Units, including Colleges and Universities are:

Kentucky Community and Technical College System
Kentucky Housing Corporation
Kentucky Higher Education Student Loan Corporation
Kentucky Lottery Corporation
Kentucky Public Transportation Infrastructure Authority
University of Kentucky
University of Louisville

The Non-Major Discretely Presented Component Units, including Universities, Colleges, and Related Entities are:

Bluegrass State Skills Corporation
Kentucky Agricultural Finance Corporation
Kentucky Artisan Center at Berea
Kentucky Center for the Arts Corporation
Kentucky Economic Development Finance Authority
Kentucky Educational Television Authority
Kentucky Grain Insurance Corporation
Kentucky Horse Park Foundation
Kentucky Higher Education Assistance Authority
Kentucky Infrastructure Authority
Kentucky River Authority
Kentucky State Fair Board
Kentucky Council on Postsecondary Education
Louisville Arena Authority
Eastern Kentucky University
Kentucky State University
Morehead State University
Murray State University
Northern Kentucky University
Western Kentucky University

The Commonwealth has significant transactions with its component units, primarily in providing operating funds to the universities from the State's general fund. During fiscal year 2020, the primary government provided $261,056,000 to the University of Kentucky, $174,581,000 to the Kentucky Community and Technical College System, $128,712,000 to the University of Louisville, and $254,585,343 to the Kentucky Higher Education Assistance Authority. The Commonwealth contributed capital in the amount of $102,585 to the Kentucky Public Transportation Infrastructure Authority. In addition, the State received $278,486,000 in proceeds from the Kentucky Lottery Corporation.

F. Cash and Cash Equivalents

In addition to amounts held in bank accounts, cash on hand, and imprest cash, this classification includes short-term investments with an original maturity of ninety days or less (from date of purchase). Cash equivalents are generally stated at cost, which approximates market. Deferred Compensation amounts are reported at fair value. Short-term investments classified as cash equivalents at June 30, 2020, are $4,808,356,000.

G. Investments

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

H. Securities Lending

Cash and securities received as collateral on securities lending transactions are reported as assets in the accompanying financial statements. Liabilities resulting from the securities lending transactions are also reported. Certain component units of the state have deposits in the Commonwealth's Investment Pool, which participates in securities lending activities. The component units' position in the pool and related securities lending assets and liabilities are reported in an agency fund.

I. Receivables

Receivables in the Commonwealth's governmental and fiduciary funds primarily consist of Federal revenues, taxes, and interest on investments. Some governmental fund revenues are not susceptible to accrual prior to receipt, including licenses, fees, permits, and similar revenues that are recognized on the cash basis. Receivables in all other funds have arisen in the ordinary course of business. Receivables in the governmental funds are reported net of allowances for uncollectibles. Disaggregation of current accounts receivable and current taxes receivable are shown in Note 4.

J. Interfund Transactions

The Commonwealth has the following types of interfund transactions:

Interfund services provided and used – Charges for services rendered by one fund to another are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

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

Transfers presented in the fund financial statements represent the flow of assets (such as goods or cash) without equivalent flow of assets in return or requirement of repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund that expends the resources.

The composition of the interfund transactions is presented in Note 7. Note that at the entity-wide level, the majority of interfund activity has been eliminated. This is to avoid the "doubling up" of such transactions so that revenues and expenses will not be reported more than once.

Transfers and receivables and payables between governmental activities and business-type activities have not been eliminated. Also, remaining are the results of activities between different functional categories. For example, services provided and used are not eliminated because doing so would misstate the expenses of purchasing function and the program revenues of the selling function.

K. Inventories and Prepaid Expenses

Inventories in the governmental funds and similar trust funds consist of expendable supplies held for consumption, the costs of which are recorded as an expenditure at the time of purchase.

Prepaid expenses, including the prepayment of services to vendors (e.g., prepaid insurance), are recorded similarly in the governmental fund statements.

Reserves of fund balance have been established for the inventory balances for governmental funds. Inventories in the proprietary funds and similar trust funds consist of both expendable supplies held for consumption and the cost of goods held for resale, the costs of which are recorded as an expense as they are used.

Inventories are valued at cost (first-in, first-out, or average cost). In the Governmental Activities column of the government-wide Statement of Net Position, inventory and prepaid expenses are reported as an asset at cost when purchased, then expensed as used.

L. Capital Assets and Depreciation

Included in capital assets are real property, equipment, intangible assets and infrastructure (e.g. roads, bridges, sidewalks and similar items). These are reported in the government-wide statement of net position, as governmental or business type activities. Capital assets are expensed at the time of acquisition in the fund financial statements for governmental and similar trust funds.

The policy of the primary government is to capitalize assets when the useful life is greater than one year and the acquisition cost meets the capitalization threshold. The primary government capitalizes all land and infrastructure. Buildings, improvements to land, and equipment are capitalized when the acquisition cost is $5,000 or greater. Intangible capital assets are capitalized when the cost is $100,000 or more except software, which has a threshold of $500,000. Component units establish their own capitalization policy and that policy may vary from that of the primary government.

The Kentucky Historical Society, Kentucky Horse Park, and Kentucky Department of Parks hold and care for the State's historical treasures. Among these are historical clothing; china; furniture and other furnishings; a variety of art and decorative art; political memorabilia; pioneer tools and equipment; guns and similar military artifacts; books, manuscripts, and photographs; musical instruments from Kentucky's musical legends; Native American artifacts; fossilized bones and prehistory artifacts. These assets are not capitalized or depreciated as the assets could not be valued and have inexhaustible useful lives.

The primary government values capital assets at historical cost, estimated historical cost or acquisition value at the time of donation. The estimate of historical cost for the primary government was based on appraised value as of June 30, 1986, indexed to the date of acquisition.

Assets are depreciated on the straight-line basis over their estimated useful lives. The table below shows the useful life by asset type for the primary government. Infrastructure assets are not being depreciated, as the Commonwealth has elected to use the modified approach, as defined by GASB Statement No. 34. As a result, certain maintenance and preservation costs are expensed when incurred. Additions and improvements to infrastructure assets are capitalized when capacity and efficiency has increased.

Asset	Useful Life (Expressed in Years)
Land improvements	10-60
Buildings	10-75
Machinery and equipment	3-25
Infrastructure	20-40
Intangibles	2-40

The Kentucky Center for the Arts Corporation's discretely presented component unit financial statements for fiscal year 2020 do not contain the Center's capital assets. The Finance and Administration Cabinet, Office of Statewide Accounting, Financial Reporting Branch, adjusted the Commonwealth of Kentucky's Comprehensive Annual Financial Report to include the capital assets and depreciation of the Center in order to satisfy GAAP requirements.

M. Governmental Fund Equity

The Commonwealth uses two classifications for governmental fund equity; spendable and nonspendable. The nonspendable classification is further categorized as (a) not in spendable form and (b) legally or contractually required to be maintained intact. The spendable classification is categorized as restricted, committed, assigned and unassigned.

Nonspendable – represents the portion of fund balance that is not in spendable form and therefore cannot be appropriated for future expenditures. Nonspendable includes inventories, prepaid expenses, long term notes and loans receivable, and any funds which are legally or contractually required to remain intact.

Spendable Categories – The restricted fund category represents resources that can be spent only for the specific purposes as established by agreements external to state government; contractual agreements, agreements with creditors and grantors, and laws established by other governments. Laws enacted by the Commonwealth also restrict fund balance when both the revenue source and expenditure restrictions are enacted concurrently or in close proximity. The revenue source must be external to state government and the restriction must be legally enforceable; meaning third parties can compel the Commonwealth to comply with the restriction.

The committed fund category represents resources which have been designated to be spent only for specific purposes through legislation passed by the General Assembly and approved by the Governor. Commitment of resources is not enforceable by external parties and the commitment can be removed in much the same way as it was originally committed. Committed funds include current legally enforceable restrictions of previously levied revenue sources.

The assigned fund category represents resources that do not meet the criteria for restricted or committed because the legislation which created the revenue source did not restrict the use of funds to the degree necessary. However, in accordance with KRS 42.0201(4), the state controller; the executive director of the Office of Financial Management, and the state budget director placed these resources in the special revenue funds with the intent of appropriating at a later date.

Unassigned fund balance is the classification for residual spendable fund balance for the general fund. In all other funds, unassigned classification is used to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted.

The Commonwealth generally segregates restricted, committed, and assigned resources by account (sub-fund) within the governmental funds, other than the general fund. When resources meeting more than one of these spendable classifications are commingled in an account in the state's accounting system the assumed order of spending is restricted first, committed second, and finally assigned.

The classifications of governmental fund balances are shown in the Constraints on Fund Balance table within this note.

The functional categories are responsible for various activities and a brief description of each follows:

General Government – is comprised of one Cabinet and several Departments and Offices that support the various agencies throughout state government including providing central fiscal management, serving the administrative needs of state agencies, operating state tax process, providing technology support, and providing a statewide audit function. It also includes numerous Boards and Commissions that certifies, licenses, and regulates various professional groups (for example the State Board of Accountancy).

Legislative and Judicial – is comprised of both the Legislative and Judicial Branches of government. The Judicial Branch through its different levels handles all legal disputes affecting the people of the Commonwealth from capital offenses and felonies to land dispute cases to termination of parental rights. The Legislative Branch consists of thirty-eight (38) Senators and one-hundred (100) Representatives. The purpose of the Legislative Branch is to make laws, to determine the duties and services of government, to provide for their execution, and to levy taxes and appropriate funds for the support of government operations.

Commerce – includes the Tourism, Arts and Heritage Cabinet and the Cabinet for Economic Development. The focus is on tourism development and supporting our arts and heritage; in addition to, encouraging job development and retention and new investment in the state.

Education and Humanities – provides life-long educational services through seamless, efficient, and accessible learning opportunities for all Kentucky's citizens, from pre-school to senior citizens. This area also assists employers in finding qualified applicants for their job openings, assists job seekers to find employment, provides benefits to ease the financial burden on individuals who are unemployed through no fault of their own, provides assessment, guidance, counseling and job placement services to assist eligible Kentuckians with disabilities achieve their career goals, offers educational assistance, job training, job placement, and assistive technology to Kentuckians with visual disabilities and complies and disseminates a wide range of workforce statistics, including employment, unemployment and wage information.

Human Resources – is responsible for most of Kentucky's human services and health care programs, including Medicaid, the Department of Community Based Services, and the Department of Public Health. The Cabinet's services include all Medicaid services, protection for vulnerable children and adults, child abuse investigations, foster care applications, child support collections, cash assistance, food stamps, disability determinations, mental health services, health insurance for children, physical health services, and non-emergency transportation.

Justice – is responsible for criminal justice services. These encompass law enforcement activities and training; prevention, education, and treatment of substance abuse; juvenile treatment and detention; adult incarceration; autopsies; death certifications and toxicology analyses; special investigations; paroling of eligible convicted felons; and long range planning and recommendations on statewide criminal justice reform issues.

Natural Resources and Environmental Protection – is responsible for ensuring that natural resources development activities such as agriculture, oil, and gas drilling, and mining are done in an environmentally responsible manner; supporting statewide efforts in developing alternate energy resources and carbon sequestration opportunities; ensuring that the natural resources of Kentucky are protected, managed, and enhanced to provide maximum benefits to the people and economy of the Commonwealth; and coal mining, logging, firefighting, and agriculture activities are performed in a safe manner.

Public Protection and Regulation – is responsible for protecting and enhancing Kentucky's environment. Their functions are to ensure that Kentucky has clean air and safe water, protect human health by enhancing Kentucky's land resources, ensure environmental compliance by all entities, assist entities in achieving environmental compliance, and facilitating environmental stewardship.

Transportation – is responsible for overseeing the development and maintenance of a safe, efficient multi-modal transportation system throughout the Commonwealth. The Cabinet manages more than 27,000 miles of highways, including roughly 20,500 miles of secondary roads, 3,600 miles of primary roads, and more than 1,400 interstate and parkway miles. The Cabinet also provides direction for 300 licensed airports and heliports and oversees all motor vehicle and driver's licensure for more than three million drivers in the Commonwealth.

KRS 45.305 established a budget reserve trust fund account within the general fund. Within thirty days of year end deposits are required to be made at the lesser of : fifty percent (50%) of the general fund surplus or the amount necessary to make the balance equal to five percent (5%) of the actual general fund receipts collected during the fiscal year just ended. Payments to the account are suspended for the current fiscal year when the account balance is equal to or greater than five percent (5%) of the actual general fund receipts collected during the fiscal year just ended. Money in this account may be appropriated by the General Assembly. The budget reserve trust fund had a balance of $303,184,724 on June 30, 2020.

Constraints on Fund Balance

(Expressed in Thousands)

		Major Special Revenue Funds		
	General Fund	**Transportation Fund**	**Federal Fund**	**Agency Revenue Fund**
Fund Balances:				
Nonspendable:				
Inventories	$ 5,375	$ —	$ —	$ —
Long-term receivables	—	—	—	—
Restricted for:				
Government Administration	—	—	—	150,334
Legislative and Judicial	—	—	—	34,013
Commerce	—	—	20	202,694
Education	—	—	—	44,268
Health and Human Services	—	—	—	176,793
Environmental and Natural Resources	—	—	—	30,786
Justice	—	—	425	58,115
Public Protection	—	—	—	129,704
Transportation	—	550,285	—	1,812
Debt Service	—	—	—	—
Committed to:				
Government Administration	—	—	—	6,294
Education	—	—	—	841
Health and Human Services	—	—	—	2
Environmental and Natural Resources	—	—	—	1,968
Justice	—	—	—	408
Public Protection	—	—	—	59
Transportation	—	—	—	8,718
Assigned to:				
Government Administration	57,571	—	—	8,868
Legislative and Judicial	19,951	—	—	6,473
Commerce	8,200	—	—	365
Education	4,284	—	—	2,913
Health and Human Services	—	—	—	532
Environmental and Natural Resources	—	—	—	64
Justice	3	—	—	2,395
Public Protection	1,798	—	—	—
Transportation	1,957	—	—	33
Unassigned	511,169	—	(101,018)	—
Total Fund Balances	**$ 610,308**	**$ 550,285**	**$ (100,573)**	**$ 868,452**

Capital Projects Fund	Debt Service Fund	Total
$ —	$ —	$ 5,375
—	—	—
204,775	—	355,109
721	—	34,734
45,103	—	247,817
9,632	—	53,900
17,177	—	193,970
32,404	—	63,190
(13,561)	—	44,979
703	—	130,407
20,561	—	572,658
—	93,325	93,325
—	—	6,294
—	—	841
—	—	2
—	—	1,968
—	—	408
—	—	59
—	—	8,718
—	—	66,439
—	—	26,424
—	—	8,565
—	—	7,197
—	—	532
—	—	64
—	—	2,398
—	—	1,798
—	—	1,990
—	—	410,151
$ 317,515	**$ 93,325**	**$ 2,339,312**

N. Deferred Outflows/Inflows

GASB Statement No. 63 provides financial reporting guidance relative to deferred outflows of resources, a consumption of net assets by the entity that is applicable to a future reporting period, and a deferred inflow of resources, an acquisition of net assets by the entity that is applicable to a future reporting period. GASB Statement No. 68, GASB Statement No. 71, and GASB Statement No. 75 provide financial reporting guidance relative to deferred inflows/outflows as a result of pension and OPEB related transactions.

O. Long-Term Obligations

Long-term liabilities that will be financed from governmental funds are presented in the Governmental Activities column of the government-wide Statement of Net Position. This total reported amount of long-term liabilities includes the following:

1. Payments of principal on revenue bonds which are recorded as expenditures in the Debt Service Fund.
2. Compensated absences including accumulated unpaid vacation and compensatory time accruals. The amount accruing to proprietary funds and pension trust funds has been included in the respective funds when material. The policy of the Commonwealth is to record the cost of annual and compensatory leave. Annual leave is accumulated at amounts ranging from 7.5 to 16.0 hours per month, determined by length of service, with maximum accumulations ranging from 30 to 60 days. The calendar year is the period used for determining accumulated leave. Compensatory leave is granted to authorized employees on an hour-for-hour basis. June 30 estimated liabilities for both annual leave and compensatory leave are summarized in Note 17. Sick leave for the Primary Government is earned one day per month with unlimited accumulation. All of the qualifying retiring employees' sick leave balances, expressed in months, shall be added to their service credit for the purpose of determining their annual retirement. There is no liability in the accompanying financial statements for unpaid accumulated sick leave, since it is the Commonwealth's policy to record the cost of sick leave only when paid. See Note 17 for disclosure of the amount of this contingency. The component units have varying policies for compensated absences. Information regarding these policies is available in the audited financial statement of each component unit.
3. Outstanding capital lease obligations for governmental funds.
4. Judgmental and contingent liabilities of governmental funds that will be paid with noncurrent resources.
5. Long-term liabilities of internal service funds. Long-term obligations generally exclude those amounts reported as expenditures for compensated absences, judgments, contingencies, and employer pension contributions in the governmental funds since these amounts would normally be liquidated with expendable available financial resources.Long-term liabilities of all proprietary and pension trust funds are reported in their individual fund statements. Long-term liabilities of enterprise and internal service funds are also presented in the government-wide Statement of Net Position as a single total in the Business-type Activities and Governmental Activities columns respectively. Fiduciary funds' long-term liabilities are not displayed on the government-wide Statement of Activities.

P. Conduit Debt

This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued to benefit a third party that is not a part of the reporting entity. Although conduit debt obligations bear the Commonwealth's name as issuer, the Commonwealth has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued.

GAAP allows the State to refrain from reporting the conduit debt and the related asset. Since the State is not legally, morally, or in any other way responsible for the repayment of conduit debt, these items are not included in the financial statements. As of June 30, 2020, the State has $2,894,857,383 of conduit debt, which is made up of the Kentucky Economic Development Finance Authority with an outstanding bond balance of $2,237,835,383 and the Kentucky Housing Corporation with an outstanding bond balance of $657,022,000. The proceeds of which are used to promote the purposes set forth in KRS 103.200 and 103.210.

Q. Pensions

Kentucky has three retirement systems (Systems): Kentucky Retirement Systems, Teachers' Retirement System of the State of Kentucky, and Kentucky Judicial Form Retirement System. For purposes of measuring the net pension liability and deferred outflows/ inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary positions of the Systems (as defined in Q.) and additions to/deductions from the Systems' fiduciary net positions have been determined on the same basis as they are reported by the Systems. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Future Changes in Accounting Standards

As of June 30, 2020, the Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Commonwealth.

1. GASB Statement No. 84 – Fiduciary Activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

   The requirements of this statement will clarify when a government has a fiduciary responsibility and is required to present fiduciary fund financial statements. Currently, GASB Statement No. 34 requires governments to report fiduciary activities in fiduciary funds, but that statement does not provide a clear definition of what establishes a fiduciary activity.

2. GASB Statement No. 87 – Leases. The requirements of this statement are effective for periods beginning after June 15, 2021.

   The requirements of this Statement are to improve accounting and financial reporting for leases by governments. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources based on the payment provisions of the contract.

3. GASB Statement No. 89 – Interest Cost. The requirements of this statement are effective for periods beginning after December 15, 2020.

   The requirements of this Statement will enhance the relevance of capital asset information and simplify financial reporting. This Statement clarifies the timing of interest cost recognition for construction period costs.

4. GASB Statement No. 90 – Majority Equity Interests. The requirements of this statement are effective for periods beginning after December 15, 2019.

   The requirements of this Statement clarify whether a majority equity interest should be reported as an investment or as a component unit and to provide consistent measurement of elements of acquired organizations and 100% equity interests in component units.

5. GASB Statement No. 91 - Conduit Debt Obligations. The requirements of this statement are effective for periods beginning after December 15, 2021.

   The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Note 2

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

The following Accounting Pronouncements were adopted and implemented during the fiscal year.

1. GASB Statement No. 83 – Certain Asset Retirement Obligations.

   This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

2. GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

   The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

3. GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance.

   The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Governmental Activities: restated net position due to prior year errors. The effect on net position is a decrease of $2,781,000.

Non-Major Governmental Funds:
Kentucky Wired Infrastructure Company, Inc. - KWIC restated net position due to prior year errors. The effect on net position is a decrease of $2,781,000.

Enterprise Funds:
Unemployment Compensation - Cash at July 1 on the Cash Flow Statement has been updated to correct a prior year error for excluding Cash on Deposit with the Federal Government. Cash at July 1, on the Cash Flow Statement, has increased by $645,915,000. This change does not restate net position/beginning fund balance.

Component Units – Universities, Colleges, and Related Entities:
Kentucky State University - The amounts reported for Kentucky State University are unaudited as of the release of this report. The amounts include the FY20 University draft amounts and the FY19 University Foundation (component unit) amounts.

Murray State University – Murray State University restated bond refunding loss under Deferred outflows of resources and non-operating revenues. The effect on net position is an increase of $30,441.

Note 3

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. **Governmental Activities** – The Governmental Activities has a net position deficit of $11,521,886,000. The deficit is a result of the recognition of the net Pension liability and net OPEB liability, in accordance with GASB 68, 71, and 75.

B. **Federal Fund** – The Federal Fund has a net position deficit of $100,573,000. The deficit is a result of expenditure accruals, which will be funded in future periods.

C. **Enterprise Funds** – State Parks has a net position deficit of $98,749,000. The deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB 68, 71 and 75.

The Insurance Administration Fund has a net position deficit of $229,138,000. The deficit is a result of accumulated claims liability estimated by actuarial methods for the risk pools, which will be funded in future periods.

The Unemployment Compensation Fund has a net position deficit of $18,081,000. The deficit is a result of accumulated claims liability due to the Novel Coronavirus 19 pandemic and business closures to prevent the spread of the virus.

D. **Internal Service Funds –**

The Computer Services Fund has a net position deficit of $178,721,000. The deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB 68, 71 and 75.

The Central Printing Fund has a net position deficit of $5,332,000. The deficit is the result of competitive pressure from other state agencies and outside printing sources. Central Printing is unable to develop billing rates that would cover their costs, resulting in a negative fund balance.

The Risk Management Fund has a net position deficit of $245,068,000. The deficit is the result of accumulated claims liabilities of the Commonwealth's self-insured workers' compensation programs, and is to be funded in future periods.

E. **Component Units – Authorities –**

The Kentucky Authority for Educational Television has a net position deficit of $23,558,000. This deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB 68, 71 and 75.

F. **Component Units – Universities, Colleges, and Related Entities –**

Kentucky State University has a net position deficit of $7,871,000. This deficit is a result of an increase in KERS/KTRS pensions, which increased deferred inflows.

The Kentucky Council on Postsecondary Education has a net position deficit of $20,805,000. This deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB 68, 71 and 75.

Note 4

DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

Accounts payable for the Commonwealth of Kentucky are amounts owed by the State as of June 30, 2020. Those liabilities that must be paid within one year are considered current. Amounts due after one year are deemed noncurrent accounts payable. Accounts receivable are amounts owed to the State. Similar to accounts payable, any amounts to be received within one year are classified as current. All other receivables are noncurrent. For Governmental Activities and Business-Type Activities, the line indicating “Accounts Payable” and “Net Receivables” are described below.

Amounts reported as "Taxes Receivable" are significant to the State. Taxes receivable report those tax amounts owed to the Commonwealth of Kentucky that remain uncollected as of June 30, 2020. All receivables are reported net of an Allowance for Uncollectibles to reflect the true value of receivables. Fines, forfeitures, and license fees are recognized as revenue when received and, therefore, do not require the recognition of accounts receivable.

The "Current Taxes Receivable" for Governmental Activities and Business-Type Activities are described below.

Under the modified accrual basis of accounting, as used in the fund statements, amounts outstanding but owed at the end of the year may be recorded in one of two ways. If the receivable is measurable and expected to be collected within 30 days, revenue is recognized. However, if the receivable is not expected to be collected within 30 days, it is not considered to be available to liquidate the liabilities of the current period and will be reported as deferred inflows of resources.

Disaggregation of Payables and Receivables
(Expressed in Thousands)

	Governmental Activities			Total	Business-Type Activities	
	Major Funds	Non-major Funds	Internal Service Funds	Governmental Activities	Major Funds	Total Primary Government
Current Payables						
Personal services	$ 130,435	$ 919	$ 6,940	$ 138,294	$ 17,685	$ 155,979
Utilities, rental, and other services	21,892	540	5,449	27,881	1,563	29,444
Commodities and supplies	9,828	171	1,415	11,414	5,637	17,051
Claims	67	—	10,265	10,332	330	10,662
Grants and subsidies	860,093	14,437	—	874,530	506,181	1,380,711
Capital outlay	33,569	11,782	514	45,865	262	46,127
Travel	2,643	8	9	2,660	23	2,683
Judgements	3,081	—	—	3,081	3	3,084
Interest Payable	104,470	137	79	104,686	62	104,748
Other	86,728	3,827	—	90,555	1,029	91,584
Total Current Payables	$ 1,252,806	$ 31,821	$ 24,671	$ 1,309,298	$ 532,775	$ 1,842,073
Current Receivables						
Charges for services	$ 108,199	$ 112,849	$ 1,267	$ 222,315	$ 118,998	$ 341,313
Taxes receivable	2,732,225	80,492	—	2,812,717	—	2,812,717
Investment receivable	3,979	17,888	—	21,867	650	22,517
Intergovernmental revenue	759,400	2	—	759,402	535,215	1,294,617
Other	98,825	57,169	192	156,186	17,302	173,488
Allowances for uncollectibles	(1,060,067)	(131,747)	—	(1,191,814)	(32,533)	(1,224,347)
Total Current Receivables	$ 2,642,561	$ 136,653	$ 1,459	$ 2,780,673	$ 639,632	$ 3,420,305

Taxes Receivable
(Expressed in Thousands)

	Governmental Activities		Total Primary Government
	Major Funds	Non-Major Funds	
Current Taxes Receivable			
Sales and gross receipts	$ 1,345,261	$ 4,675	$ 1,349,936
Individual income	1,077,564	—	1,077,564
Corporate	87,845	—	87,845
Property	173,041	—	173,041
License and privilege	2,748	3,783	6,531
Coal severance	18,275	2,563	20,838
Inheritance and estate	10,772	33	10,805
Miscellaneous	16,719	69,438	86,157
Total Current Taxes Receivable	$ 2,732,225	$ 80,492	$ 2,812,717

The State Property and Buildings Commission has issued revenue bonds and the Kentucky Asset Liability Commission has issued notes and entered into lease agreements to finance capital projects for the University of Kentucky, Kentucky State Fair Board, Kentucky Higher Education Assistance Authority, Kentucky River Authority, Kentucky Community and Technical College System, and Eastern Kentucky University. The bond issues are shown as liabilities of the State Property and Buildings Commission in the entity wide financial statements. A capital lease liability is reflected in the financial statements of the various discretely presented component units, for which the debt was issued and a corresponding capital lease receivable has been recorded in the financial statements of the Commonwealth to accurately reflect the transaction. Amounts due under these lease agreements are reflected in the following table:

Future debt service payments for leases receivable
(Expressed in Thousands)

	Principal	Interest	Total
2021	$ 6,985	$ 5,906	$ 12,891
2022	6,730	5,671	12,401
2023	6,950	5,448	12,398
2024	17,600	5,187	22,787
2025	7,075	4,897	11,972
2026-2030	40,205	19,660	59,865
2031-2035	46,930	10,202	57,132
2036-2040	21,245	1,193	22,438
Total leases receivable	$ 153,720	$ 58,164	$ 211,884

Note 5

EQUITY IN POOLED CASH AND INVESTMENTS, CASH, AND INVESTMENTS

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

PRIMARY GOVERNMENT

Custodial Credit Risk-Deposits – The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the Commonwealth's deposits for the Primary Government, excluding pension and OPEB trust funds, was $758,163,000 and the bank balance was $758,163,000. The bank balance of the Primary Government administered by the State Treasurer was covered by Federal depository insurance or by collateral held by the Commonwealth or the Commonwealth's agent in the Commonwealth's name.

Custodial Credit Risk-Investments - Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Commonwealth will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Commonwealth holds investments both for its own benefit and as an agent for other related parties. The major investment programs conducted for the direct benefit of the Commonwealth are administered by the Office of Financial Management. The investments held in the Commonwealth's investment pool are insured or registered, or held by the Commonwealth of Kentucky or its agent in the Commonwealth's name.

The credit risk mix of the retirement systems, and other component units, is disclosed in the financial statement footnotes of those individual entities.

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

Securities Lending Program – State statutes authorize the Commonwealth to enter into securities lending agreements. The Commonwealth has entered into an agent agreement. The agent lends the Commonwealth's US Treasuries, agencies, and corporate bonds in exchange for cash. The cash is invested in short-term securities. After rebate and expenses the Commonwealth receives 85 percent of the profit earned. The securities transferred are a part of the total investments reported above. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. The Commonwealth retains the interest income on the securities being transferred. During the year, the Commonwealth earned $1,161,836 in securities lending income. On June 30, 2020, the fair value of the securities transferred was $118,091,788 and the fair value of the securities purchased by the Commonwealth was $120,177,834. The collateralization requirements and monitoring procedures in the securities lending program are similar to those requirements in regard to repurchase agreements. The Commonwealth requires 100% collateralization on all repurchase agreements. The agent also indemnifies the Commonwealth from any losses from borrowers. The Commonwealth lends its securities generally on an overnight basis.

Options – The Commonwealth's investment strategy includes the use of derivatives as a tool in managing market risk and providing an opportunity for enhanced return. The Commonwealth selectively utilizes put and call options on United States Treasury securities. These options are on a covered basis, where the Commonwealth holds either cash or securities sufficient to meet the obligation, should the option be exercised. On June 30, 2020, the portfolio had no obligations under option. The Commonwealth also purchases securities that have built in covered calls (callable agency securities). The risk in holding these securities is the risk that the security can be called (bought back) by the issuing agency at par either on or after a specific date.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Commonwealth has regulatory limits on investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. It also has limits on portfolio durations for the same purpose.

KentuckyWired Infrastructure Company, Inc. has no policy limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Company's Guaranteed Investment Contracts have maturities ranging from two to eight years.

The primary government's investments (excluding the pension and OPEB trust funds) at June 30, 2020, are presented on the next page. All investments are presented by investment type.

Cash And Investments By Type
Primary Government
(Expressed in Thousands)

I. Cash

	Carrying Amount	Bank Balance
Cash	$ 621,408	$ 621,408
Cash with Fiscal Agents	126,101	126,101
Cash with Federal Government	10,654	10,654
Total Cash	$ 758,163	$ 758,163

Investments Managed Based Upon Duration

Debt Securities	Fair Value	Effective Duration
Cash Equivalents	$ 386,106	—
Fixed Income Mutual Funds	2,225,825	0.12
U.S. Government & Agency Obligations	2,340,149	0.48
Mortgage-Backed Securities	150,825	0.61
Corporate Obligations	59,431	1.30
Asset Backed Securities	177,127	1.35
Total Debt Securities	5,339,463	
Portfolio Effective Weighted Duration		0.33

Other Investments	
Fixed Income Mutual Funds	5,399
Common Stock	3,728
Securities Lending Investments	120,178
Total Other Investments	129,305
Total Investments	$ 5,468,768

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commonwealth is statutorily limited as to credit ratings, at the time of purchase. Commercial paper must be rated in the highest category by a nationally recognized rating agency. United States denominated corporate, Yankee, and Eurodollar securities must be rated in one of the three highest categories by a nationally recognized rating agency. Asset-backed securities must be rated in the highest category by a nationally recognized rating agency. Certificates of Deposit and Bankers acceptances must be rated in one of the three highest categories by a nationally recognized rating agency. By regulation all mortgage pass-through securities and collateralized mortgage obligations must be issued by U.S. government agencies or by government sponsored entities.

The primary government's, excluding the pension and OPEB trust funds, rated debt investments as of June 30, 2020, and the ratings are presented on the next page.

Investments and Credit Ratings
Primary Government
(Expressed in Thousands)

	Standard & Poor's/Moody's Credit Ratings						
	AAA/Aaa	AA/Aa	A	BBB/	Unrated	NA	Total Fair Value of Investments
Cash Equivalents	$ —	$ —	$ —	$ —	$ 362,466	$ 23,640	$ 386,106
Fixed Income Mutual Funds	2,225,825	—	—	—	—	5,399	2,231,224
U.S. Government & Agency Obligations	—	2,340,150	—	—	—	—	2,340,150
Mortgage-Backed Securities	—	150,825	—	—	—	—	150,825
Corporate Obligations	18,384	—	41,047	—	—	—	59,431
Common Stock	—	—	—	—	—	3,728	3,728
Asset Backed Securities	177,127	—	—	—	—	—	177,127
Guaranteed Investment Contracts	—	—	—	—	—	—	—
Securities Lending	—	—	—	—	—	120,178	120,178
	$ 2,421,336	$ 2,490,975	$ 41,047	$ —	$ 362,466	$ 152,945	$ 5,468,769

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Regulation limits the amount owned of any given issuer of corporate and commercial paper to $25,000,000. At June 30, 2020, the primary government had no investments which would constitute a concentration of credit risk.

KentuckyWired Infrastructure Company, Inc. has no limit on the amount that may be invested in any one issuer. At June 30, 2020 and 2019, the Company's money market account in First American Funds Government Obligations was given a rating of Aaa by Moody's.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Commonwealth's policy historically has been to invest only in securities in U.S. denominations.

Fair Value Measurement Techniques

The Commonwealth groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. This hierarchy requires the Commonwealth to maximize the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Each fair value measurement is placed into the proper level based on the level of significant input.

These levels are:
- Level 1 – Valuation is based upon quoted prices for identical instruments in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.
- Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost.

The primary government's, excluding the pension and OPEB trust funds, has the following valuation measurements, by type, as of June 30, 2020.

Fair Value Measurements and Techniques
Primary Government
(Expressed in Thousands)

		Fair Value Measurement Using			
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Amortized or Historical Cost**
Investments					
Cash Equivalents	$ 386,106	$ 386,106	$ —	$ —	$ —
U.S. Agencies/Treasuries	2,340,150	2,340,150	—	—	—
Fixed Income Mutual Funds	2,225,825	—	2,225,825	—	5,399
Guaranteed Investment Contracts	—	—		—	—
Mortgage Backed Securities	150,825	—	150,825	—	—
Corporate Debt	59,431	—	59,431	—	—
Asset Backed Securities	177,127	—	177,127	—	—
Common Stock	—	—	—	—	3,728
Securities Lending	—	—	—	—	120,178
Total Investments	$ 5,339,464	$ 2,726,256	$ 2,613,208	$ —	$ 129,305

PENSION AND OPEB TRUST FUNDS

Custodial Credit Risk-Deposits and Investments

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the deposits for the Pension and OPEB trust funds was $224,116,000 and the bank balance was $224,116,000.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Commonwealth will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Of the Pension and OPEB Trust Funds, only Kentucky Retirement Systems has investments subject to custodial credit risk. The investments are listed as foreign currency in the amount of $2,224,353,000 which are uninsured and not registered in the name of the Commonwealth but are held by the counterparty.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Kentucky Revised Statutes (KRS 61.650) grants the responsibility for the investment of plan net position to the Board of Trustees of the Retirement Systems. Each System has very specific policies regarding their investment activity. A detailed discussion of those policies can be found in the notes to the audited financial statements of the various Pension and OPEB Trust Funds.

The Pension and OPEB Trust Funds investments at June 30, 2020, are presented on the following page. All investments are presented by investment type.

Cash and Investments by Type
Pension and OPEB Trust Funds
(Expressed in Thousands)

I. Cash

	Carrying Amount	Bank Balance
Cash	$ 224,116	$ 224,116
Total Cash	$ 224,116	$ 224,116

II. Investments:
Investments Managed Based On Maturities

Debt Securities	Fair Value	< 1 year	1-5 Years	6-15 Years	16-30 Years
Fixed Income Mutual Funds	$ 6,857	$ 4,871	$ —	$ 1,986	$ —
U.S. Government & Agency Obligations	978,426	—	—	978,426	—
Corporate Obligations	1,666,245	18,106	417,235	1,230,904	—
Mortgage-Backed Securities	166,960	—	—	491	166,469
Asset-Backed Securities	51,471	—	—	51,471	—
Municipal Obligations	312,139	—		312,139	—
Other	35,184	—	—	35,184	—
Total Debt Securities	$ 3,217,282	$ 22,977	$ 417,235	$ 2,610,601	$ 166,469

Investments Managed Based Upon Duration

Debt Securities	Fair Value	Modified	Macaulay
Cash Equivalents	740,953	3.64	—
Fixed Income Mutual Funds	7,770	1.15	—
U.S. Government & Agency Obligations	386,370	5.42	—
Mortgage-Backed Securities	928,735	4.05	—
Corporate Obligations	2,141,203	3.98	—
Asset Backed Securities	633,780	1.87	—
Municipal Obligations	15,679	6.08	—
Mortgage Loans	34,565	3.05	—
Guaranteed Investment Contracts\Annuities	679,026	—	2.86
Other	1,353,448	6.38	—
Other	4		—
Total Debt Securities	6,921,533		
Portfolio Weighted Modified Duration		4.34	
Portfolio Weighted Macaulay Duration			2.86

Other Investments

Cash Equivalents	2,052,859
Corporate Obligations	1,323,649
Common Stock	23,406,250
Pooled Investments	11,593
Limited Partnerships	730,314
Real Estate	2,126,478
Securities Lending	2,169,183
Other Investments	2,791,789
Total Other Investments	34,612,115
Total Investments	$ 44,750,930

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Each Pension and OPEB Trust Fund has an investment policy that defines the types of investments and ratings available to them. Specific policies can be found in the notes to the audited financial statements of the individual component unit.

The Pension and OPEB Trust Funds, rated debt investments as of June 30, 2020, and the ratings are presented in the following table.

Investments and Credit Ratings
Pension and OPEB Trust Funds
(Expressed in Thousands)

Quality Rating	Amount
AAA	$ 662,386
AA+	28,204
AA	585,912
AA-	31,235
A+	79,588
A	764,431
A-	206,718
BBB+	381,847
BBB	1,122,397
BBB-	478,620
BB+	244,819
BB	703,232
BB-	214,125
B+	162,474
B	680,944
B-	135,712
CCC+	85,354
CCC	101,384
CCC-	1,834
CC	3,728
C	352
D	7,233
NR	2,136,473
Total Credit Risk Debt Securities	8,819,002
Cash Equivalents	2,052,859
U.S. Government & Agencies	1,320,900
Corporate Obligations	1,323,649
Common Stock	23,406,250
Limited Partnerships	741,907
Real Estate	2,126,478
Securities Lending	355,012
Other	4,604,873
Total Investments	$ 44,750,930

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. With the exception of the Kentucky Public Employees' Deferred Compensation Authority's (KPEDCA) there is a policy limiting the amount of investment in a single issuer to 5% or less of the investment portfolios fair value. The following KPEDCA Fund investment contracts represent 5% or more of investments held in trust for Plan benefits at June 30, 2020.

Asset Description		Amount
Fixed Contract Fund	$	679,026
T Rowe Price Mid C		358,015
Vanguard Wellington		280,103
Fidelity Contrafund		356,642
Fidelity Growth Co		390,798
Vanguard Institutional Index fund		328,209

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. With the exception of the KPEDCA fixed contract fund the Pension and OPEB Trust Funds do not have a formal policy that addresses investments in foreign currency. Additional disclosures regarding the Pension and OPEB Trust Funds exposure to foreign currency risk can be found in the notes to the audited financial statements of the individual pension and OPEB trust funds.

The Pension and OPEB Trust Funds, investments in foreign currency as of June 30, 2020, are presented on the following page.

Foreign Currency Risk
Pension and OPEB Trust Funds (Expressed in Thousands)

Foreign Currency	Short Term	Equity	Debt	None Designated	Total
American Funds Euro Pacific Growth Fund	$ —	$ 94,150	$ —	$ —	$ 94,150
Argenine Peso	—	—	170	—	170
Australian Dollar	27	101,088	3,518	—	104,633
Bermudian Dollar	—	49,095	3,897	—	52,992
Brazilian Real	4	90,134	378	—	90,516
British Pound Sterling	104	454,576	40,944	—	495,624
Bulgarian Lev	—	511	—	—	511
Canadian Dollar	1,865	258,430	72,409	—	332,704
Cayman Islands Dollar	—	47,457	20,281	—	67,738
Chilean Peso	—	1,547	204	—	1,751
Chinese Yuan	281	145,899	—	—	146,180
Columbian Peso	—	20,716	1,581	—	22,297
Czech Koruna	—	4,457	—	—	4,457
Danish Krone	1,932	183,970	—	—	185,902
DFA International Small Cap	—	17,508	—	—	17,508
Dodge & Cox International Stock Fund	—	45,845	—	—	45,845
Egyptian Pound	—	1,815	—	—	1,815
Euro	2,081	2,646,642	89,158	—	2,737,881
Guernsey Pound	—	13,820	—	—	13,820
Hong Kong Dollar	726	599,332	—	—	600,058
Hungarian Forint	—	9,877	—	—	9,877
Indian Rupee	125	137,923	191	—	138,239
Indonesian Rupiah	362	35,588	—	—	35,950
Israeli New Shekel	1	18,566	—	—	18,567
Jamaican Dollar	—	—	288	—	288
Japenese Yen	2,246	982,178	3,866	—	988,290
Jersey Pound	—	67,421	5,916	—	73,337
Kenyan Shilling	—	2,062		—	2,062
Korean Won	657	99,392	3,154	—	103,203
Liberian Dollar	—	835	1,205	—	2,040
Malaysian Ringgit	—	21,654	—	—	21,654
Mexican Peso	—	50,080	5,480	—	55,560
Netherlands Antillean Guilder	—	2,450	210	—	2,660
New Taiwan Dollar	—	51,768	—	—	51,768
New Zealand Dollar	2	11,924	548	—	12,474
Norwegian Krone	4,429	77,194	3,033	—	84,656
Pakistani Rupee	—	182	—	—	182
Panamanian Balboa	—	8,699	2,069	—	10,768
Paraguayan guarani	—	—	208	—	208
Philippine Peso	—	4,944	—	—	4,944
Polish Zloty	—	6,326	—	—	6,326
Pound Sterling	—	234,677	—	—	234,677
Qatari Rial	—	2,181	—	—	2,181
Romanian Leu	—	1,672	—	—	1,672
Russian Ruble	—	65,657	—	—	65,657
Saudi Riyal	—	6,661	—	—	6,661
Singapore Dollar	5	40,666	—	—	40,671
South African Rand	2	62,959	—	—	62,961
South Korean Won	—	80,607	—	—	80,607
Swedish Krona	1,813	170,562	—	—	172,375
Swiss Franc	9	326,444	4,511	—	330,964
Taiwan Dollar	186	65,412	—	—	65,598
Thai Bhat	—	23,593	—	—	23,593
Trinidadian Dollar	—	3,238	—	—	3,238
Turkish Lira	1	18,241	—	—	18,242
UAE Dirham	—	3,296	—	—	3,296
Vanguard Total International Stock Fund	—	7,392	—	—	7,392
Various	5,210	—	25	—	5,235
Total Securities Subject To Foreign Currency Risk	22,068	7,479,313	263,244	—	7,764,625
USD (Securities Held By Intl Investment Mgrs)	—	—	—	15,984,946	15,984,946
Total International Investment Securities	$ 22,068	$ 7,479,313	$ 263,244	$ 15,984,946	$ 23,749,571

Securities Lending Program

Kentucky Revised Statutes permit the retirement systems to lend their securities to broker-dealers and other entities. The borrowers of the securities agree to transfer to the retirement system's custodial bank(s) either cash collateral or other securities with an initial fair value of 102 percent or 105 percent of the value of the borrowed securities. The borrowers of the securities simultaneously agree to return the borrowed securities in exchange for the collateral at a later date. At June 30, 2020, the retirement systems have no credit risk exposure to borrowers because the amounts the retirement systems owe the borrowers exceed the amounts the borrowers owe the retirement systems. The retirement systems cannot pledge or sell collateral securities unless the borrower defaults. More detail of individual policies may be found in the audited financial statements of each retirement system.

Derivatives

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indices. The Kentucky Retirement Systems was the only Pension and OPEB Trust Fund to have investment derivatives at June 30, 2020. More detail on those individual investment derivatives may be found in the audited financial statements of Kentucky Retirement Systems.

Fair Value Measurement Techniques

The Pension and OPEB trust funds group assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. This hierarchy requires the Pension and OPEB trust funds to maximize the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Each fair value measurement is placed into the proper level based on the level of significant input.

These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.
- Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost.

The Pension and OPEB trust funds, have the following valuation measurements, by type, as of June 30, 2020. More detail on the valuation measurements may be found in the audited financial statements of each retirement system.

Fair Value Measurements and Techniques
Pension and OPEB Trust Funds
(Expressed in Thousands)

		Fair Value Measurement Using			
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Amortized or Historical Cost**
U.S. Agencies/Treasuries	$ 1,823,801	$ 1,274,769	$ 549,032	$ —	$ —
Guaranteed investment contracts	—	—	—	—	679,026
Cash Equivalents	1,613,378	797,359	46,167	769,852	11,593
Mortgage Backed Securities	303,064	—	302,336	728	—
Corporate Debt	6,116,657	15,974	5,471,594	629,089	—
State and Municipal Obligations	319,504	—	319,504	—	—
Asset Backed Securities	498,699	—	498,699	—	—
Real Estate	—	—	—	—	—
Common Stock	13,601,726	9,245,781	2,907,388	1,448,557	—
Mortgages	35,184	—	35,184	—	—
Securities Lending	—	—	—	—	355,012
Other:	19,393,282	13,699,875	380,203	5,313,204	4
Total Investments	$ 43,705,295	$ 25,033,758	$ 10,510,107	$ 8,161,430	$ 1,045,635

MAJOR DISCRETELY PRESENTED COMPONENT UNITS

Custodial Credit Risk-Deposits and Investments

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the major discretely presented component units' deposits was $2,319,024,000 and bank balance was $1,083,597,000.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the component unit will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Each component unit has informal policies to control custodial credit risk and those policies can be found in the notes to the audited financial statements of the individual component unit.

The table on the next page summarizes the custodial credit risk maintained for investments held by the major discretely presented component units for the fiscal year ended June 30, 2020.

Custodial Risk
Discretely Presented Major Component Units
(Expressed in Thousands)
I. Deposits
Cash And Equivalents (original maturity 90 days or less):

Deposits are uninsured and		
a) uncollateralized;	$	—
b) collateralized with securities held by the pledging financial institution; or		523,560
c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Commonwealth's name.		165,975
Total Deposits Subject To Custodial Credit Risk	$	689,535

II. Non-Current Cash And Investments:

Non-current cash and investments which are uninsured, are not registered in the name of the Commonwealth, and are held by either		
(a) the counterparty or	$	917,731
(b) the counterparty's trust department or agent but not in the Commonwealth's name.		(91,452)
Total Non-Current Cash And Investments Subject To Custodial Credit Risk	$	826,279

Investment Types:

Debt Securities	Type A (counterparty)	Type B (trust or agent)
Cash Equivalents	$ 79,823	$ (65,312)
Fixed Income Mutual Funds	162,550	—
Corporate Obligations	26,570	—
U.S. Government & Agency Obligations	53,418	—
Mortgage Backed Securities	3,878	—
Municipal Obligations	2,199	—
Other	4,929	—
Total Debt Securities	333,367	(65,312)
Other Investments		
Cash Equivalents	—	—
Fixed Income Mutual Funds	457,752	(25,692)
Common Stock	48,865	(49,314)
Funds Held In Trust By Others	—	58,516
Other Various	77,747	(9,650)
Total Other Investments	584,364	(26,140)
Total Type A	917,731	Total Type B (91,452)
Total Non-Current Cash And Investments Subject To Custodial Credit Risk		$ 826,279

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The component units have numerous policies that limit the amounts and types of investments as a means of managing the exposure to fair value losses arising from increasing interest rates. Specific policies can be found in the notes to the audited financial statements of the individual component unit.

