

# Kentucky

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## Annual Comprehensive Financial Report

for the Fiscal year ended  
June 30, 2023

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TEAM  
KENTUCKY®

FINANCE AND  
ADMINISTRATION CABINET

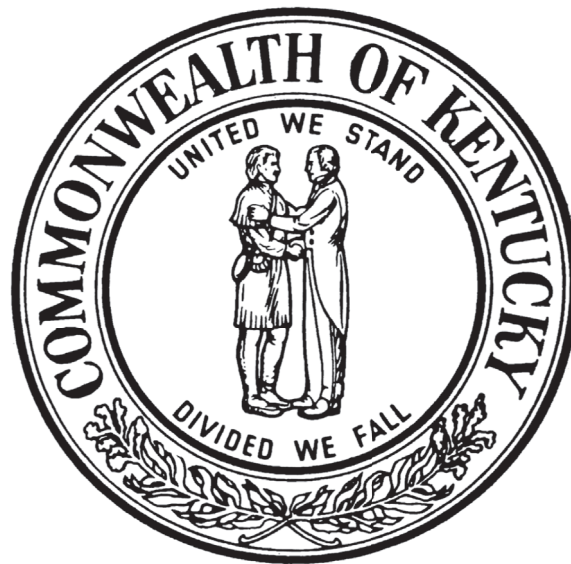


artwork by Jana Goode



Commonwealth of Kentucky Annual Comprehensive Financial  
Report for the Fiscal Year Ended June 30, 2023

Andy Beshear, Governor



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

Office of the Controller  
L. Joe McDaniel, Controller



Andy Beshear  
Governor



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# INTRODUCTORY SECTION

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**FINANCE AND ADMINISTRATION CABINET  
OFFICE OF THE SECRETARY**

**Andy Beshear**  
Governor

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**Holly M. Johnson**  
Secretary

February 27, 2024

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

**INTRODUCTION**

Under Kentucky Revised Statutes (KRS) Section 48.800 (3), the Finance and Administration Cabinet is required 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 Annual Comprehensive Financial Report of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2023.

This report is prepared by the Office of Statewide Accounting within the Finance and Administration Cabinet’s Office of the Controller, 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, 2023, 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 that 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 Employees 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 and 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 the 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 that 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***

The August S&P IHS Markit economic outlook suggests that the US economy is poised for a modest expansion, avoiding the suggestion of an outright recession in the control scenario. While the Federal Reserve remains vigilant in the fight against inflation, other economic aggregates will keep the economy out of a recession in the near term.

Growth in real GDP is expected to be 1.8 percent in the second, third and fourth quarters of FY24, compared to the same periods one year prior. Among the five components of real GDP, real exports are poised to grow the quickest in percentage terms, increasing 2.8 percent. Growth in real imports, a deduction from real GDP, is expected to slightly trail real exports. Real imports are forecasted to increase 2.6 percent in the final three quarters of FY24, compared to the same quarters in FY23. Real government expenditures are also expected to be a positive contributor to overall economic growth over the nine-month outlook, increasing 2.0 percent.

Real investment growth is expected to regain positive movement over the three-quarter forecast horizon, rising 1.4 percent. Real investment continues to struggle under the weight of high interest rates and tightening lending standards by financial institutions that has led to a decline in business activity. A dampening business climate and the slower growth in economic output have lowered future expectations, thus lowering the internal rate of return on investments. Coupled with high borrowing costs, fewer business investments have an internal rate of return higher than prevailing costs of borrowing. While prevailing interest rates are expected to ease, borrowing costs are still expected to remain above pre-pandemic levels for the duration of the forecast periods.

Growth in real consumption is projected to increase 1.9 percent over the forecasting horizon, compared to the same period one year prior. Real consumption made up 70.6 percent of real GDP in the first quarter of FY24, so the outlook for real consumption plays a major role in shaping the path of real GDP. Over the last 13 quarters, adjacent-quarter growth has averaged 1.6 percent per quarter. This is solid to good growth but has tapered in the last three quarters. Compared to the recent trend in real consumption, the 1.9 percent projected growth over the forecasting horizon represents a marked slowdown in real consumption. Factors at play include persistent inflation, higher interest rates, and rising consumer debt.

Federal fiscal policy remains a major headwind assumed in the outlook. The Supreme Court ruled against the Biden Administration's plan to forgive one third of student debt. Meanwhile, forbearance on student loan payments expired on August 31. These changes are anticipated to moderately restrain consumer spending. Additionally, the continued unwinding of temporary pandemic-era relief initiatives, which include expansion of the child tax credit, a 15 percent increase in SNAP benefits, expanded eligibility for Medicaid and CHIP benefits, and the 6.2 FMAP increase for Medicare all serve to curb aggregate demand for goods and services. A significant decline in Medicaid rolls over the next 18 months is anticipated.

Among other broad US aggregate statistics, a slight uptick in the rate of unemployment is expected over the final quarters of FY24, reaching 3.7 percent compared to the 3.5 percent rate in FY23. The US jobless rate remains near historic lows. Total non-farm employment is expected to increase 1.1 percent in the final three quarters of FY24, representing a gain of approximately 1.7 million seasonally adjusted jobs. Labor markets will remain tight over the three-quarter outlook, slowing the pace of job expansion.

US personal income is expected to increase 4.6 percent in the final three quarters of FY24. The US wages and salaries component is anticipated to continue its positive trajectory with a 5.1 percent increase over the nine-month outlook. The projected increase in personal income is also attributed to strong growth in dividends, interest, and rents, which is forecasted to grow 6.5 percent in the final three quarters of FY24, compared to the same period one year prior. Transfer receipts are expected to rise 3.0 percent over the second, third and fourth quarters of FY24.

### ***Kentucky Outlook***

Kentucky personal income grew 3.6 percent in the first quarter of FY24, a ninth consecutive increase in total personal income. The outlook for personal income projects positive growth in the second, third and fourth quarters of FY24, increasing 3.7 percent compared to the final three quarters of FY23. Growth at the projected level would represent a \$8.8 billion nominal increase in Kentuckians' personal income. Wages and salaries, the largest component of personal income, represents 49.4 percent of personal income growth over the forecasted horizon. The Kentucky wages and salaries component of personal income is poised to grow by 4.3 percent in the final three quarters of FY24, compared to the same periods one year prior. US wages and salaries growth is projected to be 5.1 percent, slightly outpacing the same projected employee compensation of Kentuckians.

Kentucky non-farm employment is anticipated to grow by 0.2 percent over the next three fiscal quarters, adding approximately 3,800 jobs to the Commonwealth's economy. Seven of the eleven supersectors are forecasted to experience varying degrees of employment gains over the nine-month forecast. In absolute and percentage terms, the service-providing sector is expected to experience the most pronounced job growth with an increase of 6,000 jobs, or a 0.4 percent increase over the outlook period.

The sector with the fastest anticipated growth is leisure and hospitality services employment. Leisure and hospitality services employment is expected to increase by 3.2 percent, or 6,300 jobs during the next three quarters. Leisure and hospitality were significantly affected by the 2020 recession. Also, that sector has been slow to recover during the latest expansion. The sector with the second fastest anticipated growth is government employment, which is expected to grow 2.1 percent, or 6,300 jobs over the three-quarter forecast horizon. Government employment includes government employment from the federal, state, and local levels.

Employment in the goods-producing sector is forecasted to contract over the forecasting horizon by approximately 5,400 jobs, a 1.5 percent decline compared to the same periods one year prior. In absolute terms, manufacturing employment is anticipated to have the most significant decline across all supersectors. Over the final three quarters of FY24, the manufacturing employment sector is anticipated to lose roughly 4,900 annualized jobs, accounting for a decrease of 1.9 percent compared to the same three quarters in FY23. Fiscal year 2023 was a high base of comparison for Kentucky manufacturing growth, as Kentucky grew 4.1 percent in FY23 compared to the 2.8 percent growth for the manufacturing sector in the national economy.

## *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 2023 are:

Net Bonded Debt (thousands)	Ratio of Net Bonded Debt to Governmental Funds Revenues	Net Bonded Debt Per Capita
\$ 4,801,964	12.05%	\$ 1,064

No general obligation bonds were authorized or outstanding at June 30, 2023.

A detailed analysis of the Commonwealth's debt issuance during the fiscal year ended 2023 is presented in [Note 16](#).

### *Major Trends*

The Commonwealth's fiscal health has been trending positively in the last several years. Fiscal year 2023 was the third consecutive year with a General Fund budget surplus in excess of \$1 billion. Fiscal year 2023's surplus was \$1.5 billion, the largest surplus ever. Both Fitch and Standard and Poor's upgraded Kentucky's credit rating, unprecedented in one year. Fitch moved Kentucky's rating up from AA- to AA and Standard and Poor's upgraded the Commonwealth from A to A+. Kentucky's Rainy Day Fund has now risen to over \$3.7 billion

Underlying Kentucky's good fiscal position is an economy that has recovered strongly from the pandemic recession in the spring of 2020. Total job growth was up 2.6 percent. Construction jobs were up 7.2 percent and manufacturing jobs were up 3.5 percent, both outpacing national growth rates.

Beginning with tax year 2023, Kentucky's flat individual income tax rate was reduced to 4.5 percent from 5 percent. Even with that reduction, General Fund revenues still rose by 3 percent, after two double-digit growth years. General Fund spending rose by 10 percent.

General Fund receipts totaled \$15.1 billion, exceeding the budgeted estimate by \$1.4 billion. The largest three tax types — individual income, sales, and business tax receipts — all exceeded their budgeted estimates. Sales taxes grew by 10 percent, the third consecutive year of double-digit growth. After two years of growth in excess of 30 percent, major business taxes grew by three percent.

Road Fund revenues came in at a record \$1.75 billion, \$112.8 million more than budgeted, with a growth rate of 4.7 percent. That yielded a \$32.3 million revenue surplus. Motor vehicle usage receipts set a new record in fiscal year 2023 at \$660.3 million which was \$31 million more than the prior year. Motor fuels revenues grew by \$23.7 million or 3 percent.

The past four years have been the best in Kentucky's history for new private-sector investments, with \$28.5 billion announced by Governor Beshear since December 2019. This is the highest investment figure for any governor in state history. Governor Beshear also has announced more than 940 private-sector new-location and expansion projects, creating 50,505 jobs.



Governor Beshear announced the two largest economic development projects in state history. In September 2021, the Governor and leaders from Ford Motor Co. and SK On celebrated a transformative \$5.8 billion investment to build two massive electric battery plants that will create 5,000 jobs in Hardin County. In April 2022, the Governor was joined by leadership at AESC to announce a \$2 billion investment to build a state-of-the-art electric vehicle battery gigafactory that will create 2,000 jobs in Warren County. These announcements solidify Kentucky as the EV battery production capital of the United States.

Since 2021, Kentucky's average incentivized wage before benefits topped \$24 per hour for three consecutive years for the first time, with the 2022 and 2023 figures coming in at \$26.87 and \$26.67, respectively.

In fiscal policy, the General Assembly passed a number of tax actions that reduced General Fund estimated revenues by \$326.8 million in fiscal year 2023. The largest portion was a reduction in the individual income tax rate from 5 to 4.5 percent. Additional services were made subject to the sales tax along with a new car/ride share tax, and Kentucky's first hybrid and electric vehicle registration fee.

Fiscal year 2023 is the first year of the 2022-2024 biennial budget. Overall General Fund spending for fiscal year 2023 was budgeted to increase by 3.6 percent. There was a significant amount of one-time spending due to the prior year budget surpluses. This included \$934 million to pay down pension liabilities. The budget created a new economic development program, the Kentucky Product Development Initiative, which provided \$100 million for grants to counties for economic development site acquisition and improvements. The Commonwealth, along with the state of Ohio, obtained a \$1.6 billion federal grant for the Brent Spence Ohio River bridge corridor project. An additional \$250 million was provided from the General Fund for the project.

The budget also allocated \$1.2 billion of Kentucky's \$2.2 billion federal grant award for the State and Local Fiscal Recovery Fund. The largest uses were \$304 million for water and wastewater infrastructure, \$242.6 million to the Unemployment Insurance Trust Fund, and \$168.7 million for urgently needed school construction and renovation projects.

Education funding was boosted with a 2.5 percent increase for the formula funding program for public schools, higher funding for pupil transportation, and \$170 million for renovations to high school career and technical education facilities. The budget included the biggest funding increase for postsecondary education since before the Great Recession, including \$80 million more in funding to the postsecondary education performance fund, a \$700 million investment in the preservation of postsecondary education capital assets, and more funding to student aid programs.

The fiscal year 2023 budget invested in state government's workforce, providing an 8 percent salary increase across-the-board for state employees, and special increases for state police troopers, social service workers, and correctional officers.

The budget supported quality healthcare for Kentuckians: it fully funded the Medicaid program; provided funding to stand up and operate Kentucky's 988 crisis support line; and provided funding for the transformation of the public health system. Kentucky was ranked number one in the country for the number of residential substance-use disorder treatment beds per capita. In addition, state leaders expanded Medicaid coverage for new mothers, boosted Kentucky's workforce by adding dental, vision, and hearing coverage to the Medicaid program, and helped cap the cost of insulin.

## 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, state leaders 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.

### *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



**FINANCE AND ADMINISTRATION CABINET  
OFFICE OF THE CONTROLLER**

**Andy Beshear**  
Governor

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**Holly M. Johnson**  
Secretary

**L. Joe McDaniel**  
Controller

February 27, 2024

The Honorable Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
200 Mero St. 5th Floor  
Frankfort, Kentucky 40622

Dear Secretary Johnson:

Pursuant to Section 48.800 (3) of the Kentucky Revised Statutes, the Annual Comprehensive Financial Report (ACFR) of the Commonwealth of Kentucky for the fiscal year ended June 30, 2023, 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,

A handwritten signature in blue ink, appearing to read "L. Joe McDaniel", with a stylized flourish at the end.

L. Joe McDaniel, Controller

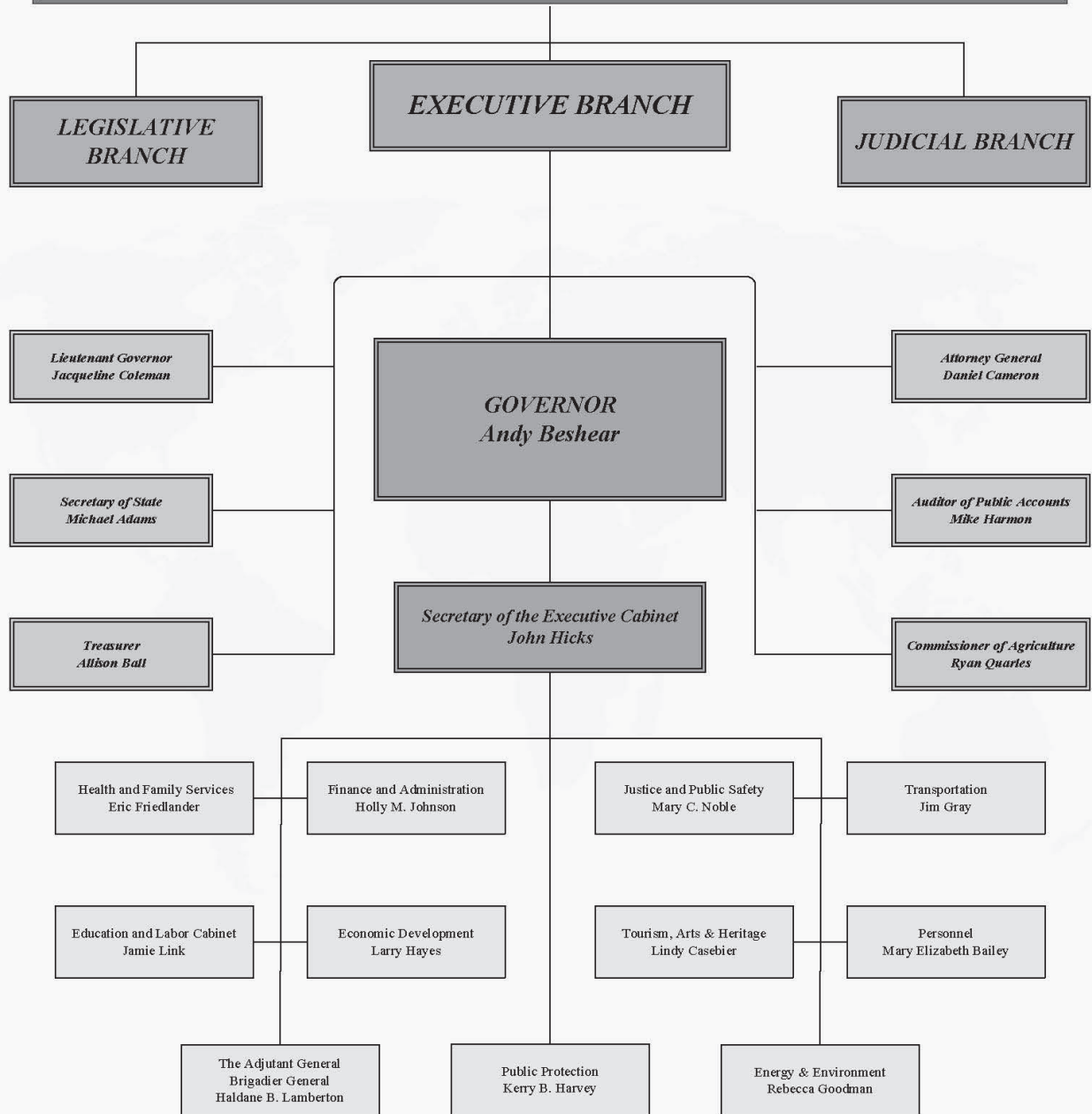




# COMMONWEALTH OF KENTUCKY

ELECTORATE OF KENTUCKY

"UNITED WE STAND, DIVIDED WE FALL"



\*Principal Officials at June 30, 2023

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# **FINANCIAL SECTION**

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

**Independent Auditor’s Report**

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

***Report on the Audit of the Financial Statements***

***Qualified and Unmodified Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the Commonwealth’s basic financial statements as listed in the table of contents.

***Qualified Opinion on the Insurance Administration Fund Statement of Revenues, Expenses, and Changes in Fund Net Position and Statement of Cash Flows***

In our opinion, except for the effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Insurance Administration Fund of the Commonwealth, as of June 30, 2023, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Unmodified Opinions on the Governmental Activities, Business-Type Activities, Aggregate Discretely Presented Component Units, Each Major Fund, Aggregate Remaining Fund Information, and the Insurance Administration Fund Statement of Net Position***

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, State Parks Fund, Kentucky Horse Park Fund, Kentucky Public Employees Health Insurance Fund, Unemployment Compensation Fund, aggregate remaining fund information, and the Insurance Administration Fund Statement of Net Position for the Commonwealth of Kentucky, as of June 30, 2023, 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.

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

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**Certain portions of the Proprietary Funds including:**

- The Kentucky Employees Public Health Insurance Fund
- Within the Insurance Administration Fund:
  - Kentucky Special Fund, Uninsured Employers’ Fund, and Self-Insurance Fund
  - Petroleum Storage Tank Environmental Assurance Program

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

- Transportation Cabinet’s Self-Insured Workers’ Compensation Trust Program

**Certain Fiduciary Funds including:**

- Kentucky Public Employees’ Deferred Compensation Authority
- Kentucky Teachers’ Retirement System
- Kentucky Judicial Form Retirement System

**Certain Private Purpose Trust Funds including:**

- Commonwealth Choice Program

**Component Units including:**

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Bluegrass State Skills Corporation</li> <li>• Kentucky Center for the Arts Corporation</li> <li>• Kentucky Economic Development Finance Authority</li> <li>• Kentucky Higher Education Assistance Authority</li> <li>• Kentucky Higher Education Student Loan Corporation</li> <li>• Kentucky Educational Television Authority</li> <li>• Kentucky Public Transportation Infrastructure Authority</li> </ul> | <ul style="list-style-type: none"> <li>• Kentucky Horse Park Foundation, Incorporated</li> <li>• Kentucky Housing Corporation</li> <li>• Kentucky Infrastructure Authority</li> <li>• Kentucky Lottery Corporation</li> <li>• Kentucky State Fair Board</li> <li>• Louisville Arena Authority</li> </ul> |
|---|--|

**Component Units - Colleges and Universities and related entities:**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• University of Kentucky</li> <li>• Eastern Kentucky University</li> <li>• Morehead State University</li> <li>• Northern Kentucky University</li> <li>• Kentucky Community and Technical College System</li> </ul> | <ul style="list-style-type: none"> <li>• University of Louisville</li> <li>• Murray State University</li> <li>• Western Kentucky University</li> <li>• Kentucky Council on Postsecondary Education</li> </ul> |
|---|---|

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:

<b>Government-Wide Financial Statements:</b>	<b>Percent of Assets</b>	<b>Percent of Revenues</b>
Primary Government - Governmental Activities	0.44%	0.10%
Primary Government - Business-Type Activities	14.25%	4.45%
Component Units	98.72%	99.29%



<b>Fund Financial Statements:</b>	<b>Percent of Assets</b>	<b>Percent of Revenues</b>
Governmental Funds - Non-Major Funds	11.98%	2.13%
Proprietary Funds - Business-Type Activities - Enterprise Funds	14.25%	4.45%
Proprietary Funds - Governmental Activities - Internal Service Funds	0.02%	1.00%
Fiduciary Funds - Pension and Insurance Trust Funds	56.01%	49.87%
Fiduciary Funds- Private Purpose Trust Funds	0.33%	98.37%

The Turnpike Authority of Kentucky’s financial statements were prepared on the Trust Indenture Basis of accounting, which 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.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commonwealth of Kentucky, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

***Basis for Qualified Opinion on the Statement of Revenues, Expenses, and Changes in Fund Net Position and the Statement of Cash Flows of the Insurance Administration Fund***

The Petroleum Storage Tank Environmental Assurance Fund accounts for a portion of the Insurance Administration Fund’s expenses. The component auditor issued a disclaimer of opinion on the Statement of Revenues, Expenses, and Changes in Fund Net Position and the Statement of Cash Flows of the Petroleum Storage Tank Environmental Administration Fund because there was no actuarial report as of June 30, 2022. As a result, the auditor was unable to obtain sufficient appropriate evidence about the amounts for claims liability and claims adjustment liability at June 30, 2022. The liability amounts for claims and claims adjustment expenses at June 30, 2022, affect the determination of claims expense and claims adjustment expense for the year ended June 30, 2023, which materially affect the results of operations and cash flows for the year ended June 30, 2023. This matter was confined to only the activity pertaining to the Petroleum Storage Tank Environmental Assurance Fund and was not deemed pervasive throughout the Insurance Administration Fund.

***Emphasis of Matter***

***Change in Accounting Principle***

As discussed in Note 2 to the financial statements, significant prior period adjustments were recorded due to error corrections on the government-wide financial statements and discretely presented component units. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

The Commonwealth’s management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Kentucky’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commonwealth of Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Kentucky's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 .49% percent of assets and .56% 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 17 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 through 205, 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 219, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 220 through 222, and the Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability on page 224 and 225 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
Page 5

***Supplementary Information Included in the Annual Report***

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 228 through 283 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 Included in the Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections presented in this report on pages 1 through 10 and pages 285 through 309 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we will also issue our report dated February 27, 2024 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully Submitted,  
  
Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

February 27, 2024

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Commonwealth of Kentucky's Annual Comprehensive Financial Report (ACFR) presents a discussion and analysis of the State's financial performance during the fiscal year ended June 30, 2023. 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 assets and deferred outflows of the Commonwealth's governmental activities exceeded its liabilities and deferred inflows for fiscal year ending June 30, 2023 by \$5.1 billion, resulting in an increase in net position of \$3.6 billion related to current year activity. Total net position increased by \$3.8 billion to \$6.3 billion. The primary reasons for this increase were due to deferrals relating to pension and other post-employment benefits and bonds and notes payable. The Governmental Activities total Deferred Outflows were \$5.9 billion which were comprised of \$6.3 million for Deferred Loss on Refunding, \$5.1 billion for Pension Related Outflows, and \$812 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$1.5 billion which were comprised of \$40.6 million for Deferred Gain on Refunding, \$12.6 million of Lessor Contracts Inflows, \$203.2 million for Pension Related Inflows, and \$1.3 billion for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's business-type activities exceeded liabilities by \$1.1 billion, an increase in net position of \$250.9 million related to current year activity. Business-Type Activities total Deferred Outflows were \$43.9 million which were comprised of \$31.8 million for Pension Related Outflows and \$12.1 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$19.7 million which were comprised of \$1.4 million of Lessor Contracts Inflows, \$6.4 million for Pension Related Inflows and \$11.9 million for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's discretely presented component units exceeded liabilities at fiscal year ending June 30, 2023, by \$16.6 billion, an increase of \$2.3 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 2023, the Commonwealth's governmental funds reported combined ending fund balances of \$9.7 billion. There was a change in inventory of \$12.0 million, for a combined net change of \$1.6 billion in comparison with the prior year. Approximately 41.2 percent or \$4.0 billion of the ending fund balance is restricted. There is unrestricted (committed, assigned, or unassigned) fund balance of \$5.6 billion available for spending either at the government's discretion or upon legislative approval.

Enterprise funds reported net position of \$1.1 billion, of which \$227 million was invested in capital assets, \$1.1 billion was restricted, and a balance of \$(216) million was unrestricted.

#### **Long-Term Debt:**

The Commonwealth's total long-term debt obligations (bonds and notes payable) decreased by \$273.8 million to \$5.6 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 they relate to one another.

<b>Table 1. Major Features of the Commonwealth of Kentucky's Government-Wide and Fund Financial Statements</b>				
	<b>Government-Wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental</b>	<b>Proprietary</b>	<b>Fiduciary</b>
<b>Scope</b>	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
<b>Required Financial Statements</b>	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
<b>Accounting Basis and Measurement Focus</b>	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
<b>Type of Asset/Liability Information</b>	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
<b>Type of Inflow – Outflow Information</b>	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 \$6.3 billion at the end of fiscal year 2023, as compared to \$2.5 billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$24.7 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 \$3.8 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 \$(22.3) 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, 2023 and June 30, 2022 as restated, 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	
	2023	2022	2023	2022	2023	2022
Current Assets	\$ 13,834,753	\$ 11,897,557	\$ 2,264,267	\$ 2,132,057	\$ 16,099,020	\$ 14,029,614
Capital Assets	27,793,667	26,943,628	244,139	244,842	28,037,806	27,188,470
Total Assets	41,628,420	38,841,185	2,508,406	2,376,899	44,136,826	41,218,084
Deferred outflows of resources	5,905,944	6,613,695	43,914	61,157	5,949,858	6,674,852
Non Current Liabilities	37,130,295	33,532,007	967,909	962,284	38,098,204	34,494,291
Other Liabilities	3,727,014	3,742,765	419,856	554,153	4,146,870	4,296,918
Total Liabilities	40,857,309	37,274,772	1,387,765	1,516,437	42,245,074	38,791,209
Deferred inflows of resources	1,528,558	6,620,568	19,724	27,705	1,548,282	6,648,273
Net investment in capital assets	24,499,797	25,611,314	227,031	227,926	24,726,828	25,839,240
Restricted	2,703,626	2,499,727	1,133,849	914,976	3,837,475	3,414,703
Unrestricted	(22,054,926)	(26,551,501)	(216,049)	(248,988)	(22,270,975)	(26,800,489)
Total Net Position	\$ 5,148,497	\$ 1,559,540	\$ 1,144,831	\$ 893,914	\$ 6,293,328	\$ 2,453,454

### 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 2023. The Commonwealth received program revenues of \$24.3 billion and general revenues (including transfers) of \$18.3 billion for total revenues of \$42.6 billion during fiscal year 2023. Expenses for the Commonwealth during fiscal year 2023 were \$38.7 billion, the total net position of the Commonwealth increased in the amount of \$3.8 billion, net of contributions, transfers and special items.

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

	2023	2022	2023	2022	2023	2022
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 1,947,799	\$ 1,674,102	\$ 2,621,770	\$ 2,562,797	\$ 4,569,569	\$ 4,236,899
Operating Grants and Contributions	18,702,399	17,974,786	—	—	18,702,399	17,974,786
Capital Grants and Contributions	1,040,155	1,028,150	—	—	1,040,155	1,028,150
<b>General Revenues:</b>						
Income Taxes	7,037,173	7,092,678	—	—	7,037,173	7,092,678
Sales Taxes	8,539,951	7,951,621	—	—	8,539,951	7,951,621
Property Taxes	790,911	725,415	—	—	790,911	725,415
Other Taxes	626,953	582,008	—	—	626,953	582,008
Investment Earnings	—	—	18,933	(37,699)	18,933	(37,699)
Other	1,254,518	1,231,424	4,840	360,657	1,259,358	1,592,081
<b>Total Revenues</b>	<b>39,939,859</b>	<b>38,260,184</b>	<b>2,645,543</b>	<b>2,885,755</b>	<b>42,585,402</b>	<b>41,145,939</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
General Government	3,891,581	1,574,029	—	—	3,891,581	1,574,029
Legislative and Judicial	395,581	424,171	—	—	395,581	424,171
Commerce	649,845	165,551	—	—	649,845	165,551
Education and Humanities	7,432,964	6,065,729	—	—	7,432,964	6,065,729
Human Resources	19,334,359	17,809,920	—	—	19,334,359	17,809,920
Justice	1,225,599	1,287,731	—	—	1,225,599	1,287,731
Natural Resources and Environmental Protection	219,004	210,835	—	—	219,004	210,835
Public Protection and Regulation	460,597	275,685	—	—	460,597	275,685
Transportation	2,448,529	2,109,058	—	—	2,448,529	2,109,058
Interest Expense	191,105	202,051	—	—	191,105	202,051
<b>Business-type Activities:</b>						
State Parks	—	—	117,960	107,211	117,960	107,211
Kentucky Horse Park	—	—	17,654	17,095	17,654	17,095
Kentucky Public Employees Health Plan	—	—	2,063,040	2,000,400	2,063,040	2,000,400
Insurance Administration	—	—	135,343	118,337	135,343	118,337
Unemployment Compensation	—	—	162,367	570,842	162,367	570,842
<b>Total Expenses</b>	<b>36,249,164</b>	<b>30,124,760</b>	<b>2,496,364</b>	<b>2,813,885</b>	<b>38,745,528</b>	<b>32,938,645</b>
Increase (Decrease) in Net Position Before Transfers	3,690,695	8,135,424	149,179	71,870	3,839,874	8,207,294
Transfers	(101,738)	(792,941)	101,738	792,941	—	—
Change in Net Position	3,588,957	7,342,483	250,917	864,811	3,839,874	8,207,294
Net Position, July 1, as restated	1,559,540	(5,782,943)	893,914	29,103	2,453,454	(5,753,840)
Net Position, June 30	\$ 5,148,497	\$ 1,559,540	\$ 1,144,831	\$ 893,914	\$ 6,293,328	\$ 2,453,454

**Governmental Activities:**

The governmental activities created an increase in the Commonwealth's net position of \$3.6 billion. The increase in governmental activities is largely the result of a \$5.1 billion decrease in deferred inflows of resources. Approximately 42.6 percent of the governmental activities' total revenue came from taxes, while 49.4 percent resulted from grants and contributions (including federal aid). Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient 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	\$ 3,891,581	\$ 1,545,584	\$ (2,345,997)
Legislative and Judicial	395,581	48,395	(347,186)
Commerce	649,845	231,846	(417,999)
Education and Humanities	7,432,964	2,221,428	(5,211,536)
Human Resources	19,334,359	15,671,153	(3,663,206)
Justice	1,225,599	161,891	(1,063,708)
Natural Resources and Environmental Protection	219,004	135,553	(83,451)
Public Protection and Regulation	460,597	230,496	(230,101)
Transportation	2,448,529	1,444,007	(1,004,522)
Interest Expense	191,105	—	(191,105)
<b>Totals</b>	<b>\$ 36,249,164</b>	<b>\$ 21,690,353</b>	<b>\$ (14,558,811)</b>

**Business-Type Activities:**

Table 5 below presents program expenses and revenues for business-type activities. The business-type activities resulted in an increase the Commonwealth's net position by \$250.9 million. Program revenues generated by the operations of the State Parks and the Kentucky Horse Park 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	\$ 117,960	\$ 52,849	\$ (65,111)
Kentucky Horse Park	17,654	11,685	(5,969)
Kentucky Public Employees Health Plan	2,063,040	2,056,285	(6,755)
Insurance Administration	135,343	119,486	(15,857)
Unemployment Compensation	162,367	381,465	219,098
<b>Totals</b>	<b>\$ 2,496,364</b>	<b>\$ 2,621,770</b>	<b>\$ 125,406</b>

**Overall Analysis**

Financial highlights for the State as a whole during fiscal year ended June 30, 2023, include the following:

- The assets of the State's governmental activities exceeded liabilities (net position) at the close of the fiscal year by \$5.1 billion and the State's business-type activities have assets that exceed liabilities (net position) by \$1.1 billion.
- The State's total net position increased during the year by \$3.8 billion. Net position of governmental activities increased by \$3.6 billion, and net position of business-type activities increased by \$250.9 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, 2023, the Commonwealth's governmental funds reported combined ending fund balances of \$9.7 billion, a net increase of \$1.6 billion in comparison with the prior year. \$82.7 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The \$4.0 billion is restricted for certain purposes and is not available to fund current operations. The \$5.6 billion 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, 2023, was \$5.4 billion. The balance reported reflects an increase of \$1.0 billion 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 \$7.9 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 \$0.5 billion from the previous year, a change of 2.3 percent. Expenditures increased by \$1.9 billion from the previous year, a change of 8.7 percent. The Transportation Fund experienced a slight increase in revenues and an increase in expenditures, resulting in a decrease in fund balance of \$149.4 million.

### **Proprietary Funds:**

The Commonwealth's proprietary funds reported net position of \$1.1 billion, which included \$1.1 billion in the enterprise funds and \$(60.3) million in the internal service funds. This is a total increase in net position of \$338.9 million from the previous year. This change in net position involved mainly from one fund, the Unemployment Compensation which had an increase of \$215.4 million for the 2023 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 increased. General Fund revenues, for the year, were more than the final budgetary estimates by approximately \$7.0 million. Actual expenditures for the year were approximately \$3.1 billion 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, 2023, amounts to \$29.5 billion, with accumulated depreciation of \$2.0 billion, leaving a net book value of \$28.0 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 2.3 percent in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$1.4 billion for the year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$162.1 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 64,101 lane miles of roads and approximately 9,039 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 Kentucky Asset/Liability Commission, the Kentucky School Facilities Construction Commission, the State Property and Buildings Commission, and the Turnpike Authority of Kentucky.

The Commonwealth of Kentucky’s bonded debt decreased by \$256.6 million to \$5.0 billion, a 4.9 percent decrease during the current fiscal year. The major factors in this decrease is a result of the refunding of old issues by the FY2023 new issues. The remaining liability on the retired bonds plus the FY2023 principal payments on the remaining bonds outstanding were greater than the FY2023 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2023. 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.

## ECONOMIC FACTORS

### Kentucky Outlook

Kentucky personal income grew 3.6 percent in the first quarter of FY24, a ninth consecutive increase in total personal income. The outlook for personal income projects positive growth in the second, third and fourth quarters of FY24, increasing 3.7 percent compared to the final three quarters of FY23. Growth at the projected level would represent a \$8.8 billion nominal increase in Kentuckians’ personal income. Wages and salaries, the largest component of personal income, represents 49.4 percent of personal income growth over the forecasted horizon. The Kentucky wages and salaries component of personal income is poised to grow by 4.3 percent in the final three quarters of FY24, compared to the same periods one year prior. US wages and salaries growth is projected to be 5.1 percent, slightly outpacing the same projected employee compensation of Kentuckians.

Kentucky non-farm employment is anticipated to grow by 0.2 percent over the next three fiscal quarters, adding approximately 3,800 jobs to the Commonwealth’s economy. Seven of the eleven supersectors are forecasted to experience varying degrees of employment gains over the nine-month forecast. In absolute and percentage terms, the service-providing sector is expected to experience the most pronounced job growth with an increase of 6,000 jobs, or a 0.4 percent increase over the outlook period.

The sector with the fastest anticipated growth is leisure and hospitality services employment. Leisure and hospitality services employment is expected to increase by 3.2 percent, or 6,300 jobs during the next three quarters. Leisure and hospitality were significantly affected by the 2020 recession. Also, that sector has been slow to recover during the latest expansion. The sector with the second fastest anticipated growth is government employment, which is expected to grow 2.1 percent, or 6,300 jobs over the three-quarter forecast horizon. Government employment includes government employment from the federal, state, and local levels.

Employment in the goods-producing sector is forecasted to contract over the forecasting horizon by approximately 5,400 jobs, a 1.5 percent decline compared to the same periods one year prior. In absolute terms, manufacturing employment is anticipated to have the most significant decline across all supersectors. Over the final three quarters of FY24, the manufacturing employment sector is anticipated to lose roughly 4,900 annualized jobs, accounting for a decrease of 1.9 percent compared to the same three quarters in FY23. Fiscal year 2023 was a high base of comparison for Kentucky manufacturing growth, as Kentucky grew 4.1 percent in FY23 compared to the 2.8 percent growth for the manufacturing sector in the national economy.

### **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, 200 Mero Street, 5th Floor, Frankfort, KY 40622.

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF NET POSITION**

**June 30, 2023**

**(Expressed in Thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 5)	\$ 3,754,749	\$ 229,366	\$ 3,984,115	\$ 3,413,915
Cash on deposit with the federal Government (Note 5)	—	834,960	834,960	—
Cash with fiscal agents (Note 5)	18,903	—	18,903	—
Restricted cash (Note 5)	44,582	—	44,582	—
Investments, net of amortization (Note 5)	6,406,040	662,095	7,068,135	3,285,117
Receivables, net (Note 4)	3,307,516	531,652	3,839,168	5,805,307
Notes receivable	126,689	—	126,689	—
Lease receivable (Note 11)	12,636	1,365	14,001	—
Internal balances (Note 7)	(1,270)	1,270	—	—
Inventories	84,521	1,347	85,868	148,579
Prepaid expenses	80,118	2,212	82,330	70,145
Unamortized cost of issuance	269	—	269	—
Restricted assets:				
Cash and cash equivalents (Note 5)	—	—	—	757,707
Investments (Note 5)	—	—	—	2,707,939
Capital assets (Note 6):				
Capital assets being depreciated, net	1,560,621	198,333	1,758,954	7,964,024
Capital assets not being depreciated	23,648,768	24,943	23,673,711	1,595,851
Lease assets, net of depreciation	184,305	1,281	185,586	1,101,122
Subscription assets, net of amortization	356,201	2,635	358,836	115,737
Construction in progress	2,043,772	16,947	2,060,719	374,252
Total Capital Assets	27,793,667	244,139	28,037,806	11,150,986
Other assets	—	—	—	680,440
Total Assets	41,628,420	2,508,406	44,136,826	28,020,135
Deferred outflows of resources (Note 16)	5,905,944	43,914	5,949,858	368,941
<b>Liabilities</b>				
Accounts payable (Note 4)	1,534,560	106,605	1,641,165	1,044,566
Tax refunds payable	295,433	—	295,433	—
Unearned revenue	954,417	5,095	959,512	415,503
Other liabilities	—	—	—	114,524
Liabilities from restricted assets	—	—	—	10,733
Noncurrent liabilities:				
Due within one year (Note 16)	942,604	308,156	1,250,760	943,977
Due in more than one year (Note 16)	37,130,295	967,909	38,098,204	7,654,932
Total Liabilities	40,857,309	1,387,765	42,245,074	10,184,235
Deferred inflows of resources (Note 16)	1,528,558	19,724	1,548,282	1,597,824
<b>Net Position</b>				
Net investment in capital assets	24,499,797	227,031	24,726,828	5,887,112
Restricted for:				
Debt service	133,086	—	133,086	695,796
Capital projects	1,878,455	—	1,878,455	350,607
Highways	692,085	—	692,085	—
Other purposes (Note 1)	—	1,133,849	1,133,849	5,076,266
Unrestricted	(22,054,926)	(216,049)	(22,270,975)	4,597,236
Total Net Position	\$ 5,148,497	\$ 1,144,831	\$ 6,293,328	\$ 16,607,017

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, 2023**  
**(Expressed in Thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 3,891,581	\$ 655,988	\$ 889,596	\$ —
Legislative and Judicial	395,581	44,889	3,506	—
Commerce	649,845	61,719	167,104	3,023
Education and Humanities	7,432,964	95,857	2,125,571	—
Human Resources	19,334,359	431,413	15,237,604	2,136
Justice	1,225,599	48,133	113,758	—
Natural Resources and Environmental Protection	219,004	49,303	86,250	—
Public Protection and Regulation	460,597	158,920	71,576	—
Transportation	2,448,529	401,577	7,434	1,034,996
Interest expense	191,105	—	—	—
Total Governmental Activities	36,249,164	1,947,799	18,702,399	1,040,155
Business-Type Activities:				
State Parks	117,960	52,849	—	—
Kentucky Horse Park	17,654	11,685	—	—
Kentucky Public Employees Health Plan	2,063,040	2,056,285	—	—
Insurance Administration	135,343	119,486	—	—
Unemployment Compensation	162,367	381,465	—	—
Total Business-Type Activities	2,496,364	2,621,770	—	—
Total Primary Government	\$ 38,745,528	\$ 4,569,569	\$ 18,702,399	\$ 1,040,155
<b>Component Units:</b>				
Authorities:				
Kentucky Housing Corporation	\$ 412,907	\$ 79,722	\$ 352,286	\$ —
Kentucky Higher Education Student Loan Corporation	(1,194)	26,303	—	—
Kentucky Lottery Corporation	1,458,877	1,840,997	—	—
Kentucky Public Transportation Infrastructure Authority	13,838	70,939	—	—
Universities, Colleges, & Related Entities:				
University of Kentucky	5,379,622	4,819,643	632,983	123,469
University of Louisville	3,616,598	3,241,569	128,518	—
Kentucky Community and Technical College System	574,516	115,987	122,915	—
Other Component Units	1,933,235	783,986	544,990	5,131
Total Component Units	\$ 13,388,399	\$ 10,979,146	\$ 1,781,692	\$ 128,600
<b>General Revenues (Note 1):</b>				
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 (or loss) on sale of capital assets				
Miscellaneous general				
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				Component Units
Governmental Activities	Business-Type Activities	Totals		
\$ (2,345,997)	\$ —	\$ (2,345,997)		
(347,186)	—	(347,186)		
(417,999)	—	(417,999)		
(5,211,536)	—	(5,211,536)		
(3,663,206)	—	(3,663,206)		
(1,063,708)	—	(1,063,708)		
(83,451)	—	(83,451)		
(230,101)	—	(230,101)		
(1,004,522)	—	(1,004,522)		
(191,105)	—	(191,105)		
(14,558,811)	—	(14,558,811)		
—	(65,111)	(65,111)		
—	(5,969)	(5,969)		
—	(6,755)	(6,755)		
—	(15,857)	(15,857)		
—	219,098	219,098		
—	125,406	125,406		
(14,558,811)	125,406	(14,433,405)		
—	—	—	\$	19,101
—	—	—		27,497
—	—	—		382,120
—	—	—		57,101
—	—	—		196,473
—	—	—		(246,511)
—	—	—		(335,614)
—	—	—		(599,128)
—	—	—		(498,961)
8,539,951	—	8,539,951		—
6,037,886	—	6,037,886		—
999,287	—	999,287		—
790,911	—	790,911		—
96,644	—	96,644		—
177,686	—	177,686		—
70,629	—	70,629		—
281,994	—	281,994		—
17,549	135	17,684		1,601,360
153,730	18,933	172,663		171,770
12,869	(52)	12,817		(957)
1,070,370	4,757	1,075,127		1,664,796
(101,738)	101,738	—		(410,557)
18,147,768	125,511	18,273,279		3,026,412
3,588,957	250,917	3,839,874		2,527,451
1,559,540	893,914	2,453,454		14,079,566
\$ 5,148,497	\$ 1,144,831	\$ 6,293,328	\$	16,607,017

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# GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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## 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..... 230

**COMMONWEALTH OF KENTUCKY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**  
(Expressed in Thousands)

	<u>General</u>	<u>Transportation</u>	<u>Federal</u>	<u>Agency Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>								
Cash and cash equivalents (Note 5)	\$ 2,039,401	\$ 76,930	\$ 652,489	\$ 330,561	\$ 97,433	\$ 13	\$ 530,416	\$ 3,727,243
Cash with fiscal agents (Note 5)	—	—	—	—	2,662	16,241	—	18,903
Restricted cash (Note 5)	—	—	44,582	—	—	—	—	44,582
Investments, net of amortization (Note 5)	3,005,369	522,634	—	1,332,027	664,223	19	839,718	6,363,990
Receivables, net (Note 4)	1,654,465	177,547	1,219,819	108,901	15,901	—	130,644	3,307,277
Notes receivable	—	—	—	3,220	—	122,660	809	126,689
Interfund receivables (Note 7)	8,245	110	5,956	224,435	2,315	—	17,902	258,963
Interfund loans receivable (Note 7)	—	—	—	1,347	—	—	9,638	10,985
Inventories	7,888	70,584	506	3,737	—	—	—	82,715
Total Assets	<u>\$ 6,715,368</u>	<u>\$ 847,805</u>	<u>\$ 1,923,352</u>	<u>\$ 2,004,228</u>	<u>\$ 782,534</u>	<u>\$ 138,933</u>	<u>\$ 1,529,127</u>	<u>\$ 13,941,347</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable (Note 4)	\$ 448,970	\$ 109,209	\$ 603,270	\$ 79,870	\$ 157,507	\$ —	\$ 33,251	\$ 1,432,077
Tax refunds payable	295,433	—	—	—	—	—	—	295,433
Interfund payables (Note 7)	117,595	23	104,673	6,256	148	—	32,039	260,734
Interfund loans payable (Note 7)	1,662	—	—	2,886	—	—	—	4,548
Unearned revenue	1	—	949,364	4,621	—	—	162	954,148
Total Liabilities	<u>863,661</u>	<u>109,232</u>	<u>1,657,307</u>	<u>93,633</u>	<u>157,655</u>	<u>—</u>	<u>65,452</u>	<u>2,946,940</u>
Deferred inflows of resources Unavailable	455,292	46,488	549,936	61,987	1,283	122,660	92,003	1,329,649
<b>Fund Balances:</b>								
Nonspendable (Note 1)	7,888	70,584	506	3,737	—	—	—	82,715
Restricted for (Note 1)	—	621,501	—	1,597,730	623,596	16,273	1,122,268	3,981,368
Committed to (Note 1)	—	—	—	201,121	—	—	231,306	432,427
Assigned to (Note 1)	634,794	—	—	46,020	—	—	18,098	698,912
Unassigned (Note 1)	4,753,733	—	(284,397)	—	—	—	—	4,469,336
Total Fund Balances	<u>5,396,415</u>	<u>692,085</u>	<u>(283,891)</u>	<u>1,848,608</u>	<u>623,596</u>	<u>16,273</u>	<u>1,371,672</u>	<u>9,664,758</u>
Total Liabilities and Fund Balances	<u>\$ 6,715,368</u>	<u>\$ 847,805</u>	<u>\$ 1,923,352</u>	<u>\$ 2,004,228</u>	<u>\$ 782,534</u>	<u>\$ 138,933</u>	<u>\$ 1,529,127</u>	<u>\$ 13,941,347</u>

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, 2023**

(Expressed in Thousands)

Total Fund Balances - Governmental Funds		\$	9,664,758
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	\$	342,136	
Buildings, equipment, and other depreciable assets		2,495,733	
Subscription assets		210,390	
Infrastructure		23,390,846	
Accumulated depreciation		(1,347,240)	
Construction in progress		1,994,096	
Leased Buildings, equipment, and other depreciable assets		241,303	
Accumulated depreciation, Leased Assets		<u>(58,275)</u>	27,268,989
Certain revenues are earned but not available, and therefore, are deferred in the funds.			1,329,649
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			22,381
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.			(60,319)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Lease obligations	\$	(171,088)	
Subscription liabilities		(157,245)	
Compensated absences		(308,400)	
Pollution remediation obligations		(17,323)	
Judgements and contingencies		(9,496)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations		(84,655)	
Net Pension/Other Postemployment Benefits liabilities and related deferred outflows/inflows		<u>(26,304,493)</u>	(27,052,700)
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	\$	(5,105,080)	
Notes payable		(421,643)	
Unamortized premiums and discounts		(388,022)	
Less deferred amounts on refundings		(34,319)	
Accrued interest payable		<u>(75,197)</u>	(6,024,261)
Net Position of Governmental Activities			<u>\$ 5,148,497</u>

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, 2023**  
**(Expressed in Thousands)**

	General	Transportation	Federal	Agency Revenue	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 14,565,230	\$ 1,559,515	\$ —	\$ 546,993	\$ —	\$ —	\$ 194,844	\$ 16,866,582
Licenses, fees, and permits	25,144	177,114	5	275,807	—	—	15,576	493,646
Intergovernmental	5,342	—	19,178,535	99,576	26,603	—	168,748	19,478,804
Charges for services	343,030	8,382	1,442	694,720	2,974	52,990	355,220	1,458,758
Fines and forfeits	31,681	2	—	21,152	—	—	18,812	71,647
Interest and other investment income	112,616	6,063	23,615	15,247	33,690	575	15,401	207,207
Increase (decrease) in fair value of investments	40,832	1,055	7,749	3,200	11,501	22	19,497	83,856
Other revenues	66,117	6,635	81,405	807,729	2,999	11,804	226,571	1,203,260
Total Revenues	15,189,992	1,758,766	19,292,751	2,464,424	77,767	65,391	1,014,669	39,863,760
<b>Expenditures</b>								
Current:								
General Government	2,712,334	—	355,044	269,655	—	—	254,897	3,591,930
Legislative and Judicial	490,151	—	3,074	41,403	—	—	—	534,628
Commerce	460,047	—	130,048	64,462	—	—	3,308	657,865
Education and Humanities	5,154,364	—	2,199,831	45,154	—	—	493,899	7,893,248
Human Resources	2,964,446	—	15,246,067	1,601,520	—	—	32,758	19,844,791
Justice	1,167,238	—	115,319	130,744	—	—	5,191	1,418,492
Natural Resources and Environmental Protection	84,627	—	82,142	59,341	—	—	4,602	230,712
Public Protection and Regulation	19,249	—	75,500	181,364	—	—	24,782	300,895
Transportation	19,590	1,813,277	954,259	197,153	—	—	170,771	3,155,050
Debt service:								
Principal retirement	—	—	—	—	—	389,021	190,193	579,214
Interest and fiscal charges	—	—	—	—	—	166,863	70,889	237,752
Other expenditures	—	—	—	—	—	5,330	—	5,330
Capital outlay:								
Buildings	—	—	—	—	298,252	—	—	298,252
Total Expenditures	13,072,046	1,813,277	19,161,284	2,590,796	298,252	561,214	1,251,290	38,748,159
Excess (Deficiency) of Revenues over (under) Expenditures	2,117,946	(54,511)	131,467	(126,372)	(220,485)	(495,823)	(236,621)	1,115,601
<b>Other Financing Sources (Uses)</b>								
Transfers in	36,032	1,319	—	972,838	313,346	494,077	976,972	2,794,584
Transfers out	(1,268,743)	(170,214)	(206,908)	(436,038)	(32,314)	—	(800,377)	(2,914,594)
Leases and SBITA	89,021	74,021	62,942	33,579	—	—	—	259,563
Issuance of bonds:								
New issues	—	—	—	—	234,268	—	84,482	318,750
Refunding issues	—	—	—	—	—	54,840	—	54,840
Premiums	—	—	—	—	20,732	1,632	4,610	26,974
Discounts	—	—	—	—	—	(213)	(131)	(344)
Payments to refunded bond escrow agent	—	—	—	—	—	(55,875)	(308)	(56,183)
Total Other Financing Sources (Uses)	(1,143,690)	(94,874)	(143,966)	570,379	536,032	494,461	265,248	483,590
Net Change in Fund Balances	974,256	(149,385)	(12,499)	444,007	315,547	(1,362)	28,627	1,599,191
Fund Balances at July 1, as restated	4,421,304	830,998	(271,434)	1,404,005	308,049	17,635	1,343,045	8,053,602
Increase (decrease) in inventories	855	10,472	42	596	—	—	—	11,965
Fund Balances at June 30	\$ 5,396,415	\$ 692,085	\$ (283,891)	\$ 1,848,608	\$ 623,596	\$ 16,273	\$ 1,371,672	\$ 9,664,758

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, 2023  
(Expressed in Thousands)**

Net Change in Fund Balances-Total Governmental Funds \$ 1,599,191

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	\$ (84,775)	
Buildings, equipment, and other depreciable assets	130,529	
Infrastructure	560,048	
Accumulated depreciation	<u>(194,307)</u>	411,495

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 453,587

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	\$ 22,112	
Inventories	<u>11,965</u>	34,077

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. 87,653

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.