The following table summarizes the investments held by the major discretely presented component units for the fiscal year ended June 30, 2020.

Cash And Investments By Type
Discretely Presented Major Component Units
(Expressed in Thousands)
I. Cash

	Carrying Amount	Bank Balance
Cash	$ 1,131,759	$ 1,011,058
Money Market	260,950	73,804
Other	926,315	(1,265)
Total Cash	$ 2,319,024	$ 1,083,597

II. Investments
Investments Managed Based On Maturities

Debt Securities	Fair Value	< 1 year	1-5 Years	6-10 Years	> 10 Years
Cash Equivalents	$ 256,769	$ 253,460	$ 3,309	$ —	$ —
Fixed income Mutal Funds	15,946	3,630	8,003	3,822	491
U.S. Government & Agency Obligations	18,740	6,574	12,166	—	—
Guaranteed Investment Contracts/Annuities	21,431	—	10,455	10,976	—
Total Debt Securities	312,886	$ 263,664	$ 33,933	$ 14,798	$ 491

Investments Managed Based Upon Duration

Debt Securities	Fair Value	Effective	Modified
Money Market Funds	97,969	—	—
Fixed Income Mutual Funds	291,822	—	2.30
Fixed Income Mutual Funds	40,473	—	2.74
U.S. Government & Agency Obligations	2,902	2.24	—
U.S. Government & Agency Obligations	94,853	0.51	—
U.S. Government & Agency Obligations	9,904	0.00	—
Mortgage Backed Securities	1,803	10.61	—
Mortgage Backed Securities	56,015	0.75	—
Corporate Debt	4,625	3.58	—
Total Debt Securities	600,366		
Portfolio Effective Weighted Duration		0.83	
Portfolio Modified Weighted Duration			2.35

Other Investments

Fixed Income Mutual Funds	247,347
Common Stock	872,209
Corporate Bonds	26,570
Limited Partnerships	462,734
Alternatives	201,565
Real Estate	219,135
Funds Held In Trust By Others	58,516
Other	98,117
Total Other Investments	2,186,193
Total Investments	$ 3,099,445

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Each component unit has an investment policy that defines the types of investments and ratings available to them. Specific policies can be found in the notes to the audited financial statements of the individual component unit.

The major discretely presented component units, investments as of June 30, 2020, and the ratings are presented in the following table.

Investments and Credit Ratings
Discretely Presented Major Component Units
(Expressed in Thousands)

	Standard & Poor's/Moody's Credit Ratings							
	AAA/Aaa	AA/Aa	A	BBB/Baa	BB/Ba or Lower	Unrated	NA	Total Fair Value of Investments
Cash Equivalents	$ 187,177	$ —	$ —	$ —	$ —	$ 294,448	$ 97,969	$ 579,594
Fixed Income Mutual Funds	49,062	44,480	86,755	74,566	5,453	1,016,527	44,157	1,321,000
U.S. Government & Agency Obligations	97,755	543	—	—	—	2,736	6,625	107,659
Mortgage Backed Securities	57,818	—	—	—	—	—	—	57,818
Corporate Obligations	1,477	244	1,790	1,114	—	—	—	4,625
Guaranteed Investment Contracts/Annuities	—	943	—	—	—	9,512	—	10,455
Other	—	—	—	—	—	1,017,338	956	1,018,294
Total Investments	$ 393,289	$ 46,210	$ 88,545	$ 75,680	$ 5,453	$2,340,561	$ 149,707	$ 3,099,445

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. All of the major discretely presented component units except the Kentucky Housing Corporation (KHC) has policies in place that limit the amount that can be invested in a single issuer to 5% of the total portfolio market value. KHC places no limit on the amount they may invest in any one issuer. More than five percent of the KHC's investments are in GNMA, U.S. Treasury, and Dreyfus. These investments are 23%, 38%, and 39%, respectively, of the KHC's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. Policies for controlling foreign currency risk will vary with each component unit, individual policies can be found in the notes to the financial statements of the respective component unit.

Of the major discretely presented component units only the University of Kentucky has foreign currency risk as of June 30, 2020. The university has $2,089,000 in a pooled private equity fund, $3,934,000 in a pooled private real estate fund, $36,000 in fixed income high quality/rate sensitive equity, and $13,000 in pooled international equity.

Fair Value Measurement Techniques

Additional information regarding the fair value measurements can be found in the note to the audited financial statements of the individual component units.

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

Note 6

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020
(Expressed in Thousands)

	Primary Government			
Primary Government:	**Beginning Balance**	**Additions**	**Decreases**	**Ending Balance**
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 244,217	$ 1,148	$ (1,107)	$ 244,258
Construction in progress	2,609,744	544,203	(684,699)	2,469,248
Infrastructure	21,256,929	559,807	(16,309)	21,800,427
Easements and Other Intangibles	99,095	812	—	99,907
Total capital assets not being depreciated	24,209,985	1,105,970	(702,115)	24,613,840
Capital assets, being depreciated/amortized:				
Improvements other than buildings	31,551	1,922	—	33,473
Buildings	1,590,411	122,793	(7,297)	1,705,907
Machinery and Equipment	784,888	83,329	(39,745)	828,472
Easements and Other Intangibles	102,034	20,491	—	122,525
Total capital assets, being depreciated/amortized	2,508,884	228,535	(47,042)	2,690,377
Less accumulated depreciation/amortization:				
Improvements other than buildings	(14,730)	(1,149)	—	(15,879)
Buildings	(730,553)	(42,325)	6,101	(766,777)
Machinery and Equipment	(498,696)	(71,977)	38,605	(532,068)
Easements and Other Intangibles	(40,370)	(5,112)	—	(45,482)
Total accumulated depreciation	(1,284,349)	(120,563)	44,706	(1,360,206)
Total capital assets, being depreciated/amortized, net	1,224,535	107,972	(2,336)	1,330,171
Governmental activities capital assets, net	$ 25,434,520	$ 1,213,942	$ (704,451)	$ 25,944,011
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 23,540	$ 1,528	$ (125)	$ 24,943
Construction in progress	8,852	4,726	(1,087)	12,491
Other capital assets	2,276	—	—	2,276
Total capital assets, not being depreciated	34,668	6,254	(1,212)	39,710
Capital assets, being depreciated/amortized:				
Improvements other than buildings	156,141	90	(1,330)	154,901
Buildings	371,110	1,666	(2,809)	369,967
Machinery and Equipment	20,959	1,340	(826)	21,473
Easements and Other Intangibles	4,638	—	—	4,638
Total capital assets, being depreciated/amortized	552,848	3,096	(4,965)	550,979
Less accumulated depreciation for:				
Improvements other than buildings	(92,289)	(4,438)	1,083	(95,644)
Buildings	(195,071)	(11,023)	1,641	(204,453)
Machinery and Equipment	(15,089)	(903)	971	(15,021)
Easements and Other Intangibles	(2,190)	(271)	—	(2,461)
Total accumulated depreciation	(304,639)	(16,635)	3,695	(317,579)
Total capital assets, being depreciated/amortized, net	248,209	(13,539)	(1,270)	233,400
Business-type activities capital assets, net	$ 282,877	$ (7,285)	$ (2,482)	$ 273,110

Depreciation expense, charged to functions/programs of the primary government as follows:
(Expressed in Thousands)

	Governmental Activities	Business-type Activities
General Government	$ 15,559	$ —
Legislative and Judicial	2,648	—
Commerce	2,565	—
Education and Humanities	1,706	—
Human Resources	4,561	—
Justice	31,381	—
Natural Resources and Environmental Protection	3,630	—
Public Protection and Regulation	688	—
Transportation	29,192	—
Capital assets held by government's internal service funds are charged to the various functions based on usage of the assets	28,633	—
State Parks	—	11,868
Horse Park	—	4,407
Insurance Administration	—	360
Total depreciation expense by activities	$ 120,563	$ 16,635

Discretely presented major component units
Capital asset activity for the year ended June 30, 2020
(Expressed in Thousands)

	Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	$ 222,592	$ 41,463	$ (2,195)	$ 261,860
Construction in progress	217,602	222,731	(176,189)	264,144
Infrastructure	1,043,390	103	—	1,043,493
Other capital assets	64,467	684	—	65,151
Totals, capital assets not being depreciated	1,548,051	264,981	(178,384)	1,634,648
Capital assets, being depreciated/amortized:				
Improvements other than buildings	418,941	15,370	(270)	434,041
Buildings	6,510,438	351,850	(18,895)	6,843,393
Machinery and Equipment	1,677,200	175,732	(47,827)	1,805,105
Easements and Other Intangibles	298,543	29,149	(18,341)	309,351
Total capital assets, being depreciated/amortized	8,905,122	572,101	(85,333)	9,391,890
Less accumulated depreciation for:				
Improvements other than buildings	(154,215)	(20,844)	2	(175,057)
Buildings	(2,306,274)	(195,423)	1,500	(2,500,197)
Machinery and Equipment	(1,214,909)	(114,163)	38,323	(1,290,749)
Easements and Other Intangibles	(154,614)	(12,102)	12,744	(153,972)
Total accumulated depreciation	(3,830,012)	(342,532)	52,569	(4,119,975)
Total capital assets, being depreciated/amortized, net	5,075,110	229,569	(32,764)	5,271,915
Component units capital assets, net	$ 6,623,161	$ 494,550	$ (211,148)	$ 6,906,563

Depreciation expense, charged to functions/programs of discretely presented major component units as follows:
(Expressed in Thousands)

Kentucky Housing Corporation	$ 343
Kentucky Higher Education Student Loan Corporation	213
University of Kentucky	193,036
University of Louisville	110,959
Kentucky Community and Technical College System	36,873
Kentucky Lottery Corporation	1,108
Total depreciation expense by functions/programs	$ 342,532

Note 7

INTERFUND TRANSACTIONS

Interfund Transfers In and Out

The table below shows the interfund operating transfers for fiscal year 2020
(Expressed in Thousands)

	Transfers Out					
Transfers In	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund	Debt Service Fund
General Fund	$ —	$ 50	$ 674	$ 37,360	$ —	$ —
Transportation Fund	—	—	—	1,830	2,294	—
Federal Fund	120	—	—	5	—	—
Agency Revenue Fund	43,958	245	18,410	—	1,680	—
Capital Projects Fund	2,500	7,366	646	29,725	—	—
Debt Service	475,833	8,942	95,141	6,213	101,185	—
Non-Major Governmental Funds	157,249	142,492	—	305,628	1,129	—
State Parks Fund	49,538	—	104	222	19,661	—
Kentucky Horse Park Fund	1,708	—	—	34	600	—
Kentucky Public Employees Health Plan	—	—	—	—	—	—
Insurance Administration Fund	—	—	3	—	77	—
Unemployment Compensation Fund	—	—	—	—	—	—
Internal Service Funds	1,206	—	—	22	12,305	—
Fiduciary Funds	—	—	—	—	—	—
Total	$ 732,112	$ 159,095	$ 114,978	$ 381,039	$ 138,931	$ —

Reasons for transfers:
1) to move resources from the General Fund, for budgetary purposes, to the fund that will expend them;
2) to move resources from funds recording the revenue to the Debt Service Fund, for debt service payments;
3) to move resources from the funds recording the revenue to the Capital Projects Fund to finance acquisition of capital assets.

Interfund Receivables and Payables

The table below shows the interfund receivables and payables for fiscal year 2020
(Expressed in Thousands)

	Interfund Payables				
Interfund Receivables	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund
General Fund	$ —	$ —	$ 16,125	$ 6,058	$ 94
Transportation Fund	—	—	606	974	2,236
Federal Fund	7,118	417	—	770	—
Agency Revenue Fund	56,488	62	62,640	—	—
Capital Projects Fund	—	800	—	6,523	—
Non-Major Governmental Funds	9,620	7	—	4,858	175
State Parks Fund	1,932	—	2,021	—	—
Kentucky Horse Park Fund	—	—	4	10	—
Kentucky Public Employees Health Plan	66,366	1,491	1,180	1,412	—
Insurance Administration Fund	—	—	311	18	145
Unemployment Insurance Fund	26	—	—	—	—
Internal Service Funds	1,025	61	389	68	495
Fiduciary Fund Agency Funds	—	—	—	—	—
Total	$ 142,575	$ 2,838	$ 83,276	$ 20,691	$ 3,145

Reasons for interfund payables and receivables:
1) to record sales by proprietary funds to other funds;
2) to record reimbursements of expenditures made in one fund for another fund;
3) to distribute program cost among funds; and
4) to record short-term loans from one fund to another.

Transfers Out

Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Kentucky Employees Health Plan	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Fiduciary Funds	Total
$ 87,796	$ —	$ —	$ 175,364	$ 11,500	$ —	$ 2,801	$ 799	$ 316,344
—	—	—	—	—	—	—	—	4,124
—	—	—	—	—	—	—	—	125
248,575	—	—	—	8,689	13,904	583	20	336,064
6,639	60	—	—	3,273	—	879	—	51,088
33,357	3,416	—	—	—	—	1,168	—	725,255
151,590	—	—	—	—	—	—	—	758,088
—	—	—	—	—	—	—	—	69,525
—	—	—	—	—	—	—	—	2,342
—	—	—	—	—	—	—	77	77
—	—	—	—	—	—	—	—	80
—	—	—	—	—	—	—	—	—
1,317	—	—	—	—	—	474	—	15,324
—	—	—	—	1,300	—	—	—	1,300
$ 529,274	$ 3,476	$ —	$ 175,364	$ 24,762	$ 13,904	$ 5,905	$ 896	$ 2,279,736

Interfund Payables

Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Total
$ 3,455	$ 3,725	$ —	$ —	$ —	$ 128	$ 29,585
—	—	—	—	—	—	3,816
27	—	—	—	—	—	8,332
23,195	16,233	2,023	117	—	880	161,638
—	—	—	143	—	4	7,470
426	—	—	—	—	5,503	20,589
—	—	—	—	—	—	3,953
—	3	—	—	—	—	17
8	229	18	112	98	197	71,111
—	—	—	—	—	—	474
—	—	—	—	—	—	26
—	13	—	83	—	—	2,134
—	—	—	—	—	—	—
$ 27,111	$ 20,203	$ 2,041	$ 455	$ 98	$ 6,712	$ 309,145

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

Note 8

PENSION PLANS

Kentucky Retirement Systems

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

The Commonwealth contributes to the KERS, a multiple-employer cost sharing defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances.

SPRS is a single-employer defined benefit plan that covers all full-time State Troopers employed in a hazardous duty position by the Kentucky State Police. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances.

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

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

The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the above mentioned retirement systems. That report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (800) 928-4646 or (502) 564-4646 or online at www.kyret.ky.gov.

Kentucky Judicial Form Retirement System

The Judicial Retirement Plan is governed by KRS Chapter 21 Section 345 through Section 580. A single employer defined benefit plan, which provides retirement, disability and death benefits to plan members and their beneficiaries.

The Legislators' Retirement Plan is a single employer defined benefit plan providing retirement, disability, and death benefits to plan members and their beneficiaries.

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

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

The Judicial Form Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for the above mentioned retirement plans. That report may be obtained by writing to the Judicial Form Retirement Plans, Suite 302, Whitaker Bank Building, 305 Ann Street, Frankfort, Kentucky 40601 or by telephone at (502) 564-5310 or online at www.kjfrs.ky.gov.

Kentucky Teachers' Retirement System

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

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

The Kentucky Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601, or by telephone at (502) 848-8500 or online at www.trs.ky.gov.

Kentucky Employees Retirement System
Governance KRS 61.510 through KRS 61.705
Cost Sharing Multiple Employer Defined Benefit
Non-Hazardous

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/2013	Tier 3 Participation on or after 1/1/2014
Covered Employees:	Substantially all regular full-time members employed in non-hazardous positions of any state department, board, or any agency directed by Executive Order to participate in the system.		
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	1.97%, or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 48 months of service. Money Purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations.	
Reduced Retirement Benefit:	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 65 or has less than 27 years of service, whichever is smaller.	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 65, or does not meet the rule of 87 (age plus service) and is younger than age 57, whichever is smaller.	No reduced retirement benefit

Kentucky Employees Retirement System
Governance KRS 61.510 through KRS 61.705
Cost Sharing Multiple Employer Defined Benefit
Hazardous

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/2013	Tier 3 Participation on or after 1/1/2014
Covered Employees:	Substantially all regular full-time members employed in hazardous duty positions of any state department, board, or any agency directed by Excutive Order to participate in the system.		
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation:	Average of the highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	Average of the highest 3 fiscal years; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	2.49%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 25 years = 2.25%. 25 years and greater = 2.50%.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 20 years of service. Age 55 with 60 months of service. Money Purchase for age 55 with less than 60 months based on contributions and interest.	Any age with 25 years of service. Age 60 with 5 years of service. No Money Purchase calculations.	Any age with 25 years of service. Age 60 with 5 years of service. No Money Purchase calculations.
Reduced Retirement Benefit:	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 55 or has less than 20 years service, whichever is smaller.	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 60 or has less than 25 years service, whichever is smaller.	No reduced retirement benefit

State Police Retirement System
Governance KRS 16.505 through KRS 16.652
Single Employer Defined Benefit

	Tier 1 Participation before 9/1/2008	Tier 2 Participation on or between 9/1/2008 and 12/31/2013	Tier 3 Participation on or after 1/1/2014
Covered Employees:	All full-time state troopers employed in a hazardous duty position by the Kentucky State Police.		
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	Final Compensation X Benefit Factor X Years of Service	No benefit formula. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Final Compensation:	Average of the highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	Average of the highest 3 fiscal years; each year must contain 12 months. Lump sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	2.50%	10 years or less = 1.30%. Greater then 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 25 years = 2.25%. 25 years and greater = 2.50%.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 20 years of service. Age 55 with 60 months of service. Money purchase for age 55 with less than 60 months based on contributions and interest.	Any age with 25 years of service. Age 60 with 5 years of service. No Money Purchase calculations.	Any age with 25 years of service. Age 60 with 5 years of service. No Money Purchase calculations.
Reduced Retirement Benefit:	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 55 or has less than 20 years service, whichever is smaller.	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 60 or has less than 25 years service, whichever is smaller.	No reduced retirement benefit

Judicial Retirement Plan
Governance KRS 21.345 through KRS 21.570
Single Employer Defined Benefit

	Tier 1	Tier 2	Tier 3	Tier 4
	Participation prior to 7/1/1978	Participation between 7/1/1978 and 6/30/1980	Participation between 7/1/1980 and 12/31/2013	Participation on or after 1/1/2014
Covered Employees:	District, Circuit, Court of Appeals, Family and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the plan. Individuals commencing participation on or after January 1, 2014, will participate in the hybrid plan .			
Benefit Formula:	Final Average Compensation X Benefit Factor X Years of Service. Not to exceed 100% of final average compensation.			Cash Balance Plan
Final Compensation:	Average of 36 months of service immediately preceding retirement before 1/1/2009. Average of 60 months of service immediately preceding retirement after 12/31/2008.			No Final Compensation
Benefit Factor:	5.0% if service continued without interruption; not to exceed 100% of final average compensation.	4.15%, not to exceed 100% of final average compensation.	2.75%, not to exceed 100% of final average compensation.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on the member's accumulated account balance.
Cost of Living Adjustment (COLA):	Prior to June 30 2009, cost of living adjustments (COLA), keyed to Consumer Price Index, were provided on July 1 of each year. Commencing in 2009, the COLA on July 1 of each year is 1.5%. The COLA created in 2009 was suspended by legislative action in 2014 and no COLA's have since been granted.			Any cost of living adjustment will be granted providing the following requirements are met: the funding level of Judicial Hybrid Cash Balance Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase and the Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.
Unreduced Retirement Benefit:	8 years of service and age 65. The age 65 requirement shall be reduced by 1 year for each 5 years of service and 1 year for each year beyond the years of service needed to accrue a benefit of 100%. The age requirement will never be reduced below 60.			Accumulated Hypothetical account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.
Reduced Retirement Benefit:	5% per year for each year under normal retirement age.			With at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Legislators Retirement Plan
Governance KRS 6.500 through KRS 6.577
Single Employer Defined Benefit

	Tier 1	Tier 2	Tier 3	Tier 4
	Participation prior to 7/1/1978	Participation between 7/1/1978 and 6/30/1980	Participation between 7/1/1980 and 12/31/2013	Participation on or after 1/1/2014
Covered Employees:	Members of the General Assembly may elect to make monthly contributions within 30 (thirty) days of taking office, and thereby become eligible for membership in the plan. Individuals commencing participation on or after January 1, 2014, will participate in the hybrid plan.			
Benefit Formula:	Final Average Compensation X Benefit Factor X Years of Service			Cash Balance Plan
Final Compensation:	The average compensation for the highest 36 months of state salary.			No Final Compensation
Benefit Factor:	5.0% for all service that continues without interruption thereafter, not to exceed 100% of final average compensation; 2.75% for all other service.	4.15% for all service that continues without interruption thereafter not to exceed 100% of final average compensation; 2.75% for all other service.	3.5% for all service that continues without interruption thereafter, not to exceed 100% of final average compensation; 2.75% for all other service.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on the member's accumulated account balance.
Cost of Living Adjustment(COLA):	1.5% yearly on July 1 if the funding level is greater 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for increase and the Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.			Any cost of living adjustment will be granted providing the following requirements are met: the funding level of Legislative Hybrid Cash Balance Plan is 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase and The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.
Unreduced Retirement Benefit:	Members who have attained age 65 and completed at least 5 years of legislative service or have service under other state authorized system when added to Legislative service will equal at least 8 years of service. The age 65 requirement shall be reduced by 1 year for each 5 years of service and 1 year for each year beyond the years of service needed to accrue a benefit of 100%. The age requirement will never be reduced below 60.			Members who have attained the age of 65 and have at least 5 years of active service credit in the Legislators Plan and any other state-supported retirement system; or at least age 57 and service with Legislators and other state-supported retirement systems of the Commonwealth plus age equals at least 87.
Reduced Retirement Benefit:	5% per year for each year under normal retirement age.			With at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Kentucky Teachers' Retirement System
Governance KRS 161.220 through KRS 161.716
Cost Sharing Multiple Employer Defined Benefit with Special Funding

	Tier 1 Participation prior to 7/1/2008	**Tier 2** Participation on or after 7/1/2008
Covered Employees:	Provides pension plan coverage for local school districts and other educational agencies in the state.	
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 for each year in excess of 30. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	Reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Single Employer Defined Benefit Plans
Source of Changes in Net Pension Liability and Related Ratios
(Expressed in Thousands)

	Fiscal Year 2020		
	State Police Retirement System	**Kentucky Legislators Retirement Plan**	**Kentucky Judicial Retirement Plan**
Total Pension Liability			
Service Costs	$ 11,726	$ 698	$ 4,126
Interest	49,301	4,696	22,950
Differences between expected and actual experience	20,952	(2,788)	(71)
Changes in assumptions	44,510	(310)	(7,653)
Benefit payments/refunds	(60,949)	(4,729)	(24,263)
Other	(163)	(1)	—
Net change in total pension liability	65,377	(2,434)	(4,911)
Total pension liability at July 1	969,623	74,374	375,137
Total pension liability at June 30	$ 1,035,000	$ 71,940	$ 370,226
Pension Plan Fiduciary Net Position			
Contributions - employer	$ 60,048	$ —	$ 8,732
Contributions - member	5,062	198	1,550
Net investment income	14,816	8,701	38,594
Benefit payments/refunds	(61,111)	(4,729)	(24,263)
Administrative expenses	(225)	—	—
Other	2	1	—
Net change in plan fiduciary net position	18,592	4,171	24,613
Pension plan fiduciary net position at July 1	267,573	72,747	311,097
Pension plan fiduciary net position at June 30	$ 286,165	$ 76,918	$ 335,710
Net pension liability at June 30	$ 748,835	$ (4,978)	$ 34,516
Pension plan fiduciary net position as a % of the total pension liability	27.65%	106.92 %	90.68%
Covered-employee payroll	$ 49,515	$ 4,328	$ 30,605
Net Pension liability as a % of covered employee payroll	1,512.34%	(115.02)%	112.78%

	Kentucky Employees Retirement System		State Police Retirement System
	Non-Hazardous	**Hazardous**	
Employer Contribution	71.03%	34.39%	119.05%
State Contribution as a percentage of nonemployer special funding situation			
Member Contribution	5.00%	8.00%	8.00%
Employer Contributions made in thousands	$691,003	$58,788	$57,347
Special Funding Contributions made in thousands			
As of the measurement date:			
Actuarial Valuation Date	Jun 30, 2018	Jun 30, 2018	Jun 30, 2018
Measurement Date	June 30, 2019	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent of pay	Level percent of pay	Level percent of pay
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	5.25%	6.25%	5.25% unchanged from prior year
Inflation Rate	2.30%	2.30%	2.30%
Payroll Growth Assumptions	0.00%	0.00%	0.00%
Projected salary increases	KERS Non-Hazardous and State Police Retirement System active member salaries are assumed to increase at the rate of 15.55% in year one and decreasing to 3.55% for year ten and beyond. KERS Hazardous increases will be 19.55% in year one decreasing to 3.55% year ten and beyond.		
Mortality Tables	RP-2000 Combined Mortality Table, projected with scale BB to 2013 (set back one year for females).	RP-2000 Combined Mortality Table, projected with scale BB to 2013 (set back one year for females).	RP-2000 Combined Mortality Table, projected with scale BB to 2013 (set back one year for females).
Date of Experience Study	The period July 1, 2013 - June 30, 2018	The period July 1, 2013 - June 30, 2018	The period July 1, 2013 - June 30, 2018
Update procedures applied	The total pension liability was rolled-forward from the valuation date to the fiscal year ending June 30, 2019, using generally accepted actuarial principles.		
Change in Assumptions	There have been no changes in actuarial assumption since June 30, 2018		
Membership Information			
Retirees and beneficiaries receiving benefits	46,526	4,370	1,600
Inactive members	50,435	5,727	499
Active plan members	35,139	3,929	886
Total	132,100	14,026	2,985
Number of participating employers	329	7	1

Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Teachers' Retirement System
Traditional plan 33.6% Hybrid plan 1.8%	Traditional plan 0% Hybrid plan 0%	31.78%
		31.78%
Members entering the plan on or after September 1, 2008, must contribute 6%. Members entering the plan on or after July 1, 1978, and prior to September 1, 2008, contribute 5% of official salary.		University members contribute 10.40% of salary. Non-university members contribute 12.855% of salary.
Traditional plan $8,638; Hybrid plan $95	Traditional plan $0; Hybrid plan $0	$7,270
		$1,049,664
Jun 30, 2019	Jun 30, 2019	Jun 30, 2018
June 30, 2019	June 30, 2019	June 30, 2019
Entry age normal funding method	Entry age normal funding method	Entry age normal
Interest + 1% Unfunded past liability	Interest + 1% Unfunded past liability	Level percentage of payroll
Market Value	Market Value	Five-year smoothed Market
Defined Benefit Plan 6.50% Compared to prior year 6.24%; Hybrid Plan 4.0%, unchanged from prior year.	6.50 % Defined Benefit Plan compared to prior year 6.45%; 4.0% Hybrid Cash Plan.	7.50%
3.00%	3.00%	3.00%
1.0% for the next five years, thereafter 3.5%	1.0% for the next five years, thereafter 3.5%	3.50% to 7.30% including inflation
RP 2000 Mortality Tables with white collar adjustment with Pre- and Post-Commencement Rates with projected mortality improvements after year 2000 under Project Scale AA (males and female scales.)	RP 2000 Mortality Tables with white collar adjustment with Pre- and Post-Commencement Rates with projected mortality improvements after year 2000 under Project Scale AA (males and female scales.)	Mortality rates were based on RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males or one year for females.
Information not available	Information not available	The period July 1, 2010 - June 30, 2015
		Standard roll forward using generally accepted actuarial techniques.
354	238	55,613
13	40	8,992
197	58	72,647
564	336	137,252
1	1	216

Kentucky Employee Non-Hazardous and Hazardous Retirement System and Kentucky State Police Retirement System

The long-term expected rate of return was determined by using a building block method for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table. (See the discussion of KERS investment policy in Note 5).

Kentucky Judicial Retirement System and Kentucky Legislators Retirement System

The long-term expected rate of return on Judicial and Legislators' Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the Judicial and Legislator's Plan target asset allocation are summarized in the following table. (See the discussion of the Judicial Plan's investment policy in Note 5).

Kentucky Teachers' Retirement System

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation for each major asset class are summarized in the following table. (See the discussion of the KTRS investment policy in Note 5.)

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

	KERS Non-Hazardous		KERS Hazardous		KSPRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:						
U.S. Equity	15.75 %	4.30 %	18.75 %	4.30 %	15.75 %	4.30 %
Non US Equity	15.75 %	4.80 %	18.75 %	4.80 %	15.75 %	4.80 %
Core Bonds	20.50 %	1.35 %	13.50 %	1.35 %	20.50 %	1.35 %
Credit Fixed	— %	— %	— %	— %	— %	— %
Private Equity	7.00 %	6.65 %	10.00 %	6.65 %	7.00 %	6.65 %
Real Estate	5.00 %	4.85 %	5.00 %	4.85 %	5.00 %	4.85 %
Opportunistic	3.00 %	2.97 %	3.00 %	2.97 %	3.00 %	2.97 %
Real return	15.00 %	4.10 %	15.00 %	4.10 %	15.00 %	4.10 %
Cash	3.00 %	0.20 %	1.00 %	0.20 %	3.00 %	0.20 %
High Yield, Non-US Developed Bonds and Private Credit	15.00 %	2.60 %	15.00 %	2.60 %	15.00 %	2.60 %

KJRS		KLRS		KTRS	
Target Allocation	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
— %	5.05 %	— %	5.05 %	40.00 %	4.20 %
— %	5.45 %	— %	5.45 %	22.00 %	5.20 %
— %	— %	— %	— %	— %	— %
— %	0.55 %	— %	0.55 %	15.00 %	1.20 %
— %	— %	— %	— %	7.00 %	6.30 %
— %	— %	— %	— %	7.00 %	3.80 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(1.85)%	— %	(1.85)%	2.00 %	0.90 %
— %	— %	— %	— %	7.00 %	3.20 %

	KERS		KSPRS
	Non-Hazardous	**Hazardous**	
Discount Rate	5.25%	6.25%	5.25%
Change in Discount Rate from Prior Valuation	—%	—%	—%
Plan Cash Flow assumption	The projection of cash flow used to determine the single discount rate assumed that employers would contribute the actuarially determined contribution rate in all future years.		
Rates Incorporated in the Discount Rate:			
Long-Term Rate of Return	5.25%	6.25%	5.25%
Period Applied	All Periods	All Periods	All Periods
Municipal Bond Rate	N/A	N/A	N/A
Sensitivity of the Net Pension Liability to Changes in the Discount Rate (expressed in thousands):			
Net Pension Liability	$10,605,519	$532,409	$748,835
Net Pension Liability Assuming a Decrease of 1% in the Discount Rate	$12,157,210	$686,511	$883,455
Net Pension Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	$9,322,682	$405,812	$638,835
Commonwealth's Proportionate Share of the Net Pension Liability (Asset)	75.09%	97.46%	100.00%

KJRS	KLRS	KTRS	
		Employer	Special Funding Situation
6.47%	6.50%	7.50%	7.50%
0.23%	—%	—%	—%

The projection of cash flow used to determine the single discount rate assumed that employers would contribute the actuarially determined contribution rate in all future years.

6.50%	6.50%	7.50%	7.50%
All Periods Through 2069, 2.89% thereafter	All Periods	All Periods	All Periods
N/A	N/A	N/A	N/A
$34,517	$(4,977)	$226,934	$13,727,545
$70,001	$1,744	$289,759	$17,527,926
$4,152	$(10,715)	$174,061	$10,529,159
100.00%	100.00%	1.58%	95.86%

(Expressed in Thousands)	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
Pension Expense (Income)	$ 1,430,457	$ 118,328	$ 119,558	$ (8,326)
Deferred Outflow of Resources				
Differences between expected and actual experience	$ 62,726	$ 10,129	$ 24,621	$ 271
Changes in assumptions	322,915	37,314	44,331	—
Net difference between projected and actual earnings on investments	—	—	—	—
Change in proportionate share	304,808	3,183	—	—
Contributions subsequent to the measurement date	691,003	58,788	57,347	8,732
	$ 1,381,452	$ 109,414	$ 126,299	$ 9,003
Deferred Inflow of Resources				
Differences between expected and actual experience	$ 71	$ —	$ —	$ 88
Changes in assumptions	—	—	—	2,280
Net difference between projected and actual earnings on investments	21,610	9,154	4,043	24,802
Change in proportionate share	127,601	3,464	—	—
	$ 149,282	$ 12,618	$ 4,043	$ 27,170

The amounts reported as deferred outflows of resources related to pensions from contributions after the measurement date will be recognized as a reduction of net position liability during the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

Deferred Outflows of Resources and Deferred Inflows of Resources arising from differences between projected and actual Pension plan investments have been aggregated and reported as a net Deferred Outflow of Resources or as a net Deferred Inflow of Resources by plan, per GASB 68 par. 33b and 71b. In some instances this could cause the Total by Plan to be different when compared to the total for Governmental and Business-Type Activities.

Future Amortization

Year ended June 30:

2021	$ 379,862	$ 30,906	$ 44,052	$ (9,171)
2022	168,846	8,318	18,847	(8,708)
2023	(6,930)	(1,983)	2,144	(5,439)
2024	(611)	767	(134)	(3,760)
2025	—	—	—	20
Thereafter	—	—	—	159
Total	$ 541,167	$ 38,008	$ 64,909	$ (26,899)

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
$ (4,332)	$ (56,010)	$ (1,256,817)	$ 342,858	$ 302,590	$ 40,268	$ (23,877)
$ 46	$ 871	$ 130,106	228,770	$ 226,495	$ 2,275	$ 2,715
—	7,459	1,133,704	1,545,723	1,534,158	11,565	16,604
—	—	—	—	—	—	—
—	6,145	321,665	635,801	634,114	1,687	1,806
—	7,270	1,049,664	1,872,804	1,846,328	26,476	21,179
$ 46	$ 21,745	$ 2,635,139	$ 4,283,098	$ 4,241,095	$ 42,003	$ 42,304
$ —	$ 723	$ 128,758	$ 129,640	$ 129,640	$ —	$ 1,905
3	54,083	8,192,398	8,248,764	8,248,764	—	28,079
5,516	1,421	213,272	279,818	278,973	845	1,419
—	77,096	14,184	222,345	214,881	7,464	71,015
$ 5,519	$ 133,323	$ 8,548,612	$ 8,880,567	$ 8,872,258	$ 8,309	$ 102,418

The amounts reported as deferred outflows of resources related to pensions from contributions after the measurement date will be recognized as a reduction of net position liability during the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

Deferred Outflows of Resources and Deferred Inflows of Resources arising from differences between projected and actual Pension plan investments have been aggregated and reported as a net Deferred Outflow of Resources or as a net Deferred Inflow of Resources by plan, per GASB 68 par. 33b and 71b. In some instances this could cause the Total by Plan to be different when compared to the total for Governmental and Business-Type Activities.

$ (1,517)	$ (45,292)	$ (2,653,665)	$ (2,254,825)	$ (2,260,133)	$ 5,309	$ (45,288)
(1,943)	(53,667)	(3,144,328)	(3,012,635)	(3,014,819)	2,184	(26,161)
(1,210)	(21,439)	(1,256,097)	(1,290,954)	(1,290,693)	(261)	(8,697)
(829)	1,550	90,953	87,936	87,948	(14)	(1,147)
4	—	—	24	25	—	—
22	—	—	181	181	—	—
$ (5,473)	$ (118,848)	$ (6,963,137)	$ (6,470,273)	$ (6,477,491)	$ 7,218	$ (81,293)

Note 9

OTHER POSTEMPLOYMENT BENEFITS

The State provides the following Other Postemployment Benefit (OPEB) plans:

Kentucky Retirement Systems

Kentucky Revised Statutes (KRS) 61.701 created a trust fund to be known as the "Kentucky Retirement Systems insurance trust fund." Trust fund assets are dedicated for use for health benefits as provided in KRS 61.702 and as permitted under 26 U.S.C. secs. 105 and 106, to retired recipients and employees of employers participating in the Kentucky Retirement Systems, and to certain of their dependents or beneficiaries, including but not limited to qualified beneficiaries as described in 42 U.S.C. secs. 300bb-1 et seq. The employers participating in the trust fund are limited to the Commonwealth, political subdivisions of the Commonwealth, and entities whose income is exempt from taxation under 26 U.S.C. sec.115.

The board of trustees of the Kentucky Retirement Systems administers the trust fund and the board serves as trustee of the fund. The board manages the assets of the fund in the same manner in which it administers the retirement funds, except that separate accounting and financial reporting shall be maintained for the trust fund. The financial reports can be obtained by writing Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, by telephone at (800) 928-4646, or online at www.kyret.ky.gov.

Kentucky Judicial Form Retirement System and Kentucky Legislators Retirement System

The Judicial Form Retirement System OPEB Plan is governed by KRS Chapter 21, Section 24, which requires the plan to provide health benefits to retired participants and eligible dependents of the Judicial Form Retirement Plan and the Legislative Retirement Plan.

The Judicial Form Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for the above mentioned retirement plans. That report may be obtained by writing to the Kentucky Judicial Form Retirement System, Suite 302, Whitaker Bank Building, 305 Ann Street, Frankfort, Kentucky 40601, by telephone at (502) 564-5310 or online at www.kjfrs.ky.gov.

Kentucky Teachers' Retirement System

In addition to the retirement annuity plan described in Note 8, Kentucky Revised Statute (KRS) 161.675 requires Kentucky Teachers' Retirement System (KTRS) to provide access to postemployment healthcare benefits for eligible members and dependents. The KTRS medical plan (MIF) is funded by employer and member contributions. Changes to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance, and the General Assembly. The KTRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teachers' Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contributions required under KRS 161.550 and KRS 161.675(4)(b).

KTRS administers the Life Insurance Plan as provided by KRS 161.655 to provide life insurance benefits to retired and active members. The benefit is $5,000 for members who are retired for service or disability and $2,000 for active contributing members.

The Kentucky Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601, by telephone at (800) 618-1687, or online at www.trs.ky.gov.

Kentucky Retirement Systems OPEB Plan
Governance KRS 61.701 to 61.705
Cost Sharing Multi-Employer Defined Benefit
Kentucky Employee Retirement System Non-Hazardous

Plan Administrator: The plan is administered by Kentucky Retirement Systems (KRS).

Covered Employees: Members of KRS currently receiving benefits.

Benefit Factor:

Participation prior to July 2003		Participation between July 2003 and August 2008		Participation on or after September 2008	
Months of Service	Percent of premium paid	Months of Service	Percent of premium paid	Months of Service	Percent of premium paid
<48	0%	Greater than or equal to 120	$10 per month for each year of service without regard to a maximum dollar amount, adjusted by 1.5% annually	Greater than or equal to 180	$10 per month for each year of service without regard to a maximum dollar amount, adjusted by 1.5% annually
48 to 119 inclusive	25%				
120 to 179 inclusive	50%				
180 to 239 inclusive	75%				
240 or more	100%				

There has been no change in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the Total OPEB liability). House Bill 185 was enacted during the 2018 General Assembly Regular Session, which updated the benefits provisions for active members who die in the line of duty.

Contribution Rate:

Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.

Cost of Living Adjustment (COLA): Members participating after 2008 receive 1.5% increase annually.

Membership:

Retirees and beneficiaries receiving benefits	29,940
Inactive members	5,971
Active plan members	34,973
Total	70,884

Publicly available financial report can be accessed at www.kyret.ky.gov.

Kentucky Retirement Systems OPEB Plan
Governance KRS 61.701 to 61.705
Cost Sharing Multi-Employer Defined Benefit
Kentucky Employee Retirement System Hazardous

Plan Administrator: The plan is administered by Kentucky Retirement Systems (KRS).

Covered Employees: Members of KRS currently receiving benefits.

Benefit Factor:

Participation prior to July 2003		Participation between July 2003 and August 2008		Participation on or after September 2008	
Months of Service	Percent of premium paid	Months of Service	Percent of premium paid	Months of Service	Percent of premium paid
<48	0%	Greater than or equal to 120	$15 per month for each year of service without regard to a maximum dollar amount, adjusted by 1.5% annually	Greater than or equal to 180	$15 per month for each year of service without regard to a maximum dollar amount, adjusted by 1.5% annually
48 to 119 inclusive	25%				
120 to 179 inclusive	50%				
180 to 239 inclusive	75%				
240 or more	100%				

There has been no change in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the Total OPEB liability). House Bill 185 was enacted during the 2018 General Assembly Regular Session, which updated the benefits provisions for active members who die in the line of duty.

Contribution Rate:

Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.

Cost of Living Adjustment (COLA): Members participating after 2008 receive 1.5% increase annually.

Membership:

Retirees and beneficiaries receiving benefits	2,331
Inactive members	288
Active plan members	3,912
Total	6,531

Publicly available financial report can be accessed at www.kyret.ky.gov.

Kentucky Retirement Systems OPEB Plan
Governance KRS 61.701 to 61.705
Single Employer Defined Benefit
State Police Retirement System

Plan Administrator: The plan is administered by Kentucky Retirement Systems (KRS).

Covered Employees: Members of KRS currently receiving benefits.

Benefit Factor:

Participation prior to July 2003		Participation between July 2003 and August 2008		Participation on or after September 2008	
Months of Service	Percent of premium paid	Months of Service	Percent of premium paid	Months of Service	Percent of premium paid
<48	0%	Greater than or equal to 120	$10 per month for each year of service ($15 hazardous) without regard to a maximum dollar amount, adjusted annually	Greater than or equal to 180	$10 per month for each year of service ($15 hazardous) without regard to a maximum dollar amount, adjusted annually
48 to 119 inclusive	25%				
120 to 179 inclusive	50%				
180 to 239 inclusive	75%				
240 or more	100%				

There has been no change in actuarial assumptions since June 30, 2017. House Bill 185, enacted during the 2018 General Assembly Regular Session, updated the benefits provisions for active members who die in the line of duty.

Contribution Rate:

Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.

Cost of Living Adjustment (COLA): Members participating after 2008 receive 1.5% increase annually.

Membership:

Retirees and beneficiaries receiving benefits	1,319
Inactive members	42
Active plan members	869
Total	2,230

Publicly available financial report can be accessed at www.kyret.ky.gov.

Kentucky Judicial Form Retirement System OPEB Plan
Governance KRS 21.345 to 21.580
Single Employer Defined Benefit
Judicial Retirement Plan

Plan Administrator: The plan is administered by the Kentucky Judicial Form Retirement System (KJFRS).

Covered Employees: Members of KJFRS currently receiving benefits.

Benefit Factor:

Participation prior to January 2014		Participation on or after January 2014	
Months of Service	Percent of premium paid	Months of Service	Percent of premium paid
<48	0%	Greater than or equal to 180	$10 per month for each year of service, not to exceed $200; adjusted by 1.5% annually
48 to 119 inclusive	25%		
120 to 179 inclusive	50%		
180 to 239 inclusive	75%		
240 or more	100%		

Contribution Rate:

Participation prior to January 2014	Participation on or after January 2014
Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.

Cost of Living Adjustment (COLA): Members participating after 2013 receive 1.5% increase annually.

Employer Contribution:

Membership:

Retirees and beneficiaries receiving benefits	354
Inactive members	15
Active plan members	238
Total	607

Publicly available financial report can be accessed at www.kjfrs.ky.gov.

Kentucky Judicial Form Retirement System OPEB Plan
Governance KRS 6.500 to 6.577
Single Employer Defined Benefit
Legislators Retirement Plan

Plan Administrator: The plan is administered by the Kentucky Judicial Form Retirement System.

Covered Employees: Members of KJFRS currently receiving benefits.

Benefit Factor:

Participation prior to January 2014		Participation on or after January 2014	
Months of Service	Percent of premium paid	Months of Service	Percent of premium paid
<48	0%	Greater than or equal to 180	$10 per month for each year of service, not to exceed $200; adjusted by 1.5% annually
48 to 119 inclusive	25%		
120 to 179 inclusive	50%		
180 to 239 inclusive	75%		
240 or more	100%		

Contribution Rate:

Participation prior to January 2014	Participation on or after January 2014
Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.

Cost of Living Adjustment (COLA): Members participating after 2013 receive 1.5% increase annually.

Employer Contribution:

Membership:

Retirees and beneficiaries receiving benefits	238
Inactive members	43
Active plan members	103
Total	384

Publicly available financial report can be accessed at www.kjfrs.ky.gov.

Kentucky Teachers' Retirement System OPEB Plan
Governance KRS 161.5500 to 161.675
Cost Sharing Multi-Employer Defined Benefit

Plan Administrator: The plan is administered by the Kentucky Teachers' Retirement System (KTRS).

Covered Employees: Covered Employees hired before July 1, 2008, are eligibile for Retiree Medical Plan coverage when the employee has completed 27 years of service or attainment of age 55 with 5 years of service. Covered employees hired on or after July 1, 2008, are eligible for Retiree Medical Plan coverage when the employee has completed 27 years of service, the attainment of age 55 and 10 years of service, or the attainment of age 60 and 5 years of service.

Benefit Factor:

	Percentage of System Contribution Rate Provided to Retirees*			
	Entered system Before 7/1/2002			
Years of Service	Age 65 or Older and Covered before January 2005	Age 65 After or Covered After December 2004	Entered System After June 2002 and before July 2008	Entered System After June 2008
5 - 9.99	70%	25%	10%	Not Eligible
10 - 14.99	80%	50%	25%	Not Eligible
15 -19.99	90%	75%	45%	45%
20 - 24.99	100%	100%	65%	65%
25 - 29.99	100%	100%	90%	90%
26 - 26.99	100%	100%	95%	95%
27 or more	100%	100%	100%	100%

*100% for disabled retirees that retired prior to January 2002

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP (KY Employee Health Plan) participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Life Insurance: A life insurance benefit of $5,000 for retired members or $2,000 for active members is provided by the retirement system.

Cost of Living Adjustment (COLA): Does not apply

Contribution Rate: No contribution is required by employees who retired before July 1, 2010. Effective July 1, 2010, retirees under the age of 65 begin a three year phase-in of the Shared Responsibility Contribution. This contribution reduces the applicable amount of the full contribution provided by the system to the retiree by adjusting the Shared Responsibility Contribution amount by 100% less the appropriate percentage from the Retiree Percentage Contribution above. The retirement system Contribution Rate Basis is determined annually by the System and the full cost is projected based on historical claims data.

Employer Contribution: Established by KRS 161.540 (1) (c) and 161.550 (5)

Employee Contribution: Active members contribute between 2.75% and 3.75%.

Membership:	Medical	Life Insurance
Retirees and beneficiaries receiving benefits	48,280	51,438
Inactive members	7,268	8,992
Active plan members	72,647	72,647
Total	128,195	133,077

Publicly available financial report can be accessed at www.trs.ky.gov.

Single Employer Defined Benefit OPEB Plans

Schedule of Changes in Net OPEB Liability and Related Ratios

(Expressed in Thousands)

	Fiscal Year 2020		
	State Police Retirement System	**Kentucky Judicial Retirement System**	**Kentucky Legislators Retirement System**
Total OPEB Liability			
Service Costs	$ 4,816	$ 927	$ 290
Interest	17,724	3,535	1,490
Changes in benefit terms	—	—	—
Differences between expected and actual experience	(14,295)	(9,712)	(4,390)
Changes in assumptions	16,483	103	22
Benefit payments/refunds	(13,187)	(1,966)	(767)
Net change in total OPEB liability	11,541	(7,113)	(3,355)
Total OPEB liability at July 1	301,012	54,395	23,020
Total OPEB liability at June 30	$ 312,553	$ 47,282	$ 19,665
OPEB Plan Fiduciary Net Position			
Contributions - employer	$ 12,623	$ —	$ —
Contributions - member	176	43	13
Net investment income	10,815	10,965	5,672
Benefit payments/refunds	(13,187)	(1,966)	(767)
Administrative expenses	(69)	—	—
Other	1	—	—
Net change in plan fiduciary net position	10,359	9,042	4,918
OPEB plan fiduciary net position at July 1	190,847	86,284	45,182
OPEB plan fiduciary net position at June 30	$ 201,206	$ 95,326	$ 50,100
Net OPEB liability at June 30	$ 111,347	$ (48,044)	$ (30,435)
Plan fiduciary net position as a % of the total OPEB liability	64.38%	201.61 %	254.77 %
Covered-employee payroll	$ 48,780	$ 30,605	$ 4,334
Net OPEB liability as a % of covered employee payroll	228.3%	(157.0)%	(702.2)%

	KERS		KSPRS
	Non-Hazardous	**Hazardous**	
Employer Contribution	12.40%	2.46%	27.23%
Member Contribution	1.00%	1.00%	1.00%
State Contribution as a percentage of nonemployer special funding situation			
Contributions	$156,938,000	$5,504,000	$12,489,000
Experience Study	July 1, 2013-June 30, 2018	July 1, 2013-June 30, 2018	July 1, 2013-June 30, 2018
Actuarial Valuation Date	June 30, 2018	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019	June 30, 2019
Inflation	2.3%, no change from prior year.	2.3%, no change from prior year.	2.3%, no change from prior year.
Salary Increases	3.55% to 15.55%, varies by service, change from prior year rate of 0%	3.55% to 19.55% varies by service change from prior year rate of 0%	3.05% to 15.55%, varies by service, prior year rate of 0.00%
Investment rate of return	6.25%, no change from prior year.	6.25%, no change from prior year.	6.25%, no change from prior year.
Health cost trend rates	Pre-65: Starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post 65: Starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.		
Actuarial Cost Method	Entry age normal		Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized		20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Actuarial assumptions:			
Investment rate of return	5.25%, a change from prior year rate of 6.25%	6.25%, no change from prior year.	6.25%, no change from prior year.
Mortality Tables	Pre-retirement mortality: PUB-2010 General Mortality table, for the Non-Hazardous System, and the PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.		
Update procedures applied	Standard roll forward methods using generally accepted actuarial techniques.		

KJRS	KLRS	KTRS
0.00%	0.00%	0.09%
Members participating on or after January 2014 contibute 1%	Members participating on or after January 2014 contibute 1%	Active members contribute between 2.75% and 3.75%
		2.21%
$—	$—	$80,546,000
not available	not available	July 1, 2010 - June 30, 2015
July 1, 2019	July 1, 2019	Jun 30, 2018
July 1, 2019	July 1, 2019	June 30, 2019
2.5%, prior year 3.00%	2.5%, prior year 3.00%	3.00%
1% for the next five years, and 3.5% thereafter	1% for the next five years, and 3.5% thereafter	3.50 - 7.20% including wage inflation
6.5% an increase from 6.24% prior year (traditional plan) 4% (hybrid plan)	6.5% an increase from 6.45% prior year (traditional plan) 4% (hybrid plan)	8.00%
7.0% level for 3 years, then 6.75% until reaching an ultimate rate of 3.94% in the year 2075; prior year was 8% for year 1, decreasing 0.25% per year to an ultimate rate of 5% for years 13+	7.0% level for 3 years, then 6.75% until reaching an ultimate rate of 3.94% in the year 2075; prior year was 8% for year 1, decreasing 0.25% per year to an ultimate rate of 5% for years 13+	Under Age 65 - 7.5% FYE 2019 decreasing to an ultimate rate of 5.0% by FYE 2024. Age 65 and older is 5.50% for FYE 2019 decreasing to an ultimate rate of 5.0% by FYE 2021. The medicare part B premium is 0.00% for FYE 2018 with an ultimate rate of 5.0% FYE 2030.
Entry age normal	Entry age normal	Entry age normal
5 year smoothing	5 year smoothing	5 year smoothing
6.5%; prior year 6.24%	6.5% prior year 6.45%;	8.00%
Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scale). No change from prior year.	Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scale).	Mortality rates were based on RP-2000 Combined Mortality Table projected to 2025 with projection of Scale BB, set forward two years for males of one year for females is used for dependent beneficiaries.
Standard roll forward methods using generally accepted actuarial techniques.		Standard roll forward methods using generally accepted actuarial techniques.

Kentucky Employees Non-Hazardous and Hazardous Retirement System and Kentucky State Police Retirement System

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. (See the discussion of investment policy in Note 5).

Kentucky Judicial Retirement Plan and Kentucky Legislators Retirement Plan

The long-term expected rate of return on Judicial and Legislators' OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial and Legislators' OPEB Plan's target asset allocation as of June 30, 2018 (see the discussion of the Judicial and Legislators Plan's investment policy in Note 5).

Kentucky Teachers' Retirement System

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimates ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

	KERS Non- Hazardous, Hazardous, and KSPRS		KJRS	
	Target Allocation	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Asset Class:				
U.S. Equity	18.75 %	4.30 %	— %	5.05 %
Non US Equity	18.75 %	4.80 %	— %	5.45 %
Credit Fixed	— %	— %	— %	0.55 %
High Yield	15.00 %	2.60 %	— %	— %
Opportunistic	3.00 %	2.97 %	— %	— %
Private Equity	10.00 %	6.65 %	— %	— %
Real Estate	5.00 %	4.85 %	— %	— %
Core Bonds	13.50 %	1.35 %	— %	— %
Real return	15.00 %	4.10 %	— %	— %
Cash	1.00 %	0.20 %	— %	(1.85)%
Additional Categories	— %	— %	— %	— %

KLRS		KTRS Medical Insurance Fund		KTRS Life Insurance Fund	
Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
— %	5.05 %	— %	— %	40.00 %	4.30 %
— %	5.45 %	58.00 %	5.10 %	23.00 %	5.20 %
— %	0.55 %	9.00 %	1.20 %	18.00 %	1.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	— %	8.50 %	6.30 %	5.00 %	6.30 %
— %	— %	6.50 %	3.80 %	6.00 %	3.80 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(1.85)%	1.00 %	0.90 %	2.00 %	0.90 %
— %	— %	17.00 %	3.20 %	6.00 %	3.20 %

	KERS		KSPRS	KJRS
	Non-Hazardous	**Hazardous**		
Discount Rate	5.73%	5.66%	5.76%	6.50%
Change in Discount Rate from Prior Valuation	(0.13)%	(0.22)%	(0.26)%	0.26%
Rates Incorporated in the Discount Rate:				
Long-Term Rate of Return	6.25%	6.25%	6.25%	6.50%
Period Applied	All Periods	All Periods	All Periods	All Periods
Municipal Bond Rate	3.13%	3.13%	3.13%	NA
Sensitivity of the Net OPEB Liability to Changes in the Discount Rate *(expressed in thousands):*				
Net OPEB Liablity	$ 1,666,411	$ (26,168)	$ 111,347	$ (48,044)
Net OPEB Liability Assuming a Decrease of 1% in the Discount Rate	$ 1,985,044	$ 43,959	$ 154,358	$ (42,193)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	$ 1,405,345	$ (82,904)	$ 76,376	$ (52,915)
Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates *(expressed in thousands):*				
Net OPEB Liablity	$ 1,666,411	$ (26,168)	$ 111,347	$ (48,043)
Net OPEB Liability Assuming a Decrease of 1% in the Healthcare Cost Trend Rate	$ 2,751,608	$ (76,129)	$ 77,068	$ (52,991)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Healthcare Cost Trend Rate	$ 3,827,704	$ 34,625	$ 153,056	$ (42,138)
Commonwealth's Proportionate Share of the OPEB Liability/(Asset)	74.07 %	97.46 %	100.00 %	100.00 %

Plan Cash Flow assumption:

1. **KERS Non-Hazardous, Hazardous, & State Police:** The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contribution will be at the actuarial contribution rate, as established in Statue. The municipal bond rate is based on Fidelity Index's "20-Year Municipal GO AA Index."

2. **KJRS and KLRS:** The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current rate and that employer contribution will be at the current statutory contribution rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefits.

3. **KTRS:** The discount used to measure the total liability was 8% for MIF and 7.5% for LIF. The projection of cash flows used to determine the discount rate assumed future contribution to the MIF were based upon the contribution rates defined in statute and projected payroll of active employment. Per KRS 161.550 (5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the statutory contribution are to decrease, suspended, or eliminated. The employer will pay the actuarial determined contribution for LIF, active members do not explicitly contribute to the plan.

KLRS	KTRS - Medical Insurance Fund		KTRS - Life Insurance Fund	
	Employer	Special Funding Situation	Employer	Special Funding Situation
6.50%	8.00%	8.00%	7.50%	7.50%
0.05%	0.00%	0.00%	0.00%	0.00%
6.50%	8.00%	8.00%	7.50%	7.50%
All Periods	All periods	All periods	All periods	All periods
NA	NA	NA	NA	NA
$ (30,435)	$ 44,944	$ 1,269,921	$ 514	$ 28,595
$ (28,091)	$ 53,241	$ 1,504,363	$ 760	$ 42,260
$ 32,383	$ 37,994	$ 1,073,541	$ 312	$ 17,364
$ (30,435)	$ 44,944	$ 1,269,921	$ —	$ —
$ (32,351)	$ 36,587	$ 1,033,779	$ —	$ —
$ (28,158)	$ 55,221	$ 1,560,298	$ —	$ —
100.00 %	1.54 %	43.39 %	1.65 %	92.03 %

(Expressed in Thousands)

	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
OPEB Expense (Income)	$ 147,316	$ 8,612	$ 15,654	$ (10,389)
Deferred Outflow of Resources				
Differences between expected and actual experience	$ —	$ —	$ —	$ 18
Changes in assumptions	218,524	71,533	29,799	32
Net difference between projected and actual earnings on investments				
Change in proportionate share	77,856	320	—	—
Contributions subsequent to the measurement date	156,939	5,504	12,490	—
	$ 453,319	$ 77,357	$ 42,289	$ 50
Deferred Inflow of Resources				
Differences between expected and actual experience	$ 265,803	$ 46,719	$ 22,907	$ 2,887
Changes in assumptions	4,998	388	183	—
Net difference between projected and actual earnings on investments	10,929	15,160	6,251	7,522
Change in proportionate share	49,876	2,708	—	—
	$ 331,606	$ 64,975	$ 29,341	$ 10,409

The amounts reported as deferred outflows of resources related to OPEB resulting from contributions after the measurement date will be recognized as a reduction of net OPEB liability during the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

Deferred Outflows of Resources and Deferred Inflows of Resources arising from differences between projected and actual OPEB plan investments have been aggregated and reported as a net Deferred Outflow of Resources or as a net Deferred Inflow of Resources by plan, per GASB 75 par. 43b and 86b. In some instances this could cause the Total by Plan to be different when compared to the total for Governmental and Business-Type Activities.

Future Amortization

Year ended June 30:

2021	$ 8,200	$ 1,317	$ 5,136	$ (5,300)
2022	8,201	1,317	(4,101)	(2,443)
2023	(41,475)	6,580	(855)	(1,558)
2024	(10,152)	(531)	278	(1,072)
2025	—	(1,791)	—	2
Thereafter	—	(14)	—	12
Total	$ (35,226)	$ 6,878	$ 458	$ (10,359)

KLRS	KTRS		TOTAL	Primary Government		
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	Major Component Units
$ (6,807)	$ 1,205	$ 51,259	$ 206,850	$ 191,959	$ 14,891	$ (78,896)
$ 14	$ —	$ —	$ 32	$ 32	$ —	$ 10,116
2	1,049	33,911	354,850	346,640	8,210	9,562
—	347	11,227	11,574	—	—	1,843
—	1,192	34,342	113,710	113,372	338	5,109
—	1,829	78,717	255,479	250,261	5,218	24,301
$ 16	$ 4,417	$ 158,197	$ 735,645	$ 710,305	$ 13,766	$ 50,931
$ —	$ 7,516	$ 311,360	$ 657,192	$ 647,619	$ 9,573	$ 32,027
—	—	—	5,569	5,408	161	120,896
3,804	—	—	43,666	31,558	535	6,062
—	3,098	48,770	104,452	101,937	2,515	8,937
$ 3,804	$ 10,614	$ 360,130	$ 810,879	$ 786,522	$ 12,784	$ 167,922

The amounts reported as deferred outflows of resources related to OPEB resulting from contributions after the measurement date will be recognized as a reduction of net OPEB liability during the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

Deferred Outflows of Resources and Deferred Inflows of Resources arising from differences between projected and actual OPEB plan investments have been aggregated and reported as a net Deferred Outflow of Resources or as a net Deferred Inflow of Resources by plan, per GASB 75 par. 43b and 86b. In some instances this could cause the Total by Plan to be different when compared to the total for Governmental and Business-Type Activities.

$ (1,239)	$ (1,573)	$ (48,948)	$ (42,407)	$ (41,820)	$ (587)	$ (41,015)
(1,239)	(1,573)	(48,948)	(48,786)	(48,199)	(587)	(36,691)
(778)	(1,522)	(47,234)	(86,842)	(84,618)	(2,224)	(31,017)
(542)	(1,555)	(48,740)	(62,314)	(61,498)	(816)	(20,279)
2	(1,312)	(49,639)	(52,738)	(52,717)	(21)	(5,951)
8	(828)	(36,804)	(37,626)	(37,626)	(1)	(6,339)
$ (3,788)	$ (8,363)	$ (280,313)	$ (330,713)	$ (326,478)	$ (4,236)	$ (141,292)

Note 10

EMPLOYEE BENEFIT PLAN

Kentucky Public Employees' Deferred Compensation Plan:
Employees of the Commonwealth, its cities, counties, and local school districts are eligible to participate in two deferred compensation plans as authorized by the United States Internal Revenue Code. These plans, labeled 457 and 401(k), after sections of the Code, are administered by the Personnel Cabinet and an independent Plan administrator. The Commonwealth, through a board of trustees as defined in KRS 18A.245, selects the administrator to oversee the daily operations and technical compliance of the Plans with applicable sections of the Internal Revenue Code. The Commonwealth's responsibilities consist of withholding payroll deductions for its employees, collecting employee withholdings of the cities, counties, and local school districts, and remitting those withholdings to the plan administrators holding fixed and variable annuity contracts (carriers). Both Plans permit employees to defer collecting a portion of their salary until future years. This deferment is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the 457 Plan and the 401(k) Plan are reported in a Pension Trust Fund within the fiduciary fund type, in compliance with Internal Revenue Code and GASB 32 requirements. As of June 30, 2020 Plan Assets are as follows:

	(expressed in thousands)	
	457 Plan	**401(k) Plan**
Commonwealth	$ 542,381	$ 789,542
Other Participating Jurisdictions	666,703	1,259,580
Total	$ 1,209,084	$ 2,049,122

Note 11

LEASE OBLIGATIONS

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

A portion of the capital lease liability for the major component units is applicable to leases with the Commonwealth.

Changes in leases payable for the year ended June 30, 2020, are summarized in Note 16, Changes in Long-Term Obligations.

At June 30, 2020, capitalized leases included Buildings and Equipment as follows (Expressed in Thousands):

Buildings and Equipment acquired through capital leases are recorded at the lesser of fair market value or present value of future minimum lease payments.	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Component Units-Major**
Buildings	$ 58,193	$ 29,777	$ 530,898
Equipment	69,570	813	91,687
Other	—	—	111,425
Total	127,763	30,590	734,010
Less: Accumulated depreciation	(60,723)	(11,403)	(352,821)
Total Net of Depreciation	$ 67,040	$ 19,187	$ 381,189

Future minimum rental commitments for capitalizable leases as of June 30, 2020, are as follows (Expressed in Thousands):

	Primary Government				Component Units - Major	
	Governmental		Business-Type			
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 15,804	$ 1,588	$ 2,124	$ 514	$ 21,277	$ 12,048
2022	14,795	1,662	2,165	455	22,042	11,069
2023	14,587	779	2,068	395	23,473	10,331
2024	7,504	445	1,966	342	30,599	9,294
2025	3,454	321	2,013	288	17,672	8,522
2026-2030	9,843	436	7,975	700	108,201	35,275
2031-2035	2,420	659	1,333	27	52,094	12,699
2036-2040	—	—	—	—	20,834	4,065
2041-2045	—	—	—	—	7,290	1,892
2046-2050	—	—	—	—	6,805	540
Present value of future minimum lease payments	$ 68,407	$ 5,890	$ 19,644	$ 2,721	$ 310,287	$ 105,735

Note 12

RISK MANAGEMENT

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

Fire, Tornado, and Auto Insurance:
The Fire, Tornado, and Auto Insurance Program is established to account for and finance its uninsured risk of loss arising from damages to State buildings and personal property. Under this program, coverage is provided for up to a maximum of $1,000,000 per occurrence of loss for each insured subject of risk. The Fire and Tornado Insurance Program purchases reinsurance for claims in excess of coverage provided by the Program. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The claims liability of $13,557,455 reported in the Program at June 30, 2020, is based on the requirements of GASB 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Program's claims liability amount in Fiscal Years 2020 and 2019 were:

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 10,117,000	$ 12,883,000
Incurred claims	24,943,275	30,748,121
Claims payments	(21,502,820)	(33,514,121)
Balance at Fiscal Year End	$ 13,557,455	$ 10,117,000

Self-Insured Workers' Compensation:
The Workers' Compensation Program is self-insurance for the benefit of the Commonwealth's employees, and others as described in KRS 18A.370. Losses payable by the Program include medical claims and loss of wages as a result of an employment related injury. Premiums are established based upon estimated claims and administrative cost for the coming fiscal year.

The actuarially determined aggregate claims liability of $207,583,050 reported in the Program at June 30, 2020, includes both reported and unreported insured events, including estimates of future payments of losses and related claims' adjustments. Changes in the Program's claims liability amount in Fiscal Years 2020 and 2019 were:

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 193,122,000	$ 190,605,922
Claims and claims adjustments incurred	29,317,601	21,879,425
Changes in estimates	—	—
Claims and claims adjustment payments	(14,856,551)	(19,363,347)
Balance at Fiscal Year End	$ 207,583,050	$ 193,122,000

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

The claims liability of $27,169,253 reported in the Program at June 30, 2020, includes both reported and unreported insured events, including estimates of both future payments of losses and related claims adjustments expenses. Changes in the Program's claims liability amount in Fiscal Years 2020 and 2019 were:

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 28,438,000	$ 30,496,964
Claims and claims adjustments incurred	1,545,468	1,370,095
Changes in estimates	—	—
Claims and claims adjustments payment	(2,814,215)	(3,429,059.00)
Balance at Fiscal Year End	$ 27,169,253	$ 28,438,000

Note 13

RISK POOLS

The Commonwealth's risk pools are the Insurance Administration Fund (enterprise fund) and the Grain Insurance Corporation (component unit). The Insurance Administration Fund includes the operations of four risk pools as follows: Workers' Compensation Insurance, Petroleum Storage Tank Assurance, Bond Pool, and Mine Subsidence Insurance. The Insurance Administration Corporation is reported as part of the primary government. The Grain Insurance Corporation is a risk pool reported as a discrete component unit.

Risk Pools - Enterprise Funds

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

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of $476,539,257 as reported in the financial statements, is the present value of the aggregate actuarially determined claims liability of $645,273,000 discounted at 3.25 percent, and net of the estimated realizable value of reimbursements. The claims adjusted liability of $14,012,189 as reported in the financial statements is the present value of the aggregate actuarially determined liability of $16,326,000 discounted at 3.25 percent and net of the estimated realizable value of reimbursements. Changes in the Program's claims liability amount in Fiscal Years 2020 and 2019 were:

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 730,486,000	$ 804,263,000
Claims and claims adjustments incurred	7,077,000	6,458,000
Changes in estimates	(26,559,000)	(30,510,000)
Claims and claims adjustment payments	(49,406,000)	(49,725,000)
Balance at Fiscal Year End	$ 661,598,000	$ 730,486,000

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

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

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of $94,588,585 that was reported in the financial statements is the aggregate actuarially determined claims liability and is not discounted.

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

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 94,588,585	$ 193,345,123
Claims and claims adjustments incurred	10,473,379	12,703,965
Changes in estimates	—	(98,756,538)
Claims and claims adjustment payments	(10,473,379)	(12,703,965)
Balance at Fiscal Year End	$ 94,588,585	$ 94,588,585

Kentucky Reclamation Guaranty Fund:
The Kentucky Reclamation Guaranty Fund was established in 2013 to provide additional monies for the reclamation of forfeited coal mining operations where the permit specific performance bonds are insufficient for the Commonwealth to complete reclamation to program standards. Participation in the fund is mandatory for all companies mining coal in the Commonwealth, with certain exclusions.

On the date of the establishment of the fund, each entity (member) holding a permit will be assessed a start-up assessment of $1,500 and an assessment of $10 per active acre. Entities entering after the date of establishment of the fund shall pay a onetime assessment $10,000 to the fund. Additionally, members pay tonnage fees of $.0757 per ton of surface mined coal and $.0357 per ton for underground mined coal. All permits previously subject to the voluntary bond pool at the time of its repeal shall be excluded from the start-up assessments but will be subject to the tonnage fees. Member entities shall be given the option to provide full-cost bonds based on a reclamation cost estimate that reflects reclamation costs to the cabinet and certified by a professional engineer in lieu of participation in the fund.

Permits which are used exclusively for coal preparation, processing operations, loading activities, disposal of refuse operations, coal haulage, access roads, mine maintenance areas, support facilities, and other permits are exempt to the provisions of the previous paragraph as determined by the Commission. Exempt members shall pay an annual fee of $10 per acre.

As determined by the Commission any permits, or expired permits, not subject to the above paragraphs shall pay an annual fee of $6 per surface acre to the fund. This fee shall not apply to those permits specified in KRS 350.518(2)(f).

The coal companies participating in the Program are required to post a permit specific bond based on the number of acres permitted and their rating in the Program. The Kentucky Reclamation Guaranty Fund in turn provides coverage for reclamation costs that exceed the permit specific bond. The Fund will pay claims for costs incurred in excess of the required bond amount.

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of $1,293,775 as reported in the financial statements is the aggregate actuarially determined claims liability.

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 1,076,226	$ 1,502,277
Claims and claims adjustments incurred	—	—
Changes in estimates	217,549	(426,051)
Claims and claims adjustment payments	—	—
Balance at Fiscal Year End	$ 1,293,775	$ 1,076,226

Mine Subsidence Insurance:
The Mine Subsidence Insurance Program is administered by the Department of Insurance. The provisions of the Program require that all insurance policies issued or renewed that insure a structure located in any county in the Commonwealth, except those specifically exempted by KRS 304.44-60, shall include a separately stated premium for mine subsidence damage coverage. This premium is assessed at the amount determined by the Program, and the insurer is required to code this coverage to the Program.

The insurer may refuse to provide coverage where preexisting damage is determined to exist. The Program provides coverage subject to a deductible of 2 percent of the policy's total insured value or not less than $250 and not more than $500. The Mine Subsidence Program also limits its coverage to $50,000 per structure.

GASB 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The Mine Subsidence Program had zero claims liability at June 30, 2020. Changes in the Program's aggregate liabilities for the claims and claims adjustments for the past two years were:

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ —	$ —
Claims and claims adjustments incurred	23,825	219,936
Changes in estimates	—	—
Claims and claims adjustment payments	(23,825)	(219,936)
Balance at Fiscal Year End	$ —	$ —

Kentucky Public Employees Health Plan:
Kentucky Public Employees Health Plan was established pursuant to KRS 18A.225, 18A.226, and 18A.227 to administrate and facilitate an employee health insurance program as part of a flexible benefits plan. The Department for Employee Insurance (the Department) is responsible for overseeing the Kentucky Employees Health Plan (KEHP).

The health benefits for governmental participants are funded by monthly premiums paid by individuals and state and local governmental units. A participant may extend coverage to dependents for an additional monthly premium based of the coverage requested. Premiums are collected by the Department and held in a trust fund until needed for the payment of benefits.

The Plan develops premium equivalent rates each year by utilizing historical trend information, current claims experience and national trends. An outside actuarial consultant advises the Plan Administrator regarding premium rates. If premium rates are changed, they become effective the beginning of a calendar year.

Plan participants are not subject to supplemental assessment in the event of a premium deficiency. At the time of premium payment, the risk of loss due to incurred benefit costs is transferred from the participant to the Plan. If assets of the Plan were to be exhausted, participants would not be responsible for the Plan's liabilities.

All state agencies and local boards of education in the Commonwealth are required to offer to their active employees the coverage selections offered by the Plan. Local government entities may elect to participate in the Plan.

The Plan establishes liabilities for incurred but unpaid claims based on its estimate of the ultimate cost of settling claims that have been reported but not yet settled, and of claims that have been incurred but not yet reported. The claims liability $91,271,096 that was reported in the financial statements is the aggregate actuarially determined claims liability. Changes in the aggregate liabilities for claims and claims adjustment expenses for the past two years are as follows:

	Fiscal Year 2020	Fiscal Year 2019
Beginning of fiscal year liability	$ 85,164,771	$ 90,856,438
Claims and claims adjustments incurred	1,800,495,198	1,725,230,322
Changes in estimates	(10,218,434)	(14,414,903)
Claims and claims adjustment payments	(1,784,170,439)	(1,716,507,086)
Balance at Fiscal Year End	$ 91,271,096	$ 85,164,771

Grain Insurance:
The Grain Insurance Program was established to promote economic stability in agriculture by providing coverage to grain producers for losses incurred in the event of a financial failure of a grain dealer or grain warehousemen. The Program is funded by a half-cent per bushel assessment on all marketed grain produced in Kentucky. The Program also has provisions that the assessment can be suspended when the balance of the Program reaches $3 million and if suspended will be reapplied when the balance of the Program drops to $2 million.

GASB 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. There were no cash payments for claims expenses during 2020 or 2019; and, there was not a claims liability for FY 2020 or FY 2019.

Note 14

DEFEASANCE OF LONG-TERM DEBT

The School Facilities Construction Commission issues revenue bonds on behalf of local school districts to finance construction of new facilities or the major renovation of existing facilities. The Commission participates in the payment of debt service for qualifying districts. By statute, the Commission's portion of the savings from refunding issues goes to the school district. Therefore, the Commission's participation remains unchanged and the Commission does not experience an economic gain or loss on these transactions. Proceeds from the issues are placed in escrow accounts to pay the future debt service of the issue(s) being refunded. During the fiscal year ended June 30, 2020, the Commission issued the following refunding revenue bonds:

Partial Cash Defeasance of 2011 Hopkins County School District bond issue. The district received insurance proceeds for the collateralized property due to construction errors. The defeasance amount was $453,038 maturing April 1, 2020 through April 1, 2025, and carrying interest rates from 3.000% to 4.000%.

Revenue refunding bonds dated March 12, 2020, were issued for the Barbourville Independent School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was $550,993 maturing February 1, 2021, through February 1, 2030, and carrying interest rates from 1.140% to 1.900%.

Revenue refunding bonds dated January 29, 2020, were issued for the Boyle County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was $485,717 maturing March 1, 2020, through March 1, 2030, and carrying interest rates from 2.000% to 4.000%.

Revenue refunding bonds dated April 2, 2020, were issued for the Carlisle County School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was $360,549 maturing June 1, 2020, through June 1, 2029, and carrying interest rates from 1.450% to 1.950%.

Revenue refunding bonds dated June 25, 2020, were issued for the Cloverport Independent School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was $356,810 maturing August 1, 2020, through August 1, 2030, and carrying interest rate of 1.200%.

Revenue refunding bonds dated November 14, 2019, were issued for the Covington Independent School District Finance Corporation to refund two issues, 2008B and 2009. The Commission's portion of the refunding issue was $1,276,967 maturing April 1, 2020, through April 1, 2029, and carrying interest rates from 1.550% to 2.200%.

Revenue refunding bonds dated August 8, 2019, were issued for the Dayton Independent School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was $366,515 maturing February 1, 2020, through February 1, 2029, and carrying interest rates from 1.600% to 2.400%.

Revenue refunding bonds dated May 20, 2020, were issued for the Lee County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was $348,277 maturing August 1, 2020, through August 1, 2030, and carrying interest rates from 1.500% to 2.150%.

Revenue refunding bonds dated March 12, 2020, were issued for the Martin County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was $1,425,000 maturing February 1, 2021, through February 1, 2030, and carrying interest rates from 1.100% to 1.900%.

Revenue refunding bonds dated March 12, 2020, were issued for the Paintsville Independent School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was $603,058 maturing February 1, 2021, through February 1, 2030, and carrying interest rates from 1.100% to 1.900%.

Revenue refunding bonds dated October 8, 2019 were issued for the Pikeville Independent School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was $153,040 maturing June 1, 2020, through June 1, 2029, and carrying interest rates from 1.450% to 2.100%.

Revenue refunding bonds dated November 7, 2019, were issued for the Walton-Verona Independent School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was $111,143 maturing May 1, 2020, through November 1, 2029, and carrying interest rates from 1.550% to 2.100%.

Revenue refunding bonds October 23, 2019, were issued for the Williamstown Independent School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was $36,979 maturing December 1, 2019, through December 1, 2029, and carrying interest rates from 1.600% to 2.100%.

State Property and Buildings Commission

The State Property and Buildings Commission issued the following Revenue Refunding Bonds:

$2,435,000 Project No. 122 B, Revenue Refunding Bonds dated October 30, 2019. These bonds consist of Serial bonds maturing on November 1, 2027 through November 1, 2029 carrying interest rates of 2.500%-5.000%. The net proceeds in the amount of $2,871,297 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 96 A bonds in the amount of $2,790,000 maturing on November 1, 2029 carrying an interest rate of 4.250%. The refunding will result in net savings (increase in cash flows) of $596,583 in future periods and a present value savings of $514,783 at 2.1549%.

$66,710,000 Project No. 122 C, Revenue Refunding Bonds dated May 4, 2020. These bonds consist of Serial bonds maturing on November 1, 2021 carrying interest rates of 5.000%. The net proceeds in the amount of $70,049,503 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 98 A bonds in the amount of $69,783,147 maturing on November 1, 2021 carrying an interest rate of 5.000%. The refunding will result in net savings (increase in cash flows) of $1,419,921 in future periods and a present value savings of $1,738,401 at 2.1549%.

$98,560,000 Project No. 122 D, Revenue Refunding Bonds dated October 30, 2019. These bonds consist of Serial bonds maturing on November 1, 2020 through November 1, 2031 carrying interest rates of 1.918% to 2.772%. The net proceeds in the amount of $98,155,566 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 100 A bonds in the amount of $100,469,322 maturing on August 1, 2031 carrying interest rates of 4.125%-5.000%. The refunding will result in net savings (increase in cash flows) of $11,041,462 in future periods and a present value savings of $10,273,842 at 2.1549%.

Component Units

Eastern Kentucky University issued $5,265,000 of General Receipts Refunding, 2019 Series A, dated September 27, 2019. These bonds mature May 1, 2020 through May 1, 2028 and carry interest rates of 2.000% to 5.000%. The proceeds will be used by the University to refund and retire general receipt bonds, 2009 Series A bonds. The refunding will result in net savings (increase in cash flows) of $626,833 in future periods and a present value savings of $586,156 at 1.5248%.

Murray State University issued $4,110,000 of General Receipts Refunding, 2019 Series A, dated August 8, 2019. These bonds mature March 1, 2020 through September 1, 2028 and carry interest rates of 2.000% to 5.000%. The proceeds will be used by the University to refund 2009 Series bonds. The refunding will result in net savings (increase in cash flows) of $384,148 in future periods and a present value savings of $351,550 at 1.9717%.

Note 15

RELATED ORGANIZATIONS

The Commonwealth has several related organizations. The financial activities of these organizations are not included in the Commonwealth's financial statements. They are the East Kentucky Corporation, Eastern Kentucky Exposition Center Corporation, Northern Kentucky Convention Center Corporation, Kentucky Employer's Mutual Insurance Authority, Kentucky Wood Products Competitiveness Corporation, Commonwealth Seed Capital, LLC and the Interstate Air Pollution Control Commission. The Commonwealth holds no economic interest in, nor has any financial responsibility for these organizations.

Note 16

LONG-TERM OBLIGATIONS

General Obligation Bonds are issued through the State Property and Buildings Commission, subject to general referendum approval required by the Kentucky Constitution. General obligation bonds pledge the full faith, credit, and taxing power of the Commonwealth and denote application of specific or general tax revenues to provide payment of principal and interest requirements on the debt. No new issues of this type have been issued since 1965, and none are outstanding or authorized but unissued at June 30, 2020.

Revenue Bonds - General authorization for the use of revenue bonds is contained in Chapter 58 of the Kentucky Revised Statutes. Specific authority is contained in the legislation and related KRS chapters creating and empowering the various debt issuing entities. Reference to such legislation and laws is made throughout the following entity descriptions. Effective July 15, 1980, KRS 56.870 requires prior approval of debt financing projects by the Kentucky General Assembly sitting in regular or special sessions. Succeeding statutes establish the methods for this approval and the exemptions from it. The majority of new debt issues are approved through the appropriation act.

Per KRS 56.873, effective July 15, 1980, revenue bonds having passed the above mechanisms, and not requiring Commonwealth appropriations, must receive an "A" rating by Moody's Investors Service or the equivalent rating by another qualified rating agency prior to their sale.

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

During the fiscal year ended June 30, 2020 the debt issuing entities described below sold revenue and revenue refunding bonds as follows:

The Kentucky State Property and Buildings Commission is an independent agency of the Commonwealth created by KRS 56.450 and empowered upon application of any State agency to issue bonds in its own name to pay the costs of acquiring land and equipment, and the construction and equipping of buildings for the occupancy and/or use of said agencies.

The Commission issued $354,045,000 in revenue and agency fund revenue and refunding bonds as follows:

$318,800,000 Project No. 122 ABCD Revenue Refunding Bonds dated October 30, 2019.

$151,095,000 Revenue Series A maturing on November 1, 2020 through November 1, 2039 carrying interest rates of 2.5000% to 5.000%.

$2,435,000 Project No. Revenue Refunding Series B maturing on November 1, 2027 through November 1,November 1, 2027 through November 1, 2029 carrying interest rates of 2.500%-5.000%. The net proceeds in the amount of $2,871,297 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 96 A bonds in the amount of $2,790,000 maturing on November 1, 2029 carrying an interest rate of 4.250%. The refunding will result in net savings (increase in cash flows) of $596,583 in future periods and a present value savings of $514,783 at 2.1549%.

$66,710,000 Project No. 122 C, Revenue Refunding Bonds dated May 4, 2020. These bonds consist of Serial bonds maturing on November 1, 2021 carrying interest rates of 5.000%. The net proceeds in the amount of $70,049,503 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 98 A bonds in the amount of $69,783,147 maturing on November 1, 2021 carrying an interest rate of 5.000%. The refunding will result in net savings (increase in cash flows) of $1,419,921 in future periods and a present value savings of $1,738,401 at 2.1549%.

$98,560,000 Project No. 122 D, Revenue Refunding dated October 30, 2019. These bonds consist of Serial bonds maturing on November 1, 2020 through November 1, 2031 carrying interest rates of 1.918% to 2.772%. The net proceeds in the amount of $98,155,566 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 100 A bonds in the amount of $100,469,322 maturing on August 1, 2031 carrying interest rates of 4.125%-5.000%. The refunding will result in net savings (increase in cash flows) of $11,041,462 in future periods and a present value savings of $10,273,842 at 2.1549%.

$35,245,000 Project No. 123 Revenue Bonds dated June 10, 2020. These bonds consist of Serial bonds maturing on November 1, 2020 through November 1, 2035 carrying interest rates of 1.617% to 3.543%.

There are no lines of credit, significant termination events, nor significant acceleration clauses with finance-related consequences.

In the event of default, unless the principal of all the Bonds has already become due and payable either the Trustee or the Holders of not less than 25% of the principal amount of Bonds Outstanding, may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately.

The Commission has pledged to the payment of its obligations under the Resolution, payments to be received by the Commission from the State Agency under the Lease. Under the provisions of the Constitution of the Commonwealth, the State Agency is prohibited from entering into financing obligations extending beyond the biennial budget.

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

The Authority issued no bonds during fiscal year 2020.

There are no lines of credit, significant default events, significant termination events, nor significant acceleration clauses with finance-related consequences.

The revenue produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues, in some cases, are derived partially or solely from biennial appropriations of the General Assembly. In other cases, the direct revenues generated from the project funded constitute the entire source of the payment. Under the provisions of the Constitution of the Commonwealth, the State Agency is prohibited from entering into financing obligations extending beyond the biennial budget.

Kentucky Gas Pipeline Authority is a body corporate and politic to provide a financing mechanism for projects that will increase severance tax revenue for Kentucky, create jobs for Kentuckians, and create a competitive advantage in environmentally responsible development.

The authority issued no bonds during fiscal year 2020.

There are no unused lines of credit, pledges of collateral, significant termination events, significant events of default nor significant acceleration clauses with finance-related consequences.

State Universities - The Board of Trustees of the University of Kentucky and the Boards of Regents of the University of Louisville, Eastern Kentucky University, Western Kentucky University, Murray State University, Morehead State University, Kentucky State University, and Northern Kentucky University are authorized under KRS 56.495 to issue debt for the purpose of constructing educational buildings and housing and dining facilities. In addition, the University of Louisville is specifically authorized to issue debt for educational buildings under KRS 164.860 but is limited to $16 million of refunding debt.

State Universities issued $151,090,000 in revenue and refunding bonds as follows:

Eastern Kentucky University issued $5,265,000 of General Receipts Refunding, 2019 Series A, dated September 27, 2019. These bonds mature May 1, 2020 through May 1, 2028 and carry interest rates of 2.000% to 5.000%. The proceeds will be used by the University to refund and retire general receipt bonds, 2009 Series A bonds. The refunding will result in net savings (increase in cash flows) of $626,833 in future periods and a present value savings of $586,156 at 1.5248%.

Murray State University issued $4,110,000 of General Receipts Refunding, 2019 Series A, dated August 8, 2019. These bonds mature March 1, 2020 through September 1, 2028 and carry interest rates of 2.000% to 5.000%. The proceeds will be used by the University to refund 2009 Series bonds. The refunding will result in net savings (increase in cash flows) of $384,148 in future periods and a present value savings of $351,550 at 1.9717%.

Northern Kentucky University issued $37,870,000 of General Receipts 2019 Series A, dated November 12, 2019. These bonds mature September 1, 2021 through September 1, 2044 and carry interest rates of 3.000% to 5.000%. The proceeds will be used by the University to fund the construction of a new student residence hall and the renovation of existing housing and parking facilities.

The University of Kentucky issued $58,525,000 of General Receipts Bonds as follows for the University's Renew/Modernize Facilities Capital Project that make up the core of central campus:

$46,120,000 of General Receipts 2020 Series A, dated February 19, 2020. These bonds mature April 1, 2026 through April 1, 2040 and carry interest rates of 2.000% to 5.000%.

$12,405,000 of General Receipts 2020 Series B, dated February 19, 2020. These bonds mature April 1, 2021 through April 1, 2026 and carry interest rates of 1.650% to 3.000%.

The University of Louisville issued $45,320,000 of General Receipts 2020 Series B, dated June 30, 2020. These bonds mature September 1, 2023 through September 1, 2043 and carry interest rates of 2.000% to 5.000%. The proceeds will be used for the acquisition, construction, installation, and equipping of a new residence hall.

There are no unused lines of credit, significant termination events nor significant acceleration clauses with finance-related consequences.

In the event of default, the Universities lease amounts outstanding from direct placements become immediately due. Outstanding Notes from direct placements are secured with all assets, tangible and intangible. The secured party takes possession of these assets up to the amount in default

Each Bond is an "Obligation" under the Trust Agreement and the University has pledged its General Receipts as security for its payment obligations thereunder. The Universities are required to submit its budget to the General Assembly for approval as part of the biennial State Budget. The pledge of general receipts by the Universities described herein is independent of the State Budget process.

The Kentucky Housing Corporation was established in 1972 under KRS Chapter 198A, as a municipal corporation. The Corporation is authorized to increase the supply of housing for persons of lower income by making or participating in insured construction loans, and making or participating in insured mortgage loans when financing is not available from private lenders under reasonably equivalent terms and conditions. The Corporation is limited to a $5.0 billion total maximum principal value of debt outstanding.

The Corporation issued no bonds during fiscal year 2020.

There are no significant default events, significant termination events nor significant acceleration clauses with finance-related consequences.

The Corporation has unsecured lines of credit borrowings. The Corporation issues a publicly available financial report that includes financial statements and required supplementary information. Contact information for the Corporation has been provided as part of the Notes to the Financial Statements.

The Bonds are special obligations of the Corporation equally and ratably secured by and payable solely from the sources pledged for the payment thereof under the Resolution. Subject only to the provisions of the Resolution and the related Series Resolutions permitting the application of such moneys for the purposes and on the terms and conditions set forth in the Resolution, there are pledged for the payment of the principal of or Redemption Price, if any, and interest on Bonds, and the Sinking Fund Installment for the retirement thereof.

The Kentucky Infrastructure Authority was created by House Bill 217, passed into law during the 1988 regular session of the Kentucky General Assembly, to assist governmental agencies of the State with respect to the construction and acquisition of infrastructure projects as defined in the legislation. Pursuant to this Act, which amends KRS Chapter 224A, all powers, duties, and obligations of the Kentucky Pollution Abatement and Water Resources Finance

Authority, including administration of debt service on revenue bonds previously issued by the Authority, are transferred to the Kentucky Infrastructure Authority, which is established as a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the State.

The Authority issued no bonds during fiscal year 2020.

There are no lines of credit, significant default events, significant termination events nor significant acceleration clauses with finance-related consequences.

In the event of default, unless the principal of all the Bonds has already become due and payable either the Trustee or the Holders of not less than 25% of the principal amount of Bonds Outstanding, may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately. Most assets are either pledged as collateral for bond indebtedness, have certain restrictions as outlined in the bond indentures, or both.

The Kentucky Higher Education Assistance Authority is the Commonwealth of Kentucky's agency for improving higher education opportunities by insuring eligible student loans and providing other financial aid and related services to eligible students. The Authority is an issuer of student loans pursuant to the Federal Higher Education Act of 1965, as amended in Kentucky and Alabama. As such, the Authority is responsible for issuing loan insurance, providing collection assistance to lenders for delinquent loans, paying lender claims for loans, and collecting defaulted loans on which claims have been paid.

The Authority issued no bonds during fiscal year 2020.

There are no lines of credit, significant default events, significant termination events nor significant acceleration clauses with finance-related consequences.

Most assets are either pledged as collateral for bond indebtedness, have certain restrictions as outlined in the bond indentures, or both.

The Kentucky Higher Education Student Loan Corporation is empowered by KRS Chapter 164A to make and reinsure student loans with the United States of America, pursuant to the Federal Higher Education Act of 1965, and as a body corporate and politic acts as a financing authority to assure a secondary market for insured student loans. The Corporation is governed by board of directors appointed by the Governor, as prescribed in KRS 164A.050. The Corporation is limited to a maximum principal outstanding of $5 billion.

The Corporation issued no bonds during fiscal year 2020.

There are no unused lines of credit, pledges of collateral, significant termination events, significant events of default nor significant acceleration clauses with finance-related consequences.

The Kentucky Public Transportation Infrastructure Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth established in 2009 pursuant to KRS Chapter 175B, as amended. The authority reviews, approves and monitors certain significant transportation projects within the Commonwealth and between the Commonwealth and other states.

The Authority issued no bonds during fiscal year 2020.

There are no lines of credit, significant termination events, nor significant acceleration clauses with finance-related consequences.

The Authority has granted a pledge of the Trust Estate, which consists of all right, title and interest of the Authority in and to the pledged receipts, all moneys and securities on deposit in the Funds and Accounts, all right, title and interest of the Authority in and to the Lease, and all other property of every kind and nature from time to time.

In the event of a payment default, the interest rate with respect to any overdue principal amount shall bear interest rate at the foregoing rate plus 2.00% annum.

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

The authority issued no bonds during fiscal year 2020.

There are no lines of credit, pledges of collateral, significant termination events, significant events of default nor significant acceleration clauses with finance-related consequences.

The School Facilities Construction Commission was created by act of the 1985 Extraordinary Session of the Kentucky General Assembly as the successor agency to the Kentucky School Building Authority (KSBA) and empowered pursuant to KRS 157.640 with all rights of succesorship necessary to assure all legal and contractual functions and liabilities associated with the outstanding bonds issued in the name of the Authority, including refunding of then existing Authority debt.

The Commission is an independent corporate agency and instrumentality of the Commonwealth pursuant to KRS 157.611 through 157.640 and empowered therein to: (1) act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease agreements with local boards of education to finance construction of new facilities or major renovation of existing facilities; (2) enter into agreements which may provide for a percentage discount, on a biennially renewable basis, of annual lease agreements due the Commission for those districts which participate; and (3) enter into lease agreements with the Department of Education to build State-owned facilities operated by the Department of Education.

During the fiscal year ended June 30, 2020, the Commission sold school building revenue and revenue refunding bond issues having aggregate state participation of $52,570,933 maturing through June 1, 2040, at interest rates of 0.000% to 5.000%. Due to the length of the listing, the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 2020, which is contained in the publication titled SUPPLEMENTARY INFORMATION to the Kentucky Comprehensive Annual Report for the Fiscal Year Ended June 30, 2020. Copies of this report are available from the Division of Statewide Accounting, Financial Reporting Branch, 484 Capitol Annex, Frankfort, Kentucky 40601.

The Commission has a pledge of the revenues derived from the rental of the school projects to the Board under a Lease Agreement dated their date of delivery; said lien and pledge ranking on parity with the lien and pledge securing the remaining bonds and certain of the Corporation's outstanding school building revenue bonds issued to construct, improve, or refinance one of the Projects (the "Parity Bonds"). Under the provisions of the Constitution of the Commonwealth, the Commission is prohibited from entering into financing obligations extending beyond the biennial budget.

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

The Corporation issued no bonds during the fiscal year ended June 30, 2020.

There are no lines of credit, pledges of collateral, significant termination events, significant events of default nor significant acceleration clauses with finance-related consequences.

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

The Authority issued CommonSpirit Health Revenue Bonds Series A-1 $72,330,000 and Series A-2 $103,865,000 maturing August 1, 2025 through August 1, 2049 carrying interest rates of 4.000% to 5.000%.

There are no lines of credit, significant termination events nor significant acceleration clauses with finance-related consequences.

In the event of default, the principal of all the Notes then outstanding (if not then due and payable), either the Trustee or the Holders of not less than 25% of the Notes Outstanding, shall declare the principal of all Notes then Outstanding and the interest accrued thereon to be due and payable immediately.

The Commission has pledged to the payment of amounts owed to the Exchange Counterparty under the Hedge Agreement. A portion of each financing payment will initially be deposited in the Hedge Payment Fund created under the Indenture. The Commission has pledged that revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases the direct revenues generated from the project constitute the entire source of payment. Under the provisions of the Constitution of the Commonwealth, the State Agency is prohibited from entering into financing obligations extending beyond the biennial budget.