Lease payments	\$ 96,240	
Subscription payments	268,098	
Compensated absence payments	(45,202)	
Pollution remediation payments	(10,572)	
Litigation payments	(156)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	7,265	
Excess contributions to pension funds	<u>732,399</u>	1,048,072

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	\$ (346,811)	
Leases	(50,827)	
Subscription-based IT arrangements	(208,736)	
Repayment of bond principal	585,504	
Accrued interest	(24,172)	
Unamortized issue costs	<u>(76)</u>	<u>(45,118)</u>

Change in Net Position of Governmental Activities \$ 3,588,957

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

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# PROPRIETARY FUNDS FINANCIAL STATEMENTS

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## 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 ..... 240

**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Business-Type Activities-</b>		
	<b>State Parks</b>	<b>Kentucky Horse Park</b>	<b>Insurance Administration</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 5)	\$ 7,312	\$ 3,901	\$ 52,583
Cash on deposit with the federal government (Note 5)	—	—	—
Receivables, net (Note 4)	2,476	161	19,333
Interfund receivable (Note 7)	745	—	241
Lease Receivable (Note 11)	—	59	—
Inventories	1,137	210	—
Prepaid expenses	89	—	—
<b>Total Current Assets</b>	<b>11,759</b>	<b>4,331</b>	<b>72,157</b>
Noncurrent assets:			
Investments, net of amortization (Note 5)	22,798	15,190	380,370
Lease Receivable (Note 11)	—	1,306	—
Capital assets (Note 6):			
Capital assets being depreciated, net	115,159	80,075	3,099
Capital assets not being depreciated	20,490	4,453	—
Lease assets, net of depreciation	75	—	1,206
Subscription assets, net of amortization	—	—	—
Construction in progress	16,292	655	—
<b>Total Capital Assets</b>	<b>152,016</b>	<b>85,183</b>	<b>4,305</b>
<b>Total Noncurrent Assets</b>	<b>174,814</b>	<b>101,679</b>	<b>384,675</b>
<b>Total Assets</b>	<b>186,573</b>	<b>106,010</b>	<b>456,832</b>
Deferred outflows of resources (Note 16)	23,343	2,567	15,061
<b>Liabilities</b>			
Current liabilities:			
Accounts payable (Note 4)	6,516	697	1,361
Interfund payable (Note 7)	720	33	197
Interfund loans payable (Note 7)	—	—	—
Claims liability (Note 16)	—	—	54,819
Claims adjustment liability (Note 16)	—	—	12,970
Lease obligations (Note 11) (Note 16)	78	—	391
Subscription Liability (Note 11)(Note 16)	—	—	—
Notes payable (Note 16)	1,956	—	—
Pollution Remediation (Note 16)	—	3	—
Compensated absences (Note 16)	4,874	552	614
Unearned revenue	4,122	973	—
Other liabilities (Note 16)	—	—	—
<b>Total Current Liabilities</b>	<b>18,266</b>	<b>2,258</b>	<b>70,352</b>
Noncurrent liabilities:			
Claims liability (Note 16)	—	—	451,676
Claims adjustment liability (Note 16)	—	—	53,845
Lease obligations (Note 11) (Note 16)	43	—	842
Subscription liability (Note 11)(Note 16)	—	—	—
Notes payable (Note 16)	11,318	—	—
Pollution Remediation (Note 16)	—	347	—
Compensated absences (Note 16)	257	29	1,455
Net pension liability (Note 8) (Note 16)	203,398	22,275	110,644
Net OPEB Liability (Note 9) (Note 16)	32,317	3,466	17,920
Other liabilities (Note 16)	—	—	—
<b>Total Noncurrent Liabilities</b>	<b>247,333</b>	<b>26,117</b>	<b>636,382</b>
<b>Total Liabilities</b>	<b>265,599</b>	<b>28,375</b>	<b>706,734</b>
Deferred inflows of resources (Note 16)	8,516	2,294	8,254
<b>Net Position</b>			
Net investment in capital assets	138,622	85,337	3,072
Restricted for:			
Other purposes (Note 1)	—	—	11,937
Unrestricted	(202,821)	(7,429)	(258,104)
<b>Total Net Position</b>	<b>\$ (64,199)</b>	<b>\$ 77,908</b>	<b>\$ (243,095)</b>

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

Enterprise Funds				Governmental			
Kentucky Public Employees Health Plan		Unemployment Compensation		Activities-Internal Service Funds			
				Totals June 30, 2023			
\$	161,653	\$	3,917	\$	229,366	\$	27,505
	—		834,960		834,960		—
	140,931		368,751		531,652		239
	1,226		8		2,220		634
	—		—		59		—
	—		—		1,347		1,806
	2,123		—		2,212		58,008
	<u>305,933</u>		<u>1,207,636</u>		<u>1,601,816</u>		<u>88,192</u>
	243,737		—		662,095		42,050
	—		—		1,306		—
	—		—		198,333		268,138
	—		—		24,943		16,734
	—		—		1,281		1,276
	2,635		—		2,635		188,854
	—		—		16,947		49,676
	<u>2,635</u>		<u>—</u>		<u>244,139</u>		<u>524,678</u>
	<u>246,372</u>		<u>—</u>		<u>907,540</u>		<u>566,728</u>
	<u>552,305</u>		<u>1,207,636</u>		<u>2,509,356</u>		<u>654,920</u>
	<u>2,943</u>		<u>—</u>		<u>43,914</u>		<u>30,231</u>
	39,873		58,158		106,605		37,052
	—		—		950		133
	—		—		—		6,437
	127,035		—		181,854		32,031
	—		—		12,970		662
	—		—		469		3,375
	245		—		245		32,999
	—		—		1,956		601
	—		—		3		—
	319		—		6,359		2,586
	—		—		5,095		270
	<u>104,300</u>		<u>—</u>		<u>104,300</u>		<u>—</u>
	<u>271,772</u>		<u>58,158</u>		<u>420,806</u>		<u>116,146</u>
	—		—		451,676		202,146
	—		—		53,845		6,263
	—		—		885		1,471
	2,438		—		2,438		131,913
	—		—		11,318		1,158
	—		—		347		—
	17		—		1,758		2,665
	24,162		—		360,479		218,771
	3,894		—		57,597		37,566
	—		<u>27,566</u>		<u>27,566</u>		<u>—</u>
	<u>30,511</u>		<u>27,566</u>		<u>967,909</u>		<u>601,953</u>
	<u>302,283</u>		<u>85,724</u>		<u>1,388,715</u>		<u>718,099</u>
	<u>660</u>		<u>—</u>		<u>19,724</u>		<u>27,371</u>
	—		—		227,031		330,978
	—		1,121,912		1,133,849		—
	<u>252,305</u>		<u>—</u>		<u>(216,049)</u>		<u>(391,297)</u>
\$	<u>252,305</u>	\$	<u>1,121,912</u>	\$	<u>1,144,831</u>	\$	<u>(60,319)</u>

**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
<b>Operating Revenues:</b>			
Charges for sales and services:			
State parks sales and services	\$ 50,239	\$ —	\$ —
Horse park admissions and sales	—	11,683	—
Insurance receipts	—	—	118,022
Unemployment insurance receipts	—	—	—
Internal service fund receipts	—	—	—
Other services	2,610	2	1,464
Total Operating Revenues	<u>52,849</u>	<u>11,685</u>	<u>119,486</u>
<b>Operating Expenses:</b>			
Personal services	60,123	6,949	27,290
Utilities, rental, and other services	20,919	4,053	3,884
Commodities and supplies	24,096	2,288	633
Grants and subsidies	2	6	—
Depreciation and amortization	12,130	4,324	922
Travel	242	3	180
Claims expense	176	—	75,532
Claims adjustment expense	—	—	651
Other expenses	345	31	4
Total Operating Expenses	<u>118,033</u>	<u>17,654</u>	<u>109,096</u>
Operating Income (Loss)	<u>(65,184)</u>	<u>(5,969)</u>	<u>10,390</u>
<b>Nonoperating Revenues (Expenses):</b>			
Gain (loss) on sale of capital assets	(22)	(30)	—
Interest and other investment income	—	42	16,108
Increase (decrease) in fair value of investments	—	—	(12,584)
Interest expense	73	—	(94)
Intergovernmental	—	—	—
Other revenues (expenses)	2	4,619	(26,153)
Total Nonoperating Revenues (Expenses)	<u>53</u>	<u>4,631</u>	<u>(22,723)</u>
Income (Loss) before Capital Contributions and Transfers	(65,131)	(1,338)	(12,333)
Capital contributions			
Transfers in	79,876	17,606	23,005
Transfers out	(450)	(163)	(14,564)
Change in Net Position	<u>14,295</u>	<u>16,105</u>	<u>(3,892)</u>
Net Position at July 1, As Restated	(78,494)	61,803	(239,203)
Net Position at June 30	<u>\$ (64,199)</u>	<u>\$ 77,908</u>	<u>\$ (243,095)</u>

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, 2023	Activities- Internal Service Funds	
\$ —	\$ —	\$ 50,239	\$ —	
—	—	11,683	—	
2,056,285	—	2,174,307	—	
—	381,465	381,465	—	
—	—	—	259,249	
—	—	4,076	31,741	
<u>2,056,285</u>	<u>381,465</u>	<u>2,621,770</u>	<u>290,990</u>	
9,567	137	104,066	55,325	
1,296	390	30,542	51,980	
761	12	27,790	34,528	
—	161,827	161,835	691	
—	—	17,376	42,252	
2	1	428	136	
1,987,237	—	2,062,945	28,320	
—	—	651	430	
<u>64,055</u>	<u>—</u>	<u>64,435</u>	<u>—</u>	
<u>2,062,918</u>	<u>162,367</u>	<u>2,470,068</u>	<u>213,662</u>	
<u>(6,633)</u>	<u>219,098</u>	<u>151,702</u>	<u>77,328</u>	
—	—	(52)	1,171	
15,357	—	31,507	261	
10	—	(12,574)	—	
(122)	—	(143)	(8,736)	
135	—	135	—	
<u>136</u>	<u>—</u>	<u>(21,396)</u>	<u>(3)</u>	
<u>15,516</u>	<u>—</u>	<u>(2,523)</u>	<u>(7,307)</u>	
8,883	219,098	149,179	70,021	
125	—	120,612	32,343	
—	(3,697)	(18,874)	(14,711)	
<u>9,008</u>	<u>215,401</u>	<u>250,917</u>	<u>87,653</u>	
<u>243,297</u>	<u>906,511</u>	<u>893,914</u>	<u>(147,972)</u>	
<u>\$ 252,305</u>	<u>\$ 1,121,912</u>	<u>\$ 1,144,831</u>	<u>\$ (60,319)</u>	

**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<b>Business-Type Activities -</b>		
	<b>State Parks</b>	<b>Kentucky Horse Park</b>	<b>Insurance Administration</b>
<b>Cash Flows from Operating Activities</b>			
Cash received from customers - public	\$ 49,727	\$ 12,473	\$ 118,662
Cash received from customers - state	66	105	1,334
Cash payments to suppliers for goods and services	(42,598)	(6,437)	(4,604)
Cash payments for employee salaries and benefits	(67,349)	(8,466)	(26,531)
Cash payments for claims expense	(176)	—	(50,956)
Cash payments from other sources	2,610	—	1,393
Cash payments to other sources	(338)	545	(29,528)
Net Cash Provided (Used) by Operating Activities	<u>(58,058)</u>	<u>(1,780)</u>	<u>9,770</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from other funds	79,876	17,606	23,005
Transfers to other funds	(450)	(163)	(14,564)
Intergovernmental	—	—	2,466
Net Cash Provided (Used) by Noncapital Financing Activities	<u>79,426</u>	<u>17,443</u>	<u>10,907</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(7,514)	(1,337)	(574)
Principal paid on revenue bond maturities and equipment contracts	(1,991)	—	(476)
Interest paid on revenue bonds and equipment contracts	(3)	(2)	(94)
Proceeds from the sale of capital assets	7	—	—
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(9,501)</u>	<u>(1,339)</u>	<u>(1,144)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of investment securities	(12,249)	(14,235)	(71,281)
Proceeds from the sale of investment securities	—	—	31,934
Interest and dividends on investments	73	42	16,014
Net Cash Provided (Used) in Investing Activities	<u>(12,176)</u>	<u>(14,193)</u>	<u>(23,333)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(309)	131	(3,800)
Cash and Cash Equivalents at July 1, As Restated	7,621	3,770	56,383
Cash and Cash Equivalents at June 30	<u>\$ 7,312</u>	<u>\$ 3,901</u>	<u>\$ 52,583</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income (loss)	\$ (65,184)	\$ (5,969)	\$ 10,390
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	12,130	4,324	922
Miscellaneous nonoperating income (expense)	—	—	(29,311)
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	(107)	1,189	1,625
Interfund receivables	(423)	8	—
Inventories	(229)	(53)	—
Prepaid expenses	45	13	—
(Increase) decrease in deferred outflows	5,203	474	9,509
Increase (decrease) in liabilities:			
Accounts payable	2,259	(36)	169
Interfund payables	350	3	—
Claims liability	—	—	24,551
Claims adjustment liability	—	—	651
Compensated absences	698	43	356
Unearned revenue	85	272	—
Pension liability	(4,656)	52	(7,732)
OPEB liability	(2,525)	(163)	(2,195)
Other liabilities	—	(14)	—
Increase (decrease) in deferred inflows	(5,704)	(1,923)	835
Net Cash Provided (Used) by Operating Activities	<u>\$ (58,058)</u>	<u>\$ (1,780)</u>	<u>\$ 9,770</u>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Change in fair value of investments	\$ —	\$ —	\$ (12,584)
Capital assets acquired through leases	—	1,338	—
Right of use asset obtained in exchange for new lease liability	—	—	366
Capital asset acquisition in accounts payable	—	—	54
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ 1,338</u>	<u>\$ (12,164)</u>

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, 2023		
\$ 255,390	\$ 319,109	\$ 755,361	\$	71,787
1,581,188	—	1,582,693		220,373
(6,350)	(421)	(60,410)		(117,991)
(4,021)	(138)	(106,505)		(83,823)
(2,138,427)	—	(2,189,559)		(31,148)
221,868	—	225,871		45
—	(223,570)	(252,891)		(567)
(90,352)	94,980	(45,440)		58,676
125	—	120,612		32,343
—	(3,697)	(18,874)		(14,711)
271	28,445	31,182		92
396	24,748	132,920		17,724
—	—	(9,425)		(33,280)
(245)	—	(2,712)		(48,913)
(122)	—	(221)		(2,846)
—	—	7		455
(367)	—	(12,351)		(84,584)
(116,658)	—	(214,423)		(35,944)
—	—	31,934		1,871
13,987	—	30,116		(4,301)
(102,671)	—	(152,373)		(38,374)
(192,994)	119,728	(77,244)		(46,558)
354,647	719,149	1,141,570		74,062
\$ 161,653	\$ 838,877	\$ 1,064,326	\$	27,504
\$ (6,633)	\$ 219,098	\$ 151,702	\$	77,328
—	—	17,376		42,252
294	—	(29,017)		—
2,121	(62,356)	(57,528)		250
—	(8)	(423)		693
—	—	(282)		606
913	—	971		(48,215)
(313)	—	14,873		8,024
21,802	(61,735)	(37,541)		17,872
—	(19)	334		(1,409)
(53,295)	—	(28,744)		(2,085)
—	—	651		430
(17)	—	1,080		(188)
—	—	357		(134)
182	—	(12,154)		(34,962)
(188)	—	(5,071)		(6,418)
(56,400)	—	(56,414)		—
1,182	—	(5,610)		4,632
\$ (90,352)	\$ 94,980	\$ (45,440)	\$	58,676
\$ 10	\$ —	\$ (12,574)	\$	—
—	—	1,338		(43,330)
—	—	366		—
—	—	54		—
\$ 10	\$ —	\$ (10,816)	\$	(43,330)

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# FIDUCIARY FUNDS FINANCIAL STATEMENTS

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**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**

**Private Purpose Trust Funds** - are those funds held in a qualifying trust (same definition as Investment trust funds) that are not required to be reported in Pension (and other employee benefit) or Investment trust funds.

Specific activities listed under the Private Purpose Trust Funds are:

- Special Deposit Trust Fund**
- Commonwealth Choice Program**

**Custodial Funds** - are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.

Specific activities listed under Custodial Funds are:

- County Fees Trust Fund**

## **Private Purpose Trust Funds and Custodial Funds**

Individual fund statements for the Private Purpose Trust Funds and Custodial Funds, whose combined totals are presented on this statement, begin on page ..... 263

**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**ALL FIDUCIARY FUNDS**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Pension (and Other Post Employment Benefit) Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets</b>			
Cash and cash equivalents (Note 5)	\$ 6,608,838	\$ 276,270	\$ 415
Investments, net of amortization (Note 5)	—	842,398	—
Pension trust fund investments (Note 5):			
Corporate and government bonds	6,012,874	—	—
Common stocks	29,055,576	—	—
Specialty Credit	4,623,032	—	—
Alternatives	2,140,448	—	—
Derivatives	(8,109)	—	—
Real estate	3,342,154	—	—
Other	3,621,077	—	—
Invested security collateral	469,997	—	—
Receivables, net	683,786	6,439	36,407
Prepaid expenses	19	—	—
Capital assets, net	7,466	—	—
<b>Total Assets</b>	<b>56,557,158</b>	<b>1,125,107</b>	<b>36,822</b>
<b>Liabilities</b>			
Investments - accounts payable	287,953	—	—
Accounts payable	73,246	562,899	29,126
Obligations under securities lending	469,998	—	—
<b>Total Liabilities</b>	<b>831,197</b>	<b>562,899</b>	<b>29,126</b>
<b>Net Position</b>			
Restricted for:			
Pensions	45,455,396	—	—
Other postemployment Benefits	10,270,565	—	—
Individuals , Organizations, and other Governments	—	562,208	7,696
<b>Total Net Position</b>	<b>\$ 55,725,961</b>	<b>\$ 562,208</b>	<b>\$ 7,696</b>

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, 2023**  
**(Expressed in Thousands)**

	<b>Pension (and Other Post Employment Benefit) Trust Funds</b>	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 3,722,966	\$ —	\$ —
Member	1,011,893	—	—
Non-Employer	119,733	—	—
Total Contributions	<u>4,854,592</u>	<u>—</u>	<u>—</u>
Other Contributions:			
Participant fees	6,808	—	—
Other receipts	252,033	34,635,316	227,217
Total Other Contributions	<u>258,841</u>	<u>34,635,316</u>	<u>227,217</u>
Investment income:			
Net increase (decrease) in fair value of investments	4,214,208	272	—
Interest	918,470	—	—
Dividends	257,525	—	—
Real estate operating income, net	22,629	—	—
Securities lending income, net	48,066	—	—
Total Investment Income	<u>5,460,898</u>	<u>272</u>	<u>—</u>
Less: Investment expense	255,156	—	—
Less: Securities lending expense	42,351	—	—
Net Investment Income	<u>5,163,391</u>	<u>272</u>	<u>—</u>
Total Additions	<u>10,276,824</u>	<u>34,635,588</u>	<u>227,217</u>
<b>Deductions</b>			
Benefit payments	5,079,265	34,070,407	—
Refunds	72,945	—	—
Administrative expenses	69,726	88	—
Self funding insurance costs	5,178	—	—
Healthcare premiums subsidies	355,062	—	—
Other deductions, net	127,968	441,964	255,928
Total Deductions	<u>5,710,144</u>	<u>34,512,459</u>	<u>255,928</u>
Change in Net Position	4,566,680	123,129	(28,711)
<b>Net Position</b>			
Restricted for:			
Pensions	45,455,396	—	—
Other Postemployment Benefits	10,270,565	—	—
Individuals , Organizations, and other Governments	—	562,208	7,696
Net Position at July 1	<u>51,159,281</u>	<u>439,079</u>	<u>36,407</u>
Net Position at June 30	<u>\$ 55,725,961</u>	<u>\$ 562,208</u>	<u>\$ 7,696</u>

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

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# COMPONENT UNITS FINANCIAL STATEMENTS

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## 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 amended 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 ..... 266



**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2023**  
**(Expressed in Thousands)**

	<b>Universities, Colleges, and Related Entities</b>			
	<b>University of Kentucky</b>	<b>University of Louisville</b>	<b>Kentucky Community and Technical College System</b>	<b>Kentucky Housing Corporation</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 5)	\$ 1,525,985	\$ 316,558	\$ 359,766	\$ 153,197
Restricted cash (Note 5)	—	15,665	—	—
Investments, net of amortization (Note 5)	19,792	495,369	—	73,556
Accounts receivable, net	1,275,734	519,046	37,743	7,430
Interest receivable	2,121	—	—	—
Inventories	82,198	60,934	—	—
Prepaid expenses	31,665	22,824	—	—
Other current assets	3,903	170,334	3,738	64,089
<b>Total Current Assets</b>	<b>2,941,398</b>	<b>1,600,730</b>	<b>401,247</b>	<b>298,272</b>
Noncurrent assets:				
Restricted cash (Note 5)	252,896	11,996	147,125	—
Long-term investments (Note 5)	471,462	1,118,558	19,637	172,223
Restricted long-term investments (Note 5)	2,338,115	—	88,683	—
Long-term receivables, net	466,016	733,467	1,376	312,943
Capital assets (Note 6):				
Capital assets being depreciated, net	3,520,206	1,315,032	668,460	2,500
Capital assets not being depreciated	276,100	193,849	31,057	1,089
Lease assets, net	68,685	679,492	11,610	—
Subscription assets, net	31,697	18,203	1,544	—
Construction in progress	195,287	78,560	40,243	—
<b>Total capital assets</b>	<b>4,091,975</b>	<b>2,285,136</b>	<b>752,914</b>	<b>3,589</b>
Other assets	15,074	8,884	26,357	6,917
<b>Total Noncurrent Assets, Net</b>	<b>7,635,538</b>	<b>4,158,041</b>	<b>1,036,092</b>	<b>495,672</b>
<b>Total Assets</b>	<b>10,576,936</b>	<b>5,758,771</b>	<b>1,437,339</b>	<b>793,944</b>
Deferred outflows of resources (Note 16)	37,257	20,299	45,446	—
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accruals	533,714	336,930	22,356	25,851
Current portion of long-term debt:				
Notes payable (Note 16)	2,676	20,140	8,042	3,500
Bonds payable (Note 16)	57,554	21,844	—	21,930
Lease obligations (Note 11)(Note 16)	20,460	43,189	3,586	—
Subscription liability (Note 11)(Note 16)	11,514	5,936	1,125	—
Compensated absences (Note 16)(Note 17)	845	122,519	895	—
Prize liability (Note 16)	—	—	—	—
Unearned revenues	151,745	45,600	11,436	103,216
Payable from restricted assets	—	—	—	—
Other current liabilities	38,176	808	2,272	13,532
<b>Total Current Liabilities</b>	<b>816,684</b>	<b>596,966</b>	<b>49,712</b>	<b>168,029</b>
Noncurrent liabilities:				
Notes payable (Note 16)	21,120	63,248	109,671	—
Bonds payable (Note 16)	1,183,846	681,269	—	145,516
Lease obligations (Note 11)(Note 16)	49,843	590,768	7,422	—
Subscription liability (Note 11)(Note 16)	16,639	12,491	246	—
Prize liability (Note 16)	—	—	—	—
Compensated absences (Note 16)(Note 17)	4,249	1,386	8,053	—
Net pension liability (Note 8) (Note 16)	9,927	—	156,888	—
Net OPEB liability (Note 9) (Note 16)	46,554	79,415	41,998	—
Other long-term liabilities	449,196	65,192	—	12,266
<b>Total Noncurrent Liabilities</b>	<b>1,781,374</b>	<b>1,493,769</b>	<b>324,278</b>	<b>157,782</b>
<b>Total Liabilities</b>	<b>2,598,058</b>	<b>2,090,735</b>	<b>373,990</b>	<b>325,811</b>
Deferred inflows of resources (Note 16)	536,764	708,943	42,193	—
<b>Net Position</b>				
Net investment in capital assets	2,173,352	897,208	621,800	3,589
Restricted for:				
Debt service	2,675	13,449	—	464,544
Capital projects	248,657	9,060	—	—
Other purposes (Note 1)	1,486,037	924,777	269,438	—
Unrestricted	3,568,650	1,134,898	175,364	—
<b>Total Net Position</b>	<b>\$ 7,479,371</b>	<b>\$ 2,979,392</b>	<b>\$ 1,066,602</b>	<b>\$ 468,133</b>

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

<b>Authorities</b>				
<b>Kentucky Higher Education Student Loan Corporation</b>	<b>Kentucky Lottery Corporation</b>	<b>Kentucky Public Transportation Infrastructure Authority</b>	<b>Non-Major Component Units</b>	<b>All Component Units Totals June 30, 2023</b>
\$ 18,562	\$ 38,931	\$ —	\$ 1,000,916	\$ 3,413,915
—	—	—	39,405	55,070
54,393	1,343	143,499	52,351	840,303
365	69,209	10,931	251,950	2,172,408
22,079	—	—	5,001	29,201
—	—	—	5,447	148,579
664	—	—	14,992	70,145
104,297	1,385	—	161,187	508,933
<u>200,360</u>	<u>110,868</u>	<u>154,430</u>	<u>1,531,249</u>	<u>7,238,554</u>
61,089	—	—	229,531	702,637
9,076	8,545	—	645,313	2,444,814
—	—	—	281,141	2,707,939
672,286	—	—	1,417,610	3,603,698
102	3,982	66,572	2,387,170	7,964,024
—	423	1,046,135	47,198	1,595,851
1,556	6,680	—	333,099	1,101,122
—	—	—	64,293	115,737
—	—	—	60,162	374,252
<u>1,658</u>	<u>11,085</u>	<u>1,112,707</u>	<u>2,891,922</u>	<u>11,150,986</u>
—	4,990	5,045	104,240	171,507
<u>744,109</u>	<u>24,620</u>	<u>1,117,752</u>	<u>5,569,757</u>	<u>20,781,581</u>
<u>944,469</u>	<u>135,488</u>	<u>1,272,182</u>	<u>7,101,006</u>	<u>28,020,135</u>
<u>13,529</u>	<u>—</u>	<u>20,506</u>	<u>231,904</u>	<u>368,941</u>
1,555	10,003	14,587	99,570	1,044,566
37,418	—	1,046	3,512	76,334
10,140	—	8,390	416,963	536,821
380	3,301	—	7,660	78,576
—	—	—	9,227	27,802
2,608	1,389	—	18,540	146,796
—	77,648	—	—	77,648
—	—	—	103,506	415,503
—	—	—	10,733	10,733
2,096	13,461	—	44,179	114,524
<u>54,197</u>	<u>105,802</u>	<u>24,023</u>	<u>713,890</u>	<u>2,529,303</u>
131,303	—	434,365	8,515	768,222
597,346	—	344,861	926,487	3,879,325
1,211	3,379	—	87,957	740,580
—	—	—	12,977	42,353
—	8,750	—	—	8,750
—	621	—	986	15,295
62,470	—	—	1,020,316	1,249,601
15,877	—	—	175,445	359,289
292	—	—	64,571	591,517
<u>808,499</u>	<u>12,750</u>	<u>779,226</u>	<u>2,297,254</u>	<u>7,654,932</u>
<u>862,696</u>	<u>118,552</u>	<u>803,249</u>	<u>3,011,144</u>	<u>10,184,235</u>
<u>18,819</u>	<u>—</u>	<u>—</u>	<u>291,105</u>	<u>1,597,824</u>
102	11,085	447,507	1,732,469	5,887,112
101,894	—	112,364	870	695,796
—	—	—	92,890	350,607
4,678	—	—	2,391,336	5,076,266
(30,191)	5,851	(70,432)	(186,904)	4,597,236
<u>\$ 76,483</u>	<u>\$ 16,936</u>	<u>\$ 489,439</u>	<u>\$ 4,030,661</u>	<u>\$ 16,607,017</u>

**COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**June 30, 2023**  
(Expressed in Thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	University of Louisville	Kentucky Community and Technical College System	Kentucky Housing Corporation
<b>Expenses:</b>				
Operating and other expenses	\$ 5,379,622	\$ 3,616,598	\$ 574,516	\$ 412,907
Total Expenses	<u>5,379,622</u>	<u>3,616,598</u>	<u>574,516</u>	<u>412,907</u>
<b>Program Revenues:</b>				
Charges for services	4,819,643	3,241,569	115,987	79,722
Operating grants and contributions	632,983	128,518	122,915	352,286
Capital grants and contributions	123,469	—	—	—
Total Program Revenues	<u>5,576,095</u>	<u>3,370,087</u>	<u>238,902</u>	<u>432,008</u>
<b>Net Program (Expense) Revenue</b>	<u>196,473</u>	<u>(246,511)</u>	<u>(335,614)</u>	<u>19,101</u>
<b>General Revenues:</b>				
Unrestricted grants and contributions	262,969	302,841	395,110	—
Unrestricted investment earnings	75,671	76,474	13,928	—
Gain on sale of capital assets	—	—	—	—
Miscellaneous general	1,156,028	48,183	4,627	—
Transfers	—	(67,875)	27,928	—
Total General Revenues	<u>1,494,668</u>	<u>359,623</u>	<u>441,593</u>	<u>—</u>
Change in Net Position	<u>1,691,141</u>	<u>113,112</u>	<u>105,979</u>	<u>19,101</u>
Net Position at July 1, As Restated (Note 2)	5,788,230	2,866,280	960,623	449,032
Net Position at June 30	<u>\$ 7,479,371</u>	<u>\$ 2,979,392</u>	<u>\$ 1,066,602</u>	<u>\$ 468,133</u>

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

<b>Authorities</b>				
<b>Kentucky Higher Education Student Loan Corporation</b>	<b>Kentucky Lottery Corporation</b>	<b>Kentucky Public Transportation Infrastructure Authority</b>	<b>Non-Major Component Units</b>	<b>All Component Units Totals June 30, 2023</b>
\$ (1,194)	\$ 1,458,877	\$ 13,838	\$ 1,933,235	\$ 13,388,399
(1,194)	1,458,877	13,838	1,933,235	13,388,399
26,303	1,840,997	70,939	783,986	10,979,146
—	—	—	544,990	1,781,692
—	—	—	5,131	128,600
26,303	1,840,997	70,939	1,334,107	12,889,438
27,497	382,120	57,101	(599,128)	(498,961)
—	—	414	640,026	1,601,360
—	1,593	(27,611)	31,715	171,770
—	(37)	—	(920)	(957)
—	69	—	455,889	1,664,796
—	(384,258)	—	13,648	(410,557)
—	(382,633)	(27,197)	1,140,358	3,026,412
27,497	(513)	29,904	541,230	2,527,451
48,986	17,449	459,535	3,489,431	14,079,566
\$ 76,483	\$ 16,936	\$ 489,439	\$ 4,030,661	\$ 16,607,017



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## **NOTES TO FINANCIAL STATEMENTS**

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**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**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.

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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 Public Pensions Authority (KRS 61.505)**

The Kentucky Public Pensions Authority administers the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System. The KPPA board is made up of eight elected and appointed representatives from the CERS and KRS boards.

**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 seven 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 five ex officio members and ten 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 six 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 two ex officio members and ten 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, 2023, 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, 2022, 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.



**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

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)

	<b>Business-Type Activities</b>	<b>Major Component Units</b>
Loans	\$ —	\$ 24,826
Education	—	264,864
Instruction	—	473,797
Scholarships and Fellowships	—	856,151
Research	—	1,065,292
Insurance Administration Claims	11,937	—
Unemployment Benefits Claims	1,121,912	—
<b>Total</b>	<b>\$ 1,133,849</b>	<b>\$ 2,684,930</b>

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.



**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

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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 2023, the total amount of sales and gross receipts tax reported in the government wide statements was \$8,539,951,000 and comprised of:

<b>Sales and Gross Receipts Tax</b>	
<b>(Expressed in Thousands)</b>	
Sales and Use Tax	\$ 5,707,487
Motor Fuels Tax	745,247
Motor Vehicles Usage Tax	703,455
Healthcare Provider Tax	291,564
Tobacco Products Tax	322,198
Insurance Premiums Tax	212,229
Limited Liability Entity Tax	210,456
Alcoholic Beverage Tax	192,789
Telecommunications Tax	78,110
Transient Room Tax	20,291
Parimutuel and Race Track Admission Tax	56,125
<b>Total Sales and Gross Receipts Tax</b>	<b>\$ 8,539,951</b>

**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, Self-insurance 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.

**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, Private Purpose Trust Funds, and Custodial Funds. The Commonwealth's fiduciary fund types consist of the following:

**Pension and (Other Postemployment Benefit) Trust Funds** – accounts for the activities of the Commonwealth of Kentucky and Local Retirement Systems, which accumulates resources for pension and other postemployment benefit payments to qualified public employees.

Specific activities listed under the Pension and (Other Postemployment Benefit) Trust Funds are:

1. Kentucky Employees' Retirement System.
2. County Employees' Retirement System.
3. State Police Retirement System.
4. Kentucky Teachers' Retirement System.
5. Judicial Form Retirement System (Judicial and Legislators' Retirement Plan).
6. Kentucky Public Employees' Deferred Compensation Authority.

**Private Purpose Trust Funds** - are those funds held in a qualifying trust (same definition as Investment trust funds) that are not required to be reported in Pension (and other employee benefit) or Investment trust funds.

Specific activities listed under the Private Purpose Trust Funds are:

1. Special Deposit Trusts holding monies for specific purposes.
2. Commonwealth Choice Program

**Custodial Funds** - are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.

Specific activities listed under Custodial Funds are:

1. County Fees Fund holding monies for Kentucky Counties with a population of 70,000 or more.

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 2023, the primary government provided \$322,012,600 to the University of Kentucky, \$196,950,000 to the Kentucky Community and Technical College System, \$146,555,400 to the University of Louisville, and \$6,152,252 to the Kentucky Higher Education Assistance Authority. The Commonwealth contributed capital in the amount of \$132,000,000 to the Kentucky Public Transportation Infrastructure Authority. In addition, the State received \$380,341,258.26 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, 2023, are \$8,949,291,000.

**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. 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](#).

**I. 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.

**J. 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.

**K. 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.

<u>Asset</u>	<u>Useful Life (Expressed in Years)</u>
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 2023 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 Annual Comprehensive Financial Report to include the capital assets and depreciation of the Center in order to satisfy GAAP requirements.

**L. 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 preschool 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 27,700 miles of highways, including roughly 22,371 miles of secondary roads, 3,908 miles of primary roads, and more than 1,416 interstate and parkway miles. The Cabinet also provides direction and financial assistance for 55 public-use general aviation airports 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 \$2,260,597,000 on June 30, 2023.



**COMMONWEALTH OF KENTUCKY**  
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**Constraints on Fund Balance**

(Expressed in Thousands)

	<b>Major Special Revenue Funds</b>			
	<b>General Fund</b>	<b>Transportation Fund</b>	<b>Federal Fund</b>	<b>Agency Revenue Fund</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ 7,888	\$ 70,584	\$ 506	\$ 3,737
<b>Restricted for:</b>				
Government Administration	—	—	—	198,362
Legislative and Judicial	—	—	—	64,496
Commerce	—	—	—	256,442
Education	—	—	—	49,702
Health and Human Services	—	—	—	531,115
Environmental and Natural Resources	—	—	—	44,184
Justice	—	—	—	157,591
Public Protection	—	—	—	292,655
Transportation	—	621,501	—	3,183
Debt Service	—	—	—	—
<b>Committed to:</b>				
Government Administration	—	—	—	133,657
Education	—	—	—	3,245
Commerce	—	—	—	35,146
Environmental and Natural Resources	—	—	—	1,749
Justice	—	—	—	1,544
Health and Human Services	—	—	—	—
Transportation	—	—	—	25,780
<b>Assigned to:</b>				
Government Administration	100,525	—	—	6,940
Legislative and Judicial	57,630	—	—	11,224
Commerce	434,035	—	—	493
Education	31,780	—	—	6,680
Health and Human Services	—	—	—	1,125
Environmental and Natural Resources	—	—	—	284
Justice	2,168	—	—	11,966
Public Protection	833	—	—	7,305
Transportation	7,823	—	—	3
<b>Unassigned</b>	<b>4,753,733</b>	<b>—</b>	<b>(284,397)</b>	<b>—</b>
<b>Total Fund Balances</b>	<b>\$ 5,396,415</b>	<b>\$ 692,085</b>	<b>\$ (283,891)</b>	<b>\$ 1,848,608</b>

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
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<u>Capital Projects</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u>
\$ —	\$ —	\$ 82,715
229,608	—	427,970
54,740	—	119,236
153,553	—	409,995
53,120	—	102,822
23,738	—	554,853
23,138	—	67,322
28,096	—	185,687
—	—	292,655
57,603	—	682,287
—	16,273	16,273
—	—	133,657
—	—	3,245
—	—	35,146
—	—	1,749
—	—	1,544
—	—	—
—	—	25,780
—	—	107,465
—	—	68,854
—	—	434,528
—	—	38,460
—	—	1,125
—	—	284
—	—	14,134
—	—	8,138
—	—	7,826
—	—	4,469,336
<u>\$ 623,596</u>	<u>\$ 16,273</u>	<u>\$ 8,293,086</u>

**M. 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.

**N. 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 lease obligations and subscription liabilities 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.

**O. 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, 2023, the State has \$3,287,601,000 of conduit debt, which is made up of the Kentucky Economic Development Finance Authority with an outstanding bond balance of \$1,967,870,000 and the Kentucky Housing Corporation with an outstanding bond balance of \$1,319,731,000. The proceeds of which are used to promote the purposes set forth in KRS 103.200 and 103.210.

**P. 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.

**Q. 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 P) 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.

**R. Future Changes in Accounting Standards**

As of June 30, 2023, the Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Commonwealth.

1. Statement No. 100, "Accounting Changes and Error Corrections." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 15, 2023. (fiscal year 2024)
2. Statement No. 101, "Compensated Absences." The requirements of this Statement will take effect for financial statements beginning after December 15, 2023 (fiscal year 2025).
3. Statement No. 102, "Certain Risk Disclosures." The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 (fiscal year 2025).

<b>Note 2</b>
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**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. 91 - Conduit Debt Obligations.

This Statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

2. GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

This Statement enhances financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

3. GASB Statement No. 96 - Subscription-Based Information Technology Arrangements.

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

4. GASB Statement No. 99 - Omnibus 2022.

This Statement enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows  
Clarification of provisions in Statement No. 87 - Leases, Clarification of provisions in Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and Clarification of provisions in Statement No. 96 - Subscription-Based Information Technology Arrangements.

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During fiscal year 2023, changes to or within the financial reporting entity and error corrections resulted in restatements to beginning fund balance, fund net position, and net position, as follows (amounts in thousands):

Reporting Units Affected by Restatements to Beginning Balances	June 30, 2022 As Previously Reported	Changes to or within the Financial Reporting Entity	Change in Accounting Principle	Change in Accounting Estimate	Error Correction	June 30, 2022 As Restated	Footnote Reference
<b>Governmental Funds and Activities</b>							
Major Funds:							
General	\$ 4,421,304	\$ —	\$ —	\$ —	\$ —	\$ 4,421,304	
Transportation	830,998	—	—	—	—	830,998	
Federal	(271,434)	—	—	—	—	(271,434)	
Agency Revenue	1,404,005	—	—	—	—	1,404,005	
Capital Projects	308,049	—	—	—	—	308,049	
Debt Service	17,635	—	—	—	—	17,635	
Non-Major Funds	1,343,045	—	—	—	—	1,343,045	
<b>Total Governmental Funds</b>	<b>8,053,602</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,053,602</b>	
<b>Government-Wide Adjustments:</b>							
Capital Assets, Net of Depreciation	26,905,160	—	—	—	38,124	26,943,284	3
Deferred Outflows of Resources	6,613,695	—	—	—	—	6,613,695	
Total Long-Term Liabilities	(33,282,220)	—	(281)	—	—	(33,282,501)	1,2
Deferred Inflows of Resources	(6,620,568)	—	—	—	—	(6,620,568)	
Inclusion of Internal Service Funds in Governmental Activities	(148,316)	—	344	—	—	(147,972)	1
<b>Total Governmental Activities</b>	<b>\$ 1,521,353</b>	<b>\$ —</b>	<b>\$ 63</b>	<b>\$ —</b>	<b>\$ 38,124</b>	<b>\$ 1,559,540</b>	1, 2, 3
<b>Proprietary Funds and Business-Type Activities</b>							
<b>Internal Service Funds</b>							
Computer Services	(135,360)	—	344	—	—	(135,016)	1
<b>Total Internal Service Funds Being Restated</b>	<b>(135,360)</b>	<b>—</b>	<b>344</b>	<b>—</b>	<b>—</b>	<b>(135,016)</b>	
<b>Total Business-Type Activities Being Restated</b>	<b>\$ (135,360)</b>	<b>\$ —</b>	<b>\$ 344</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (135,016)</b>	
<b>Component Units</b>							
Major Component Units:							
University of Louisville	2,867,219	—	(939)	—	—	2,866,280	1
Kentucky Community and Technical College System	1,176,151	—	—	—	(215,528)	960,623	4
Non-Major Component Units:							
Eastern Kentucky University	186,192	—	(154)	—	—	186,038	1
Morehead State University	158,280	—	(49)	—	—	158,231	1
Murray State University	289,649	—	661	—	—	290,310	1
Kentucky State University	9,324	—	—	—	—	9,324	5
<b>Total Component Units Being Restated</b>	<b>\$ 4,686,815</b>	<b>\$ —</b>	<b>\$ (481)</b>	<b>\$ —</b>	<b>\$ (215,528)</b>	<b>\$ 4,470,806</b>	

1. A prior period restatement was done due to the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.
2. A prior period restatement was done due to lease activity that should have been previously recorded per GASB Statement No. 87, Leases.
3. An error relating to build to suit agreements for governmental activities.
4. A prior period restatement was done due to the erroneous inclusion of fiduciary fund activity in the 2022 financial statements for Kentucky Community and Technical College System.
5. Kentucky State University amounts are the fiscal year 2021 audited statements. Fiscal year 2022 and 2023 were not available at issuance.

**Note 3**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. **Federal Fund** – The Federal Fund has a net position deficit of \$283,891,000. The deficit is a result of expenditure accruals, which will be funded in future periods.

B. **Enterprise Funds** –

The State Parks Fund has a net position deficit of \$64,199,000. The deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB Statement No. 68, 71 and 75.

The Insurance Administration Fund has a net position deficit of \$243,095,000. The deficit is a result of accumulated claims liability estimated by actuarial methods for the risk pools, which will be funded in future periods.

C. **Internal Service Funds** –

The Computer Services Fund has a net position deficit of \$104,767,000. The deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB Statement No. 68, 71 and 75.

The Central Printing Fund has a net position deficit of \$5,081,000. 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 \$201,631,000. 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.

D. **Component Units – Authorities** –

The Kentucky Authority for Educational Television has a net position deficit of \$15,414,000. The deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB Statement No. 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, 2023. 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, 2023. 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.

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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 Governmental Activities	Business- Type Activities Major Funds	Total Primary Government
	Major Funds	Non-major Funds	Internal Service Funds			
<b>Current Payables</b>						
Personal services	\$ 100,213	\$ 7,392	\$ 18,282	\$ 125,887	\$ 39,985	\$ 165,872
Utilities, rental, and other services	31,213	344	6,801	38,358	1,531	39,889
Commodities and supplies	10,511	294	8,075	18,880	2,030	20,910
Claims	1,844	—	4,644	6,488	960	7,448
Grants and subsidies	982,611	22,863	24	1,005,498	57,965	1,063,463
Capital outlay	9,172	2,331	(73,207.00)	(61,704)	(355)	(62,059)
Travel	969	15	21	1,005	16	1,021
Interest Payable	79,714	—	12,942	92,656	—	92,656
Other	248,010	12	59,470	307,492	4,472	311,964
Total Current Payables	<u>\$ 1,464,257</u>	<u>\$ 33,251</u>	<u>\$ 37,052</u>	<u>\$ 1,534,560</u>	<u>\$ 106,605</u>	<u>\$ 1,641,165</u>
<b>Current Receivables</b>						
Charges for services	\$ 118,840	\$ 86,970	\$ 210	\$ 206,020	\$ 21,567	\$ 227,587
Taxes receivable	3,387,134	73,351	—	3,460,485	—	3,460,485
Investment receivable	46,503	11,459	—	57,962	1,255	59,217
Intergovernmental revenue	1,261,318	9	—	1,261,327	21,554	1,282,881
Other	123,852	44,819	29	168,700	487,276	655,976
Allowances for uncollectibles	(1,761,014)	(85,964)	—	(1,846,978)	—	(1,846,978)
Total Current Receivables	<u>\$ 3,176,633</u>	<u>\$ 130,644</u>	<u>\$ 239</u>	<u>\$ 3,307,516</u>	<u>\$ 531,652</u>	<u>\$ 3,839,168</u>

**Taxes Receivable**  
**(Expressed in Thousands)**

	Governmental Activities		Total Primary Government
	Major Funds	Non-Major Funds	
<b>Current Taxes Receivable</b>			
Sales and gross receipts	\$ 1,468,954	\$ 2,194	\$ 1,471,148
Individual income	1,284,611	—	1,284,611
Corporate	215,476	1,120	216,596
Property	168,165	—	168,165
License and privilege	21,672	1,798	23,470
Coal severance	23,328	6,343	29,671
Inheritance and estate	15,335	—	15,335
Miscellaneous	189,593	61,896	251,489
Total Current Taxes Receivable	<u>\$ 3,387,134</u>	<u>\$ 73,351</u>	<u>\$ 3,460,485</u>



**COMMONWEALTH OF KENTUCKY**  
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The State Property and Buildings Commission has issued revenue bonds and the Kentucky Asset Liability Commission has issued notes and entered into 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 liability is reflected in the financial statements of the various discretely presented component units, for which the debt was issued and a corresponding note receivable has been recorded in the financial statements of the Commonwealth to accurately reflect the transaction. Amounts due under these agreements are reflected in the following table:

**Future debt service payments for notes receivable**  
**(Expressed in Thousands)**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,205	\$ 5,187	\$ 12,392
2025	7,075	4,897	11,972
2026	7,340	4,628	11,968
2027	7,685	4,290	11,975
2028	8,030	3,942	11,972
2029-2033	44,430	14,230	58,660
2034-2038	40,895	3,965	44,860
Total notes receivable	<u>\$ 122,660</u>	<u>\$ 41,139</u>	<u>\$ 163,799</u>

**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 \$2,210,450,000 and the bank balance was \$2,210,450,000. 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.

**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, 2023, 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, 2023, are presented on the next page. All investments are presented by investment type.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Cash And Investments By Type**

**Primary Government**

(Expressed in Thousands)

**I. Cash**

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,195,191	\$ 1,195,191
Cash with Fiscal Agents	180,298	180,298
Cash with Federal Government	834,961	834,961
Total Cash	<u>\$ 2,210,450</u>	<u>\$ 2,210,450</u>

**Investments Managed Based Upon Duration**

**Debt Securities**

	<u>Fair Value</u>	<u>Effective Duration</u>
Cash Equivalents	\$ 331,926	—
Fixed Income Mutual Funds	3,006,827	0.06
U.S. Government & Agency Obligations	7,380,765	0.49
Mortgage-Backed Securities	23,313	2.25
Corporate Obligations	12,238	1.19
Asset Backed Securities	45,156	0.41
Total Debt Securities	<u>10,800,225</u>	
Portfolio Effective Weighted Duration		<u>0.36</u>

**Other Investments**

Fixed Income Mutual Funds	35,276
Common Stock	646
Total Other Investments	<u>35,922</u>
Total Investments	<u>\$ 10,836,147</u>

**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, 2023, and the ratings are presented on the next page.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Investments and Credit Ratings**

**Primary Government**

(Expressed in Thousands)

	<b>Standard &amp; Poor's/Moody's Credit Ratings</b>						<b>Total Fair Value of Investments</b>
	<b>AAA/Aaa</b>	<b>AA/Aa</b>	<b>A</b>	<b>BBB/</b>	<b>Unrated</b>	<b>NA</b>	
Cash Equivalents	\$ —	\$ —	\$ —	\$ —	\$ 331,926	\$ —	\$ 331,926
Fixed Income Mutual Funds	3,006,827	—	—	—	—	35,276	3,042,103
U.S. Government & Agency Obligations	—	7,380,765	—	—	—	—	7,380,765
Mortgage-Backed Securities	—	23,313	—	—	—	—	23,313
Corporate Obligations	—	4,109	8,129	—	—	—	12,238
Common Stock	—	—	—	—	—	646	646
Asset Backed Securities	45,156	—	—	—	—	—	45,156
	<u>\$ 3,051,983</u>	<u>\$ 7,408,187</u>	<u>\$ 8,129</u>	<u>\$ —</u>	<u>\$ 331,926</u>	<u>\$ 35,922</u>	<u>\$ 10,836,147</u>

**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, 2023, 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, 2023 and 2022, 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.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

The primary government's, excluding the pension and OPEB trust funds, has the following valuation measurements, by type, as of June 30, 2023.