The KentuckyWired Infrastructure Company, Inc.
The Commonwealth under a "Design/ Build / Finance/Operate/Maintain" structure, determined to develop the Next Generation – Kentucky Infrastructure Highway System entered into a project agreement with KentuckyWired Infrastructure Company, Inc. (the Company) a non-profit component unit of the Commonwealth. The non-profit was formed in 2015 for the sole benefit of Kentucky. The Commonwealth granted the non-profit an exclusive right to design, construct, finance, operate and maintain the system in return for payments by the Commonwealth in the form of milestone payment, a designated equipment payment and availability payments. All payments made by the Commonwealth to the non-profit are subject to appropriation by the General Assembly.

The Kentucky Bond Development Corporation, a Kentucky nonprofit corporation, under Sections 103.200 et seq. of the Kentucky Revised Statutes, acting as a constituted authority of public agencies under the terms of an Interlocal Cooperating Agreement dated September 19, 2014 and as authorized by the City of Williamsburg, Kentucky, a part to the Interlocal Agreement, by resolution adopted on June 17, 2019 issued $102,090,000 in Industrial Revenue Bonds (Kentucky Communications Network Authority Project) and loaned the proceeds of the bonds dated August 5, 2019 to KCNA by means of a lease agreement dated July 1, 2019. The proceeds are to fund projects related to the acquisition, construction, installation, and equipping of the KentuckyWired Project, the Commonwealth's open-access broadband network. All payments made by the Commonwealth to the non-profit are subject to appropriation by the General Assembly in the General Fund budget.

There are no lines of credit, significant termination events, nor significant acceleration clauses with finance-related consequences.

In the event of default, the owners of not less than a majority of the aggregate principal amount of Outstanding Bonds shall have the right to interest or principal accounts established for each series of bonds.

The Commission has pledged a security interest in its assets, subject to certain exclusions.

The agencies and authorities that issue debt, net of discounts and defeased bonds, at June 30, 2020, are as follows (Expressed in Thousands)

Long-Term Obligations	Principal Outstanding	Interest Rate	Annual Maturity To
Agency:			
State Property and Buildings Commission	$ 3,337,660	1.00%-8.25%	2038
Kentucky School Facilites Construction Commission	1,068,844	0.00%-5.90%	2040
Turnpike Authority of Kentucky	1,104,239	1.00%-5.72%	2037
Total	$ 5,510,743		

Future revenue bond debt service requirements, to be paid with State Funds, at June 30, 2020, are as follows (Expressed in Thousands)

Year Ending June 30	Principal	Interest	Totals
2021	$ 560,367	$ 218,023	$ 778,390
2022	580,385	192,813	773,198
2023	438,762	171,075	609,837
2024	430,792	153,478	584,270
2025	398,846	136,563	535,409
2026-2030	1,891,060	435,835	2,326,895
2031-2035	888,758	156,862	1,045,620
2036-2040	321,773	25,277	347,050
Total	$ 5,510,743	$ 1,489,926	$ 7,000,669

Future debt service requirements for aggregated Next Generation Kentucky Information Highway Project at June 30, 2020, are as follows (Expressed in Thousands)

Year Ending June 30	Principal	Interest	Totals
2021	$ 1,918	$ 15,318	$ 17,236
2022	2,291	15,219	17,510
2023	2,804	15,104	17,908
2024	3,245	14,995	18,240
2025	3,771	14,859	18,630
2026-2030	29,448	70,709	100,157
2031-2035	51,193	61,623	112,816
2036-2040	80,142	46,487	126,629
2041-2045	128,017	21,935	149,952
Total	$ 302,829	$ 276,249	$ 579,078

Future debt service requirements for Kentucky Communications Network Authority Project at June 30, 2020, are as follows (Expressed in Thousands)

	Direct Placement		
Year Ending June 30	Principal	Interest	Totals
2021	$ —	$ 5,105	$ 5,105
2022	1,605	5,064	6,669
2023	1,685	4,982	6,667
2024	1,770	4,896	6,666
2025	1,865	4,805	6,670
2026-2030	10,855	22,489	33,344
2031-2035	13,935	19,405	33,340
2036-2040	17,895	15,446	33,341
2041-2045	22,975	10,363	33,338
2046-2050	29,505	3,836	33,341
Total	$ 102,090	$ 96,391	$ 198,481

Component Unit Revenue Bonds Payable as of June 30, 2020, are as follows (Expressed in Thousands)

Component Unit Revenue Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Kentucky Housing Corporation*	$ 288,470	0.240%-5.000%	2042
Kentucky Infrastructure Authority*	191,235	2.000%-5.290%	2032
Kentucky Higher Education Student Loan Corporation	566,510	2.090%-4.000%	2036
Kentucky Public Transportation Infrastructure Authority	363,970	3.750%-6.875%	2053
University of Kentucky*	1,068,545	1.030%-3.900%	2047
University of Louisville*	274,657	2..000%-5.600%	2051
Louisville Arena Authority	377,765	2.967%-5.000%	2047
Eastern Kentucky University	107,398	2.000%-5.000%	2038
Western Kentucky University*	238,394	2.000%-5.000%	2037
Murray State University*	60,065	1.000%-5.000%	2035
Morehead State University	67,205	1.000%-5.000%	2037
Kentucky State University	2,035	3.625%-3.875%	2027
Northern Kentucky University*	127,915	2.000%-5.000%	2045
Total	$ 3,734,164		

* Amounts reflect original issue

Future revenue bond debt service requirements for bonds issued by the Commonwealth's Component Units at June 30, 2020, are as follows

(Expressed in Thousands)

Year Ending June 30	Principal	Interest	Totals
2021	$ 154,863	$ 132,938	$ 287,801
2022	178,765	126,786	305,551
2023	181,523	120,042	301,565
2024	175,016	117,677	292,693
2025	178,334	115,111	293,445
2026-2030	1,067,340	471,077	1,538,417
2031-2035	717,734	321,964	1,039,698
2036-2040	459,014	211,798	670,812
2041-2045	345,225	126,194	471,419
2046-2050	176,190	49,777	225,967
2051-2055	100,160	12,205	112,365
Thereafter	—	—	—
Total	$ 3,734,164	$ 1,805,569	$ 5,539,733

NOTES PAYABLE At June 30, 2020, the following entities had notes payable as follows:

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

The Commission issued $400,000,000 in notes payable Project TRAN 2019A on July 10, 2019. These notes consist of General Fund Tax and Revenue Anticipation Notes, 2019 Series A due on June 25, 2020 with a carrying interest rate of 3.000%.

There are no lines of credit, significant termination events, nor significant acceleration clauses with finance-related consequences.

In the event of default, the principal of all the Notes then outstanding (if not then due and payable), either the Trustee or the Holders of not less than 25% of the Notes Outstanding, shall declare the principal of all Notes then Outstanding and the interest accrued thereon to be due and payable immediately.

The Commission has pledged that revenues produced by the projects funded by the debt are pledged as security for repayment of the debt. Project revenue debt is not a direct obligation of the Commonwealth. Project revenues are, in some cases, derived partially or solely from biennial appropriations of the General Assembly. In other cases the direct revenues generated from the project constitute the entire source of payment. Under the provisions of the Constitution of the Commonwealth, the State Agency is prohibited from entering into financing obligations extending beyond the biennial budget.

The Component Units of the Commonwealth reported notes payable of $34,650,000, direct borrowings of $643,909,000, and direct placements of $283,519,000 in their individual audited financial statements, details concerning their notes payable are presented in the notes to those financial statements. A copy of individual component unit financial statements may be obtained by using the contact information provided on the Component Unit Financial Statement Address page(s), within this report.

Other Long-term Liabilities - The General Fund, special revenue, and internal service funds in which leases are recorded will liquidate the capital lease obligations. The compensated absences will be liquidated by applicable governmental and internal service funds that account for the salaries and wages of the related employees. The net pension obligations will be liquidated by the State's governmental and internal service funds that contribute toward the pension funds, based on the statutorily required contribution rates. The General Fund and transportation-related Special Revenue fund will generally liquidate other claims and judgments attributable to the governmental activities.

Memorandum of Understanding (MOU) – The Commonwealth of Kentucky has entered into an understanding with The Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC). Bonds were issued in order to construct, furnish and equip a new State Mental Health Hospital with the understanding that the Commonwealth will fund the debt service of the Corporation by making Biennial Appropriations for this purpose. The net proceeds from the bond issue have been deposited in the Commonwealth of Kentucky's account and construction costs are being recorded as Construction in Progress. The debt service requirement for the memorandum of understanding is shown on the next chart.

Future debt service requirements, under Memorandum of Understanding to be paid with State Funds, at June 30, 2020, are as follows (Expressed in Thousands)

Year Ending June 30	Principal	Interest	Totals
2021	$ 5,871	$ 5,387	$ 11,258
2022	6,165	5,093	11,258
2023	6,475	4,785	11,260
2024	6,800	4,461	11,261
2025	7,140	4,121	11,261
2026-2030	41,620	14,674	56,294
2031-2033	30,590	3,187	33,777
Total	$ 104,661	$ 41,708	$ 146,369

The Finance and Administration Cabinet, a statutory administrative organization of the Commonwealth entered into a Lease Agreement with semi-annual payments to pay the principal and interest due on the Certificates of Participation (Certificates) dated April 29, 2015 and October 15, 2018 to fund projects to construct two state office building (300 Sower Building and Mayo-Underwood, respectively).

A debt payment of $1,250,000 was made on those Certificates in 2020. The remaining debt service requirement, the trustee fee and management and maintenance fee under the lease agreement are shown below.

Future debt service requirements for Certificates of Participation June 30, 2020, are as follows (Expressed in Thousands)

Year Ending June 30	Principal	Interest	Operations & Maintenance	Totals
2021	$ 3,600	$ 7,206	$ 1,263	$ 12,069
2022	3,675	7,036	1,305	12,016
2023	3,775	6,901	1,345	12,021
2024	3,885	6,749	1,384	12,018
2025	3,995	6,593	1,426	12,014
2026-2030	21,775	30,542	7,793	60,110
2031-2035	24,990	26,097	9,027	60,114
2036-2040	29,900	19,788	10,458	60,146
2041-2045	34,895	13,140	12,119	60,154
2046-2050	40,885	5,724	12,205	58,814
2051	3,110	128	1,167	4,405
Total	$ 174,485	$ 129,904	$ 59,492	$ 363,881

Pollution Remediation Liabilities – GASB Statement 49 establishes the guidance reporting entities are to use in estimating and reporting potential cost which may be incurred for pollution remediation. GASB 49 requires the Commonwealth to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the Commonwealth is compelled to take action;
- The Commonwealth is in violation of a pollution related permit or license;
- The Commonwealth is named or has evidence that it will be named as a responsible party by a regulator;
- The Commonwealth is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The Commonwealth commences or legally obligates itself to conduct remediation activities.

The Commonwealth has remediation activities underway and these are in stages from site investigation, planning and design, clean up, and site monitoring. Several agencies, within state government, have as a part of their mission the responsibility to investigate possible pollution sites, and oversee the remediation of those sites. These agencies have the expertise to estimate the remediation obligations presented herein based on prior experience in identifying and funding similar remediation activities. The remediation liabilities reported have been calculated based upon cost estimates. Situations posing potential liabilities, for which a reasonable estimate could not be made, have not been included.

The remediation obligation estimates presented in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to the estimates. Prospective recoveries from responsible parties may reduce the Commonwealth's obligation. The amounts recorded as obligations are shown in the Changes in long-term liabilities chart.

Asset Retirement Obligations - An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Commonwealth identified potential tangible assets that would qualify. The potential outcomes with relevant data to identify the liability was not available or obtainable at reasonable cost.

Deferred Outflows and Inflows - GASB 65 provides financial reporting guidance relative to deferred outflows of resources, a consumption of assets by the entity that is applicable to a future reporting period, and a deferred inflow of resources, an acquisition of assets by the entity that is applicable to a future reporting period. The following table provides information about amounts reported as deferred inflows of resources and deferred outflows of resources on the Government-Wide Statement of Net Position. GASB 68, GASB 71, and GASB 75 establish financial reporting of deferred inflows of resources and deferred outflows of resources related to pensions and other post employment benefits. A change in assumptions related to pensions and other post employment benefits could have a significant impact on the Government-Wide Statement of Activities. Additional information can be found in Note 8 and Note 9

Deferred Outflows/Inflows in the
Government-wide Statement of Net Position at June 30, 2020, are as follows
(Expressed in Thousands):

	Governmental Activities	Business-Type Activities	Major Component Units
Deferred Outflow of Resources			
Deferred Loss on Refunding	$ 21,971	$ —	$ 10,388
Interest Rate Swap-Derivative	1,676	—	85
Pension Related Outflows	4,241,095	42,003	42,304
OPEB Related Outflows	710,305	13,766	50,931
Total	$ 4,975,047	$ 55,769	$ 103,708
Deferred Inflow of Resources			
Deferred Gain on Refunding	$ 58,275	$ —	$ 11,134
Interest Rate Swap-Derivative	1,676	—	—
Service Concession Arrangement	—	—	528,134
External Trusts	—	—	16,358
Pension Related Inflows	8,872,258	8,309	102,418
OPEB Related Inflows	786,522	12,784	167,922
Total	$ 9,718,731	$ 21,093	$ 825,966

Future debt service requirements for aggregated Notes Payable for the Primary Government at June 30, 2020, are as follows (Expressed in Thousands):

Year Ending June 30	Principal	Interest	Totals
2021	$ 124,175	$ 29,476	$ 153,651
2022	111,240	23,758	134,998
2023	112,985	18,653	131,638
2024	86,670	14,115	100,785
2025	82,275	10,171	92,446
2026-2030	174,145	9,194	183,339
Total	$ 691,490	$ 105,367	$ 796,857

Future debt service requirements for aggregated Notes Payable for the Component Units at June 30, 2020, are as follows (Expressed in Thousands):

			Direct Borrowings		Direct Placements		
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2021	$ 11,858	$ 602	$ 78,627	$ 22,173	$ 799	$ 2,784	$ 116,843
2022	6,310	536	17,894	20,956	828	2,764	49,288
2023	2,929	432	4,270	20,599	854	2,743	31,827
2024	2,236	382	11,177	20,223	880	2,723	37,621
2025	2,417	344	5,134	19,830	723	2,700	31,148
2026-2030	7,001	1,217	57,147	96,976	52,219	10,907	225,467
2031-2035	1,783	435	56,509	89,887	4,701	9,792	163,107
2036-2040	54	23	100,940	74,566	221,608	5,657	402,848
2041-2045	62	14	114,858	52,493	907	638	168,972
2046-2050	—	—	135,480	25,525	—	182	161,187
2051-2055	—	—	61,873	2,414	—	—	64,287
Total	$ 34,650	$ 3,985	$ 643,909	$ 445,642	$ 283,519	$ 40,890	$ 1,452,595

Changes in long-term liabilities for the fiscal year ended June 30, 2020, are summarized as follows (Expressed in Thousands):

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due In One Year	Due Thereafter
Governmental Activities						
Compensated absences	$ 245,370	$ 226,521	$ (212,620)	$ 259,271	$ 189,589	$ 69,682
Capital leases	82,647	2,338	(16,578)	68,407	15,804	52,603
Claims liability	231,678	45,514	(28,882)	248,310	32,709	215,601
Notes payable	835,109	400,000	(543,619)	691,490	124,175	567,315
Certificate of Participation	175,735	—	(1,250)	174,485	3,600	170,885
KCNA - Direct Placements	—	102,090	—	102,090	—	102,090
KWIC	304,488	—	(1,659)	302,829	1,918	300,911
Bonds payable	5,820,641	777,071	(1,086,969)	5,510,743	557,314	4,953,429
Unamortized premiums	473,786	56,235	(59,089)	470,932	49,459	421,473
Unamortized discounts	(8,078)	(588)	749	(7,917)	(670)	(7,247)
Judgments and contingent liabilities	509,700	403,825	(765,433)	148,092	137,485	10,607
LFUCGPFC MOU obligations	110,250	—	(5,589)	104,661	5,871	98,790
Pollution remediation liabilities	9,444	2,787	—	12,231	1,362	10,869
Net OPEB liability	3,358,468	—	(397,983)	2,960,485	—	2,960,485
Net pension liability	24,300,649	1,197,756	—	25,498,405	—	25,498,405
Total Governmental Activities	36,449,887	3,213,549	(3,118,922)	36,544,514	1,118,616	35,425,898
Business-Type Activities						
Compensated absences	7,621	61	(380)	7,302	6,708	594
Capital leases	21,766	41	(2,163)	19,644	2,124	17,520
Judgments Payable	—	—	—	—	—	—
Claims and claims adjustment liability	726,211	1,800,553	(1,849,059)	677,705	151,125	526,580
Pollution remediation liabilities	429	—	(80)	349	30	319
Net OPEB liability	62,062	—	(5,462)	56,600	—	56,600
Net pension liability	363,550	8,829	—	372,379	—	372,379
Other Liabilities	133,212	42,485		175,697	132,700	42,997
Total Business-Type Activities	1,314,851	1,851,969	(1,857,144)	1,309,676	292,687	1,016,989
Total Primary Government	$ 37,764,738	$ 5,065,518	$ (4,976,066)	$ 37,854,190	$ 1,411,303	$ 36,442,887
Major Component Units						
Compensated absences	$ 41,808	$ 69,633	$ (14,990)	$ 96,451	$ 82,157	$ 14,294
Capital leases	283,195	103,202	(76,110)	310,287	21,277	289,010
Prize liability	49,891	12,394	(1,804)	60,481	49,928	10,553
Claims liability	150,469	—	(150,469)	—	—	—
Notes payable	166,812	317,618	(468,128)	16,302	8,626	7,676
Direct Borrowings	567,802	253,403	(177,296)	643,909	78,627	565,282
Direct Placements	217,829	106,820	(41,130)	283,519	799	282,720
Bonds payable	2,769,958	112,584	(287,392)	2,595,150	93,581	2,501,569
Net OPEB liability	396,350	53,159	(172,356)	277,153	—	277,153
Net pension liability	473,050	157	(14,985)	458,222	—	458,222
Other Liabilities	540,060	276,593	(75,129)	741,524	238,257	503,267
Total Major Component Units	$ 5,657,224	$ 1,305,563	$ (1,479,789)	$ 5,482,998	$ 573,252	$ 4,909,746

Interest Rate Swap Agreements - The Commonwealth currently has three outstanding interest rate swaps. Each of these swaps were entered into synthetically fix the interest rate on floating rate bonds. The notes were issued concurrent with the execution of the swap. Each of the interest rate swaps amortizes to match the sinking fund schedule of the hedged notes. Additionally, the maturities exactly match the maturity schedule of the hedged debt. Note: The fair values are model determined values reconciled to indicative pricing from the counter-party.

Credit Risk - There are certain collateral and termination requirements triggered by credit rating and minimal capital thresholds for the counterparty, and termination requirements triggered by credit ratings thresholds for the Commonwealth Asset Liability Commission. Those thresholds are being met as of June 30, 2020. There is no collateral pledged by either party to the interest rate swaps. The Commonwealth's credit risk is limited to the market value of the individual interest rate swaps. The counterparty is rated Baa2 by Moody's.

Interest Rate Risk - The Commonwealth's interest rate swaps were designed to synthetically fix the rate on four floating rate debt issuances. In order to achieve this goal, the amortization schedules, floating rate formula and index, pricing dates and other variables of both the floating rate side of the swap and the debt are exactly matched. Using the Synthetic Instrument Method for determining hedge effectiveness showed a 100% for each derivative. Because the pricing dates, formulas and indices are identical, there is no basis risk.

Termination Risk - Mandatory termination of each of these swaps would be triggered if the credit ratings of the Commonwealth State Property and Building Commission were to fall below BBB- by Standard and Poor's or Baa3 by Moody's or if the credit ratings of the counterparty were to fall below Baa3 by Moody's or BBB- by Standard and Poor's or if the credit ratings of the insurer falls below A3 by Moody's and A- by Standard and Poor's. Additional mandatory termination events include default, merger without assumption and failure to perform under the ISDA or indenture by any of the parties. The Commonwealth has the right to exercise optional early termination on each of these swaps with the consent of the insurer. The counterparty does not have the right of optional early termination. Any early termination shall occur at then current market levels.

The following table provides descriptive information for each interest rate swap.

Governmental Activities
Terms of each Hedging Derivative Cashflow Interest Rate Swaps
at June 30, 2020, are as follows
(Expressed in Thousands)

Project Notes	Effective Date	Notional Amounts Original	Notional Amounts Outstanding	Maturity Date	Pay-Fixed Rate	Variable Rate	Fair Value 6/30/2019	Fair Value 6/30/2020	Change in Fair Value
2007 ALCo	5/31/2007	$ 71,310	$ 27,465	11/1/2021	4.042%	67% 3M LIBOR +.52%	$ (1,355)	$ (911)	$ 444
2007 ALCo	5/31/2007	70,935	70,935	11/1/2025	4.125%	67% 3M LIBOR +.55%	(7,978)	(9,314)	(1,336)
2007 ALCo	5/31/2007	75,625	36,450	11/1/2027	4.066%	67% 3M LIBOR +.53%	(4,214)	(4,998)	(784)
Total		$217,870	$ 134,850 **				$ (13,547)	$ (15,223)	$ (1,676) *

* The Change in Fair Value is classified as Deferred Outflow of Resources on the Statement Of Net Position

** The Total Outstanding Notional Amount equals the outstanding note liability which is classified as a liability on the Statement of Net Position

Governmental Activities

Future debt service requirements for aggregated ALCo Notes Associated with Interest Rate Swaps

at June 30, 2020, are as follows

(Expressed in Thousands)

Year Ending June 30	Principal	Interest	Net Swap Payments	Totals
2021	$ 17,355	$ 934	$ 4,233	$ 22,522
2022	18,145	808	3,641	22,594
2023	20,935	664	2,987	24,586
2024	27,780	481	2,168	30,429
2025	20,475	299	1,357	22,131
2026-2028	30,160	226	1,020	31,406
Total	$ 134,850	$ 3,412	$ 15,406	$ 153,668

Note 17

Commitments and Contingencies

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

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

Judgments and Contingencies – A claim is a suit that has been filed but there has been no decision rendered by the court systems. Amounts reported include claims made against the Commonwealth during the period preceding June 30 of the current fiscal year. Claims are classified according to their chance of occurrence as either remote, possible, or probable. Claims are further classified as payable within one year, within future periods, or a combination of the two periods.

A judgment is any amount that is to be repaid as the result of a court decision or an award for the condemnation of private property. Reasons for such amounts also arise from employment, contracts, and government involvement of personnel or property. The General Fund, the Agency Revenue Fund, the Transportation Fund, and the State Parks Fund generally pay claims and judgments. These amounts are classified as either payable within one year, in future periods, or a combination of the two periods if they remain unpaid after June 30 of the current fiscal year.

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

Leases – The Commonwealth has entered into various operating leases for land and buildings. All leases contain termination clauses providing for the cancellation after 30, 60, or 90 days written notice to the lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business, similar leases will replace most of these leases. Primary Government expenditures for rent under leases for the years ended June 30, 2020 and 2019, amounted to $159.2 and $153.5 million, respectively. The operating leases of the Commonwealth do not contain escalation clauses for rental or expense that would require adjustment to be in compliance with GASB Statement 13.

Compensated Absences – Compensated absences include accumulated, unpaid vacation and compensatory time accruals. The amount accruing to proprietary funds has been included in the respective funds when material. The policy of the Commonwealth is to record the cost of annual and compensatory leave. Annual leave is accumulated at amounts ranging from 7.5-8.0 to 15.00-16.00 hours per month, as determined by the length of service, with the maximum accumulations ranging from 30 to 60 days. The calendar year is the period used for determining accumulated leave. Compensatory leave is granted to authorized employees on an hour-for-hour basis or a time and one-half basis. Compensated absences are generally paid from the General Fund, the Transportation Fund, the Federal Fund, the Agency Revenue Fund, and the Other Special Revenue Fund. At June 30, 2020, the estimated liability for annual and compensatory leave was $259,271,000 for the governmental activities, and $7,302,000 in the business-type activities.

Compensated absence liabilities for the major component units totaled $96,451,000 at June 30, 2020.

Sick Leave – The policy of the Commonwealth is to record the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee is absent due to illness, injury, or related family death, there was no liability recorded for sick leave at June 30, 2020. The estimated accumulated amount of unused sick leave at that date for the governmental and business-type activities was $425,398,000 and $13,643,000, respectively.

Construction Projects – The Transportation Cabinet, at June 30, 2020, had contractual commitments of approximately $1,517,953,000 for the construction, maintenance, and operation of the highway system. It is anticipated that these projects will be funded with approximately 20% State funds, 78% Federal funds, and the remaining 2% with proceeds from the sale of revenue bonds.

Deferred Inflows of Resources – Deferred inflows of resources in the governmental funds represents unavailable revenues. "Unavailable" means that the assets are not available to finance expenditures of the current fiscal period.

Unearned Revenue – Unearned revenue may result from the recognition of assets before the earnings process is complete and is reported as a contingent liability.

TAX ABATEMENTS

A tax abatement as defined by the Governmental Accounting Standards Board (GASB) is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Tax abatements do not include tax credits or deductions given by the Kentucky Tax Code. KRS 131.190 prohibits the disclosure of taxpayer information. Therefore, all tax abatements are aggregated by program for the year ended June 30, 2020, in the following table:

(expressed in thousands)

Program Name	Sales and Use Tax	Property Tax	Income Tax	Total
Kentucky Rural Economic Development Act	$ —	$ —	$ 21,451	$ 21,451
Kentucky Business Investment	—	—	26,636	26,636
Tax Increment Financing	24,119	1,520	15,817	41,456
Kentucky Tourism Development Act	6,230	—	—	6,230
Kentucky Film Industry Tax Credit	—	—	5,469	5,469
Other Economic Incentives	—	—	28,908	28,908
Total	$ 30,349	$ 1,520	$ 98,281	$ 130,150

Kentucky Rural Economic Development Act (KREDA)
This program offers incentives to any business entity that establishes new manufacturing plants or expands existing manufacturing operations and creates and maintains at least 15 new full-time jobs in certain economically distressed Kentucky counties. Projects approved under KREDA may receive state income tax credits and a job development assessment fee of up to 4 percent of the gross wages of each employee whose job is created by the approved project and who is subject to Kentucky's individual income tax for up to fifteen years. Up to a 100 percent credit is allowed against the income tax liability of an approved company generated by or arising out of the economic development project. Tax incentives remain in place until the authorized incentive amount is realized or for the term of the incentive agreement, whichever is first. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. KRS 154.22-050.

Kentucky Business Investment (KBI)
This program offers incentives to new and existing agribusiness, regional and national headquarters, manufacturing, and non-retail service and technology related companies that locate or expand operations in Kentucky. Eligible projects must meet minimum job, wage, and investment requirements. Projects also have negotiated job and wage targets that must be achieved. Tax incentives are available up to 15 years in enhanced incentive counties or up to 10 years in other counties. The incentives are tax credits up to 100% of the corporate income or limited liability entity tax liability arising from the project. Wage assessment incentives are available up to 5% of the gross wages of each employee. Tax incentives remain in place until the authorized incentive amount is realized or for the term of the incentive agreement, whichever is first. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. KRS 154.32-100

Tax Increment Financing (TIF)
This program is an economic development tool to use future gains in taxes to finance current improvements that create those gains. The taxing districts continue to receive the base tax amount while tax increments are used to fund the public costs of development. There are three types: Real Property Ad Valorem Tax Revenue, Mixed-Use Redevelopment in Blighted Urban Redevelopment Areas, and Signature Projects. Incentives vary amongst the three types and may include up to 100 percent of incremental property taxes and/or up to 80 percent of occupational, sales, individual income and/or corporate income or limited liability entity taxes for a maximum term of 20 or 30 years, depending on the type of program. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. KRS 154.30-040, KRS 154.30-050, KRS 154.30-060 & KRS Chapter 65

Kentucky Tourism Development Act
This program provides sales tax incentives for the creation of new tourism attractions and expansion of existing tourism attractions within the Commonwealth. Incentives may be granted to an approved company based on the Kentucky sales tax imposed on sales generated or arising at a tourism development project over a period of ten years, with an additional two-year extension available for entertainment destination centers meeting certain conditions.

The incentive shall not exceed the lesser of the total amount of the sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement. Approved Tourism Attraction Projects include cultural or historic sites, recreation or entertainment facilities, areas of scenic beauty or distinctive natural phenomena, entertainment destination centers, Kentucky crafts and product centers, or theme restaurant destinations. A Tourism Attraction Project would not include facilities primarily devoted to the retail sale of goods unless the sale of goods is secondary and a subordinate component of the attraction. The approved company seeking incentives shall execute information-sharing agreements prescribed by the Department of Revenue with its lessees and other related parties to verify the amount of sales tax eligible for the sales tax refund under KRS 139.536. The approved company shall have no obligation to refund or otherwise return any amount of the sales tax refund to the persons who originally collected the tax and remitted to the Commonwealth. KRS 148.853, KRS 139.536

Kentucky Film Industry Tax Credit
The purpose of this program is to encourage the film and entertainment industry to choose locations in the Commonwealth for filming and production of motion picture or entertainment productions. Qualifying non-based Kentucky applicants must invest at least $250,000 to produce feature films or television shows, commercials are eligible with required expenditures of $100,000. Kentucky-based applicants may qualify with at least $125,000 in expenditures to produce feature length films or television shows, $20,000 for Broadway productions and $10,000 for documentaries. The incentive provides qualifying applicants the ability to take advantage of a refundable income tax credit of 30% of approved expenditures or 35% incentive for approved expenditures in an enhanced incentive county. Beginning in calendar year 2018 and any calendar year thereafter approved tax incentives shall be limited to $100 million. *KRS 141.383, KRS 148.544*

Other Economic Incentives
Other economic incentive programs designed to attract or encourage expansion of businesses meeting our reporting threshold. Pursuant to KRS 131.190 the Commonwealth cannot disclose business affairs related to individual taxpayer information.

At this time, there are no provisions for recapturing abated taxes or documenting the type of commitments other than taxes. The Commonwealth had additional tax abatement programs, which did not meet our reporting threshold of $5 million. In aggregate, the total was less than $10 million for the year ending June 30, 2020. Among those not reported are Kentucky Economic Opportunity Zone, Kentucky Historic Preservation, Incentives for Energy Independence Act, Local Issued Industrial Revenue Bonds, Kentucky Angel Investment Tax Credit, Skills Training Investment Credit, Kentucky Reinvestment Act, Kentucky Industrial Development Act, Kentucky Jobs Development Act, and Kentucky Investment Fund Act. For more information on the programs, see thinkkentucky.com.

Note 18

SUBSEQUENT EVENTS

The following entities of the Commonwealth issued or agreed to administer State participation in financial obligations incurred after June 30, 2020, and prior to or on December 17, 2020 as described below.

Kentucky Higher Education Assistance Authority/Kentucky Higher Education Student Loan Corporation issued $422,640,000 debt subsequent to June 30, 2020, and maturing as to principal through 2050 at interest rates of 1.410% and One-Month LIBOR plus 1.050% to 1.850%. The Authority/Corporation financed loans from interim lines of credit and from its trust estates.

Unemployment Insurance (UI) outstanding balance as of December 2020 is $503,030,888. Federal Unemployment Insurance law requires states to continue to pay regular UI benefits, even when their UI trust funds are depleted. States with depleted trust fund balances can apply for federal loans to bolster their trust fund balances so that the payment of UI benefits is uninterrupted. Kentucky has been approved for up to $350 million per month through February 2021.

The Kentucky Asset/Liability Commission issued $59,405,000 debt subsequent to June 30, 2020, and maturing as to principal through 2022 at interest rates of 3.000% to 5.000%.

The Kentucky State Property and Buildings Commission issued $121,450,000 debt subsequent to June 30, 2020, and maturing as to principal through 2040 at an interest rate of 5.000%.

School Facilities Construction Commission administers the Commonwealth's participation in the debt service payments of local public school district revenue bonds issued subsequent to June 30, 2020, and maturing as to principal through 2040 at interest rates of 0.000% to 5.000% as displayed in the table on the following page.

State Universities issued debt with refunding subsequent to June 30, 2020, and maturing as to principal through 2033 at interest rates of 2.000% to 5.000% as displayed in the table on the following page. Additionally, on December 10, 2020, Morgan Stanley will wire $1,629,508 to the Commonwealth of Kentucky which will be held in the Eastern Kentucky University's account and may be drawn upon by the University for capital expenditures.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

School District	Delivery Date	Principal at Issue	State Share	Interest Rates (%)
Adair County	10/15/20	$ 1,230,000	$ 1,230,000	0.350%-1.9000%
Ashland Independent	10/28/20	750,000	750,000	1.000%-2.000%
Bardstown Independent	08/19/20	23,590,000	866,365	0.400%-2.050%
Barren County	10/20/20	1,370,000	574,746	2.000%-3.000%
Bourbon County	11/03/20	3,620,000	242,561	0.500%-1.750%
Bowling Green Independent	11/18/20	17,700,000	130,957	2.150%-4.000%
Boyle County	08/12/20	4,510,000	335,409	2.000%-4.000%
Breckinridge County	10/14/20	8,775,000	417,373	2.000%-5.000%
Caldwell County	10/15/20	5,955,000	513,673	0.400%-1.700%
Campbell County	10/15/20	15,295,000	4,585,656	0.300%-1.450%
Campbell County	11/19/20	900,000	485,700	0.600%-2.200%
Clark County	09/09/20	2,265,000	2,265,000	0.000%-1.050%
Crittenden County	07/15/20	1,210,000	1,210,000	0.800%-1.600%
Daviess County	07/14/20	42,940,000	366,441	2.125%-5.000%
Edmonson County	07/02/20	1,705,000	130,683	0.850%-2.300%
Eminence Independent	10/06/20	440,000	440,000	0.850%-1.200%
Fayette County	07/29/20	71,455,000	6,852,041	2.000%-5.000%
Fayette County	11/24/20	32,605,000	5,990,163	0.450%-1.900%
Floyd County	11/18/20	1,120,000	703,083	0.000%-0.900%
Greenup County	10/13/20	1,065,000	694,429	0.850%-1.150%
Henry County	10/21/20	3,105,000	1,020,682	0.600%-1.700%
Johnson County	09/16/20	1,335,000	1,193,998	0.350%-1.000%
Larue County	10/21/20	3,465,000	145,945	0.350%-2.000%
Leslie County	10/15/20	720,000	146,738	1.000%-1.200%
Martin County	07/17/20	2,015,000	2,015,000	0.650%-1.550%
Menifee County	10/13/20	4,260,000	1,979,280	0.400%-1.650%
Nicholas County	11/12/20	1,805,000	33,715	0.650%-2.000%
Pike County	07/29/20	930,000	930,000	0.500%-1.350%
Pulaski County	10/01/20	7,395,000	222,042	0.650%-1.750%
Raceland Independent	07/28/20	1,600,000	410,377	0.800%-1.600%
		$ 265,130,000	$ 36,882,057	

COMPONENT UNITS

School District	Delivery Date	Principal at Issue	Amount Refunded	Interest Rates (%)
Morehead State University	12/15/20	$ 4,870,000	$ 5,705,000	2.050%-2.400%
Northern Kentucky State University	11/04/20	5,775,000	6,140,000	2.000%-5.000%
Northern Kentucky State University	11/04/20	3,440,000	—	3.000%-5.000%
		$ 14,085,000	$ 11,845,000	

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

Audited financial statements may be requested at the following addresses:

Bluegrass State Skills Corporation
300 West Broadway
Frankfort, Kentucky 40601
thinkkentucky.com

KentuckyWired Infrastructure Company, Inc.
209 St. Clair Street, 4th Floor
Frankfort, Kentucky 40601
kentuckywired.ky.gov

Turnpike Authority of Kentucky
702 Capital Avenue, Suite 76
Frankfort, Kentucky 40601
finance.ky.gov/services/ofm/Pages/TurnpikeAuthority.aspx

Kentucky Transportation Cabinet
200 Mero Street
Frankfort, Kentucky 40622
transportation.ky.gov

Kentucky Center for the Arts
501 West Main Street
Louisville, Kentucky 40202
kentuckycenter.org

Kentucky Economic Development Finance Authority
300 West Broadway Street, Ste 2
Frankfort, Kentucky 40601
thinkkentucky.com

Kentucky Housing Corporation
1231 Louisville Road
Frankfort, Kentucky 40601
kyhousing.org

Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, Kentucky 40601
kyret.ky.gov

Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, Kentucky 40601
trs.ky.gov

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

Kentucky State Fair Board
Kentucky Exposition Center
937 Phillips Lane
Louisville, Kentucky 40209
kyvenues.com

Kentucky Educational Television
600 Cooper Drive
Lexington, Kentucky 40502
ket.org

Kentucky Higher Education Assistance Authority
P.O. Box 798
Frankfort, Kentucky 40602-0798
kheaa.com

Kentucky Higher Education Student Loan Corporation
Financial Services Department
10180 Linn Station Road, Suite C200
Louisville, Kentucky 40223
kheslc.com

Kentucky Infrastructure Authority
100 Airport Rd., 3rd Floor
Frankfort, Kentucky 40601
kia.ky.gov

Kentucky Judicial Form Retirement System
Suite 302, Whitaker Bank Building
305 Ann Street
Frankfort, Kentucky 40602
kjfrs.ky.gov

Kentucky Community and Technical College System
Office of Financial Services
300 North Main Street
Versailles, Kentucky 40383
kctcs.edu

Kentucky State University
Office of Business Affairs
400 East Main Street
Frankfort, Kentucky 40601
kysu.edu

University of Kentucky
University Financial Services
301 Frank D. Peterson Service Building
Lexington, Kentucky 40506-0005
uky.edu

University of Louisville
University Accounting and Reporting
Service Complex, Second Floor
Louisville, Kentucky 40292
louisville.edu

Eastern Kentucky University
Accounting and Financial Services
521 Lancaster Avenue
Coates CPO 3A
Richmond, Kentucky 40475
eku.edu

Morehead State University
Office of Accounting and Financial Services
207 Howell-McDowell
Morehead, Kentucky 40351
moreheadstate.edu

Murray State University
Accounting and Financial Services
322 Sparks Hall
Murray, Kentucky 42071
murraystate.edu

Northern Kentucky University
Office of the Comptroller
605 Lucas Administration Center
726 Nunn Drive
Highland Heights, Kentucky 41099
nku.edu

Western Kentucky University
Accounting and Financial Reporting
Wetherby Administration Building, G01
Bowling Green, Kentucky 42101
wku.edu

Kentucky River Authority
403 Wapping Street, Suite 105
Frankfort, Kentucky 40601
finance.ky.gov/offices/kra

Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, Kentucky 40601
cpe.ky.gov

DEP Division of Waste Management,
Underground Storage Tank Branch
300 Sower Boulevard, Second Floor
Frankfort, Kentucky 40601
waste.ky.gov/ust

Kentucky Artisan Center at Berea
200 Artisan Way
Berea, Kentucky 40403
kentuckyartisancenter.ky.gov

Personnel Cabinet
Department of Employee Insurance
501 High Street
Frankfort, Kentucky 40601
personnel.ky.gov

Personnel Cabinet
Workers' Compensation Insurance Program
501 High Street
Frankfort, Kentucky 40601
personnel.ky.gov

The Kentucky Public Employees'
Deferred Compensation Authority
101 Sea Hero Road, Suite 110
Frankfort, Kentucky 40601-5413
kentuckyplans.com

Department of Workplace Standards
Division of Workers' Compensation Funds (Special Fund)
Mayo-Underwood Building
500 Mero Street, 3rd Floor
Frankfort, Kentucky 40601
labor.ky.gov/dows/dowcf

Kentucky Horse Park
4089 Iron Works Parkway
Lexington, Kentucky 40511
kyhorsepark.com

The Kentucky Horse Park Foundation
4075 Iron Works Parkway
Lexington, Kentucky 40511
khpfoundation.org

Kentucky Public Transportation Infrastructure Authority
200 Mero Street, 6th Floor East
Frankfort, Kentucky 40622
transportation.ky.gov/KPTIA

Louisville Arena Authority Inc.
One Arena Plaza
Louisville, KY 40202
Kfcyumcenter.com

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Original	Final	Actual	Variance
Revenues				
Budgeted:				
Taxes	$ 10,913,312	$ 10,624,515	$ 11,167,818	$ 543,303
Licenses, fees, and permits	34,386	25,830	26,357	527
Intergovernmental	20,994	18,004	6,285	(11,719)
Charges for services	4,923	4,958	6,056	1,098
Fines and forfeits	24,261	28,213	25,503	(2,710)
Interest and other investment income	(6,800)	(10,378)	(6,148)	4,230
Lottery proceeds	256,000	262,400	271,363	8,963
Other revenues	42,925	37,957	69,387	31,430
Tobacco Settlement	118,100	110,900	112,660	1,760
Subtotal of Budgeted Revenues	11,408,101	11,102,399	11,679,281	576,882
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	0	—
Transfers in (interfund)	315,852	315,852	317,076	1,224
Total Budgeted Revenues	11,723,953	11,418,251	11,996,357	578,106
Total Revenues	11,723,953	11,418,251	11,996,357	578,106
Expenditures				
General Government:				
Executive Office of the Governor	6,258	6,258	5,849	(409)
Office of Homeland Security	255	255	253	(2)
Kentucky Infrastructure Authority	1,915	1,915	1,758	(157)
Commonwealth Council on Developmental Disabilities	—	152	145	(7)
Department of Veterans Affairs	25,810	25,810	25,548	(262)
Office of State Budget Director	3,534	3,534	3,498	(36)
State Planning Fund	—	—	—	—
Small Business Advocacy	—	—	—	—
Unified Prosecutorial System:				
Commonwealth Attorneys	59,913	59,913	59,913	—
County Attorneys	53,059	53,059	53,059	—
Department of Agriculture	17,919	17,919	17,732	(187)
Office of the Attorney General	12,240	12,375	12,251	(124)
Auditor of Public Accounts	5,736	5,736	5,678	(58)
Registry of Election Finance	1,529	1,529	1,514	(15)
Military Affairs	15,256	15,632	14,421	(1,211)
Governor's Office of Agriculture Policy	—	—	—	—
Governor's Office for Local Development	9,327	9,327	8,286	(1,041)
Local Government:				
Economic Assistance Fund	37,962	36,427	36,427	—
Economic Development Fund	13,571	13,571	13,571	—
Area Development Fund	—	—	—	—
Secretary of State	2,253	2,253	2,230	(23)
Department of Treasury	2,261	2,261	2,238	(23)
Board of Elections	4,231	4,261	4,191	(70)
Personnel Board	—	—	—	—
School Facilities Construction Commission	129,071	129,071	129,071	—
Executive Branch Ethics Commission	556	556	550	(6)
Commission on Human Rights	2,006	2,006	1,962	(44)
Council on Postsecondary Education	35,704	—	—	—
Kentucky Communications Network Authority	34,268	34,268	34,048	(220)
Budget Reserve Trust Fund	177,013	303,185	—	(303,185)
Personnel:				
General Operations	—	—	—	—
State Salary Compensation Fund	—	—	—	—

	Original	Final	Actual	Variance
Universities:				
Eastern Kentucky University	$ 60,175	$ 63,754	$ 63,754	$ —
Kentucky State University	25,259	25,757	25,757	—
Morehead State University	38,467	38,467	38,467	—
Murray State University	44,581	44,581	44,581	—
Northern Kentucky University	47,975	52,300	52,300	—
University of Kentucky	249,109	263,602	263,602	—
University of Louisville	123,290	126,634	126,634	—
Western Kentucky University	69,344	73,723	73,723	—
Kentucky Community and Technical College System	166,034	174,581	174,581	—
Postsecondary Education Performance Fund	38,666	17,296	16,924	(372)
Finance and Administration:				
General Administration and Support	7,890	7,890	7,619	(271)
Office of the Inspector General	803	803	551	(252)
Special Accounts - Capital Construction	—	2,500	2,500	—
Debt Service	491,372	491,372	451,335	(40,037)
Office of the Controller	6,423	6,423	6,357	(66)
Commonwealth Office of Technology	1,923	1,923	1,923	—
Department for Administration	—	—	—	—
Department for Facilities and Support Services	7,178	7,178	7,112	(66)
Kentucky Retirement Systems	1,086	61,181	61,180	(1)
Kentucky Higher Education Assistance Authority	281,526	296,890	258,960	(37,930)
Special Accounts - Tobacco Settlement	120,088	114,647	112,660	(1,987)
Finance - County Costs	19,744	22,544	20,889	(1,655)
Department of Revenue:				
General Operations	101,966	101,966	100,879	(1,087)
Office of Property Valuation Administrators	56,139	56,139	56,136	(3)
Appropriations Not Otherwise Classified:				
Judgements	—	16,900	16,900	—
Board of Claims Award	200	100	69	(31)
Guardian Ad Litem	11,625	15,915	13,648	(2,267)
Prior Year Claims	100	—	—	—
Unredeemed Checks Refunded	1,252	1,637	1,631	(6)
Involuntary Commitments	65	65	58	(7)
Blanket Employee Bonds	50	50	39	(11)
Frankfort In Lieu of Taxes	195	195	195	—
Frankfort Cemetery	3	3		(3)
Police and Firemen Life Insurance	489	489	409	(80)
Attorney General Expense	450	475	414	(61)
Medical Malpractice Liability Insurance Reimbursements	97	97	61	(36)
Total General Government	2,625,211	2,829,350	2,436,041	(393,309)
Legislative and Judicial:				
General Assembly	24,750	24,750	18,897	(5,853)
Legislative Research Commission	59,384	59,384	47,278	(12,106)
Judicial Retirement System	9,571	9,571	9,571	—
Court of Justice - Court Facility Use	—	—	—	—
Court of Justice - Operation and Administration	272,150	272,150	261,309	(10,841)
Court of Justice - Local Facility Support	112,636	112,636	111,341	(1,295)
Total Legislative and Judicial	478,491	478,491	448,396	(30,095)

Continued

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Original	Final	Actual	Variance
Commerce:				
Economic Development:				
Economic Development	$ 33,806	$ 34,867	$ 23,255	$ (11,612)
New Business Development	—	—	—	—
Commerce Cabinet:				
Office of the Secretary	3,214	3,214	2,985	(229)
Kentucky State Fair Board	4,731	4,731	4,731	—
Kentucky Horse Park	1,708	1,708	1,708	—
Department of Parks	48,112	52,933	52,933	—
Department of Travel	3,158	3,158	2,884	(274)
Berea Artisans Center	487	487	477	(10)
Total Commerce	95,216	101,098	88,973	(12,125)
Education:				
General Administration and Program Support	5,210	5,210	4,943	(267)
Commission on the Deaf and Hard of Hearing	970	970	960	(10)
Kentucky Heritage Council	719	719	712	(7)
Kentucky Arts Council	1,729	1,729	1,708	(21)
Department of Education:				
Support Education Excellence In KY (SEEK)	3,047,481	3,047,481	2,961,784	(85,697)
Executive Policy and Management				—
Bureau of Support Services	56,326	40,328	39,330	(998)
Learning Results Services	1,020,447	943,529	939,093	(4,436)
Kentucky Educational Television	15,401	15,401	15,251	(150)
Kentucky Historical Society	5,952	5,952	5,889	(63)
Kentucky Center for the Arts	558	558	558	—
Education Professional Standards Board	3,644	—	—	—
Libraries and Archives:				
Direct Local Aid	6,830	2,500	2,500	—
Public Library Facilities Construction Debt Assistance		4,330	4,264	(66)
General Operations	6,327	6,327	5,767	(560)
Teachers' Retirement System	719,474	789,474	789,474	—
Workforce Investment:				
Office of the Blind	1,891	424	424	—
Employment and Training (operations and Support)	—	—	—	—
Technical Education	4,284	70,941	63,716	(7,225)
Vocational Rehabilitation	13,459	14,926	14,517	(409)
Total Education and Humanities	4,910,702	4,950,799	4,850,890	(99,909)
Human Resources:				
Health and Family Services:				
Administrative Services	36,476	30,385	30,301	(84)
Department for Community Based Services	473,961	473,961	465,241	(8,720)
Department for Disability Determination Services				—
Department for Family Resource Centers and Volunteer Services	11,336	60,225	60,221	(4)
Office of the Inspector General	—	6,091	5,901	(190)
Office of Health Policy	477	477	471	(6)
Department for Aging and Independent Living	43,938	43,938	43,392	(546)
Department for Income Support	7,117	7,117	6,913	(204)
Department for Public Health	76,481	76,781	67,182	(9,599)
Department for Behavioral Health, Developmental and Intellectual Disabilities	173,287	173,135	171,452	(1,683)
Department for Human Support Services				—
Medicaid Administration	59,367	59,367	58,702	(665)
Medicaid Services Benefits	1,983,650	1,983,650	1,983,650	—
Commission for Children With Special Health Care Needs	5,249	5,249	5,168	(81)
Total Human Resources	2,871,339	2,920,376	2,898,594	(21,782)