**Fair Value Measurements and Techniques**

**Primary Government**

(Expressed in Thousands)

	<b>Fair Value Measurement Using</b>				<b>Amortized or Historical Cost</b>
	<b>Total Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>Investments</b>					
Cash Equivalents	\$ 331,926	\$ 331,926	\$ —	\$ —	\$ —
U.S. Agencies/Treasuries	7,380,765	7,380,765	—	—	—
Fixed Income Mutual Funds	3,006,827	—	3,006,827	—	35,276
Mortgage Backed Securities	23,313	—	23,313	—	—
Corporate Debt	12,238	—	12,238	—	—
Asset Backed Securities	45,156	—	45,156	—	—
Common Stock	—	—	—	—	646
<b>Total Investments</b>	<b>\$ 10,800,225</b>	<b>\$ 7,712,691</b>	<b>\$ 3,087,534</b>	<b>\$ —</b>	<b>\$ 35,922</b>

**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 \$580,079,000 and the bank balance was \$602,063,000.

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 \$2,482,877,000 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, 2023, are presented on the following page. All investments are presented by investment type.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

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

**I. Cash**

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 580,079	\$ 602,063
Total Cash	<u>\$ 580,079</u>	<u>\$ 602,063</u>

**II. Investments:**

**Investments Managed Based On Maturities**

<b>Debt Securities</b>	<u>Fair Value</u>	<u>&lt; 1 year</u>	<u>1-5 Years</u>	<u>6-15 Years</u>	<u>16-30 Years</u>
U.S. Government & Agency Obligations	1,305,973	2,989	143,498	1,159,486	—
Corporate Obligations	2,909,057	48,746	772,861	2,087,450	—
Mortgage-Backed Securities	164,712	—	—	21,667	143,045
Asset-Backed Securities	28,883	—	—	—	28,883
Municipal Obligations	286,221	—	—	286,221	—
Total Debt Securities	<u>\$ 4,694,846</u>	<u>\$ 51,735</u>	<u>\$ 916,359</u>	<u>\$ 3,554,824</u>	<u>\$ 171,928</u>

**Investments Managed Based Upon Duration**

<b>Debt Securities</b>	<u>Fair Value</u>	<u>Modified</u>	<u>Macaulay</u>
Cash Equivalents	\$ 839,103	2.26	—
Fixed Income Mutual Funds	7,912	2.15	—
U.S. Government & Agency Obligations	36,588	5.87	—
Mortgage-Backed Securities	532,930	2.16	—
Corporate Obligations	1,648,333	3.26	—
Asset Backed Securities	552,779	1.25	—
Municipal Obligations	31,758	5.59	—
Mortgage Loans	82,017	1.72	—
Guaranteed Investment Contracts\Annuities	678,360	—	3.35
Other	3,310,424	1.65	—
Total Debt Securities	<u>\$ 7,720,204</u>		
Portfolio Weighted Modified Duration		<u>1.83</u>	
Portfolio Weighted Macaulay Duration			<u>—</u>

**Other Investments**

Cash Equivalents	\$ 2,759,494
Fixed Income Mutual Funds	3,565
Corporate Obligations	225,118
Common Stock	32,049,140
Pooled Investments	12,467
Limited Partnerships	1,915,330
Real Estate	3,342,154
Securities Lending	1,916,632
Other Investments	641,776
Total Other Investments	<u>\$ 42,865,676</u>

Total Investments	<u>\$ 55,280,726</u>
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**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, 2023, and the ratings are presented in the following table.

<b>Investments and Credit Ratings</b>	
<b>Pension and OPEB Trust Funds</b>	
(Expressed in Thousands)	
<b>Quality Rating</b>	<b>Amount</b>
AAA	\$ 1,488,141
AA+	37,599
AA	630,321
AA-	54,728
A+	76,439
A	680,127
A-	268,362
BBB+	308,644
BBB	900,394
BBB-	401,654
BB+	220,232
BB	799,117
BB-	200,571
B+	175,459
B	728,485
B-	141,144
CCC+	66,334
CCC	84,193
CCC-	1,471
CC	507
D	2,059
NR	3,573,095
Total Credit Risk Debt Securities	<u>\$ 10,839,076</u>
Cash Equivalents	\$ 2,335,715
U.S. Government & Agencies	1,999,755
Fixed Income Mutual Funds	3,565
Corporate Obligations	225,118
Common Stock	32,049,140
Limited Partnerships	1,927,797
Real Estate	3,342,154
Securities Lending	469,998
Other	2,088,408
Total Investments	<u><u>\$ 55,280,726</u></u>

**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, 2023.

<b><u>Asset Description</u></b>	<b><u>Amount</u></b>
Fixed Contract Fund	\$ 678,360
Vanguard Institutional Index fund	806,119
Fidelity Growth Co	520,321
T Rowe Price Mid C	383,772
Vanguard Wellington	298,262

**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, 2023, are presented on the following page.



**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
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**Foreign Currency Risk**

**Pension and OPEB Trust Funds (Expressed in Thousands)**

<b>Foreign Currency</b>	<b>Short Term</b>	<b>Equity</b>	<b>Debt</b>	<b>None Designated</b>	<b>Total</b>
American Funds Euro Pacific Growth Fund	\$ —	\$ 133,795	\$ —	\$ —	\$ 133,795
Argentine Peso	—	3,624	196	—	3,820
Australian Dollar	119,925	82,224	4,954	—	207,103
Bermudian Dollar	—	22,509	5,830	—	28,339
Brazilian Real	64,643	180,287	—	—	244,930
British Pound Sterling	243,017	623,860	30,890	—	897,767
Canadian Dollar	112,827	216,912	59,729	—	389,468
Cayman Islands Dollar	—	30,818	32,406	—	63,224
Chilean Peso	12,141	21,236	1,404	—	34,781
Chinese R Yuan HK	(26,297)	265,673	—	—	239,376
Chinese Yuan Renminbi	474	—	—	—	474
Columbian Peso	20,131	531	—	—	20,662
Czech Koruna	150	558	—	—	708
Danish Krone	129,820	114,600	406	—	244,826
Dodge & Cox International Stock Fund	—	95,017	—	—	95,017
Egyptian Pound	1,225	228	—	—	1,453
Euro	837,244	1,925,469	74,996	—	2,837,709
Gibraltar Pound	—	—	2,206	—	2,206
Guernsey Pound	—	21,534	—	—	21,534
Hong Kong Dollar	225,943	156,483	—	—	382,426
Hungarian Forint	13,299	452	—	—	13,751
Indian Rupee	79,599	111,325	—	—	190,924
Indonesian Rupiah	54,010	25,235	—	—	79,245
Israeli New Shekel	14,166	15,799	393	—	30,358
Japanese Yen	371,826	613,236	5,270	—	990,332
Jersey Pound	—	27,172	1,919	—	29,091
Korean Won	9,667	118,470	—	—	128,137
Kuwaiti Dinar	—	1,868	—	—	1,868
Liberian Dollar	—	2,062	9,122	—	11,184
Malaysian Ringgit	10,799	3,202	—	—	14,001
Mexican Peso	16,603	89,888	2,424	—	108,915
Netherlands Antillean Guilder	—	60,016	—	—	60,016
New Taiwan Dollar	110,537	—	—	—	110,537
New Zealand Dollar	2,709	1,472	—	—	4,181
Norwegian Krone	63,987	70,101	—	—	134,088
Panamanian Balboa	—	1,686	6,829	—	8,515
Philippine Peso	5,812	1,515	165	—	7,492
Polish Zloty	—	1,923	2,201	—	4,124
Qatari Rial	—	1,925	—	—	1,925
Saudi Riyal	—	9,030	—	—	9,030
Singapore Dollar	25,783	36,869	904	—	63,556
South African Rand	31,435	73,441	—	—	104,876
South Korean Won	85,091	—	—	—	85,091
Swedish Krona	81,022	71,446	—	—	152,468
Swiss Franc	194,491	212,456	1,485	—	408,432
Taiwan Dollar	(2,342)	89,313	—	—	86,971
Thai Bhat	44,577	4,516	—	—	49,093
Turkish Lira	1,661	1,444	350	—	3,455
UAE Dirham	4,895	2,712	—	—	7,607
Various	6,301	28	—	—	6,329
Total Securities Subject To Foreign Currency Risk	2,967,171	5,543,960	244,079	—	8,755,210
USD (Securities Held By Intl Investment Mgrs)	—	—	—	20,982,304	20,982,304
Total International Investment Securities	\$ 2,967,171	\$ 5,543,960	\$ 244,079	\$ 20,982,304	\$ 29,737,514

### **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, 2023, 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, 2023. 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, 2023. More detail on the valuation measurements may be found in the audited financial statements of each retirement system.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Fair Value Measurements and Techniques**

**Pension and OPEB Trust Funds**

(Expressed in Thousands)

	<b>Total Fair Value</b>	<b>Fair Value Measurement Using</b>			<b>Amortized or Historical Cost</b>
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
U.S. Agencies/Treasuries	\$ 2,079,122	\$ 1,567,972	\$ 511,150	\$ —	\$ —
Guaranteed investment contracts	—	—	—	—	678,360
Cash Equivalents	2,186,709	1,446,715	739,994	—	1,173,916
Mortgage Backed Securities	165,536	—	165,536	—	—
Corporate Debt	10,893,317	6,433,121	4,127,825	332,371	—
State and Municipal Obligations	410,925	—	410,925	—	—
Asset Backed Securities	588,440	—	588,440	—	—
Real Estate	401,370	—	—	401,370	1,398,914
Common Stock	24,282,727	22,055,992	2,226,735	—	1,923,964
Securities Lending	—	—	—	—	469,998
Other:	4,564,573	3,244,897	190	1,319,486	4,062,855
<b>Total Investments</b>	<b>\$ 45,572,719</b>	<b>\$ 34,748,697</b>	<b>\$ 8,770,795</b>	<b>\$ 2,053,227</b>	<b>\$ 9,708,007</b>

**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 \$2,913,766,000 and bank balance was \$1,132,208,000.

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, 2023.

**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;	\$	7,777
b) collateralized with securities held by the pledging financial institution; or		368,989
c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Commonwealth's name.		—
	<u>\$</u>	<u>376,766</u>

Total Deposits Subject To Custodial Credit Risk

**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	\$	1,560,990
(b) the counterparty's trust department or agent but not in the Commonwealth's name.		65,903

Total Non-Current Cash And Investments Subject To Custodial Credit Risk

\$ 1,626,893

Investment Types:

	<u>Type A</u> <u>(counterparty)</u>	<u>Type B</u> <u>(trust or agent)</u>
Debt Securities		
Fixed Income Mutual Funds	233,612	—
Limited Partnerships	626,951	—
Corporate Obligations	86,014	—
U.S. Government & Agency Obligations	320,909	—
Mortgage Backed Securities	28,997	—
Municipal Obligations	11,949	—
Other	213,259	—
Total Debt Securities	<u>1,521,691</u>	<u>—</u>
Other Investments		
Common Stock	39,299	—
Funds Held In Trust By Others	—	65,903
Total Other Investments	<u>39,299</u>	<u>65,903</u>
Total Type A	<u>1,560,990</u>	Total Type B <u>65,903</u>
Total Non-Current Cash And Investments Subject To Custodial Credit Risk		<u>\$</u> 1,626,893

**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.

**COMMONWEALTH OF KENTUCKY**  
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The following table summarizes the investments held by the major discretely presented component units for the fiscal year ended June 30, 2023.

**Cash And Investments By Type**

**Discretely Presented Major Component Units**

(Expressed in Thousands)

**I. Cash**

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,130,581	\$ 1,055,856
Money Market	494,071	76,875
Other	1,289,114	(523)
Total Cash	<u>\$ 2,913,766</u>	<u>\$ 1,132,208</u>

**II. Investments**

**Investments Managed Based On Maturities**

**Debt Securities**

	<u>Fair Value</u>	<u>&lt; 1 year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>&gt; 10 Years</u>
Cash Equivalents	\$ 182,604	\$ 182,604	\$ —	\$ —	\$ —
Fixed Income Mutual Funds	178,447	88,974	85,490	3,960	23
U.S. Government & Agency Obligations	101,114	34,559	66,555	—	—
Guaranteed Investment Contracts/Annuities	28,094	—	12,681	15,413	—
Total Debt Securities	<u>490,259</u>	<u>\$ 306,137</u>	<u>\$ 164,726</u>	<u>\$ 19,373</u>	<u>\$ 23</u>

**Investments Managed Based Upon Duration**

**Debt Securities**

	<u>Fair Value</u>	<u>Effective</u>	<u>Modified</u>
Money Market Funds	71,868	—	—
Fixed Income Mutual Funds	638,792	3.22	—
U.S. Government & Agency Obligations	58,592	0.54	—
U.S. Government & Agency Obligations	146,895	1.52	—
U.S. Government & Agency Obligations	9,888	3.00	—
Mortgage Backed Securities	408	7.25	—
Mortgage Backed Securities	27,016	0.54	—
Corporate Debt	<u>4,469</u>	2.89	—
Total Debt Securities	<u>957,928</u>		
Portfolio Effective Weighted Duration		<u>2.68</u>	
Portfolio Modified Weighted Duration			<u>—</u>

**Other Investments**

Fixed Income Mutual Funds	1,643,926
Common Stock	95,626
Limited Partnerships	626,951
Alternatives	297,307
Real Estate	309,929
Funds Held In Trust By Others	65,903
Other	<u>526,422</u>
Total Other Investments	<u>3,566,064</u>
Total Investments	<u>\$ 5,014,251</u>

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
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**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, 2023, and the ratings are presented in the following table.

**Investments and Credit Ratings**

**Discretely Presented Major Component Units**

(Expressed in Thousands)

	<b>Standard &amp; Poor's/Moody's Credit Ratings</b>							<b>Total Fair Value of Investments</b>
	<b>AAA/Aaa</b>	<b>AA/Aa</b>	<b>A</b>	<b>BBB/Baa</b>	<b>BB/Ba or Lower</b>	<b>Unrated</b>	<b>NA</b>	
Cash Equivalents	\$ 418,522	\$ —	\$ —	\$ —	\$ —	\$ 253,848	\$ 71,868	\$ 744,238
Fixed Income Mutual Funds	180,540	51,363	121,478	67,775	3,906	1,998,675	123,238	2,546,975
U.S. Government & Agency Obligations	206,021	—	—	—	—	321,910	8,353	536,284
Mortgage Backed Securities	27,424	—	—	—	—	28,997	—	56,421
Corporate Obligations	1,617	24	1,548	1,280	—	125,313	—	129,782
Guaranteed Investment Contracts/Annuities	—	364	—	—	—	12,317	—	12,681
Other	—	372	—	—	—	811,556	175,942	987,870
<b>Total Investments</b>	<b>\$ 834,124</b>	<b>\$ 52,123</b>	<b>\$ 123,026</b>	<b>\$ 69,055</b>	<b>\$ 3,906</b>	<b>\$3,552,616</b>	<b>\$ 379,401</b>	<b>\$ 5,014,251</b>

**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 11%, 60%, and 29%, 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, 2023. The university has \$3,742,000 in a pooled private equity fund, \$1,396,000 in a pooled private real estate fund, \$30,843,000 in fixed income high quality/rate sensitive equity, and \$2,000 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.

**Note 6**

**CAPITAL ASSETS AND LEASE ASSETS**

Capital, lease, and subscription asset activity for the year ended June 30, 2023 (Expressed in Thousands)

	Primary Government			Ending Balance
	Beginning Balance	Additions	Decreases	
<b>Primary Government:</b>				
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 256,367	\$ 1,555	\$ —	\$ 257,922
Construction in progress	2,096,831	620,418	(673,477)	2,043,772
Infrastructure	22,800,187	666,808	(76,149)	23,390,846
Easements and Other Intangibles	100,948	—	—	100,948
Total capital assets not being depreciated	25,254,333	1,288,781	(749,626)	25,793,488
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	40,978	2,683	—	43,661
Buildings	2,001,412	4,132	(2,752)	2,002,792
Machinery and Equipment	884,390	100,688	(43,091)	941,987
Easements and Other Intangibles	137,060	79	—	137,139
Total capital assets, being depreciated/amortized	3,063,840	107,582	(45,843)	3,125,579
<i>Less capital assets accumulated depreciation/amortization:</i>				
Improvements other than buildings	(17,976)	(1,304)	38	(19,242)
Buildings	(878,106)	(48,062)	2,305	(923,863)
Machinery and Equipment	(601,471)	(83,971)	33,157	(652,285)
Easements and Other Intangibles	(58,568)	(11,948)	—	(70,516)
Total capital assets accumulated depreciation	(1,556,121)	(145,285)	35,500	(1,665,906)
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	182,704	29,347	(21,300)	190,751
Machinery and Equipment	39,209	24,436	(8,156)	55,489
Total leased assets, being depreciated/amortized	221,913	53,783	(29,456)	246,240
<i>Less leased assets accumulated depreciation:</i>				
Buildings	(31,044)	(27,007)	9,191	(48,860)
Machinery and Equipment	(9,637)	(7,528)	4,090	(13,075)
Total leased assets accumulated depreciation	(40,681)	(34,535)	13,281	(61,935)
<i>Subscription assets, being amortized:</i>				
Subscription assets	104,238	309,435	—	413,673
Less accumulated amortization for subscription assets	—	(57,472)	—	(57,472)
Total subscriptions assets, net	104,238	251,963	—	356,201
Governmental activities capital assets, leased assets, and subscription assets, net	\$ 27,047,522	\$ 1,522,289	\$ (776,144)	\$ 27,793,667

**COMMONWEALTH OF KENTUCKY**  
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<b>Business-type activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 24,943	\$ —	\$ —	\$ 24,943
Construction in progress	10,541	7,227	(821)	16,947
Other capital assets	2,276	—	—	2,276
Total capital assets, not being depreciated	37,760	7,227	(821)	44,166
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	156,272	—	—	156,272
Buildings	374,613	5,468	(2,859)	377,222
Machinery and Equipment	21,668	2,075	(1,191)	22,552
Easements and Other Intangibles	4,638	—	—	4,638
Total capital assets, being depreciated/amortized	557,191	7,543	(4,050)	560,684
<i>Less capital assets accumulated depreciation:</i>				
Improvements other than buildings	(104,323)	(4,318)	—	(108,641)
Buildings	(228,523)	(11,385)	2,828	(237,080)
Machinery and Equipment	(15,896)	(912)	995	(15,813)
Easements and Other Intangibles	(2,939)	(154)	—	(3,093)
Total capital assets accumulated depreciation	(351,681)	(16,769)	3,823	(364,627)
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	1,945	366	(106)	2,205
Machinery and Equipment	405	188	—	593
Total leased assets, being depreciated/amortized	2,350	554	(106)	2,798
<i>Less leased assets accumulated depreciation:</i>				
Buildings	(504)	(495)	—	(999)
Machinery and Equipment	(274)	(244)	—	(518)
Total leased assets accumulated depreciation	(778)	(739)	—	(1,517)
<i>Subscription assets, being amortized:</i>				
Subscription assets	—	2,927	—	2,927
Less accumulated amortization for subscription assets	—	(292)	—	(292)
Total subscriptions assets, net	—	2,635	—	2,635
Business-type activities capital assets, leased assets, and subscription assets, net	\$ 244,842	\$ 451	\$ (1,154)	\$ 244,139

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General Government	\$ 35,691	\$ —
Legislative and Judicial	7,751	—
Commerce	2,938	—
Education and Humanities	5,649	—
Human Resources	42,508	—
Justice	57,606	—
Natural Resources and Environmental Protection	3,498	—
Public Protection and Regulation	990	—
Transportation	48,723	—
Capital assets held by government's internal service funds are charged to the various functions based on usage of the assets	42,250	—
State Parks	—	12,013
Horse Park	—	4,568
Insurance Administration	—	1219
Total depreciation expense by activities	\$ 247,604	\$ 17,800



**COMMONWEALTH OF KENTUCKY**  
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**Capital, lease, and subscription asset activity for the year ended June 30, 2023 (Expressed in Thousands)**

	Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
<b>Discretely Presented Major Component Units:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 374,529	\$ 47,861	\$ (6,751)	\$ 415,639
Construction in progress	244,509	266,435	(196,854)	314,090
Infrastructure	1,043,967	2,168	—	1,046,135
Other capital assets	84,269	2,610	—	86,879
Totals, capital assets not being depreciated	<u>1,747,274</u>	<u>319,074</u>	<u>(203,605)</u>	<u>1,862,743</u>
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	366,752	36,348	(7,762)	395,338
Buildings	7,214,072	515,595	(7,386)	7,722,281
Machinery and Equipment	1,945,342	240,800	(52,331)	2,133,811
Easements and Other Intangibles	364,232	1,467	(1)	365,698
Total capital assets, being depreciated/amortized	<u>9,890,398</u>	<u>794,210</u>	<u>(67,480)</u>	<u>10,617,128</u>
<i>Less capital assets accumulated depreciation for:</i>				
Improvements other than buildings	(209,375)	(17,414)	4,456	(222,333)
Buildings	(2,900,458)	(227,000)	6,657	(3,120,801)
Machinery and Equipment	(1,420,212)	(124,740)	46,891	(1,498,061)
Easements and Other Intangibles	(184,293)	(14,786)	—	(199,079)
Total capital assets accumulated depreciation	<u>(4,714,338)</u>	<u>(383,940)</u>	<u>58,004</u>	<u>(5,040,274)</u>
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	37,694	32,818	(6,852)	63,660
Machinery and Equipment	227,280	556,482	(7,676)	776,086
Total leased assets, being depreciated/amortized	<u>264,974</u>	<u>589,300</u>	<u>(14,528)</u>	<u>839,746</u>
<i>Less leased assets accumulated depreciation for:</i>				
Buildings	(6,429)	(11,729)	2,537	(15,621)
Machinery and Equipment	(27,909)	(29,792)	1,599	(56,102)
Total leased assets accumulated depreciation	<u>(34,338)</u>	<u>(41,521)</u>	<u>4,136</u>	<u>(71,723)</u>
<i>Subscription assets, being amortized:</i>				
Subscription assets	19,238	53,971	—	73,209
Accumulated amortization	—	(21,765)	—	(21,765)
Total subscriptions assets, net	<u>19,238</u>	<u>32,206</u>	<u>—</u>	<u>51,444</u>
Component units capital assets, leased assets and subscription assets, net	<u>\$ 7,173,208</u>	<u>\$ 1,309,329</u>	<u>\$ (223,473)</u>	<u>\$ 8,259,064</u>

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

Kentucky Housing Corporation	\$ 282
Kentucky Higher Education Student Loan Corporation	487
University of Kentucky	266,139
University of Louisville	131,404
Kentucky Community and Technical College System	44,653
Kentucky Lottery Corporation	4,261
Total depreciation expense by functions/programs	<u>\$ 447,226</u>



**COMMONWEALTH OF KENTUCKY**  
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**Note 7**

**INTERFUND TRANSACTIONS**

**Interfund Transfers In and Out**

The table below shows the interfund operating transfers for fiscal year 2023  
(Expressed in Thousands)

<b>Transfers In</b>	<b>Transfers Out</b>					
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund	Debt Service Fund
General Fund	\$ —	\$ —	\$ 31,832	\$ 1,450	\$ —	\$ —
Transportation Fund	—	—	—	836	483	—
Agency Revenue Fund	291,290	261	59,565	—	4,965	—
Capital Projects Fund	137,513	37,020	36,566	94,671	—	—
Debt Service	375,589	1,180	77,900	5,203	—	—
Non-Major Governmental Funds	363,404	131,753	—	309,799	127	—
State Parks Fund	67,973	—	1,040	198	10,665	—
Kentucky Horse Park Fund	17,553	—	—	53	—	—
Kentucky Public Employees Health Plan	—	—	—	—	—	—
Insurance Administration Fund	—	—	5	23,000	—	—
Internal Service Funds	15,406	—	—	828	16,074	—
Fiduciary Funds	15	—	—	—	—	—
<b>Total</b>	<b>\$ 1,268,743</b>	<b>\$ 170,214</b>	<b>\$ 206,908</b>	<b>\$ 436,038</b>	<b>\$ 32,314</b>	<b>\$ —</b>

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 2023  
(Expressed in Thousands)

<b>Interfund Receivables</b>	<b>Interfund Payables</b>				
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund
General Fund	\$ —	\$ —	\$ 2,194	\$ 4,367	\$ 146
Transportation Fund	9	—	83	18	—
Federal Fund	5,763	—	—	140	—
Agency Revenue Fund	104,102	18	90,116	—	2
Capital Projects Fund	124	—	2,191	—	—
Non-Major Governmental Funds	7,988	—	10,089	4,373	—
State Parks Fund	739	5	—	1	—
Kentucky Public Employees Health Plan	—	—	—	—	—
Insurance Administration Fund	6	—	—	235	—
Unemployment Insurance Fund	—	—	—	8	—
Internal Service Funds	526	—	—	—	—
<b>Total</b>	<b>\$ 119,257</b>	<b>\$ 23</b>	<b>\$ 104,673</b>	<b>\$ 9,142</b>	<b>\$ 148</b>

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.

**COMMONWEALTH OF KENTUCKY**  
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**Transfers Out**

Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Kentucky Public Employees Health Plan	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Fiduciary Funds	Total
\$ 2,750	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 36,032
—	—	—	—	—	—	—	—	1,319
601,903	—	—	—	7,979	3,697	3,178	—	972,838
98	450	17	—	5,835	—	1,176	—	313,346
23,737	—	146	—	—	—	10,322	—	494,077
171,889	—	—	—	—	—	—	—	976,972
—	—	—	—	—	—	—	—	79,876
—	—	—	—	—	—	—	—	17,606
—	—	—	—	—	—	—	125	125
—	—	—	—	—	—	—	—	23,005
—	—	—	—	—	—	35	—	32,343
—	—	—	—	750	—	—	—	765
<b>\$ 800,377</b>	<b>\$ 450</b>	<b>\$ 163</b>	<b>\$ —</b>	<b>\$ 14,564</b>	<b>\$ 3,697</b>	<b>\$ 14,711</b>	<b>\$ 125</b>	<b>\$ 2,948,304</b>

**Interfund Payables**

Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Total
\$ 725	\$ 659	\$ 27	\$ —	\$ —	\$ 127	\$ 8,245
—	—	—	—	—	—	110
53	—	—	—	—	—	5,956
30,035	61	6	89	—	1,353	225,782
—	—	—	—	—	—	2,315
—	—	—	—	—	5,090	27,540
—	—	—	—	—	—	745
1,226	—	—	—	—	—	1,226
—	—	—	—	—	—	241
—	—	—	—	—	—	8
—	—	—	108	—	—	634
<b>\$ 32,039</b>	<b>\$ 720</b>	<b>\$ 33</b>	<b>\$ 197</b>	<b>\$ —</b>	<b>\$ 6,570</b>	<b>\$ 272,802</b>

**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.

House Bill 76 passed during the 2022 legislative session changes the frequency and scope of actuarial studies for the state's pension plans. The bill requires the Legislators Retirement Plan, the Judicial Retirement Plan, KERS, and the Teachers' Retirement System (TRS) to perform an actuarial investigation of economic assumptions (inflation rate, investment return, payroll growth assumptions, etc.) once every two years rather than once every five years. The first actuarial investigation of economic assumptions will occur prior to the 2023 actuarial valuations. A review of demographic assumptions (mortality tables, withdrawal rates, retirement rate assumptions, etc.) will continue to be conducted once every five years.

House Bill 8, passed during the 2021 legislative session, changed how employer contributions are allocated and collected from the participating employers in the KERS Non-Hazardous Plan. As a result of this legislation, there are several employers that will experience a relatively large change in proportionate share of the Collective Pension Amounts in the KERS Non-Hazardous Plan from 2020 to 2021.

House Bill 1, passed during the 2019 special legislative session allowed certain agencies in the KERS Non-Hazardous Plan to elect to cease in participating in the KERS Non-Hazardous Plan as of June 30, 2020. Senate Bill 249, passed during the 2020 legislative session, delayed the effective date of cessation for these provisions until June 30, 2021. There is no material impact on the total pension liability due to this legislation.

The Kentucky Retirement Systems 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 Systems, 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](http://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.

**COMMONWEALTH OF KENTUCKY**  
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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](http://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](http://www.trs.ky.gov).

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

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
	Participation Prior to 9/1/2008	Participation 9/1/2008 through 12/31/2013	Participation on or after 1/1/2014
<b>Covered Employees:</b>	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.		
<b>Benefit Formula:</b>	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
<b>Final Compensation:</b>	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	Five 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
<b>Benefit Factor:</b>	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.
<b>Cost of Living Adjustment (COLA):</b>	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
<b>Unreduced Retirement Benefit:</b>	Any age with 27 years of service. Age 65 with 1 month 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.	
<b>Reduced Retirement Benefit:</b>	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**

	<b>Tier 1</b> Participation Prior to 9/1/2008	<b>Tier 2</b> Participation 9/1/2008 through 12/31/2013	<b>Tier 3</b> Participation on or after 1/1/2014
<b>Covered Employees:</b>	Substantially all regular full-time members employed in hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in the system.		
<b>Benefit Formula:</b>	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
<b>Final Compensation:</b>	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
<b>Benefit Factor:</b>	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.
<b>Cost of Living Adjustment (COLA):</b>	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
<b>Unreduced Retirement Benefit:</b>	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.
<b>Reduced Retirement Benefit:</b>	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**

	<b>Tier 1</b> Participation before 9/1/2008	<b>Tier 2</b> Participation on or between 9/1/2008 and 12/31/2013	<b>Tier 3</b> Participation on or after 1/1/2014
<b>Covered Employees:</b>	All full-time state troopers employed in a hazardous duty position by the Kentucky State Police.		
<b>Benefit Formula:</b>	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.
<b>Final Compensation:</b>	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
<b>Benefit Factor:</b>	2.50%	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.
<b>Cost of Living Adjustment (COLA):</b>	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
<b>Unreduced Retirement Benefit:</b>	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.
<b>Reduced Retirement Benefit:</b>	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
<b>Covered Employees:</b>	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 .			
<b>Benefit Formula:</b>	Final Average Compensation X Benefit Factor X Years of Service. Not to exceed 100% of final average compensation.			Cash Balance Plan
<b>Final Compensation:</b>	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
<b>Benefit Factor:</b>	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.
<b>Cost of Living Adjustment (COLA):</b>	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 COLAs 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.
<b>Unreduced Retirement Benefit:</b>	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%.			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.
<b>Reduced Retirement Benefit:</b>	Reduced by 5% per year for the lesser of the number of years between (a) the retiree's normal retirement age and the retiree's actual age at the time benefits commence, or (b) 27 years of service and the retiree's years of total governmental service.			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**

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
	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
<b>Covered Employees:</b>	Members of the General Assembly may elect to make monthly contributions taking office, and thereby become eligible for membership in the plan. participation on or after January 1, 2014, will participate in the hybrid plan.			within 30 (thirty) days of Individuals commencing
<b>Benefit Formula:</b>	Final Average Compensation X Benefit Factor X Years of Service			Cash Balance Plan
<b>Final Compensation:</b>	The average compensation for the highest 36 months of state salary.			No Final Compensation
<b>Benefit Factor:</b>	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, not to exceed 100% of final average compensation. Participation beginning after June 30, 1982 the rate is 2.75 for all services.	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.
<b>Cost of Living Adjustment(COLA):</b>	1.5% yearly on July 1 if the funding level is greater then 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.
<b>Unreduced Retirement Benefit:</b>	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.
<b>Reduced Retirement Benefit:</b>	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	Tier 2	Tier 3	Tier 4
	Entry before	Entry on or between	Entry on or between	Entry on or after
	7/1/2002	7/1/2002 and 6/30/2008	7/1/2008 and 12/31/2021	1/1/2022
<b>Covered Employees:</b>	Provides pension plan coverage for local school districts and other educational agencies in the state.			
<b>Benefit Formula:</b>	Final Compensation X Benefit Factor X Years of Service			Service Multiplier x Credit x Final Average Salary = Annuity
<b>Final Compensation:</b>	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.	The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	Final average salary is the average of the highest five salaries. When calculating the final average salary, increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to a district's or agency's TRS-covered employees.
<b>Benefit Factor:</b>	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.	Non-University members is equal to: (a) 1.70% of final average salary for each year that is 10 years or less; (b) 2% of final average salary for each year that is greater than 10 years but less than 20 years; (c) 2.3% of final average salary for each year that is greater than 20 years but less than 26 years; (d) 2.5% of final average salary for each year that is greater than 26 years but less than 30 years; (e) 3% of final average salary for years greater than 30 years. University members is equal to: (a) 1.5% of final average salary for each year that is 10 years or less; (b) 1.7% of final average salary for each year that is greater than 10 years but less than 20 years; (c) 1.85% of final average salary for each year that is greater than 20 years but less than 27 years; (d) 2% of final average salary for each year that is greater than or equal to 27 years.	For all members, the career factor is 0.25% from 20 to 29.99 years of service or 0.5% at 30 or more years of service. For non-university members, the age factor is 1.70% from age 57 to 60 and then increases monthly to 1.9% at age 65. The maximum non-university multiplier is 2.4%. For university members, the age factor is 0.7% from age 57 to 60 and then increases monthly to 0.9% at age 65. The maximum university multiplier is 1.4%.

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

	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
	Entry before	Entry on or between	Entry on or between	Entry on or after
	7/1/2002	7/1/2002 and 6/30/2008	7/1/2008 and 12/31/2021	1/1/2022
<b>Cost of Living Adjustment (COLA):</b>	1.5% annually additional	ad hoc increases must be authorized by the General Assembly.		A standard, statutory COLA of 1.5% is provided annually on July 1, subject to risk controls outlined separately, on a retired foundational benefit for retirees who have been retired for at least one year.
<b>Unreduced Retirement Benefit:</b>	Any age with 27 years of Kentucky service. Age 60 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.	Any age with 27 years , Age 60 with five years.	No penalty Age 57 with 30 years, age 60 with 10 years, age 65 with five years.
<b>Reduced Retirement Benefit:</b>	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.	Reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service. Penalty (up to 30%) Age 55 with 10 years.	The standard penalty is a reduction of 6% for the lesser of each year that the member's age is below 60 or that the service is less than 30 years with a maximum penalty of 18%. Early retirement penalty (up to 18%).

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

	<b>Fiscal Year 2023</b>		
	<b>State Police Retirement System</b>	<b>Kentucky Judicial Retirement Plan</b>	<b>Kentucky Legislators Retirement Plan</b>
Total Pension Liability			
Service Costs	\$ 12,158	\$ 4,270	\$ 558
Interest	53,740	23,751	4,500
Differences between expected and actual experience	(2,700)	—	—
Changes in assumptions	—	(5,908)	(1,271)
Benefit payments/refunds	(64,400)	(24,990)	(5,236)
Other	3,130	—	—
Net change in total pension liability	1,928	(2,877)	(1,449)
Total pension liability at July 1	1,055,824	379,534	72,568
Total pension liability at June 30	<u>\$ 1,057,752</u>	<u>\$ 376,657</u>	<u>\$ 71,119</u>
Pension Plan Fiduciary Net Position			
Contributions - employer	\$ 62,341	\$ 7,063	\$ —
Contributions - member	4,773	2,395	231
Net investment income	(22,088)	(42,019)	(8,683)
State appropriation	215,000	—	—
Benefit payments/refunds	(64,400)	(24,990)	(5,235)
Administrative expenses	(273)	—	—
Net change in plan fiduciary net position	195,353	(57,551)	(13,687)
Pension plan fiduciary net position at July 1	356,346	448,440	98,291
Pension plan fiduciary net position at June 30	<u>\$ 551,699</u>	<u>\$ 390,889</u>	<u>\$ 84,604</u>
Net Pension Liability at June 30	<u>\$ 506,053</u>	<u>\$ (14,232)</u>	<u>\$ (13,485)</u>
Pension plan fiduciary net position as a % of the total pension liability	52.16%	103.78 %	118.96 %
Covered-employee payroll	\$ 48,061	\$ 29,870	\$ 4,201
Net Pension liability as a % of covered employee payroll	1,052.94%	(47.65)%	(321.00)%

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	Kentucky Employees Retirement System		State Police Retirement System
	Non-Hazardous	Hazardous	
<b>Employer Contribution</b>	77.94%	31.30%	129.71%
<b>State Contribution as a percentage of nonemployer special funding situation</b>	—	—	—
<b>Member Contribution</b>	5.00%	8.00%	8.00%
<b>Employer Contributions made in thousands</b>	\$818,808	\$59,068	\$62,341
<b>Special Funding Contributions made in thousands</b>	\$—	\$—	\$—
<b>As of the measurement date:</b>			
<b>Actuarial Valuation Date</b>	June 30, 2020	June 30, 2020	June 30, 2020
<b>Measurement Date</b>	June 30, 2022	June 30, 2022	June 30, 2022
<b>Actuarial Cost Method</b>	Entry age normal	Entry age normal	Entry age normal
<b>Amortization Method</b>	Level percent of pay	Level percent of pay	Level percent of pay
<b>Asset valuation method</b>	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
<b>Investment rate of return</b>	5.25%	6.25%	5.25% unchanged from prior year
<b>Inflation Rate</b>	2.30%	2.30%	2.30%
<b>Payroll Growth Assumptions</b>	0.00%	0.00%	0.00%
<b>Projected salary increases</b>	3.30% to 15.30%, varies by service	3.55% to 20.05% , varies by service	3.55% to 16.05%, varies by service
<b>Mortality Tables</b>	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	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	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.
<b>Date of Experience Study</b>	The period July 1, 2013 - June 30, 2018	The period July 1, 2013 - June 30, 2018	The period July 1, 2013 - June 30, 2018
<b>Update procedures applied</b>	Standard roll forward using generally accepted actuarial techniques.		
<b>Change in Assumptions</b>	There have been no actuarial assumption or method changes since June 30, 2021. House Bill 259 passed during the 2022 legislative session and will increase the benefits in the Tier 3 cash balance plan by allowing the conversion of unused sick leave in excess of 480 hours to cash balance pay credits at the end of each fiscal year. Similarly, House Bill 259 will also allow the conversion of a member's balance of unused sick leave to cash balance pay credits upon termination of employment. The total pension liability as of June 30, 2022 is determined using these updated benefit provisions. There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2021.		

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
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Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Teachers' Retirement System
23.65%	—	43.33%
—	—	43.33%
Members entering the plan on or after September 1, 2008, must contribute 6%. Members entering the plan prior to September 1, 2008, contribute 5% of official salary. Once a member has a sufficient service credit to accrue benefits of 100% of final compensation, contributions shall cease.		University members contribute 7.625% of salary. Non-university members contribute 9.105% of salary. Other member contributions are picked up by the employer.
\$7,063	\$—	\$22,207
\$—	\$—	\$1,554,918
July 1, 2021	July 1, 2021	June 30, 2021
July 1, 2022	July 1, 2022	June 30, 2022
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
6.50% no change from prior year.	6.50% no change from prior year.	7.10%
3.00%	3.00%	2.50%
0.00%	0.00%	0.00%
1.0% for the next three years, thereafter 3.5%	1.0% for the next three years, thereafter 3.5%	3.00% to 7.50% including inflation. Prior year was 3.5% to 7.3%
PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales).		Mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.
The period , 2013 - 2019	The period , 2013 - 2019	The period July 1, 2016 - June 30, 2020
Standard roll forward using generally accepted actuarial techniques.		Standard roll forward using generally accepted actuarial techniques.
There have been no changes in assumptions.		The discount rate 7.10%, did not change from the prior year.



**COMMONWEALTH OF KENTUCKY**  
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<b>Membership Information</b>	Retirees and beneficiaries receiving benefits	Inactive members	Active plan members	Total	Participating Employers
Kentucky Employees Retirement System:					
Non-Hazardous	47,700	54,522	30,186	132,408	305
Hazardous	4,726	7,680	3,827	16,233	20
State Police Retirement System	1,673	634	775	3,082	1
Judicial Retirement Plan	366	9	235	610	1
Legislators Retirement Plan	248	37	104	389	1
Kentucky Teachers' Retirement System	57,465	61,235	69,256	187,956	226

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

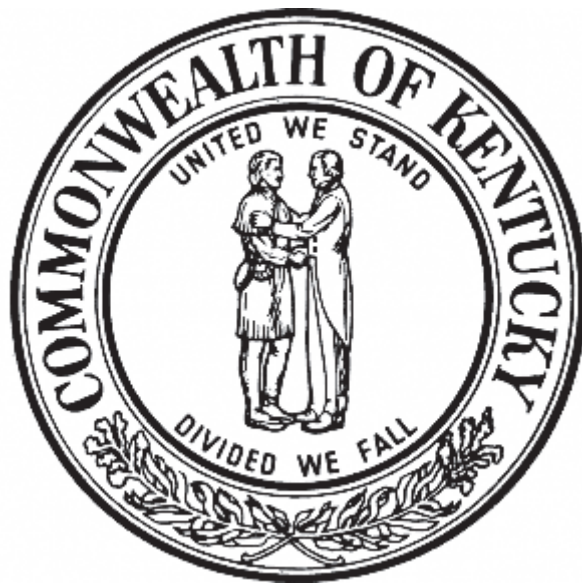
The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the following table. The current long term inflation assumption is 2.30% per annum. (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 the Judicial Retirement Plan and Legislators Retirement 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. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial Retirement Plan's target asset allocation as of June 30, 2022. (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  
Notes to the Financial Statements  
June 30, 2023

	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
<b>Asset Class:</b>						
<b>U.S. Equity</b>	— %	— %	— %	— %	— %	— %
US Large Cap	— %	— %	— %	— %	— %	— %
US Mid Cap	— %	— %	— %	— %	— %	— %
US Small Cap	— %	— %	— %	— %	— %	— %
<b>Non US Equity</b>	— %	— %	— %	— %	— %	— %
International Developed	— %	— %	— %	— %	— %	— %
Emerging Markets	— %	— %	— %	— %	— %	— %
Core Bonds	20.50 %	0.28 %	10.00 %	0.28 %	20.50 %	0.28 %
<b>Credit Fixed</b>	— %	— %	— %	— %	— %	— %
Fixed income	— %	— %	— %	— %	— %	— %
Specialty Credit/High Yield	15.00 %	2.28 %	15.00 %	2.28 %	15.00 %	2.28 %
Other	— %	— %	— %	— %	— %	— %
Public Equity	32.50 %	4.45 %	43.50 %	4.45 %	32.50 %	4.45 %
Private Equity	7.00 %	10.15 %	10.00 %	10.15 %	7.00 %	10.15 %
Real Estate	10.00 %	3.67 %	10.00 %	3.67 %	10.00 %	3.67 %
Opportunistic	— %	— %	— %	— %	— %	— %
Real return	10.00 %	4.07 %	10.00 %	4.07 %	10.00 %	4.07 %
Cash	5.00 %	(0.91) %	1.50 %	(0.91) %	5.00 %	(0.91) %
<b>Total</b>	<b>100.00 %</b>		<b>100.00 %</b>		<b>100.00 %</b>	

COMMONWEALTH OF KENTUCKY  
Notes to the Financial Statements  
June 30, 2023

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
— %	4.50 %	— %	4.50 %	40.00 %	— %
— %	— %	— %	— %	37.40 %	4.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	2.60 %	4.70 %
— %	2.50 %	— %	2.50 %	22.00 %	— %
— %	— %	— %	— %	16.50 %	5.30 %
— %	— %	— %	— %	5.50 %	5.40 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	22.00 %	— %
— %	(0.55) %	— %	(0.55) %	15.00 %	(0.10) %
— %	— %	— %	— %	2.00 %	1.70 %
— %	— %	— %	— %	5.00 %	2.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	7.00 %	6.90 %
— %	— %	— %	— %	7.00 %	4.00 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(2.00) %	— %	(2.00) %	2.00 %	(0.30) %
— %		— %		100.00 %	

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

	KERS		KSPRS
	Non-Hazardous	Hazardous	
Discount Rate	5.25%	6.25%	5.25%
Change in Discount Rate			
Prior Valuation	—%	—%	—%
Plan Cash Flow Assumption	The projection of cash flow used to determine the single discount rate assumed that employers would contribute the actuary determined contribution rate in all future years in accordance with the current funding policy.		
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	\$ 10,644,166	\$ 495,881	\$ 506,053
Net Pension Liability Assuming a Decrease of 1% in the Discount Rate	\$ 12,242,520	\$ 655,235	\$ 642,237
Net Pension Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$ 9,328,065	\$ 366,744	\$ 395,014
Commonwealth's Proportionate Share of the Net Pension Liability (Asset)	80.23%	97.70%	100.00%

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

KJRS	KLRS	KTRS	
		Employer	Special Funding Situation
6.50%	6.50%	7.10%	7.10%
—%	—%	—%	—%

The projection of cash flow used to determine the single discount rate assumed that employers would continue to contribute at the current statutory contribution rates in all future years. Member contributions will be made at the current contribution rates. Based on these assumptions, the pension's fiduciary net position was projected to make all future benefit payments to current members.

6.50%	6.50%	7.10%	7.10%
All Periods	All Periods	All Periods	All Periods
N/A	N/A	3.37%	3.37%
\$ (14,232)	\$ (13,485)	\$ 243,393	\$ 17,123,572
\$ 20,981	\$ (6,926)	\$ 113,673	\$ 22,050,449
\$ (44,456)	\$ (19,082)	\$ 68,562	\$ 13,299,792
100.00%	100.00%	1.38%	96.75%

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

(Expressed in Thousands)

	<u>KERS</u>		<u>KSPRS</u>	<u>KJRS</u>
	<u>Non-Hazardous</u>	<u>Hazardous</u>		
<b>Pension Expense (Income)</b>	\$ 768,102	\$ 40,546	\$ 47,600	\$ (16,293)
<b>Deferred Outflow of Resources</b>				
Differences between expected and actual experience	\$ 139	\$ 4,304	\$ 2,925	\$ 207
Changes in assumptions	—	—	—	2,213
Net difference between projected and actual earnings on investments	41,113	20,967	12,789	—
Change in proportionate share	120,913	5,266	—	—
Contributions subsequent to the measurement date	881,324	66,960	56,069	4,959
	<u>\$ 1,043,489</u>	<u>\$ 97,497</u>	<u>\$ 71,783</u>	<u>\$ 7,379</u>
<b>Deferred Inflow of Resources</b>				
Differences between expected and actual experience	\$ 12,470	\$ 8,907	\$ 1,793	\$ 1,276
Changes in assumptions	—	—	—	2,312
Net difference between projected and actual earnings on investments	—	—	—	7,338
Change in proportionate share	137,892	4,313	—	—
	<u>\$ 150,362</u>	<u>\$ 13,220</u>	<u>\$ 1,793</u>	<u>\$ 10,926</u>

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 pension liability during the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

**Future Amortization**

Year ended June 30:

2024	\$ (35,038)	\$ (72)	\$ 3,515	\$ (10,902)
2025	(1,148)	1,612	1,060	(5,753)
2026	(11,964)	(4,806)	45	(6,107)
2027	59,953	20,583	9,301	14,138
2028	—	—	—	20
Thereafter	—	—	—	98
Total	<u>\$ 11,803</u>	<u>\$ 17,317</u>	<u>\$ 13,921</u>	<u>\$ (8,506)</u>

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (4,443)	\$ (10,452)	\$ 668,420	\$ 1,493,480	\$ 1,471,798	\$ 21,682	\$ (68,056)
\$ 32	\$ 444	\$ 69,145	\$ 77,196	\$ 77,022	\$ 174	\$ 486
588	7,914	1,535,932	1,546,647	1,546,647	—	3,613
—	6,005	1,163,271	1,244,145	1,233,440	1,413	16,567
—	2,290	72,354	200,823	198,815	2,008	—
—	8,125	1,042,434	2,059,871	2,031,698	28,173	8,664
<u>\$ 620</u>	<u>\$ 24,778</u>	<u>\$ 3,883,136</u>	<u>\$ 5,128,682</u>	<u>\$ 5,087,622</u>	<u>\$ 31,768</u>	<u>\$ 29,330</u>

\$ 443	\$ —	\$ —	\$ 24,889	\$ 24,399	\$ 490	\$ 210
468	—	—	2,780	2,780	—	—
1,954	—	—	9,292	—	—	1,105
—	37,708	2,106	182,019	176,048	5,971	20,554
<u>\$ 2,865</u>	<u>\$ 37,708</u>	<u>\$ 2,106</u>	<u>\$ 218,980</u>	<u>\$ 203,227</u>	<u>\$ 6,461</u>	<u>\$ 21,869</u>

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 pension liability during the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

\$ (2,483)	\$ (9,787)	\$ 962,502	\$ 907,735	\$ 918,088	\$ (10,353)	\$ (8,764)
(1,328)	(7,370)	868,784	855,857	856,133	(276)	551
(1,423)	(8,483)	118,454	85,716	87,659	(1,943)	609
2,975	4,585	888,856	1,000,391	990,684	9,707	6,401
4	—	—	24	24	(1)	—
10	—	—	108	109	—	—
<u>\$ (2,245)</u>	<u>\$ (21,055)</u>	<u>\$ 2,838,596</u>	<u>\$ 2,849,831</u>	<u>\$ 2,852,697</u>	<u>\$ (2,866)</u>	<u>\$ (1,203)</u>



**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.

House Bill 1, passed during the 2019 special legislative session allowed certain agencies in the KERS Non-Hazardous Plan to elect to cease in participating in the KERS Non-Hazardous Plan as of June 30, 2020. Senate Bill 249, passed during the 2020 legislative session, delayed the effective date of cessation for these provisions until June 30, 2021. There is no material impact on the total OPEB liability due to this legislation.

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](http://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 21.427 and KRS 6.577 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](http://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.trr.ky.gov](http://www.trr.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.

<b>Benefit Factor:</b>	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.

<b>Contribution Rate:</b>	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.
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**Cost of Living Adjustment (COLA):** Members participating after 2008 receive 1.5% increase annually.

<b>Membership:</b>	
<b>Retirees and beneficiaries receiving benefits</b>	30,024
<b>Inactive members</b>	17,429
<b>Active plan members</b>	30,013
<b>Total</b>	77,466

The total OPEB liability is based on the membership as of June 30, 2021, as displayed here.

Publicly available financial report can be accessed at [www.kyret.ky.gov](http://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.

<b>Benefit Factor:</b>	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.

<b>Membership:</b>	
Retirees and beneficiaries receiving benefits	2,495
Inactive members	924
Active plan members	3,814
<b>Total</b>	7,233

The total OPEB liability is based on the membership as of June 30, 2021, as displayed here.

Publicly available financial report can be accessed at [www.kyret.ky.gov](http://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.

<b>Benefit Factor:</b>	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%				

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member obtains over certain thresholds, depending on a member's retirement eligibility requirement. The contribution is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. The bill also allows members receiving the insurance contribution to participate in medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by Kentucky Public Pension Authority. (KPPA)

<b>Contribution Rate:</b>	Contribution rates for the employer are actuarially determined. No member contributions.	Contribution rates for the employer are actuarially determined. No member contributions.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.
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**Cost of Living Adjustment (COLA):** Members participating after 2008 receive 1.5% increase annually.

<b>Membership:</b>	
Retirees and beneficiaries receiving benefits	1,369
Inactive members	112
Active plan members	775
<b>Total</b>	2,256

The OPEB liability is based on the plan membership as of June 30, 2021, as displayed here.