	Original	Final	Actual	Variance
Justice:				
Justice Administration	$ 31,244	$ 34,118	$ 33,771	$ (347)
Department of State Police	121,148	120,612	109,000	(11,612)
Department of Juvenile Justice	105,397	104,300	94,709	(9,591)
Department for Public Advocacy	66,171	66,171	65,509	(662)
Department of Corrections:				
Management	11,891	13,584	13,355	(229)
Adult Institutions	324,719	339,131	335,559	(3,572)
Local Jail Allotment	16,656	16,656	16,484	(172)
Community Services and Local Facilities	245,506	245,377	240,720	(4,657)
Total Justice	922,732	939,949	909,107	(30,842)
Natural Resources and Environmental Protection:				
General Administration and Support	3,372	3,742	3,724	(18)
Department for Energy Development and Independence	1,434	861	706	(155)
Kentucky River Authority	286	286	286	—
Kentucky Nature Preserves Commission	1,245	1,245	1,245	—
Department for Environmental Protection	28,568	31,520	31,251	(269)
Department for Natural Resources	37,702	18,549	18,530	(19)
Mine Safety and Licensing	—	9,828	9,420	(408)
Surface Mining Reclamation and Enforcement	—	9,325	9,325	—
Total Natural Resources and Environmental Protection	72,607	75,356	74,487	— (869)
Public Protection and Regulation:				
General Administration and Support	—	653	62	(591)
Board of Claims and Crime Victims Compensation	—	—	—	—
Kentucky Claims Commission	1,390	1,390	960	(430)
Board of Tax Appeals	—	—	—	—
Horse Racing Commission	3,148	3,148	3,116	(32)
Public Service Commission	18,381	18,381	10,223	(8,158)
Mine Safety Review Commission	—	—	—	—
Department of Alcoholic Beverage Control	—	—	—	—
Department of Housing, Buildings, and Construction	2,640	2,640	1,853	(787)
Labor:				
Workplace Standards	2,435	2,129	2,160	31
General Administration & Support	3,574	599	0	(599)
Total Public Protection and Regulation	31,568	28,940	18,374	(10,566)
Transportation:				
General Administration and Support	500	500	1,449	949
Public Transportation	7,546	7,546	5,325	(2,221)
Revenue Sharing				
Total Transportation	8,046	8,046	6,774	(1,272)
Total Expenditures	12,015,912	12,332,405	11,731,636	(600,769)
Excess of Revenues Over (Under) Expenditures	(291,959)	(914,154)	264,721	
Fund Balance at July 1			353,111	
Non-Budgeted Items			(2,695)	
Fund Balance at June 30	$ —	$ —	$ 615,137	$ —

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Revenues				
Budgeted:				
Taxes	$ 1,338,718	$ 1,231,861	$ 1,327,903	$ 96,042
Licenses, fees, and permits	153,491	136,904	141,524	4,620
Intergovernmental	—	—	(110)	(110)
Charges for services	8,940	9,000	9,291	291
Fines and forfeits	25	10	10	—
Interest and other investment income	3,300	6,500	6,687	187
Other revenues	4,026	5,725	6,214	489
Subtotal of Budgeted Revenues	1,508,500	1,390,000	1,491,519	101,519
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	1,830	4,019	4,124	105
Total Budgeted Revenues	1,510,330	1,394,019	1,495,643	101,624
Non-Budgeted:				
Taxes	—	—	—	—
Licenses, fees, and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeits	—	—	—	—
Interest and other investment income	—	—	—	—
Employer contributions	—	—	—	—
Other revenues	—	—	—	—
Transfers in (interfund)	—	—	—	—
Transfers in (intrafund)	—	—	—	—
Total Non-Budgeted Revenue	—	—	—	—
Total Revenues	1,510,330	1,394,019	1,495,643	101,624
Expenditures				
General Government:				
Executive Office of the Governor	—	—	—	—
Office of Homeland Security	312	312	312	—
Kentucky Infrastructure Authority	—	—	—	—
Commonwealth Council on Developmental Disabilities	—	—	—	—
Kentucky Communications Network Authority	—	—	—	—
Office of State Budget Director	—	—	—	—
School Facilities Construction Commission	—	—	—	—
Executive Branch Ethics Commission	—	—	—	—
Department of Veterans Affairs	—	—	—	—
Unified Prosecutorial System:				
Commonwealth Attorneys	—	—	—	—
County Attorneys	—	—	—	—
Department of Agriculture	—	—	—	—
Office of the Attorney General	—	—	—	—
Auditor of Public Accounts	—	—	—	—
Military Affairs	—	—	—	—
Governor's Office of Agricultural Policy:				
Agricultural Development - Statewide Phase	—	—	—	—
Governor's Office for Local Development	—	—	—	—
Secretary of State	—	—	—	—
Department of Treasury	250	250	250	—
Board of:				
Accountancy	—	—	—	—
Alcohol and Drug Counselors	—	—	—	—
Auctioneers	—	—	—	—
Barbering	—	—	—	—
Chiropractic Examiners	—	—	—	—
Home Inspectors	—	—	—	—
Licensed Diabetes Educators	—	—	—	—
Medical Imaging and Radiation Therapy	—	—	—	—
Applied Behavior Analysis Licensing	—	—	—	—
Professional Counselors	—	—	—	—
Fee-Based Pastoral Counselors	—	—	—	—
Interpreters for Deaf & Hard of Hearing	—	—	—	—
Prosthetics, Orthotics and Pedorthics	—	—	—	—
Dentistry	—	—	—	—
Dietitians and Nutritionists	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	329,742	—
—	—	—	—	—	—	230,782	—
—	—	14,578,465	—	—	—	60,881	—
—	—	1,350	—	—	—	4,948,207	—
—	—	(15)	—	—	—	7,288	—
—	—	1,212	—	—	—	38,855	—
—	—	—	—	—	—	—	—
—	—	89,495	—	—	—	637,494	—
—	—	125	—	—	—	4,469,011	—
—	—	—	—	—	—	611,388	—
—	—	14,670,632	—	—	—	11,333,648	—
—	—	14,670,632	—	—	—	11,333,648	—
175	959	746	(213)	660	295	189	(106)
4,096	4,096	3,994	(102)	1,362	1,362	1,104	(258)
29,382	34,597	32,938	(1,659)	51,669	51,669	1,638	(50,031)
—	1,620	1,618	(2)	—	—	—	—
—	—	—	—	1,500	1,500	—	(1,500)
—	1,507	1,507	—	384	384	229	(155)
—	—	—					
—	—	—	—	335	420	419	(1)
—	2,009	1,480	(529)	78,965	78,965	60,712	(18,253)
40	751	322	(429)	2,033	4,508	4,481	(27)
1,004	1,004	731	(273)	643	743	662	(81)
7,068	10,770	10,175	(595)	10,848	12,848	10,839	(2,009)
5,393	5,393	4,404	(989)	18,815	11,371	10,007	(1,364)
—	—	—	—	10,973	11,963	10,075	(1,888)
46,330	124,330	115,392	(8,938)	38,643	38,643	41,005	2,362
—	—	—	—	100	100	52	(48)
29,728	129,728	25,434	(104,294)	889	4,889	4,712	(177)
221	221	—	(221)	2,681	2,681	3,833	1,152
—	—	—	—	1,849	1,849	1,145	(704)
—	—	—	—	656	656	560	(96)
—	—	—	—	150	180	177	(3)
—	—	—	—	—	—	—	—
—	—	—	—	426	426	361	(65)
—	—	—	—	378	378	279	(99)
—	—	—	—	—	—	—	—
—	—	—	—	27	29	28	(1)
—	—	—	—	438	438	298	(140)
—	—	—	—	31	40	38	(2)
—	—	—	—	261	311	282	(29)
—	—	—	—	4	4	3	(1)
—	—	—	—	38	43	40	(3)
—	—	—	—	46	46	38	(8)
—	—	—	—	1,018	1,018	758	(260)
—	—	—	—	74	94	78	(16)

Continued

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Board of: (Continued)				
Elections	$ —	$ —	$ —	$ —
Embalmers and Funeral Home Directors	—	—	—	—
Architects	—	—	—	—
Landscape Architects	—	—	—	—
Examiners of Psychologists	—	—	—	—
Examiners of Social Workers	—	—	—	—
Hairdressers and Cosmetologists	—	—	—	—
Hearing Instrument Specialists	—	—	—	—
Nursing Home Administrators Licensing	—	—	—	—
Medical Licensure	—	—	—	—
Nursing	—	—	—	—
Ophthalmic Dispensers	—	—	—	—
Optometric Examiners	—	—	—	—
Art Therapists	—	—	—	—
Occupational Therapy	—	—	—	—
Respiratory Care Practitioners	—	—	—	—
Marriage and Family Therapists	—	—	—	—
Proprietary Education	—	—	—	—
Geologists	—	—	—	—
Personnel	—	—	—	—
Pharmacy	—	—	—	—
Physical Therapists	—	—	—	—
Podiatry	—	—	—	—
Engineers and Land Surveyors	—	—	—	—
Speech Pathology and Audiology	—	—	—	—
Veterinary Examiners	—	—	—	—
Investigators	—	—	—	—
Massage Therapy	—	—	—	—
Real Estate Commission	—	—	—	—
Commission on Human Rights	—	—	—	—
Council Postsecondary Education	—	—	—	—
Personnel:				
General Operations	—	—	—	—
Public Employee Deferred Compensation Authority	—	—	—	—
Universities:				
Eastern Kentucky University	—	—	—	—
Kentucky State University	—	—	—	—
Morehead State University	—	—	—	—
Murray State University	—	—	—	—
Northern Kentucky University	—	—	—	—
University of Kentucky	—	—	—	—
University of Louisville	—	—	—	—
Western Kentucky University	—	—	—	—
Kentucky Community and Technical College System	—	—	—	—
Finance and Administration:				
General Administration and Support	266	266	152	(114)
Office of the Controller	—	—	—	—
Office of the Inspector General	—	—	—	—
Commonwealth Office of Technology	—	—	—	—
Kentucky Higher Education Assistance Authority	—	—	—	—
Turnpike Authority of Kentucky	—	—	—	—
Finance - County Costs	—	—	—	—
Kentucky Retirement Systems	—	—	—	—
Department of Revenue:				
General Operations	3,069	3,069	3,069	—
Office of Property Valuation Administrators	552	552	552	—
Department for Facilities and Support Services	—	—	—	—
Total General Government	4,449	4,449	4,335	(114)

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
$ 2,926	$ 8,700	$ 6,590	$ (2,110)	$ 246	$ 246	$ 232	$ (14)
—	—	—	—	489	499	494	(5)
—	—	—	—	552	552	406	(146)
—	—	—	—	78	78	76	(2)
—	—	—	—	256	256	223	(33)
—	—	—	—	425	425	418	(7)
—	—	—	—	1,734	1,734	1,701	(33)
—	—	—	—	58	78	60	(18)
—	—	—	—	61	101	83	(18)
—	—	—	—	3,427	3,427	3,215	(212)
—	—	—	—	8,355	8,355	7,512	(843)
—	—	—	—	68	71	70	(1)
—	—	—	—	233	233	178	(55)
—	—	—	—	11	11	8	(3)
—	—	—	—	192	212	207	(5)
—	—	—	—	243	243	236	(7)
—	—	—	—	134	134	110	(24)
—	—	—	—	—	—	—	—
—	—	—	—	95	109	101	(8)
—	—	—	—	1,019	1,019	900	(119)
—	—	—	—	2,465	2,465	2,414	(51)
—	—	—	—	653	653	617	(36)
—	—	—	—	40	47	37	(10)
—	—	—	—	1,595	1,595	1,308	(287)
—	—	—	—	173	223	206	(17)
—	—	—	—	275	275	244	(31)
—	—	—	—	74	114	90	(24)
—	—	—	—	170	170	146	(24)
—	—	—	—	—	5,819	6,877	1,058
245	245	157	(88)	10	10	4	(6)
12,322	4,000	13,761	9,761	5,273	4,973	4,108	(865)
—	250	100	(150)	31,707	31,107	40,488	9,381
—	—	—	—	9,269	9,269	6,826	(2,443)
—	—	—	—	342,815	342,815	26,085	(316,730)
—	—	—	—	38,220	38,220	13,357	(24,863)
—	—	—	—	166,490	166,490	133,760	(32,730)
—	—	—	—	149,322	149,322	322,162	172,840
—	—	—	—	202,457	202,457	361,580	159,123
—	—	—	—	3,968,887	3,968,887	6,451,538	2,482,651
—	—	—	—	1,135,698	1,135,698	259,400	(876,298)
—	—	—	—	349,214	349,214	349,238	24
—	—	—	—	671,247	671,247	485,342	(185,905)
—	—	—	—	32,680	4,319	4,038	(281)
—	—	—	—	13,205	10,452	9,661	(791)
—	—	—	—	663	663	496	(167)
10	301	311	10	128,956	2,500	1,357	(1,143)
34	34	—	(34)	34,757	35,657	30,522	(5,135)
—	—	—	—	—	104	101	(3)
—	—	—	—	1,703	1,703	966	(737)
—	—	—	—	47,703	47,703	35,986	(11,717)
—	244	—	(244)	16,713	17,586	17,964	378
—	—	—	—	3,500	3,848	3,382	(466)
—	—	—	—	43,431	1,227	1,218	(9)
138,974	330,759	219,660	(111,099)	7,642,937	7,452,468	8,741,790	1,289,322

Continued

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Legislative and Judicial:				
General Assembly	$ —	$ —	$ —	$ —
Legislative Research Commission	—	—	—	—
Court of Justice - Operation and Administration	—	—	—	—
Total Legislative and Judicial	—	—	—	—
Commerce:				
Economic Development:				
Office of the Secretary	—	—	—	—
Financial Incentives	—	—	—	—
Business Development	—	—	—	—
Commerce:				
Office of the Secretary	—	—	—	—
Kentucky State Fair Board	—	—	—	—
Kentucky Horse Park	—	—	—	—
Department of Parks	—	—	—	—
Department of Travel	—	—	—	—
Berea Artisans Center	553	553	553	—
Department of Fish and Wildlife Resources	—	—	—	—
Total Commerce	553	553	553	—
Education:				
Commission on the Deaf and Hard of Hearing	—	—	—	—
Environmental Education Council	—	—	—	—
Kentucky Heritage Council	—	—	—	—
Kentucky Arts Council	—	—	—	—
General Administration and Program Support	—	—	—	—
Department of Education:				
Learning Results Services	—	—	—	—
Bureau of Support Services	—	—	—	—
Kentucky Educational Television	—	—	—	—
Kentucky Historical Society	—	—	—	—
Commission on Proprietary Education	—	—	—	—
Education Professional Standards Board	—	—	—	—
Libraries and Archives:				
Direct Local Aid	—	—	—	—
General Operations	—	—	—	—
Kentucky Teachers' Retirement System	—	—	—	—
Workforce Investment:				
Office of the Blind	—	—	—	—
Employment and Training	—	—	—	—
Vocational Rehabilitation	—	—	—	—
Total Education and Humanities	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
$ —	$ —	$ —	$ —	$ 1,134	$ 1,134	$ —	$ (1,134)
1	1	—	(1)	1,786	1,786	—	(1,786)
1,710	9,589	7,842	(1,747)	75,359	75,771	44,020	(31,751)
1,711	9,590	7,842	(1,748)	78,279	78,691	44,020	(34,671)
—	12	115	103	2,950	1,367	885	(482)
—	—	—	—	—	2,950	2,532	(418)
—	583	385	(198)	—	—	—	—
			—				
—	—	—	—	14,703	14,703	12,642	(2,061)
—	698	49	(649)	47,207	—	—	—
—	5	4	(1)	11,084	—	—	—
—	1,160	1,160	—	51,841	50	18	(32)
—	—	—	—	29	29	12	(17)
—	—	—	—	1,601	1,601	1,306	(295)
19,031	19,031	18,981	(50)	42,599	45,005	60,345	15,340
19,031	21,489	20,694	(795)	172,014	65,705	77,740	12,035
—	—	—	—	1,180	1,180	1,180	—
66	316	294	(22)	218	500	292	(208)
864	925	908	(17)	279	279	232	(47)
709	1,168	1,012	(156)	152	152	—	(152)
3,198	11,062	10,485	(577)	7,475	7,840	8,000	160
559,756	586,199	473,367	(112,832)	35,045	36,019	20,326	(15,693)
389,178	531,512	474,262	(57,250)	7,402	7,402	1,411	(5,991)
—	—	—	—	1,525	1,525	1,488	(37)
170	170	9	(161)	458	894	503	(391)
—	—	—	—	324	324	248	(76)
96	—	—	—	974			—
—	—	—	—	592	1,047	992	(55)
2,590	3,351	2,915	(436)	1,464	1,464	6	(1,458)
—	—	—	—	13,989	15,439	19,513	4,074
10,185	3,090	2,773	(317)	1,015	403	150	(253)
440,765	114,316	81,427	(32,889)	46,321	45,114	1,966	(43,148)
50,341	55,710	50,841	(4,869)	3,336	5,455	1,956	(3,499)
1,457,918	1,307,819	1,098,293	(209,526)	121,749	125,037	58,263	(66,774)

Continued

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Human Resources:				
Health and Family Services:				
Administrative Support	$ —	$ —	$ —	$ —
Office of Health Benefit Exchange	—	—	—	—
Department for Disability Determination Services	—	—	—	—
Department for Community Based Services	—	—	—	—
Department for Family Resources and Volunteer Services	—	—	—	—
Governor's Office of Wellness and Physical Activity	—	—	—	—
Office of Inspector General	—	—	—	—
Office of Health Policy	—	—	—	—
Department for Aging and Independent Living	—	—	—	—
Department of Income Support	—	—	—	—
Department for Public Health	—	—	—	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	—	—	—	—
Medicaid Administration	—	—	—	—
Medicaid Services Benefits	—	—	—	—
Commission for Children with Special Health Care Needs	—	—	—	—
Department for Human Support Services Aging Services	—	—	—	—
Total Human Resources	—	—	—	—
Justice:				
Office of the Secretary	—	—	—	—
Department of State Police	106,762	106,762	83,458	(23,304)
Department for Public Advocacy	—	—	—	—
Department of Juvenile Justice	—	—	—	—
Department of Criminal Justice Training	—	—	—	—
Department of Corrections:				
Management	—	—	—	—
Adult Correctional Institutions	—	—	—	—
Community Service and Local Facilities	—	—	—	—
Total Justice	106,762	106,762	83,458	(23,304)
Natural Resources and Environmental Protection:				
General Administration and Support	—	—	—	—
Department for Energy Development and Independence	—	—	—	—
Kentucky River Authority	—	—	—	—
Kentucky Nature Preserves Commission	—	—	—	—
Department for Environmental Protection	322	321	321	—
Department for Natural Resources	—	—	—	—
Mining Safety and Licensing	—	—	—	—
Surface Mining Reclamation and Enforcement	—	—	—	—
Abandoned Mine Lands Reclamation Projects	—	—	—	—
Total Natural Resources and Environmental Protection	322	321	321	—
Public Protection and Regulation:				
Office of the Commissioner	—	—	—	—
Board of Claims and Crime Victims Compensation	—	—	—	—
Horse Racing Commission	—	—	—	—
Kentucky Athletic Commission	—	—	—	—
Public Service Commission	—	—	—	—
Occupations and Professions	—	—	—	—
Mine Safety Review Commission	—	—	—	—
Department of Alcoholic Beverage Control	—	—	—	—
Department of Charitable Gaming	—	—	—	—
Department of Financial Institutions	—	—	—	—
Department of Housing, Buildings, and Construction	—	—	—	—
Department of Insurance	—	—	—	—
Labor: Workplace Standards	—	—	—	—
General Administration & Support	—	—	—	—
Total Public Protection and Regulation	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
$ 54,458	$ 28,847	$ 25,058	$ (3,789)	$ 21,410	$ 13,357	$ 12,410	$ (947)
	18,513	14,912	(3,601)	5,101	8,612	8,438	(174)
—	49,408	45,371	(4,037)	—	146	138	(8)
577,870	685,370	667,023	(18,347)	202,239	172,404	206,832	34,428
7,053	338		(338)	—	29,835	17,567	(12,268)
—			—	—	—	—	—
—	17,110	14,853	(2,257)	—	5,191	4,536	(655)
1,013	—		—	649	—	—	—
24,829	24,829	24,776	(53)	3,309	3,470	3,291	(179)
85,737	36,328	34,722	(1,606)	12,551	18,125	18,109	(16)
190,607	211,007	197,203	(13,804)	86,987	86,987	81,065	(5,922)
39,703	75,961	73,140	(2,821)	203,460	213,460	212,889	(571)
164,474	164,474	137,672	(26,802)	10,266	10,266	6,363	(3,903)
9,298,956	9,408,956	9,381,018	(27,938)	521,342	741,342	478,112	(263,230)
4,566	4,566	4,553	(13)	11,477	11,477	8,619	(2,858)
—	6,716	6,650	(66)	—	—	—	—
10,449,266	10,732,423	10,626,951	(105,472)	1,078,791	1,314,672	1,058,369	(256,303)
76,644	76,644	36,068	(40,576)	4,303	8,206	6,714	(1,492)
11,097	49,815	48,851	(964)	31,358	32,371	28,914	(3,457)
1,422	2,159	1,941	(218)	4,504	4,504	4,504	—
10,421	10,421	8,505	(1,916)	10,027	10,027	9,267	(760)
120	120	—	(120)	82,835	87,595	86,869	(726)
75	76	75	(1)	300	500	2	(498)
273	3,774	3,743	(31)	17,947	6,786	6,648	(138)
696	1,196	647	(549)	9,876	9,876	6,826	(3,050)
100,748	144,205	99,830	(44,375)	161,150	159,865	149,744	(10,121)
1,126	1,858	1,762	(96)	1,632	1,873	2,506	633
582	713	690	(23)	828	680	380	(300)
—	—	—	—	7,289	7,289	5,165	(2,124)
50	171	135	(36)	944	2,066	1,595	(471)
20,724	27,384	29,091	1,707	75,032	51,718	51,058	(660)
61,846	—	—	—	14,662	5,664	2,841	(2,823)
—	4,568	4,104	(464)	—	921	1,102	181
—	10,885	10,200	(685)	—	508	203	(305)
—	45,766	30,051	(15,715)	—	5,892	4,892	(1,000)
84,328	91,345	76,033	(15,312)	100,387	76,611	69,742	(6,869)
—	200	—	(200)	6,581	—	—	—
157	296	185	(111)	968	968	963	(5)
—	—	—	—	29,745	42,438	42,654	216
—	—	—	—	180	180	162	(18)
445	713	793	80	202	559	1,597	1,038
—	—	—	—	6,572	7,289	6,762	(527)
—	—	—	—	—	—	—	—
—	640	499	(141)	8,258	8,258	8,992	734
—	—	—	—	4,334	4,334	3,443	(891)
—	—	—	—	14,689	14,689	22,804	8,115
—	600	4	(596)	24,064	24,064	25,024	960
—	—	—	—	20,301	20,091	47,957	27,866
3,671	4,240	4,031	(209)	8,873	—	—	—
213	—	—	—	227,419	5,584	5,584	—
4,486	6,689	5,512	(1,177)	352,186	128,454	165,942	37,488

Continued

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Transportation			
	Original	**Final**	**Actual**	**Variance**
Transportation:				
Administration and Support	$ 81,193	$ 81,193	$ 74,837	$ (6,356)
Revenue Sharing	461,642	453,429	337,048	(116,381)
Air Transportation	2,789	2,789	2,706	(83)
Highways	—	—	—	—
Public Transportation	1,069,972	1,145,210	836,847	(308,363)
Vehicle Regulation	27,323	31,589	25,192	(6,397)
Debt Service	150,097	150,097	142,492	(7,605)
Transfers to Capital Projects	6,140	6,940	6,940	—
BRAC Economic Development Road Bonds	—	—	—	—
GARVEE Western KY Bridges Project	—	—	—	—
2005 Ed Bond Series	—	—	—	—
Total Transportation	1,799,156	1,871,247	1,426,062	(445,185)
Total Expenditures	1,911,242	1,983,332	1,514,729	(468,603)
Excess of Revenues over (under) Expenditures	(400,912)	(589,313)	(19,086)	570,227
Other Financing Sources (Uses)				
Proceeds from Trustees				
Total Other Financing Sources (Uses)	—	—	—	—
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses			(19,086)	
Fund Balances at July 1			472,828	
Non-Budgeted Items			(111)	
Fund Balances at June 30	$ —	$ —	$ 453,631	$ —

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
$ —	$ 18	$ 18	$ —	$ 2,354	$ 107	$ 15	$ (92)
—	—	—	—	—	—	—	—
254	590	202	(388)	25,384	31,116	16,381	(14,735)
1,020,100	1,024,727	946,100	(78,627)	240,945	110,253	81,805	(28,448)
51,796	74,691	34,791	(39,900)	862	862	561	(301)
4,638	4,638	1,695	(2,943)	18,838	18,838	16,874	(1,964)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	22,829	14,593	(8,236)
—	—	—	—	—	—	—	—
—	—	—	—	—	94,357	6,171	(88,186)
1,076,788	1,104,664	982,806	(121,858)	288,383	278,362	136,400	(141,962)
13,333,250	13,748,983	13,137,621	(611,362)	9,995,876	9,679,865	10,502,010	822,145
		1,533,011				831,638	
						1,443	
—	—	—	—	—	—	1,443	—
		1,533,011				833,081	
		89,007				1,759,995	
		(133)				(301,447)	
$ —	$ —	$ 1,621,885	$ —	$ —	$ —	$ 2,291,629	$ —

Budgetary Reporting

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

The financial plan for each fiscal year, as presented in a branch budget recommendation, shall be adopted with such modifications as made by the General Assembly (and explained in a budget memorandum) by the passage of the budget bill and such revenue and other acts necessary for the purpose.

Budgetary control is maintained at the budget unit level as designated by the budget bills enacted by the General Assembly (i.e., function, major program area, program, or unit of organization).

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

The Major Governmental funds, which have legally adopted annual budgets as part of the primary government, include the following: General, Transportation, Federal, and Agency Revenue.

The funds allotted for each purpose of expenditure shall be used for no other purpose, except when the head of any budget unit, with the approval of the Secretary of the Finance and Administration Cabinet, may transfer allotted funds from one purpose of expenditure to another within the budget unit. No revisions of the allotment schedule may provide for an allotment or allotments in excess of the amount appropriated to that budget unit in a budget bill or for expenditure for any other purpose not contemplated in a budget bill. However, appropriations for budgetary funds other than the General Fund and the Transportation Fund may be amended upon approval by the State Budget Director and the Secretary of the Finance and Administration Cabinet.

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end for long-term construction contracts reported in the Capital Projects Fund and Transportation Fund are reported as restricted budgetary fund balance. All other encumbered and unencumbered appropriations lapse at the end of each fiscal year. Encumbrances are carried forward as revisions to appropriations.

The annual budget is prepared principally on the cash basis, which differs from generally accepted accounting principles (GAAP). A reconciliation between the budgetary basis and the GAAP basis is presented in the notes to the Required Supplemental Information section as follows.

Budgetary Basis vs. GAAP

Accounting principles applied for purposes of developing data on budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A schedule reconciling the fund balance on a cash basis at June 30, 2020, to the fund balance on a modified accrual basis follows:

(Expressed in Thousands)

Financial statement funds (same as budgetary funds)	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund
Fund balance				
June 30, 2020				
Budgetary basis	$ 615,137	$ 453,631	$ 1,621,885	$ 2,291,629
Adjustments:				
Accrued revenues	572,891	122,980	(1,115,162)	58,185
Accrued expenditures	(456,442)	(89,614)	(425,281)	(55,757)
Accrued transfers (net)	—	—	(40,568)	40,568
Total Accruals (1)	116,449	33,366	(1,581,011)	42,996
Reclassifications and other adjustments:				
Inventory balances (1)	5,375	64,088	445	4,344
To reclassify financial and other resources into financial statement fund types (2)	3,908	(800)	(141,892)	(1,470,517)
To record financial resources available as non-budgeted funds (3)	(130,561)	—	—	—
Fund Balance				
June 30, 2020				
GAAP Basis	$ 610,308	$ 550,285	$ (100,573)	$ 868,452

(1) Basis differences

(2) Perspective differences

(3) Entity differences

Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the Commonwealth has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Commonwealth expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for, under the modified approach, include approximately 63,854 lane miles of roads and approximately 9,048 bridges that the Commonwealth is responsible to maintain.

In order to utilize the modified approach, the Commonwealth is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate, each year, the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Commonwealth.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Pavements

Measurement Scale
The Kentucky Transportation Cabinet (KYTC) uses numerous methods to determine the condition of roadway pavements; including, the Pavement Condition Index (PCI) to measure and monitor pavement conditions. In use since the mid-1980s, the PCI for any particular pavement section is the mathematical difference between the current pavement smoothness and the acceptable pavement smoothness threshold based on traffic volumes. The corresponding pavement condition is based on the following PCI ranges:

Condition	PCI
Good	Greater than 0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level
No more than 30% of the pavements shall be rated as "poor."

Assessed Conditions
The Commonwealth assesses pavement condition on a calendar year basis. The following table reports the percentage of pavements meeting ratings of "Good", "Fair", and "Poor" for the past five calendar years.

Condition	2019	2018	2017	2016	2015
Good	44.70%	46.20%	57.60%	61.20%	45.60%
Fair	28.80%	28.60%	22.50%	22.20%	37.10%
Poor	26.50%	25.20%	19.90%	16.60%	17.30%

Bridges

Measurement Scale
KYTC maintains information on its 9,048 bridges in compliance with the National Bridge Inspection guidelines established by the Federal Highway Administration. KYTC inspects all bridges at least once every two years and the condition assessment results are coded on a 0-9 scale with 9 being the most desirable. The condition ratings are based on the following scale:

Rating	Description
9	Excellent.
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling or scour.
4	Poor. Advanced section loss, deterioration, spalling or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored, it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

Established Minimum Condition Level

No more than 10% of the bridges shall be rated as "structurally deficient." In addition, the total deck area of structurally deficient, state maintained bridges will not exceed 12% of the total deck area of all state maintained bridges.

Assessed Conditions

Prior to May 20, 2017, a bridge coded 4 or less for its deck, superstructure, or substructure, or coded 2 or less for its structural evaluation or waterway adequacy is classified as "structurally deficient." A structurally deficient bridge is inadequate to carry legal loads, whether caused by structural deterioration, obsolete design standards, or an insufficient waterway opening. A bridge coded 3 or less for its structural evaluation, deck geometry, vertical or horizontal under clearance, water adequacy, or approach roadway alignment is classified as "functionally obsolete." A functionally obsolete bridge cannot properly accommodate the current traffic. The following table reports the percentage of bridges whose condition was assessed as "structurally deficient" in the corresponding year:

Calendar Year	Structurally Deficient	Deck Area Structurally Deficient
2016	5.9%	4.9%
2015	6.4%	5.6%

As of May 20, 2017, condition assessments for National Highway System (NHS) bridges were updated by the Federal Highway Administration, Department of Transportation due to the requirement by the Moving Ahead for Progress in the 21st Century Act (MAP-21). Under the new rule, a structurally deficient or a Poor bridge is classified with a deck, superstructure, substructure, or culvert condition rating less than or equal to 4.

If any condition rating is below 7, but above 4, they are classified as Fair. Likewise, if any component condition rating is greater than or equal to 7, a bridge is considered Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a legacy classification that was used to implement the Highway Bridge Program, which was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges meeting ratings of "Good", "Fair", and "Poor" for calendar year 2019 under the updated condition assessment requirements:

Condition	Calendar Year 2019	Calendar Year 2018	Calendar Year 2017
Good	30.4%	34.1%	35.8%
Fair	64.8%	61.0%	59.6%
Poor	4.8%	4.9%	4.6%

Estimated and Actual Costs to Maintain

The following table presents the Commonwealth's estimate of spending necessary to preserve and maintain the pavements, bridges, and maintenance condition at, or above, the "Established Condition Levels" cited above and the actual amount spent during the past six fiscal years (in millions):

	Roadways	Bridges	Total
Fiscal Year 2021:			
Estimated	$ 675.7	$ 141.7	$ 817.4
Fiscal Year 2020:			
Estimated	$ 575.4	$ 66.7	$ 642.1
Actual	$ 976.1	$ 204.7	$ 1,180.8
Fiscal Year 2019:			
Estimated	$ 897.0	$ 104.8	$ 1,001.8
Actual	$ 965.5	$ 111.9	$ 1,077.4
Fiscal Year 2018:			
Estimated	$ 727.0	$ 76.1	$ 803.1
Actual	$ 903.4	$ 107.9	$ 1,011.3
Fiscal Year 2017:			
Estimated	$ 971.9	$ 75.8	$ 1,047.7
Actual	$ 834.4	$ 87.4	$ 921.8
Fiscal Year 2016:			
Estimated	$ 1,064.9	$ 55.2	$ 1,120.1
Actual	$ 916.1	$ 71.4	$ 987.5
Fiscal Year 2015:			
Estimated	$ 1,103.0	$ 57.2	$ 1,160.2
Actual *	$ 1,075.7	$ 51.2	$ 1,126.9

* Prior year actual expenditures have been restated.

Kentucky Public Transportation Infrastructure Authority

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the Authority has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. The Authority's assets accounted for, under the modified approach, include approximately 56.1 lane miles of roads and 47 bridge structures.

In order to utilize the modified approach, the Authority is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate, each year, the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Authority.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Pavements

Measurement Scale

The Authority uses numerous methods to determine the condition of roadway pavements; including the Pavement Condition Index (PCI) to measure and monitor pavement conditions. In use since the mid-1980s, the PCI for any particular pavement section is the mathematical difference between the current pavement smoothness and the acceptable pavement smoothness threshold based on traffic volumes. The corresponding pavement condition is based on the following PCI ranges:

Condition	PCI
Good	Greater than 0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level
No more than 30% of the pavements shall be rated as "poor."

Assessed Conditions
The Authority assesses pavement condition on a calendar year basis. The following table reports the percentage of pavements meeting ratings of "Good", "Fair", and "Poor" for the past five calendar years.

Condition	2019	2018	2017	2016	2015
Good	90.80%	90.80%	90.80%	90.30%	90.30%
Fair	9.20%	9.20%	9.20%	9.70%	9.70%
Poor	0.00%	0.00%	0.00%	0.00%	0.00%

Bridges

Measurement Scale
The Authority maintains information on its 47 bridges in compliance with the National Bridge Inspection guidelines established by the Federal Highway Administration. The Authority inspects all bridges at least once every two years and the condition assessment results are coded on a 0-9 scale with 9 being the most desirable. The condition ratings are based on the following scale:

Rating	Description
9	Excellent.
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling or scour.
4	Poor. Advanced section loss, deterioration, spalling or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed sub-structure support. Unless closely monitored, it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

Established Minimum Condition Level
No more than 10% of the bridges shall be rated as "structurally deficient." In addition, the total deck area of structurally deficient, state maintained bridges will not exceed 12% of the total deck area of all state maintained bridges.

Assessed Conditions
Prior to May 20, 2017, a bridge coded 4 or less for its deck, superstructure, or substructure, or coded 2 or less for its structural evaluation or waterway adequacy is classified as "structurally deficient." A structurally deficient bridge is inadequate to carry legal loads, whether caused by structural deterioration, obsolete design standards, or an insufficient waterway opening. A bridge coded 3 or less for its structural evaluation, deck geometry, vertical or horizontal under clearance, water adequacy, or approach roadway alignment is classified as "functionally obsolete." A functionally obsolete bridge cannot properly accommodate the current traffic.

The bridge condition goals above represent the Cabinet's goal for all structures located on the Commonwealth's state maintained highway system. The actual conditions of the bridges for which the Authority is responsible did not meet this stated goal in 2014 and was not reported in 2015. The LSIORBP has required a lengthy planning and development period and in anticipation of the construction activities much of the needed preservation work was postponed. For the 2016 reporting period, the LSIORBP area was under active construction and the condition of the bridges in the area could not be assessed and was the responsibility of the contractor. During construction, however, routine inspections were continued and required maintenance was performed to insure all bridges are safe for traffic. The following table reports the percentage of bridges whose condition was assessed as "structurally deficient" in the corresponding year:

Calendar Year	Structurally Deficient	Deck Area Structurally Deficient
2016	2.1%	10.4%
2015	Not reported due to ongoing construction	

As of May 20, 2017, condition assessments for National Highway System (NHS) bridges were updated by the Federal Highway Administration, Department of Transportation due to the requirement by the Moving Ahead for Progress in the 21st Century Act (MAP-21). Under the new rule, a structurally deficient or a Poor bridge is classified with a deck, superstructure, substructure, or culvert condition rating less than or equal to 4.

If any condition rating is below 7, but above 4, they are classified as Fair. Likewise, if any component condition rating is greater than or equal to 7, a bridge is considered Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a legacy classification that was used to implement the Highway Bridge Program, which was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges meeting ratings of "Good", "Fair", and "Poor" for calendar year 2019 to 2017 under the updated condition assessment requirements:

Condition	Calendar Year 2019	Calendar Year 2018	Calendar Year 2017
Good	82.3%	82.0%	80.2%
Fair	17.7%	18.0%	19.8%
Poor	0.0%	0.0%	0.0%

Estimated and Actual Costs to Maintain

The following table presents the Authority's estimate of spending necessary to preserve and maintain the pavements, bridges, and maintenance condition at, or above, the "Established Condition Levels" cited above and the actual amount spent during the past five fiscal years:

(Expressed in Thousands)

	Roadways	Bridges	Total
Fiscal Year 2021:			
Estimated	Not Reported by Component Unit		
Fiscal Year 2020:			
Estimated			$ 1,279.9
Actual			$ 3,184.2
Fiscal Year 2019:			
Estimated			$ 4,069.4
Actual			$ 1,976.2
Fiscal Year 2018:			
Estimated			
Actual			$ 3,153.3
Fiscal Year 2017:			
Estimated*			
Actual	$ 16,589.3	$ 21,951.0	$ 38,540.3
Fiscal Year 2016:			
Estimated*			
Actual	$ 42,253.0		$ 59,717.0

*Note: Estimated costs for roadways was not developed for years ended June 30, 2017, 2016, and 2015 by the Authority as the date of transfer of assets was uncertain and given the significant expansion and the extensive reconstruction of the site that continued throughout the majority of the fiscal year ended June 30, 2017.

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
ENTITY RISK POOLS
CLAIMS DEVELOPMENT INFORMATION
FOR THE LAST TEN YEARS
(Expressed in Thousands)

State Workers' Compensation Program

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Earned Premiums	$ 22,094	$ 22,993	$ 24,500	$ 24,497	$ 23,017	$ 21,074	$ 25,871	$ 23,892	$ 21,880	$ 21,733
Administrative Expense	1,031	1,013	955	1,038	1,007	976	914	927	918	887
Incurred Claims as Originally Estimated	20,372	21,269	23,043	25,619	24,847	22,185	23,536	24,915	21,556	19,014
Claims Paid (Cumulative) as of:										
End of Fiscal Year	5,497	5,245	5,076	7,314	6,221	5,386	6,082	5,829	5,181	3,613
One Year Later	9,233	9,568	7,927	10,235	9,131	8,160	9,098	8,704	7,461	
Two Years Later	11,153	11,806	9,695	12,258	10,994	9,855	11,036	10,115		
Three Years Later	12,309	13,296	10,720	13,170	11,932	10,636	12,007			
Four Years Later	13,390	13,903	11,210	13,631	12,358	10,936				
Five Years Later	14,036	14,405	11,543	14,622	12,739					
Six Years Later	14,457	14,769	11,753	14,933						
Seven Years Later	14,909	15,214	11,929							
Eight Years Later	15,359	15,452								
Nine Years Later	15,599									
Re-estimation of Incurred Claims:										
End of Fiscal Year	20,372	21,269	23,043	25,619	24,847	22,185	23,536	24,915	21,556	19,014
One Year Later	21,613	22,466	20,463	23,517	22,001	20,628	22,247	22,859	20,283	
Two Years Later	21,966	23,455	19,660	23,422	21,866	20,905	22,396	21,574		
Three Years Later	22,550	23,631	19,505	22,971	21,643	19,799	22,680			
Four Years Later	23,060	23,124	18,912	23,606	21,017	20,579				
Five Years Later	22,780	22,891	18,805	23,577	22,107					
Six Years Later	22,872	23,170	18,584	24,412						
Seven Years Later	22,395	23,040	18,563							
Eight Years Later	23,097	23,107								
Nine Years Later	23,364									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	2,992	1,839	(4,480)	(1,207)	(2,740)	(1,607)	(856)	(3,341)	(1,273)	—

SOURCE: Audited Financial Statements

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
ENTITY RISK POOLS
CLAIMS DEVELOPMENT INFORMATION
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Public Employees' Health Plan

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Earned Premiums	$1,571,312	$1,600,787	$1,597,599	$1,606,978	$1,612,540	$1,624,815	$1,627,656	$1,640,342	$1,639,533	$1,641,278
Administrative Expense	81,048	82,088	81,459	87,108	83,049	73,177	75,515	77,296	76,671	78,105
Incurred Claims as Originally Estimated	1,475,301	1,531,838	1,530,199	1,460,930	1,347,112	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280
Claims Paid (Cumulative) as of:										
End of Fiscal Year	1,391,375	1,445,035	1,434,661	1,367,500	1,275,354	1,230,810	1,326,155	1,390,162	1,509,462	1,534,110
One Year Later	1,477,129	1,533,569	1,539,862	1,477,144	1,349,674	1,339,032	1,397,381	1,470,797	1,592,883	
Two Years Later	1,466,785	1,532,732	1,537,204	1,476,210	1,353,583	1,327,946	1,396,642	1,460,934		
Three Years Later	1,466,629	1,532,537	1,537,204	1,476,210	1,353,583	1,327,946	1,396,642			
Four Years Later	1,466,629	1,532,537	1,537,204	1,476,210	1,353,583	1,327,946				
Five Years Later	1,466,629	1,532,537	1,537,204	1,476,210	1,353,583					
Six Years Later	1,466,629	1,532,537	1,537,204	1,476,210						
Seven Years Later	1,466,629	1,532,537	1,537,204							
Eight Years Later	1,466,629	1,532,537								
Nine Years Later	1,466,629									
Re-estimation of Incurred Claims:										
End of Fiscal Year	1,475,301	1,531,838	1,530,199	1,460,930	1,347,112	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280
One Year Later	1,474,723	1,532,352	1,537,907	1,474,433	1,351,082	1,339,032	1,396,808	1,469,261	1,591,761	
Two Years Later	1,466,629	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945	1,392,505	1,461,169		
Three Years Later	1,466,629	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945	1,392,505			
Four Years Later	1,466,629	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945				
Five Years Later	1,466,629	1,532,537	1,536,507	1,476,210	1,353,583					
Six Years Later	1,466,629	1,532,537	1,536,507	1,476,210						
Seven Years Later	1,466,629	1,532,537	1,536,507							
Eight Years Later	1,466,629	1,532,537								
Nine Years Later	1,466,629									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	(8,673)	699	6,308	15,281	6,470	(9,484)	(10,127)	(18,204)	(2,126)	—

SOURCE: Audited Financial Statements

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Judicial Retirement Plan

	2020	2019	2018	2017
As of the most recent fiscal year end:				
Actuarially determined contribution	$9,800	$10,185	$11,954	$11,884
Contributions in relation to the actuarially determined contribution	8,733	8,732	11,954	11,884
Contribution deficiency (excess)	$1,067	$1,453	$—	$—
Covered payroll	$25,600	$30,566	$30,624	$27,590
Contributions as a percentage of covered payroll	34.11%	28.57%	39.03%	43.07%
Notes to Schedule as of the Measurement Date:				
Valuation date	July 01, 2019	July 01, 2017	July 01, 2017	July 01, 2015
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Investment Return	6.50%	6.24%	6.24%	6.41%
Inflation	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

Mortality Rates FY2020; FY 2019; 2018; 2017; 2016

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected morality improvements after year 2000 under Projected Scale AA (male and female scales).

Mortality Rates FY 2015 and Prior

Mortality rates were based on IRS2008 Mortality Tables without collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after 2000 under Projection Scale AA (male and female scales). Prior to July 1, 2011, RP-2000 Mortality Tables projected 2009 without collar adjustment for male and female lives was used.

2016	2015	2014	2013	2012	2011
$15,171	$15,142	$15,220	$15,220	$10,302	$10,302
15,171	15,142	10,805	10,399	4,946	4,534
$—	$—	$4,415	$4,821	$5,356	$5,768
$31,936	$31,936	$32,930	$32,930	$33,175	$33,175
47.50%	47.41%	32.81%	31.58%	14.91%	13.67%
July 01, 2015	July 01, 2014	July 01, 2014	July 01, 2013	July 01, 2012	July 01, 2011
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit cost	Projected Unit Credit cost
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
6.41%	6.41%	6.15%	7.00%	7.00%	7.00%
3.00%	3.00%	3.00%	—%	—%	—%
1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next year 1% the following year 3.5% thereafter	1% for next year 1% the following year 3.5% thereafter	1% for next year 2% the following year 4% thereafter

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Legislators' Retirement Plan

	2020	2019	2018	2017
As of the most recent fiscal year end:				
Actuarially determined contribution	$1,235	$4,430	$2,400	$2,384
Contributions in relation to the actuarially determined contribution	—	—	2,400	2,384
Contribution deficiency (excess)	$1,235	$4,430	$—	$—
Covered payroll	$4,347	$4,324	$4,407	$3,506
Contributions as a percentage of covered payroll	0%	—%	54.5%	68.0%
Notes to Schedule as of the Measurement Date				
Valuation date	July 01, 2019	July 01, 2017	July 01, 2017	July 01, 2015
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Investment Return	6.50%	6.45%	6.45%	6.45%
Inflation	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

Mortality Rates FY 2020; 2019; 2018; 2017; 2016

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected morality improvements after year 2000 under Projected Scale AA (male and female scales).

Mortality Rates FY 2015 and Prior

Mortality rates were based on IRS 2008 Mortality Tables without collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after 2000 under Projection Scale AA (male and female scales). Prior to July 1, 2011, RP-2000 Mortality Tables projected 2009 without collar adjustment for male and female lives was used.