Publicly available financial report can be accessed at [www.kyret.ky.gov](http://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.

<b>Benefit Factor:</b>	Participation prior to January 2014		Participation on or after January 2014	
	Years of Service	Percent of premium paid	Months of Service	Percent of premium paid
	Less than 4	0%	Greater than or equal to 180	\$10 per month for each year of service, not to exceed \$200; adjusted by 1.5% annually
	4, but less than 10	25%		
	10, but less than 15	50%		
	15, but less than 20	75%		
	20 or more	100%		

**Contribution Rate:** 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:**

<b>Retirees and beneficiaries receiving benefits</b>	366
<b>Inactive members</b>	9
<b>Active plan members</b>	235
<b>Total</b>	610

Publicly available financial report can be accessed at [www.kjfrs.ky.gov](http://www.kjfrs.ky.gov).

**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.

<b>Benefit Factor:</b>	Participation prior to January 2014		Participation on or after January 2014	
	Years of Service	Percent of premium paid	Months of Service	Percent of premium paid
	Less than 4	0%	Greater than or equal to 180	\$10 per month for each year of service, not to exceed \$200; adjusted by 1.5% annually
	4, but less than 10	25%		
	10, but less than 15	50%		
	15, but less than 20	75%		
	20 or more	100%		

**Contribution Rate:** 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:**

<b>Retirees and beneficiaries receiving benefits</b>	248
<b>Inactive members</b>	37
<b>Active plan members</b>	104
<b>Total</b>	389

Publicly available financial report can be accessed at [www.kjfrs.ky.gov](http://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 eligible 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:**

Years of Service	Percentage of System Contribution Rate Provided to Retirees*			
	Entered system Before 7/1/2002		Entered System After June 2002 and before July 2008	Entered System After June 2008
	Age 65 or Older and Covered before January 2005	Age 65 After or Covered After December 2004		
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
<b>Retirees and beneficiaries receiving benefits</b>	42,215	51,731
<b>Inactive members</b>	7,658	10,388
<b>Active plan members</b>	65,604	65,604
<b>Total</b>	115,477	127,723

Membership at Valuation date, June 30, 2021.

Publicly available financial report can be accessed at [www.trs.ky.gov](http://www.trs.ky.gov).

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Single Employer Defined Benefit OPEB Plans**  
**Schedule of Changes in Net OPEB Liability and**  
**Related Ratios**

(Expressed in Thousands)

	<b>Fiscal Year 2023</b>		
	<b>State Police Retirement System</b>	<b>Kentucky Judicial Retirement System</b>	<b>Kentucky Legislators Retirement System</b>
Total OPEB Liability			
Service Costs	\$ 5,605	\$ 651	\$ 109
Interest	18,592	2,479	968
Changes in benefit terms	4,975	—	—
Differences between expected and actual experience	(5,952)	—	—
Changes in assumptions	(21,937)	—	—
Benefit payments/refunds	(14,729)	(1,900)	(887)
Net change in total OPEB liability	(13,446)	1,230	190
Total OPEB liability at July 1	364,899	39,389	15,667
Total OPEB liability at June 30	<u>\$ 351,453</u>	<u>\$ 40,619</u>	<u>\$ 15,857</u>
OPEB Plan Fiduciary Net Position			
Contributions - employer	\$ 9,343	\$ 84	\$ —
Contributions - member	230	64	24
Net investment income	(10,847)	(12,828)	(6,497)
Benefit payments/refunds	(14,729)	(1,900)	(887)
Administrative expenses	(73)	—	—
Net change in plan fiduciary net position	(16,076)	(14,580)	(7,360)
OPEB plan fiduciary net position at July 1	247,318	133,915	70,661
OPEB plan fiduciary net position at June 30	<u>\$ 231,242</u>	<u>\$ 119,335</u>	<u>\$ 63,301</u>
Net OPEB liability at June 30	<u>\$ 120,211</u>	<u>\$ (78,716)</u>	<u>\$ (47,444)</u>
Plan fiduciary net position as a % of the total OPEB liability	65.80%	293.79 %	399.20 %
Covered-employee payroll	\$ 48,600	\$ 29,800	\$ 4,200
Net OPEB liability as a % of covered employee payroll	247.35%	(264.15)%	(1129.62)%



**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

	<b>KERS</b>		<b>KSPRS</b>
	<b>Non-Hazardous</b>	<b>Hazardous</b>	
<b>Employer Contribution</b>	9.79%	2.18%	18.07%
<b>Member Contribution</b>	1.00%	1.00%	1.00%
<b>State Contribution as a percentage of nonemployer special funding situation</b>			
<b>Contributions</b>	\$141,022	\$4,022	\$8,782
<b>Experience Study</b>	July 1, 2013-June 30, 2018	July 1, 2013-June 30, 2018	July 1, 2013-June 30, 2018
<b>Actuarial Valuation Date</b>	June 30, 2020	June 30, 2020	June 30, 2020
<b>Measurement Date</b>	June 30, 2022	June 30, 2022	June 30, 2022
<b>Inflation</b>	2.3%, no change from prior year.	2.3%, no change from prior year.	2.3%, no change from prior year.
<b>Salary Increases</b>	3.30% to 15.30%, varies by service, no change from prior year.	3.55% to 20.05%, varies by service, no change from prior year.	3.55% to 16.05%, varies by service, no change from prior year.
<b>Investment rate of return</b>	6.25%, no change from prior year.	6.25%, no change from prior year.	6.25%, no change from prior year.
<b>Health cost trend rates</b>	Pre-age 65 Initial trend starting at 6.40% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Post-age 65 Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022. Fiscal Year 2022 used the pre-65 rate of 6.25% over a period of 13 years to reach the trend rate of 4.05% and the post-65 had an initial rate of 5.50% decreasing to 4.05% over 14 years.		
<b>Actuarial Cost Method</b>	Entry age normal		Entry age normal
<b>Asset valuation method</b>	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
<b>Actuarial assumptions:</b>			
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.
Mortality Tables	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. No change from prior year.		

Update procedures applied

Standard roll forward methods using generally accepted actuarial techniques.

**COMMONWEALTH OF KENTUCKY**  
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KJRS	KLRS	KTRS
0.30%	—%	1.84%
Members participating on or after January 2014 contribute 1%	Members participating on or after January 2014 contribute 1%	Active members contribute between 2.78% and 3.75%
\$84	\$—	\$33,455
2013 -2019	2013 -2019	July 1, 2016 - June 30, 2020
July 1, 2021	July 1, 2021	June 30, 2021
July 1, 2022	July 1, 2022	June 30, 2022
2.5%, no change from prior year	2.5%, no change from prior year	2.50%
1% for the next three years, and 3.5% thereafter. No change from last year.	1% for the next three years, and 3.5% thereafter. No change from last year	3.00%-7.50% including wage inflation. No change from prior year.
6.5%. No change from the prior year.	6.5%. No change from the prior year.	7.10% Health, 7.10% Life. No change from prior year.
6.25% decreasing to 5.75% over two years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075. No change from the prior year.	6.25% grading to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075. No change from prior year.	Under Age 65, 7.00% for FYE 2022 decreasing to a rate of 4.50% by FYE 2032. For 65 and older 5.125% for FYE 2022 decreasing to 4.50 % by 2025. Medicare part B premiums 6.97% for FYE 2022 with an ultimate of 4.5% by FYE 2034.
Entry age normal 5 year smoothing	Entry age normal 5 year smoothing	Entry age normal 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.5%, no change from last year	6.5%, no change from last year	7.10%, no change from prior year.
Mortality rates were updated to PubG-2010 (A) with full generation projection under Scale MP-2020; The headcount weighted version of the table was used. No change from prior year.	Mortality rates were PubG-2010 (A) with Pre and Post Commencement Rates with projected improvements after year 2010 under Projected Scale MP-2020. (male and females scale). The headcount weighted version of the table was used. No pre-retirement mortality is assumed for the Hybrid Plan.	Mortality rates were based to PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2022 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. No change from prior year
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, 2022 (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  
Notes to the Financial Statements  
June 30, 2023

	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
<b>Asset Class:</b>				
U.S. Equity	— %	— %	— %	4.50 %
<b>Non US Equity</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>2.50 %</b>
International	— %	— %	— %	— %
<b>Credit Fixed</b>	<b>— %</b>	<b>— %</b>	<b>— %</b>	<b>(0.55)%</b>
Specialty Credit/ High Yield	15.00 %	2.82 %	— %	— %
Public Equity	43.50 %	4.45 %	— %	— %
Private Equity	10.00 %	10.15 %	— %	— %
Real Estate	10.00 %	3.67 %	— %	— %
Core Bonds	10.00 %	0.28 %	— %	— %
Real return	10.00 %	4.50 %	— %	— %
Cash	1.50 %	(0.91) %	— %	(2.00) %
Additional Categories	— %	— %	— %	— %
<b>Total</b>	<b>100.00 %</b>		<b>— %</b>	

COMMONWEALTH OF KENTUCKY  
Notes to the Financial Statements  
June 30, 2023

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
— %	4.50 %	— %	— %	40.00 %	4.40 %
— %	<b>2.50 %</b>	<b>58.00 %</b>	<b>5.10 %</b>	— %	— %
— %	— %	— %	— %	23.00 %	5.60 %
— %	<b>(0.55)%</b>	<b>9.00 %</b>	<b>(0.10)%</b>	<b>18.00 %</b>	<b>(0.10)%</b>
— %	— %	8.00 %	1.70 %	— %	— %
— %	— %	8.50 %	6.90 %	5.00 %	6.90 %
— %	— %	— %	— %	— %	— %
— %	— %	6.50 %	4.00 %	6.00 %	4.00 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(2.00)%	1.00 %	(0.30)%	2.00 %	(0.30)%
— %	— %	9.00 %	2.20 %	6.00 %	2.10 %
— %		<b>100.00 %</b>		<b>100.00 %</b>	

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
Discount Rate	5.72%	5.59%	5.69%	6.50%
Change in Discount Rate from Prior Valuation	0.45%	0.58%	0.49%	—%

**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	3.69%	3.69%	3.69%, prior year 1.92%	NA

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

*(expressed in thousands):*

Net OPEB Liability	\$ 1,753,608	\$ 7,452	\$ 120,211	\$ (78,715)
Net OPEB Liability Assuming a Decrease of 1% in the Discount Rate	\$ 2,099,375	\$ 89,358	\$ 167,531	\$ (73,852)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$ 1,435,411	\$ (59,036)	\$ 81,657	\$ (82,787)

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

*(expressed in thousands):*

Net OPEB Liability	\$ 1,753,608	\$ 7,452	\$ 120,211	\$ (78,715)
Net OPEB Liability Assuming a Decrease of 1% in the Healthcare Cost Trend Rate	\$ 1,441,757	\$ (52,702)	\$ 81,720	\$ (83,242)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Healthcare Cost Trend Rate	\$ 2,088,509	\$ 80,506	\$ 166,889	\$ (73,301)

**Commonwealth's Proportionate Share of the OPEB Liability/(Asset)**

	79.27 %	97.71 %	100.00 %	100.00 %
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**Plan Cash Flow assumption:**

- 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."
- 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.
- KTRS:** The discount used to measure the total liability was 7.1% for MIF and 7.1% for LIF. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. 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.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

KLRS	KTRS - Medical Insurance Fund		KTRS - Life Insurance Fund	
	Employer	Special Funding Situation	Employer	Special Funding Situation
6.50%	7.10%	7.10%	7.10%	7.10%
—%	—%	—%	—%	—%
6.50%	7.10%	7.10%	7.10%	7.10%
All Periods	All periods	All periods	All periods	All periods
NA	NA	NA	NA	NA
\$ (47,443)	\$ 45,725	\$ 584,791	\$ 591	\$ 28,813
\$ (45,638)	\$ 53,979	\$ 737,109	\$ 912	\$ 44,520
\$ (48,949)	\$ 33,951	\$ 463,629	\$ 329	\$ 16,109
\$ (47,443)	\$ 45,725	\$ 584,791	\$ 591	\$ 28,813
\$ (49,043)	\$ 32,254	\$ 440,424	\$ —	\$ —
\$ (45,544)	\$ 56,417	\$ 770,404	\$ —	\$ —
100.00 %	1.81 %	23.14 %	0.03 %	1.68 %



**COMMONWEALTH OF KENTUCKY**  
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(Expressed in Thousands)

	<u>KERS</u>		<u>KSPRS</u>	<u>KJRS</u>
	<u>Non-Hazardous</u>	<u>Hazardous</u>		
<b>OPEB Expense (Income)</b>	\$ 126,962	\$ 24,481	\$ 13,700	\$ (13,247)
<b>Deferred Outflow of Resources</b>				
Differences between expected and actual experience	\$ 42,725	\$ 9,287	\$ 4,725	\$ 14
Changes in assumptions	98,570	42,951	13,343	—
Net difference between projected and actual earnings on investments	35,413	9,320	2,997	—
Change in proportionate share	107,459	670	—	—
Contributions subsequent to the measurement date	149,276	3,428	10,212	—
	<u>\$ 433,443</u>	<u>\$ 65,656</u>	<u>\$ 31,277</u>	<u>\$ 14</u>
<b>Deferred Inflow of Resources</b>				
Differences between expected and actual experience	\$ 140,455	\$ 30,687	\$ 8,160	\$ 2,250
Changes in assumptions	115,952	35,732	16,547	568
Net difference between projected and actual earnings on investments	24	—	—	—
Change in proportionate share	88,840	3,637	—	1,760
	<u>\$ 345,271</u>	<u>\$ 70,056</u>	<u>\$ 24,707</u>	<u>\$ 4,578</u>

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, 2024. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

**Future Amortization**

Year ended June 30:

2024	\$ (3,842)	\$ 2,496	\$ 1,112	\$ (5,521)
2025	(52,566)	(2,219)	(941)	(1,629)
2026	(33,039)	(12,863)	(8,561)	(1,734)
2027	28,343	4,758	4,748	4,312
2028	—	—	—	1
Thereafter	—	—	—	7
<b>Total</b>	<u>\$ (61,104)</u>	<u>\$ (7,828)</u>	<u>\$ (3,642)</u>	<u>\$ (4,564)</u>

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
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KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (7,232)	\$ (243)	\$ (111,242)	\$ 33,179	\$ 31,183	\$ 1,996	\$ (47,180)
\$ 10	\$ 8	\$ 441	\$ 57,210	\$ 55,733	\$ 1,477	\$ 7,747
1	8,737	119,312	282,914	279,331	3,583	18,046
—	2,449	39,150	89,329	88,445	884	26,595
—	14,339	19,907	142,375	140,601	1,774	10,799
—	1,467	87,928	252,311	247,883	4,428	18,477
<u>\$ 11</u>	<u>\$ 27,000</u>	<u>\$ 266,738</u>	<u>\$ 824,139</u>	<u>\$ 811,993</u>	<u>\$ 12,146</u>	<u>\$ 81,664</u>

\$ 1,078	\$ 18,155	\$ 250,407	\$ 451,192	\$ 446,335	\$ 4,857	\$ 31,670
90	76	3,768	172,733	169,014	3,719	79,072
1,003	—	—	1,027	1,003	24	869
—	5,875	558,882	658,994	655,696	3,298	11,413
<u>\$ 2,171</u>	<u>\$ 24,106</u>	<u>\$ 813,057</u>	<u>\$ 1,283,946</u>	<u>\$ 1,272,048</u>	<u>\$ 11,898</u>	<u>\$ 123,024</u>

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, 2024. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

\$ (2,582)	\$ (1,840)	\$ (134,730)	\$ (144,907)	\$ (143,669)	\$ (1,238)	\$ (33,295)
(870)	(1,422)	(137,293)	(196,940)	(194,542)	(2,398)	(18,031)
(938)	(878)	(135,299)	(193,312)	(191,758)	(1,554)	(18,958)
2,225	2,391	(86,913)	(40,136)	(41,146)	1,010	12,325
2	2,153	(97,483)	(95,327)	(95,327)	—	(664)
3	1,023	(42,529)	(41,496)	(41,496)	—	(1,214)
<u>\$ (2,160)</u>	<u>\$ 1,427</u>	<u>\$ (634,247)</u>	<u>\$ (712,118)</u>	<u>\$ (707,938)</u>	<u>\$ (4,180)</u>	<u>\$ (59,837)</u>

**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 withholding 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 deferral 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, 2023 Plan Assets are as follows:

	(expressed in thousands)	
	457 Plan	401(k) Plan
Commonwealth	\$ 603,133	\$ 912,806
Other Participating Jurisdictions	797,192	1,437,682
Total	\$ 1,400,325	\$ 2,350,488

**Note 11**

**LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

**LEASES**

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-day 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.

Under GASB Statement No. 87 “Leases” that was implemented by the Commonwealth in fiscal year 2022, a lessee is required to recognize a lease liability and an intangible right to use lease asset and a lessor should recognize a lease receivable and a deferred inflow of resources.

The present value of all lease liabilities and leases receivable was determined using the Commonwealth’s imputed interest rate unless otherwise noted in the contract.

Changes in leases payable for the year ended June 30, 2023, are summarized in [Note 16](#), Changes in Long-Term Obligations. The amount of lease assets are classified by their underlying asset types in [Note 6](#), Capital Assets and Lease Assets.

**Commonwealth as a Lessee:**

As a lessee, the Commonwealth has entered into multiple lease agreements related to governmental activities and business-type activities for buildings, office space, and equipment with lease terms ranging from one to 76 years. Many of the current real property leases are past their initial terms and were previously renewed or extended. A portion of the lease liability for the major component units is applicable to leases with the Commonwealth.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Future minimum lease payments under lease agreements as of June 30, 2023, are as follows (Expressed in Thousands):**

	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$ 40,803	\$ 4,499	\$ 469	\$ 55	\$ 70,916	\$ 29,260
2025	29,880	3,440	343	36	63,853	22,032
2026	25,059	2,613	220	22	54,966	20,854
2027	23,110	1,912	163	12	36,908	19,882
2028	18,580	1,269	127	5	27,814	19,120
2029-2033	32,641	1,532	32	2	58,013	88,588
2034-2038	2,948	439	—	—	23,179	64,709
2039-2043	1,620	84	—	—	42,416	53,526
2044-2048	86	1	—	—	345,474	90,498
Present value of future minimum lease payments	<u>\$ 174,727</u>	<u>\$ 15,789</u>	<u>\$ 1,354</u>	<u>\$ 132</u>	<u>\$ 723,539</u>	<u>\$ 408,469</u>

**Commonwealth as a Lessor:**

The Commonwealth is a lessor under multiple lease agreements for buildings and land related to both governmental and business-type activities. The terms of these leases range from one to 38 years. For governmental activities, the Commonwealth recognized \$9,114,000 and \$477,000 for lease principal and interest revenue, respectively, for the fiscal year ended June 30, 2023. Lease revenue from principal and interest payments received for business-type activities was \$78,000 and \$51,000 during fiscal year 2023.

**The future lease payments included in the measurement of the lease receivable related to the primary government as of June 30, 2023, are as follows (Expressed in Thousands):**

	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$ 3,098	\$ 285	\$ 59	\$ 39	\$ —	\$ —
2025	1,054	247	51	37	—	—
2026	1,083	218	20	36	—	—
2027	992	189	21	35	—	—
2028	1,020	162	22	35	—	—
2029-2033	1,383	630	—	171	—	—
2034-2038	912	481	5	171	—	—
2039-2043	981	353	15	170	—	—
2044-2048	1,122	211	28	167	—	—
2049-2053	991	54	42	163	—	—
2054-2058	—	—	59	156	—	—
2059-2063	—	—	80	146	—	—
2064-2068	—	—	104	134	—	—
2069-2073	—	—	131	118	—	—
2074-2078	—	—	164	99	—	—
2079-2083	—	—	202	74	—	—
2084-2088	—	—	175	41	—	—
2089-2093	—	—	98	19	—	—
2094-2098	—	—	89	5	—	—
Present value of future minimum lease payments	<u>\$ 12,636</u>	<u>\$ 2,830</u>	<u>\$ 1,365</u>	<u>\$ 1,816</u>	<u>\$ —</u>	<u>\$ —</u>

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**SUBSCRIPTION-BASED IT ARRANGEMENTS**

The Commonwealth has noncancellable subscription-based information technology arrangements (SBITAs) for the right to use IT vendors' information technology software reportable under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which was implemented in fiscal year 2023. For SBITAs, the Commonwealth recognizes a subscription liability and a subscription asset on the government-wide and proprietary fund financial statements. On the governmental fund statements, the initial capital outlay and other financing sources are record at the commencement of the subscription term.

The total subscription payments made during fiscal year 2023 for governmental and business-type activities were \$91,747,000 and \$245,000, respectively.

Total subscription assets and related amortization recorded by the Commonwealth for governmental activities, business-type activities, and major component units can be found in [Note 6 - Capital and Lease Assets](#).

**Future minimum subscription payments under subscription agreements as of June 30, 2023, are as follows (Expressed in Thousands):**

	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$ 81,840	\$ 11,562	\$ 245	\$ 122	\$ 18,575	1,102
2025	62,221	8,683	257	110	13,616	660
2026	51,363	6,348	269	98	8,282	339
2027	46,800	4,437	282	85	5,632	149
2028	43,355	2,675	296	71	1,846	22
2029-2033	22,379	4,299	1,334	133	—	—
2034-2038	6,159	1,813	—	—	—	—
2039-2043	5,809	559	—	—	—	—
Present value of future minimum subscription payments	\$ 319,926	\$ 40,376	\$ 2,683	\$ 619	\$ 47,951	\$ 2,272

**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 \$15,035,923 reported in the Program at June 30, 2023, 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 2023 and 2022 were:

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	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 11,633,098	\$ 13,589,511
Incurred claims	15,061,425	7,144,418
Claims payments	<u>(11,658,600)</u>	<u>(9,100,831)</u>
Balance at Fiscal Year End	<u>\$ 15,035,923</u>	<u>\$ 11,633,098</u>

**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 \$206,745,285 reported in the Program at June 30, 2023, 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 2023 and 2022 were:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 208,623,239	\$ 210,701,197
Claims and claims adjustments incurred	13,220,387	14,692,790
Changes in estimates	—	—
Claims and claims adjustment payments	<u>(15,098,341)</u>	<u>(16,770,748)</u>
Balance at Fiscal Year End	<u>\$ 206,745,285</u>	<u>\$ 208,623,239</u>

**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 \$19,321,325 reported in the Program at June 30, 2023, 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 2023 and 2022 were:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 22,500,564	\$ 29,597,877
Claims and claims adjustments incurred	3,670,024	4,013,495
Changes in estimates	(4,501,038)	(8,518,892)
Claims and claims adjustments payment	<u>(2,348,225)</u>	<u>(2,591,916.00)</u>
Balance at Fiscal Year End	<u>\$ 19,321,325</u>	<u>\$ 22,500,564</u>

**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 \$402,343,774 as reported in the financial statements, is the present value of the aggregate actuarially determined claims liability of \$531,845,000 discounted at 3.00 percent, and net of the estimated realizable value of reimbursements. The claims adjusted liability of \$13,337,476 as reported in the financial statements is the present value of the aggregate actuarially determined liability of \$17,631,000 discounted at 3.00 percent and net of the estimated realizable value of reimbursements. Changes in the Program's claims liability amount in Fiscal Years 2023 and 2022 were:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 601,040,000	\$ 593,051,000
Claims and claims adjustments incurred	7,186,000	7,076,000
Changes in estimates	(21,114,000)	41,487,000
Claims and claims adjustment payments	<u>(37,636,000)</u>	<u>(40,574,000)</u>
Balance at Fiscal Year End	<u>\$ 549,476,000</u>	<u>\$ 601,040,000</u>

**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 \$156,242,973 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:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 94,588,585	\$ 94,588,585
Claims and claims adjustments incurred	4,579,537	9,834,170
Changes in estimates	69,453,665	—
Claims and claims adjustment payments	<u>(12,378,814)</u>	<u>(9,834,170)</u>
Balance at Fiscal Year End	<u>\$ 156,242,973</u>	<u>\$ 94,588,585</u>



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**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 \$1,386,861 as reported in the financial statements is the aggregate actuarially determined claims liability.

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 602,622	\$ 901,983
Claims and claims adjustments incurred	—	—
Changes in estimates	784,239	(299,361)
Claims and claims adjustment payments	—	—
Balance at Fiscal Year End	<u>\$ 1,386,861</u>	<u>\$ 602,622</u>

**Mine Subsidence Insurance:**

The Mine Subsidence Insurance Program is administered by the Department of Insurance. The provisions of the Program require that all insurance policies issued or renewed that insure a structure located in any county in the Commonwealth, except those specifically exempted by KRS 304.44-60, shall include a separately stated premium for mine subsidence damage coverage. This premium is assessed at the amount determined by the Program, and the insurer is required to 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, 2023. Changes in the Program's aggregate liabilities for the claims and claims adjustments for the past two years were:



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	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ —	\$ —
Claims and claims adjustments incurred	338,556	275,582
Changes in estimates	—	—
Claims and claims adjustment payments	<u>(338,556)</u>	<u>(275,582)</u>
Balance at Fiscal Year End	<u>\$ —</u>	<u>\$ —</u>

**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 \$127,035,671 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:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Beginning of fiscal year liability	\$ 180,330,922	\$ 118,649,033
Claims and claims adjustments incurred	2,016,632,524	1,942,027,006
Changes in estimates	5,969,261	35,190,413
Claims and claims adjustment payments	<u>(2,075,897,036)</u>	<u>(1,915,535,530)</u>
Balance at Fiscal Year End	<u>\$ 127,035,671</u>	<u>\$ 180,330,922</u>

**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 2023 or 2022; and, there was not a claims liability for FY 2023 or FY 2022.

**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, 2023, the Commission issued no refunding revenue bonds.

**State Property and Buildings Commission**

The State Property and Buildings Commission issued no refunding Revenue Refunding Bonds for the fiscal year ended June 30, 2023.

**Kentucky Asset Liability Commission**

The Kentucky Asset Liability Commission issued \$54,840,000 of Project Refunding Notes Federal Highway Trust Fund Series 2023 Bonds. The serial bonds have a maturity from September 1, 2024 through September 1, 2025 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$1,638,681 and a net present value savings of \$1,598,618.

**Component Units**

**Western Kentucky University**

During the fiscal year ended June 30, 2023, the University issued Western Kentucky University General Receipts Refunding Bonds, Series 2022B. The \$10,315,000 proceeds were used to redeem the conduit debt of the City of Bowling Green, Kentucky General Obligation and Special Revenue Refunding Bonds 2010 Series A for present value savings.

**The University of Kentucky**

During the fiscal year ended June 30, 2023 issued \$75.6 million of General Receipts 2022 Bonds Series D with an average interest rate of 3.4% percent to advance refund \$75.3 million of outstanding General Receipts 2014. Bonds Series A maturing in years 2028 to 2030 and 2032 to 2038 with an average interest rate of 3.8%. The net proceeds of \$75.5 million (after payment of \$121 thousand in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded General Receipts 2014 Bonds Series A. As a result, the General Receipts 2014 Bonds Series A maturing in 2028 to 2030 and 2032 to 2038 are considered to be defeased and the liability for those bonds has been removed from the University's Statement of Net Position. The refunding portion of these bonds will reduce the University's total debt service payments over the next 15 years by approximately \$8.3 million, representing an economic gain of approximately \$6.5 million.

**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 Eastern Kentucky Exposition Center Corporation, Northern Kentucky Convention Center Corporation, Kentucky Employer's Mutual Insurance Authority, 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, 2023.

**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, 2023 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 \$235,485,000 in revenue fund bonds as follows:

\$195,295,000 Project No. 127 Revenue Bonds Series A and \$40,190,000 Project No. 127 Refunding Revenue Bonds Series B both dated October 5, 2022. Series A bonds maturing on June 1, 2028 through June 1, 2042 and carrying an interest rate between 3.500% and 5.250%. Series B bonds maturing on June 1, 2023 through June 1, 2028 and carrying interest rates of 3.887% to 4.553%.

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.

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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 \$156,350,000 in refunding bonds as follows:

\$47,480,000 2022 Revenue Bonds Series B, dated October 20, 2022. Series B bonds maturing on July 1, 2023 through July 1, 2042 and carrying interest rates of 3.250% to 5.000%.

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 2023.

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.

**Eastern Kentucky University** issued \$50,530,000 of General Receipts Bonds, 2022 Series A, dated August 2, 2022. These bonds mature in varying amounts through April 1, 2052, and carry interest rates of 4.100%. During fiscal year 2023, no principal amounts were paid and \$1,467,522 of interest were paid on these bonds. Total outstanding principal at June 30, 2023 was \$50,530,000.

**Western Kentucky University** issued \$41,685,000 General Receipts Bonds, Series 2022A, dated August 12, 2022, with a fixed interest rate equal to 3.24%, with a final principal payment date is May 1, 2042. Also issued were General Receipts Refunding Bonds, Series 2022B, dated August 5, 2022, with a fixed interest rate equal to 2.63%. Final principal payment date is June 1, 2026.

**The University of Kentucky** issued \$67,825,000 of General Receipts Refunding, 2022 Series B, dated September 6, 2022. The bonds mature April 1, 2023 through April 1, 2035 with carrying interest rate of 5.000%. The University also issued \$22,850,000 in General Receipts Bonds, 2022 Taxable Series C, dated September 6, 2022. These bonds will mature from April 1, 2023 through April 1, 2026 with an interest rate of 4.000% throughout. Lastly, on October 24, 2022, the University issued \$75.6 million of General Receipts 2022 Bonds Series D with an average interest rate of 3.4% percent to advance refund \$75.3 million of outstanding General Receipts 2014 Bonds Series A maturing in years 2028 to 2030 and 2032 to 2038 with an average interest rate of 3.8%. The net proceeds of \$75.5 million (after payment of \$121 thousand in issuance costs) were used to purchase U.S. government securities.

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

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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 2023.

**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 2023.

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 2023.

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 for fiscal year 2023

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.



**COMMONWEALTH OF KENTUCKY**  
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**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 for the fiscal year 2023.

**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 2023.

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 successorship necessary to assure all legal and contractual functions and liabilities associated with the outstanding bonds issued in the name of the Authority, including refunding of then existing Authority debt.

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

During the fiscal year ended June 30, 2023, the Commission issued bonds having aggregate state participation of \$38,805,641 maturing through June 1, 2041, and carry interest rates of 0.250%-5.900%. Due to the length of the listing, the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 2023, which is contained in the publication titled SUPPLEMENTARY INFORMATION to the Kentucky Comprehensive Annual Report for the Fiscal Year Ended June 30, 2023. Copies of this report are available from the Division of Statewide Accounting, Financial Reporting Branch, 200 Mero Street, 5th Floor, 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.

**COMMONWEALTH OF KENTUCKY**  
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**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 fiscal year ended June 30, 2023.

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 no bonds during fiscal year 2023.

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 for the Kentucky Communications Network Authority Project. 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.

The Corporation issued no bonds during the fiscal year ended June 30, 2023. 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.

**COMMONWEALTH OF KENTUCKY**  
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**The agencies and authorities that issue debt, net of discounts and defeased bonds,  
at June 30, 2023, are as follows (Expressed in Thousands)**

Long-Term Obligations	Principal Outstanding	Interest Rate	Annual Maturity To
Agency:			
State Property and Buildings Commission	\$ 2,730,825	0.255%-8.250%	2042
Kentucky School Facilities Construction Commission	955,700	0.250%-5.900%	2042
Turnpike Authority of Kentucky	<u>860,505</u>	0.166%-5.720%	2037
<b>Total</b>	<u><u>\$ 4,547,030</u></u>		

**Future revenue bond debt service requirements at  
June 30, 2023, are as follows (Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2024	\$ 566,729	\$ 175,457	\$ 742,186
2025	439,182	157,270	596,452
2026	435,960	139,448	575,408
2027	427,858	121,560	549,418
2028	424,949	104,103	529,052
2029-2033	1,323,405	326,070	1,649,475
2034-2038	733,552	124,800	858,352
2039-2043	<u>195,355</u>	<u>18,800</u>	<u>214,155</u>
<b>Total</b>	<u><u>\$ 4,546,990</u></u>	<u><u>\$ 1,167,508</u></u>	<u><u>\$ 5,714,498</u></u>

**Future debt service requirements for aggregated Next Generation Kentucky Information  
Highway Project at June 30, 2023, are as follows (Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2024	\$ 3,245	\$ 14,995	\$ 18,240
2025	3,771	14,860	18,631
2026	4,438	14,664	19,102
2027	5,143	14,432	19,575
2028	5,859	14,166	20,025
2029-2033	41,683	65,858	107,541
2034-2038	67,461	53,474	120,935
2039-2043	102,620	33,165	135,785
2043-2045	<u>61,596</u>	<u>4,613</u>	<u>66,209</u>
<b>Total</b>	<u><u>\$ 295,816</u></u>	<u><u>\$ 230,227</u></u>	<u><u>\$ 526,043</u></u>



Future debt service requirements for Kentucky Communications Network Authority  
Project at June 30, 2023, are as follows (Expressed in Thousands)

Year Ending June 30	Direct Placements		Totals
	Principal	Interest	
2024	\$ 1,770	\$ 4,896	\$ 6,666
2025	1,865	4,805	6,670
2026	1,960	4,709	6,669
2027	2,060	4,609	6,669
2028	2,165	4,503	6,668
2029-2033	12,610	20,732	33,342
2034-2038	16,190	17,150	33,340
2039-2043	20,790	12,550	33,340
2044-2048	26,695	6,644	33,339
2049-2053	12,695	643	13,338
<b>Total</b>	<b>\$ 98,800</b>	<b>\$ 81,241</b>	<b>\$ 180,041</b>

Component Unit Revenue Bonds Payable as of June 30, 2023, are as follows (Expressed in Thousands)

Component Unit Revenue Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Kentucky Housing Corporation*	\$ 167,110	0.025%-5.000%	2042
Kentucky Infrastructure Authority*	132,675	2.000%-5.000%	2032
Kentucky Higher Education Student Loan Corporation	604,023	1.141%-7.220%	2051
Kentucky Public Transportation Infrastructure Authority	344,685	1.150%-6.875%	2053
University of Kentucky*	1,241,400	1.030%-3.940%	2052
University of Louisville*	678,897	1.500%-5.600%	2052
Louisville Arena Authority	365,245	2.967%-5.000%	2047
Eastern Kentucky University	135,969	2.000%-5.000%	2052
Western Kentucky University*	238,234	2.000%-5.000%	2042
Murray State University*	63,895	1.000%-5.000%	2042
Morehead State University	52,055	1.000%-5.000%	2036
Kentucky State University	1,505	3.625%-3.875%	2027
Northern Kentucky University*	299,660	0.610%-5.000%	2051
<b>Total</b>	<b>\$ 4,325,353</b>		

\* Amounts reflect original issue

**Future revenue bond debt service requirements for bonds issued by the  
Commonwealth's Component Units at June 30, 2023, are as follows**  
**(Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2023	\$ 193,433	\$ 173,141	\$ 366,574
2024	201,269	169,843	371,112
2025	185,865	146,203	332,068
2026	232,454	138,459	370,913
2027	203,217	129,351	332,568
2028-2032	748,569	566,522	1,315,091
2033-2037	718,231	410,567	1,128,798
2038-2042	484,802	282,979	767,781
2043-2047	338,719	190,207	528,926
2048-2052	640,999	72,662	713,661
2053-2057	23,540	405	23,945
Thereafter	354,255	263,290	617,545
<b>Total</b>	<b>\$ 4,325,353</b>	<b>\$ 2,543,629</b>	<b>\$ 6,868,982</b>

**NOTES PAYABLE**

At June 30, 2023, 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 Kentucky Asset Liability Commission issued \$54,840,000 of Project Refunding Notes Federal Highway Trust Fund Series 2023 Bonds. The serial bonds have a maturity from September 1, 2024 through September 1, 2025 and carry an interest rate of 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 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.

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**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 liability 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.

No bonds were issued in fiscal year 2023.

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, 2023, are as follows (Expressed in Thousands)**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 7,465	\$ 2,345	\$ 9,810
2025	7,670	2,138	9,808
2026	7,885	1,926	9,811
2027	8,100	1,707	9,807
2028	8,325	1,483	9,808
2029-2033	45,210	3,825	49,035
<b>Total</b>	<u>\$ 84,655</u>	<u>\$ 13,424</u>	<u>\$ 98,079</u>

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**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 \$3,885,000 was made on those Certificates in 2023. 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, 2023, are as follows**  
**(Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Operations & Maintenance	Totals
2023	\$ 3,885	\$ 6,749	\$ 1,384	\$ 12,018
2024	3,995	6,593	1,426	12,014
2025	4,135	6,419	1,468	12,022
2026	4,235	6,270	1,512	12,017
2027	4,350	6,115	1,557	12,022
2028-2032	23,595	28,008	8,512	60,115
2033-2037	27,730	22,543	9,860	60,133
2038-2042	32,940	15,785	11,424	60,149
2043-2047	38,110	8,829	13,240	60,179
2048-2052	20,460	1,450	5,195	27,105
<b>Total</b>	<u>\$ 163,435</u>	<u>\$ 108,761</u>	<u>\$ 55,578</u>	<u>\$ 327,774</u>

**Pollution Remediation Liabilities** – GASB Statement No. 49 establishes the guidance reporting entities are to use in estimating and reporting potential cost which may be incurred for pollution remediation. GASB Statement No. 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.

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**Deferred Outflows and Inflows** - GASB Statement No. 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 Statement No. 68, GASB Statement No. 71, and GASB Statement No. 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, 2023, are as follows  
(Expressed in Thousands):**

	Governmental Activities	Business-Type Activities	Major Component Units
<b>Deferred Outflow of Resources</b>			
Deferred Loss on Refunding	\$ 6,329	\$ —	\$ 26,043
Pension Related Outflows	5,087,622	31,768	29,330
OPEB Related Outflows	811,993	12,146	81,664
<b>Total</b>	<b>\$ 5,905,944</b>	<b>\$ 43,914</b>	<b>\$ 137,037</b>
<b>Deferred Inflow of Resources</b>			
Deferred Gain on Refunding	\$ 40,647	\$ —	\$ 10,881
External Trusts	—	—	16,826
Forward Delivery Agreement	—	—	2,464
Lessor Contracts	12,636	1,365	652,621
Service Concession Arrangement	—	—	479,034
Pension Related Inflows	203,227	6,461	21,869
OPEB Related Inflows	1,272,048	11,898	123,024
<b>Total</b>	<b>\$ 1,528,558</b>	<b>\$ 19,724</b>	<b>\$ 1,306,719</b>

**Future debt service requirements for aggregated Notes Payable for the Primary  
Government at June 30, 2023, are as follows (Expressed in Thousands):**

Year Ending June 30	Principal	Interest	Totals
2024	\$ 94,399	\$ 16,009	\$ 110,408
2025	89,870	12,343	102,213
2026	92,479	8,157	100,636
2027	80,431	4,150	84,581
2028	22,820	1,404	24,224
2029-2033	5,425	4,610	10,035
2034-2038	6,002	2,657	8,659
2039-2043	6,866	1,793	8,659
2044-2048	5,295	913	6,208
2049-2053	4,406	305	4,711
2054	66	—	66
<b>Total</b>	<b>\$ 408,059</b>	<b>\$ 52,341</b>	<b>\$ 460,400</b>

**COMMONWEALTH OF KENTUCKY**  
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**Future debt service requirements for aggregated Notes Payable for the Component Units at June 30, 2023, are as follows (Expressed in Thousands):**

Year Ending June 30			Direct Borrowings		Direct Placements		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 6,953	\$ 405	\$ 38,464	\$ 21,675	\$ 625	\$ 8,206	\$ 76,328
2025	2,205	338	992	19,149	662	8,175	31,521
2026	2,452	288	1,149	18,996	692	8,144	31,721
2027	1,613	273	1,170	18,838	724	8,112	30,730
2028	1,650	221	1,356	23,731	757	8,080	35,795
2029-2033	5,296	390	25,701	85,940	4,351	39,826	161,504
2034-2038	56	7	66,715	74,611	83,426	34,192	259,007
2039-2043	—	—	102,853	57,373	55,170	3,134	218,530
2044-2048	—	—	124,536	35,370	—	—	159,906
2049-2053	—	—	178,473	9,386	—	—	187,859
<b>Total</b>	<b>\$ 20,225</b>	<b>\$ 1,922</b>	<b>\$ 541,409</b>	<b>\$ 365,069</b>	<b>\$ 146,407</b>	<b>\$ 117,869</b>	<b>\$ 1,192,901</b>

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Changes in long-term liabilities for the fiscal year ended June 30, 2023, are summarized as follows (Expressed in Thousands):

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due In One Year	Due Thereafter
<b>Governmental Activities</b>						
Compensated absences	\$ 268,636	\$ 45,203	\$ (187)	\$ 313,652	\$ 156,308	\$ 157,344
Lease obligations	192,163	50,827	(68,263)	174,727	40,804	133,923
Subscription liability	63,439	304,569	(48,082)	319,926	81,840	238,086
Claims liability	242,757	28,281	(29,936)	241,102	32,694	208,408
Notes payable	534,718	54,840	(167,230)	422,328	93,834	328,494
Certificate of Participation	167,210	—	(3,775)	163,435	3,885	159,550
KCNA - Direct Placements	102,090	—	(3,290)	98,800	1,770	97,030
KWIC	298,620	—	(2,804)	295,816	3,245	292,571
Bonds payable	4,691,276	319,966	(464,214)	4,547,028	465,613	4,081,415
Unamortized premiums	422,756	26,975	(55,094)	394,637	41,533	353,104
Unamortized discounts	(7,182)	698	(131)	(6,615)	(670)	(5,945)
Judgments and contingent liabilities	31,330	20,168	(29,247)	22,251	12,754	9,497
LFUCGPFC MOU obligations	91,920	—	(7,265)	84,655	7,465	77,190
Pollution remediation liabilities	8,271	11,534	(953)	18,852	1,529	17,323
Net OPEB liability	2,699,084	—	(341,648)	2,357,436	—	2,357,436
Net pension liability	24,661,946	3,962,923	—	28,624,869	—	28,624,869
<b>Total Governmental Activities</b>	<b>34,469,034</b>	<b>4,825,984</b>	<b>(1,222,119)</b>	<b>38,072,899</b>	<b>942,604</b>	<b>37,130,295</b>
<b>Business-Type Activities</b>						
Compensated absences	7,036	1,081	—	8,117	6,359	1,758
Lease obligations	1,600	—	(246)	1,354	469	885
Subscription liabilities	—	2,927	(244)	2,683	245	2,438
Notes Payable	15,332	—	(2,058)	13,274	1,956	11,318
Claims and claims adjustment liability	728,440	—	(28,095)	700,345	194,824	505,521
Pollution remediation liabilities	364	—	(14)	350	3	347
Net OPEB liability	62,667	—	(5,070)	57,597	—	57,597
Net pension liability	372,632	—	(12,153)	360,479	—	360,479
Other Liabilities	179,524	—	(47,658)	131,866	104,300	27,566
<b>Total Business-Type Activities</b>	<b>1,367,595</b>	<b>4,008</b>	<b>(95,538)</b>	<b>1,276,065</b>	<b>308,156</b>	<b>967,909</b>
<b>Total Primary Government</b>	<b>\$ 35,836,629</b>	<b>\$ 4,829,992</b>	<b>\$ (1,317,657)</b>	<b>\$ 39,348,964</b>	<b>\$ 1,250,760</b>	<b>\$ 38,098,204</b>
<b>Major Component Units</b>						
Compensated Absences	\$ 20,899	\$ 147,214	\$ (25,548)	\$ 142,565	\$ 128,256	\$ 14,309
Lease obligations	710,533	92,752	(79,746)	723,539	70,916	652,623
Subscription liabilities	39,439	24,874	(16,362)	47,951	18,575	29,376
Notes Payable	139,749	227,472	(237,316)	129,905	13,593	116,312
Direct Borrowings	583,671	30,530	(71,310)	542,891	56,150	486,741
Direct Placements	181,169	9,000	(30,436)	159,733	3,079	156,654
Bonds Payable	2,929,512	497,812	(354,628)	3,072,696	119,858	2,952,838
Claims Liability	9,000	—	(9,000)	—	—	—
Prize Liability	78,618	9,161	(1,381)	86,398	77,648	8,750
Net Pension Obligations	220,500	9,927	(1,142)	229,285	—	229,285
Net OPEB Liability	144,570	68,277	(29,003)	183,844	—	183,844
Other Liabilities:	1,251,710	115,452	(769,871)	597,291	70,345	526,946
<b>Other Liabilities:</b>	<b>\$ 6,309,370</b>	<b>\$ 1,232,471</b>	<b>\$ (1,625,743)</b>	<b>\$ 5,916,098</b>	<b>\$ 558,420</b>	<b>\$ 5,357,678</b>

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 Grantor. Any disallowance as a result of these audits becomes a liability of the Commonwealth.

**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, 2023, the estimated liability for annual and compensatory leave was \$313,652,000 for the governmental activities, and \$8,117,000 in the business-type activities.

Compensated absence liabilities for the major component units totaled \$142,565,000 at June 30, 2023.

**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, 2023. The estimated accumulated amount of unused sick leave at that date for the governmental and business-type activities was \$532,896,000 and \$13,346,000, respectively.

**Construction Projects** – The Transportation Cabinet, at June 30, 2023, had contractual commitments of approximately \$1,077,727,123 for the construction, maintenance, and operation of the highway system. It is anticipated that these projects will be funded with approximately 32% State funds, 63% Federal funds, and the remaining 5% 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, 2023, in the following table:

(expressed in thousands)

Program Name	Sales and Use	Property	Income	Total
	Tax	Tax	Tax	
Kentucky Business Investment	\$ —	\$ —	\$ 22,321	\$ 22,321
Tax Increment Financing	13,777	1,693	26,741	42,211
Kentucky Tourism Development Act	10,260	—	—	10,260
Kentucky Film Industry Tax Credit	—	—	11,609	11,609
<b>Total</b>	<b>\$ 24,037</b>	<b>\$ 1,693</b>	<b>\$ 60,671</b>	<b>\$ 86,401</b>

**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

**Non-Reported Tax Abatements** - 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 \$3 million for the year ending June 30, 2023. Among those not reported are Kentucky Rural Economic Development Act, 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 Industrial Revitalization Act, Kentucky Jobs Development Act, and Kentucky Investment Fund Act. For more information on the programs, see thinkkentucky.com.

<b>Note 18</b>
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## SUBSEQUENT EVENTS

The following entities of the Commonwealth issued or agreed to administer State participation in financial obligations incurred after June 30, 2023, and prior to or on February 27, 2023, as described below.

**The Kentucky State Property and Buildings Commission** issued \$143,970,000 in Revenue Bonds, project 128 Series A, subsequent to June 30, 2023, and maturing as to principal through 2043 at interest rates of 5.000% to 5.550%.

**The Kentucky Housing Corporation** issued \$246,415,000 in Revenue Bonds, 2023 Series A, 2024 project Series A, and project Series B, subsequent to June 30, 2023, and maturing as to principal through 2035 at interest rates of 3.050% to 6.250% .

**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, 2023, and maturing as to principal through 2042 at interest rates of 3.250% to 5.000% as displayed in the table on the following page.

**Morehead State University** issued \$5,175,000 of debt subsequent to June 30, 2023, and maturing as to principal through 2043 at an interest rate of 4.000% to 5.000% as displayed in the table on the following page.

**University of Kentucky** issued \$186,250,000 of debt subsequent to June 30, 2023, General Receipts Bonds 2024 Series A and Series B. These bonds mature as to principal through 2044 at an interest rate of 4.000% to 5.000% as displayed in the table on the following page.

**Kentucky Higher Education Student Loan Corporation** issued \$160,615,000 of debt subsequent to June 30, 2023, Student Loan Revenue Bonds Senior Series 2023-1A-1 and 2023-1A-2. These bonds mature as to principal through 2043.