2016	2015	2014	2013	2012	2011
$3,415	$3,409	$3,215	$3,215	$2,140	$2,140
3,415	3,409	1,825	1,696	1,027	942
$—	$—	$1,390	$1,519	$1,113	$1,198
$4,919	$4,919	$4,988	$4,988	$5,193	$5,193
69.4%	69.3%	36.6%	34.0%	19.8%	18.1%
July 01, 2015	July 01, 2014	July 01, 2014	July 01, 2013	July 01, 2012	July 01, 2011
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit Cost	Projected Unit Credit Cost
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
6.85%	6.50%	6.50%	7.00%	7.00%	7.00%
3.00%	3.00%	3.00%	—%	—%	—%
1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next two years 3.5% thereafter	1% for next two years 3.5% thereafter	1% for next year 2% following year 4% thereafter

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

State Police Retirement System

	2020	2019	2018	2017
As of the most recent fiscal year end:				
Actuarially determined contribution	$58,358	$58,948	$36,033	$35,937
Contributions in relation to the actuarially determined contribution	59,453	60,048	46,877	63,240
Contribution deficiency (excess)	$(1,095)	$(1,100)	$(10,844)	$(27,303)
Covered payroll	$49,019	$49,515	$50,346	$54,065
Contributions as a percentage of covered payroll	121.29%	121.27%	93.11%	116.97%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2017	June 30,2016	June 30, 2016	June 30, 2016
Methods and assumptions used to determine contributions:				
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	6.75%	6.75%	7.50%
Inflation	2.30%	3.25%	3.25%	3.25%
Projected Salary Increase	3.05% to 15.55%	4.00%	4.00%	4.00%

Mortality

RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

2016	2015	2014	2013	2012	2011
$25,723	$31,444	$25,808	$23,117	$20,498	$18,463
25,822	31,990	20,279	18,501	15,362	12,657
$(99)	$(546)	$5,529	$4,616	$5,136	$5,806
$46,685	$45,765	$44,616	$45,256	$48,373	$48,693
55.31%	69.90%	45.45%	40.88%	31.76%	25.99%
June 30, 2015	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
6.75%	7.50%	7.75%	7.75%	7.75%	7.75%
3.25%	3.25%	3.50%	3.50%	3.50%	3.50%
4.00%	4.00%	4.50%	4.5%-21%	4.5%-21%	4.5%-21%

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE CURRENT FISCAL YEAR
(Expressed in Thousands)

Kentucky Employees' Retirement Plan

Non-Hazardous	**2020**	**2019**	**2018**	**2017**
As of the most recent fiscal year end:				
Actuarially determined contribution	$ 781,953	$ 1,055,402	$ 432,329	$ 361,024
Contributions in relation to the actuarially determined contribution	691,003	1,035,462	470,021	361,316
Contribution deficiency (excess)	$ 90,950	$ 19,940	$ (37,692)	$ (292)
Covered payroll	$ 1,100,878	$ 1,108,001	$1,029,846	$ 1,148,574
Contributions as a percentage of covered payroll	62.77%	93.45%	45.64%	31.46%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2016
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	6.75%	7.50%	6.75%
Inflation	2.30%	3.25%	3.25%	3.25%
Projected Salary Increase	3.55% to 15.55%, varies by service	4.0%, average	4.0%, average	4.0%, average, including inflation

Mortality

RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back one year for females)

This is a 10 year schedule. Years will be added to this schedule until 10 years of information is available.

2016	2015
$ 362,122	$ 355,949
362,639	202,891
$ (517)	$ 153,058
$ 1,073,430	$ 1,078,236
33.78%	18.82%

June 30, 2015	June 30, 2014
Entry Age Normal	Entry Age Normal
Level percentage of payroll closed	Level percentage of payroll closed
Five-year smoothed market	Five-year smoothed market
7.50%	7.75%
3.25%	3.50%
4.0%, average, including inflation	4.5% per annum

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE CURRENT FISCAL YEAR
(Expressed in Thousands)

Kentucky Employees' Retirement Plan				
Hazardous	**2020**	**2019**	**2018**	**2017**
As of the most recent fiscal year end:				
Actuarially determined contribution	$ 57,594	$ 55,230	$ 31,321	$ 23,690
Contributions in relation to the actuarially determined contribution	58,788	55,259	43,661	23,759
Contribution deficiency (excess)	$ (1,194)	$ (29)	$ (12,340)	$ (69)
Covered payroll	$ 167,473	$ 160,600	$ 152,936	$ 158,828
Contributions as a percentage of covered payroll	35.10%	34.41%	28.55%	14.96%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2016
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	7.50%	7.50%	7.50%
Inflation	2.30%	3.25%	3.25%	3.25%
Projected Salary Increase	3.55% to 19.55 varies by service	4.0%, average	4.0%, average	4.0%, average, including inflation

Mortality

RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females).

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

2016	2015
$ 27,770	$ 13,289
27,929	11,428
$ (159)	$ 1,861
$ 125,942	$ 126,402
22.18%	9.04%

June 30, 2015	June 30, 2014
Entry Age Normal	Entry Age Normal
Level percentage of payroll closed	Level percentage of payroll closed
Five-year smoothed market	Five-year smoothed market
7.50%	7.75%
3.25%	3.50%
4.0%, average, including inflation	1% per annum

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE CURRENT FISCAL YEAR
(Expressed in Thousands)

Kentucky Teachers' Retirement System

	2020	2019	2018	2017
As of the most recent fiscal year end:				
Actuarially determined contribution				
Employer	$ 17,935	$ 7,300	$ 7,780	$ 16,540
Nonemployer special funding	1,087,212	1,051,722	1,554,267	934,995
Contributions in relation to the actuarially determined contribution				
Employer	7,270	7,300	8,013	9,359
Nonemployer special funding	1,049,663	1,051,722	1,600,895	529,083
Contribution deficiency (excess)	$ 48,214	$ —	$ (46,861)	$ 413,093
Covered payroll	$ 3,477,587	$ 3,297,875	$ 3,605,115	$ 4,108,000
Contributions as a percentage of covered payroll	30.39 %	32.11 %	44.63 %	13.11 %
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, open
Asset Valuation Method	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
Investment Return	7.5% including inflation	7.5% including inflation	7.5% including inflation	7.5%, net of pension plan investment expense, including inflation
Inflation	3.00%	3.50%	3.00%	3.50%
Projected Salary Increase	3.50%-7.30%	4.00%-8.2%	3.50%-7.30%	3.50%-7.30%

Mortality by measurement Date

The rate of mortality is based on the RP-2000 Combined Mortality Table projected to 2020 using scale AA (set back one year for females) for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality table (set back seven years for males and set forward five years for females) is used for death after disability retirement.

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

* Revised from previous year to reflect actual covered-employee payroll.

2016	2015
$ 15,776	$ 14,018
852,845	768,088
9,662	9,590
522,336	525,455
$ 336,623	$ 247,061
$ 3,284,714	$ 3,150,875
16.20 %	16.98 %
June 30, 2014	June 30, 2013
Entry Age Normal	Entry Age Normal
Level percentage of pay, open	Level percentage of payroll, open
Five-year smoothed market	Five-year smoothed market
7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation
3.50%	3.50%
4.00%-8.20%	4.00%-8.20%

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR TEN FISCAL YEARS
(Expressed in Thousands)

	2020			2019		
	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
Total Pension Liability						
Service Costs	$ 698	$ 4,126	$ 11,726	$ 698	$ 4,127	$ 11,890
Interest	4,696	22,950	49,301	4,639	22,699	47,978
Differences between expected and actual experience	(2788)	(71)	20,952	—	—	25,126
Changes in assumptions	(310)	(7653)	44,510	—	—	—
Benefit payments/refunds	(4,729)	(24,263)	(60,949)	(4,529)	(23,194)	(58,805)
Other	(1)	—	(163)			162
Net change in total pension liability	(2,434)	(4,911)	65,377	808	3,632	26,351
Total pension liability at July 1	74,374	375,137	969,623	73,566	371,505	943,272
Total pension liability at June 30	$ 71,940	$ 370,226	$ 1,035,000	$ 74,374	$ 375,137	$ 969,623
Pension Plan Fiduciary Net Position						
Contributions - employer	$ —	$ 8,732	$ 60,048	$ 2,400	$ 12,529	$ 46,877
Contributions - member	198	1,550	5,062	232	1,977	5,522
Net investment income	8,701	38,593	14,816	6,271	27,067	18,437
Benefit payments/refunds	(4,729)	(24,262)	(61,112)	(4,528)	(23,194)	(58,805)
Administrative expenses	—	—	(225)	—	—	(194)
Other	1	—	3	—	—	(1)
Net change in plan fiduciary net position	4,171	24,613	18,592	4,375	18,379	11,836
Pension plan fiduciary net position at July 1	72,747	311,097	267,573	68,372	292,718	255,737
Pension plan fiduciary net position at June 30	$ 76,918	$ 335,710	$ 286,165	$ 72,747	$ 311,097	$ 267,573
Net pension liability at June 30	$ (4,978)	$ 34,516	$ 748,835	$ 1,627	$ 64,040	$ 702,050
Pension plan fiduciary net position as a % of the total pension liability	106.92%	90.68%	27.65%	97.81%	82.93%	27.60%
Covered payroll	$ 4,328	$ 30,605	$ 49,515	$ 4,413	$ 30,900	$ 50,346
Net Pension liability as a % of covered payroll	-115.0%	112.8%	1,512.3%	36.9%	207.2%	1,394.5%

This is a 10 year schedule. Years will be added to this schedule until 10 years of information is available.

The column is presented based on the measurement date of the prior period.

2018			2017		
Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
$ 701	$ 4,912	$ 8,297	$ 967	$ 4,913	$ 8,402
5,280	23,780	51,768	5,161	23,436	52,951
(6,362)	(8,857)	8,143	—	—	—
(160)	(2,090)	136,602	—	—	56,191
(4,257)	(23,011)	(56,960)	(3,999)	(22,868)	(56,279)
—	—	—	22	85	—
(4,798)	(5,266)	147,850	2,151	5,566	61,265
78,364	376,771	795,422	76,213	371,205	734,157
$ 73,566	$ 371,505	$ 943,272	$ 78,364	$ 376,771	$ 795,422
$ 2,401	$ 11,954	$ 63,240	$ 3,380	$ 15,294	$ 25,822
311	1,607	5,348	335	1,737	5,262
7,936	34,713	26,795	2,067	8,734	(3,841)
(4,257)	(23,011)	(56,960)	(3,999)	(22,867)	(56,279)
—	—	(182)	—	—	(180)
87	—	(517)	22	91	—
6,478	25,263	37,724	1,805	2,989	(29,216)
61,894	267,455	218,013	60,089	264,466	247,229
$ 68,372	$ 292,718	$ 255,737	$ 61,894	$ 267,455	$ 218,013
$ 5,194	$ 78,787	$ 687,535	$ 16,470	$ 109,316	$ 577,409
92.94%	78.79%	27.11%	78.98%	70.99%	27.41%
$ 4,404	$ 30,287	$ 54,065	$ 4,500	$ 30,000	$ 46,685
117.9%	260.1%	1,271.7%	366.0%	364.4%	1,236.8%

Continued

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR TEN FISCAL YEARS
(Expressed in Thousands)

	2016			2015		
	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
Total Pension Liability						
Service Costs	$ 1,046	$ 4,952	$ 7,696	$ 1,046	$ 4,952	$ 7,142
Interest	5,077	22,205	50,660	4,923	21,906	50,391
Differences between expected and actual experience	(3,421)	4,401	9,331	—	—	—
Changes in assumptions	(1,547)	(4,401)	40,202	3,722	29,116	—
Benefit payments/refunds	(3,690)	(22,243)	(54,851)	(3,544)	(21,808)	(53,239)
Other	—	—	—	—	—	—
Net change in total pension liability	(2,535)	4,914	53,038	6,147	34,166	4,294
Total pension liability at July 1	78,748	366,291	681,119	72,601	332,126	676,825
Total pension liability at June 30	$ 76,213	$ 371,205	$ 734,157	$ 78,748	$ 366,292	$ 681,119
Pension Plan Fiduciary Net Position						
Contributions - employer	$ 3,367	$ 15,362	$ 31,990	$ 1,825	$ 12,404	$ 20,279
Contributions - member	217	1,863	5,244	273	2,759	5,076
Net investment income	5,550	25,614	3,427	7,934	33,174	40,374
Benefit payments/refunds	(3,690)	(22,243)	(54,851)	(3,544)	(21,808)	(53,239)
Administrative expenses	—	—	(201)	—	—	(214)
Other	—	—	646	—	—	—
Net change in plan fiduciary net position	5,444	20,596	(13,745)	6,488	26,529	12,276
Pension plan fiduciary net position at July 1	54,645	243,870	260,974	48,157	217,341	248,698
Pension plan fiduciary net position at June 30	$ 60,089	$ 264,466	$ 247,229	$ 54,645	$ 243,870	$ 260,974
Net pension liability at June 30	$ 16,124	$ 106,739	$ 486,928	$ 24,103	$ 122,422	$ 420,145
Pension plan fiduciary net position as a % of the total pension liability	78.84%	71.25%	33.68%	69.39%	66.58%	38.32%
Covered payroll	$ 4,500	$ 30,000	$ 45,765	$ 4,988	$ 32,930	$ 44,616
Net Pension liability as a % of covered payroll	358.3%	355.8%	1,064.0%	483.2%	371.8%	941.7%

This is a 10 year schedule. Years will be added to this schedule until 10 years of information is available.

The column is presented based on the measurement date of the prior period.

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	2020			2019		
	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Commonwealth's proportionate share of the net pension liability (asset)	75.82%	97.46%	97.43%	74.76%	97.45%	97.11%
Commonwealth's proportionate share of the collective net pension liability (asset)	$ 10,605,519	$ 532,409	$ 13,954,479	$ 10,074,599	$ 492,281	$ 13,329,602
Other employers' proportionate share of the collective net pension liability (asset)	3,517,483	13,885	340,406	3,529,176	12,844	397,320
Total collective net pension liability	$ 14,123,002	$ 546,294	$ 14,294,885	$ 13,603,775	$ 505,125	$ 13,726,922
Commonwealth's covered payroll	$ 1,108,111	$ 156,518	$ 3,477,587	$ 1,124,380	$ 149,047	$ 3,355,637
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	957.08%	340.16%	401.27%	896.01%	330.29%	397.23%
Pension plan fiduciary net position as a percentage of the total pension liability	13.66%	55.49%	58.76%	12.84%	56.10%	59.30%

	2015		
	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
	Non-Hazardous	Hazardous	
Commonwealth's proportionate share of the net pension liability (asset)	68.35%	97.93%	94.98%
Commonwealth's proportionate share of the collective net pension liability (asset)	$ 6,132,338	$ 250,075	$ 20,508,196
Other employers' proportionate share of the collective net pension liability (asset)	2,839,482	5,291	1,084,009
Total collective net pension liability	$ 8,971,820	$ 255,366	$ 21,592,205
Commonwealth's covered payroll	$ 1,078,236	$ 126,402	$ 3,150,875
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	568.74%	197.84%	650.87%
Pension plan fiduciary net position as a percentage of the total pension liability	22.32%	68.74%	45.59%

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

The column is presented based on the measurement date of the prior period.

2018			2017			2016		
Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
74.01%	97.69%	95.54%	70.42%	98.04%	95.22%	69.51%	97.87%	95.07%
$ 9,908,707	$ 485,618	$ 27,474,647	$ 8,027,502	$ 383,971	$ 29,446,825	$ 6,973,383	$ 335,667	$ 23,223,555
3,479,629	11,483	1,468,941	3,207,893	7,667	1,476,601	3,058,508	7,298	1,476,601
$ 13,388,336	$ 497,101	$ 28,943,588	$ 11,235,395	$ 391,638	$ 30,923,426	$ 10,031,891	$ 342,965	$ 24,700,156
$ 1,185,969	$ 174,387	$ 3,263,192	$ 1,148,568	$ 155,715	$ 3,252,174	$ 1,073,428	$ 125,939	$ 3,284,714
835.49%	278.47%	841.96%	698.91%	246.59%	905.45%	649.64%	266.53%	707.02%
13.30%	54.80%	39.80%	14.80%	57.41%	35.20%	18.83%	61.70%	42.49%

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Judicial Retirement Plan

	2020	2019	2018
As of the most recent fiscal year end:			
Actuarially determined contribution	$ —	$ —	$ 1,218
Contributions in relation to the actuarially determined contribution	—	—	1,218
Contribution deficiency (excess)	$ —	$ —	$ —
Covered payroll	$ 30,857	$ 30,605	$ 27,900
Contributions as a percentage of covered payroll	0.00%	0.00%	4.37%
Notes to Schedule as of the Measure Date			
Valuation date	July 1, 2019	July 1, 2017	July 1, 2017
Method and Assumptions Used to Determine Contributions:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Interest + 1% Unfunded Past Liabillity	Interest + 1% Unfunded Past Liabillity	Interest + 1% Unfunded Past Liabillity
Asset Valuation Method	Market Value	Market Value	Market Value
Investment Return	6.50%	6.24%	6.24%
Inflation	3.00%	3.00%	3.00%
Projected Salary Increase	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

Mortality Table for 2018 and 2017

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected morality improvements after year 2000 under Projected Scale AA (male and female scales).

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Legislators' Retirement Plan

	2020	2019	2018
As of the most recent fiscal year end:			
Actuarially determined contribution	$ 12	$ 12	$ 2,400
Contributions in relation to the actuarially determined contribution	—	—	2,400
Contribution deficiency (excess)	$ 12	$ 12	$ —
Covered payroll	$ 4,347	$ 4,328	$ 4,407
Contributions as a percentage of covered payroll	0.0%	0.0%	54.5%
Notes to Schedule as of the Measure Date			
Valuation date	July 1, 2019	July 1, 2018	July 1, 2017
Method and Assumptions Used to Determine Contributions:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market Value	Market Value	Market Value
Investment Return	6.50%	6.45%	6.45%
Inflation	3.00%	3.00%	3.00%
Projected Salary Increase	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

Mortality Table for 2019, 2018 and 2017

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected morality improvements after year 2000 under Projected Scale AA (male and female scales).

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

State Police Retirement System

	2020	2019	2018
As of the most recent fiscal year end:			
Actuarially determined contribution	$ 13,113	$ 13,283	$ 9,062
Contributions in relation to the actuarially determined contribution	13,155	13,288	9,397
Contribution deficiency (excess)	$ (42)	$ (5)	$ (335)
Covered payroll	$ 48,231	$ 48,780	$ 50,064
Contributions as a percentage of covered payroll	27.27%	27.24%	18.77%
Notes to Schedule as of the Measure Date			
Valuation date	June 30, 2017	June 30, 2016	June 30, 2016
Method and Assumptions Used to Determine Contributions:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	26 Years, Closed	27 Years, Closed	27 Years, Closed
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	7.50%	6.25%
Inflation	2.30%	3.25%	2.30%
Projected Salary Increase	3.05% to 15.55% varies by service	4.00%, average	0%, average

Mortality Table for 2019, 2018 and 2017

RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Employees Retirement Plan			
Non-Hazardous	**2020**	**2019**	**2018**
As of the most recent fiscal year end:			
Actuarially determined contribution	$ 136,136	$ 187,978	$ 132,365
Contributions in relation to the actuarially determined contribution	156,939	178,964	136,419
Contribution deficiency (excess)	$ (20,803)	$ 9,014	$ (4,054)
Covered payroll	$ 1,097,874	$ 1,515,953	$ 1,573,898
Contributions as a percentage of covered payroll	14.29%	11.81%	8.67%
Notes to Schedule as of the Measure Date			
Valuation date	June 30, 2017	June 30, 2016	June 30, 2016
Method and Assumptions Used to Determine Contributions:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	26 Years, Closed	26 Years, Closed	26 Years, Closed
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	7.50%	6.25%
Inflation	2.30%	3.25%	2.30%
Projected Salary Increase	3.55% to 15.55%, varies by service	0.00%	0.00%

Mortality Table for 2019, 2018 and 2017

RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Employees Retirement Plan			
Hazardous	**2020**	**2019**	**2018**
As of the most recent fiscal year end:			
Actuarially determined contribution	$ 4,368	$ 3,631	$ 2,550
Contributions in relation to the actuarially determined contribution	5,504	4,843	5,288
Contribution deficiency (excess)	$ (1,136)	$ (1,212)	$ (2,738)
Covered payroll	$ 177,586	$ 147,586	$ 190,317
Contributions as a percentage of covered payroll	3.10%	3.28%	2.78%
Notes to Schedule as of the Measure Date			
Valuation date	June 30, 2017	June 30, 2016	June 30, 2016
Method and Assumptions Used to Determine Contributions:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	26 Years, Closed	27 Years, Closed	27 Years, Closed
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	7.50%	6.25%
Inflation	2.30%	3.25%	2.30%
Projected Salary Increase	3.55% to 19.55%, varies by service	4.00%, average	0.00%

Mortality Table for 2019, 2018 and 2017

RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

Kentucky Teachers' Retirement System

	2020	2019	2018
As of the most recent fiscal year end:			
Actuarially determined contribution			
Employer	$ 700	$ 1,253	$ 30,012
Nonemployer Special Funding	19,852	35,395	795,264
Contributions in relation to the actuarially determined contribution			
Employer	1,829	2,974	1,342
Nonemployer Special Funding	78,717	82,899	81,856
Contribution deficiency (excess)	$ (59,994)	$ (49,225)	$ 742,078
Covered payroll	$ 1,603,312	$ 1,627,143	$ 1,607,809
Contributions as a percentage of covered payroll	5.02%	5.28%	5.17%
Notes to Schedule as of the Measure Date			
Valuation date			
Health	June 30, 2018	June 30, 2017	June 30, 2016
Life	June 30, 2016	June 30, 2015	June 30, 2014
Method and Assumptions Used to Determine Contributions:			
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	22 years, Closed	26 Years, Closed	26 Years, Closed
Asset Valuation Method			
Health	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Life	Five-year smoothed valued	Five-year smoothed valued	Market value
Investment Return			
Health	8.00%	8.00%	8.00%
Life	7.50%	7.50%	7.50%
Inflation			
Health	3.00%	3.00%	3.00%
Life	3.00%	3.50%	4.00%
Projected Salary Increase			
Health	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%
Life	3.50% - 7.45%	4.00% - 8.10%	4.00% - 8.10%

Mortality Table for 2019, 2018 and 2017

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

COMMONWEALTH OF KENTUCKY
SINGLE EMPLOYER DEFINED BENEFIT OPEB PLANS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(Expressed in Thousands)

	2020		
	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
Total OPEB Liability			
Service Costs	$ 290	$ 927	$ 4,816
Interest	1,490	3,535	17,724
Changes in benefit terms	—	—	—
Differences between expected and actual experience	(4,390)	(9,712)	(14,295)
Changes in assumptions	22	103	16,483
Benefit payments/refunds	(767)	(1,966)	(13,187)
Other	—	—	—
Net change in total OPEB liability	(3,355)	(7,113)	11,541
Total OPEB liability at July 1	23,020	54,395	301,012
Total OPEB liability at June 30	$ 19,665	$ 47,282	$ 312,553
OPEB Plan Fiduciary Net Position			
Contributions - employer	$ —	$ —	$ 12,623
Contributions - member	13	43	176
Transfer in payments	—	—	—
Net investment income	5,672	10,965	10,815
Benefit payments/refunds	(767)	(1,966)	(13,187)
Administrative expenses	—	—	(69)
Other	—	—	1
Net change in plan fiduciary net position	4,918	9,042	10,359
OPEB plan fiduciary net position at July 1	45,182	86,284	190,847
OPEB plan fiduciary net position at June 30	$ 50,100	$ 95,326	$ 201,206
Net OPEB liability at June 30	$ (30,435)	$ (48,044)	$ 111,347
Plan fiduciary net position as a % of the total OPEB liability	254.77 %	201.61 %	64.38 %
Covered payroll	$ 4,334	$ 30,605	$ 48,780
Net OPEB liability as a % of covered payroll	(702.2)%	(157.0)%	228.3 %

2019			2018		
Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
$ 290	$ 927	$ 6,087	$ 452	$ 1,221	$ 4,147
1,403	3,319	18,432	2,012	4,552	17,993
—	—	34	—	—	—
—	—	(23,320)	(10,568)	(22,068)	(572)
—	—	(358)	2,272	5,640	57,312
(758)	(1,962)	(13,097)	(709)	(1,943)	(12,123)
—	—	—	—	—	—
935	2,284	(12,222)	(6,541)	(12,598)	66,757
22,085	52,111	313,234	28,626	64,709	246,477
$ 23,020	$ 54,395	$ 301,012	$ 22,085	$ 52,111	$ 313,234
$ 5	$ 1,218	$ 8,535	$ 6	$ 1,218	$ 7,862
9	218	155	7	176	131
3,896	7,610	—	—	—	—
(758)	(1,962)	16,470	4,933	9,385	21,627
—	—	(13,097)	(709)	(1,943)	(12,123)
—	—	(62)	—	—	(66)
—	59	8	—	4	—
3,152	7,143	12,009	4,237	8,840	17,431
42,030	79,141	178,838	37,793	70,301	161,407
$ 45,182	$ 86,284	$ 190,847	$ 42,030	$ 79,141	$ 178,838
$ (22,162)	$ (31,889)	$ 110,165	$ (19,945)	$ (27,030)	$ 134,396
196.27 %	158.62 %	63.40 %	190.31 %	151.87 %	57.09 %
$ 4,407	$ 30,624	$ 50,064	$ 4,398	$ 30,297	$ 48,873
(502.9)%	(104.1)%	220.0 %	(453.5)%	(89.2)%	275.0 %

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE CURRENT FISCAL YEAR

Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability

(Expressed in Thousands)

	Fiscal Year 2020			Fiscal Year 2019		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Fiscal year (measurement date)						
Commonwealth's proportionate share of the net OPEB liability (asset)	74.97 %	97.46 %	45.44%	74.48 %	97.46 %	46.90%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	$ 1,666,411	$ (26,168)	$ 1,343,974	$ 1,765,855	$ (32,325)	$ 1,640,667
Other employers' proportionate share of the collective net OPEB liability (asset)	556,485	(681)	1,613,885	605,057	(843)	1,857,246
Total collective net OPEB liability	$ 2,222,896	$ (26,849)	$ 2,957,859	$ 2,370,912	$ (33,168)	$ 3,497,913
Commonwealth's covered payroll	$ 1,136,446	$ 147,601	$ 1,621,873	$ 1,124,614	$ 185,483	$ 1,620,705
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	146.63 %	(17.73)%	82.87%	157.02 %	(17.43)%	101.23%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	30.92 %	105.29 %	32.56%	27.32 %	106.83 %	18.09%

	Fiscal Year 2018		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous	
Fiscal year (measurement date)			
Commonwealth's proportionate share of the net OPEB liability (asset)	72.40%	97.64%	45.49%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	$ 1,835,540	$ 5,888	$ 1,632,050
Other employers' proportionate share of the collective net OPEB liability (asset)	700,422	143	1,955,691
Total collective net OPEB liability	$ 2,535,962	$ 6,031	$ 3,587,741
Commonwealth's covered-employee payroll	$ 1,153,402	$ 167,049	$ 1,639,967
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	159.14%	3.52%	99.52%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	24.40%	98.80%	22.58%

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES - NON-MAJOR FUNDS

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Turnpike Authority of Kentucky - accounts for and reports financial resources that are restricted, committed, or assigned for the payment of principal, interest, and administrative fees due on debt issued to acquire infrastructure, which is then leased to the Transportation Cabinet of the Commonwealth.

The **Kentucky School Facilities Construction Commission** - accounts for and reports financial resources that are restricted, committed, or assigned for the payment of the Commonwealth's portion of principal, interest, and administrative fees due on debt issued by local school districts for school construction.

Special Revenue Funds

The **Other Special Revenue Fund -** accounts for and reports specific taxes, fees, and charges that are restricted or committed to expenditures for a particular function or activity, but not usually appropriated by the General Assembly.

The **Turnpike Authority of Kentucky –** accounts for and reports specific resources that are restricted, committed, or assigned. The Authority was created to issue debt, which is used to acquire infrastructure, which is then leased to the Transportation Cabinet of the Commonwealth.

The **Kentucky School Facilities Construction Commission -** accounts for and reports specific resources that are restricted, committed, or assigned. This fund was established to assist local school districts in meeting the school construction needs of the Commonwealth in a manner that ensures an equitable distribution of funds based upon unmet needs.

The **KentuckyWired Infrastructure Company, Inc. –** accounts for and reports specific resources that are restricted, committed, or assigned. The company was formed to finance the "Next Generation Kentucky Information Highway" project which will provide reliable, high-speed internet across Kentucky.

The **Special Benefits Fund -** accounts for other fiduciary monies that will be expended for designated operations.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2020
(Expressed in Thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Assets			
Cash and cash equivalents	$ 118,974	$ —	$ 133,093
Investments, net of amortization	—	—	91,523
Invested security collateral	—	—	6,683
Receivables, net	—	—	68,267
Notes receivable	—	—	1,380
Interfund receivables	—	—	342
Interfund loan receivable	—	—	13,601
Total Assets	$ 118,974	$ —	$ 314,889
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ —	$ —	$ 5,392
Interfund payables	—	—	3,724
Interfund loan payable	—	—	462
Obligations under securities lending	—	—	6,683
Unearned revenue	—	—	1
Other liabilities	—	—	—
Total Liabilities	—	—	16,262
Deferred inflows of resources			
Unavailable	—	—	49,782
Fund Balances:			
Restricted for:			
General Government	—	—	10,276
Legislative and Judicial	—	—	—
Commerce	—	—	781
Education and Humanities	—	—	24,036
Human Resources	—	—	199,852
Justice	—	—	43
Natural Resources and Environmental Protection	—	—	46
Public Protection and Regulation	—	—	—
Transportation	—	—	1,162
Debt service	118,974	—	—
Committed to:			
General Government	—	—	7,820
Education and Humanities	—	—	39
Human Resources	—	—	2,732
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	—
Assigned to:			
General Government	—	—	2,058
Education and Humanities	—	—	—
Justice	—	—	—
Transportation	—	—	—
Total Fund Balances	118,974	—	248,845
Total Liabilities and Fund Balances	$ 118,974	$ —	$ 314,889

Special Revenue Funds				
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds
$ 10,111	$ 26,365	$ 32,099	$ 212,074	$ 532,716
37,876	—	—	12,091	141,490
—	—	—	6,557	13,240
—	—	8,612	59,774	136,653
—	—	—	—	1,380
—	6,465	—	181	6,988
—	—	—	—	13,601
$ 47,987	$ 32,830	$ 40,711	$ 290,677	$ 846,068
$ 3	$ 29	$ 11,766	$ 14,631	$ 31,821
—	1,343	—	21,582	26,649
—	—	—	—	462
—	—	—	6,557	13,240
—	—	—	—	1
—	—	2,781	—	2,781
3	1,372	14,547	42,770	74,954
—	—	—	55,595	105,377
—	—	26,164	26,413	62,853
—	—	—	1	1
—	—	—	—	781
—	31,458	—	—	55,494
—	—	—	3,781	203,633
—	—	—	82	125
—	—	—	46,452	46,498
—	—	—	3,311	3,311
—	—	—	—	1,162
47,984	—	—	—	166,958
—	—	—	63,495	71,315
—	—	—	3,309	3,348
—	—	—	11,514	14,246
—	—	—	4,412	4,412
—	—	—	22,426	22,426
—	—	—	—	2,058
—	—	—	4	4
—	—	—	12	12
—	—	—	7,100	7,100
47,984	31,458	26,164	192,312	665,737
$ 47,987	$ 32,830	$ 40,711	$ 290,677	$ 846,068

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Revenues			
Taxes	$ —	$ —	$ 73,530
Licenses, fees, and permits	—	—	764
Intergovernmental	—	—	—
Charges for services	—	—	75,731
Fines and forfeits	—	—	15,893
Interest and other investment income	45	—	15,133
Increase (decrease) in fair value of investments	—	—	—
Securities lending income	—	—	—
Other revenues	3,394	—	6,931
Total Revenues	3,439	—	187,982
Expenditures			
Current:			
General Government	—	45,963	513,672
Commerce	—	—	656
Education and Humanities	—	—	46,241
Human Resources	—	—	5,334
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	2,236
Public Protection and Regulation	—	—	—
Transportation	—	—	—
Debt service:			
Principal retirement	99,515	91,146	—
Interest and fiscal charges	56,067	31,134	—
Other expenditures	—	545	—
Securities lending expense	—	—	—
Total Expenditures	155,582	168,788	568,139
Excess (Deficiency) of Revenues over (under) Expenditures	(152,143)	(168,788)	(380,157)
Other Financing Sources (Uses)			
Transfers in	142,392	122,279	315,942
Transfers out	—	—	(193,228)
Capitalized leases	—	—	—
Issuance of bonds:			
New issues	—	46,496	400,000
Refunding issues	—	6,076	—
Premiums	—	128	—
Discounts	—	(588)	—
Other Expense of Issue	—	—	—
Payments to refunded bond escrow agent	—	(5,603)	—
Total Other Financing Sources (Uses)	142,392	168,788	522,714
Net Change in Fund Balances	(9,751)	—	142,557
Fund Balances at July 1	128,725	—	106,288
Fund Balances at June 30	$ 118,974	$ —	$ 248,845

Special Revenue Funds				
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds
$ —	$ —	$ —	$ 13,595	$ 87,125
—	—	—	13,239	14,003
—	—	—	8	8
—	—	—	172,574	248,305
—	—	—	1,121	17,014
1,471	160	586	7,079	24,474
—	91	—	—	91
—	—	—	—	—
—	10,330	15,126	113,112	148,893
1,471	10,581	15,712	320,728	539,913
—	—	44,113	63,220	666,968
—	—	—	—	656
—	12,148	—	17,215	75,604
—	—	—	23,340	28,674
—	—	—	5,805	5,805
—	—	—	9,236	11,472
—	—	—	2,284	2,284
20,865	—	—	108,429	129,294
—	—	1,659	—	192,320
—	—	—	—	87,201
—	—	—	—	545
—	—	—	—	—
20,865	12,148	45,772	229,529	1,200,823
(19,394)	(1,567)	(30,060)	91,199	(660,910)
142,492	22,167	—	12,816	758,088
(142,392)	(13,500)	—	(180,154)	(529,274)
—	—	—	—	—
—	—	—	—	446,496
—	—	—	—	6,076
—	—	—	—	128
—	—	—	—	(588)
—	—	—	—	—
—	—	—	—	(5,603)
100	8,667	—	(167,338)	675,323
(19,294)	7,100	(30,060)	(76,139)	14,413
67,278	24,358	56,224	268,451	651,324
$ 47,984	$ 31,458	$ 26,164	$ 192,312	665,737

SCHEDULE OF FUND ACTIVITIES

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed In Thousands)

	June 30, 2020
Revenues by Source	
Taxes:	
Sales and gross receipts	$ 5,202,919
Income:	
Individual	4,801,773
Corporations	391,449
Property	770,326
Coal severance	76,089
Licenses and privileges	269
Inheritance and estate	48,003
Miscellaneous	3,168
Total Taxes	11,293,996
Licenses, fees, and permits	27,382
Intergovernmental	304
Charges for services	279,690
Fines and forfeits	25,504
Interest and other investment income	(3,863)
Increase (decrease) in fair value of investments	(1,364)
Securities lending income	428
Other revenues	86,856
Total Revenues by Source	$ 11,708,933

COMMONWEALTH OF KENTUCKY
SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed In Thousands)

	June 30, 2020
General Government:	
Personal services	$ 368,257
Utilities, rentals, and other services	77,595
Commodities and supplies	28,992
Grants and subsidies	1,263,381
Capital outlay	266
Claims	62
Travel	1,693
Judgments and contingent liabilities	2,488
Other	1,584
Total General Government	1,744,318
Legislative and Judicial:	
Personal services	286,327
Utilities, rentals, and other services	130,373
Commodities and supplies	24,159
Grants and subsidies	1,599
Capital outlay	879
Claims	(4)
Travel	3,494
Total Legislative and Judicial	446,827
Commerce:	
Personal services	13,758
Utilities, rentals, and other services	1,202
Commodities and supplies	487
Grants and subsidies	20,663
Capital Outlay	9
Travel	100
Total Commerce	36,219
Education and Humanities:	
Personal services	103,448
Utilities, rentals, and other services	29,368
Commodities and supplies	3,295
Grants and subsidies	4,696,341
Capital outlay	240
Claims	9
Travel	1,287
Judgments and contingent liabilities	22
Total Education and Humanities	4,834,010
Human Resources:	
Personal services	343,962
Utilities, rentals, and other services	35,028
Commodities and supplies	27,153
Grants and subsidies	2,441,148
Capital Outlay	111
Claims	54
Travel	4,317
Total Human Resources	$ 2,851,773

	June 30, 2020
Justice:	
Personal services	$ 514,651
Utilities, rentals, and other services	59,351
Commodities and supplies	37,622
Grants and subsidies	283,344
Capital outlay	4,479
Claims	23
Travel	2,994
Judgments and contingent liabilities	(432)
Total Justice	902,032
Natural Resources and Environmental Protection:	
Personal services	65,214
Utilities, rentals, and other services	5,652
Commodities and supplies	1,928
Grants and subsidies	109
Capital outlay	370
Claims	—
Travel	281
Total Natural Resources and Environmental Protection	73,554
Public Protection and Regulation:	
Personal services	15,651
Utilities, rentals, and other services	1,312
Commodities and supplies	144
Grants and subsidies	359
Capital outlay	74
Travel	104
Judgments and contingent liabilities	285
Total Public Protection and Regulation	17,929
Transportation:	
Personal services	324
Utilities, rentals, and other services	—
Commodities and supplies	82
Grants and subsidies	6,738
Travel	(6)
Total Transportation	7,138
Securities lending	365
Total Expenditures	$ 10,914,165

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BY TYPE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed In Thousands)

	June 30, 2020
Revenues:	
Taxes	$ 1,340,456
Licenses, fees and permits	148,839
Intergovernmental	—
Charges for services	9,291
Fines and forfeits	9
Interest and other investment income	4,849
Increase (decrease) in fair value of investments	1,849
Securities lending income	947
Other revenues	6,106
Total Revenues	1,512,346
Expenditures:	
Transportation:	
General administration and support	71,323
Motor vehicle regulation	25,245
Justice - state police	84,275
Highways	836,185
Aviation	861
Securities lending	809
Other	338,561
Total Expenditures	$ 1,357,259

INTERNAL SERVICE FUNDS

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

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

Computer Services Fund - accounts for expenses incurred and reimbursements received for computer and related data processing services.

Prison Industries Fund - accounts for expenses incurred and reimbursements received for industrial operations within the correctional system.

Central Printing Fund - accounts for expenses incurred and reimbursements received by the Division of Printing.

Property Management Fund - accounts for expenses incurred and reimbursements received for space rental and maintenance operations.

Risk Management Fund accounts for the self-insurance operations administered by the State which include the following programs:

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

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

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

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Fleet Management	Computer Services	Prison Industries
Assets			
Current assets:			
Cash and cash equivalents	$ 5,530	$ 11,199	$ 312
Cash with fiscal agents	—	—	—
Receivables, net	17	868	163
Interfund receivables	—	1,913	138
Inventories	19	802	1,426
Prepaid expenses	84	3,091	—
Total Current Assets	5,650	17,873	2,039
Noncurrent assets:			
Investments, net	—	—	—
Receivables, net	—	—	—
Land	—	—	657
Improvements other than buildings	—	—	—
Buildings	—	9,508	5,708
Machinery and equipment	86,622	83,971	7,165
Easements and other intangibles	—	1,675	—
Less: Accumulated depreciation	(67,296)	(55,908)	(8,539)
Construction in progress	—	1,855	—
Total Capital Assets	19,326	41,101	4,991
Total Noncurrent Assets, Net	19,326	41,101	4,991
Total Assets	24,976	58,974	7,030
Deferred outflows of resources	1,141	24,554	545
Liabilities			
Current liabilities:			
Accounts payable	379	8,247	321
Interfund payables	7	112	137
Interfund loans payable	5	—	—
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Capital lease obligations	2	9,328	256
Compensated absences	55	2,037	189
Unearned revenue	—	220	—
Total Current Liabilities	448	19,944	903
Noncurrent liabilities:			
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Capital lease obligations	1	22,138	364
Compensated absences	47	1,581	10
Net pension liability	7,667	174,914	2,509
Net OPEB liability	1,359	27,271	326
Total Noncurrent Liabilities	9,074	225,904	3,209
Total Liabilities	9,522	245,848	4,112
Deferred inflows of resources	329	16,401	63
Net Position			
Net investment in capital assets	19,323	9,635	4,371
Unrestricted	(3,057)	(188,356)	(971)
Total Net Position	$ 16,266	$ (178,721)	$ 3,400

Central Printing	Property Management	Risk Management	Totals June 30, 2020
$ —	$ 4,374	$ 26,488	$ 47,903
—	—	—	—
—	10	401	1,459
—	—	83	2,134
28	—	—	2,275
—	—	35	3,210
28	4,384	27,007	56,981
—	2,704	—	2,704
—	—	—	—
—	16,083	—	16,740
—	4,100	—	4,100
—	458,410	—	473,626
1,479	2,306	—	181,543
—	—	—	1,675
(1,268)	(192,823)	—	(325,834)
—	16,569	—	18,424
211	304,645	—	370,274
211	307,349	—	372,978
239	311,733	27,007	429,959
523	9,672	1,377	37,812
78	1,737	13,909	24,671
3	64	7	330
874	5,503	—	6,382
—	—	32,080	32,080
—	—	629	629
137	904	—	10,627
42	925	99	3,347
—	—	—	220
1,134	9,133	46,724	78,286
—	—	210,513	210,513
—	—	5,088	5,088
70	3,676	—	26,249
58	49	117	1,862
3,606	63,085	9,003	260,784
566	10,995	1,571	42,088
4,300	77,805	226,292	546,584
5,434	86,938	273,016	624,870
660	2,301	436	20,190
4	300,066	—	333,399
(5,336)	(67,900)	(245,068)	(510,688)
$ (5,332)	$ 232,166	$ (245,068)	$ (177,289)

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Fleet Management	Computer Services	Prison Industries
Operating Revenues:			
Charges for services	$ 21,261	$ 133,034	$ 9,659
Other revenues	147	1	—
Total Operating Revenues	21,408	133,035	9,659
Operating Expenses:			
Personal services	3,034	64,953	3,624
Utilities, rentals, and other services	4,885	16,300	1,178
Commodities and supplies	7,756	31,757	4,621
Grants and subsidies	—		603
Depreciation and amortization	5,974	12,236	782
Travel	4	43	18
Reinsurance expense	—	—	—
Claims expense	—	—	—
Claims adjustment expense	—	—	—
Total Operating Expenses	21,653	125,289	10,826
Operating Income (Loss)	(245)	7,746	(1,167)
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	347	1,551	(2)
Interest and other investment income	—	—	—
Interest expense	—	(937)	(15)
Total Nonoperating Revenues and Expenses	347	614	(17)
Income (Loss) before Transfers	102	8,360	(1,184)
Transfers in	—	1,512	—
Transfers out	—	(4,604)	(31)
Change in Net Position	102	5,268	(1,215)
Net Position at July 1, As Restated	16,164	(183,989)	4,615
Net Position at June 30	$ 16,266	$ (178,721)	$ 3,400

Central Printing	Property Management	Risk Management	Totals June 30, 2020
$ 1,204	$ 42,212	$ 33,845	$ 241,215
—	—	27,960	28,108
1,204	42,212	61,805	269,323
107	22,969	2,947	97,634
136	20,645	17,246	60,390
136	4,624	94	48,988
—	—	—	603
175	9,463	—	28,630
—	9	9	83
—	—	244	244
—	1	56,035	56,036
—	—	887	887
554	57,711	77,462	293,495
650	(15,499)	(15,657)	(24,172)
—	(1,274)	—	622
—	73	88	161
(6)	(187)	—	(1,145)
(6)	(1,388)	88	(362)
644	(16,887)	(15,569)	(24,534)
—	13,812	—	15,324
—	(1,187)	(83)	(5,905)
644	(4,262)	(15,652)	(15,115)
(5,976)	236,428	(229,416)	(162,174)
$ (5,332)	$ 232,166	$ (245,068)	$ (177,289)

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Fleet Management	Computer Services
Cash Flows from Operating Activities		
Cash received from customers - public	$ —	$ —
Cash received from customers - state	21,257	128,169
Cash payments to suppliers for goods and services	(13,107)	(47,843)
Cash payments for employee salaries and benefits	(1,962)	(69,232)
Cash payments for claims expense	—	—
Cash payments from other sources	147	—
Cash payments to other sources	—	—
Net Cash Provided (Used) by Operating Activities	6,335	11,094
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	—	1,512
Transfers to other funds	—	(4,604)
Net Cash Provided (Used) by Noncapital Financing Activities	—	(3,092)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(10,569)	(1,173)
Principal paid on revenue bond maturities and equipment contracts	(5)	(9,283)
Interest paid on revenue bonds and equipment contracts		(937)
Proceeds from the sale of capital assets	253	149
Net Cash Provided (Used) for Capital and Related Financing Activities	(10,321)	(11,244)
Cash Flows from Investing Activities		
Purchase of investment securities	—	—
Proceeds from the sale of investment securities	—	4,004
Interest and dividends on investments	—	1
Net Cash Provided (Used) in Investing Activities	—	4,005
Net Increase (Decrease) in Cash and Cash Equivalents	$ (3,986)	$ 763
Cash and Cash Equivalents at July 1	9,516	10,436
Cash and Cash Equivalents at June 30	$ 5,530	$ 11,199
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	$ (245)	$ 7,746
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,974	12,236
Receivables, net	(6)	(788)
Interfund receivables	2	(1,301)
Inventories	(15)	(328)
Prepaid expenses	(84)	(3,091)
(Increase) decrease in deferred outflows	119	5,129
Increase (decrease) in liabilities:		
Accounts payable	(377)	3,592
Interfund payables	11	41
Claims liability		—
Claims adjustment liability		—
Compensated absences	8	6
Unearned revenue		(2,776)
Pension liability	1,007	(3,541)
OPEB liability	(133)	(3,735)
Increase (decrease) in deferred inflows	74	(2,096)
Net Cash Provided by Operating Activities	$ 6,335	$ 11,094
Noncash Investing, Capital, and Financing Activities		
Contributions of capital assets	—	—
Capital assets acquired through leases	—	(40)
Total Noncash Investing, Capital, and Financing Activities	$ —	$ (40)

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2020
$ 3,902	$ 1,204	$ 1,171	$ 12,046	$ 18,323
5,837	—	41,624	49,742	246,629
(5,831)	(249)	(32,546)	(13,780)	(113,356)
(3,817)	(815)	(20,135)	(1,497)	(97,458)
—	—	—	(39,207)	(39,207)
1	—	—	—	148
(603)	—	—	(2,082)	(2,685)
(511)	140	(9,886)	5,222	12,394
—	—	13,812	—	15,324
(31)	—	(1,187)	(83)	(5,905)
(31)	—	12,625	(83)	9,419
—	—	(19,764)	—	(31,506)
(333)	(134)	(870)	—	(10,625)
(15)	(6)	(187)	—	(1,145)
25	—	1	—	428
(323)	(140)	(20,820)	—	(42,848)
—	—	—	—	—
—	—	3,420	—	7,424
—	—	73	88	162
—	—	3,493	88	7,586
$ (865)	$ —	$ (14,588)	$ 5,227	$ (13,449)
1,177	—	18,962	21,261	61,352
$ 312	$ —	$ 4,374	$ 26,488	$ 47,903
$ (1,167)	$ 650	$ (15,499)	$ (15,657)	$ (24,172)
782	175	9,463	—	28,630
178	—	82	50	(484)
(97)	—	629	(67)	(834)
(1)	3	—	—	(341)
—	—	—	(119)	(3,294)
(113)	111	820	459	6,525
(128)	(2)	(6,974)	(884)	(4,773)
97	20	(302)	4,812	4,679
—	—	—	16,786	16,786
—	—	—	(153)	(153)
(358)	24	37	41	(242)
—	—	(127)	—	(2,903)
265	(555)	3,118	(52)	242
17	(86)	(623)	(83)	(4,643)
14	(200)	(510)	89	(2,629)
$ (511)	$ 140	$ (9,886)	$ 5,222	$ 12,394
—	—	(83,516)	—	(83,516)
—	—	(19)	—	(59)
$ —	$ —	$ (83,535)	$ —	$ (83,575)

CAPITAL ASSETS

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed In Thousands)

	June 30, 2020
Governmental Funds Capital Assets	
Land	$ 227,518
Improvements other than buildings	29,373
Buildings	1,232,281
Machinery and equipment	646,929
Software/other intangibles	119,616
Easements	101,141
Construction in progress	2,450,824
Infrastructure	21,800,427
Total Governmental Funds Capital Assets	$ 26,608,109

Investments in Governmental Funds Capital Assets by Source	
General Fund	$ 129,834
Special Revenue Funds	757,154
Donations	169,245
Other	2,225,417
Capital Projects Fund:	
State appropriations	57,223
Revenue bonds	632,810
Federal grants	415,084
Other	250,155
Infrastructure (A)	21,800,427
Capital assets acquired prior to July 1, 1984 (A)	135,950
Capital assets acquired after July 1, 1984 (A)	34,810
Total Governmental Funds Capital Assets by Source	$ 26,608,109

(1) Internal Service Funds are not included in this schedule. Internal Service Fund assets are included as governmental activities in the Statement of Net Position.