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION**

<b>School District</b>	<b>Delivery Date</b>	<b>Principal at Issue</b>	<b>State Share</b>	<b>Interest Rates (%)</b>
Carroll County	07/12/23	\$ 1,870,000	\$ 719,290	4.000%
Campbellsville Independent	07/19/23	11,655,000	779,162	4.000% - 4.125%
Paintsville Independent	08/03/23	2,700,000	305,175	4.000% - 4.250%
Bullitt County	08/09/23	26,120,000	700,250	4.000% - 5.000%
Berea Independent	08/29/23	5,340,000	288,951	4.000% - 4.125%
Adair County	09/06/23	33,695,000	1,429,732	4.250% - 4.375%
Cloverport Independent	09/19/23	214,000	214,000	4.000 - 4.750%
Magoffin County	09/19/23	370,000	370,000	4.000 - 4.500%
Boyd County	09/26/23	9,700,000	1,665,141	4.000% - 4.375%
Logan County	09/27/23	28,725,000	692,393	4.125% - 5.000%
Christian County	09/28/23	80,560,000	4,453,991	4.000% - 5.000%
Menifee County	10/05/23	5,545,000	201,668	4.000% - 5.000%
Anderson County	10/17/23	8,030,000	330,839	4.125% - 5.000%
Carter County	10/19/23	1,573,000	1,573,000	4.000% - 5.000%
Lawrence County	10/24/23	660,000	660,000	4.250% - 5.000%
Barren County	10/25/23	24,080,000	350,522	4.375% - 5.000%
Lincoln County	11/07/23	500,000	500,000	4.250% - 5.000%
Ludlow Independent	11/15/23	9,315,000	617,489	5.000%
Rockcastle County	12/05/23	779,000	779,000	5.000%
Elizabethtown Independent	12/07/23	400,000	400,000	4.000% - 4.500%
Whitley County	12/12/23	400,000	400,000	4.000% - 5.000%
Monroe County	12/20/23	5,645,000	248,955	4.000%
Crittenden County	12/21/23	11,015,000	786,720	4.000% - 5.000%
Augusta Independent	12/27/23	300,000	300,000	4.000% - 4.500%
Clay County	12/27/23	13,145,000	810,843	4.000%
Bracken County	01/09/24	300,000	300,000	4.000% - 4.750%
Lee County	01/09/24	645,000	568,952	4.000%
Green County	01/10/24	1,625,000	132,436	4.000%
Cumberland County	01/24/24	12,000,000	925,045	4.000%
Knox County	01/24/24	825,000	825,000	3.250% - 4.000%
Letcher County	01/25/24	1,145,000	1,145,000	3.250% - 4.000%
Fleming County	01/25/24	330,000	330,000	3.250% - 4.000%
Grant County	01/25/24	14,545,000	2,044,467	4.000%
Powell County	02/01/24	20,570,000	705,335	4.000%
Hopkins County	12/21/23	34,325,000	574,577	4.000% - 5.000%
Henry County	12/29/23	2,000,000	2,000,000	4.000% - 4.125%
Campbell County	02/14/24	28,110,000	2,366,661	4.000% - 5.000%
Bullit County	02/07/24	37,220,000	2,280,931	4.000% - 5.000%
Pendleton County	12/21/23	291,000	291,000	4.000% - 4.750%
Washington County	12/19/23	8,395,000	8,395,000	4.000% - 6.000%
Wolfe County	12/28/23	3,570,000	3,570,000	4.000% - 5.000%
		<b>\$ 448,232,000</b>	<b>\$ 46,031,525</b>	

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

**COMPONENT UNITS**

<b>Component Unit</b>	<b>Delivery Date</b>	<b>Principal at Issue</b>	<b>Amount Refunded</b>	<b>Interest Rates (%)</b>
Morehead State University	08/08/23	\$ 5,175,000	\$ —	4.000% - 5.000%
University of Kentucky	02/27/24	186,250,000	—	4.000% - 5.000%
Kentucky Housing Corporation	01/31/24	148,300,000	—	3.050% - 6.250%
Kentucky Housing Corporation	10/05/2023	98,115,000	—	3.450% - 6.000%
Kentucky Higher Education Student Loan Corporation	12/19/2023	160,615,000	—	WEEKLY
		<b>\$ 598,455,000</b>	<b>\$ —</b>	

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

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**Audited financial statements may be requested at the following addresses:**

Bluegrass State Skills Corporation  
300 West Broadway  
Frankfort, Kentucky 40601  
*ced.ky.gov*

KentuckyWired Infrastructure Company, Inc.  
500 Mero St., Suite 1-1  
Frankfort, Kentucky 40601  
*kentuckywired.ky.gov*

Turnpike Authority of Kentucky  
200 Mero St. 5th Fl.  
Frankfort, Kentucky 40622  
*finance.ky.gov/office-of-the-controller/office-of-financial-management*

Kentucky Transportation Cabinet  
200 Mero Street  
Frankfort, Kentucky 40622  
*transportation.ky.gov*

Kentucky Center for the Arts  
501 West Main Street  
Louisville, Kentucky 40202  
*kentuckyperformingarts.org*

Kentucky Economic Development Finance Authority  
300 West Broadway Street, Ste 2  
Frankfort, Kentucky 40601  
*ced.ky.gov*

Kentucky Housing Corporation  
1231 Louisville Road  
Frankfort, Kentucky 40601  
*kyhousing.org*

Kentucky Public Pensions Authority  
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  
305 Ann Street #302  
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*

**COMMONWEALTH OF KENTUCKY**  
**Notes to the Financial Statements**  
**June 30, 2023**

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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/kentucky-river-authority*

Council on Postsecondary Education  
100 Airport Rd.  
Frankfort, Kentucky 40601  
*cpe.ky.gov*

DEP Division of Waste Management,  
Underground Storage Tank Branch  
300 Sower Boulevard, Second Floor  
Frankfort, Kentucky 40601  
*eec.ky.gov/Environmental-Protection/Waste/underground-storage-tank*

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  
501 High St, 2nd Fl.  
Frankfort, Kentucky 40601  
*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/comp*

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*



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**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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, 2023**  
(Expressed in Thousands)

	Original	Final	Actual	Variance
<b>Revenues</b>				
<b>Budgeted:</b>				
Taxes	\$ 13,608,477	\$ 14,647,034	\$ 14,499,875	\$ (147,159)
Licenses, fees, and permits	28,138	26,357	23,938	(2,419)
Intergovernmental	13,310	13,317	5,136	(8,181)
Charges for services	4,374	4,374	5,951	1,577
Fines and forfeits	27,165	27,165	31,610	4,445
Interest and other investment income	(303)	67,500	150,511	83,011
Lottery proceeds	335,000	337,000	352,747	15,747
Other revenues	68,889	63,951	77,894	13,943
Tobacco Settlement	107,687	118,272	118,272	—
Subtotal of Budgeted Revenues	<u>14,192,737</u>	<u>15,304,970</u>	<u>15,265,934</u>	<u>(39,036)</u>
<b>Other Budgeted Financial Resources:</b>				
Transfers in (intrafund)	—	—	13,500	13,500
Transfers in (interfund)	—	3,456	36,026	32,570
Total Budgeted Revenues	<u>14,192,737</u>	<u>15,308,426</u>	<u>15,315,460</u>	<u>7,034</u>
Total Revenues	<u>14,192,737</u>	<u>15,308,426</u>	<u>15,315,460</u>	<u>7,034</u>
<b>Expenditures</b>				
<b>General Government:</b>				
Executive Office of the Governor	6,447	6,447	6,387	(60)
Office of Homeland Security	611	611	611	—
Kentucky Infrastructure Authority	18,281	18,281	18,206	(75)
Commonwealth Council on Developmental Disabilities	—	191	191	—
Department of Veterans Affairs	30,093	30,093	30,093	—
Office of State Budget Director	3,848	3,848	3,837	(11)
Western Ky State Aid Funding for Emergencies (SAFE)	9,000	9,000	9,000	—
Eastern Ky State Aid Funding for Emergencies	—	200,000	200,000	—
Unified Prosecutorial System:				
Commonwealth Attorneys	69,532	69,532	69,532	—
County Attorneys	64,529	64,529	63,371	(1,158)
Department of Agriculture	20,180	20,180	20,174	(6)
Office of the Attorney General	18,661	18,869	18,869	—
Auditor of Public Accounts	11,609	12,109	11,609	(500)
Registry of Election Finance	1,703	1,703	1,610	(93)
Military Affairs	22,771	305,575	300,780	(4,795)
Governor's Office for Local Development	120,619	120,869	94,752	(26,117)
Local Government:				
Economic Assistance Fund	34,857	47,154	47,154	—
Economic Development Fund	37,467	52,067	52,067	—
Department of Treasury	3,504	3,313	2,681	(632)
Board of Elections	6,971	7,052	7,034	(18)
School Facilities Construction Commission	126,943	137,452	136,171	(1,281)
Executive Branch Ethics Commission	619	619	619	—
Commission on Human Rights	1,954	1,954	1,952	(2)
Board of Emergency Medical Services	—	1,800	1,192	(608)
Council on Postsecondary Education	18,437	24,937	23,841	(1,096)
Kentucky Communications Network Authority	38,784	38,784	38,784	—
Budget Reserve Trust Fund	250,000	2,260,597	—	(2,260,597)
<b>Personnel:</b>				
State Fixed Allocation Pension Pool	89,090	89,090	89,090	—

	Original	Final	Actual	Variance
<b>Universities:</b>				
Eastern Kentucky University	\$ 76,641	\$ 81,569	\$ 81,569	\$ —
Kentucky State University	28,166	28,166	28,166	—
Morehead State University	45,714	45,714	45,714	—
Murray State University	48,709	52,006	52,006	—
Northern Kentucky University	53,091	64,454	64,454	—
University of Kentucky	289,108	322,013	322,013	—
University of Louisville	129,032	146,555	146,555	—
Western Kentucky University	79,173	86,950	86,950	—
Kentucky Community and Technical College System	185,465	205,179	200,179	(5,000)
Postsecondary Education Performance Fund	97,307	15,089	15,089	—
<b>Finance and Administration:</b>				
General Administration and Support	8,035	8,035	8,035	—
Special Accounts - Capital Construction	352,633	378,636	378,636	—
Debt Service	384,997	384,997	344,446	(40,551)
Office of the Controller	7,860	7,860	7,860	—
Commonwealth Office of Technology	8,574	8,574	4,133	(4,441)
Department for Facilities and Support Services	17,185	17,185	17,185	—
Kentucky Retirement Systems	135,000	240,000	240,000	—
Kentucky Higher Education Assistance Authority	400,931	388,842	351,432	(37,410)
Special Accounts - Tobacco Settlement	107,687	117,560	115,893	(1,667)
Finance - County Costs	29,244	29,244	29,226	(18)
Department of Revenue:				
General Operations	117,131	117,131	115,347	(1,784)
Office of Property Valuation Administrators	63,823	63,823	62,770	(1,053)
Appropriations Not Otherwise Classified:				
Judgments	18,257	18,257	978	(17,279)
Board of Claims Award	200	423	423	—
Guardian Ad Litem	17,125	14,176	12,623	(1,553)
Prior Year Claims	166	166	—	(166)
Unredeemed Checks Refunded	1,752	1,752	15,252	13,500
Involuntary Commitments	65	140	111	(29)
Blanket Employee Bonds	45	45	37	(8)
Frankfort In Lieu of Taxes	195	846	846	—
Frankfort Cemetery	3	3	—	(3)
Police and Firemen Life Insurance	255	2,255	2,252	(3)
Attorney General Expense	626	626	244	(382)
Medical Malpractice Liability Insurance Reimbursements	94	94	68	(26)
<b>Total General Government</b>	<b>3,710,799</b>	<b>6,395,021</b>	<b>4,000,099</b>	<b>(2,394,922)</b>
<b>Legislative and Judicial:</b>				
General Assembly	32,241	32,241	19,710	(12,531)
Legislative Research Commission	84,780	84,780	56,725	(28,055)
Judicial Retirement System	4,982	4,982	4,982	—
Court of Justice - Operation and Administration	298,554	298,554	288,575	(9,979)
Court of Justice - Local Facility Support	134,846	134,846	114,046	(20,800)
<b>Total Legislative and Judicial</b>	<b>555,403</b>	<b>555,403</b>	<b>484,038</b>	<b>(71,365)</b>

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, 2023**  
(Expressed in Thousands)

	Original	Final	Actual	Variance
<b>Commerce:</b>				
<b>Economic Development:</b>				
Economic Development	\$ 719,530	\$ 716,266	\$ 443,622	\$ (272,644)
New Business Development	—	3,494	2,880	(614)
<b>Commerce Cabinet:</b>				
Office of the Secretary	3,869	3,639	3,490	(149)
Kentucky State Fair Board	5,446	5,446	5,446	—
Kentucky Horse Park	2,199	2,199	2,199	—
Department of Parks	58,142	58,142	58,142	—
Department of Travel	3,434	3,434	2,966	(468)
Berea Artisans Center	1,146	1,146	1,146	—
Department of Fish and Wildlife Resources	3,875	3,875	13	(3,862)
<b>Total Commerce</b>	<u>797,641</u>	<u>797,641</u>	<u>519,904</u>	<u>(277,737)</u>
<b>Education and Labor:</b>				
Commission on the Deaf and Hard of Hearing	1,037	1,037	1,037	—
Kentucky Heritage Council	4,918	4,918	1,944	(2,974)
Kentucky Arts Council	1,797	1,797	1,733	(64)
Department of Education:				
Support Education Excellence In KY (SEEK)	3,205,077	3,205,077	3,158,228	(46,849)
Bureau of Support Services	89,233	79,223	66,858	(12,365)
Learning Results Services	1,192,346	1,143,457	1,124,962	(18,495)
Kentucky Educational Television	16,091	16,091	16,091	—
Kentucky Historical Society	7,822	7,822	7,234	(588)
Kentucky Center for the Arts	558	558	558	—
Libraries and Archives:				
Direct Local Aid	4,330	4,330	3,976	(354)
General Operations	6,561	6,561	6,561	—
Teachers' Retirement System	761,426	722,100	722,100	—
Workforce Investment:				
Office of the Blind	—	2,283	2,283	—
Employment and Training (Operations and Support)	—	604	604	—
Technical Education	—	24,455	16,967	(7,488)
Vocational Rehabilitation	42,764	15,423	15,423	—
Labor:				
Workplace Standards	1,898	1,898	1,898	—
General Administration & Support	18,156	21,656	20,805	(851)
<b>Total Education and Labor</b>	<u>5,354,014</u>	<u>5,259,290</u>	<u>5,169,262</u>	<u>(90,028)</u>
<b>Human Resources:</b>				
<b>Health and Family Services:</b>				
Administrative Services	10,640	1,999	2,000	1
Department for Community Based Services	631,089	631,089	623,166	(7,923)
Department for Family Resource Centers and Volunteer Services	22,557	71,446	71,446	—
Office of the Inspector General	—	9,138	9,138	—
Office of Health Policy	497	—	—	—
Department for Aging and Independent Living	47,784	47,784	47,784	—
Department for Income Support	14,293	14,293	14,293	—
Department for Public Health	76,890	76,890	76,890	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	177,840	177,840	177,840	—
Medicaid Administration	69,695	69,695	69,695	—
Medicaid Services Benefits	1,962,892	1,962,892	1,962,892	—
Commission for Children With Special Health Care Needs	7,568	7,568	7,568	—
<b>Total Human Resources</b>	<u>3,021,745</u>	<u>3,070,634</u>	<u>3,062,712</u>	<u>(7,922)</u>

	Original	Final	Actual	Variance
<b>Justice:</b>				
Justice Administration	\$ 51,108	\$ 52,108	\$ 46,463	\$ (5,645)
Department of State Police	221,415	221,415	219,891	(1,524)
Department of Juvenile Justice	113,379	115,129	113,379	(1,750)
Department for Public Advocacy	81,917	81,917	81,917	—
Department of Criminal Justice Training	1,029	1,029	1,029	—
Department of Corrections:				
Management	16,014	18,959	18,959	—
Adult Institutions	362,632	358,432	358,431	(1)
Local Jail Allotment	17,157	17,157	16,735	(422)
Community Services and Local Facilities	262,329	263,585	256,864	(6,721)
<b>Total Justice</b>	<u>1,126,980</u>	<u>1,129,731</u>	<u>1,113,668</u>	<u>(16,063)</u>
<b>Natural Resources and Environmental Protection:</b>				
General Administration and Support	4,156	4,156	4,156	—
Department for Energy Development and Independence	878	878	878	—
Kentucky River Authority	308	308	308	—
Kentucky Nature Preserves Commission	1,449	1,449	1,449	—
Department for Environmental Protection	33,294	33,432	33,432	—
Department for Natural Resources	47,082	28,502	28,502	—
Mine Safety and Licensing	—	12,430	12,430	—
Surface Mining Reclamation and Enforcement	—	9,120	9,120	—
<b>Total Natural Resources and Environmental Protection</b>	<u>87,167</u>	<u>90,275</u>	<u>90,275</u>	<u>—</u>
<b>Public Protection and Regulation:</b>				
Board of Tax Appeals	1,083	1,083	1,083	—
Horse Racing Commission	3,795	3,795	3,795	—
Public Service Commission	13,361	13,361	11,007	(2,354)
Department of Housing, Buildings, and Construction	3,694	3,694	3,694	—
<b>Total Public Protection and Regulation</b>	<u>21,933</u>	<u>21,933</u>	<u>19,579</u>	<u>(2,354)</u>
<b>Transportation:</b>				
General Administration and Support	17,864	500	499	(1)
Public Transportation	34,799	34,799	17,496	(17,303)
Highways	250,000	250,000	—	(250,000)
<b>Total Transportation</b>	<u>302,663</u>	<u>285,299</u>	<u>17,995</u>	<u>(267,304)</u>
Total Expenditures	<u>14,978,345</u>	<u>17,605,227</u>	<u>14,477,532</u>	<u>(3,127,695)</u>
Excess of Revenues Over (Under) Expenditures	(785,608)	(2,296,801)	837,928	
Fund Balance at July 1			3,995,431	
Non-Budgeted Items			(1,932)	
Fund Balance at June 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,831,427</u>	<u>\$ —</u>

**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, 2023**  
**(Expressed in Thousands)**

	Transportation			
	Original	Final	Actual	Variance
<b>Revenues</b>				
<b>Budgeted:</b>				
Taxes	\$ 1,536,650	\$ 1,536,650	\$ 1,554,855	\$ 18,205
Licenses, fees, and permits	166,802	167,102	177,211	10,109
Intergovernmental	—	—	(36)	(36)
Charges for services	9,796	9,796	8,382	(1,414)
Fines and forfeits	2	2	2	—
Interest and other investment income	100	100	6,314	6,214
Other revenues	6,550	6,550	6,671	121
Subtotal of Budgeted Revenues	<u>1,719,900</u>	<u>1,720,200</u>	<u>1,753,399</u>	<u>33,199</u>
<b>Other Budgeted Financial Resources:</b>				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	—	836	1,319	483
Total Budgeted Revenues	<u>1,719,900</u>	<u>1,721,036</u>	<u>1,754,718</u>	<u>33,682</u>
<b>Non-Budgeted:</b>				
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	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Revenues	<u>1,719,900</u>	<u>1,721,036</u>	<u>1,754,718</u>	<u>33,682</u>
<b>Expenditures</b>				
<b>General Government:</b>				
Executive Office of the Governor	—	—	—	—
Office of Homeland Security	—	—	—	—
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	—	—	—	—
Board of:				
Accountancy	—	—	—	—
Alcohol and Drug Counselors	—	—	—	—
Auctioneers	—	—	—	—
Barbering	—	—	—	—
Chiropractic Examiners	—	—	—	—
Emergency Medical Services	—	—	—	—
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	—	—	—	—



**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, 2023**  
**(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	—	—	—	—
<b>Personnel:</b>				
General Operations	—	—	—	—
Public Employee Deferred Compensation Authority	—	—	—	—
<b>Universities:</b>				
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	—	—	—	—
<b>Finance and Administration:</b>				
General Administration and Support	—	—	—	—
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	—	—	—	—
Office of Property Valuation Administrators	—	—	—	—
Department for Facilities and Support Services	—	—	—	—
<b>Total General Government</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 1,830	\$ 3,956	\$ 3,252	\$ (704)	\$ 246	\$ 246	\$ 67	\$ (179)
—	—	—	—	514	514	459	(55)
—	—	—	—	457	457	421	(36)
—	—	—	—	83	83	77	(6)
—	—	—	—	306	306	284	(22)
—	—	—	—	374	454	424	(30)
—	—	—	—	2,017	2,017	2,017	—
—	—	—	—	78	78	45	(33)
—	—	—	—	101	101	78	(23)
—	—	—	—	3,714	3,714	3,706	(8)
—	—	—	—	9,265	9,265	9,226	(39)
—	—	—	—	71	71	64	(7)
—	—	—	—	248	248	248	—
—	—	—	—	11	11	9	(2)
—	—	—	—	212	212	206	(6)
—	—	—	—	258	289	274	(15)
—	—	—	—	134	134	121	(13)
—	—	—	—	—	—	—	—
—	—	—	—	109	109	97	(12)
—	—	—	—	910	910	894	(16)
—	—	—	—	2,895	2,895	2,895	—
—	—	—	—	695	695	565	(130)
—	—	—	—	47	47	39	(8)
—	—	—	—	1,883	1,883	1,349	(534)
—	—	—	—	223	223	195	(28)
—	—	—	—	525	525	460	(65)
—	—	—	—	114	114	85	(29)
—	—	—	—	151	151	150	(1)
—	—	—	—	—	—	—	—
445	445	358	(87)	10	10	1	(9)
26,041	26,041	10,215	(15,826)	5,020	5,020	3,565	(1,455)
—	—	—	—	32,751	32,088	31,637	(451)
—	—	—	—	8,387	8,387	7,402	(985)
—	—	—	—	346,111	346,111	230,667	(115,444)
—	—	—	—	50,076	50,076	57,752	7,676
—	—	—	—	157,960	157,960	192,000	34,040
—	—	—	—	138,780	138,780	306,049	167,269
—	—	—	—	212,254	212,254	389,668	177,414
—	—	—	—	6,331,359	6,331,359	8,471,094	2,139,735
—	—	—	—	1,247,743	1,247,743	—	(1,247,743)
—	—	—	—	303,824	303,824	316,071	12,247
—	—	—	—	931,505	931,340	521,201	(410,139)
60,000	65,400	65,124	(276)	36,817	7,942	5,830	(2,112)
—	—	—	—	14,760	11,996	11,201	(795)
—	—	—	—	—	—	35	35
894	894	554	(340)	144,881	2,000	547	(1,453)
8,040	8,040	1,612	(6,428)	37,929	37,929	19,410	(18,519)
—	—	—	—	—	104	103	(1)
—	—	—	—	1,703	1,703	1,093	(610)
—	—	—	—	50,185	50,185	40,985	(9,200)
—	50	18	(32)	13,134	13,134	—	(13,134)
—	—	—	—	4,786	4,786	15	(4,771)
—	—	—	—	55,978	1,500	746	(754)
771,259	1,047,518	523,457	(524,061)	10,431,913	10,310,250	10,853,326	543,076

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, 2023**  
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
<b>Legislative and Judicial:</b>				
General Assembly	\$ —	\$ —	\$ —	\$ —
Legislative Research Commission	—	—	—	—
Judicial Retirement System	—	—	—	—
Court of Justice - Operation and Administration	—	—	—	—
<b>Total Legislative and Judicial</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Commerce:</b>				
<b>Economic Development:</b>				
Office of the Secretary	—	—	—	—
Financial Incentives	—	—	—	—
Business Development	—	—	—	—
<b>Commerce:</b>				
Office of the Secretary	—	—	—	—
Kentucky State Fair Board	—	—	—	—
Kentucky Horse Park	—	—	—	—
Department of Parks	—	—	—	—
Department of Travel	—	—	—	—
Berea Artisans Center	—	—	—	—
Department of Fish and Wildlife Resources	—	—	—	—
<b>Total Commerce</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Education and Labor:</b>				
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:				
Support Education Excellence In KY (SEEK)	—	—	—	—
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	—	—	—	—
Labor: Workplace Standards	—	—	—	—
General Administration & Support	—	—	—	—
<b>Total Education and Labor</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ 1,459	\$ 1,459	\$ —	\$ (1,459)
1	1	—	(1)	1,786	1,786	—	(1,786)
—	—	—	—	834	834	595	(239)
7,103	7,103	3,633	(3,470)	112,068	112,068	44,705	(67,363)
7,104	7,104	3,633	(3,471)	116,147	116,147	45,300	(70,847)
301	34,628	34,811	183	28,045	28,045	2,498	(25,547)
—	—	—	—	—	—	—	—
—	295	—	(295)	—	—	—	—
17,500	92,761	72,441	(20,320)	17,500	17,500	17,525	25
—	—	—	—	52,397	—	—	—
—	206	3	(203)	11,718	—	—	—
—	—	—	—	52,503	50	35	(15)
—	—	—	—	23	23	—	(23)
—	—	—	—	1,620	1,620	1,536	(84)
23,183	27,683	25,202	(2,481)	64,630	64,630	112,046	47,416
40,984	155,573	132,457	(23,116)	228,436	111,868	133,640	21,772
—	—	—	—	1,391	1,391	1,121	(270)
430	780	551	(229)	517	517	278	(239)
984	1,134	1,125	(9)	850	4,150	441	(3,709)
809	967	932	(35)	107	107	60	(47)
—	—	—	—	—	—	325	325
—	—	—	—	—	—	—	—
1,363,690	2,034,390	1,357,441	(676,949)	35,392	35,392	17,083	(18,309)
465,365	605,365	552,794	(52,571)	8,179	48,179	864	(47,315)
—	—	—	—	2,037	2,037	1,789	(248)
170	170	—	(170)	480	480	12	(468)
—	—	—	—	535	535	411	(124)
—	—	—	—	—	—	—	—
—	—	—	—	1,047	2,447	1,154	(1,293)
3,483	3,483	3,293	(190)	1,614	1,614	1,040	(574)
—	—	—	—	18,553	18,553	22,153	3,600
499,851	3,819	2,662	(1,157)	12,915	978	632	(346)
—	99,628	93,150	(6,478)	—	6,002	2,980	(3,022)
—	67,661	62,760	(4,901)	—	3,865	3,497	(368)
4,467	4,467	4,209	(258)	8,698	—	—	—
6,637	56,896	49,577	(7,319)	225,172	17,766	19,417	1,651
2,345,886	2,878,760	2,128,494	(750,266)	317,487	144,013	73,257	(70,756)

**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, 2023**  
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
<b>Human Resources:</b>				
<b>Health and Family Services:</b>				
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	—	—	—	—
<b>Total Human Resources</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Justice:</b>				
Office of the Secretary	—	—	—	—
Department of State Police	59,437	59,437	59,437	—
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	—	—	—	—
<b>Total Justice</b>	<u>59,437</u>	<u>59,437</u>	<u>59,437</u>	<u>—</u>
<b>Natural Resources and Environmental Protection:</b>				
General Administration and Support	—	—	—	—
Department for Energy Development and Independence	—	—	—	—
Kentucky River Authority	—	—	—	—
Kentucky Nature Preserves Commission	—	—	—	—
Department for Environmental Protection	—	—	—	—
Department for Natural Resources	—	—	—	—
Mining Safety and Licensing	—	—	—	—
Surface Mining Reclamation and Enforcement	—	—	—	—
Abandoned Mine Lands Reclamation Projects	—	—	—	—
<b>Total Natural Resources and   Environmental Protection</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Public Protection and Regulation:</b>				
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	—	—	—	—
<b>Total Public Protection and Regulation</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 50,499	\$ 32,167	\$ 30,823	\$ (1,344)	\$ 57,040	\$ 54,746	\$ 49,506	\$ (5,240)
18,106	4	4	—	23,462	25	475	450
—	57,607	56,777	(830)	—	146	136	(10)
1,035,567	1,035,567	1,020,626	(14,941)	209,841	209,841	187,087	(22,754)
9,114	23,114	17,828	(5,286)	—	—	—	—
—	—	—	—	—	—	—	—
—	36,009	20,865	(15,144)	—	18,503	13,578	(4,925)
—	—	—	—	—	—	—	—
67,667	67,667	51,449	(16,218)	2,883	2,883	1,800	(1,083)
100,206	42,599	33,660	(8,939)	16,634	16,488	13,864	(2,624)
439,878	439,878	321,487	(118,391)	94,201	94,201	97,866	3,665
117,260	117,260	111,772	(5,488)	217,644	228,144	242,387	14,243
289,556	289,982	154,401	(135,581)	57,158	64,386	30,198	(34,188)
11,723,696	13,678,348	13,570,942	(107,406)	1,586,012	1,649,675	1,150,816	(498,859)
4,754	4,754	4,667	(87)	9,386	9,386	7,759	(1,627)
—	—	—	—	—	—	—	—
13,856,303	15,824,956	15,395,301	(429,655)	2,274,261	2,348,424	1,795,472	(552,952)
55,231	55,231	35,122	(20,109)	5,266	5,266	3,160	(2,106)
14,827	16,900	16,196	(704)	35,282	35,282	34,987	(295)
2,138	2,643	2,119	(524)	4,504	4,504	3,318	(1,186)
10,107	10,107	9,291	(816)	13,962	13,962	13,982	20
2	2	—	(2)	94,693	94,693	87,418	(7,275)
174	174	15	(159)	150	150	1	(149)
46,098	53,024	47,755	(5,269)	16,546	7,383	5,293	(2,090)
855	855	803	(52)	9,510	9,510	6,857	(2,653)
129,432	138,936	111,301	(27,635)	179,913	170,750	155,016	(15,734)
4,300	4,300	4,118	(182)	16,302	16,302	10,108	(6,194)
8,356	8,356	789	(7,567)	605	605	35	(570)
—	—	—	—	11,792	11,792	5,792	(6,000)
119	169	141	(28)	2,872	2,872	1,459	(1,413)
28,354	28,354	25,290	(3,064)	78,131	49,933	47,400	(2,533)
—	30,134	21,431	(8,703)	—	4,626	3,639	(987)
—	3,192	2,705	(487)	—	364	651	287
—	8,488	7,222	(1,266)	—	314	49	(265)
144,748	102,935	22,448	(80,487)	12,371	6,165	850	(5,315)
185,877	185,928	84,144	(101,784)	122,073	92,973	69,983	(22,990)
75,300	75,300	74,791	(509)	9,916	42,003	24,107	(17,896)
357	664	664	—	918	1,318	1,491	173
—	—	—	—	48,550	98,050	90,013	(8,037)
—	—	—	—	187	187	185	(2)
890	890	1,037	147	3,259	3,259	1,317	(1,942)
205	205	77	(128)	6,069	5,278	5,736	458
—	—	—	—	—	—	—	—
455	755	568	(187)	6,707	6,707	7,628	921
—	—	—	—	4,049	4,049	4,540	491
—	—	—	—	15,188	15,188	21,432	6,244
—	—	—	—	23,877	23,877	25,787	1,910
—	—	—	—	16,941	16,876	48,313	31,437
77,207	77,814	77,137	(677)	135,661	216,792	230,549	13,757

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, 2023**  
(Expressed in Thousands)

	<b>Transportation</b>			
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Transportation:</b>				
Administration and Support	\$ 81,374	\$ 81,374	\$ 79,405	\$ (1,969)
Revenue Sharing	508,566	490,373	359,285	(131,088)
Air Transportation	1,866	1,866	1,752	(114)
Highways	1,538,643	1,608,014	1,195,563	(412,451)
Public Transportation	—	—	—	—
Vehicle Regulation	46,728	46,728	45,197	(1,531)
Debt Service	134,952	134,952	131,858	(3,094)
Transfers to Capital Projects	32,529	33,529	33,529	—
BRAC Economic Development Road Bonds	—	—	—	—
GARVEE Western KY Bridges Project	—	—	—	—
2005 Ed Bond Series	—	—	—	—
<b>Total Transportation</b>	<b>2,344,658</b>	<b>2,396,836</b>	<b>1,846,589</b>	<b>(550,247)</b>
Total Expenditures	2,404,095	2,456,273	1,906,026	(550,247)
Excess of Revenues over (under) Expenditures	(684,195)	(735,237)	(151,308)	583,929
<b>Other Financing Sources (Uses)</b>				
Proceeds from Trustees	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses			(151,308)	
Fund Balances at July 1			750,856	
Non-Budgeted Items			(82)	
Fund Balances at June 30	\$ —	\$ —	\$ 599,466	\$ —

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 69,456	\$ 69,456	\$ —	\$ (69,456)	\$ 2,743	\$ 97	\$ 3	\$ (94)
—	—	—	—	—	—	—	—
1,013	3,736	2,529	(1,207)	51,094	51,094	23,171	(27,923)
1,600,850	1,600,850	980,938	(619,912)	240,208	254,197	159,593	(94,604)
153,537	153,537	43,513	(110,024)	5,227	5,227	3,683	(1,544)
4,127	4,127	3,230	(897)	24,372	24,372	16,870	(7,502)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	6,221	37	(6,184)
—	—	—	—	—	—	—	—
—	—	—	—	—	53,584	17,345	(36,239)
1,828,983	1,831,706	1,030,210	(801,496)	323,644	394,792	220,702	(174,090)
19,243,035	22,148,295	19,486,134	(2,662,161)	14,129,535	13,906,009	13,577,245	(328,764)
		(491,292)				987,639	
						51,747	
—	—	—	—	—	—	51,747	51,747
		(491,292)				1,039,386	
		1,386,959				2,919,692	
		(146)				(304,100)	
\$ —	\$ —	\$ 895,521	\$ —	\$ —	\$ —	\$ 3,654,978	\$ —

## **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.

**COMMONWEALTH OF KENTUCKY**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

**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, 2023, 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, 2023				
Budgetary basis	\$ 4,831,427	\$ 599,466	\$ 895,521	\$ 3,654,978
Adjustments:				
Accrued revenues	843,198	129,334	(850,505)	72,251
Accrued expenditures	(182,211)	(107,321)	(171,840)	(52,373)
Accrued transfers (net)	—	—	(54,450)	55,162
Total Accruals (1)	<u>660,987</u>	<u>22,013</u>	<u>(1,076,795)</u>	<u>75,040</u>
Reclassifications and other adjustments:				
Inventory balances (1)	7,888	70,584	506	3,737
To reclassify financial and other resources into financial statement fund types (2)	37,329	22	(103,123)	(1,885,147)
To record financial resources available as non-budgeted funds (3)	<u>(141,216)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance				
June 30, 2023				
GAAP Basis	<u>\$ 5,396,415</u>	<u>\$ 692,085</u>	<u>\$ (283,891)</u>	<u>\$ 1,848,608</u>

(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 64,101 lane miles of roads and approximately 9,039 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:

<u>Condition</u>	<u>PCI</u>
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.

<u>Condition</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Good	40.7%	37.0%	40.0%	44.7%	46.2%
Fair	29.2%	29.8%	33.7%	28.8%	28.6%
Poor	30.1%	33.2%	26.3%	26.5%	25.2%

**Bridges**

Measurement Scale

KYTC maintains information on its 9,039 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:

**COMMONWEALTH OF KENTUCKY**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

<b>Rating</b>	<b>Description</b>
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

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 21<sup>st</sup> 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:

<u>Condition</u>	<u>Calendar Year 2022</u>	<u>Calendar Year 2021</u>	<u>Calendar Year 2020</u>	<u>Calendar Year 2019</u>	<u>Calendar Year 2018</u>
Good	25.1%	28.1%	29.9%	30.4%	34.1%
Fair	68.7%	67.2%	65.4%	64.8%	61.0%
Poor	6.2%	4.7%	4.6%	4.8%	4.9%

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):

**COMMONWEALTH OF KENTUCKY**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

	Roadways	Bridges	Total
<u>Fiscal Year 2024:</u>			
Estimated	\$ 1,521.6	\$ 189.4	\$ 1,711.0
<u>Fiscal Year 2023:</u>			
Estimated	\$ 1,327.5	\$ 195.5	\$ 1,523.0
Actual	\$ 1,433.3	\$ 178.4	\$ 1,611.7
<u>Fiscal Year 2022:</u>			
Estimated	\$ 1,032.3	\$ 231.2	\$ 1,263.5
Actual	\$ 1,219.1	\$ 179.6	\$ 1,398.7
<u>Fiscal Year 2021:</u>			
Estimated	\$ 675.7	\$ 141.7	\$ 817.4
Actual	\$ 895.8	\$ 200.7	\$ 1,096.5
<u>Fiscal Year 2020:</u>			
Estimated	\$ 575.4	\$ 66.7	\$ 642.1
Actual	\$ 976.1	\$ 204.7	\$ 1,180.8
<u>Fiscal Year 2019:</u>			
Estimated	\$ 897.0	\$ 104.8	\$ 1,001.8
Actual	\$ 965.5	\$ 111.9	\$ 1,077.4
<u>Fiscal Year 2018:</u>			
Estimated	\$ 727.0	\$ 76.1	\$ 803.1
Actual	\$ 903.4	\$ 107.9	\$ 1,011.3

**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:

<u>Condition</u>	<u>PCI</u>
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.

<u>Condition</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Good	8.3%	19.0%	0.0%	90.8%	90.8%
Fair	90.4%	81.0%	100.0%	9.2%	9.2%
Poor	1.3%	0.0%	0.0%	0.0%	0.0%

**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:

<b><u>Rating</u></b>	<b><u>Description</u></b>
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.

**COMMONWEALTH OF KENTUCKY**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

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

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 21<sup>st</sup> 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 2020 to 2017 under the updated condition assessment requirements:

Condition	Calendar Year 2022	Calendar Year 2021	Calendar Year 2020	Calendar Year 2019	Calendar Year 2018
Good	82.3%	82.3%	82.3%	82.3%	82.0%
Fair	17.7%	17.7%	17.7%	17.7%	18.0%
Poor	0.0%	0.0%	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 six fiscal years:

**COMMONWEALTH OF KENTUCKY**  
**Notes to Required Supplementary Information**  
**June 30, 2023**

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*(Expressed in Thousands)*

<u>Fiscal Year 2024:</u>	<u>Total</u>
Estimated*	Not Reported by Component Unit
Actual	
<u>Fiscal Year 2023:</u>	
Estimated	\$ 2,475.0
Actual	\$ 2,549.0
<u>Fiscal Year 2022:</u>	
Estimated	\$ 3,939.0
Actual	\$ 1,861.0
<u>Fiscal Year 2021:</u>	
Estimated	\$ 7,400.0
Actual	\$ 7,293.9
<u>Fiscal Year 2020:</u>	
Estimated	\$ 1,279.9
Actual	\$ 3,184.2
<u>Fiscal Year 2019:</u>	
Estimated	\$ 4,069.4
Actual	\$ 1,976.2
<u>Fiscal Year 2018:</u>	
Estimated	\$ 1,139.7
Actual	\$ 3,153.3

\*Note: The Authority did not provide an estimated spending amount for fiscal year 2024.

**COMMONWEALTH OF KENTUCKY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**ENTITY RISK POOLS**  
**CLAIMS DEVELOPMENT INFORMATION**  
**FOR THE LAST TEN YEARS**  
(Expressed in Thousands)

**State Workers' Compensation Program**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Earned Premiums	\$ 24,497	\$ 23,017	\$ 21,074	\$ 25,870	\$ 23,892	\$ 21,880	\$ 21,733	\$ 20,331	\$ 20,164	\$ 21,734
Administrative Expense	1,038	1,007	976	914	927	918	887	940	940	947
Incurred Claims as Originally Estimated	25,619	24,847	22,185	23,536	24,915	21,556	19,014	22,115	22,115	23,562
Claims Paid (Cumulative) as of:										
End of Fiscal Year	7,314	6,221	5,386	6,082	5,829	5,181	3,613	6,200	7,403	5,297
One Year Later	10,235	9,131	8,160	9,098	8,704	7,461	7,223	7,754	8,513	
Two Years Later	12,258	10,994	9,855	11,036	10,115	8,851	8,838	8,939		
Three Years Later	13,170	11,932	10,636	12,007	11,080	9,784	9,421			
Four Years Later	13,631	12,358	10,936	12,592	11,382	10,300				
Five Years Later	14,622	12,739	11,197	13,096	11,653					
Six Years Later	14,933	13,031	11,423	13,295						
Seven Years Later	15,215	13,596	11,571							
Eight Years Later	15,502	13,825								
Nine Years Later	15,697									
Re-estimation of Incurred Claims:										
End of Fiscal Year	25,619	24,847	22,185	23,536	24,915	21,556	19,014	22,115	24,435	23,562
One Year Later	23,517	22,001	20,628	22,247	22,859	20,283	19,450	20,542	22,720	
Two Years Later	23,422	21,866	20,905	22,396	21,574	20,821	18,946	19,807		
Three Years Later	22,971	21,643	19,799	22,680	22,196	20,747	18,526			
Four Years Later	23,606	21,017	20,579	22,834	22,215	20,893				
Five Years Later	23,577	22,107	20,020	22,328	21,382					
Six Years Later	24,412	21,872	19,226	21,534						
Seven Years Later	23,950	21,575	18,481							
Eight Years Later	23,561	20,971								
Nine Years Later	23,094									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	(2,525)	(3,876)	(3,704)	2,002	(3,533)	(663)	(488)	(2,308)	605	—

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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Earned Premiums	\$1,606,978	\$1,612,540	\$1,624,815	\$1,627,656	\$1,640,342	\$1,639,533	\$1,641,278	\$1,651,453	\$1,678,482	\$1,760,246
Administrative Expense	87,108	83,049	73,177	75,515	77,296	76,671	78,105	73,454	75,015	85,089
Incurred Claims as										
Originally Estimated	1,460,930	1,347,112	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280	1,726,480	1,843,954	1,945,536
Claims Paid (Cumulative) as of:										
End of Fiscal Year	1,367,500	1,275,354	1,230,810	1,326,155	1,390,162	1,509,462	1,534,110	1,616,850	1,668,256	1,823,387
One Year Later	1,477,144	1,349,674	1,339,032	1,397,381	1,470,797	1,592,883	1,631,554	1,755,702	1,845,632	
Two Years Later	1,476,210	1,353,583	1,327,946	1,396,642	1,460,934	1,592,570	1,635,082	1,758,074		
Three Years Later	1,476,210	1,353,583	1,327,946	1,396,642	1,461,579	1,592,574	1,635,082			
Four Years Later	1,476,210	1,353,583	1,327,946	1,396,642	1,461,579	1,592,574				
Five Years Later	1,476,210	1,353,583	1,327,946	1,396,642	1,461,579					
Six Years Later	1,476,210	1,353,583	1,327,946	1,396,642						
Seven Years Later	1,476,210	1,353,583	1,327,946							
Eight Years Later	1,476,210	1,353,583								
Nine Years Later	1,476,210									
Re-estimation of Incurred Claims:										
End of Fiscal Year	1,460,930	1,347,112	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280	1,726,480	1,843,954	1,945,536
One Year Later	1,474,433	1,351,082	1,339,032	1,396,808	1,469,261	1,591,761	1,631,081	1,757,483	1,848,955	
Two Years Later	1,476,210	1,353,583	1,338,945	1,392,505	1,461,169	1,592,570	1,635,264	1,758,451		
Three Years Later	1,476,210	1,353,583	1,338,945	1,392,505	1,461,579	1,592,574	1,635,265			
Four Years Later	1,476,210	1,353,583	1,338,945	1,392,505	1,461,579	1,592,574				
Five Years Later	1,476,210	1,353,583	1,338,945	1,392,505	1,461,579					
Six Years Later	1,476,210	1,353,583	1,338,945	1,392,505						
Seven Years Later	1,476,210	1,353,583	1,338,945							
Eight Years Later	1,476,210	1,353,583								
Nine Years Later	1,476,210									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	15,281	6,470	(9,484)	(10,127)	(17,794)	(1,313)	10,985	31,971	5,001	—

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**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>As of the most recent fiscal year end:</b>					
Actuarially determined contribution	\$ 4,959	\$ 7,900	\$ 6,743	\$ 9,800	\$ 10,185
Contributions in relation to the actuarially determined contribution	4,959	7,148	6,476	8,733	8,732
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ 752</u>	<u>\$ 267</u>	<u>\$ 1,067</u>	<u>\$ 1,453</u>
Covered payroll	\$ 27,737	\$ 29,800	\$ 29,537	\$ 25,600	\$ 25,400
Contributions as a percentage of covered payroll	17.88%	23.99%	21.93%	34.11%	34.38%

**Notes to Schedule as of the Measurement Date:**

Valuation date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017
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**Methods and assumptions used to determine contributions :**

Actuarial Cost Method	Entry Age Normal	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	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%	6.24%
Inflation	3%	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for next 3 years 3.5% thereafter	1% for next 3 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 Rate FY: 2023, 2022**

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality.

**Mortality Rates FY: 2021, 2020, 2019, 2018, 2017 and 2016:**

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected mortality 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.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 11,954	\$ 11,884	\$ 15,171	\$ 15,142	\$ 15,220
11,954	11,884	15,171	15,142	10,805
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,415</u>
\$ 27,900	\$ 27,590	\$ 31,936	\$ 31,936	\$ 32,930
42.85%	43.07%	47.50%	47.41%	32.81%
July 1, 2017	July 1, 2015	July 1, 2015	July 1, 2014	July 1, 2014
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
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
6.24%	6.41%	6.41%	6.41%	6.15%
3.00%	3.00%	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 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

**Kentucky Legislators' Retirement Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>As of the most recent fiscal year end:</b>				
Actuarially determined contribution	\$ —	\$ —	\$ 359	\$ 1,235
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 359</u>	<u>\$ 1,235</u>
Covered payroll	\$ 4,117	\$ 4,200	\$ 4,201	\$ 4,347
Contributions as a percentage of covered payroll	0%	0%	0%	0%

**Notes to Schedule as of the Measurement Date:**

Valuation date	July 1, 2021	July 1, 2021	July 1, 2019	July 1, 2019
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**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%	6.50%	6.50%	6.50%
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 2023, 2022**

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, 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 female scales); i.e., full generational mortality.

**Mortality Rates FY 2021, 2020, 2019, 2018, 2017 and 2016**

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected mortality 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.

2019	2018	2017	2016	2015	2014
\$ 4,430	\$ 2,400	\$ 2,384	\$ 3,415	\$ 3,409	\$ 3,215
—	2,400	2,384	3,415	3,409	1,825
<u>\$ 4,430</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,390</u>
\$ 4,324	\$ 4,407	\$ 4,400	\$ 4,919	\$ 4,919	\$ 4,988
0%	54.5%	54.2%	69.4%	69.3%	36.6%
July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
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
6.45%	6.45%	6.45%	6.85%	6.50%	6.50%
3.00%	3.00%	3.00%	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 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

**State Police Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>As of the most recent fiscal year end:</b>				
Actuarially determined contribution	\$ 56,069	\$ 62,341	\$ 59,263	\$ 58,358
Contributions in relation to the actuarially determined contribution	56,069	62,341	59,650	59,453
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (387)</u>	<u>\$ (1,095)</u>
Covered payroll	\$ 65,655	\$ 48,061	\$ 47,873	\$ 49,019
Contributions as a percentage of covered payroll	85.40%	129.71%	124.60%	121.29%

**Notes to Schedule as of the Measurement Date:**

Valuation date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
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**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%	5.25%	5.25%	5.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 16.05%	3.55% to 16.05%	3.05% to 15.55%	3.05% to 15.55%

**Mortality**

RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females).

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 58,948	\$ 36,033	\$ 35,937	\$ 25,723	\$ 31,444	\$ 25,808
60,048	46,877	63,240	25,822	31,990	20,279
<u>\$ (1,100)</u>	<u>\$ (10,844)</u>	<u>\$ (27,303)</u>	<u>\$ (99)</u>	<u>\$ (546)</u>	<u>\$ 5,529</u>
\$ 49,515	\$ 50,346	\$ 54,065	\$ 46,685	\$ 45,765	\$ 44,616
121.27%	93.11%	116.97%	55.31%	69.90%	45.45%
June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2014
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
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	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
6.75%	6.75%	7.50%	6.75%	7.50%	7.75%
3.25%	3.25%	3.25%	3.25%	3.25%	3.50%
4.00%	4.00%	4.00%	4.00%	4.00%	4.50%

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION  
FOR THE CURRENT FISCAL YEAR  
(Expressed in Thousands)**

<b>Kentucky Employees' Retirement Plan</b>					
<b>Non-Hazardous</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>As of the most recent fiscal year end:</b>					
Actuarially determined contribution	\$ 830,297	\$ 846,204	\$ 852,134	\$ 781,953	\$ 785,852
Contributions in relation to the actuarially determined contribution	881,324	901,072	915,080	691,003	771,005
Contribution deficiency (excess)	\$ (51,027)	\$ (54,868)	\$ (62,946)	\$ 90,950	\$ 14,847
Covered payroll	\$ 1,262,642	\$ 1,156,089	\$ 1,162,847	\$ 1,100,878	\$ 1,106,367
Contributions as a percentage of covered payroll	69.80%	77.94%	78.69%	62.77%	69.69%
<b>Notes to Schedule as of the Measurement Date:</b>					
Valuation date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017	June 30, 2016
<b>Methods and assumptions used to determine contributions :</b>					
Actuarial Cost Method	Entry Age Normal	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	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	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	5.25%	5.25%	5.25%	6.75%
Inflation	2.30%	2.30%	2.30%	2.30%	3.25%
Projected Salary Increase	3.3% to 15.30%, varies by service	3.3% to 15.30%, varies by service	3.55% to 15.55%, varies by service	3.55% to 15.55%, varies by service	4.0%, average

**Mortality**

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.

This is a 10 year schedule. Years will be added to this schedule until 10 years of information is available.

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 432,329	\$ 361,024	\$ 362,122	\$ 355,949
<u>470,021</u>	<u>361,316</u>	<u>362,639</u>	<u>202,891</u>
<u><u>\$ (37,692)</u></u>	<u><u>\$ (292)</u></u>	<u><u>\$ (517)</u></u>	<u><u>\$ 153,058</u></u>
\$ 1,029,846	\$ 1,148,574	\$ 1,073,430	\$ 1,078,236
45.64%	31.46%	33.78%	18.82%
June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2014
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
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	Five-year smoothed market	Five-year smoothed market
7.50%	6.75%	7.50%	7.75%
3.25%	3.25%	3.25%	3.50%
4.0%, average	4.0%, average, including inflation	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**

<b>Hazardous</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>As of the most recent fiscal year end:</b>				
Actuarially determined contribution	\$ 66,960	\$ 57,672	\$ 69,306	\$ 57,594
Contributions in relation to the actuarially determined contribution	66,960	57,675	64,454	58,788
Contribution deficiency (excess)	\$ —	\$ (3)	\$ 4,852	\$ (1,194)
Covered payroll	\$ 210,433	\$ 184,241	\$ 179,039	\$ 167,473
Contributions as a percentage of covered payroll	31.82%	31.30%	36.00%	35.10%
<b>Notes to Schedule as of the Measurement Date:</b>				
Valuation date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
<b>Methods and assumptions used to determine contributions :</b>				
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%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 20.05% varies by service	3.55% to 20.05% varies by service	3.55% to 19.55% varies by service	3.55% to 19.55% varies by service

**Mortality**

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.

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 55,230	\$ 31,321	\$ 23,690	\$ 27,770	\$ 13,289
<u>55,259</u>	<u>43,661</u>	<u>23,759</u>	<u>27,929</u>	<u>11,428</u>
<u>\$ (29)</u>	<u>\$ (12,340)</u>	<u>\$ (69)</u>	<u>\$ (159)</u>	<u>\$ 1,861</u>
\$ 160,600	\$ 152,936	\$ 158,828	\$ 125,942	\$ 126,402
34.41%	28.55%	14.96%	22.18%	9.04%
June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2014
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
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	Five-year smoothed market	Five-year smoothed market
7.50%	7.50%	7.50%	7.50%	7.75%
3.25%	3.25%	3.25%	3.25%	3.50%
4.0%, average	4.0%, average	4.0%, average, including inflation	4.0%, average, including inflation	1% per annum

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - PENSION  
FOR THE CURRENT FISCAL YEAR  
(Expressed in Thousands)**

**Kentucky Teachers' Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>As of the most recent fiscal year end:</b>				
Actuarially determined contribution				
Employer	\$ 8,125	\$ 18,216	\$ 17,452	\$ 17,935
Nonemployer special funding	1,042,434	1,152,851	1,100,579	1,087,212
Contributions in relation to the actuarially determined contribution				
Employer	8,125	25,488	16,551	7,270
Nonemployer special funding	1,042,434	1,613,077	1,043,707	1,049,663
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (467,498)</u>	<u>\$ 57,773</u>	<u>\$ 48,214</u>
Covered payroll	\$ 3,651,579	\$ 3,781,812	\$ 3,547,056	\$ 3,477,587
Contributions as a percentage of covered payroll	28.77%	43.33%	29.89%	30.39%

**Notes to Schedule as of the Measurement Date:**

Valuation date	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018
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**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 open	Level percentage of payroll open	Level percentage of payroll 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% including inflation
Inflation	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	3.50%-7.30%	3.50%-7.30%	3.50%-7.30%	3.50%-7.30%

**Mortality by Measurement Date**

FY 2020: 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.