(A) Capital assets with an undetermined funding source.

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Land	Improvements Other Than Buildings	Buildings
General Government	$ 34,103	$ 13,563	$ 327,616
Legislative & Judicial	2,032	—	10,453
Commerce	124,608	6,585	17,120
Education & Humanities	1,146	664	45,913
Human Resources	1,376	2,112	80,786
Justice	4,535	6,107	525,156
Natural Resources and Environmental Protection	41,813	342	4,640
Public Protection and Regulation	—	—	—
Transportation	17,905	—	220,597
Total Governmental Funds Capital Assets by Function	$ 227,518	$ 29,373	$ 1,232,281

(1) Internal Service Funds are not included in this schedule. Internal Service Fund assets are included as governmental activities in the Statement of Net Position.

Machinery and Equipment	Software / Other Intangibles	Easements	Construction in Progress	Infrastructure	Totals June 30, 2020
$ 34,023	$ 36,605	$ 62,048	$ 92,174	$ —	$ 600,132
17,574	—	—	2,347	—	32,406
31,541	—	113	2,992	—	182,959
24,808	—	12,474	11,676	—	96,681
20,358	77,784	—	190,408	—	372,824
120,081	5,227	—	909	—	662,015
44,821	—	20,731	124	—	112,471
6,207	—	—	—	—	6,207
347,516	—	5,775	2,150,194	21,800,427	24,542,414
$ 646,929	$ 119,616	$ 101,141	$ 2,450,824	$ 21,800,427	$ 26,608,109

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
General Government	$ 572,530	$ 29,170	$ (1,568)	$ 600,132
Legislative & Judicial	31,196	2,275	(1,065)	32,406
Commerce	183,681	1,349	(2,071)	182,959
Education & Humanities	98,148	1,406	(2,873)	96,681
Human Resources	363,353	33,629	(24,158)	372,824
Justice	649,451	30,323	(17,759)	662,015
Natural Resources and Environmental Protection	104,342	10,348	(2,219)	112,471
Public Protection and Regulation	6,157	446	(396)	6,207
Transportation	24,032,619	1,109,906	(600,111)	24,542,414
Total Governmental Funds Capital Assets by Function	$ 26,041,477	$ 1,218,852	$ (652,220)	$ 26,608,109

(1) Internal Service Funds are not included in this schedule. Internal Service Fund assets are included as governmental activities in the Statement of Net Position.

PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS

Pension and Other Post Employment Benefit Trust Funds account for monies received for and expenses incurred by the various public employee retirement systems administered by the Commonwealth. Kentucky uses the following Pension Trust Funds:

Kentucky Employees Retirement System (KERS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all regular full-time employees of any State department, board, or agency directed by Executive Order to participate in the System.

County Employees Retirement System (CERS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all regular full-time employees of each county, local school board, and additional local agencies electing to participate in the System.

State Police Retirement System (SPRS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all regular full-time officers of the Kentucky State Police.

Kentucky Teachers' Retirement System (KTRS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all persons occupying positions in the public elementary and secondary schools for which a certificate is required, faculty members of five regional universities, the Commissioner of Education, and the professional staff members of the Department of Education.

Judicial Retirement Plan accounts for pension and (other post employment benefits) administered by the Plan, which covers all District Judges, Judges of the Court of Appeals, and Judges of the Supreme Court.

Legislators Retirement Plan accounts for pension and (other post employment benefits) administered by the Plan, which covers all members of the General Assembly.

Kentucky Public Employees Deferred Compensation Authority accounts for the monies withheld from participating employees payroll to be placed in an Internal Revenue Code Section 401 or 457 deferred compensation plan. The amounts are deposited with third party administrators which oversee the investment activities of such monies.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2020
Assets			
Cash and Short-Term Investments:			
Cash	$ 158,146	$ 60,257	$ 218,403
Short-term investments	1,698,998	359,572	2,058,570
Total Cash and Short-Term Investments	1,857,144	419,829	2,276,973
Receivables:			
Investments - accounts receivable	222,410	52,118	274,528
Interest receivable	1,015	368	1,383
Accounts receivable	233,143	96,631	329,774
Total Receivables	456,568	149,117	605,685
Investments at Fair Value:			
Corporate and government bonds	12,829,779	4,156,386	16,986,165
Common stocks	16,699,706	1,582,030	18,281,736
Alternatives	1,465,068	114,135	1,579,203
Derivatives	7,466	2,152	9,618
Real estate	1,801,148	325,330	2,126,478
Other	2,565,409	794,450	3,359,859
Total Investments at Fair Value	35,368,576	6,974,483	42,343,059
Invested security collateral	236,155	118,858	355,013
Capital assets, net	13,691	—	13,691
Prepaid expenses	40	—	40
Total Assets	37,932,174	7,662,287	45,594,461
Liabilities			
Investments - accounts payable	419,317	136,979	556,296
Accounts payable	21,241	26,345	47,586
Obligations under securities lending	236,155	118,858	355,013
Total Liabilities	676,713	282,182	958,895
Net Position Restricted for Pensions and Other Post Employment Benefits	$ 37,255,461	$ 7,380,105	$ 44,635,566

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2020
Additions			
Contributions:			
Employer	$ 2,854,044	$ 586,253	$ 3,440,297
Member	819,092	133,653	952,745
Non-Employer	—	—	—
Total Contributions	3,673,136	719,906	4,393,042
Other Contributions:			
Participant fees	8,157	—	8,157
Other receipts	835	5,443	6,278
Total Other Contributions	8,992	5,443	14,435
Investment Income:			
Net increase (decrease) in fair value of investments	873,447	(53,674)	819,773
Interest	478,927	139,052	617,979
Dividends	240,613	10,334	250,947
Real estate operating income, net	27,050	—	27,050
Securities lending income, net	12,717	2,486	15,203
Total Investment Income	1,632,754	98,198	1,730,952
Less: Investment expense	124,307	27,270	151,577
Less: Securities lending expense	8,290	1,559	9,849
Net Investment Income	1,500,157	69,369	1,569,526
Total Additions	5,182,285	794,718	5,977,003
Deductions			
Benefit payments	4,612,122	5,317	4,617,439
Refunds	62,056	—	62,056
Administrative expenses	57,926	4,673	62,599
Self funding insurance cost	—	5,986	5,986
Healthcare premium subsidies	—	378,591	378,591
Other deductions, net	—	145,996	145,996
Total Deductions	4,732,104	540,563	5,272,667
Change in Net Position	450,181	254,155	704,336
Net Position - Restricted for Pension and Other Post Employment Benefits			
Net Position at July 1	36,805,280	7,125,950	43,931,230
Net Position at June 30	$ 37,255,461	$ 7,380,105	$ 44,635,566

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - PENSION FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	**Hazardous**	**Non-Hazardous**	**Hazardous**
Assets				
Cash and Short-Term Investments:				
Cash	$ 211	$ 52	$ 231	$ 59
Short-term investments	226,555	50,865	468,218	166,539
Total Cash and Short-Term Investments	226,766	50,917	468,449	166,598
Receivables:				
Investments - accounts receivable	47,510	3,666	81,310	26,740
Interest receivable	—	—	—	—
Contributions/Accounts receivable	28,854	8,036	68,395	19,199
Total Receivables	76,364	11,702	149,705	45,939
Investments at Fair Value:				
Corporate and government bonds	1,666,138	451,021	5,069,147	1,711,577
Common stocks	212,395	118,110	697,744	232,970
Alternatives	—	—	—	—
Derivatives	1,180	409	4,270	1,449
Real estate	99,664	30,659	325,908	104,278
Other	148,363	52,877	585,267	196,691
Total Investments at Fair Value	2,127,740	653,076	6,682,336	2,246,965
Invested security collateral	42,773	12,851	130,998	44,231
Capital assets, net	612	44	914	58
Prepaid expenses	—	—	—	—
Total Assets	2,474,255	728,590	7,432,402	2,503,791
Liabilities				
Investments - accounts payable	65,619	18,033	183,181	62,830
Accounts payable	3,632	340	7,334	1,042
Obligations under securities lending	42,773	12,851	130,998	44,231
Total Liabilities	112,024	31,224	321,513	108,103
Net Position Restricted for Pensions and Other Post Employment Benefits	$ 2,362,231	$ 697,366	$ 7,110,889	$ 2,395,688

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2020
$ 55	$ 145,180	$ 870	$ 1,136	$ 10,352	$ 158,146
23,090	758,019	—	—	5,712	1,698,998
23,145	903,199	870	1,136	16,064	1,857,144
3,711	57,655	178	40	1,600	222,410
—	—	829	186	—	1,015
8,566	56,135	103	9	43,846	233,143
12,277	113,790	1,110	235	45,446	456,568
213,360	2,942,418	80,034	17,058	679,026	12,829,779
20,813	12,594,111	259,377	58,034	2,506,152	16,699,706
—	1,465,068	—	—	—	1,465,068
158	—	—	—	—	7,466
12,804	1,227,835	—	—	—	1,801,148
21,146	1,549,338	18	112	11,597	2,565,409
268,281	19,778,770	339,429	75,204	3,196,775	35,368,576
5,302	—	—	—	—	236,155
(9)	12,072	—	—	—	13,691
—	40	—	—	—	40
308,996	20,807,871	341,409	76,575	3,258,285	37,932,174
8,397	81,257	—	—	—	419,317
254	8,561	—	—	78	21,241
5,302	—	—	—	—	236,155
13,953	89,818	—	—	78	676,713
$ 295,043	$ 20,718,053	$ 341,409	$ 76,575	$ 3,258,207	$ 37,255,461

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - PENSION FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	**Hazardous**	**Non-Hazardous**	**Hazardous**
Additions				
Contributions:				
Employer	$ 948,593	$ 59,119	$ 475,422	$ 168,444
Member	96,594	19,769	168,994	63,236
Total Contributions	1,045,187	78,888	644,416	231,680
Other Contributions:				
Participant fees	—	—	—	—
Other receipts	—	—	—	—
Total Other Contributions	—	—	—	—
Investment Income:				
Net increase (decrease) in fair value of investments	14,969	(6,541)	(77,193)	(30,359)
Interest	47,805	16,062	162,986	55,097
Dividends	—	—	—	—
Real estate operating income, net	—	—	—	—
Securities lending income, net	891	304	3,185	1,071
Total Investment Income	63,665	9,825	88,978	25,809
Less: Investment expense	9,427	2,836	30,369	9,169
Less: Securities lending expense	541	184	1,927	648
Net Investment Income	53,697	6,805	56,682	15,992
Total Additions	1,098,884	85,693	701,098	247,672
Deductions				
Benefit payments	999,813	71,861	795,960	275,802
Refunds	11,523	3,168	14,919	3,814
Administrative expenses	11,942	1,175	22,305	1,981
Total Deductions	1,023,278	76,204	833,184	281,597
Change in Net Position	75,606	9,489	(132,086)	(33,925)
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1	2,286,625	687,877	7,242,975	2,429,613
Net Position at June 30	$ 2,362,231	$ 697,366	$ 7,110,889	$ 2,395,688

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2020
$ 59,453	$ 1,134,281	$ 8,732	$ —	$ —	$ 2,854,044
4,767	324,664	1,886	231	138,951	819,092
64,220	1,458,945	10,618	231	138,951	3,673,136
—	—	—	—	8,157	8,157
—	—	650	185	—	835
—	—	650	185	8,157	8,992
1,045	723,294	11,429	2,518	234,285	873,447
6,571	171,272	2,861	614	15,659	478,927
—	234,325	5,122	1,166	—	240,613
—	27,050	—	—	—	27,050
126	7,140	—	—	—	12,717
7,742	1,163,081	19,412	4,298	249,944	1,632,754
1,304	64,063	343	—	6,796	124,307
79	4,911	—	—	—	8,290
6,359	1,094,107	19,069	4,298	243,148	1,500,157
70,579	2,553,052	30,337	4,714	390,256	5,182,285
62,423	2,167,469	24,402	4,961	209,431	4,612,122
88	28,472	—	72	—	62,056
267	12,168	334	168	7,586	57,926
62,778	2,208,109	24,736	5,201	217,017	4,732,104
7,801	344,943	5,601	(487)	173,239	450,181
287,242	20,373,110	335,808	77,062	3,084,968	36,805,280
$ 295,043	$ 20,718,053	$ 341,409	$ 76,575	$ 3,258,207	$ 37,255,461

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - INSURANCE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	**Hazardous**	**Non-Hazardous**	**Hazardous**
Assets				
Cash and Short-Term Investments:				
Cash	$ 81	$ 19	$ 79	$ 18
Short-term investments	62,643	27,241	147,287	72,138
Total Cash and Short-Term Investments	62,724	27,260	147,366	72,156
Receivables:				
Investments - accounts receivable	8,904	4,366	21,221	11,149
Interest receivable	—	—	—	—
Contributions/Accounts receivable	16,364	843	16,383	4,988
Total Receivables	25,268	5,209	37,604	16,137
Investments at Fair Value:				
Corporate and government bonds	772,323	370,355	1,775,719	920,755
Common stocks	50,110	46,030	243,617	136,615
Alternatives	—	—	—	—
Derivatives	370	207	992	513
Real estate	34,586	25,435	110,334	60,466
Other	84,850	52,444	242,202	129,476
Total Investments at Fair Value	942,239	494,471	2,372,864	1,247,825
Invested security collateral	21,249	11,170	53,822	28,290
Total Assets	1,051,480	538,110	2,611,656	1,364,408
Liabilities				
Investments - accounts payable	23,637	12,194	59,579	30,925
Accounts payable	96	7	205	62
Obligations under securities lending	21,249	11,170	53,822	28,290
Total Liabilities	44,982	23,371	113,606	59,277
Net Position Restricted for Pensions and Other Post Employment Benefits	$ 1,006,498	$ 514,739	$ 2,498,050	$ 1,305,131

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2020
$ 9	$ 59,022	$ 252	$ 777	$ 60,257
11,135	39,128	—	—	359,572
11,144	98,150	252	777	419,829
1,676	4,723	52	27	52,118
—	—	241	127	368
1,208	56,809	30	6	96,631
2,884	61,532	323	160	149,117
141,129	142,891	21,972	11,242	4,156,386
20,863	969,871	75,265	39,659	1,582,030
—	114,135	—	—	114,135
70	—	—	—	2,152
9,716	84,793	—	—	325,330
18,897	264,833	1,257	491	794,450
190,675	1,576,523	98,494	51,392	6,974,483
4,327	—	—	—	118,858
209,030	1,736,205	99,069	52,329	7,662,287
4,448	6,196	—	—	136,979
9	25,966	—	—	26,345
4,327	—	—	—	118,858
8,784	32,162	—	—	282,182
$ 200,246	$ 1,704,043	$ 99,069	$ 52,329	$ 7,380,105

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - INSURANCE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	**Hazardous**	**Non-Hazardous**	**Hazardous**
Additions				
Contributions:				
Employer	$ 181,318	$ 6,872	$ 137,699	$ 60,625
Member	—	—	—	—
Non-Employer	—	—	—	—
Total Contributions	181,318	6,872	137,699	60,625
Other Contributions:				
Other Receipts	—	—	5,128	—
Total Other Contributions	—	—	5,128	—
Investment Income:				
Net increase (decrease) in fair value of investments	(8,322)	(9,246)	(39,027)	(22,761)
Interest	22,803	11,842	56,865	29,620
Dividends	—	—	—	—
Securities lending income, net	438	225	1,055	554
Total Investment Income	14,919	2,821	18,893	7,413
Less: Investment expense	4,023	2,044	9,580	4,832
Less: Securities lending expense	272	140	657	345
Net Investment Income	10,624	637	8,656	2,236
Total Additions	191,942	7,509	151,483	62,861
Deductions				
Benefit payments	—	—	—	—
Administrative expenses	847	123	905	462
Self funding insurance cost	1,724	125	3,887	228
Healthcare Premiums Subsidies	125,006	19,630	135,093	81,849
Other deductions, net	3	—	6	—
Total Deductions	127,580	19,878	139,891	82,539
Change in Net Position	64,362	(12,369)	11,592	(19,678)
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1	942,136	527,108	2,486,458	1,324,809
Net Position at June 30	$ 1,006,498	$ 514,739	$ 2,498,050	$ 1,305,131

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2020
$ 13,317	$ 186,422	$ —	$ —	$ 586,253
—	133,589	46	18	133,653
—	—	—	—	—
13,317	320,011	46	18	719,906
—	—	189	126	5,443
—	—	189	126	5,443
(2,562)	23,211	3,312	1,721	(53,674)
4,435	12,237	830	420	139,052
—	8,051	1,486	797	10,334
84	130	—	—	2,486
1,957	43,629	5,628	2,938	98,198
796	5,896	99	—	27,270
53	92	—	—	1,559
1,108	37,641	5,529	2,938	69,369
14,425	357,652	5,764	3,082	794,718
—	5,317	—	—	5,317
70	2,083	58	125	4,673
22	—	—	—	5,986
14,215	—	1,987	811	378,591
—	145,987	—	—	145,996
14,307	153,387	2,045	936	540,563
118	204,265	3,719	2,146	254,155
200,128	1,499,778	95,350	50,183	7,125,950
$ 200,246	$ 1,704,043	$ 99,069	$ 52,329	$ 7,380,105

AGENCY FUNDS

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

Commonwealth Choice Program - accounts for flexible benefits spending accounts.

County Fees Trust Fund - accounts for monies held by the Commonwealth for those counties with a population greater than 70,000.

Special Deposit Trust Fund - accounts for monies held by the Commonwealth that are marked for specific purposes such as employee withholdings.

Coal Workers' Pneumoconiosis Fund - accounts for monies held for coal workers pneumoconiosis claims incurred after December 12, 1996 which are filed on or before June 30, 2017.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Commonwealth Choice Program	County Fees Trust Fund	Special Deposit Trust Fund	Coal Workers' Pneumoconiosis Fund	Totals June 30, 2020
Assets					
Cash and cash equivalents	$ —	$ 415	$ 288,090	$ 2,212	$ 290,717
Investments, net of amortization	—	—	285,312	—	285,312
Invested security collateral	—	—	56,038	—	56,038
Receivables, net	3,126	81,539	30,157	314	115,136
Total Assets	$ 3,126	$ 81,954	$ 659,597	$ 2,526	$ 747,203
Liabilities					
Accounts payable	$ 3,003	$ —	$ 301,105	$ —	$ 304,108
Amounts held in custody for others	123	81,954	302,454	2,526	387,057
Obligations under securities lending	—	—	56,038	—	56,038
Total Liabilities	$ 3,126	$ 81,954	$ 659,597	$ 2,526	$ 747,203

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Balances June 30, 2019	Additions	Deductions	Balances June 30, 2020
Commonwealth Choice Program				
Assets				
Accounts receivable	$ 4,913	$ —	$ 1,787	$ 3,126
Total Assets	$ 4,913	$ —	$ 1,787	$ 3,126
Liabilities				
Accounts payable	$ 4,913	$ —	$ 1,910	$ 3,003
Amounts held in custody for others	—	123	—	123
Total Liabilities	$ 4,913	$ 123	$ 1,910	$ 3,126
COUNTY FEES TRUST FUND				
Assets				
Cash & cash equivalents	$ 415	$ —	$ —	$ 415
Accounts receivable	70,290	171,563	160,314	81,539
Total Assets	$ 70,705	$ 171,563	$ 160,314	$ 81,954
Liabilities				
Amounts held in custody for others	$ 70,705	$ 11,249	$ —	$ 81,954
Total Liabilities	$ 70,705	$ 11,249	$ —	$ 81,954
SPECIAL DEPOSIT TRUST FUND				
Assets				
Cash & cash equivalents	$ 263,873	$ 849,800	$ 825,583	$ 288,090
Investments	13,982	271,330	—	285,312
Invested security collateral	349,450	—	293,412	56,038
Accounts receivable	15,671	14,486	—	30,157
Total Assets	$ 642,976	$ 1,135,616	$ 1,118,995	$ 659,597
Liabilities				
Accounts payable	$ 162,863	$ 138,406	$ 164	$ 301,105
Amounts held in custody for others	130,663	171,889	98	302,454
Obligations under securities lending	349,450	—	293,412	56,038
Total Liabilities	$ 642,976	$ 310,295	$ 293,674	$ 659,597
COAL WORKERS' PNEUMOCONIOSIS FUND				
Assets				
Cash & cash equivalents	$ 5,027	$ —	$ 2,815	$ 2,212
Accounts receivable	1,663	—	1,349	314
Total Assets	$ 6,690	$ —	$ 4,164	$ 2,526
Liabilities				
Amounts held in custody for others	$ 6,690	$ —	$ 4,164	$ 2,526
Total Liabilities	$ 6,690	$ —	$ 4,164	$ 2,526
ALL AGENCY FUNDS				
Assets				
Cash & cash equivalents	$ 269,315	$ 849,800	$ 828,398	$ 290,717
Investments	13,982	271,330	—	285,312
Invested security collateral	349,450	—	293,412	56,038
Accounts receivable	92,537	186,049	163,450	115,136
Total Assets	$ 725,284	$ 1,307,179	$ 1,285,260	$ 747,203
Liabilities				
Accounts payable	$ 167,776	$ 138,406	$ 2,074	$ 304,108
Amounts held in custody for others	208,058	183,261	4,262	387,057
Obligations under securities lending	349,450	—	293,412	56,038
Total Liabilities	$ 725,284	$ 321,667	$ 299,748	$ 747,203

NON-MAJOR COMPONENT UNITS - COMBINING

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2020
Assets			
Current assets:			
Cash and cash equivalents	$ 93,307	$ 490,773	$ 584,080
Restricted cash	12,699	12,873	25,572
Investments, net of amortization	351,664	—	351,664
Accounts receivable, net	124,688	84,261	208,949
Interest receivable	2,011	71	2,082
Inventories	630	5,369	5,999
Prepaid expenses	1,293	14,425	15,718
Other current assets	73,264	2,783	76,047
Total Current Assets	659,556	610,555	1,270,111
Noncurrent assets:			
Restricted cash	75,448	133,438	208,886
Long-term investments	21,339	350,866	372,205
Restricted long-term investments	107,906	232,486	340,392
Long-term receivables, net	1,120,306	13,695	1,134,001
Land	120,813	136,313	257,126
Improvements other than buildings	70,502	138,386	208,888
Buildings	928,254	2,906,038	3,834,292
Machinery and equipment	184,660	394,304	578,964
Other capital assets	14,587	131,076	145,663
Less: Accumulated depreciation and amortization	(431,678)	(1,724,360)	(2,156,038)
Construction in progress	29,147	71,177	100,324
Total Capital Assets	916,285	2,052,934	2,969,219
Other assets	4,655	11,412	16,067
Total Noncurrent Assets	2,245,939	2,794,831	5,040,770
Total Assets	2,905,495	3,405,386	6,310,881
Deferred outflows of resources	41,986	182,859	224,845
Liabilities			
Current liabilities:			
Accounts payable and accruals	22,052	70,279	92,331
Current portion of long-term debt:			
Notes payable	4,665	1,365	6,030
Bonds payable	26,662	42,550	69,212
Capital lease obligations	7,021	2,621	9,642
Compensated absences	1,682	21,198	22,880
Claims liability	—	1,297	1,297
Unearned revenues	6,951	76,217	83,168
Payable from restricted assets	—	6,895	6,895
Other current liabilities	908	12,726	13,634
Total Current Liabilities	69,941	235,148	305,089
Noncurrent liabilities:			
Notes payable	5,476	9,705	15,181
Bonds payable	206,192	573,673	779,865
Capital lease obligations	444,286	67,876	512,162
Compensated absences	526	292	818
Net pension liability	185,578	1,175,155	1,360,733
Net OPEB liability	29,210	209,652	238,862
Other long-term liabilities	6,290	92,386	98,676
Total Noncurrent Liabilities	877,558	2,128,739	3,006,297
Total Liabilities	947,499	2,363,887	3,311,386
Deferred inflows of resources	11,176	610,740	621,916
Net Position			
Net investment in capital assets	502,410	1,264,288	1,766,698
Restricted for:			
Debt service	—	2,916	2,916
Capital projects	26,465	71,838	98,303
Other purposes	1,415,464	553,062	1,968,526
Unrestricted	44,467	(1,278,486)	(1,234,019)
Total Net Position	$ 1,988,806	$ 613,618	$ 2,602,424

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2020
Expenses:			
Operating and other expenses	$ 466,677	$ 1,112,488	$ 1,579,165
Total expenses	466,677	1,112,488	1,579,165
Program Revenues:			
Charges for services	143,259	623,037	766,296
Operating grants and contributions	332,004	102,226	434,230
Capital grants and contributions	—	2,147	2,147
Total Program Revenues	475,263	727,410	1,202,673
Net Program (Expense) Revenue	8,586	(385,078)	(376,492)
General Revenues:			
Unrestricted grants and contributions	29,332	504,588	533,920
Unrestricted investment earnings	6,085	33,358	39,443
Gain on sale of capital assets	—	2,625	2,625
Miscellaneous general	40,883	19,941	60,824
Transfers	33,270	—	33,270
Total General Revenues	109,570	560,512	670,082
Change in Net Position	118,156	175,434	293,590
Net Position at July 1, As Restated	1,870,650	438,184	2,308,834
Net Position at June 30	$ 1,988,806	$ 613,618	$ 2,602,424

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

NON-MAJOR COMPONENT UNITS - AUTHORITIES

Kentucky River Authority - is responsible for the maintenance of the Commonwealth's locks and dams on the Kentucky River.

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

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

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

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

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

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

Kentucky Artisan Center - established to celebrate Kentucky's artisan heritage and encourage Kentuckians and those traveling in Kentucky to enjoy artisan products and activities.

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

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

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

Louisville Arena Authority - The Louisville Arena Authority was created in 2005 and oversees the financial process of the KFC Yum! Center. The Arena Authority guided the development, financing and construction process of the $238 million arena. It also selected the financing, construction, design and management partners, which includes AEG Facilities as the current managing and operating entity.

Kentucky Horse Park Foundation - is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
Assets				
Current assets:				
Cash and cash equivalents	$ 431	$ 24,274	$ 101	$ 1,584
Restricted cash	10,868	1,831	—	—
Investments, net of amortization	—	—	—	—
Accounts receivable, net	1,677	38,615	—	1,342
Interest receivable	—	411	—	—
Inventories	—	—	—	—
Prepaid expenses	—	—	—	755
Other current assets	—	451	1,561	—
Total Current Assets	12,976	65,582	1,662	3,681
Noncurrent assets:				
Restricted cash	—	—	—	—
Long-term investments	2	—	381	—
Restricted long-term investments	11,239	87,479	—	—
Long-term receivables, net	—	16,308	—	—
Land	—	—	—	27,835
Improvements other than buildings	70,502	—	—	—
Buildings	—	12,075	—	571,520
Machinery and equipment	—	4,480	—	66,097
Other capital assets	—	—	—	7,716
Less: Accumulated depreciation and amortization	—	(10,893)	—	(222,189)
Construction in progress	—	—	—	16,533
Total Capital Assets	70,502	5,662	—	467,512
Other assets	—	—	—	—
Total Noncurrent Assets, Net	81,743	109,449	381	467,512
Total Assets	94,719	175,031	2,043	471,193
Deferred outflows of resources	509	1,171	—	17,846
Liabilities				
Current liabilities:				
Accounts payable and accruals	684	1,909	1,793	4,611
Current portion of long-term debt:				
Notes payable	—	—	—	—
Bonds payable	—	—	—	3,885
Capital lease obligations	2,211	—	—	4,770
Compensated absences	63	316	—	—
Unearned revenues	—	—	—	1,890
Other current liabilities	70	—	—	107
Total Current Liabilities	3,028	2,225	1,793	15,263
Noncurrent liabilities:				
Notes payable	—	—	—	—
Bonds payable	—	—	—	11,018
Capital lease obligations	44,264	—	—	21,458
Compensated absences	34	—	—	—
Net pension liability	3,098	8,232	—	82,688
Net OPEB liability	488	1,296	—	13,015
Other long-term liabilities	—	—	—	5,785
Total Noncurrent Liabilities	47,884	9,528	—	133,964
Total Liabilities	50,912	11,753	1,793	149,227
Deferred inflows of resources	207	2,017	—	2,688
Net Position				
Net investment in capital assets	24,026	5,662	—	420,596
Restricted for:				
Capital projects	22,106	—	—	—
Other purposes	—	156,770	250	—
Unrestricted	(2,023)	—	—	(83,472)
Total Net Position	$ 44,109	$ 162,432	$ 250	$ 337,124

Kentucky Center for the Arts Corporation	Kentucky Authority for Educational Television	Kentucky Economic Development Finance Authority	Kentucky Artisan Center	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation
$ 2,967	$ 6,874	$ 21,342	$ 82	$ 4,512	$ 17,535
—	—	—	—	—	—
655	16,942	—	244	333,823	—
802	4,129	—	12	—	76,933
8	28	35	—	1,529	—
121	—	—	509	—	—
134	159	—	—	—	—
—	509	766	—	69,971	—
4,687	28,641	22,143	847	409,835	94,468
—	2,451	—	—	—	—
14,028	—	141	—	—	—
—	8,900	—	—	288	—
691	—	51,756	—	1,051,551	—
129	76	—	1,167	—	—
—	—	—	—	—	—
36,485	17,258	—	6,706	—	—
37,275	51,796	—	619	7	—
—	208	—	360	—	—
(56,798)	(50,450)	—	(2,356)	—	—
12,614	—	—	—	—	—
29,705	18,888	—	6,496	7	—
4,533	52	—	—	—	—
48,957	30,291	51,897	6,496	1,051,846	—
53,644	58,932	74,040	7,343	1,461,681	94,468
—	13,121	2,385	669	6,285	—
987	3,617	207	99	3,778	—
3,765	319	—	—	—	—
—	—	—	—	22,777	—
40	—	—	—	—	—
230	918	95	60	—	—
708	2,000	—	—	—	—
48	—	—	—	683	—
5,778	6,854	302	159	27,238	—
2,230	871	—	—	—	—
—	—	—	—	195,174	—
95	—	—	—	—	—
—	359	90	43	—	—
—	71,017	10,070	4,445	6,028	—
—	11,178	1,585	700	948	—
400	—	—	—	49	—
2,725	83,425	11,745	5,188	202,199	—
8,503	90,279	12,047	5,347	229,437	—
—	5,332	327	331	274	—
27,513	18,110	—	6,496	7	—
—	4,071	—	—	288	—
6,120	10,282	2,989	—	1,237,960	—
11,508	(56,021)	61,062	(4,162)	—	94,468
$ 45,141	$ (23,558)	$ 64,051	$ 2,334	$ 1,238,255	$ 94,468

Continued

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.	Totals June 30, 2020
Assets				
Current assets:				
Cash and cash equivalents	$ 5,071	$ 7,332	$ 1,202	$ 93,307
Restricted cash	—	—	—	12,699
Investments, net of amortization	—	—	—	351,664
Accounts receivable, net	—	1,178	—	124,688
Interest receivable	—	—	—	2,011
Inventories	—	—	—	630
Prepaid expenses	—	227	18	1,293
Other current assets	—	—	6	73,264
Total Current Assets	5,071	8,737	1,226	659,556
Noncurrent assets:				
Restricted cash	—	70,672	2,325	75,448
Long-term investments	—	—	6,787	21,339
Restricted long-term investments	—	—	—	107,906
Long-term receivables, net	—	—	—	1,120,306
Land	—	91,606	—	120,813
Improvements other than buildings	—	—	—	70,502
Buildings	—	284,210		928,254
Machinery and equipment	—	24,198	188	184,660
Other capital assets	—	6,303	—	14,587
Less: Accumulated depreciation and amortization	—	(88,992)		(431,678)
Construction in progress	—	—	—	29,147
Total Capital Assets	—	317,325	188	916,285
Other assets	—	—	70	4,655
Total Noncurrent Assets, Net	—	387,997	9,370	2,245,939
Total Assets	5,071	396,734	10,596	2,905,495
Deferred outflows of resources	—	—	—	41,986
Liabilities				
Current liabilities:				
Accounts payable and accruals	—	4,190	177	22,052
Current portion of long-term debt:				
Notes payable	—	500	81	4,665
Bonds payable	—	—	—	26,662
Capital lease obligations	—	—	—	7,021
Compensated absences	—	—	—	1,682
Unearned revenues	—	2,346	7	6,951
Other current liabilities	—	—	—	908
Total Current Liabilities	—	7,036	265	69,941
Noncurrent liabilities:				
Notes payable	—	2,375	—	5,476
Bonds payable	—	—	—	206,192
Capital lease obligations	—	378,469	—	444,286
Compensated absences	—	—	—	526
Net pension liability	—	—	—	185,578
Net OPEB liability	—	—	—	29,210
Other long-term liabilities	—	—	56	6,290
Total Noncurrent Liabilities	—	380,844	56	877,558
Total Liabilities	—	387,880	321	947,499
Deferred inflows of resources	—	—	—	11,176
Net Position				
Net investment in capital assets	—	—	—	502,410
Restricted for:				
Capital projects	—	—	—	26,465
Other purposes	—	—	1,093	1,415,464
Unrestricted	5,071	8,854	9,182	44,467
Total Net Position	$ 5,071	$ 8,854	$ 10,275	$ 1,988,806

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
Expenses:				
Operating and other expenses	$ 3,335	$ 291,714	$ 4,904	$ 72,857
Total expenses	3,335	291,714	4,904	72,857
Program Revenues:				
Charges for services	6,785	24,886	—	43,545
Operating grants and contributions	284	269,341	—	—
Total Program Revenues	7,069	294,227	—	43,545
Net Program (Expense) Revenue	3,734	2,513	(4,904)	(29,312)
General Revenues:				
Unrestricted grants and contributions	—	—	—	(1,213)
Unrestricted investment earnings	(1,378)	—	—	(638)
Miscellaneous general	—	—	4,148	1,084
Transfers	—	—	—	33,270
Total General Revenues	(1,378)	—	4,148	32,503
Change in Net Position	2,356	2,513	(756)	3,191
Net Position at July 1, As Restated	41,753	159,919	1,006	333,933
Net Position at June 30	$ 44,109	$ 162,432	$ 250	$ 337,124

Kentucky Center for the Arts Corporation	Kentucky Authority for Educational Television	Kentucky Economic Development Finance Authority	Kentucky Artisan Center	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation
$ 19,811	$ 34,359	$ 3,436	$ 2,437	$ 21,144	$ 29
19,811	34,359	3,436	2,437	21,144	29
9,296	1,879	686	1,252	19,961	—
3,890	11,242	—	553	37,533	6,656
13,186	13,121	686	1,805	57,494	6,656
(6,625)	(21,238)	(2,750)	(632)	36,350	6,627
6,146	15,551	—	477	8,371	—
(191)	887	—	—	5,499	—
7,480	10,290	34,945	—	—	—
—	—	—	—	—	—
13,435	26,728	34,945	477	13,870	—
6,810	5,490	32,195	(155)	50,220	6,627
38,331	(29,048)	31,856	2,489	1,188,035	87,841
$ 45,141	$ (23,558)	$ 64,051	$ 2,334	$ 1,238,255	$ 94,468

Continued

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.	Totals June 30, 2020
Expenses:				
Operating and other expenses	$ —	$ 10,995	$ 1,656	$ 466,677
Total expenses	—	10,995	1,656	466,677
Program Revenues:				
Charges for services	—	34,969	—	143,259
Operating grants and contributions	—	—	2,505	332,004
Total Program Revenues	—	34,969	2,505	475,263
Net Program (Expense) Revenue	—	23,974	849	8,586
General Revenues:				
Unrestricted grants and contributions	—	—	—	29,332
Unrestricted investment earnings	67	1,273	566	6,085
Miscellaneous general	—	(17,055)	(9)	40,883
Transfers	—	—	—	33,270
Total General Revenues	67	(15,782)	557	109,570
Change in Net Position	67	8,192	1,406	118,156
Net Position at July 1, As Restated	5,004	662	8,869	1,870,650
Net Position at June 30	$ 5,071	$ 8,854	$ 10,275	$ 1,988,806

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS-AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Totals June 30, 2020
Cash Flows from Operating Activities			
Cash payments to suppliers for goods and services	$ (12)	$ —	$ (12)
Cash payments for employee salaries and benefits	(17)	—	(17)
Cash payments to other sources	(7,224)	—	(7,224)
Cash payments from other sources	6,656	—	6,656
Net Cash Provided (Used) by Operating Activities	(597)	—	(597)
Cash Flows from Investing Activities			
Proceeds from the sale of investment securities	—	67	67
Interest and dividends on investments	—	—	—
Net Cash Provided (Used) in Investing Activities	—	67	67
Net Increase (Decrease) in Cash and Cash Equivalents	(597)	67	(530)
Cash and Cash Equivalents at July 1	18,132	5,004	23,136
Cash and Cash Equivalents at June 30	17,535	5,071	22,606
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	6,627	—	6,627
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) Decrease in assets:			
Receivables, net	(7,224)	—	(7,224)
Net Cash Provided (Used) by Operating Activities	$ (597)	$ —	$ (597)

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES

Universities, Colleges, and Related Entities

The Universities, Colleges, and Related Entities Funds account for all transactions relating to the State supported universities and the community colleges and technical schools. These institutions maintain their own financial records and are not part of the central accounting system operated by the Finance and Administration Cabinet. The non-major component units-universities are:

Eastern Kentucky University
Western Kentucky University
Morehead State University
Murray State University
Northern Kentucky University
Kentucky State University

Kentucky Council on Postsecondary Education – established in 1997 by the Postsecondary Education Improvement Act to coordinate changes and improvements within Kentucky's postsecondary education system.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Eastern Kentucky University	Western Kentucky University	Morehead State University
Assets			
Current assets:			
Cash and cash equivalents	$ 65,176	$ 173,704	$ 31,799
Restricted cash	—	—	3,781
Accounts receivable, net	27,818	15,225	10,383
Interest receivable	—	68	—
Inventories	326	112	1,879
Prepaid expenses	1,174	6,745	1,234
Other current assets	177	216	646
Total Current Assets	94,671	196,070	49,722
Noncurrent assets:			
Restricted cash	17,347	289	—
Long-term investments	90,673	168,772	58,905
Restricted long-term investments	—	—	—
Long-term receivables, net	3,402	4,169	2,826
Land	62,296	22,391	23,721
Improvements other than buildings	126	72,336	—
Buildings	664,156	774,587	378,265
Machinery and equipment	33,804	170,228	32,810
Other capital assets	63,984	5,947	34,880
Less: Accumulated depreciation and amortization	(310,027)	(494,495)	(218,239)
Construction in progress	—	33,175	64
Total Capital Assets	514,339	584,169	251,501
Other assets	47	390	8,098
Total Noncurrent Assets, Net	625,808	757,789	321,330
Total Assets	720,479	953,859	371,052
Deferred outflows of resources	36,612	40,861	18,080
Liabilities			
Current liabilities:			
Accounts payable and accruals	14,086	17,483	5,083
Current portion of long-term debt:			
Notes payable	—	930	—
Bonds payable	9,107	16,773	3,946
Capital lease obligations	—	240	1,111
Compensated absences	2,625	3,454	2,808
Claims liability	—	1,297	—
Unearned revenues	13,068	38,432	5,010
Payable from restricted assets	—	—	(222)
Other current liabilities	—	7,028	1,195
Total Current Liabilities	38,886	85,637	18,931
Noncurrent liabilities:			
Notes payable	—	1,560	—
Bonds payable	98,292	222,448	65,447
Capital lease obligations	25,500	12,135	13,583
Compensated absences	—	—	—
Net pension liability	242,552	242,963	101,444
Net OPEB liability	45,755	45,564	20,625
Other long-term liabilities	44,743	23,354	4,529
Total Noncurrent Liabilities	456,842	548,024	205,628
Total Liabilities	495,728	633,661	224,559
Deferred inflows of resources	239,976	152,282	84,158
Net Position			
Net investment in capital assets	282,242	305,361	165,655
Restricted for:			
Debt service	—	2,177	—
Capital projects	29,202	25,561	—
Other purposes	76,965	170,505	67,201
Unrestricted	(367,022)	(294,827)	(152,441)
Total Net Position	$ 21,387	$ 208,777	$ 80,415

Murray State University	Northern Kentucky University	Kentucky State University (Un-audited)	Kentucky Council on Postsecondary Education	Totals June 30, 2020
$ 91,686	$ 120,774	$ 4,780	$ 2,854	$ 490,773
—	7,880	—	1,212	12,873
8,587	18,247	3,667	334	84,261
—	3	—	—	71
2,663	389	—	—	5,369
1,646	3,012	—	614	14,425
1,405	—	—	339	2,783
105,987	150,305	8,447	5,353	610,555
68,226	47,576	—	—	133,438
—	2,781	26,895	2,840	350,866
128,609	103,663	—	214	232,486
1,899	1,399	—	—	13,695
15,865	9,752	2,288	—	136,313
19,027	42,910	3,987	—	138,386
397,025	536,018	155,987	—	2,906,038
37,339	89,340	30,778	5	394,304
13,761	—	12,504	—	131,076
(242,908)	(314,811)	(143,878)	(2)	(1,724,360)
2,361	3,765	31,812	—	71,177
242,470	366,974	93,478	3	2,052,934
2,553	286	38	—	11,412
443,757	522,679	120,411	3,057	2,794,831
549,744	672,984	128,858	8,410	3,405,386
28,005	40,010	15,908	3,383	182,859
8,180	13,555	11,048	844	70,279
435	—	—	—	1,365
4,030	8,438	256	—	42,550
26	357	887	—	2,621
6,007	3,580	2,339	385	21,198
—	—	—	—	1,297
6,066	13,240	401	—	76,217
—	4,223	2,894	—	6,895
3,699	608	196	—	12,726
28,443	44,001	18,021	1,229	235,148
6,145	2,000	—	—	9,705
58,051	127,683	1,752	—	573,673
24	3,387	13,247	—	67,876
—	—	—	292	292
168,363	331,839	64,627	23,367	1,175,155
30,437	51,809	11,656	3,806	209,652
5,364	13,870	526	—	92,386
268,384	530,588	91,808	27,465	2,128,739
296,827	574,589	109,829	28,694	2,363,887
87,520	15,834	27,066	3,904	610,740
171,536	262,173	77,318	3	1,264,288
527	212	—	—	2,916
15,425	1,650	—	—	71,838
116,099	112,499	8,362	1,431	553,062
(110,185)	(253,963)	(77,809)	(22,239)	(1,278,486)
$ 193,402	$ 122,571	$ 7,871	$ (20,805)	$ 613,618

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Expressed in Thousands)

	Eastern Kentucky University	Western Kentucky University	Morehead State University
Expenses:			
Operating and other expenses	$ 213,501	$ 269,006	$ 100,876
Total Expenses	213,501	269,006	100,876
Program Revenues:			
Charges for services	118,046	183,248	55,636
Operating grants and contributions	46,093	10,956	19,767
Capital grants and contributions	1,165	—	—
Total Program Revenues	165,304	194,204	75,403
Net Program (Expense) Revenue	(48,197)	(74,802)	(25,473)
General Revenues:			
Unrestricted grants and contributions	109,762	147,645	27,960
Unrestricted investment earnings	278	20,315	706
Gain on sale of capital assets	—	2,289	(10)
Miscellaneous general	7,530	(22,162)	36,022
Total General Revenues	117,570	148,087	64,678
Change in Net Position	69,373	73,285	39,205
Net Position at July 1, As Restated	(47,986)	135,492	41,210
Net Position at June 30	$ 21,387	$ 208,777	$ 80,415

Murray State University	Northern Kentucky University	Kentucky State University (Un-audited)	Kentucky Council on Postsecondary Education	Totals June 30, 2020
$ 159,826	$ 278,483	$ 73,737	$ 17,059	$ 1,112,488
159,826	278,483	73,737	17,059	1,112,488
96,769	148,337	17,886	3,115	623,037
5,979	15,290	—	4,141	102,226
—	460	—	522	2,147
102,748	164,087	17,886	7,778	727,410
(57,078)	(114,396)	(55,851)	(9,281)	(385,078)
71,666	81,409	55,534	10,612	504,588
9,709	1,759	591	—	33,358
(310)	661	—	(5)	2,625
889	(2,369)	31	—	19,941
81,954	81,460	56,156	10,607	560,512
24,876	(32,936)	305	1,326	175,434
168,526	155,507	7,566	(22,131)	438,184
$ 193,402	$ 122,571	$ 7,871	$ (20,805)	$ 613,618

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

STATISTICAL SECTION

This part of the Commonwealth of Kentucky's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Financial Trends

The schedules presented, in this section, contain trend information to help the reader understand how the Commonwealth's financial performance and fiscal health has changed over time. Fund perspective statements are presented for the last ten fiscal years, except where noted.

Revenue Capacity

The schedules presented, in this section, contain information to help the reader assess the Commonwealth's most significant revenue source, which is personal income tax.

Debt Capacity

The schedules presented, in this section, contain information to help the reader assess the affordability of the Commonwealth's current levels of outstanding debt, and the Commonwealth's ability to issue additional debt in the future.

Demographic Information

The schedules presented, in this section, offer demographic and economic indicators to help the reader understand the environment within the Commonwealth, and the financial impact of those activities.

Operating Information

The schedules presented, in this section, offer operating data to help the reader understand how the information in the Commonwealth's financial report relates to the services it provided and the activities performed, by the governmental agencies.

COMMONWEALTH OF KENTUCKY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	2020	2019	2018	2017
General Fund				
Nonspendable:				
Inventories	$ 5,375	$ 7,373	$ 5,769	$ 6,219
Assigned	93,764	74,258	—	55
Unassigned	511,169	151,129	(64,909)	—
Total General Fund	610,308	232,760	(59,140)	6,274
All Other Governmental Funds				
Nonspendable:				
Inventories	—	64,767	59,340	75,234
Cash with Fiscal Agents	—	—	47,367	15,576
Restricted	2,330,905	1,924,119	2,218,345	1,901,478
Committed	134,037	140,030	177,916	74,876
Assigned	30,817	95,113	21,442	17,039
Unassigned	(101,018)	(33,102)	(50,026)	(765)
Total All Other Governmental Funds	2,394,741	2,190,927	2,474,384	2,083,438
Total Fund Balances - Governmental Funds	$ 3,005,049	$ 2,423,687	$ 2,415,244	$ 2,089,712

2016	2015	2014	2013	2012	2011
$ 5,465	$ 6,230	$ 6,505	$ 7,299	$ 5,515	$ 6,099
30,765	27,069	—	34,700	35,563	57,456
318,790	71,060	(137,295)	159,198	54,035	249,482
355,020	104,359	(130,790)	201,197	95,113	313,037
75,254	74,105	54,006	81,264	86,240	49,078
16,136	18,954	13,503	17,918	29,045	67,469
1,822,185	1,706,764	2,068,293	2,373,349	2,452,952	2,165,308
133,075	160,804	188,706	175,676	183,414	148,636
18,014	15,033	13,054	7,019	13,157	27,034
(98,045)	(56,950)	(2,582)	(596,756)	(420,183)	(120,235)
1,966,619	1,918,710	2,334,980	2,058,470	2,344,625	2,337,290
$ 2,321,639	$ 2,023,069	$ 2,204,190	$ 2,259,667	$ 2,439,738	$ 2,650,327

COMMONWEALTH OF KENTUCKY
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	2020	2019	2018	2017
Revenues				
Taxes	$ 13,181,585	$ 12,888,613	$ 12,345,610	$ 11,888,139
Licenses, fees, and permits	420,578	444,403	391,615	382,398
Intergovernmental	13,060,301	11,592,569	11,004,224	10,792,470
Charges for services	1,276,407	1,343,980	1,257,259	1,272,133
Fines and forfeits	49,642	58,366	54,469	52,338
Interest and other investment income	61,285	43,378	32,557	21,463
Increase (decrease) in fair value of investments	4,939	17,550	(13,980)	(6,037)
Securities lending income	3,595	10,540	11,158	6,616
Other revenues	884,506	692,070	609,703	634,834
Total Revenues	28,942,838	27,091,469	25,692,615	25,044,354
Expenditures				
Current:				
General government	2,782,509	2,263,964	2,269,763	2,341,583
Legislative and judicial	495,212	480,405	445,112	442,646
Commerce	115,467	106,165	93,765	111,080
Education and humanities	6,029,475	6,183,644	6,020,339	6,016,531
Human resources	14,497,837	13,043,316	12,506,650	12,227,415
Justice	1,134,711	1,089,196	1,009,506	967,790
Natural resources and environmental protection	215,681	195,068	170,995	181,889
Public protection and regulation	144,515	129,569	110,748	106,215
Transportation	2,542,904	2,395,765	2,290,599	2,339,776
Debt Service:				
Principal retirement	694,576	739,455	726,825	611,066
Interest and fiscal charges	304,750	350,972	313,291	330,631
Other expenditures	(6,585)	(4,683)	6,242	6,672
Securities lending expense	3,071	9,710	9,359	4,792
Capital outlay:				
Buildings	323,072	289,598	338,373	353,165
Total Expenditures	29,277,195	27,272,144	26,311,567	26,041,251
Excess (Deficiency) of Revenues over (under) Expenditures	(334,357)	(180,675)	(618,952)	(996,897)
Other Financing Sources (Uses)				
Transfers in	2,191,088	2,213,843	2,263,303	2,120,376
Transfers out	(2,055,429)	(2,096,464)	(2,075,678)	(1,912,607)
Capitalized leases	1,703	2,132	17,311	1,861
Issuance of bonds:				
New issues	902,631	80,354	644,402	513,545
Refunding issues	6,076	6,556	301,786	56,689
Premiums	45,120	(725)	112,180	36,078
Discounts	(2,038)	(536)	—	(1,161)
Certificates of participation	—	—	—	—
Premiums	—	—	—	—
Issuance of notes:				
New issues	—	—	—	—
Refunding issues	—	—	—	—
Payments to refunded bond escrow agent	(176,354)	(21,162)	(306,257)	(50,494)
Total Other Financing Sources (Uses)	912,797	183,998	957,047	764,287
Net Change in Fund Balances	$ 578,440	$ 3,323	$ 338,095	$ (232,610)
Debt service as a percentage of noncapital expenditures	4.83%	4.05%	3.94%	3.71%

Note: Information is presented on the modified accrual basis of accounting.

2016	2015	2014	2013	2012	2011
$ 11,730,500	$ 11,492,919	$ 10,954,839	$ 10,813,909	$ 10,403,782	$ 10,113,502
380,075	386,757	350,454	337,431	339,642	330,263
10,824,674	10,135,711	9,008,083	7,143,403	7,098,675	8,016,458
1,302,541	1,173,174	1,276,821	1,175,388	1,117,177	911,202
61,660	64,755	69,531	80,227	80,132	82,856
31,501	30,590	26,785	13,403	30,822	29,092
(6,140)	(13,544)	(9,410)	(7,661)	(18,705)	795
3,470	2,664	2,696	4,198	3,121	1,966
584,782	520,001	627,647	678,358	562,394	822,936
24,913,063	23,793,027	22,307,446	20,238,656	19,617,040	20,309,070
2,263,041	2,107,483	2,067,170	2,282,198	2,390,204	2,302,228
444,087	437,109	419,461	406,800	409,685	392,791
110,490	98,826	97,811	92,312	112,139	86,506
5,558,814	5,347,187	5,317,501	5,384,681	5,322,439	6,125,603
12,095,613	11,437,873	10,399,966	7,963,372	7,984,895	8,088,667
874,867	839,455	804,747	825,194	802,108	789,602
182,296	186,641	185,547	201,048	213,283	200,899
101,590	103,448	92,600	158,617	157,846	163,438
2,566,675	2,661,224	2,566,382	2,263,175	2,109,125	1,959,030
616,543	571,281	547,610	534,078	306,504	308,484
336,567	352,558	355,438	354,688	367,966	351,539
14,683	20,431	9,858	12,763	55,983	8,002
2,421	1,190	1,058	2,362	1,593	1,163
477,916	231,483	203,514	330,795	253,894	466,335
25,645,603	24,396,189	23,068,663	20,812,083	20,487,664	21,244,287
(732,540)	(603,162)	(761,217)	(573,427)	(870,624)	(935,217)
1,922,969	2,058,253	2,021,428	1,810,448	1,539,696	1,852,945
(1,907,707)	(2,009,118)	(2,013,769)	(1,833,096)	(1,530,423)	(1,675,200)
2,634	17,070	27	10,007	9,546	6,864
826,325	222,922	256,887	221,310	419,700	472,123
988,677	373,712	141,631	127,644	527,118	240,590
231,610	76,777	80,769	27,295	74,049	34,035
(2,420)	(972)	(689)	(408)	(927)	(2,022)
—	68,575	—	—	—	—
—	1,621	—	—	—	—
106,850	—	383,000	163,290	82,717	737,370
—	—	39,765	—	—	—
(1,116,316)	(409,405)	(189,883)	(127,035)	(455,473)	(233,642)
1,052,622	399,435	719,166	399,455	666,003	1,433,063
$ 320,082	$ (203,727)	$ (42,051)	$ (173,972)	$ (204,621)	$ 497,846
3.71%	3.78%	3.91%	4.29%	3.31%	3.11%

COMMONWEALTH OF KENTUCKY
NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	2020	2019	2018	2017
Governmental Activities:				
Net investment in capital assets	$ 24,168,762	$ 23,433,119	$ 23,354,312	$ 22,688,638
Restricted	1,626,862	1,487,313	1,208,350	954,449
Unrestricted	(37,317,510)	(40,050,216)	(42,257,250)	(40,157,358)
Total Governmental Activities Net Position	(11,521,886)	(15,129,784)	(17,694,588)	(16,514,271)
Business-Type Activities:				
Net investment in capital assets	253,466	261,109	274,521	287,610
Restricted	—	779,736	688,144	562,392
Unrestricted	(253,263)	(133,396)	(116,858)	(100,405)
Total Business-Type Activities Net Position	203	907,449	845,807	749,597
Primary Government:				
Net investment in capital assets	24,422,228	23,694,228	23,628,833	22,976,248
Restricted	1,626,862	2,267,049	1,896,494	1,516,841
Unrestricted	(37,570,772)	(40,183,612)	(42,374,108)	(40,257,763)
Total Primary Government Net Position	$ (11,521,682)	$ (14,222,335)	$ (16,848,781)	$ (15,764,674)

NOTE: This schedule is presented on the accrual basis of accounting.

2016	2015	2014	2013	2012	2011
$ 21,955,878	$ 21,288,572	$ 20,986,040	$ 20,195,976	$ 19,616,044	$ 19,153,511
847,543	984,229	1,099,649	1,167,435	1,480,299	1,286,431
(37,867,160)	(36,414,312)	(11,812,580)	(10,315,863)	(9,731,379)	(8,071,118)
(15,063,739)	(14,141,511)	10,273,109	11,047,548	11,364,964	12,368,824
293,958	303,571	315,131	328,382	334,611	350,505
369,431	212,629	63,847	913	729	326
(190,882)	(403,957)	(594,125)	(876,277)	(1,014,186)	(1,199,294)
472,507	112,243	(215,147)	(546,982)	(678,846)	(848,463)
22,249,836	21,592,143	21,301,171	20,524,358	19,950,655	19,504,016
1,216,974	1,196,858	1,163,496	1,168,348	1,481,028	1,286,757
(38,058,042)	(36,818,269)	(12,406,705)	(11,192,140)	(10,745,565)	(9,270,412)
$ (14,591,232)	$ (14,029,268)	$ 10,057,962	$ 10,500,566	$ 10,686,118	$ 11,520,361

COMMONWEALTH OF KENTUCKY
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	2020	2019	2018	2017	2016
Function/Program Revenues					
Primary Government:					
Governmental Activities:					
Charges for Services:					
General Government	$ 692,112	$ 770,183	$ 799,460	$ 805,329	$ 818,313
Legislative and Judicial	42,633	46,607	27,852	28,079	27,802
Commerce	58,587	83,983	73,820	52,894	51,991
Education and Humanities	57,848	53,789	59,137	58,831	59,712
Human Resources	195,329	199,566	221,671	166,820	208,967
Justice	29,395	28,603	27,348	26,185	30,880
Natural Resources and Environmental Protection	46,378	44,249	40,587	38,673	41,941
Public Protection and Regulation	106,120	97,604	93,860	92,734	92,908
Transportation	294,743	313,715	297,202	283,545	288,126
Operating Grants and Contributions	12,125,363	10,704,976	10,211,396	9,956,021	9,956,639
Capital Grants and Contributions	994,683	914,965	825,730	837,491	872,127
Total Governmental Activities	14,643,191	13,258,240	12,678,063	12,346,602	12,449,406
Business-Type Activities:					
Charges for Services:					
State Parks	40,574	52,503	53,320	52,526	51,424
Kentucky Lottery Corporation	—	—	—	—	—
Kentucky Horse Park	7,297	11,488	9,542	12,416	12,930
Insurance Administration	114,048	118,189	116,676	125,299	130,825
Kentucky Public Employees' Health Plan	1,851,183	1,822,296	1,795,381	1,759,562	1,739,913
Unemployment Compensation	348,610	359,080	395,464	545,335	598,144
Operating Grants and Contributions	—	13,106	9,946	5,578	954
Capital Grants and Contributions	—	—	—	—	—
Total Business-Type Activities	2,361,712	2,376,662	2,380,329	2,500,716	2,534,190
Total Primary Government	$ 17,004,903	$ 15,634,902	$ 15,058,392	$ 14,847,318	$ 14,983,596
Expenses					
Primary Government:					
Governmental Activities:					
General government	$ 405,039	$ 363,782	$ 3,112,212	$ 2,771,326	$ 4,544,453
Legislative and Judicial	526,102	468,775	489,661	489,343	446,233
Commerce	175,902	152,031	151,184	299,840	122,430
Education and Humanities	6,070,241	6,213,059	7,138,207	7,328,124	4,970,560
Human Resources	13,760,639	12,938,155	12,488,174	11,988,867	12,088,721
Justice	1,470,004	1,426,465	1,360,214	1,216,143	1,006,195
Natural Resources and Environmental Protection	254,103	229,066	232,219	191,666	190,919
Public Protection and Regulation	167,030	155,311	148,967	150,344	97,921
Transportation	1,938,390	1,932,570	1,864,030	1,674,300	1,602,621
Interest expense	277,084	287,577	306,124	210,456	372,787
Total Governmental Activities	25,044,534	24,166,791	27,290,992	26,320,409	25,442,840
Business-Type Activities:					
State Parks	122,723	140,307	153,913	124,685	113,679
Kentucky Lottery Corporation	—	—	—	—	—
Kentucky Horse Park	16,993	19,538	20,310	21,143	21,049
Insurance Administration	41,317	(6,593)	(85,034)	39,370	189,476
Kentucky Public Employees' Health Plan	1,839,500	1,812,826	1,614,792	1,510,884	1,498,925
Unemployment Compensation	3,890,468	288,755	282,583	345,909	343,857
Total Business-Type Activities	5,911,001	2,254,833	1,986,564	2,041,991	2,166,986
Total Primary Government	30,955,535	$ 26,421,624	$ 29,277,556	$ 28,362,400	$ 27,609,826
Net (Expense)/Revenue					
Governmental Activities	(10,401,343)	$ (10,908,551)	$ (14,612,929)	$ (13,973,807)	$ (12,993,434)
Business-Type Activities	(3,549,289)	121,829	393,765	458,725	367,204
Total Primary Government Net Expense	$ (13,950,632)	$ (10,786,722)	$ (14,219,164)	$ (13,515,082)	$ (12,626,230)

2015	2014	2013	2012	2011
$ 626,337	$ 699,518	$ 681,819	$ 668,709	$ 438,993
25,866	25,584	25,676	21,750	21,177
58,617	44,538	41,337	53,375	36,774
64,776	43,192	67,290	66,246	78,996
164,793	230,057	—	16,593	484,958
22,755	23,434	27,369	21,500	22,121
17,014	45,334	308,890	12,451	43,338
87,134	83,516	93,172	92,806	83,816
299,446	269,701	238,296	249,231	218,846
9,270,753	8,211,316	6,294,292	6,381,991	7,071,327
865,320	801,353	806,675	836,370	697,927
11,502,811	10,477,543	8,584,816	8,421,022	9,198,273
47,931	49,016	48,774	50,064	49,437
—	—	—	—	772,349
12,407	10,679	9,981	9,161	7,798
124,106	113,248	112,177	122,962	110,829
1,712,136	1,692,801	1,680,011	1,681,642	1,752,908
743,369	561,692	532,298	521,893	471,876
—	174,235	408,125	705,465	953,112
149	378	155	1,032	2,326
2,640,098	2,602,049	2,791,521	3,092,219	4,120,635
$ 14,142,909	$ 13,079,592	$ 11,376,337	$ 11,513,241	$ 13,318,908
$ 2,557,827	$ 2,840,370	$ 3,333,535	$ 3,002,882	$ 3,212,093
433,354	420,929	406,949	411,579	400,786
110,041	112,067	112,296	132,078	113,156
5,822,980	5,539,119	5,214,551	5,818,383	6,036,864
11,098,078	10,000,356	7,618,717	7,623,348	7,652,130
952,071	933,126	936,118	923,628	887,611
190,532	192,059	229,245	221,822	198,067
107,258	92,798	160,071	156,755	164,052
1,819,570	2,127,851	1,720,513	1,496,753	1,340,012
341,922	355,842	369,773	403,534	377,725
23,433,633	22,614,517	20,101,768	20,190,762	20,382,496
110,220	96,587	92,724	93,925	92,777
—	—	—	—	566,117
19,278	19,511	15,856	13,970	14,804
116,723	86,063	93,876	38,081	232,100
1,420,292	1,642,048	1,677,143	1,687,322	1,624,444
340,223	1,092,231	1,287,408	1,193,572	1,521,994
2,006,736	2,936,440	3,167,007	3,026,870	4,052,236
$ 25,440,369	$ 25,550,957	$ 23,268,775	$ 23,217,632	$ 24,434,732
$ (11,930,822)	$ (12,136,974)	$ (11,516,952)	$ (11,769,740)	$ (11,184,223)
633,362	(334,391)	(375,486)	65,349	68,399
$ (11,297,460)	$ (12,471,365)	$ (11,892,438)	$ (11,704,391)	$ (11,115,824)

Continued

COMMONWEALTH OF KENTUCKY
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands)

	2020	2019	2018	2017	2016
General Revenues and					
Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Sales and gross receipt	$ 6,827,433	$ 6,543,315	$ 6,062,029	$ 5,905,042	$ 5,787,853
Individual income	4,831,399	4,561,557	4,604,710	4,405,457	4,311,015
Corporate income	395,865	580,131	500,315	458,227	490,033
Property	654,791	648,739	628,810	596,752	584,823
License and privilege	29,257	54,022	38,001	29,310	39,563
Severance	109,176	149,852	142,095	145,487	156,245
Inheritance and estate	48,250	42,903	50,093	45,827	48,789
Miscellaneous taxes	216,749	194,494	208,344	202,836	196,941
Unrestricted grants and contributions	4,597	12,221	9,798	11,449	10,403
Unrestricted investment earnings	—	—	—	—	1,650
Gain on sale of capital assets	7,657	22,007	16,562	8,318	7,689
Miscellaneous general	741,366	548,567	505,243	522,299	403,065
Transfers	—	—	271,843	192,425	41,497
Total General Revenues and Transfers	13,866,540	13,357,808	13,037,843	12,523,429	12,079,566
Change in Net Position	3,610,679	2,563,819	(1,575,086)	(1,450,378)	(913,868)
Net Position at July 1, as Restated	(15,132,565)	(17,693,603)	(16,119,502)	(15,063,893)	(14,149,871)
Net Position at June 30	$ (11,521,886)	$ (15,129,784)	$ (17,694,588)	$ (16,514,271)	$ (15,063,739)
Business-Type Activities:					
Unrestricted grants and contributions	$ 2,744,933	$ —	$ —	$ 5,534	$ —
Unrestricted investment earnings	49,769	54,938	20,086	(1,329)	29,381
Gain on sale of capital assets	44	—	—	—	—
Miscellaneous general	(7,221)	1,751	6,943	6,075	5,176
Transfers	(145,482)	(115,891)	(271,848)	(192,425)	(41,497)
Total General Revenues and Transfers	2,642,043	(59,202)	(244,819)	(182,145)	(6,940)
Change in Net Position	(907,246)	62,627	148,946	276,580	360,264
Net Position at July 1, as Restated	907,449	844,822	696,861	473,017	112,243
Net Position at June 30	$ 203	$ 907,449	$ 845,807	$ 749,597	$ 472,507
Change in Net Position					
Governmental Activities	$ 3,610,679	$ 2,563,819	$ (1,575,086)	$ (1,450,378)	$ (913,868)
Business-Type Activities	(907,246)	62,627	148,946	276,580	360,264
Total Primary Government Changes in Net Position	$ 2,703,433	$ 2,626,446	$ (1,426,140)	$ (1,173,798)	$ (553,604)

NOTE: This schedule is presented on the accrual basis of accounting.

2015	2014	2013	2012	2011
$ 5,714,300	$ 5,575,312	$ 5,292,465	$ 5,505,336	$ 5,152,345
4,064,705	3,752,868	3,748,008	3,474,027	3,451,268
540,132	456,601	423,093	370,485	317,578
570,998	553,339	556,986	534,189	509,961
13,742	21,170	21,091	26,792	29,690
235,068	251,231	461,866	170,980	366,633
52,616	51,513	20,503	68,119	45,144
190,700	184,605	203,467	148,305	168,847
10,348	12,663	16,332	14,640	14,071
4,264	(37)	2,179	(21,439)	7,146
7,259	10,969	8,885	10,363	9,727
413,140	496,504	544,186	493,133	444,309
108,470	(4,214)	(22,093)	(12,293)	206,078
11,925,742	11,362,524	11,276,968	10,782,637	10,722,797
(5,080)	(774,450)	(239,984)	(987,103)	(461,426)
(14,136,431)	11,047,559	11,287,532	12,352,067	12,830,250
$ (14,141,511)	$ 10,273,109	$ 11,047,548	$ 11,364,964	$ 12,368,824
$ —	$ —	$ —	$ —	$ 208
14,971	13,546	(16,154)	—	56,203
—	32	—	55,123	597
5,693	648,434	501,411	—	21,902
(108,470)	4,214	22,093	—	(206,078)
(87,806)	666,226	507,350	55,123	(127,168)
545,556	331,835	131,864	192,756	(58,769)
(433,313)	(546,982)	(678,846)	(871,602)	(789,694)
$ 112,243	$ (215,147)	$ (546,982)	$ (678,846)	$ (848,463)
$ (5,080)	$ (774,450)	$ (239,984)	$ (987,103)	$ (461,426)
545,556	331,835	131,864	192,756	(58,769)
$ 540,476	$ (442,615)	$ (108,120)	$ (794,347)	$ (520,195)

COMMONWEALTH OF KENTUCKY
PERSONAL INCOME TAX INFORMATION
CALENDAR YEARS 2009 and 2018

Personal Income Tax Filers and Liability by Income Level (C)

Ky Federal AGI (from Ky Form 740) Income Level	Calendar Year 2018			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
Resident Taxpayer				
Less than $25,001	677,570	37.32 %	$ 136,846,942	3.42 %
$25,001-$50,000	452,981	24.95 %	614,855,119	15.36 %
$50,001-$100,000	419,942	23.13 %	1,109,770,940	27.73 %
$100,001-$200,000	207,833	11.45 %	1,079,081,601	26.96 %
$200,001-$500,000	47,404	2.61 %	578,515,850	14.46 %
Greater than $500,000	9,903	0.55 %	482,813,255	12.06 %
Total Resident	**1,815,633**	**100.01 %**	**4,001,883,707**	**99.99 %**
Non-Resident Taxpayer				
Less than $25,001	60,055	32.42 %	8,139,810	3.67 %
$25,001-$50,000	34,709	18.74 %	19,204,836	8.66 %
$50,001-$100,000	34,905	18.85 %	33,216,550	14.97 %
$100,001-$200,000	24,531	13.24 %	37,136,312	16.74 %
$200,001-$500,000	15,304	8.26 %	35,090,814	15.81 %
Greater than $500,000	15,713	8.48 %	89,102,936	40.16 %
Total Non-Resident	**185,217**	**99.99 %**	**221,891,258**	**100.01 %**
Totals	**2,000,850**		**$ 4,223,774,965**	

Personal Income Tax Rates

Tax Years 2009 - 2017

Tax Rate	2.0%	3.0%	4.0%	5.0%
Income Bracket	$0-3,000	$3,001-4,000	$4,001-5,000	$5,001-8,000

Tax Year 2018

Tax Rate Flat 5% Tax Rate

	2018		2009
Personal Income Tax Revenue	$4,223,774,965	(A)	$3,141,336,126
Personal Income	124,551,000,000	(B)	99,850,000,000
Average Effective Rate	2.9%		3.2%

Source of Tax Information:

(A) Kentucky Department of Revenue

(B) See Schedule of Personal Income

(C) This information is presented on a cash basis.

Calendar Year 2009			
Number of Filers	**Percentage of Total**	**Personal Income Tax Liability**	**Percentage of Total**
754,143	44.32 %	$ 233,713,589	7.80 %
415,522	24.42 %	526,143,480	17.56 %
375,610	22.07 %	969,971,503	32.37 %
127,348	7.48 %	674,155,005	22.50 %
23,934	1.41 %	323,814,008	10.81 %
5,051	0.30 %	268,268,710	8.95 %
1,701,608	**100.00 %**	**2,996,066,295**	**100.00 %**
44,764	36.21 %	4,927,729	3.39 %
22,186	17.95 %	11,583,028	7.97 %
24,298	19.66 %	21,230,229	14.61 %
15,112	12.23 %	21,910,695	15.08 %
9,051	7.32 %	20,055,588	13.81 %
8,200	6.63 %	65,562,562	45.13 %
123,611	**100.00 %**	**145,269,831**	**100.00 %**
1,825,219		**$ 3,141,336,126**	

5.8%	6.0%
$8,001 -75,000	$75,001 and Up

COMMONWEALTH OF KENTUCKY
UNITED WE STAND
DIVIDED WE FALL

COMMONWEALTH OF KENTUCKY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR CALENDAR YEARS 2010-2019
(Expressed in Thousands, Except Ratio Data)

For the Year Ended December 31	Real Property		Personal Property		Totals		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2010	$ 226,833,829	$ 241,312,584	$ 169,307,231	$ 169,307,231	$ 396,141,060	$ 410,619,815	96.5%
2011	229,344,568	243,983,583	169,933,206	169,933,206	399,277,774	413,916,789	96.5%
2012	232,286,735	247,113,548	176,724,331	176,724,331	409,011,066	423,837,879	96.5%
2013	233,534,113	248,440,546	173,138,368	173,138,368	406,672,481	421,578,914	96.5%
2014	237,120,455	252,255,803	174,481,430	174,481,430	411,601,885	426,737,233	96.5%
2015	243,570,236	259,117,272	182,300,234	182,300,234	425,870,470	441,417,506	96.5%
2016	251,467,439	267,518,552	189,581,582	189,581,582	441,049,021	457,100,134	96.5%
2017	260,311,049	276,926,647	195,483,003	195,483,003	455,794,052	472,409,650	96.5%
2018	268,267,507	285,390,965	202,736,591	202,736,591	471,004,098	488,127,556	96.5%
2019	278,520,440	296,298,340	209,635,314	209,635,314	488,155,754	505,933,654	96.5%

SOURCE: Kentucky Department of Revenue

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

COMMONWEALTH OF KENTUCKY
PROPERTY TAX LEVIES AND COLLECTIONS
FOR CALENDAR YEARS 2010-2019
(Expressed in Thousands, Except Percentages)

For the Year Ended June 30	Total Levied	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Weighted Average State Rate **
2010	$ 536,828	$ 486,675	90.7 %	$ 28,141	$ 514,816	95.9%	65.35
2011	545,501	512,879	94.0 %	16,688	529,567	97.1%	66.27
2012	561,041	531,406	94.7 %	26,972	558,378	99.5%	66.01
2013	566,500	541,152	95.5 %	21,277	562,429	99.3%	64.98
2014	575,958	547,198	95.0 %	16,237	563,435	97.8%	64.37
2015	600,161	565,557	94.2 %	11,991	577,548	96.2%	64.32
2016	624,237	586,129	93.9 %	15,966	602,095	96.5%	65.71
2017	641,169	604,986	94.4 %	16,274	621,260	96.9%	64.10
2018	654,251	626,911	95.8 %	20,098	647,009	98.9%	63.95
2019	686,082	630,861	92.0 %	12,185	643,046	93.7%	63.51

SOURCE: Kentucky Department of Revenue

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

* Delinquent tax collections in excess of the current year levy have been allocated to prior years.

** The weighted average state rate includes state and local rates and are expressed in cents per $100 of assessed value.

COMMONWEALTH OF KENTUCKY
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands, Except Ratio Data)

	2020	2019	2018	2017
Governmental Activities Debt				
Revenue Bonds (2)	$ 5,510,743	$ 5,820,641	$ 6,310,244	$ 6,276,003
Unamortized premiums (2) (3)	470,932	473,786	526,979	513,879
Unamortized discounts (2) (3)	(7,917)	(8,078)	(8,401)	(9,492)
Notes (2)	691,490	835,109	1,008,140	1,196,130
Capital Leases (2)	68,407	82,647	51,002	46,256
Certificate of Participation (2) (4)	174,485	175,735	176,940	67,425
KWIC (2) (5)	302,829	304,488	297,016	283,870
Total Government Activities Debt	7,210,969	7,684,328	8,361,920	8,374,071
Business-Type Activities Debt				
Notes (2)	—	—	—	—
Capital Leases (2)	19,644	21,766	23,881	10,219
Total Business-Type Activities Debt	19,644	21,766	23,881	10,219
Total Primary Government Debt	$ 7,230,613	$ 7,706,094	$ 8,385,801	$ 8,384,290
Total Debt Ratios				
Ratio of Total Debt to Personal Income	5.41 %	5.96 %	6.73 %	7.00 %
Total Debt Per Capita (1)	$ 1,618.43	$ 1,724.57	$ 1,882.68	$ 1,889.64
Net Bonded Debt				
Net General Bonded Debt	$ 5,973,758	$ 6,286,349	$ 6,828,822	$ 6,780,390
Less: Debt Service Funds	212,299	156,295	175,892	140,670
Net Bonded Debt	$ 5,761,459	$ 6,130,054	$ 6,652,930	$ 6,639,720
Net Bonded Debt Ratios				
Ratio of Net Bonded Debt to Governmental Funds Revenues	19.91 %	22.63 %	25.92 %	29.76 %
Net Bonded Debt Per Capita (1)	$ 1,289.59	$ 1,371.87	$ 1,493.63	$ 1,496.45

(1) Per Capita calculations are based on the population figures for the prior year. (See Demographics Schedule)
(2) See Note 16 for Debt Amounts
(3) Reflection of unamortized bond premiums/discounts for revenue bonds
(4) Inclusion of Certificate of Participation for debt incurred beginning fiscal year 2015
(5) Inclusion of KWIC for debt incurred beginning fiscal year 2016

2016	2015	2014	2013	2012	2011
$ 6,227,678	$ 6,154,942	$ 6,291,646	$ 6,427,591	$ 6,555,730	$ 6,241,628
534,099	369,790	355,817	309,708	311,222	264,392
(10,330)	(10,875)	(11,577)	(12,792)	(13,830)	(15,820)
1,399,140	1,467,573	1,868,377	1,648,642	1,669,372	1,715,915
58,064	71,493	55,444	58,311	46,069	30,877
68,575	68,575				
267,494					
8,544,720	8,121,498	8,559,707	8,431,460	8,568,563	8,236,992
—	—	—	—	1,172	—
7,730	12,262	13,065	13,748	14,119	3,542
7,730	12,262	13,065	13,748	15,291	3,542
$ 8,552,450	$ 8,133,760	$ 8,572,772	$ 8,445,208	$ 8,583,854	$ 8,240,534
7.15 %	7.04 %	7.65 %	7.82 %	8.25 %	8.05 %
$ 1,932.50	$ 1,842.95	$ 1,950.44	$ 1,927.95	$ 1,964.56	$ 1,896.00
$ 6,751,447	$ 6,513,857	$ 6,635,886	$ 6,724,507	$ 6,853,122	$ 6,490,200
136,673	138,192	125,732	124,951	120,304	137,921
$ 6,614,774	$ 6,375,665	$ 6,510,154	$ 6,599,556	$ 6,732,818	$ 6,352,279
26.55 %	26.80 %	29.18 %	32.61 %	34.32 %	31.28 %
$ 1,494.66	$ 1,444.60	$ 1,481.16	$ 1,506.61	$ 1,540.92	$ 1,461.55

COMMONWEALTH OF KENTUCKY
UNIVERSITY AND COLLEGE REVENUE BOND COVERAGE
FOR THE LAST TEN FISCAL YEARS
(Expressed in Thousands, Except Ratio Data)

Fiscal Year Ending June 30	Revenue Stream Available For Debt Service		Debt Service Requirement	Coverage Ratio
2011	$ 418,370	*	$56,920	7.35
2012	3,930,749	**	1,531,031	2.57
2013	4,031,429	**	1,485,309	2.71
2014	4,235,184	**	1,777,303	2.38
2015	4,598,823	**	1,958,552	2.35
2016	4,793,559	**	2,020,476	2.37
2017	4,913,519	**	2,003,912	2.45
2018	5,014,700	**	2,136,250	2.35
2019	5,249,807	**	2,031,070	2.58
2020	5,715,497	**	2,169,149	2.63

SOURCE: Commonwealth of Kentucky Comprehensive Annual Financial Reports; State Universities' audited financial statements
* Calculated using net operating revenue and short-term bond liability
** Calculated using Gross revenue stream, state appropriation, current and long-term bond and capital lease liabilities

TOP 10 MANUFACTURERS/SUPPORTIVE SERVICE FIRMS
(Ranked by Number of Employees)
CURRENT YEAR AND NINE YEARS AGO

	2019			2010		
Company	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Ford Motor Company	12,960	1	0.65%	5,391	4	0.29%
United Parcel Service, Inc.	12,907	2	0.65%	13,307	1	0.71%
Amazon.com	12,250	3	0.61%			
Humana Inc.	10,293	4	0.52%	9,123	3	0.48%
Toyota Motor Corp	9,819	5	0.49%	9,611	2	0.51%
Haier US Appliances Solutions, Inc.	6,300	6	0.32%			
FMR LLC	4,500	7	0.23%	3,900	7	0.21%
Conduent, Inc.	3,488	8	0.18%			
Deutsche Post AG	3,109	9	0.16%			
Citigroup	2,840	10	0.14%	4,097	6	0.22%
General Electric Co				5,067	5	0.27%
Johnson Controls, Inc.				3,360	8	0.18%
Affiliated Computer Services, Inc.				3,130	9	0.17%
Delta Air Lines, Inc				2,700	10	0.14%
	78,466		3.95%	59,686		3.18%

SOURCE: http://www.thinkkentucky.com

DEMOGRAPHIC STATISTICS
FOR CALENDAR YEARS 2010-2019

For the Year Ended December 31	Estimated Population	Per Capita Income	Unemployment Rate
2010	4,346,266	$32,376	10.2%
2011	4,369,356	33,667	9.4%
2012	4,380,415	35,041	8.2%
2013	4,395,295	36,214	8.0%
2014	4,413,457	37,654	6.5%
2015	4,425,592	39,181	5.4%
2016	4,436,974	38,926	5.1%
2017	4,454,189	40,597	4.9%
2018	4,468,402	42,458	4.4%
2019	4,467,673	43,770	4.3%

SOURCE: https://www.bea.gov
https://kystats.ky.gov

COMMONWEALTH OF KENTUCKY
SOURCES OF PERSONAL INCOME
FOR CALENDAR YEARS 2010-2019
(Expressed in Thousands, Except Percent Data)

	2010*		2011*		2012*		2013*		2014*	
Source	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	$ 1,208,000	1.2%	$ 811,000	0.8%	$ 1,062,000	0.9%	$ 1,954,000	1.7%	$ 1,790,000	1.5%
Agriculture services, forestry, fisheries and others	316,000	0.3%	280,000	0.3%	330,000	0.3%	346,000	0.3%	399,000	0.3%
Mining	2,353,000	2.3%	2,256,000	2.1%	2,224,000	2.0%	1,853,000	1.7%	1,809,000	1.6%
Manufacturing	14,293,000	14.0%	12,563,000	11.6%	15,736,000	14.1%	15,937,000	14.2%	16,682,000	14.4%
Construction	4,726,000	4.5%	5,101,000	4.7%	5,568,000	5.0%	5,938,000	5.3%	6,662,000	5.8%
Wholesale and retail trade	11,456,000	11.1%	12,021,000	11.1%	12,306,000	11.0%	12,328,000	11.0%	12,727,000	11.0%
Finance, insurance and real estate	5,956,000	5.7%	6,507,000	6.0%	6,931,000	6.2%	7,269,000	6.5%	7,567,000	6.6%
Transportation and public utilities	6,130,000	5.9%	6,199,000	5.7%	6,529,000	5.8%	6,402,000	5.7%	6,745,000	5.8%
Services	32,939,000	31.8%	34,521,000	31.6%	34,471,000	32.1%	36,784,000	32.8%	38,138,000	33.0%
Government and government enterprises	23,014,000	22.1%	23,727,000	22.0%	22,879,000	20.4%	23,180,000	20.8%	22,994,000	20.0%
Earnings by Place of Work	$102,391,000	100.0%	$103,986,000	100.0%	$108,036,000	100.0%	$111,991,000	100.0%	$115,513,000	100.0%

	2015**		2016**		2017**		2018***		2019***	
Source	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	$ 1,490,000	1.2%	$ 106,000	0.1%	$ 1,049,000	0.8%	$ 1,153,000	0.9%	$ 1,097,000	0.8%
Agriculture services, forestry, fisheries and others	397,000	0.3%	525,000	0.4%	504,000	0.4%	542,000	0.4%	545,000	0.4%
Mining	1,570,000	1.3%	698,000	0.6%	531,000	0.4%	791,000	0.6%	931,000	0.7%
Manufacturing	17,371,000	14.5%	18,019,000	15.1%	18,397,000	14.8%	19,236,000	14.9%	19,782,000	14.8%
Construction	6,864,000	5.7%	7,062,000	5.9%	7,432,000	6.0%	7,668,000	5.9%	8,029,000	6.0%
Wholesale and retail trade	13,181,000	11.0%	13,271,000	11.1%	13,436,000	10.8%	13,760,000	10.6%	14,216,000	10.6%
Finance, insurance and real estate	10,020,000	8.4%	10,009,000	8.4%	10,802,000	8.7%	11,072,000	8.6%	11,475,000	8.6%
Transportation and public utilities	7,220,000	6.0%	7,847,000	6.6%	8,387,000	6.7%	8,923,000	6.9%	9,425,000	7.1%
Services	38,121,000	31.8%	39,312,000	32.8%	41,157,000	33.0%	43,013,000	33.3%	44,747,000	33.5%
Government and government enterprises	23,432,000	19.6%	22,856,000	19.1%	22,856,000	18.4%	23,078,000	17.9%	23,432,000	17.5%
Earnings by Place of Work	$119,666,000	100.0%	$119,705,000	100.1%	$124,551,000	100.0%	$129,236,000	100.0%	$133,679,000	100.0%

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis (http://www.bea.gov)

NOTE: Percentages may not add to 100% due to rounding.

* Annual estimates computed with BEA table SQ5 by adding 4 quarters of each year and dividing by 4.

Quarterly charts show each quarter as an annualized amount based on amounts to date.

** Starting in 2015 Annual estimates computed with BEA table SA5N.

*** Starting in 2018 Annual estimates computed with BEA table SAINC5N.

Industrial classifications are based on the North American Industry Classification System (NAICS).

COMMONWEALTH OF KENTUCKY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Personnel										
Number of Full Time Employees-Executive Branch	27,623	28,913	30,216	31,104	31,977	32,547	31,819	31,961	32,270	32,365
Health Insurance Expenditures - Percentage Increase/(decrease)	0.0%	0.0%	0.4%	1.1%	2.0%	2.5%	2.0%	7.4%	(3.5%)	4.5%
Education										
K-12 Enrollment	647,987	669,449	671,899	655,475	679,686	680,519	678,884	677,394	647,827	644,963
K-12 Attendance Rate	NA – COVID 19	94.20%	94.40%	94.50%	94.50%	94.50%	94.60%	94.52%	94.05%	94.05%
K-12 Graduation Rate	4YR 91.1%; 5YR 92.0%; 4/5 AVG 91.6%	90.60%	89.70%	89.50%	88.60%	87.90%	87.40%	86.10%	76.68%	80.5%**
Average ACT Score	19.5	19.8	20.2	20.1	20	20	19.9	19.6	19.8	19.6
GED Graduates	2,843	3,332	3,404	3,299	3,091	1,663	7,083	8,890	9,469	10,294
College Going Rate for 9th Graders	NA	NA	NA	NA	NA	NA	46.9%	38.9%	42%	42%
Postsecondary Education Enrollment	201,963	202,076	204,506	207,671	208,251	215,509	220,963	225,415	235,833	232,318
Bachelor's and Higher Degrees Awarded	40,433	37,621	35,880	34,326	34,110	32,706	32,374	32,237	30,034	29,911
Justice and Public Safety										
Incarcerated Population-Daily Average	23,061	23,888	23,585	23,168	22,012	21,106	20,446	21,542	21,471	20,785
Probation and Parole Population - Daily Average	49,839	49,421	47,540	46,046	45,956	46,008	45,755	43,196	41,790	41,534
Health and Family Services										
Medicaid Enrollment-Average	1,385,259	1,383,929	1,427,523	1,404,625	1,375,071	1,243,432	997,556	829,826	825,648	815,460
Food Stamp Recipents-Monthly Average	531,773	515,918	631,686	685,771	686,773	788,485	843,164	869,035	843,939	814,176
Temporary Assistance for Needy Families (TANF)-Monthly Average	35,070	38,047	41,298	45,874	38,823	42,995	47,996	49,148	48,817	50,583
Children with substantiated incidences	18,578	21,752	24,783	22,526	20,031	19,858	15,193	17,884	15,699	15,721
Environmental and Public Protection										
Air Pollution Source Inspections	3,919	3,270	3,647	3,724	3,652	3,448	3,939	3,919	3,355	3,390
Waste Management Inspections	6,263	6,706	7,178	6,394	6,761	6,866	6,484	6,239	6,062	6,155
Acres of Land Reforested	1,138	8,748	1,565	6,081	2,626	5,472	3,573	8,309	10,396	4,827
Mine Permits Issued	230	334	317	170	381	446	515	606	719	691
Mine Reclamation and Enforcement Inspections	19,498	17,988	16,803	16,682	18,551	20,011	21,450	23,003	26,942	25,392
Mine Safety-Completed Inspections	1,033	514	509	924	1,529	2,651	3,023	3,546	3,203	3,102
Transportation										
Percentage of Total Road System Needing Improvement	26.5%	25.1%	19.6%	17%	17%	17%	19%	19%	19%	15%
Statewide Road Maintainance Rating (Target Score = 80)	81.4	81	84.5	82.6	84	83.7	82.5	80.5	80.1	81.5
Daily Miles Traveled-Percentage Changed (as compared to 2005 Data)	2.61%	4.46%	3.90%	3.82%	1.52%	(0.31%)	(2.09%)	(1.98%)	0.17%	0.20%
State-Maintained Lane Miles-Annual Percent Change	0.03%	0.07%	0.25%	0.25%	0.08%	0.13%	0.33%	0.03%	0.10%	0.30%
Kentucky Road Construction Cost Index-Percent Increase (1987 Base Year)	82.2%	81.3%	64.0%	47.9%	49.5%	45.4%	43.6%	34.9%	10.7%	35.2%

Source: Kentucky Office of the State Budget Director

* First graduating class in which all students were required to take the ACT. A reduction was expected.

**First year using Average Freshman Graduation Rate

NA Information is not available

COMMONWEALTH OF KENTUCKY
CAPITAL ASSET STATISTICS BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government										
Number of Buildings	321	313	367	367	324	312	312	313	310	292
Number of Vehicles	368	328	295	321	341	299	303	305	377	394
Land (Acres)	15,304	15,304	15,313	15,307	15,307	15,264	15,263	15,251	15,041	14,968
Commerce										
Number of Resort Parks	17	17	17	17	17	17	17	17	17	17
Number of Recreation Parks	22	23	23	23	23	23	21	21	21	23
Number of Historic Sites	8	8	11	11	11	11	11	11	9	10
Area of State Parks (Acres)	46,685	45,370	45,464	45,426	45,409	45,409	45,180	45,180	45,180	42,397
Education and Humanities										
Number of Buildings	60	60	61	77	64	65	65	65	65	66
Number of Vehicles	46	56	56	58	65	64	68	83	89	105
Land (Acres)	383	383	384	385	385	385	387	387	387	388
Human Resources										
Number of Buildings	133	136	139	163	167	160	182	182	182	182
Number of Vehicles	19	19	19	17	17	19	18	24	23	45
Land (Acres)	948	1,166	1,167	1,192	1,206	1,206	1,206	1,206	1,206	1,206
Justice										
Number of Buildings	445	438	443	517	455	447	449	452	459	465
Number of Vehicles	2,056	1,937	1,878	1,760	1,803	1,720	1,715	1,753	2,043	2,102
Land (Acres)	8,735	8,735	8,735	8,735	8,735	8,735	8,735	8,735	8,685	8,865
Natural Resources and Environmental Protection										
Number of Buildings	45	25	25	30	30	22	20	20	20	21
Number of Vehicles	848	840	815	825	832	807	797	793	847	827
Land (Acres)	67,641	67,142	66,473	66,401	66,187	66,187	65,609	64,585	62,661	60,003
Public Protection and Regulation										
Number of Vehicles	228	220	183	179	157	146	140	149	132	118
Transportation										
Number of Lane Miles -State Maintained Highways	63,854	63,836	63,836	63,753	63,586	64,187	63,407	63,196	63,175	63,135
Number of State maintained Bridges	9,048	9,033	9,027	8,928	9,016	9,011	9,000	8,976	8,972	8,957
Land (Acres)	1,665	1,665	1,656	1,656	1,656	1,656	1,700	1,653	1,653	1,653

Source: Kentucky Finance and Administration Cabinet, Office of the Controller.

COMMONWEALTH OF KENTUCKY
OPERATING INFORMATION
STATE GOVERNMENT EMPLOYEES BY FUNCTION
FOR THE LAST TEN FISCAL YEARS

	2020	2019	2018	2017
FULL-TIME EMPLOYEES				
FUNCTION				
General Government	4,321	4,552	4,771	4,565
Legislative and Judicial	3,594	3,651	4,038	3,772
Commerce	1,402	1,478	1,684	1,685
Education and Humanities	1,783	1,910	2,192	2,392
Human Resources	6,377	6,389	7,142	7,197
Justice	7,397	7,457	7,755	7,784
Natural Resources and Environmental Protection	1,240	1,225	1,329	1,396
Public Protection and Regulation	958	947	982	1,019
Transportation	4,145	4,153	4,528	4,571
Total full-time employees	31,217	31,762	34,421	34,381
PART-TIME and TEMPORARY EMPLOYEES				
FUNCTION				
General Government	626	683	657	666
Legislative and Judicial	348	379	542	422
Commerce	371	645	578	518
Education and Humanities	256	191	154	153
Human Resources	405	401	138	158
Justice	67	61	30	12
Natural Resources and Environmental Protection	149	169	18	15
Public Protection and Regulation	33	29	24	15
Transportation	113	71	104	124
Total part-time and temporary employees	2,368	2,629	2,245	2,083
Total Employees	33,585	34,391	36,666	36,464

2016	2015	2014	2013	2012	2011
4,570	4,671	4,775	5,089	4,669	4,738
3,553	3,578	3,540	4,159	3,503	3,502
1,696	1,633	1,699	1,520	1,914	1,972
2,363	2,613	2,671	2,671	2,701	2,696
7,176	7,466	7,523	7,470	7,481	7,517
7,735	7,832	7,896	8,054	8,070	8,016
1,383	1,387	1,445	1,608	1,614	1,648
1,005	1,124	1,120	1,034	1,097	1,113
4,551	4,629	4,650	4,690	4,682	4,670
34,032	34,933	35,319	36,295	35,731	35,872
665	650	662	649	663	657
404	421	445	426	484	476
538	479	494	488	498	384
156	200	212	211	227	198
197	123	137	126	119	108
13	16	19	21	24	26
14	13	13	18	26	31
16	17	14	18	20	30
138	77	68	88	40	138
2,141	1,996	2,064	2,045	2,101	2,048
36,173	36,929	37,383	38,340	37,832	37,920

ACKNOWLEDGMENTS

The Commonwealth of Kentucky's Comprehensive Annual Financial Report was prepared by the Finance and Administration Cabinet, Office of the Controller, Office of Statewide Accounting Services, Financial Reporting Branch and the Fixed Assets Branch:

Jackie Green
Anna Haydon
Pam Howarah
Jason Mach
Dee Dee McCrosky
Joe McDaniel
Phil Nally
Jessica Pinkston
Christina Shuffett
Brittany Wise

Special acknowledgement goes to:

All fiscal and accounting personnel throughout Kentucky State Government, along with the Auditor of Public Accounts' staff, whose dedicated efforts and cooperation contributed to the compilation of financial information that appears in the report.

The cover photograph titled, "Capital Compassion." "For me, the Kentucky Capitol building is a beacon of unwavering Kentucky spirit and perseverance through these trying times [the pandemic] and we will get through this together." Marcia Adams, Office of the Controller.

The Kentucky Transportation Cabinet's Division of Graphic Design and Printing staff provided printing services.