<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 7,300	\$ 7,780	\$ 16,540	\$ 15,776	\$ 14,018
1,051,722	1,554,267	934,995	852,845	768,088
7,300	8,013	9,359	9,662	9,590
1,051,722	1,600,895	529,083	522,336	525,455
<u>\$ —</u>	<u>\$ (46,861)</u>	<u>\$ 413,093</u>	<u>\$ 336,623</u>	<u>\$ 247,061</u>
\$ 3,297,875	\$ 3,605,115	\$ 4,108,000	\$ 3,284,714	\$ 3,150,875
32.11%	44.63%	13.11%	16.20%	16.98%
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level percentage of payroll open	Level percentage of payroll open	Level percentage of payroll open	Level percentage of payroll open	Level percentage of payroll open
Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
7.5% including inflation	7.5% including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation
3.50%	3.00%	3.50%	3.50%	3.50%
4.00%-8.2%	3.50%-7.30%	3.50%-7.30%	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)

	2023			2022		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total Pension Liability						
Service Costs	\$ 12,158	\$ 4,270	\$ 558	\$ 12,530	\$ 3,563	\$ 525
Interest	53,740	23,751	4,500	53,417	23,734	4,559
Differences between expected and actual experience	(2,700)	—	—	4,127	(5,262)	(1,975)
Changes in assumptions	—	(5,908)	(1,271)	—	9,130	2,619
Benefit payments/refunds	(64,400)	(24,990)	(5,236)	(63,522)	(24,371)	(5,129)
Other	3,130	—	—	35	—	1
Net change in total pension liability	1,928	(2,877)	(1,449)	6,587	6,794	600
Total pension liability at July 1	1,055,824	379,534	72,568	1,049,237	372,740	71,968
Total pension liability at June 30	<u>\$ 1,057,752</u>	<u>\$376,657</u>	<u>\$ 71,119</u>	<u>\$1,055,824</u>	<u>\$ 379,534</u>	<u>\$ 72,568</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 62,341	\$ 7,063	\$ —	\$ 59,650	\$ 6,771	\$ —
Contributions - member	4,773	2,394	231	4,752	1,944	267
Net investment income	(22,088)	(42,019)	(8,683)	61,729	122,790	26,743
Benefit payments/refunds	(64,400)	(24,990)	(5,235)	(63,522)	(24,371)	(5,129)
Administrative expenses	(273)	—	—	(212)	—	—
Other	215,000 *	1	—	—	2	1
Net change in plan fiduciary net position	195,353	(57,551)	(13,687)	62,397	107,136	21,882
Pension plan fiduciary net position at July 1	356,346	448,440	98,291	293,949	341,304	76,409
Pension plan fiduciary net position at June 30	<u>\$ 551,699</u>	<u>\$ 390,889</u>	<u>\$ 84,604</u>	<u>\$ 356,346</u>	<u>\$ 448,440</u>	<u>\$ 98,291</u>
Net pension liability at June 30	<u>\$ 506,053</u>	<u>\$ (14,232)</u>	<u>\$ (13,485)</u>	<u>\$ 699,478</u>	<u>\$ (68,906)</u>	<u>\$ (25,723)</u>
Pension plan fiduciary net position as a % of the total pension liability	52.16%	103.78 %	118.96 %	33.75 %	118.16 %	135.45 %
Covered payroll	\$ 48,061	\$ 29,870	\$ 4,201	\$ 47,873	\$ 29,500	\$ 4,201
Net Pension liability as a % of covered payroll	1,052.9%	(47.6)%	(321.0)%	1,461.1 %	(233.6)%	(612.3)%

\*Kentucky General Fund Appropriation.

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.

2021			2020			2019		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 13,192	\$ 3,563	\$ 526	\$ 11,726	\$ 4,126	\$ 698	\$ 11,890	\$ 4,127	\$ 698
52,697	23,353	4,535	49,301	22,950	4,696	47,978	22,699	4,639
10,859	—	—	20,952	(71)	(2788)	25,126	—	—
—	—	—	44,510	(7653)	(310)	—	—	—
(62,511)	(24,402)	(5,033)	(60,949)	(24,263)	(4,729)	(58,805)	(23,194)	(4,529)
—	—	—	(163)	—	(1)	162	—	—
14,237	2,514	28	65,377	(4,911)	(2,434)	26,351	3,632	808
1,035,000	370,226	71,940	969,623	375,137	74,374	943,272	371,505	73,566
<u>\$ 1,049,237</u>	<u>\$ 372,740</u>	<u>\$ 71,968</u>	<u>\$ 1,035,000</u>	<u>\$ 370,226</u>	<u>\$ 71,940</u>	<u>\$ 969,623</u>	<u>\$ 375,137</u>	<u>\$ 74,374</u>
\$ 59,453	\$ 8,730	\$ —	\$ 60,048	\$ 8,732	\$ —	\$ 46,877	\$ 12,529	\$ 2,400
4,767	1,753	216	5,062	1,550	198	5,522	1,977	232
6,341	19,513	4,308	14,816	38,593	8,701	18,437	27,067	6,271
(62,511)	(24,402)	(5,033)	(61,112)	(24,262)	(4,729)	(58,805)	(23,194)	(4,528)
(266)	—	—	(225)	—	—	(194)	—	—
—	—	—	3	—	1	(1)	—	—
7,784	5,594	(509)	18,592	24,613	4,171	11,836	18,379	4,375
286,165	335,710	76,918	267,573	311,097	72,747	255,737	292,718	68,372
<u>\$ 293,949</u>	<u>\$ 341,304</u>	<u>\$ 76,409</u>	<u>\$ 286,165</u>	<u>\$ 335,710</u>	<u>\$ 76,918</u>	<u>\$ 267,573</u>	<u>\$ 311,097</u>	<u>\$ 72,747</u>
<u>\$ 755,288</u>	<u>\$ 31,436</u>	<u>\$ (4,441)</u>	<u>\$ 748,835</u>	<u>\$ 34,516</u>	<u>\$ (4,978)</u>	<u>\$ 702,050</u>	<u>\$ 64,040</u>	<u>\$ 1,627</u>
28.02%	91.57%	106.17 %	27.65%	90.68%	106.92 %	27.60%	82.93%	97.81%
\$ 49,019	\$ 30,857	\$ 4,360	\$ 49,515	\$ 30,605	\$ 4,328	\$ 50,346	\$ 30,900	\$ 4,413
1,540.8%	101.9%	(101.9)%	1,512.3%	112.8%	(115.0)%	1,394.5%	207.2%	36.9%

**COMMONWEALTH OF KENTUCKY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR TEN FISCAL YEARS**  
(Expressed in Thousands)

	2018			2017		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total Pension Liability						
Service Costs	\$ 8,297	\$ 4,912	\$ 701	\$ 8,402	\$ 4,913	\$ 967
Interest	51,768	23,780	5,280	52,951	23,436	5,161
Differences between expected and actual experience	8,143	(8,857)	(6,362)	—	—	—
Changes in assumptions	136,602	(2,090)	(160)	56,191	—	—
Benefit payments/refunds	(56,960)	(23,011)	(4,257)	(56,279)	(22,868)	(3,999)
Other	—	—	—	—	85	22
Net change in total pension liability	147,850	(5,266)	(4,798)	61,265	5,566	2,151
Total pension liability at July 1	795,422	376,771	78,364	734,157	371,205	76,213
Total pension liability at June 30	<u>\$ 943,272</u>	<u>\$ 371,505</u>	<u>\$ 73,566</u>	<u>\$ 795,422</u>	<u>\$ 376,771</u>	<u>\$ 78,364</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 63,240	\$ 11,954	\$ 2,401	\$ 25,822	\$ 15,294	\$ 3,380
Contributions - member	5,348	1,607	311	5,262	1,737	335
Net investment income	26,795	34,713	7,936	(3,841)	8,734	2,067
Benefit payments/refunds	(56,960)	(23,011)	(4,257)	(56,279)	(22,867)	(3,999)
Administrative expenses	(182)	—	—	(180)	—	—
Other	(517)	—	87	—	91	22
Net change in plan fiduciary net position	37,724	25,263	6,478	(29,216)	2,989	1,805
Pension plan fiduciary net position at July 1	218,013	267,455	61,894	247,229	264,466	60,089
Pension plan fiduciary net position at June 30	<u>\$ 255,737</u>	<u>\$ 292,718</u>	<u>\$ 68,372</u>	<u>\$ 218,013</u>	<u>\$ 267,455</u>	<u>\$ 61,894</u>
Net pension liability at June 30	<u>\$ 687,535</u>	<u>\$ 78,787</u>	<u>\$ 5,194</u>	<u>\$ 577,409</u>	<u>\$ 109,316</u>	<u>\$ 16,470</u>
Pension plan fiduciary net position as a % of the total pension liability	27.11%	78.79%	92.94%	27.41%	70.99%	78.98%
Covered payroll	\$ 54,065	\$ 30,287	\$ 4,404	\$ 46,685	\$ 30,000	\$ 4,500
Net Pension liability as a % of covered payroll	1,271.7%	260.1%	117.9%	1,236.8%	364.4%	366.0%

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.

2016			2015		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 7,696	\$ 4,952	\$ 1,046	\$ 7,142	\$ 4,952	\$ 1,046
50,660	22,205	5,077	50,391	21,906	4,923
9,331	4,401	(3,421)	—	—	—
40,202	(4,401)	(1,547)	—	29,116	3,722
(54,851)	(22,243)	(3,690)	(53,239)	(21,808)	(3,544)
—	—	—	—	—	—
53,038	4,914	(2,535)	4,294	34,166	6,147
681,119	366,291	78,748	676,825	332,126	72,601
<u>\$ 734,157</u>	<u>\$ 371,205</u>	<u>\$ 76,213</u>	<u>\$ 681,119</u>	<u>\$ 366,292</u>	<u>\$ 78,748</u>
\$ 31,990	\$ 15,362	\$ 3,367	\$ 20,279	\$ 12,404	\$ 1,825
5,244	1,863	217	5,076	2,759	273
3,427	25,614	5,550	40,374	33,174	7,934
(54,851)	(22,243)	(3,690)	(53,239)	(21,808)	(3,544)
(201)	—	—	(214)	—	—
646	—	—	—	—	—
(13,745)	20,596	5,444	12,276	26,529	6,488
260,974	243,870	54,645	248,698	217,341	48,157
<u>\$ 247,229</u>	<u>\$ 264,466</u>	<u>\$ 60,089</u>	<u>\$ 260,974</u>	<u>\$ 243,870</u>	<u>\$ 54,645</u>
<u>\$ 486,928</u>	<u>\$ 106,739</u>	<u>\$ 16,124</u>	<u>\$ 420,145</u>	<u>\$ 122,422</u>	<u>\$ 24,103</u>
33.68%	71.25%	78.84%	38.32%	66.58%	69.39%
\$ 45,765	\$ 30,000	\$ 4,500	\$ 44,616	\$ 32,930	\$ 4,988
1,064.0%	355.8%	358.3%	941.7%	371.8%	483.2%



**COMMONWEALTH OF KENTUCKY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE LAST TEN FISCAL YEARS**  
(Expressed in Thousands)

	2023			2022		
	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)	80.23%	97.71%	98.12%	80.67%	97.68%	97.73%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 10,644,166	\$ 496	\$ 17,367	\$ 10,696,634	\$ 435,217	\$ 13,297,878
Other employers' proportionate share of the collective net pension liability (asset)	2,623,176	11,634	331,370	2,620,363	10,410	307,910
Total collective net pension liability	<u>\$ 13,267,342</u>	<u>\$ 508</u>	<u>\$ 17,698</u>	<u>\$ 13,316,997</u>	<u>\$ 445,627</u>	<u>\$ 13,605,788</u>
Commonwealth's covered payroll	\$ 1,262,642	\$ 210	\$ 3,652	\$ 1,157,732	\$ 168,689	\$ 3,556,533
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	843.01%	235.65%	475.60%	923.93%	258.00%	373.90%
Pension plan fiduciary net position as a percentage of the total pension liability	18.51%	61.51%	56.41%	18.48%	66.03%	65.60%
	2018			2017		
	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)	74.01%	97.69%	94.92%	71.45%	98.04%	95.22%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 9,908,707	\$ 485,618	\$ 27,474,647	\$ 8,027,502	\$ 383,971	\$ 29,446,825
Other employers' proportionate share of the collective net pension liability (asset)	3,479,629	11,483	1,468,941	3,207,893	7,667	1,476,601
Total collective net pension liability	<u>\$ 13,388,336</u>	<u>\$ 497,101</u>	<u>\$ 28,943,588</u>	<u>\$ 11,235,395</u>	<u>\$ 391,638</u>	<u>\$ 30,923,426</u>
Commonwealth's covered payroll	\$ 1,185,969	\$ 174,387	\$ 3,263,192	\$ 1,165,367	\$ 155,715	\$ 3,252,174
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	835.49%	278.47%	841.96%	688.84%	246.59%	905.45%
Pension plan fiduciary net position as a percentage of the total pension liability	13.30%	54.80%	39.80%	14.80%	57.41%	35.20%

2021			2020			2019		
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	
76.25%	97.68%	97.64%	75.09%	97.46%	97.62%	74.06%	97.46%	97.11%
\$ 10,800,381	\$ 547,675	\$ 14,485,108	\$ 10,605,519	\$ 532,409	\$ 13,954,479	\$ 10,074,599	\$ 492,281	\$ 13,329,602
3,364,271	13,002	349,932	3,517,483	13,885	340,406	3,529,176	12,844	397,320
<u>\$ 14,164,652</u>	<u>\$ 560,677</u>	<u>\$ 14,835,040</u>	<u>\$ 14,123,002</u>	<u>\$ 546,294</u>	<u>\$ 14,294,885</u>	<u>\$ 13,603,775</u>	<u>\$ 505,125</u>	<u>\$ 13,726,922</u>
\$ 1,125,864	\$ 167,853	\$ 3,485,070	\$ 1,108,111	\$ 156,518	\$ 3,477,587	\$ 1,124,380	\$ 149,047	\$ 3,355,637
959.30%	326.28%	415.63%	957.08%	340.16%	401.27%	896.01%	330.29%	397.23%
14.01%	55.18%	58.30%	13.66%	55.49%	58.76%	12.84%	56.10%	59.30%
2016			2015					
Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System			
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous				
69.51%	97.87%	94.02%	68.35%	97.93%	94.98%			
\$ 6,973,383	\$ 335,667	\$ 23,223,555	\$ 6,132,338	\$ 250,075	\$ 20,508,196			
3,058,508	7,298	1,476,601	2,839,482	5,291	1,084,009			
<u>\$ 10,031,891</u>	<u>\$ 342,965</u>	<u>\$ 24,700,156</u>	<u>\$ 8,971,820</u>	<u>\$ 255,366</u>	<u>\$ 21,592,205</u>			
\$ 1,073,428	\$ 125,939	\$ 3,284,714	\$ 1,078,236	\$ 126,402	\$ 3,150,875			
649.64%	266.53%	707.02%	568.74%	197.84%	650.87%			
18.83%	61.70%	42.49%	22.32%	68.74%	45.59%			

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE LAST TEN FISCAL YEARS  
(Expressed in Thousands)**

**Kentucky Judicial Retirement Plan**

	2023	2022	2021	2020
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 27,737	\$ 29,500	\$ 29,536	\$ 30,857
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule as of the Measure Date**

Valuation date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019
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**Method 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%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	2.50%	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	1% for the next 5 years and 3.5% thereafter

**Mortality Table for 2022, 2021**

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. The, headcounted weighted version of this table was used.

**Mortality Table for 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 mortality 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.

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

<u>2019</u>	<u>2018</u>
\$ —	\$ 1,218
<u>—</u>	<u>1,218</u>
<u>\$ —</u>	<u>\$ —</u>
<u>\$ 30,605</u>	<u>\$ 27,900</u>
0.00%	4.37%
July 1, 2017	July 1, 2017
Entry Age Normal Interest + 1% Unfunded Past Liability Market Value 6.24% 3.00% 1% for the next 5 years and 3.5% thereafter	Entry Age Normal Interest + 1% Unfunded Past Liability Market Value 6.24% 3.00% 1% for the next 5 years and 3.5% thereafter

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

**Kentucky Legislators' Retirement Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ 25	\$ 12
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25</u>	<u>\$ 12</u>
Covered payroll	\$ 4,118	\$ 4,201	\$ 4,201	\$ 4,347
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%

**Notes to Schedule as of the Measure Date**

Valuation date	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019
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**Method 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%	6.50%	6.50%	6.50%
Inflation	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for the next 3 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	1% for the next 5 years and 3.5% thereafter

**Mortality Table 2023 2022 2021**

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. The, headcounted weighted version of this table was used.

**Mortality Table for 2020, 2019, 2018, 2017, 2016**

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.

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

<u>2019</u>	<u>2018</u>
\$ 12	\$ 2,400
—	2,400
<u>\$ 12</u>	<u>\$ —</u>
\$ 4,328	\$ 4,407
0.0%	54.5%

July 1, 2018

July 1, 2017

Entry Age Normal

Entry Age Normal

Interest + 1%  
Unfunded Past  
Liability

Interest + 1%  
Unfunded Past  
Liability

Market Value

Market Value

6.45%

6.45%

3.00%

3.00%

1% for the next 5  
years and 3.5%  
thereafter

1% for the next 5  
years and 3.5%  
thereafter

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

**State Police Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 9,264	\$ 8,782	\$ 9,803	\$ 13,113
Contributions in relation to the actuarially determined contribution	10,212	8,782	9,258	13,155
Contribution deficiency (excess)	<u>\$ (948)</u>	<u>\$ —</u>	<u>\$ 545</u>	<u>\$ (42)</u>
Covered payroll	\$ 65,655	\$ 48,600	\$ 47,016	\$ 48,231
Contributions as a percentage of covered payroll	15.55%	18.07%	19.69%	27.27%

**Notes to Schedule as of the Measure Date**

Valuation date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
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**Method and Assumptions Used to Determine Contributions:**

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	30-years closed,at June 30, 2019;20- years for gains/losses after 2019	30-years closed,at June 30, 2019;20- years for gains/losses after 2019	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	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 16.05% varies by service	3.05% to 16.05% varies by service	3.05% to 15.55% varies by service	3.05% to 15.55% varies by service

**Mortality Table for 2020, 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.

<u>2019</u>	<u>2018</u>
\$ 13,283	\$ 9,062
<u>13,288</u>	<u>9,397</u>
<u>\$ (5)</u>	<u>\$ (335)</u>
\$ 48,780	\$ 50,064
27.24%	18.77%
June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay 27 Years, Closed	Entry Age Normal Level Percent of Pay 27 Years, Closed
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
7.50%	6.25%
3.25%	2.30%
4.00%, average	0.00%, average



**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

<b>Kentucky Employees Retirement Plan</b>				
<b>Non-Hazardous</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 133,266	\$ 140,688	\$ 133,422	\$ 136,136
Contributions in relation to the actuarially determined contribution	149,270	145,013	123,611	156,939
Contribution deficiency (excess)	<u>\$ (16,004)</u>	<u>\$ (4,325)</u>	<u>\$ 9,811</u>	<u>\$ (20,803)</u>
Covered payroll	\$ 1,912,526	\$ 1,481,235	\$ 1,108,618	\$ 1,097,874
Contributions as a percentage of covered payroll	7.80%	9.79%	11.15%	14.29%

**Notes to Schedule as of the Measure Date**

Valuation date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
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**Method and Assumptions Used to Determine Contributions:**

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	30 year closed period at June, 2019	30 year closed period at June, 2019	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	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	5.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.30% to 15.30%, varies by service	3.30% to 15.30%, varies by service	3.55% to 15.55%, varies by service	3.55% to 15.55%, varies by service

**Mortality Table for 2020, 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.

<u>2019</u>	<u>2018</u>
\$ 187,978	\$ 132,365
<u>178,964</u>	<u>136,419</u>
<u>\$ 9,014</u>	<u>\$ (4,054)</u>
<u>\$ 1,515,953</u>	<u>\$ 1,573,898</u>
11.81%	8.67%
June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay 26 Years, Closed	Entry Age Normal Level Percent of Pay 26 Years, Closed
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
7.50%	6.25%
3.25%	2.30%
0.00%	0.00%

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

<b>Kentucky Employees Retirement Plan</b>				
<b>Hazardous</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ 4,368
Contributions in relation to the actuarially determined contribution	3,429	2,639	—	5,504
Contribution deficiency (excess)	<u>\$ (3,429)</u>	<u>\$ (2,639)</u>	<u>\$ —</u>	<u>\$ (1,136)</u>
Covered payroll	\$ 210,433	\$ 184,309	\$ 179,039	\$ 177,586
Contributions as a percentage of covered payroll	1.63%	1.43%	—%	3.10%
<b>Notes to Schedule as of the Measure Date</b>				
Valuation date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
<b>Method and Assumptions Used to Determine Contributions:</b>				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	30 year closed period at June, 2019. Gains and losses after June 2019 will be amortized over 20 years	30 year closed period at June, 2019	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	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 20.05%, varies by service	3.55% to 20.05%, varies by service	3.55% to 19.55%, varies by service	3.55% to 19.55%, varies by service

**Mortality Table for 2021, 2020, 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.

<b>2019</b>		<b>2018</b>	
\$	3,631	\$	2,550
	4,843		5,288
\$	(1,212)	\$	(2,738)
\$	147,586	\$	190,317
	3.28%		2.78%
	June 30, 2016		June 30, 2016
Entry Age Normal	Entry Age Normal		
Level Percent of Pay	Level Percent of Pay		
27 Years, Closed	27 Years, Closed		
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		
7.50%	6.25%		
3.25%	2.30%		
4.00%, average	—%		

**COMMONWEALTH OF KENTUCKY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

<b>Kentucky Teachers' Retirement System</b>				
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>As of the most recent fiscal year end:</b>				
Actuarially determined contribution				
Employer	\$ 1,503	\$ 2,954	\$ 2,476	\$ 700
Nonemployer Special Funding	90,126	89,780	73,742	19,852
Contributions in relation to the actuarially determined contribution				
Employer	1,467	2,251	2,476	1,829
Nonemployer Special Funding	87,928	68,738	73,742	78,717
Contribution deficiency (excess)	\$ 2,234	\$ 21,745	\$ —	\$ (59,994)
Covered payroll	\$ 1,117,440	\$ 1,747,078	\$ 1,500,354	\$ 1,603,312
Contributions as a percentage of covered payroll	8.00%	4.06%	5.08%	5.02%

**Notes to Schedule as of the Measure Date**

Valuation date

Health	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Life	June 30, 2021	June 30, 2018	June 30, 2017	June 30, 2016

**Method and Assumptions Used to Determine Contributions:**

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	25 years, close	26 years, close	21 years, Closed	22 years, Closed
Asset Valuation Method				
Health	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Life	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Investment Return				
Health	7.10%	7.10%	8.00%	8.00%
Life	7.10%	7.10%	7.50%	7.50%
Inflation				
Health	3.00%	3.00%	3.00%	3.00%
Life	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase				
Health	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%
Life	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.45%

**Mortality Table for 2020, 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.

<b>2019</b>		<b>2018</b>	
\$	1,253	\$	30,012
	35,395		795,264
	2,974		1,342
	82,899		81,856
\$	(49,225)	\$	742,078
\$	1,627,143	\$	1,607,809
	5.28%		5.17%
June 30, 2017		June 30, 2016	
June 30, 2015		June 30, 2014	
Entry Age Normal		Entry Age Normal	
Level Percent of Pay		Level Percent of Pay	
26 Years, Closed		26 Years, Closed	
Five-year smoothed		Five-year smoothed	
valued		valued	
Five-year smoothed		Market value	
valued			
8.00%		8.00%	
7.50%		7.50%	
3.00%		3.00%	
3.50%		4.00%	
3.50% - 7.20%		3.50% - 7.20%	
4.00% - 8.10%		4.00% - 8.10%	

**COMMONWEALTH OF KENTUCKY**  
**SINGLE EMPLOYER DEFINED BENEFIT OPEB PLANS**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
(Expressed in Thousands)

	2023		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total OPEB Liability			
Service Costs	\$ 5,605	\$ 651	\$ 109
Interest	18,592	2,479	968
Changes in benefit terms	4,975	—	—
Differences between expected and actual experience	(5,952)	—	—
Changes in assumptions	(21,937)	—	—
Benefit payments/refunds	(14,729)	(1,900)	(887)
Net change in total OPEB liability	(13,446)	1,230	190
Total OPEB liability at July 1	364,899	39,389	15,667
Total OPEB liability at June 30	<u>\$ 351,453</u>	<u>\$ 40,619</u>	<u>\$ 15,857</u>
OPEB Plan Fiduciary Net Position			
Contributions - employer	\$ 9,343	\$ 84	\$ —
Contributions - member	230	64	24
Transfer in payments	(10,847)	—	—
Net investment income	(14,729)	(12,828)	(6,497)
Benefit payments/refunds	(73)	(1,900)	(887)
Administrative expenses	—	—	—
Other	\$ —	—	—
Net change in plan fiduciary net position	(16,076)	(14,580)	(7,384)
OPEB plan fiduciary net position at July 1	247,318	133,915	70,661
OPEB plan fiduciary net position at June 30	<u>\$ 231,242</u>	<u>\$ 119,335</u>	<u>\$ 63,277</u>
Net OPEB liability at June 30	<u>\$ 120,211</u>	<u>\$ (78,716)</u>	<u>\$ (47,420)</u>
Plan fiduciary net position as a % of the total OPEB liability	65.80%	293.79 %	399.05 %
Covered payroll	\$48600	\$ 29,800	\$ 4,200
Net OPEB liability as a % of covered payroll	247.35%	(264.15)%	(1129.05)%

This is a 10 year schedule. Years will be added to this schedule in future fiscal years until 10 years of information is available.

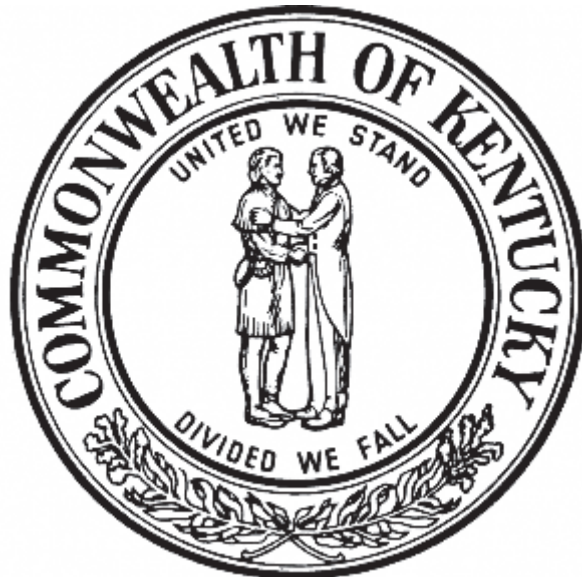
2022			2021			2020		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 5,218	\$ 702	\$ 158	\$ 5,389	\$ 702	\$ 158	\$ 4,816	\$ 927	\$ 290
17,984	3,174	1,301	17,600	2,986	1,232	17,724	3,535	1,490
101	—	—	—	—	—	—	—	—
(6,318)	(9,283)	(4,799)	13,810	—	—	(14,295)	(9,712)	(4,390)
21,784	(2,341)	(402)	4,578	—	—	16,483	103	22
(13,812)	(1,845)	(835)	(13,988)	(1,987)	(811)	(13,187)	(1,966)	(767)
24,957	(9,593)	(4,577)	27,389	1,701	579	11,541	(7,113)	(3,355)
339,942	48,982	20,244	312,553	47,282	19,665	301,012	54,395	23,020
<u>\$ 364,899</u>	<u>\$ 39,389</u>	<u>\$ 15,667</u>	<u>\$ 339,942</u>	<u>\$ 48,983</u>	<u>\$ 20,244</u>	<u>\$ 312,553</u>	<u>\$ 47,282</u>	<u>\$ 19,665</u>
\$ 9,381	\$ —	\$ —	\$ 12,873	\$ —	\$ —	\$ 12,623	\$ —	\$ —
209	53	21	196	46	18	176	43	13
—	—	—	—	—	—	—	—	—
50,289	36,668	19,226	1,124	5,656	2,942	10,815	10,965	5,672
(13,812)	(1,845)	(835)	(13,988)	(1,987)	(811)	(13,187)	(1,966)	(767)
(89)	—	—	(71)	—	—	(69)	—	—
—	—	—	—	—	—	1	—	—
45,978	34,876	18,412	134	3,715	2,149	10,359	9,042	4,918
201,340	99,039	52,249	201,206	95,326	50,100	190,847	86,284	45,182
<u>\$ 247,318</u>	<u>\$ 133,915</u>	<u>\$ 70,661</u>	<u>\$ 201,340</u>	<u>\$ 99,041</u>	<u>\$ 52,249</u>	<u>\$ 201,206</u>	<u>\$ 95,326</u>	<u>\$ 50,100</u>
<u>\$ 117,581</u>	<u>\$ (94,526)</u>	<u>\$ (54,994)</u>	<u>\$ 138,602</u>	<u>\$ (50,058)</u>	<u>\$ (32,005)</u>	<u>\$ 111,347</u>	<u>\$ (48,044)</u>	<u>\$ (30,435)</u>
67.78 %	339.98 %	451.02 %	59.23%	202.19 %	258.10 %	64.38%	201.61 %	254.77 %
\$ 47,155	\$ 29,500	\$ 4,201	\$ 48,231	\$ 55,858	\$ 4,343	\$ 48,780	\$ 30,605	\$ 4,334
249.4 %	(320.4)%	(1309.1)%	287.4%	(89.6)%	(736.9)%	228.3%	(157.0)%	(702.2)%

Continued



**COMMONWEALTH OF KENTUCKY**  
**SINGLE EMPLOYER DEFINED BENEFIT OPEB PLANS**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**(Expressed in Thousands)**

	2019			2018		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total OPEB Liability						
Service Costs	\$ 6,087	\$ 927	\$ 290	\$ 4,147	\$ 1,221	\$ 452
Interest	18,432	3,319	1,403	17,993	4,552	2,012
Changes in benefit terms	34	—	—	—	—	—
Differences between expected and actual experience	(23,320)	—	—	(572)	(22,068)	(10,568)
Changes in assumptions	(358)	—	—	57,312	5,640	2,272
Benefit payments/refunds	(13,097)	(1,962)	(758)	(12,123)	(1,943)	(709)
Net change in total OPEB liability	(12,222)	2,284	935	66,757	(12,598)	(6,541)
Total OPEB liability at July 1	313,234	52,111	22,085	246,477	64,709	28,626
Total OPEB liability at June 30	<u>\$ 301,012</u>	<u>\$ 54,395</u>	<u>\$ 23,020</u>	<u>\$ 313,234</u>	<u>\$ 52,111</u>	<u>\$ 22,085</u>
OPEB Plan Fiduciary Net Position						
Contributions - employer	\$ 8,535	\$ 1,218	\$ 5	\$ 7,862	\$ 1,218	\$ 6
Contributions - member	155	218	9	131	176	7
Transfer in payments	—	7,610	3,896	—	—	—
Net investment income	16,470	(1,962)	(758)	21,627	9,385	4,933
Benefit payments/refunds	(13,097)	—	—	(12,123)	(1,943)	(709)
Administrative expenses	(62)	—	—	(66)	—	—
Other	8	59	—	—	4	—
Net change in plan fiduciary net position	12,009	7,143	3,152	17,431	8,840	4,237
OPEB plan fiduciary net position at July 1	178,838	79,141	42,030	161,407	70,301	37,793
OPEB plan fiduciary net position at June 30	<u>\$ 190,847</u>	<u>\$ 86,284</u>	<u>\$ 45,182</u>	<u>\$ 178,838</u>	<u>\$ 79,141</u>	<u>\$ 42,030</u>
Net OPEB liability at June 30	<u>\$ 110,165</u>	<u>\$ (31,889)</u>	<u>\$ (22,162)</u>	<u>\$ 134,396</u>	<u>\$ (27,030)</u>	<u>\$ (19,945)</u>
Plan fiduciary net position as a % of the total OPEB liability	63.40%	158.62 %	196.27 %	57.09%	151.87 %	190.31 %
Covered payroll	\$ 50,064	\$ 30,624	\$ 4,407	\$ 48,873	\$ 30,297	\$ 4,398
Net OPEB liability as a % of covered payroll	220.0%	(104.1)%	(502.9)%	275.0%	(89.2)%	(453.5)%



**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**

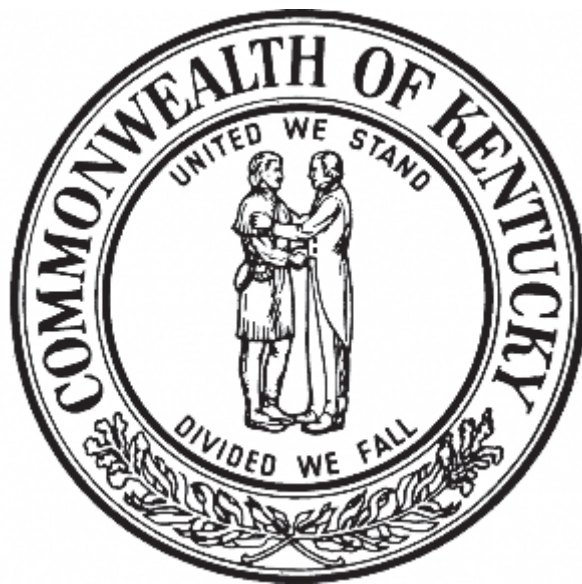
(Expressed in Thousands)

	Fiscal Year 2023			Fiscal Year 2022		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
<b>Fiscal year (measurement date)</b>						
Commonwealth's proportionate share of the net OPEB liability (asset)	79.27 %	97.71 %	26.25%	80.09 %	97.67 %	45.37%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	\$ 1,753,608	\$ 7,452	\$ 659,920	\$ 1,825,608	\$ (11,256)	\$ 979,337
Other employers' proportionate share of the collective net OPEB liability (asset)	458,502	175	1,853,713.00	453,719	(269)	1,179,448
Total collective net OPEB liability	<u>\$ 2,212,110</u>	<u>\$ 7,627</u>	<u>\$ 2,513,633</u>	<u>\$ 2,279,327</u>	<u>\$ (11,525)</u>	<u>\$ 2,158,785</u>
Commonwealth's covered payroll	\$ 1,135,951	\$ 184,327	\$ 1,017,597	\$ 1,168,121	\$ 171,807	\$ 1,621,694
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	154.37 %	4.04 %	64.85%	156.29 %	(6.55)%	60.39%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	18.51 %	61.51 %	56.40%	38.15 %	98.72 %	52.73%

	Fiscal Year 2018		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous	
<b>Fiscal year (measurement date)</b>			
Commonwealth's proportionate share of the net OPEB liability (asset)	72.38%	97.63%	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	<u>\$ 2,535,962</u>	<u>\$ 6,031</u>	<u>\$ 3,587,741</u>
Commonwealth's covered payroll	\$ 1,153,084	\$ 167,032	\$ 1,639,967
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	159.19%	3.53%	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.

Fiscal Year 2021			Fiscal Year 2020			Fiscal Year 2019		
Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
76.25 %	97.68 %	45.39%	74.97 %	97.46 %	45.44%	74.48 %	97.46 %	46.90%
\$ 1,935,945	\$ 41,777	\$ 1,161,185	\$ 1,666,411	\$ (26,168)	\$ 1,343,974	\$ 1,765,855	\$ (32,325)	\$ 1,640,667
602,963	992	1,397,277	556,485	(681)	1,613,885	605,057	(843)	1,857,246
<u>\$ 2,538,908</u>	<u>\$ 42,769</u>	<u>\$ 2,558,462</u>	<u>\$ 2,222,896</u>	<u>\$ (26,849)</u>	<u>\$ 2,957,859</u>	<u>\$ 2,370,912</u>	<u>\$ (33,168)</u>	<u>\$ 3,497,913</u>
\$ 1,087,164	\$ 177,984	\$ 1,612,586	\$ 1,136,446	\$ 147,601	\$ 1,621,873	\$ 1,124,614	\$ 185,483	\$ 1,620,705
178.07 %	23.47 %	72.01%	146.63 %	(17.73)%	82.87%	157.02 %	(17.43)%	101.23%
29.47 %	92.42 %	39.10%	30.92 %	105.29 %	32.56%	27.32 %	106.83 %	18.09%



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## **OTHER SUPPLEMENTARY INFORMATION**

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES - NON-MAJOR FUNDS**

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## NON-MAJOR GOVERNMENTAL FUNDS

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### 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, 2023**  
(Expressed in Thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
<b>Assets</b>			
Cash and cash equivalents	\$ 116,813	\$ —	\$ 244,279
Cash with fiscal agents	—	—	—
Investments, net of amortization	—	—	575,130
Receivables, net	—	—	65,957
Notes receivable	—	—	809
Interfund receivables	—	—	1,421
Interfund loan receivable	—	—	9,638
Total Assets	\$ 116,813	\$ —	\$ 897,234
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ —	\$ —	\$ 15,680
Interfund payables	—	—	6,525
Unearned revenue	—	—	162
Total Liabilities	—	—	22,367
Deferred inflows of resources			
Unavailable	—	—	37,895
<b>Fund Balances:</b>			
Restricted for:			
General Government	—	—	217,744
Legislative and Judicial	—	—	—
Commerce	—	—	1,159
Education and Humanities	—	—	35,482
Human Resources	—	—	527,001
Justice	—	—	37
Natural Resources and Environmental Protection	—	—	3,490
Public Protection and Regulation	—	—	—
Transportation	—	—	393
Debt service	116,813	—	—
Committed to:			
General Government	—	—	34,089
Education and Humanities	—	—	52
Human Resources	—	—	10,314
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	—
Assigned to:			
General Government	—	—	2,749
Education and Humanities	—	—	—
Justice	—	—	—
Transportation	—	—	4,462
Total Fund Balances	116,813	—	836,972
Total Liabilities and Fund Balances	\$ 116,813	\$ —	\$ 897,234

Special Revenue Funds					
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds	
\$ 5,674	\$ 11,834	\$ 16,936	\$ 134,880	\$ 530,416	
—	—	—	—	—	
37,676	17,745	—	209,167	839,718	
—	—	6,133	58,554	130,644	
—	—	—	—	809	
—	2,584	—	13,897	17,902	
—	—	—	—	9,638	
<u>\$ 43,350</u>	<u>\$ 32,163</u>	<u>\$ 23,069</u>	<u>\$ 416,498</u>	<u>\$ 1,529,127</u>	
\$ —	\$ 6,905	\$ 2,326	\$ 8,340	\$ 33,251	
—	—	—	25,514	32,039	
—	—	—	—	162	
—	6,905	2,326	33,854	65,452	
—	—	—	54,108	92,003	
—	25,258	20,743	54,793	318,538	
—	—	—	1	1	
—	—	—	—	1,159	
—	—	—	2,281	37,763	
—	—	—	3,813	530,814	
—	—	—	103	140	
—	—	—	68,290	71,780	
—	—	—	1,517	1,517	
43,350	—	—	—	43,743	
—	—	—	—	116,813	
—	—	—	127,545	161,634	
—	—	—	11,909	11,961	
—	—	—	24,629	34,943	
—	—	—	3,663	3,663	
—	—	—	19,105	19,105	
—	—	—	—	2,749	
—	—	—	5	5	
—	—	—	75	75	
—	—	—	10,807	15,269	
<u>43,350</u>	<u>25,258</u>	<u>20,743</u>	<u>328,536</u>	<u>1,371,672</u>	
<u>\$ 43,350</u>	<u>\$ 32,163</u>	<u>\$ 23,069</u>	<u>\$ 416,498</u>	<u>\$ 1,529,127</u>	

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<b>Debt Service Funds</b>		
	<b>Turnpike Authority of Kentucky</b>	<b>Kentucky School Facilities Construction Commission</b>	<b>Other Special Revenue</b>
<b>Revenues</b>			
Taxes	\$ —	\$ 4	\$ 142,742
Licenses, fees, and permits	—	—	600
Intergovernmental Revenues	—	—	8
Charges for services	—	—	125,756
Fines and forfeits	—	—	17,300
Interest and other investment income	54	—	7,573
Increase (decrease) in fair value of investments	—	—	13,985
Other revenues	4,207	—	13,197
Total Revenues	<u>4,261</u>	<u>4</u>	<u>321,161</u>
<b>Expenditures</b>			
Current:			
General Government	—	38,653	112,231
Commerce	—	—	313
Education and Humanities	—	—	82,013
Human Resources	—	—	6,120
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	(51)
Public Protection and Regulation	—	—	996
Transportation	—	—	—
Debt service:			
Principal retirement	92,310	95,079	—
Interest and fiscal charges	43,237	27,652	—
Total Expenditures	<u>135,547</u>	<u>161,384</u>	<u>201,622</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(131,286)</u>	<u>(161,380)</u>	<u>119,539</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	136,195	122,727	347,423
Transfers out	—	—	(518,817)
Issuance of bonds:			
New issues	—	37,002	—
Premiums	—	1,782	—
Discounts	—	(131)	—
Other Expense of Issue	—	—	—
Total Other Financing Sources (Uses)	<u>136,195</u>	<u>161,380</u>	<u>(171,394)</u>
Net Change in Fund Balances	4,909	—	(51,855)
Fund Balances at July 1	111,904	—	888,827
Fund Balances at June 30	<u>\$ 116,813</u>	<u>\$ —</u>	<u>\$ 836,972</u>

<b>Special Revenue Funds</b>				
<b>Turnpike Authority of Kentucky</b>	<b>Kentucky School Facilities Construction Commission</b>	<b>KentuckyWired Infrastructure Company, Inc.</b>	<b>Special Benefits</b>	<b>Total Non-Major Governmental Funds</b>
\$ —	\$ —	\$ —	\$ 52,098	\$ 194,844
—	—	—	14,976	15,576
—	168,695	—	45	168,748
—	—	—	229,464	355,220
—	—	—	1,512	18,812
1,263	200	399	5,912	15,401
—	435	—	5,077	19,497
—	12,108	15,678	181,381	226,571
<u>1,263</u>	<u>181,438</u>	<u>16,077</u>	<u>490,465</u>	<u>1,014,669</u>
—	—	12,089	91,924	254,897
—	—	—	2,995	3,308
—	389,753	—	22,133	493,899
—	—	—	26,638	32,758
—	—	—	5,191	5,191
—	—	—	4,653	4,602
—	—	—	23,786	24,782
13,498	—	—	157,273	170,771
—	—	2,804	—	190,193
—	—	—	—	70,889
<u>13,498</u>	<u>389,753</u>	<u>14,893</u>	<u>334,593</u>	<u>1,251,290</u>
<u>(12,235)</u>	<u>(208,315)</u>	<u>1,184</u>	<u>155,872</u>	<u>(236,621)</u>
131,753	226,754	—	12,120	976,972
(136,198)	(22,952)	—	(122,410)	(800,377)
47,480	—	—	—	84,482
2,828	—	—	—	4,610
—	—	—	—	(131)
(308)	—	—	—	(308)
<u>45,555</u>	<u>203,802</u>	<u>—</u>	<u>(110,290)</u>	<u>265,248</u>
33,320	(4,513)	1,184	45,582	28,627
10,030	29,771	19,559	282,954	1,343,045
<u>\$ 43,350</u>	<u>\$ 25,258</u>	<u>\$ 20,743</u>	<u>\$ 328,536</u>	<u>\$ 1,371,672</u>

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## **SCHEDULE OF FUND ACTIVITIES**

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**COMMONWEALTH OF KENTUCKY**  
**SCHEDULE OF REVENUES BY SOURCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed In Thousands)

	<u>June 30, 2023</u>
Revenues by Source	
Taxes:	
Sales and gross receipts	\$ 6,672,760
Income:	
Individual	5,926,688
Corporations	994,122
Property	775,124
Coal severance	101,237
Licenses and privileges	586
Inheritance and estate	70,752
Miscellaneous	23,961
Total Taxes	<u>14,565,230</u>
Licenses, fees, and permits	25,144
Intergovernmental	5,342
Charges for services	343,030
Fines and forfeits	31,681
Interest and other investment income	112,616
Increase (decrease) in fair value of investments	40,832
Other revenues	66,117
Total Revenues by Source	<u>\$ 15,189,992</u>

**COMMONWEALTH OF KENTUCKY**  
**SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed In Thousands)

	<b>June 30, 2023</b>
<b>General Government:</b>	
Personal services	\$ 385,522
Utilities, rentals, and other services	340,650
Commodities and supplies	53,953
Grants and subsidies	1,913,456
Capital outlay	8,953
Claims	198
Travel	2,841
Judgments and contingent liabilities	5,006
Other	1,755
Total General Government	2,712,334
<b>Legislative and Judicial:</b>	
Personal services	310,899
Utilities, rentals, and other services	134,155
Commodities and supplies	34,322
Grants and subsidies	1,200
Capital outlay	5,620
Travel	3,955
Total Legislative and Judicial	490,151
<b>Commerce:</b>	
Personal services	15,155
Utilities, rentals, and other services	2,197
Commodities and supplies	1,076
Grants and subsidies	441,234
Capital Outlay	245
Travel	140
Total Commerce	460,047
<b>Education and Humanities:</b>	
Personal services	123,574
Utilities, rentals, and other services	30,566
Commodities and supplies	11,241
Grants and subsidies	4,987,307
Capital outlay	86
Claims	7
Travel	989
Judgments and contingent liabilities	594
Total Education and Humanities	5,154,364
<b>Human Resources:</b>	
Personal services	375,202
Utilities, rentals, and other services	37,368
Commodities and supplies	8,912
Grants and subsidies	2,516,799
Capital Outlay	22,158
Claims	1
Travel	4,006
Total Human Resources	\$ 2,964,446

	<b>June 30, 2023</b>
<b>Justice:</b>	
Personal services	\$ 628,151
Utilities, rentals, and other services	89,525
Commodities and supplies	56,840
Grants and subsidies	315,319
Capital outlay	72,572
Claims	427
Travel	4,404
Total Justice	<u>1,167,238</u>
<b>Natural Resources and Environmental Protection:</b>	
Personal services	74,433
Utilities, rentals, and other services	5,390
Commodities and supplies	3,119
Grants and subsidies	348
Capital outlay	858
Travel	404
Judgments and contingent liabilities	75
Total Natural Resources and Environmental Protection	<u>84,627</u>
<b>Public Protection and Regulation:</b>	
Personal services	16,526
Utilities, rentals, and other services	1,340
Commodities and supplies	183
Grants and subsidies	253
Capital outlay	772
Travel	75
Judgments and contingent liabilities	100
Total Public Protection and Regulation	<u>19,249</u>
<b>Transportation:</b>	
Personal services	402
Utilities, rentals, and other services	2
Commodities and supplies	163
Grants and subsidies	19,022
Travel	1
Total Transportation	<u>19,590</u>
Total Expenditures	<u>\$ 13,072,046</u>



**COMMONWEALTH OF KENTUCKY**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY TYPE**  
**TRANSPORTATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(Expressed In Thousands)**

	<u>June 30, 2023</u>
<b>Revenues:</b>	
Taxes	\$ 1,559,515
Licenses, fees and permits	177,114
Charges for services	8,382
Fines and forfeits	2
Interest and other investment income	6,063
Increase (decrease) in fair value of investments	1,055
Other revenues	<u>6,635</u>
Total Revenues	<u>1,758,766</u>
<b>Expenditures:</b>	
Transportation:	
General administration and support	77,324
Motor vehicle regulation	41,253
Justice - state police	59,471
Highways	1,191,851
Aviation	937
Other	<u>442,441</u>
Total Expenditures	<u>\$ 1,813,277</u>

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## INTERNAL SERVICE FUNDS

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**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**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Fleet Management</b>	<b>Computer Services</b>	<b>Prison Industries</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 2,964	\$ 8,069	\$ 576
Receivables, net	14	30	135
Interfund receivables	—	—	87
Inventories	23	270	1,409
Prepaid expenses	—	28,740	158
<b>Total Current Assets</b>	<b>3,001</b>	<b>37,109</b>	<b>2,365</b>
Noncurrent assets:			
Investments, net	4,429	13,449	588
Capital assets being depreciated, net	16,504	11,010	3,079
Capital assets not being depreciated	—	—	657
Lease assets, net of depreciation	—	1,276	—
Subscription assets, net of amortization	—	188,854	—
Construction in progress	—	—	22
<b>Total capital, lease, and subscription assets</b>	<b>16,504</b>	<b>201,140</b>	<b>3,758</b>
<b>Total Noncurrent Assets, Net</b>	<b>20,933</b>	<b>214,589</b>	<b>4,346</b>
<b>Total Assets</b>	<b>23,934</b>	<b>251,698</b>	<b>6,711</b>
Deferred outflows of resources	1,249	17,488	270
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,745	21,637	171
Interfund payables	—	—	13
Interfund loans payable	—	—	—
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Lease obligations	—	3,375	—
Subscription liability	—	32,999	—
Notes Payable	—	—	—
Compensated absences	81	1,167	140
Unearned revenue	—	—	175
<b>Total Current Liabilities</b>	<b>1,826</b>	<b>59,178</b>	<b>499</b>
Noncurrent liabilities:			
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Lease obligations	—	1,471	—
Subscription liability	—	131,913	—
Notes payable	—	—	—
Compensated absences	116	1,911	383
Net pension liability	7,592	137,089	1,052
Net OPEB liability	1,420	21,993	221
<b>Total Noncurrent Liabilities</b>	<b>9,128</b>	<b>294,377</b>	<b>1,656</b>
<b>Total Liabilities</b>	<b>10,954</b>	<b>353,555</b>	<b>2,155</b>
Deferred inflows of resources	434	20,398	64
<b>Net Position</b>			
Net investment in capital assets	16,504	7,440	3,758
Unrestricted	(2,709)	(112,207)	1,004
<b>Total Net Position</b>	<b>\$ 13,795</b>	<b>\$ (104,767)</b>	<b>\$ 4,762</b>

<b>Central Printing</b>	<b>Property Management</b>	<b>Risk Management</b>	<b>Totals June 30, 2023</b>
\$ (359)	\$ 2,590	\$ 13,665	\$ 27,505
—	4	56	239
—	440	107	634
104	—	—	1,806
—	47	29,063	58,008
(255)	3,081	42,891	88,192
—	4,974	18,610	42,050
7	237,538	—	268,138
—	16,077	—	16,734
—	—	—	1,276
—	—	—	188,854
—	49,654	—	49,676
7	303,269	—	524,678
7	308,243	18,610	566,728
(248)	311,324	61,501	654,920
432	9,404	1,388	30,231
37	1,153	12,309	37,052
—	120	—	133
1,347	5,090	—	6,437
—	—	32,031	32,031
—	—	662	662
—	—	—	3,375
—	—	—	32,999
—	601	—	601
32	1,092	74	2,586
—	95	—	270
1,416	8,151	45,076	116,146
—	—	202,146	202,146
—	—	6,263	6,263
—	—	—	1,471
—	—	—	131,913
—	1,158	—	1,158
60	57	138	2,665
2,800	61,433	8,805	218,771
489	11,907	1,536	37,566
3,349	74,555	218,888	601,953
4,765	82,706	263,964	718,099
500	5,419	556	27,371
7	303,269	—	330,978
(5,088)	(70,666)	(201,631)	(391,297)
\$ (5,081)	\$ 232,603	\$ (201,631)	\$ (60,319)

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<u>Fleet Management</u>	<u>Computer Services</u>	<u>Prison Industries</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 23,882	\$ 127,397	\$ 8,547
Other revenues	95	10	1
Total Operating Revenues	<u>23,977</u>	<u>127,407</u>	<u>8,548</u>
<b>Operating Expenses:</b>			
Personal services	2,162	41,345	2,094
Utilities, rentals, and other services	4,829	26,836	1,055
Commodities and supplies	10,403	2,605	4,879
Grants and subsidies	—	—	414
Depreciation and amortization	5,416	24,772	365
Travel	2	44	6
Claims expense	—	1	—
Claims adjustment expense	—	—	—
Total Operating Expenses	<u>22,812</u>	<u>95,603</u>	<u>8,813</u>
Operating Income (Loss)	<u>1,165</u>	<u>31,804</u>	<u>(265)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Gain (loss) on sale of capital assets	914	246	11
Interest and other investment income	—	—	—
Interest expense	—	(2,087)	—
Other revenues (expenses)	<u>(1)</u>	<u>—</u>	<u>(2)</u>
Total Nonoperating Revenues and Expenses	<u>913</u>	<u>(1,841)</u>	<u>9</u>
Income (Loss) before Transfers	2,078	29,963	(256)
Transfers in	—	2,986	—
Transfers out	<u>(375)</u>	<u>(2,700)</u>	<u>—</u>
Change in Net Position	1,703	30,249	(256)
Net Position at July 1, As Restated	<u>12,092</u>	<u>(135,016)</u>	<u>5,018</u>
Net Position at June 30	<u>\$ 13,795</u>	<u>\$ (104,767)</u>	<u>\$ 4,762</u>

<b>Central Printing</b>	<b>Property Management</b>	<b>Risk Management</b>	<b>Totals June 30, 2023</b>
\$ 1,443	\$ 64,568	\$ 33,412	\$ 259,249
—	79	31,556	31,741
<u>1,443</u>	<u>64,647</u>	<u>64,968</u>	<u>290,990</u>
229	7,407	2,088	55,325
303	20,379	(1,422)	51,980
238	16,327	76	34,528
—	277	—	691
3	11,696	—	42,252
—	64	20	136
—	—	28,319	28,320
—	—	430	430
<u>773</u>	<u>56,150</u>	<u>29,511</u>	<u>213,662</u>
<u>670</u>	<u>8,497</u>	<u>35,457</u>	<u>77,328</u>
—	—	—	1,171
—	—	261	261
—	(6,649)	—	(8,736)
—	—	—	(3)
<u>—</u>	<u>(6,649)</u>	<u>261</u>	<u>(7,307)</u>
670	1,848	35,718	70,021
—	29,357	—	32,343
—	(11,408)	(228)	(14,711)
670	19,797	35,490	87,653
<u>(5,751)</u>	<u>212,806</u>	<u>(237,121)</u>	<u>(147,972)</u>
<u>\$ (5,081)</u>	<u>\$ 232,603</u>	<u>\$ (201,631)</u>	<u>\$ (60,319)</u>

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<b>Fleet Management</b>	<b>Computer Services</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from customers - public	\$ 23,867	\$ 1,027
Cash received from customers - state	—	126,736
Cash payments to suppliers for goods and services	(15,361)	(29,688)
Cash payments for employee salaries and benefits	(2,448)	(55,382)
Cash payments for claims expense	—	1
Cash payments from other sources	95	10
Cash payments to other sources	—	(151)
Net Cash Provided (Used) by Operating Activities	<u>6,153</u>	<u>42,553</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers from other funds	—	2,986
Transfers to other funds	(375)	(2,700)
Intergovernmental	92	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(283)</u>	<u>286</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition and construction of capital assets	(7,644)	(870)
Principal paid on revenue bond maturities and equipment contracts	—	(48,913)
Interest paid on revenue bonds and equipment contracts	—	(2,846)
Proceeds from the sale of capital assets	411	29
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(7,233)</u>	<u>(52,600)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investment securities	(4,429)	(13,449)
Proceeds from the sale of investment securities	—	—
Interest and dividends on investments	—	2,087
Net Cash Provided (Used) in Investing Activities	<u>(4,429)</u>	<u>(11,362)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,792)	(21,123)
Cash and Cash Equivalents at July 1	8,756	29,192
Cash and Cash Equivalents at June 30	<u>\$ 2,964</u>	<u>\$ 8,069</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income (loss)	\$ 1,165	\$ 31,804
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,416	24,772
Change in assets and liabilities:		
(Increase) Decrease in assets:		
Receivables, net	(15)	209
Interfund receivables	—	8
Inventories	(9)	49
Prepaid expenses	94	(19,508)
(Increase) decrease in deferred outflows	(89)	2,905
Increase (decrease) in liabilities:		
Accounts payable	(214)	19,212
Interfund payables	—	—
Claims liability	—	—
Claims adjustment liability	—	—
Compensated absences	106	(54)
Unearned revenue	—	—
Pension liability	17	(17,212)
OPEB liability	(179)	(4,148)
Increase (decrease) in deferred inflows	(139)	4,516
Net Cash Provided by Operating Activities	<u>\$ 6,153</u>	<u>\$ 42,553</u>
<b>Noncash Investing, Capital, and Financing Activities</b>		
Capital assets acquired through leases	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>

<b>Prison Industries</b>	<b>Central Printing</b>	<b>Property Management</b>	<b>Risk Management</b>	<b>Totals June 30, 2023</b>
\$ 3,252	\$ 1,442	\$ 10,643	\$ 31,556	\$ 71,787
5,257	—	54,473	33,907	220,373
(5,628)	(990)	(38,236)	(28,088)	(117,991)
(3,056)	(811)	(19,945)	(2,181)	(83,823)
—	—	—	(31,149)	(31,148)
1	—	79	(140)	45
(416)	—	—	—	(567)
(590)	(359)	7,014	3,905	58,676
—	—	29,357	—	32,343
—	—	(11,408)	(228)	(14,711)
—	—	—	—	92
—	—	17,949	(228)	17,724
(43)	—	(24,723)	—	(33,280)
—	—	—	—	(48,913)
—	—	—	—	(2,846)
—	—	15	—	455
(43)	—	(24,708)	—	(84,584)
(588)	—	—	(17,478)	(35,944)
—	—	1,871	—	1,871
—	—	(6,649)	261	(4,301)
(588)	—	(4,778)	(17,217)	(38,374)
(1,221)	(359)	(4,523)	(13,540)	(46,558)
1,797	—	7,113	27,204	74,062
\$ 576	\$ (359)	\$ 2,590	\$ 13,664	\$ 27,504
\$ (265)	\$ 670	\$ 8,497	\$ 35,457	\$ 77,328
365	3	11,696	—	42,252
27	—	14	15	250
127	—	476	82	693
617	(51)	—	—	606
(158)	—	(47)	(28,596)	(48,215)
157	121	4,745	185	8,024
(164)	2	(188)	(776)	17,872
10	(400)	(1,019)	—	(1,409)
—	—	—	(2,085)	(2,085)
—	—	—	430	430
200	9	(353)	(96)	(188)
(192)	—	58	—	(134)
(1,122)	(772)	(15,594)	(279)	(34,962)
(120)	(147)	(1,546)	(278)	(6,418)
(72)	206	275	(154)	4,632
\$ (590)	\$ (359)	\$ 7,014	\$ 3,905	\$ 58,676
(43,330)	—	—	—	(43,330)
\$ (43,330)	\$ —	\$ —	\$ —	\$ (43,330)



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# CAPITAL ASSETS

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**COMMONWEALTH OF KENTUCKY  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE  
FOR THE YEAR ENDED JUNE 30, 2023**

(Expressed In Thousands)

	<b>June 30, 2023</b>
<b>Governmental Funds Capital Assets</b>	
Land	\$ 241,188
Improvements other than buildings	39,561
Buildings	1,541,822
Machinery and equipment	778,883
Software/other intangibles	134,230
Easements	102,182
Construction in progress	1,994,096
Infrastructure	23,390,846
Total Governmental Funds Capital Assets	<u>\$ 28,222,808</u>

**Investments in Governmental Funds Capital Assets by Source**

General Fund	\$ 202,762
Special Revenue Funds	834,863
Donations	175,682
Other	1,957,673
Capital Projects Fund:	
State appropriations	71,577
Revenue bonds	744,847
Federal grants	402,980
Other	269,858
Infrastructure (A)	23,390,846
Capital assets acquired prior to July 1, 1984 (A)	140,091
Capital assets acquired after July 1, 1984 (A)	31,629
Total Governmental Funds Capital Assets by Source	<u>\$ 28,222,808</u>

(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, 2023**  
(Expressed in Thousands)

	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
General Government	\$ 35,943	\$ 20,929	\$ 462,554
Legislative & Judicial	2,585	—	10,453
Commerce	130,041	6,585	17,133
Education & Humanities	1,114	805	46,474
Human Resources	3,086	4,727	226,496
Justice	5,472	6,107	537,002
Natural Resources and Environmental Protection	43,942	408	4,861
Public Protection and Regulation	—	—	—
Transportation	19,005	—	236,849
Total Governmental Funds Capital Assets by Function	<u>\$ 241,188</u>	<u>\$ 39,561</u>	<u>\$ 1,541,822</u>

(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.

<b>Machinery and Equipment</b>	<b>Software / Other Intangibles</b>	<b>Easements</b>	<b>Construction in Progress</b>	<b>Infrastructure</b>	<b>Totals June 30, 2023</b>
\$ 58,633	\$ 48,873	\$ 62,791	\$ 84,686	\$ —	\$ 774,409
24,996	2,346	—	—	—	40,380
39,564	—	113	5,865	—	199,301
26,493	—	12,474	14,043	—	101,403
20,795	77,784	—	22,304	—	355,192
164,598	5,227	—	57,087	—	775,493
50,293	—	21,029	—	—	120,533
7,271	—	—	—	—	7,271
386,240	—	5,775	1,810,111	23,390,846	25,848,826
<u>\$ 778,883</u>	<u>\$ 134,230</u>	<u>\$ 102,182</u>	<u>\$ 1,994,096</u>	<u>\$ 23,390,846</u>	<u>\$ 28,222,808</u>

**COMMONWEALTH OF KENTUCKY**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>
General Government	\$ 692,355	\$ 84,569	\$ (2,515)	\$ 774,409
Legislative & Judicial	37,193	3,273	(86)	40,380
Commerce	194,656	4,717	(72)	199,301
Education & Humanities	85,909	16,765	(1,271)	101,403
Human Resources	349,546	10,949	(5,303)	355,192
Justice	712,056	68,379	(4,942)	775,493
Natural Resources and Environmental Protection	116,840	6,894	(3,201)	120,533
Public Protection and Regulation	18,388	1,519	(12,636)	7,271
Transportation	25,380,616	1,227,080	(758,870)	25,848,826
Total Governmental Funds Capital Assets by Function	<u>\$ 27,587,559</u>	<u>\$ 1,424,145</u>	<u>\$ (788,896)</u>	<u>\$ 28,222,808</u>

(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.

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# PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS

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**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**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Pension Funds</b>	<b>Insurance Funds</b>	<b>Totals June 30, 2023</b>
<b>Assets</b>			
Cash and Short-Term Investments:			
Cash	\$ 281,991	\$ 303,170	\$ 585,161
Short-term investments	5,566,464	457,213	6,023,677
Total Cash and Short-Term Investments	<u>5,848,455</u>	<u>760,383</u>	<u>6,608,838</u>
Receivables:			
Investments - accounts receivable	143,735	51,827	195,562
Interest receivable	101,123	47,484	148,607
Accounts receivable	290,052	49,565	339,617
Total Receivables	<u>534,910</u>	<u>148,876</u>	<u>683,786</u>
Investments at Fair Value:			
Corporate and government bonds	5,073,539	939,335	6,012,874
Common stocks	23,395,859	5,659,717	29,055,576
Specialty Credit	3,192,795	1,430,237	4,623,032
Alternatives	1,915,330	225,118	2,140,448
Derivatives	(6,033)	(2,076)	(8,109)
Real estate	2,747,988	594,166	3,342,154
Other	3,006,057	615,020	3,621,077
Total Investments at Fair Value	<u>39,325,535</u>	<u>9,461,517</u>	<u>48,787,052</u>
Invested security collateral	339,038	130,959	469,997
Capital assets, net	7,466	—	7,466
Prepaid expenses	19	—	19
Total Assets	<u>46,055,423</u>	<u>10,501,735</u>	<u>56,557,158</u>
<b>Liabilities</b>			
Investments - accounts payable	219,696	68,257	287,953
Accounts payable	41,293	31,953	73,246
Obligations under securities lending	339,038	130,960	469,998
Total Liabilities	<u>600,027</u>	<u>231,170</u>	<u>831,197</u>
<b>Net Position Restricted for Pensions and Other Post Employment Benefits</b>			
	<u>\$ 45,455,396</u>	<u>\$ 10,270,565</u>	<u>\$ 55,725,961</u>

**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, 2023**  
(Expressed in Thousands)

	<b>Pension Funds</b>	<b>Insurance Funds</b>	<b>Totals June 30, 2023</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 3,321,207	\$ 401,759	\$ 3,722,966
Member	848,712	163,181	1,011,893
Non-Employer	—	119,733	119,733
Total Contributions	<u>4,169,919</u>	<u>684,673</u>	<u>4,854,592</u>
Other Contributions:			
Participant fees	6,808	—	6,808
Other receipts	240,200	11,833	252,033
Total Other Contributions	<u>247,008</u>	<u>11,833</u>	<u>258,841</u>
Investment Income:			
Net increase (decrease) in fair value of investments	3,463,293	750,915	4,214,208
Interest	689,007	229,463	918,470
Dividends	241,533	15,992	257,525
Real estate operating income, net	22,629	—	22,629
Securities lending income, net	46,578	1,488	48,066
Total Investment Income	<u>4,463,040</u>	<u>997,858</u>	<u>5,460,898</u>
Less: Investment expense	193,657	61,499	255,156
Less: Securities lending expense	42,351	—	42,351
Net Investment Income	<u>4,227,032</u>	<u>936,359</u>	<u>5,163,391</u>
Total Additions	<u>8,643,959</u>	<u>1,632,865</u>	<u>10,276,824</u>
<b>Deductions</b>			
Benefit payments	5,073,046	6,219	5,079,265
Refunds	72,945	—	72,945
Administrative expenses	65,089	4,637	69,726
Self funding insurance cost	—	5,178	5,178
Healthcare premium subsidies	—	355,062	355,062
Other deductions, net	—	127,968	127,968
Total Deductions	<u>5,211,080</u>	<u>499,064</u>	<u>5,710,144</u>
Change in Net Position	3,432,879	1,133,801	4,566,680
<b>Net Position - Restricted for Pension and Other Post Employment Benefits</b>			
Net Position at July 1	<u>42,022,517</u>	<u>9,136,764</u>	<u>51,159,281</u>
Net Position at June 30	<u>\$ 45,455,396</u>	<u>\$ 10,270,565</u>	<u>\$ 55,725,961</u>



**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - PENSION FUNDS**  
**June 30, 2023**  
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
<b>Assets</b>				
Cash and Short-Term Investments:				
Cash	\$ 375	\$ 141	\$ 662	\$ 262
Short-term investments	648,780	89,143	303,178	134,692
Total Cash and Short-Term Investments	649,155	89,284	303,840	134,954
Receivables:				
Investments - accounts receivable	31,172	6,728	58,587	20,435
Interest receivable	—	—	—	—
Contributions/Accounts receivable	87,362	4,216	92,043	50,052
Total Receivables	118,534	10,944	150,630	70,487
Investments at Fair Value:				
Corporate and government bonds	708,383	106,016	862,405	299,149
Common stocks	1,329,567	452,179	5,016,146	1,724,427
Specialty Credit	604,758	179,012	1,717,669	591,592
Alternative	—	—	—	—
Derivatives	(2,045)	(306)	(2,478)	(862)
Real estate	179,034	50,564	545,935	173,707
Other	72,726	24,325	268,971	89,758
Total Investments at Fair Value	2,892,423	811,790	8,408,648	2,877,771
Invested security collateral	71,804	18,277	176,126	60,803
Capital assets, net	—	—	—	—
Prepaid expenses	—	—	—	—
Total Assets	3,731,916	930,295	9,039,244	3,144,015
<b>Liabilities</b>				
Investments - accounts payable	50,340	8,852	76,587	26,600
Accounts payable	2,566	599	5,091	815
Obligations under securities lending	71,804	18,277	176,126	60,803
Total Liabilities	124,710	27,728	257,804	88,218
<b>Net Position Restricted for Pensions and Other Post Employment Benefits</b>				
	\$ 3,607,206	\$ 902,567	\$ 8,781,440	\$ 3,055,797

<b>State Police Retirement System</b>	<b>Kentucky Teachers' Retirement System</b>	<b>Judicial Retirement Plan</b>	<b>Legislators Retirement Plan</b>	<b>Kentucky Public Employees' Deferred Compensation Authority</b>	<b>Totals June 30, 2023</b>
\$ 35	\$ 256,258	\$ 3,907	\$ 750	\$ 19,601	\$ 281,991
133,780	568,929	—	—	3,687,962	5,566,464
<u>133,815</u>	<u>825,187</u>	<u>3,907</u>	<u>750</u>	<u>3,707,563</u>	<u>5,848,455</u>
5,800	20,833	150	30	—	143,735
—	59,043	1,034	234	40,812	101,123
5,340	48,601	—	—	2,438	290,052
<u>11,140</u>	<u>128,477</u>	<u>1,184</u>	<u>264</u>	<u>43,250</u>	<u>534,910</u>
118,419	2,972,161	5,806	1,200	—	5,073,539
206,744	14,288,137	312,022	66,637	—	23,395,859
99,764	—	—	—	—	3,192,795
—	1,915,330	—	—	—	1,915,330
(342)	—	—	—	—	(6,033)
21,465	1,777,283	—	—	—	2,747,988
10,693	2,412,438	104,729	22,417	—	3,006,057
<u>456,743</u>	<u>23,365,349</u>	<u>422,557</u>	<u>90,254</u>	<u>—</u>	<u>39,325,535</u>
12,028	—	—	—	—	339,038
—	7,466	—	—	—	7,466
—	19	—	—	—	19
<u>613,726</u>	<u>24,326,498</u>	<u>427,648</u>	<u>91,268</u>	<u>3,750,813</u>	<u>46,055,423</u>
8,816	48,501	—	—	—	219,696
56	32,166	—	—	—	41,293
12,028	—	—	—	—	339,038
<u>20,900</u>	<u>80,667</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>600,027</u>
<u>\$ 592,826</u>	<u>\$ 24,245,831</u>	<u>\$ 427,648</u>	<u>\$ 91,268</u>	<u>\$ 3,750,813</u>	<u>\$ 45,455,396</u>

**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, 2023**  
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
<b>Additions</b>				
Contributions:				
Employer	\$ 1,034,990	\$ 72,778	\$ 697,634	\$ 308,036
Member	84,579	17,458	147,769	56,988
Total Contributions	1,119,569	90,236	845,403	365,024
Other Contributions:				
Participant fees	—	—	—	—
Other receipts	240,004	22	16	166
Total Other Contributions	240,004	22	16	166
Investment Income:				
Net increase (decrease) in fair value of investments	134,776	56,604	637,413	219,241
Interest	102,220	26,388	239,709	83,234
Dividends	—	—	—	—
Real estate operating income, net	—	—	—	—
Securities lending income, net	2,918	866	8,998	3,143
Total Investment Income	239,914	83,858	886,120	305,618
Less: Investment expense	17,072	5,824	62,635	20,836
Less: Securities lending expense	2,584	772	8,068	2,817
Net Investment Income	220,258	77,262	815,417	281,965
Total Additions	1,579,831	167,520	1,660,836	647,155
<b>Deductions</b>				
Benefit payments	1,023,704	78,636	894,351	319,593
Refunds	11,847	4,041	23,263	6,569
Administrative expenses	13,817	1,513	24,128	2,124
Total Deductions	1,049,368	84,190	941,742	328,286
Change in Net Position	530,463	83,330	719,094	318,869
<b>Net Position - Restricted for Pension and Other Post Employment Benefits</b>				
Net Position at July 1	3,076,743	819,237	8,062,346	2,736,928
Net Position at June 30	\$ 3,607,206	\$ 902,567	\$ 8,781,440	\$ 3,055,797

<b>State Police Retirement System</b>	<b>Kentucky Teachers' Retirement System</b>	<b>Judicial Retirement Plan</b>	<b>Legislators Retirement Plan</b>	<b>Kentucky Public Employees' Deferred Compensation Authority</b>	<b>Totals June 30, 2023</b>
\$ 58,120	\$ 1,144,667	\$ 4,982	\$ —	\$ —	\$ 3,321,207
5,250	366,785	2,008	195	167,680	848,712
<u>63,370</u>	<u>1,511,452</u>	<u>6,990</u>	<u>195</u>	<u>167,680</u>	<u>4,169,919</u>
—	—	—	—	6,808	6,808
(8)	—	—	—	—	240,200
<u>(8)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,808</u>	<u>247,008</u>
25,422	1,883,505	48,830	10,349	447,153	3,463,293
17,889	199,459	3,999	870	15,239	689,007
—	236,976	4,326	897	(666)	241,533
—	22,629	—	—	—	22,629
488	30,166	—	—	(1)	46,578
<u>43,799</u>	<u>2,372,735</u>	<u>57,155</u>	<u>12,116</u>	<u>461,725</u>	<u>4,463,040</u>
2,563	78,894	317	66	5,450	193,657
435	27,675	—	—	—	42,351
<u>40,801</u>	<u>2,266,166</u>	<u>56,838</u>	<u>12,050</u>	<u>456,275</u>	<u>4,227,032</u>
<u>104,163</u>	<u>3,777,618</u>	<u>63,828</u>	<u>12,245</u>	<u>630,763</u>	<u>8,643,959</u>
63,804	2,391,474	26,672	5,408	269,404	5,073,046
166	26,910	114	35	—	72,945
293	14,474	283	139	8,318	65,089
<u>64,263</u>	<u>2,432,858</u>	<u>27,069</u>	<u>5,582</u>	<u>277,722</u>	<u>5,211,080</u>
39,900	1,344,760	36,759	6,663	353,041	3,432,879
552,926	22,901,071	390,889	84,605	3,397,772	42,022,517
<u>\$ 592,826</u>	<u>\$ 24,245,831</u>	<u>\$ 427,648</u>	<u>\$ 91,268</u>	<u>\$ 3,750,813</u>	<u>\$ 45,455,396</u>

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - INSURANCE FUNDS**  
**June 30, 2023**  
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
<b>Assets</b>				
Cash and Short-Term Investments:				
Cash	\$ 105	\$ 9	\$ 258	\$ 8
Short-term investments	170,091	29,906	132,269	31,789
Total Cash and Short-Term Investments	170,196	29,915	132,527	31,797
Receivables:				
Investments - accounts receivable	11,749	4,294	22,443	4,082
Interest receivable	—	—	—	—
Contributions/Accounts receivable	13,235	334	12,658	10,253
Total Receivables	24,984	4,628	35,101	14,335
Investments at Fair Value:				
Corporate and government bonds	171,536	72,740	327,065	148,990
Common stocks	731,494	322,484	1,901,225	958,647
Specialty Credit	289,421	129,503	641,632	318,176
Alternative	—	—	—	—
Derivatives	(478)	(200)	(908)	(412)
Real estate	60,926	45,368	196,683	107,912
Other	31,680	17,472	82,403	43,561
Total Investments at Fair Value	1,284,579	587,367	3,148,100	1,576,874
Invested security collateral	26,420	11,270	59,513	29,265
Total Assets	1,506,179	633,180	3,375,241	1,652,271
<b>Liabilities</b>				
Investments - accounts payable	14,161	5,588	27,873	12,877
Accounts payable	118	—	223	21
Obligations under securities lending	26,420	11,270	59,513	29,266
Total Liabilities	40,699	16,858	87,609	42,164
<b>Net Position Restricted for Pensions and Other Post Employment Benefits</b>				
	\$ 1,465,480	\$ 616,322	\$ 3,287,632	\$ 1,610,107

<b>State Police Retirement System</b>	<b>Kentucky Teachers' Retirement System</b>	<b>Judicial Retirement Plan</b>	<b>Legislators' Retirement Plan</b>	<b>Totals June 30, 2023</b>
\$ 8	\$ 300,958	\$ 1,234	\$ 590	\$ 303,170
10,868	82,290	—	—	457,213
<u>10,876</u>	<u>383,248</u>	<u>1,234</u>	<u>590</u>	<u>760,383</u>
1,762	7,426	47	24	51,827
—	46,973	327	184	47,484
956	12,129	—	—	49,565
<u>2,718</u>	<u>66,528</u>	<u>374</u>	<u>208</u>	<u>148,876</u>
27,887	171,086	1,835	18,196	939,335
132,285	1,462,698	98,511	52,373	5,659,717
51,505	—	—	—	1,430,237
—	225,118	—	—	225,118
(78)	—	—	—	(2,076)
17,319	165,958	—	—	594,166
6,563	399,880	33,092	369	615,020
<u>235,481</u>	<u>2,424,740</u>	<u>133,438</u>	<u>70,938</u>	<u>9,461,517</u>
4,491	—	—	—	130,959
<u>253,566</u>	<u>2,874,516</u>	<u>135,046</u>	<u>71,736</u>	<u>10,501,735</u>
2,277	5,481	—	—	68,257
—	31,591	—	—	31,953
4,491	—	—	—	130,960
<u>6,768</u>	<u>37,072</u>	<u>—</u>	<u>—</u>	<u>231,170</u>
<u>\$ 246,798</u>	<u>\$ 2,837,444</u>	<u>\$ 135,046</u>	<u>\$ 71,736</u>	<u>\$ 10,270,565</u>

**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, 2023**  
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
<b>Additions</b>				
Contributions:				
Employer	\$ 123,216	\$ 37	\$ 99,501	\$ 45,605
Member	5,884	1,452	4,922	1,611
Non-Employer	8,369	1,591	17,502	3,987
Total Contributions	<u>137,469</u>	<u>3,080</u>	<u>121,925</u>	<u>51,203</u>
Other Contributions:				
Other Receipts	4,828	300	6,245	367
Total Other Contributions	<u>4,828</u>	<u>300</u>	<u>6,245</u>	<u>367</u>
Investment Income:				
Net increase (decrease) in fair value of investments	95,983	39,902	240,043	116,609
Interest	42,259	17,802	88,630	43,938
Dividends	—	—	—	—
Securities lending income, net	131	52	307	147
Total Investment Income	<u>138,373</u>	<u>57,756</u>	<u>328,980</u>	<u>160,694</u>
Less: Investment expense	10,321	4,765	22,977	11,956
Net Investment Income	<u>128,052</u>	<u>52,991</u>	<u>306,003</u>	<u>148,738</u>
Total Additions	<u>270,349</u>	<u>56,371</u>	<u>434,173</u>	<u>200,308</u>
<b>Deductions</b>				
Benefit payments	—	—	—	—
Administrative expenses	771	123	937	522
Self funding insurance cost	1,668	80	3,241	171
Healthcare Premiums Subsidies	103,952	19,748	123,587	93,485
Other deductions, net	—	—	—	—
Total Deductions	<u>106,391</u>	<u>19,951</u>	<u>127,765</u>	<u>94,178</u>
Change in Net Position	163,958	36,420	306,408	106,130
<b>Net Position - Restricted for Pension and Other Post Employment Benefits</b>				
Net Position at July 1	1,301,522	579,902	2,981,224	1,503,977
Net Position at June 30	<u>\$ 1,465,480</u>	<u>\$ 616,322</u>	<u>\$ 3,287,632</u>	<u>\$ 1,610,107</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2023
\$ 9,289	\$ 124,111	\$ —	\$ —	\$ 401,759
—	149,210	78	24	163,181
356	87,928	—	—	119,733
<u>9,645</u>	<u>361,249</u>	<u>78</u>	<u>24</u>	<u>684,673</u>
93	—	—	—	11,833
<u>93</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,833</u>
16,099	218,731	15,402	8,146	750,915
7,163	27,725	1,261	685	229,463
—	13,921	1,365	706	15,992
23	828	—	—	1,488
<u>23,285</u>	<u>261,205</u>	<u>18,028</u>	<u>9,537</u>	<u>997,858</u>
1,858	9,470	100	52	61,499
<u>21,427</u>	<u>251,735</u>	<u>17,928</u>	<u>9,485</u>	<u>936,359</u>
<u>31,165</u>	<u>612,984</u>	<u>18,006</u>	<u>9,509</u>	<u>1,632,865</u>
—	6,219	—	—	6,219
74	2,012	89	109	4,637
18	—	—	—	5,178
14,290	—	—	—	355,062
—	124,867	2,154	947	127,968
<u>14,382</u>	<u>133,098</u>	<u>2,243</u>	<u>1,056</u>	<u>499,064</u>
16,783	479,886	15,763	8,453	1,133,801
230,015	2,357,558	119,283	63,283	9,136,764
<u>\$ 246,798</u>	<u>\$ 2,837,444</u>	<u>\$ 135,046</u>	<u>\$ 71,736</u>	<u>\$ 10,270,565</u>



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## PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS

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**Private Purpose Trust Funds** - are those funds held in a qualifying trust (same definition as Investment trust funds) that are not required to be reported in Pension (and other employee benefit) or Investment trust funds.

Specific activities listed under the Private Purpose Trust Funds are:

**Special Deposit Trust Fund** - accounts for monies held by the Commonwealth that are marked for specific purposes.

**Commonwealth Choice Program** - accounts for flexible benefits spending accounts.

**Custodial Funds** - are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.

Specific activities listed under Custodial Funds are:

**County Fees Trust Fund** - accounts for monies held by the Commonwealth for those counties with a population greater than 70,000.

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS**  
**June 30, 2023**  
**(Expressed in Thousands)**

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Totals June 30, 2023	County Fees Trust Fund
Assets				
Cash and cash equivalents	\$ 276,270	\$ —	\$ 276,270	\$ 415
Investments, net of amortization	842,398	—	842,398	—
Receivables, net	2,702	3,737	6,439	36,407
Total Assets	<u>\$ 1,121,370</u>	<u>\$ 3,737</u>	<u>\$ 1,125,107</u>	<u>\$ 36,822</u>
Liabilities				
Accounts payable	\$ 559,162	\$ 3,737	\$ 562,899	\$ 29,126
Total Liabilities	<u>\$ 559,162</u>	<u>\$ 3,737</u>	<u>\$ 562,899</u>	<u>\$ 29,126</u>
Net Position				
Restricted for:				
Individuals, Organizations, and other Governments	\$ 562,208	\$ —	\$ 562,208	\$ 7,696
Total Net Position	<u>\$ 562,208</u>	<u>\$ —</u>	<u>\$ 562,208</u>	<u>\$ 7,696</u>

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
**PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(Expressed in Thousands)**

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Total June 30, 2023	County Fees Trust Fund
<b>Additions</b>				
Contributions:	\$ 203,220	\$ 34,070,407	\$ 34,273,627	\$ —
Total Contributions	203,220	34,070,407	34,273,627	—
Investment Income:				
Net increase (decrease) in fair value of investments	272	—	272	—
Total Investment Income	272	—	272	—
Less: Investment expense	—	—	—	—
Less: Securities lending expense	—	—	—	—
Net Investment Income	272	—	272	—
Collections for other Governments	4,099	—	4,099	227,212
Miscellaneous	357,590	—	357,590	5
Total Additions	565,181	34,070,407	34,635,588	227,217
<b>Deductions</b>				
Administrative expenses	88	—	88	—
Payments to other Governments	356,705	—	356,705	255,928
Beneficiary Payments to individuals	—	34,070,407	34,070,407	—
Other deductions, net	85,259	—	85,259	—
Total Deductions	442,052	34,070,407	34,512,459	255,928
Change in Net Position	123,129	—	123,129	(28,711)
Net Position at July 1	439,079	—	439,079	36,407
Net Position at June 30	\$ 562,208	\$ —	\$ 562,208	\$ 7,696

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## **NON-MAJOR COMPONENT UNITS - COMBINING**

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**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS**  
**June 30, 2023**

(Expressed in Thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2023
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 603,693	\$ 397,223	\$ 1,000,916
Restricted cash	5,283	34,122	39,405
Investments, net of amortization	52,351	—	52,351
Accounts receivable, net	152,371	99,579	251,950
Interest receivable	4,066	935	5,001
Inventories	752	4,695	5,447
Prepaid expenses	2,455	12,537	14,992
Other current assets	158,119	3,068	161,187
Total Current Assets	<u>979,090</u>	<u>552,159</u>	<u>1,531,249</u>
Noncurrent assets:			
Restricted cash	60,893	168,638	229,531
Long-term investments	45,149	600,164	645,313
Restricted long-term investments	96,843	184,298	281,141
Long-term receivables, net	1,398,317	19,293	1,417,610
Capital assets being depreciated, net	528,286	1,858,884	2,387,170
Capital assets not being depreciated	2,278	44,920	47,198
Lease assets, net	296,799	36,300	333,099
Subscription assets, net	39,324	24,969	64,293
Construction in progress	6,800	53,362	60,162
Total capital assets	<u>873,487</u>	<u>2,018,435</u>	<u>2,891,922</u>
Other assets	70,329	33,911	104,240
Total Noncurrent Assets	<u>2,545,018</u>	<u>3,024,739</u>	<u>5,569,757</u>
Total Assets	<u>3,524,108</u>	<u>3,576,898</u>	<u>7,101,006</u>
Deferred outflows of resources	<u>34,034</u>	<u>197,870</u>	<u>231,904</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accruals	18,414	81,156	99,570
Current portion of long-term debt:			
Notes payable	3,033	479	3,512
Bonds payable	365,708	51,255	416,963
Lease obligations	3,155	4,505	7,660
Subscription liability	65	9,162	9,227
Compensated absences	1,607	16,933	18,540
Unearned revenues	25,156	78,350	103,506
Payable from restricted assets	—	10,733	10,733
Other current liabilities	33,660	10,519	44,179
Total Current Liabilities	<u>450,798</u>	<u>263,092</u>	<u>713,890</u>
Noncurrent liabilities:			
Notes payable	3,696	4,819	8,515
Bonds payable	164,235	762,252	926,487
Lease obligations	15,066	72,891	87,957
Subscription liability	50	12,927	12,977
Compensated absences	679	307	986
Net pension liability	184,065	836,251	1,020,316
Net OPEB liability	30,427	145,018	175,445
Other long-term liabilities	1,551	63,020	64,571
Total Noncurrent Liabilities	<u>399,769</u>	<u>1,897,485</u>	<u>2,297,254</u>
Total Liabilities	<u>850,567</u>	<u>2,160,577</u>	<u>3,011,144</u>
Deferred inflows of resources	<u>78,453</u>	<u>212,652</u>	<u>291,105</u>
<b>Net Position</b>			
Net investment in capital assets	518,790	1,213,679	1,732,469
Restricted for:			
Debt service	—	870	870
Capital projects	19,033	73,857	92,890
Other purposes	1,638,215	753,121	2,391,336
Unrestricted	453,084	(639,988)	(186,904)
Total Net Position	<u>\$ 2,629,122</u>	<u>\$ 1,401,539</u>	<u>\$ 4,030,661</u>

**COMMONWEALTH OF KENTUCKY  
COMBINING STATEMENT OF ACTIVITIES  
NON-MAJOR COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2023  
(Expressed in Thousands)**

	<b>Non-Major Component Units - Authorities</b>	<b>Non-Major Component Units - Universities</b>	<b>Totals June 30, 2023</b>
<b>Expenses:</b>			
Operating and other expenses	\$ 565,056	\$ 1,368,179	\$ 1,933,235
Total expenses	<u>565,056</u>	<u>1,368,179</u>	<u>1,933,235</u>
<b>Program Revenues:</b>			
Charges for services	178,730	605,256	783,986
Operating grants and contributions	422,719	122,271	544,990
Capital grants and contributions	—	5,131	5,131
Total Program Revenues	<u>601,449</u>	<u>732,658</u>	<u>1,334,107</u>
<b>Net Program (Expense) Revenue</b>	<u>36,393</u>	<u>(635,521)</u>	<u>(599,128)</u>
<b>General Revenues:</b>			
Unrestricted grants and contributions	35,623	604,403	640,026
Unrestricted investment earnings	21,894	9,821	31,715
Gain on sale of capital assets	—	(920)	(920)
Miscellaneous general	377,602	78,287	455,889
Transfers	13,648	—	13,648
Total General Revenues	<u>448,767</u>	<u>691,591</u>	<u>1,140,358</u>
Change in Net Position	<u>485,160</u>	<u>56,070</u>	<u>541,230</u>
Net Position at July 1, As Restated	<u>2,143,962</u>	<u>1,345,469</u>	<u>3,489,431</u>
Net Position at June 30	<u>\$ 2,629,122</u>	<u>\$ 1,401,539</u>	<u>\$ 4,030,661</u>



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## NON-MAJOR COMPONENT UNITS - AUTHORITIES

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**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**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Kentucky River Authority</b>	<b>Kentucky Higher Education Assistance Authority</b>	<b>Bluegrass State Skills Corporation</b>	<b>Kentucky State Fair Board</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 287	\$ 78,983	\$ 1	\$ 10,702
Restricted cash	5,283	—	—	—
Investments, net of amortization	6,832	5,252	—	—
Accounts receivable, net	1,984	49,101	—	2,930
Interest receivable	—	629	—	—
Inventories	—	—	—	—
Prepaid expenses	—	—	—	1,722
Other current assets	—	—	2,102	633
Total Current Assets	<u>14,386</u>	<u>133,965</u>	<u>2,103</u>	<u>15,987</u>
Noncurrent assets:				
Restricted cash	—	—	—	2,278
Long-term investments	2	—	8	—
Restricted long-term investments	2,430	83,085	—	—
Long-term receivables, net	—	5,902	—	—
Capital assets being depreciated, net	74,150	—	—	442,130
Capital assets not being depreciated	546	—	—	—
Lease assets, net	—	—	—	—
Subscription assets, net	—	—	—	—
Construction in progress	1,525	—	—	1,822
Total capital assets	<u>76,221</u>	<u>—</u>	<u>—</u>	<u>443,952</u>
Other assets	—	4,199	—	59,133
Total Noncurrent Assets, Net	<u>78,653</u>	<u>93,186</u>	<u>8</u>	<u>505,363</u>
Total Assets	<u>93,039</u>	<u>227,151</u>	<u>2,111</u>	<u>521,350</u>
Deferred outflows of resources	<u>529</u>	<u>686</u>	<u>—</u>	<u>15,415</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accruals	2	2,034	2,102	3,751
Current portion of long-term debt:				
Notes payable	—	—	—	—
Bonds payable	2,486	—	—	405
Lease obligations	—	—	—	2,384
Subscription liability	—	—	—	—
Compensated absences	53	—	—	—
Unearned revenues	—	—	—	3,909
Other current liabilities	32	—	—	200
Total Current Liabilities	<u>2,573</u>	<u>2,034</u>	<u>2,102</u>	<u>10,649</u>
Noncurrent liabilities:				
Notes payable	—	—	—	—
Bonds payable	37,097	—	—	498
Lease obligations	—	—	—	12,697
Subscription liability	—	—	—	—
Compensated absences	37	—	—	—
Net pension liability	3,831	5,620	—	75,932
Net OPEB liability	617	906	—	12,238
Other long-term liabilities	—	—	—	—
Total Noncurrent Liabilities	<u>41,582</u>	<u>6,526</u>	<u>—</u>	<u>101,365</u>
Total Liabilities	<u>44,155</u>	<u>8,560</u>	<u>2,102</u>	<u>112,014</u>
Deferred inflows of resources	<u>267</u>	<u>1,723</u>	<u>—</u>	<u>61,609</u>
<b>Net Position</b>				
Net investment in capital assets	36,638	4,199	—	427,967
Restricted for:				
Capital projects	14,114	—	—	2,279
Other purposes	—	213,355	9	—
Unrestricted	(1,606)	—	—	(67,104)
Total Net Position	<u>\$ 49,146</u>	<u>\$ 217,554</u>	<u>\$ 9</u>	<u>\$ 363,142</u>

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
\$ 8,415	\$ 11,176	\$ 56,543	\$ 159	\$ 421,894	\$ 9,122
—	—	—	—	—	—
287	24,169	—	985	14,826	—
1,277	2,499	11	6	—	92,457
15	55	260	—	3,107	—
40	—	—	712	—	—
169	294	—	—	—	—
—	258	48,887	—	106,239	—
<u>10,203</u>	<u>38,451</u>	<u>105,701</u>	<u>1,862</u>	<u>546,066</u>	<u>101,579</u>
—	1,841	—	—	—	—
16,852	—	516	—	—	13,696
—	11,328	—	—	—	—
64	9,501	342,568	—	1,040,282	—
24,563	15,736	—	(2,716)	11	—
129	76	—	1,527	—	—
5,680	203	—	6,706	—	—
—	111	—	605	—	—
—	3,453	—	—	—	—
<u>30,372</u>	<u>19,579</u>	<u>—</u>	<u>6,122</u>	<u>11</u>	<u>—</u>
<u>6,547</u>	<u>54</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>53,835</u>	<u>42,303</u>	<u>343,084</u>	<u>6,122</u>	<u>1,040,293</u>	<u>13,696</u>
<u>64,038</u>	<u>80,754</u>	<u>448,785</u>	<u>7,984</u>	<u>1,586,359</u>	<u>115,275</u>
<u>—</u>	<u>11,243</u>	<u>1,697</u>	<u>722</u>	<u>3,742</u>	<u>—</u>
2,286	1,070	116	109	2,667	—
364	152	—	—	—	—
—	—	—	—	22,729	—
681	90	—	—	—	—
—	65	—	—	—	—
193	1,137	97	127	—	—
1,632	2,491	—	—	15,850	—
3	—	—	—	33,425	—
<u>5,159</u>	<u>5,005</u>	<u>213</u>	<u>236</u>	<u>74,671</u>	<u>—</u>
3,499	197	—	—	—	—
—	—	—	—	126,640	—
2,271	98	—	—	—	—
—	50	—	—	—	—
—	538	97	7	—	—
—	74,929	11,662	4,917	7,174	—
—	12,838	1,880	792	1,156	—
<u>1,551</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>7,321</u>	<u>88,650</u>	<u>13,639</u>	<u>5,716</u>	<u>134,970</u>	<u>—</u>
<u>12,480</u>	<u>93,655</u>	<u>13,852</u>	<u>5,952</u>	<u>209,641</u>	<u>—</u>
<u>—</u>	<u>13,756</u>	<u>676</u>	<u>235</u>	<u>187</u>	<u>—</u>
24,926	18,927	—	6,122	11	—
—	2,640	—	—	—	—
6,321	11,557	23,771	—	1,380,262	—
<u>20,311</u>	<u>(48,538)</u>	<u>412,183</u>	<u>(3,603)</u>	<u>—</u>	<u>115,275</u>
<u>\$ 51,558</u>	<u>\$ (15,414)</u>	<u>\$ 435,954</u>	<u>\$ 2,519</u>	<u>\$ 1,380,273</u>	<u>\$ 115,275</u>

Continued

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR COMPONENT UNITS - AUTHORITIES**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Kentucky Grain Insurance Corporation</b>	<b>Louisville Arena Authority, Inc.</b>	<b>The Kentucky Horse Park Foundation, Inc.</b>	<b>Totals June 30, 2023</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,103	\$ 3,893	\$ 415	\$ 603,693
Restricted cash	—	—	—	5,283
Investments, net of amortization	—	—	—	52,351
Accounts receivable, net	—	2,073	33	152,371
Interest receivable	—	—	—	4,066
Inventories	—	—	—	752
Prepaid expenses	—	227	43	2,455
Other current assets	—	—	—	158,119
Total Current Assets	<u>2,103</u>	<u>6,193</u>	<u>491</u>	<u>979,090</u>
Noncurrent assets:				
Restricted cash	—	56,413	361	60,893
Long-term investments	3,157	—	10,918	45,149
Restricted long-term investments	—	—	—	96,843
Long-term receivables, net	—	—	—	1,398,317
Capital assets being depreciated, net	—	(25,588)	—	528,286
Capital assets not being depreciated	—	—	—	2,278
Lease assets, net	—	284,210	—	296,799
Subscription assets, net	—	38,608	—	39,324
Construction in progress	—	—	—	6,800
Total capital assets	<u>—</u>	<u>297,230</u>	<u>—</u>	<u>873,487</u>
Other assets	—	—	396	70,329
Total Noncurrent Assets, Net	<u>3,157</u>	<u>353,643</u>	<u>11,675</u>	<u>2,545,018</u>
Total Assets	<u>5,260</u>	<u>359,836</u>	<u>12,166</u>	<u>3,524,108</u>
Deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>34,034</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accruals	—	4,251	26	18,414
Current portion of long-term debt:				
Notes payable	—	2,000	517	3,033
Bonds payable	—	340,088	—	365,708
Capital lease obligations	—	—	—	3,155
Subscription liability	—	—	—	65
Compensated absences	—	—	—	1,607
Unearned revenues	—	1,263	11	25,156
Other current liabilities	—	—	—	33,660
Total Current Liabilities	<u>—</u>	<u>347,602</u>	<u>554</u>	<u>450,798</u>
Noncurrent liabilities:				
Notes payable	—	—	—	3,696
Bonds payable	—	—	—	164,235
Capital lease obligations	—	—	—	15,066
Subscription liability	—	—	—	50
Compensated absences	—	—	—	679
Net pension liability	—	—	—	184,065
Net OPEB liability	—	—	—	30,427
Other long-term liabilities	—	—	—	1,551
Total Noncurrent Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>399,769</u>
Total Liabilities	<u>—</u>	<u>347,602</u>	<u>554</u>	<u>850,567</u>
Deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>78,453</u>
<b>Net Position</b>				
Net investment in capital assets	—	—	—	518,790
Restricted for:				
Capital projects	—	—	—	19,033
Other purposes	—	—	2,940	1,638,215
Unrestricted	5,260	12,234	8,672	453,084
Total Net Position	<u>\$ 5,260</u>	<u>\$ 12,234</u>	<u>\$ 11,612</u>	<u>\$ 2,629,122</u>



**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS - AUTHORITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
<b>Expenses:</b>				
Operating and other expenses	\$ 4,317	\$ 389,657	\$ 3,847	\$ 70,222
Total expenses	<u>4,317</u>	<u>389,657</u>	<u>3,847</u>	<u>70,222</u>
<b>Program Revenues:</b>				
Charges for services	7,386	39,967	—	51,603
Operating grants and contributions	308	354,595	—	—
Total Program Revenues	<u>7,694</u>	<u>394,562</u>	<u>—</u>	<u>51,603</u>
<b>Net Program (Expense) Revenue</b>	<u>3,377</u>	<u>4,905</u>	<u>(3,847)</u>	<u>(18,619)</u>
<b>General Revenues:</b>				
Unrestricted grants and contributions	—	—	—	—
Unrestricted investment earnings	(1,205)	—	—	887
Miscellaneous general	—	—	3,847	—
Transfers	—	—	—	13,648
Total General Revenues	<u>(1,205)</u>	<u>—</u>	<u>3,847</u>	<u>14,535</u>
Change in Net Position	<u>2,172</u>	<u>4,905</u>	<u>—</u>	<u>(4,084)</u>
Net Position at July 1, As Restated	<u>46,974</u>	<u>212,649</u>	<u>9</u>	<u>367,226</u>
Net Position at June 30	<u>\$ 49,146</u>	<u>\$ 217,554</u>	<u>\$ 9</u>	<u>\$ 363,142</u>

<b>Kentucky Center for the Arts Corporation</b>	<b>Kentucky Authority for Educational Television</b>	<b>Kentucky Economic Development Finance Authority</b>	<b>Kentucky Artisan Center</b>	<b>Kentucky Infrastructure Authority</b>	<b>Kentucky Agricultural Finance Corporation</b>
\$ 22,450	\$ 33,850	\$ 6,684	\$ 2,905	\$ 16,623	\$ 23
22,450	33,850	6,684	2,905	16,623	23
12,086	2,655	1,314	1,393	18,255	—
483	12,758	—	—	40,947	12,543
12,569	15,413	1,314	1,393	59,202	12,543
(9,881)	(18,437)	(5,370)	(1,512)	42,579	12,520
6,912	18,599	—	2,146	7,966	—
1,681	4,037	1,680	—	13,738	—
107	5,293	384,963	—	—	—
—	—	—	—	—	—
8,700	27,929	386,643	2,146	21,704	—
(1,181)	9,492	381,273	634	64,283	12,520
52,739	(24,906)	54,681	1,885	1,315,990	102,755
\$ 51,558	\$ (15,414)	\$ 435,954	\$ 2,519	\$ 1,380,273	\$ 115,275

Continued

**COMMONWEALTH OF KENTUCKY  
COMBINING STATEMENT OF ACTIVITIES  
NON-MAJOR COMPONENT UNITS - AUTHORITIES  
FOR THE YEAR ENDED JUNE 30, 2023  
(Expressed in Thousands)**

	<b>Kentucky Grain Insurance Corporation</b>	<b>Louisville Arena Authority, Inc.</b>	<b>The Kentucky Horse Park Foundation, Inc.</b>	<b>Totals June 30, 2023</b>
<b>Expenses:</b>				
Operating and other expenses	\$ —	\$ 12,111	\$ 2,367	\$ 565,056
Total expenses	<u>—</u>	<u>12,111</u>	<u>2,367</u>	<u>565,056</u>
<b>Program Revenues:</b>				
Charges for services	—	42,909	1,162	178,730
Operating grants and contributions	—	—	1,085	422,719
Total Program Revenues	<u>—</u>	<u>42,909</u>	<u>2,247</u>	<u>601,449</u>
<b>Net Program (Expense) Revenue</b>	<u>—</u>	<u>30,798</u>	<u>(120)</u>	<u>36,393</u>
<b>General Revenues:</b>				
Unrestricted grants and contributions	—	—	—	35,623
Unrestricted investment earnings	184	813	79	21,894
Miscellaneous general	—	(16,608)	—	377,602
Transfers	—	—	—	13,648
Total General Revenues	<u>184</u>	<u>(15,795)</u>	<u>79</u>	<u>448,767</u>
Change in Net Position	<u>184</u>	<u>15,003</u>	<u>(41)</u>	<u>485,160</u>
Net Position at July 1, As Restated	5,076	(2,769)	11,653	2,143,962
Net Position at June 30	<u>\$ 5,260</u>	<u>\$ 12,234</u>	<u>\$ 11,612</u>	<u>\$ 2,629,122</u>

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR COMPONENT UNITS-AUTHORITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<b>Kentucky Agricultural Finance Corporation</b>	<b>Kentucky Grain Insurance Corporation</b>	<b>Totals June 30, 2023</b>
<b>Cash Flows from Operating Activities</b>			
Cash payments to suppliers for goods and services	\$ (16)	\$ —	\$ (16)
Cash payments for employee salaries and benefits	(7)	—	(7)
Cash payments to other sources	(12,708)	—	(12,708)
Cash payments from other sources	12,542	—	12,542
Net Cash Provided (Used) by Operating Activities	<u>(189)</u>	<u>—</u>	<u>(189)</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from the sale of investment securities	(7,661)	(1,826)	(9,487)
Interest and dividends on investments	—	184	184
Net Cash Provided (Used) in Investing Activities	<u>(7,661)</u>	<u>(1,642)</u>	<u>(9,303)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,850)	(1,642)	(9,492)
Cash and Cash Equivalents at July 1	16,972	3,745	20,717
Cash and Cash Equivalents at June 30	<u>9,122</u>	<u>2,103</u>	<u>11,225</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	12,520	—	12,520
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) Decrease in assets:			
Receivables, net	(12,708)	—	(12,708)
Net Cash Provided (Used) by Operating Activities	<u>\$ (188)</u>	<u>\$ —</u>	<u>\$ (188)</u>





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## **NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES**

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### **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**  
**June 30, 2023**  
(Expressed in Thousands)

	<b>Eastern Kentucky University</b>	<b>Western Kentucky University</b>	<b>Morehead State University</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 58,328	\$ 84,079	\$ 63,940
Restricted cash	—	12,337	3,371
Accounts receivable, net	34,557	20,038	6,762
Interest receivable	—	63	—
Inventories	584	44	732
Prepaid expenses	1,507	1,993	1,394
Other current assets	409	741	435
Total Current Assets	<u>95,385</u>	<u>119,295</u>	<u>76,634</u>
Noncurrent assets:			
Restricted cash	51,732	42,201	—
Long-term investments	115,837	210,609	73,231
Restricted long-term investments	—	24,266	—
Long-term receivables, net	2,284	3,980	2,132
Capital assets being depreciated, net	455,775	515,898	217,385
Capital assets not being depreciated	13,214	22,331	—
Lease assets, net	690	30,802	1,365
Subscription assets, net	6,886	2,826	1,287
Construction in progress	26,423	17,667	4,498
Total capital assets	<u>502,988</u>	<u>589,524</u>	<u>224,535</u>
Other assets	62	7,123	5,813
Total Noncurrent Assets, Net	<u>672,903</u>	<u>877,703</u>	<u>305,711</u>
Total Assets	<u>768,288</u>	<u>996,998</u>	<u>382,345</u>
Deferred outflows of resources	<u>65,212</u>	<u>43,946</u>	<u>34,011</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accruals	13,240	27,274	4,730
Current portion of long-term debt:			
Notes payable	—	14	—
Bonds payable	7,682	19,087	4,241
Lease obligations	927	616	911
Subscription liability	2,248	1,461	655
Compensated absences	3,025	—	2,671
Unearned revenues	12,855	47,411	3,627
Payable from restricted assets	—	6,401	32
Other current liabilities	485	—	513
Total Current Liabilities	<u>40,462</u>	<u>102,264</u>	<u>17,380</u>
Noncurrent liabilities:			
Notes payable	—	29	—
Bonds payable	128,287	219,147	49,566
Lease obligations	27,282	27,683	16,081
Subscription liability	5,097	595	693
Compensated absences	—	—	—
Net pension liability	258,566	206,908	131,919
Net OPEB liability	38,083	43,221	21,675
Other long-term liabilities	44,205	7,067	2,250
Total Noncurrent Liabilities	<u>501,520</u>	<u>504,650</u>	<u>222,184</u>
Total Liabilities	<u>541,982</u>	<u>606,914</u>	<u>239,564</u>
Deferred inflows of resources	<u>100,694</u>	<u>35,288</u>	<u>22,046</u>
<b>Net Position</b>			
Net investment in capital assets	247,219	321,410	151,918
Restricted for:			
Debt service	—	457	—
Capital projects	61,385	—	—
Other purposes	104,752	206,398	82,202
Unrestricted	(222,532)	(129,523)	(79,374)
Total Net Position	<u>\$ 190,824</u>	<u>\$ 398,742</u>	<u>\$ 154,746</u>

<b>Murray State University</b>	<b>Northern Kentucky University</b>	<b>Kentucky State University</b>	<b>Kentucky Council on Postsecondary Education</b>	<b>Totals June 30, 2023</b>
\$ 90,479	\$ 96,540	\$ 3,544	\$ 313	\$ 397,223
—	959	—	17,455	34,122
13,344	21,187	3,550	141	99,579
—	71	—	801	935
2,830	505	—	—	4,695
1,963	4,618	—	1,062	12,537
1,483	—	—	—	3,068
<u>110,099</u>	<u>123,880</u>	<u>7,094</u>	<u>19,772</u>	<u>552,159</u>
67,571	7,134	—	—	168,638
159,777	3,366	34,210	3,134	600,164
—	134,613	—	25,419	184,298
—	10,136	761	—	19,293
233,025	341,658	95,143	—	1,858,884
—	9,375	—	—	44,920
2,418	1,025	—	—	36,300
3,883	6,697	—	3,390	24,969
—	4,774	—	—	53,362
<u>239,326</u>	<u>363,529</u>	<u>95,143</u>	<u>3,390</u>	<u>2,018,435</u>
<u>3,096</u>	<u>17,783</u>	<u>34</u>	<u>—</u>	<u>33,911</u>
<u>469,770</u>	<u>536,561</u>	<u>130,148</u>	<u>31,943</u>	<u>3,024,739</u>
<u>579,869</u>	<u>660,441</u>	<u>137,242</u>	<u>51,715</u>	<u>3,576,898</u>
<u>34,113</u>	<u>2,205</u>	<u>16,141</u>	<u>2,242</u>	<u>197,870</u>
11,139	11,795	11,862	1,116	81,156
465	—	—	—	479
5,012	14,963	270	—	51,255
1,784	267	—	—	4,505
—	1,725	—	3,073	9,162
5,455	3,764	1,381	637	16,933
4,012	9,467	978	—	78,350
—	4,300	—	—	10,733
3,754	692	5,075	—	10,519
<u>31,621</u>	<u>46,973</u>	<u>19,566</u>	<u>4,826</u>	<u>263,092</u>
4,790	—	—	—	4,819
56,457	291,386	17,409	—	762,252
1,108	737	—	—	72,891
1,617	4,925	—	—	12,927
—	—	—	307	307
145,698	2,013	70,311	20,836	836,251
26,029	30	12,622	3,358	145,018
4,987	3,193	1,318	—	63,020
<u>240,686</u>	<u>302,284</u>	<u>101,660</u>	<u>24,501</u>	<u>1,897,485</u>
<u>272,307</u>	<u>349,257</u>	<u>121,226</u>	<u>29,327</u>	<u>2,160,577</u>
<u>26,495</u>	<u>12,266</u>	<u>14,273</u>	<u>1,590</u>	<u>212,652</u>
171,661	243,703	77,451	317	1,213,679
408	5	—	—	870
7,940	4,532	—	—	73,857
139,667	143,142	34,101	42,859	753,121
(4,496)	(90,259)	(93,668)	(20,136)	(639,988)
<u>\$ 315,180</u>	<u>\$ 301,123</u>	<u>\$ 17,884</u>	<u>\$ 23,040</u>	<u>\$ 1,401,539</u>

**COMMONWEALTH OF KENTUCKY**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
(Expressed in Thousands)

	<b>Eastern Kentucky University</b>	<b>Western Kentucky University</b>	<b>Morehead State University</b>
<b>Expenses:</b>			
Operating and other expenses	\$ 310,138	\$ 318,053	\$ 157,634
Total Expenses	<u>310,138</u>	<u>318,053</u>	<u>157,634</u>
<b>Program Revenues:</b>			
Charges for services	136,326	159,995	43,972
Operating grants and contributions	26,108	11,947	25,408
Capital grants and contributions	—	3,849	—
Total Program Revenues	<u>162,434</u>	<u>175,791</u>	<u>69,380</u>
<b>Net Program (Expense) Revenue</b>	<u>(147,704)</u>	<u>(142,262)</u>	<u>(88,254)</u>
<b>General Revenues:</b>			
Unrestricted grants and contributions	145,282	162,274	26,371
Unrestricted investment earnings	2,185	(25,224)	1,547
Gain on sale of capital assets	—	(262)	(98)
Miscellaneous general	5,023	1,357	56,949
Total General Revenues	<u>152,490</u>	<u>138,145</u>	<u>84,769</u>
Change in Net Position	<u>4,786</u>	<u>(4,117)</u>	<u>(3,485)</u>
Net Position at July 1, As Restated	<u>186,038</u>	<u>402,859</u>	<u>158,231</u>
Net Position at June 30	<u>\$ 190,824</u>	<u>\$ 398,742</u>	<u>\$ 154,746</u>

<b>Murray State University</b>	<b>Northern Kentucky University</b>	<b>Kentucky State University</b>	<b>Kentucky Council on Postsecondary Education</b>	<b>Totals June 30, 2023</b>
\$ 179,544	\$ 285,407	\$ 81,446	\$ 35,957	\$ 1,368,179
179,544	285,407	81,446	35,957	1,368,179
91,485	145,249	23,988	4,241	605,256
6,828	12,177	27,263	12,540	122,271
—	808	—	474	5,131
98,313	158,234	51,251	17,255	732,658
(81,231)	(127,173)	(30,195)	(18,702)	(635,521)
83,503	93,804	31,336	61,833	604,403
18,607	4,979	7,332	395	9,821
(745)	185	—	—	(920)
4,736	10,135	87	—	78,287
106,101	109,103	38,755	62,228	691,591
24,870	(18,070)	8,560	43,526	56,070
290,310	319,193	9,324	(20,486)	1,345,469
\$ 315,180	\$ 301,123	\$ 17,884	\$ 23,040	\$ 1,401,539



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# STATISTICAL SECTION

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This part of the Commonwealth of Kentucky's annual comprehensive 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)

	2023	2022	2021	2020
<b>General Fund</b>				
Nonspendable:				
Inventories	\$ 7,888	\$ 7,033	\$ 8,446	\$ 5,375
Assigned	634,794	115,611	71,815	93,764
Unassigned	4,753,733	4,298,660	2,411,469	511,169
Total General Fund	<u>5,396,415</u>	<u>4,421,304</u>	<u>2,491,730</u>	<u>610,308</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Inventories	74,827	63,721	65,049	—
Cash with Fiscal Agents	—	—	—	—
Restricted	3,981,368	3,474,705	2,775,617	2,330,905
Committed	432,427	319,350	152,581	134,037
Assigned	64,118	46,419	41,079	30,817
Unassigned	(284,397)	(271,897)	(127,260)	(101,018)
Total All Other Governmental Funds	<u>4,268,343</u>	<u>3,632,298</u>	<u>2,907,066</u>	<u>2,394,741</u>
 Total Fund Balances - Governmental Funds	 <u>\$ 9,664,758</u>	 <u>\$ 8,053,602</u>	 <u>\$ 5,398,796</u>	 <u>\$ 3,005,049</u>

2019	2018	2017	2016	2015	2014
\$ 7,373	\$ 5,769	\$ 6,219	\$ 5,465	\$ 6,230	\$ 6,505
74,258	—	55	30,765	27,069	—
151,129	(64,909)	—	318,790	71,060	(137,295)
232,760	(59,140)	6,274	355,020	104,359	(130,790)
64,767	59,340	75,234	75,254	74,105	54,006
—	47,367	15,576	16,136	18,954	13,503
1,924,119	2,218,345	1,901,478	1,822,185	1,706,764	2,068,293
140,030	177,916	74,876	133,075	160,804	188,706
95,113	21,442	17,039	18,014	15,033	13,054
(33,102)	(50,026)	(765)	(98,045)	(56,950)	(2,582)
2,190,927	2,474,384	2,083,438	1,966,619	1,918,710	2,334,980
\$ 2,423,687	\$ 2,415,244	\$ 2,089,712	\$ 2,321,639	\$ 2,023,069	\$ 2,204,190

**COMMONWEALTH OF KENTUCKY  
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

	2023	2022	2021	2020
<b>Revenues</b>				
Taxes	\$ 16,866,582	\$ 16,276,878	\$ 14,535,649	\$ 13,181,585
Licenses, fees, and permits	493,646	469,695	462,701	420,578
Intergovernmental	19,478,804	19,087,665	17,243,597	13,060,301
Charges for services	1,458,758	1,320,601	1,345,365	1,276,407
Fines and forfeits	71,647	54,871	41,318	49,642
Interest and other investment income	207,207	38,981	3,196	61,285
Increase (decrease) in fair value of investments	83,856	(74,441)	10,570	4,939
Securities lending income	—	—	—	3,595
Other revenues	1,203,260	1,397,553	937,057	884,506
<b>Total Revenues</b>	<b>39,863,760</b>	<b>38,571,803</b>	<b>34,579,453</b>	<b>28,942,838</b>
<b>Expenditures</b>				
Current:				
General government	3,591,930	3,383,335	2,685,781	2,782,509
Legislative and judicial	534,628	486,618	137,596	495,212
Commerce	657,865	155,676	116,366	115,467
Education and humanities	7,893,248	7,799,095	6,154,345	6,029,475
Human resources	19,844,791	18,106,571	17,332,009	14,497,837
Justice	1,418,492	1,234,408	1,096,985	1,134,711
Natural resources and environmental protection	230,712	203,946	213,209	215,681
Public protection and regulation	300,895	240,403	912,062	144,515
Transportation	3,155,050	2,753,252	2,445,657	2,542,904
Debt Service:				
Principal retirement	579,214	711,570	701,232	694,576
Interest and fiscal charges	237,752	255,835	297,471	304,750
Other expenditures	5,330	(3,787)	59,668	(6,585)
Securities lending expense	—	—	—	3,071
Capital outlay:				
Buildings	298,252	187,784	207,776	323,072
<b>Total Expenditures</b>	<b>38,748,159</b>	<b>35,514,706</b>	<b>32,360,157</b>	<b>29,277,195</b>
Excess (Deficiency) of Revenues over (under) Expenditures	1,115,601	3,057,097	2,219,296	(334,357)
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,794,584	2,147,744	1,954,450	2,191,088
Transfers out	(2,914,594)	(2,950,747)	(1,983,386)	(2,055,429)
Capitalized leases	259,563	209,787	1,640	1,703
Issuance of bonds:				
New issues	318,750	165,395	161,155	902,631
Refunding issues	54,840	314,627	198,766	6,076
Premiums	26,974	39,091	49,189	45,120
Discounts	(344)	(414)	(944)	(2,038)
Certificates of participation	—	—	—	—
Premiums	—	—	—	—
Issuance of notes:				
New issues	—	—	—	—
Refunding issues	—	—	—	—
Payments to refunded bond escrow agent	(56,183)	(325,034)	(211,779)	(176,354)
<b>Total Other Financing Sources (Uses)</b>	<b>483,590</b>	<b>(399,551)</b>	<b>169,091</b>	<b>912,797</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,599,191</b>	<b>\$ 2,657,546</b>	<b>\$ 2,388,387</b>	<b>\$ 578,440</b>
Debt service as a percentage of noncapital expenditures	3.02%	4.05%	4.39%	4.83%

Note: Information is presented on the modified accrual basis of accounting.

	2019	2018	2017	2016	2015	2014
\$	12,888,613	\$ 12,345,610	\$ 11,888,139	\$ 11,730,500	\$ 11,492,919	\$ 10,954,839
	444,403	391,615	382,398	380,075	386,757	350,454
	11,592,569	11,004,224	10,792,470	10,824,674	10,135,711	9,008,083
	1,343,980	1,257,259	1,272,133	1,302,541	1,173,174	1,276,821
	58,366	54,469	52,338	61,660	64,755	69,531
	43,378	32,557	21,463	31,501	30,590	26,785
	17,550	(13,980)	(6,037)	(6,140)	(13,544)	(9,410)
	10,540	11,158	6,616	3,470	2,664	2,696
	692,070	609,703	634,834	584,782	520,001	627,647
	<u>27,091,469</u>	<u>25,692,615</u>	<u>25,044,354</u>	<u>24,913,063</u>	<u>23,793,027</u>	<u>22,307,446</u>
	2,263,964	2,269,763	2,341,583	2,263,041	2,107,483	2,067,170
	480,405	445,112	442,646	444,087	437,109	419,461
	106,165	93,765	111,080	110,490	98,826	97,811
	6,183,644	6,020,339	6,016,531	5,558,814	5,347,187	5,317,501
	13,043,316	12,506,650	12,227,415	12,095,613	11,437,873	10,399,966
	1,089,196	1,009,506	967,790	874,867	839,455	804,747
	195,068	170,995	181,889	182,296	186,641	185,547
	129,569	110,748	106,215	101,590	103,448	92,600
	2,395,765	2,290,599	2,339,776	2,566,675	2,661,224	2,566,382
	739,455	726,825	611,066	616,543	571,281	547,610
	350,972	313,291	330,631	336,567	352,558	355,438
	(4,683)	6,242	6,672	14,683	20,431	9,858
	9,710	9,359	4,792	2,421	1,190	1,058
	<u>289,598</u>	<u>338,373</u>	<u>353,165</u>	<u>477,916</u>	<u>231,483</u>	<u>203,514</u>
	<u>27,272,144</u>	<u>26,311,567</u>	<u>26,041,251</u>	<u>25,645,603</u>	<u>24,396,189</u>	<u>23,068,663</u>
	<u>(180,675)</u>	<u>(618,952)</u>	<u>(996,897)</u>	<u>(732,540)</u>	<u>(603,162)</u>	<u>(761,217)</u>
	2,213,843	2,263,303	2,120,376	1,922,969	2,058,253	2,021,428
	(2,096,464)	(2,075,678)	(1,912,607)	(1,907,707)	(2,009,118)	(2,013,769)
	2,132	17,311	1,861	2,634	17,070	27
	80,354	644,402	513,545	826,325	222,922	256,887
	6,556	301,786	56,689	988,677	373,712	141,631
	(725)	112,180	36,078	231,610	76,777	80,769
	(536)	—	(1,161)	(2,420)	(972)	(689)
	—	—	—	—	68,575	—
	—	—	—	—	1,621	—
	—	—	—	106,850	—	383,000
	—	—	—	—	—	39,765
	<u>(21,162)</u>	<u>(306,257)</u>	<u>(50,494)</u>	<u>(1,116,316)</u>	<u>(409,405)</u>	<u>(189,883)</u>
	<u>183,998</u>	<u>957,047</u>	<u>764,287</u>	<u>1,052,622</u>	<u>399,435</u>	<u>719,166</u>
\$	<u>3,323</u>	<u>\$ 338,095</u>	<u>\$ (232,610)</u>	<u>\$ 320,082</u>	<u>\$ (203,727)</u>	<u>\$ (42,051)</u>
	<u>4.05%</u>	<u>3.94%</u>	<u>3.71%</u>	<u>3.71%</u>	<u>3.78%</u>	<u>3.91%</u>

**COMMONWEALTH OF KENTUCKY**  
**NET POSITION BY COMPONENT**  
**FOR THE LAST TEN FISCAL YEARS**  
(Expressed in Thousands)

	2023	2022	2021	2020
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 24,499,797	\$ 25,573,127	\$ 24,744,234	\$ 24,168,762
Restricted	2,703,626	2,499,727	2,081,872	1,626,862
Unrestricted	(22,054,926)	(26,551,501)	(32,600,702)	(37,317,510)
Total Governmental Activities Net Position	<u>5,148,497</u>	<u>1,521,353</u>	<u>(5,774,596)</u>	<u>(11,521,886)</u>
<b>Business-Type Activities:</b>				
Net investment in capital assets	227,031	227,926	240,670	253,466
Restricted	1,133,849	914,976	286,882	—
Unrestricted	(216,049)	(248,988)	(166,080)	(253,263)
Total Business-Type Activities Net Position	<u>1,144,831</u>	<u>893,914</u>	<u>361,472</u>	<u>203</u>
<b>Primary Government:</b>				
Net investment in capital assets	24,726,828	25,801,053	24,984,904	24,422,228
Restricted	3,837,475	3,414,703	2,368,754	1,626,862
Unrestricted	(22,270,975)	(26,800,489)	(32,766,782)	(37,569,773)
Total Primary Government Net Position	<u>\$ 6,293,328</u>	<u>\$ 2,415,267</u>	<u>\$ (5,413,124)</u>	<u>\$ (11,520,683)</u>

NOTE: This schedule is presented on the accrual basis of accounting.

2019	2018	2017	2016	2015	2014
\$ 23,433,119	\$ 23,354,312	\$ 22,688,638	\$ 21,955,878	\$ 21,288,572	\$ 20,986,040
1,487,313	1,208,350	954,449	847,543	984,229	1,099,649
(40,050,216)	(42,257,250)	(40,157,358)	(37,867,160)	(36,414,312)	(11,812,580)
(15,129,784)	(17,694,588)	(16,514,271)	(15,063,739)	(14,141,511)	10,273,109
261,109	274,521	287,610	293,958	303,571	315,131
779,736	688,144	562,392	369,431	212,629	63,847
(133,396)	(116,858)	(100,405)	(190,882)	(403,957)	(594,125)
907,449	845,807	749,597	472,507	112,243	(215,147)
23,694,228	23,628,833	22,976,248	22,249,836	21,592,143	21,301,171
2,267,049	1,896,494	1,516,841	1,216,974	1,196,858	1,163,496
(40,183,612)	(42,374,108)	(40,257,763)	(38,058,042)	(36,818,269)	(12,406,705)
\$ (14,222,335)	\$ (16,848,781)	\$ (15,764,674)	\$ (14,591,232)	\$ (14,029,268)	\$ 10,057,962

**COMMONWEALTH OF KENTUCKY**  
**GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**FOR THE LAST TEN FISCAL YEARS**  
(Expressed in Thousands)

	2023	2022	2021	2020	2019
<b>Function/Program Revenues</b>					
<b>Primary Government:</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 655,988	\$ 645,619	\$ 785,061	\$ 692,112	\$ 770,183
Legislative and Judicial	44,889	45,633	45,868	42,633	46,607
Commerce	61,719	79,589	62,480	58,587	83,983
Education and Humanities	95,857	78,880	64,098	57,848	53,789
Human Resources	431,413	195,555	231,518	195,329	199,566
Justice	48,133	35,526	27,104	29,395	28,603
Natural Resources and					
Environmental Protection	49,303	46,142	46,092	46,378	44,249
Public Protection and Regulation	158,920	187,429	118,062	106,120	97,604
Transportation	401,577	359,729	345,067	294,743	313,715
Operating Grants and Contributions	18,702,399	17,974,786	16,331,955	12,125,363	10,704,976
Capital Grants and Contributions	1,040,155	1,028,150	1,033,962	994,683	914,965
Total Governmental Activities	<u>21,690,353</u>	<u>20,677,038</u>	<u>19,091,267</u>	<u>14,643,191</u>	<u>13,258,240</u>
Business-Type Activities:					
Charges for Services:					
State Parks	52,849	48,250	45,415	40,574	52,503
Kentucky Horse Park	11,685	11,833	7,543	7,297	11,488
Insurance Administration	119,486	123,004	108,934	114,048	118,189
Kentucky Public Employees' Health Plan	2,056,285	1,940,035	1,866,925	1,851,183	1,822,296
Unemployment Compensation	381,465	439,675	395,332	348,610	359,080
Operating Grants and Contributions	—	—	—	—	13,106
Capital Grants and Contributions	—	—	—	—	—
Total Business-Type Activities	<u>2,621,770</u>	<u>2,562,797</u>	<u>2,424,149</u>	<u>2,361,712</u>	<u>2,376,662</u>
Total Primary Government	<u>\$ 24,312,123</u>	<u>\$ 23,239,835</u>	<u>\$ 21,515,416</u>	<u>\$ 17,004,903</u>	<u>\$ 15,634,902</u>
<b>Expenses</b>					
<b>Primary Government:</b>					
Governmental Activities:					
General government	\$ 3,891,581	\$ 1,574,029	\$ 1,652,327	\$ 405,039	\$ 363,782
Legislative and Judicial	395,581	424,171	520,801	526,102	468,775
Commerce	649,845	165,551	139,689	175,902	152,031
Education and Humanities	7,432,964	6,065,729	5,027,799	6,070,241	6,213,059
Human Resources	19,334,359	17,809,920	17,077,977	13,760,639	12,938,155
Justice	1,225,599	1,287,731	1,292,316	1,470,004	1,426,465
Natural Resources and					
Environmental Protection	219,004	210,835	253,474	254,103	229,066
Public Protection and Regulation	460,597	275,685	563,091	167,030	155,311
Transportation	2,448,529	2,109,058	1,914,599	1,938,390	1,932,570
Interest expense	191,105	202,051	136,111	277,084	287,577
Total Governmental Activities	<u>36,249,164</u>	<u>30,124,760</u>	<u>28,578,184</u>	<u>25,044,534</u>	<u>24,166,791</u>
Business-Type Activities:					
State Parks	117,960	107,211	111,231	122,723	140,307
Kentucky Lottery Corporation	—	—	—	—	—
Kentucky Horse Park	17,654	17,095	15,246	16,993	19,538
Insurance Administration	135,343	118,337	43,278	41,317	(6,593)
Kentucky Public Employees' Health Plan	2,063,040	2,000,400	1,892,458	1,839,500	1,812,826
Unemployment Compensation	162,367	570,842	2,720,000	3,890,468	288,755
Total Business-Type Activities	<u>2,496,364</u>	<u>2,813,885</u>	<u>4,782,213</u>	<u>5,911,001</u>	<u>2,254,833</u>
Total Primary Government	<u>\$ 38,745,528</u>	<u>\$ 32,938,645</u>	<u>\$ 33,360,397</u>	<u>\$ 30,955,535</u>	<u>\$ 26,421,624</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (14,558,811)	\$ (9,447,722)	\$ (9,486,917)	\$ (10,401,343)	\$ (10,908,551)
Business-Type Activities	125,406	(251,088)	(2,358,064)	(3,549,289)	121,829
Total Primary Government Net Expense	<u>\$ (14,433,405)</u>	<u>\$ (9,698,810)</u>	<u>\$ (11,844,981)</u>	<u>\$ (13,950,632)</u>	<u>\$ (10,786,722)</u>

	2018	2017	2016	2015	2014
\$	799,460	\$ 805,329	\$ 818,313	\$ 626,337	\$ 699,518
	27,852	28,079	27,802	25,866	25,584
	73,820	52,894	51,991	58,617	44,538
	59,137	58,831	59,712	64,776	43,192
	221,671	166,820	208,967	164,793	230,057
	27,348	26,185	30,880	22,755	23,434
	40,587	38,673	41,941	17,014	45,334
	93,860	92,734	92,908	87,134	83,516
	297,202	283,545	288,126	299,446	269,701
	10,211,396	9,956,021	9,956,639	9,270,753	8,211,316
	825,730	837,491	872,127	865,320	801,353
	12,678,063	12,346,602	12,449,406	11,502,811	10,477,543
	53,320	52,526	51,424	47,931	49,016
	9,542	12,416	12,930	12,407	10,679
	116,676	125,299	130,825	124,106	113,248
	1,795,381	1,759,562	1,739,913	1,712,136	1,692,801
	395,464	545,335	598,144	743,369	561,692
	9,946	5,578	954	—	174,235
	—	—	—	149	378
	2,380,329	2,500,716	2,534,190	2,640,098	2,602,049
\$	15,058,392	\$ 14,847,318	\$ 14,983,596	\$ 14,142,909	\$ 13,079,592
\$	3,112,212	\$ 2,771,326	\$ 4,544,453	\$ 2,557,827	\$ 2,840,370
	489,661	489,343	446,233	433,354	420,929
	151,184	299,840	122,430	110,041	112,067
	7,138,207	7,328,124	4,970,560	5,822,980	5,539,119
	12,488,174	11,988,867	12,088,721	11,098,078	10,000,356
	1,360,214	1,216,143	1,006,195	952,071	933,126
	232,219	191,666	190,919	190,532	192,059
	148,967	150,344	97,921	107,258	92,798
	1,864,030	1,674,300	1,602,621	1,819,570	2,127,851
	306,124	210,456	372,787	341,922	355,842
	27,290,992	26,320,409	25,442,840	23,433,633	22,614,517
	153,913	124,685	113,679	110,220	96,587
	—	—	—	—	—
	20,310	21,143	21,049	19,278	19,511
	(85,034)	39,370	189,476	116,723	86,063
	1,614,792	1,510,884	1,498,925	1,420,292	1,642,048
	282,583	345,909	343,857	340,223	1,092,231
	1,986,564	2,041,991	2,166,986	2,006,736	2,936,440
\$	29,277,556	\$ 28,362,400	\$ 27,609,826	\$ 25,440,369	\$ 25,550,957
\$	(14,612,929)	\$ (13,973,807)	\$ (12,993,434)	\$ (11,930,822)	\$ (12,136,974)
	393,765	458,725	367,204	633,362	(334,391)
\$	(14,219,164)	\$ (13,515,082)	\$ (12,626,230)	\$ (11,297,460)	\$ (12,471,365)

Continued



**COMMONWEALTH OF KENTUCKY  
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE  
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

	2023	2022	2021	2020	2019
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Sales and gross receipt	\$ 8,539,951	\$ 7,951,621	\$ 7,349,827	\$ 6,827,433	\$ 6,543,315
Individual income	6,037,886	6,180,726	5,212,818	4,831,399	4,561,557
Corporate income	999,287	911,952	643,533	395,865	580,131
Property	790,911	725,415	707,461	654,791	648,739
License and privilege	96,644	90,658	68,291	29,257	54,022
Severance	177,686	141,329	106,550	109,176	149,852
Inheritance and estate	70,629	82,953	61,625	48,250	42,903
Miscellaneous taxes	281,994	267,068	270,035	216,749	194,494
Unrestricted grants and contributions	17,549	11,987	14,585	4,597	12,221
Unrestricted investment earnings	153,730	2,593	653	—	—
Gain on sale of capital assets	12,869	14,003	10,025	7,657	22,007
Miscellaneous general	1,070,370	1,202,841	814,992	741,366	548,567
Transfers	—	—	—	—	—
Total General Revenues and Transfers	<u>18,249,506</u>	<u>17,583,146</u>	<u>15,260,395</u>	<u>13,866,540</u>	<u>13,357,808</u>
Change in Net Position	3,588,957	7,342,483	5,742,482	3,610,679	2,563,819
Net Position at July 1, as Restated	<u>1,559,540</u>	<u>(5,821,130)</u>	<u>(11,517,078)</u>	<u>(15,132,565)</u>	<u>(17,693,603)</u>
Net Position at June 30	<u>\$ 5,148,497</u>	<u>\$ 1,521,353</u>	<u>\$ (5,774,596)</u>	<u>\$ (11,521,886)</u>	<u>\$ (15,129,784)</u>
Business-Type Activities:					
Unrestricted grants and contributions	\$ 135	\$ 360,420	\$ 2,725,486	\$ 2,744,933	\$ —
Unrestricted investment earnings	18,933	(37,699)	22,254	49,769	54,938
Gain on sale of capital assets	(52)	20	89	44	—
Miscellaneous general	4,757	217	777	(7,221)	1,751
Transfers	101,738	792,941	30,996	(145,482)	(115,891)
Total General Revenues and Transfers	<u>125,511</u>	<u>1,115,899</u>	<u>2,779,602</u>	<u>2,642,043</u>	<u>(59,202)</u>
Change in Net Position	250,917	864,811	421,538	(907,246)	62,627
Net Position at July 1, as Restated	<u>893,914</u>	<u>29,103</u>	<u>-60,066</u>	<u>907,449</u>	<u>844,822</u>
Net Position at June 30	<u>\$ 1,144,831</u>	<u>\$ 893,914</u>	<u>\$ 361,472</u>	<u>\$ 203</u>	<u>\$ 907,449</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 3,588,957	\$ 7,342,483	\$ 5,742,482	\$ 3,610,679	\$ 2,563,819
Business-Type Activities	<u>250,917</u>	<u>864,811</u>	<u>421,538</u>	<u>(907,246)</u>	<u>62,627</u>
Total Primary Government Changes in Net Position	<u>\$ 3,839,874</u>	<u>\$ 8,207,294</u>	<u>\$ 6,164,020</u>	<u>\$ 2,703,433</u>	<u>\$ 2,626,446</u>

NOTE: This schedule is presented on the accrual basis of accounting.

2018	2017	2016	2015	2014
\$ 6,062,029	\$ 5,905,042	\$ 5,787,853	\$ 5,714,300	\$ 5,575,312
4,604,710	4,405,457	4,311,015	4,064,705	3,752,868
500,315	458,227	490,033	540,132	456,601
628,810	596,752	584,823	570,998	553,339
38,001	29,310	39,563	13,742	21,170
142,095	145,487	156,245	235,068	251,231
50,093	45,827	48,789	52,616	51,513
208,344	202,836	196,941	190,700	184,605
9,798	11,449	10,403	10,348	12,663
—	—	1,650	4,264	(37)
16,562	8,318	7,689	7,259	10,969
505,243	522,299	403,065	413,140	496,504
271,843	192,425	41,497	108,470	(4,214)
<u>13,037,843</u>	<u>12,523,429</u>	<u>12,079,566</u>	<u>11,925,742</u>	<u>11,362,524</u>
(1,575,086)	(1,450,378)	(913,868)	(5,080)	(774,450)
<u>(16,119,502)</u>	<u>(15,063,893)</u>	<u>(14,149,871)</u>	<u>(14,136,431)</u>	<u>11,047,559</u>
<u>\$ (17,694,588)</u>	<u>\$ (16,514,271)</u>	<u>\$ (15,063,739)</u>	<u>\$ (14,141,511)</u>	<u>\$ 10,273,109</u>
\$ —	\$ 5,534	\$ —	\$ —	\$ —
20,086	(1,329)	29,381	14,971	13,546
—	—	—	—	32
6,943	6,075	5,176	5,693	648,434
<u>(271,848)</u>	<u>(192,425)</u>	<u>(41,497)</u>	<u>(108,470)</u>	<u>4,214</u>
<u>(244,819)</u>	<u>(182,145)</u>	<u>(6,940)</u>	<u>(87,806)</u>	<u>666,226</u>
148,946	276,580	360,264	545,556	331,835
696,861	473,017	112,243	(433,313)	(546,982)
<u>\$ 845,807</u>	<u>\$ 749,597</u>	<u>\$ 472,507</u>	<u>\$ 112,243</u>	<u>\$ (215,147)</u>
\$ (1,575,086)	\$ (1,450,378)	\$ (913,868)	\$ (5,080)	\$ (774,450)
<u>148,946</u>	<u>276,580</u>	<u>360,264</u>	<u>545,556</u>	<u>331,835</u>
<u>\$ (1,426,140)</u>	<u>\$ (1,173,798)</u>	<u>\$ (553,604)</u>	<u>\$ 540,476</u>	<u>\$ (442,615)</u>

**COMMONWEALTH OF KENTUCKY  
PERSONAL INCOME TAX INFORMATION  
CALENDAR YEARS 2012 and 2021**

**Personal Income Tax Filers and Liability by Income Level (C)**

Ky Federal AGI ( from Ky Form 740) Income Level	Calendar Year 2021			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
<b>Resident Taxpayer</b>				
Less than \$25,001	627,635	33.74 %	\$ 121,391,803	2.43 %
\$25,001-\$50,000	461,261	24.81 %	686,662,843	13.69 %
\$50,001-\$100,000	441,392	23.74 %	1,176,480,538	23.46 %
\$100,001-\$200,000	247,992	13.34 %	1,309,373,350	26.11 %
\$200,001-\$500,000	65,825	3.54 %	813,591,339	16.22 %
Greater than \$500,000	15,397	0.83 %	907,030,311	18.09 %
<b>Total Resident</b>	<b>1,859,502</b>	<b>100.00 %</b>	<b>5,014,530,184</b>	<b>100.00 %</b>
<b>Non-Resident Taxpayer</b>				
Less than \$25,001	53,063	26.89 %	8,416,705	2.65 %
\$25,001-\$50,000	37,374	18.94 %	21,137,986	6.63 %
\$50,001-\$100,000	39,046	19.79 %	38,605,353	12.11 %
\$100,001-\$200,000	28,738	14.56 %	45,409,949	14.25 %
\$200,001-\$500,000	17,909	9.07 %	44,564,232	13.98 %
Greater than \$500,000	21,219	10.75 %	160,553,821	50.38 %
<b>Total Non-Resident</b>	<b>197,349</b>	<b>100.00 %</b>	<b>318,688,046</b>	<b>100.00 %</b>
<b>Totals</b>	<b>2,056,851</b>		<b>\$ 5,333,218,230</b>	

**Personal Income Tax Rates**

**Tax Years 2012 - 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 2018-2021**

Tax Rate Flat 5% Tax Rate

	2021		2012
Personal Income Tax Revenue	\$5,333,218,230	(A)	\$3,621,598,456
Personal Income	157,881,490	(B)	108,036,000
Average Effective Rate	3.0%		3.0%

**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 2012**

<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
742,576	42.76 %	\$ 229,066,212	6.68 %
415,439	23.93 %	530,244,584	15.46 %
388,287	22.36 %	1,005,120,867	29.31 %
152,071	8.76 %	802,918,816	23.41 %
30,668	1.77 %	413,236,173	12.05 %
7,377	0.42 %	449,150,606	13.09 %
<b>1,736,418</b>	<b>100.00 %</b>	<b>3,429,737,258</b>	<b>100.00 %</b>
48,440	35.33 %	5,423,321	2.84 %
23,414	17.08 %	12,499,362	6.51 %
26,032	18.99 %	24,221,247	12.62 %
17,595	12.83 %	28,032,294	14.61 %
10,433	7.61 %	25,755,738	13.42 %
11,189	8.16 %	95,929,236	50.00 %
<b>137,103</b>	<b>100.00 %</b>	<b>191,861,198</b>	<b>100.00 %</b>
<b>1,873,521</b>		<b>\$ 3,621,598,456</b>	

5.8%  
\$8,001 -75,000

6.0%  
\$75,001 and Up



**COMMONWEALTH OF KENTUCKY  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 FOR THE LAST TEN CALENDAR YEARS**

(Expressed in Thousands, Except Ratio Data)

For the Year Ended December 31	Real Property		Personal Property		Totals		Ratio of Total Assessed to Total Estimated
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Actual Value
	2013	\$ 233,534,113	\$ 248,440,546	\$ 173,138,368	\$ 173,138,368	\$ 406,672,481	\$ 421,578,914
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%
2020	289,521,435	308,001,527	213,311,775	213,311,775	502,833,210	521,313,302	96.5%
2021	305,565,282	325,069,449	227,192,434	227,192,434	532,757,716	552,261,883	96.5%
2022	329,486,604	350,517,664	247,163,908	247,163,908	576,650,512	597,681,572	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 THE LAST TEN CALENDAR YEARS**

(Expressed in Thousands, Except Percentages)

For the Year Ended December 31	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 **
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
2020	709,104	684,481	96.5 %	17,995	702,476	99.1%	64.33
2021	721,756	705,862	97.8 %	17,995	723,857	100.3%	67.02
2022	768,282	757,160	98.6 %	17,215	774,375	100.8%	68.94

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)

	2023	2022	2021	2020
<b>Governmental Activities Debt</b>				
Revenue Bonds (2)	\$ 4,547,028	\$ 4,691,276	\$ 5,112,908	\$ 5,510,743
Unamortized premiums (2) (3)	394,637	422,756	461,343	470,932
Unamortized discounts (2) (3)	(6,615)	(7,182)	(7,682)	(7,917)
Notes (2)	422,328	534,718	557,126	691,490
Leases (2)	174,727	192,163	80,622	68,407
Certificate of Participation (2) (4)	163,435	167,210	170,885	174,485
KWIC (2) (5)	295,816	298,620	300,911	302,829
<b>Total Government Activities Debt</b>	<b>5,991,356</b>	<b>6,299,561</b>	<b>6,676,113</b>	<b>7,210,969</b>
<b>Business-Type Activities Debt</b>				
Notes (2)	—	—	—	—
Leases (2)	1,354	1,600	17,519	19,644
<b>Total Business-Type Activities Debt</b>	<b>1,354</b>	<b>1,600</b>	<b>17,519</b>	<b>19,644</b>
<b>Total Primary Government Debt</b>	<b>\$ 5,992,710</b>	<b>\$ 6,301,161</b>	<b>\$ 6,693,632</b>	<b>\$ 7,230,613</b>
<b>Total Debt Ratios</b>				
Ratio of Total Debt to Personal Income	<u>3.80 %</u>	<u>4.28 %</u>	<u>4.92 %</u>	<u>5.41 %</u>
Total Debt Per Capita (1)	<u>\$ 1,328.08</u>	<u>\$ 1,397.34</u>	<u>\$ 1,495.03</u>	<u>\$ 1,618.43</u>
<b>Net Bonded Debt</b>				
Net General Bonded Debt	\$ 4,935,050	\$ 5,106,850	\$ 5,566,569	\$ 5,973,758
Less: Debt Service Funds	133,086	129,539	137,012	212,299
<b>Net Bonded Debt</b>	<b>\$ 4,801,964</b>	<b>\$ 4,977,311</b>	<b>\$ 5,429,557</b>	<b>\$ 5,761,459</b>
<b>Net Bonded Debt Ratios</b>				
Ratio of Net Bonded Debt to Governmental Funds Revenues	<u>12.05 %</u>	<u>12.90 %</u>	<u>15.70 %</u>	<u>19.91 %</u>
Net Bonded Debt Per Capita (1)	<u>\$ 1,064.19</u>	<u>\$ 1,103.76</u>	<u>\$ 1,212.70</u>	<u>\$ 1,289.59</u>

(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

	2019	2018	2017	2016	2015	2014
\$	5,820,641	\$ 6,310,244	\$ 6,276,003	\$ 6,227,678	\$ 6,154,942	\$ 6,291,646
	473,786	526,979	513,879	534,099	369,790	355,817
	(8,078)	(8,401)	(9,492)	(10,330)	(10,875)	(11,577)
	835,109	1,008,140	1,196,130	1,399,140	1,467,573	1,868,377
	82,647	51,002	46,256	58,064	71,493	55,444
	175,735	176,940	67,425	68,575	68,575	—
	304,488	297,016	283,870	267,494	—	—
	<u>7,684,328</u>	<u>8,361,920</u>	<u>8,374,071</u>	<u>8,544,720</u>	<u>8,121,498</u>	<u>8,559,707</u>
	—	—	—	—	—	—
	21,766	23,881	10,219	7,730	12,262	13,065
	<u>21,766</u>	<u>23,881</u>	<u>10,219</u>	<u>7,730</u>	<u>12,262</u>	<u>13,065</u>
\$	<u>7,706,094</u>	<u>8,385,801</u>	<u>8,384,290</u>	<u>8,552,450</u>	<u>8,133,760</u>	<u>8,572,772</u>
	<u>5.96 %</u>	<u>6.73 %</u>	<u>7.00 %</u>	<u>7.15 %</u>	<u>7.04 %</u>	<u>7.65 %</u>
\$	<u>1,724.57</u>	<u>1,882.68</u>	<u>1,889.64</u>	<u>1,932.50</u>	<u>1,842.95</u>	<u>1,950.44</u>
\$	6,286,349	\$ 6,828,822	\$ 6,780,390	\$ 6,751,447	\$ 6,513,857	\$ 6,635,886
	156,295	175,892	140,670	136,673	138,192	125,732
\$	<u>6,130,054</u>	<u>6,652,930</u>	<u>6,639,720</u>	<u>6,614,774</u>	<u>6,375,665</u>	<u>6,510,154</u>
	<u>22.63 %</u>	<u>25.92 %</u>	<u>29.76 %</u>	<u>26.55 %</u>	<u>26.80 %</u>	<u>29.18 %</u>
\$	<u>1,371.87</u>	<u>1,493.63</u>	<u>1,496.45</u>	<u>1,494.66</u>	<u>1,444.60</u>	<u>1,481.16</u>



**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			Debt Service Requirement	Coverage Ratio
	Available For Debt Service				
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
2021	6,076,514	*		2,301,921	2.64
2022	6,734,507	*		2,646,352	2.54
2023	7,864,006	*		2,840,696	2.77

SOURCE: Commonwealth of Kentucky Annual Comprehensive  
Financial Reports; State Universities' audited financial statements

\* Calculated using Gross revenue stream, state appropriation, current and long-term bond and capital lease liabilities

**TOP 10 MANUFACTURERS/SUPPORTIVE SERVICE FIRMS  
CURRENT YEAR AND NINE YEARS AGO**

(Ranked by Number of Employees)

Company	2022			2013		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Amazon.com	13,616	1	0.69%	6,529	5	0.34%
Ford Motor Company	13,120	2	0.67%	8,491	4	0.44%
United Parcel Service, Inc	13,023	3	0.66%	12,517	1	0.66%
Toyota Motor Corp	10,837	4	0.55%	12,028	2	0.62%
Humana Inc	10,562	5	0.54%	11,836	3	0.61%
Haier US Appliances Solutions Inc	6,910	6	0.35%			
Fidelity Investments Inc	4,500	8	0.23%			
Conduent, Inc.	3,304	9	0.17%			
Deutsche Post AG	4,823	7	0.25%			
Grupo Proza SA de CV	2,762	10	0.14%			
General Electric Co				6,053	6	0.31%
FMR LLC				3,900	7	0.20%
Berkshire Hathaway Inc.				3,380	8	0.18%
Xerox Corporation				3,374	9	0.18%
Delta Air Lines, Inc				2,700	10	0.14%
	83,457		4.25%	70,808		3.68%

SOURCE: Kentucky Cabinet for Economic Development Annual Business Update, Company Websites, Local Economic Development Organization

**DEMOGRAPHIC STATISTICS  
FOR THE LAST TEN CALENDAR YEARS**

<b>For the Year Ended December 31</b>	<b>Estimated Population</b>	<b>Per Capita Income</b>	<b>Unemployment Rate</b>
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%
2020	4,477,251	47,339	5.6%
2021	4,509,394	50,699	4.6%
2022	4,512,310	51,921	3.9%

SOURCE: <https://www.bea.gov/SAINC1>; <https://kystats.ky.gov>

**COMMONWEALTH OF KENTUCKY  
SOURCES OF PERSONAL INCOME  
FOR THE LAST TEN CALENDAR YEARS  
(Expressed in Thousands, Except Percent Data)**

Source	2013*		2014*		2015**		2016**		2017**	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 1,954,000	1.7%	\$ 1,790,000	1.5%	\$ 1,490,000	1.1%	\$ 106,000	0.1%	\$ 1,049,000	0.8%
Agriculture services, forestry, fisheries and others	346,000	0.3%	399,000	0.3%	397,000	0.3%	525,000	0.4%	504,000	0.4%
Mining	1,853,000	1.7%	1,809,000	1.6%	1,570,000	1.2%	698,000	0.6%	531,000	0.4%
Manufacturing	15,937,000	14.2%	16,682,000	14.4%	17,371,000	13.0%	18,019,000	15.1%	18,397,000	14.8%
Construction	5,938,000	5.3%	6,662,000	5.8%	6,864,000	5.1%	7,062,000	5.9%	7,432,000	6.0%
Wholesale and retail trade	12,328,000	11.0%	12,727,000	11.0%	13,181,000	9.9%	13,271,000	11.1%	13,436,000	10.8%
Finance, insurance and real estate	7,269,000	6.5%	7,567,000	6.6%	10,020,000	7.5%	10,009,000	8.4%	10,802,000	8.7%
Transportation and public utilities	6,402,000	5.7%	6,745,000	5.8%	7,220,000	5.4%	7,847,000	6.6%	8,387,000	6.7%
Services	36,784,000	32.8%	38,138,000	33.0%	38,121,000	28.5%	39,312,000	32.8%	41,157,000	33.0%
Government and government enterprises	23,180,000	20.8%	22,994,000	20.0%	23,432,000	17.5%	22,856,000	19.1%	22,856,000	18.4%
Earnings by Place of Work	<u>\$111,991,000</u>	<u>100.0%</u>	<u>\$115,513,000</u>	<u>100.0%</u>	<u>\$119,666,000</u>	<u>100.0%</u>	<u>\$119,705,000</u>	<u>100.1%</u>	<u>\$124,551,000</u>	<u>100.0%</u>
Source	2018***		2019***		2020***		2021***		2022***	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 1,153,000	0.9%	\$ 1,097,000	0.8%	\$ 1,833,000	1.3%	\$ 1,918,000	1.3%	\$ 2,005,000	1.3%
Agriculture services, forestry, fisheries and others	542,000	0.4%	545,000	0.4%	555,000	0.4%	550,000	0.4%	534,000	0.3%
Mining	791,000	0.6%	931,000	0.7%	677,000	0.5%	765,000	0.5%	786,000	0.5%
Manufacturing	19,236,000	14.9%	19,782,000	14.8%	19,273,000	14.2%	20,154,000	13.7%	22,580,000	14.3%
Construction	7,668,000	5.9%	8,029,000	6.0%	8,367,000	6.2%	8,781,000	6.0%	9,160,000	5.8%
Wholesale and retail trade	13,760,000	10.6%	14,216,000	10.6%	14,727,000	10.8%	15,963,000	10.8%	16,881,000	10.7%
Finance, insurance and real estate	11,072,000	8.6%	11,475,000	8.6%	12,224,000	9.0%	13,556,000	9.2%	14,394,000	9.1%
Transportation and public utilities	8,923,000	6.9%	9,425,000	7.1%	9,788,000	7.2%	10,811,000	7.3%	12,113,000	7.7%
Services	43,013,000	33.3%	44,747,000	33.5%	44,775,000	32.9%	49,748,000	33.8%	54,077,000	34.3%
Government and government enterprises	23,078,000	17.9%	23,432,000	17.5%	23,729,000	17.5%	25,060,000	17.0%	25,351,000	16.1%
Earnings by Place of Work	<u>\$129,236,000</u>	<u>100.0%</u>	<u>\$133,679,000</u>	<u>100.0%</u>	<u>\$135,948,000</u>	<u>100.0%</u>	<u>\$147,306,000</u>	<u>100.0%</u>	<u>\$157,881,000</u>	<u>100.1%</u>

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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Personnel</b>										
Number of Full Time Employees-										
Executive Branch	27,536	27,582	27,523	27,623	28,913	30,216	31,104	31,977	32,547	31,819
Health Insurance Expenditures -										
Percentage Increase/(decrease)	6.50%	3.00%	1.25%	0.00%	0.0%	0.4%	1.1%	2.0%	2.5%	2.0%
<b>Education</b>										
K-12 Enrollment	634,424	631,773	638,236	647,987	669,449	671,899	655,475	679,686	680,519	678,884
K-12 Attendance Rate	91.90%	NA – COVID 19	NA – COVID 19	NA – COVID 19	94.20%	94.40%	94.50%	94.50%	94.50%	94.60%
K-12 Graduation Rate	92.50%	91.00%	91.30%	91.10%	90.60%	89.70%	89.50%	88.60%	87.90%	87.40%
Average ACT Score	18.5	18.6	19.2	19.5	19.8	20.2	20.1	20	20	19.9
GED Graduates	2,548	2,679	2,080	2,834	3,332	3,404	3,299	3,091	1,663	7,083
College Going Rate for 9th Graders	NA	NA	NA	NA	NA	NA	NA	NA	NA	46.9%
Postsecondary Education Enrollment	196,380	192,126	193,837	201,963	202,076	204,506	207,671	208,251	215,509	220,963
Bachelor's and Higher Degrees Awarded	41,935	38,325	40,155	40,521	37,621	35,880	34,326	34,110	32,706	32,374
<b>Justice and Public Safety</b>										
Incarcerated Population-Daily Average	19,742	18,708	18,876	23,061	23,888	23,585	23,168	22,012	21,106	20,446
Probation and Parole Population - Daily Average	48,814	47,777	48,879	49,839	49,421	47,540	46,046	45,956	46,008	45,755
<b>Health and Family Services</b>										
Medicaid Enrollment-Average	1,709,073	1,616,300	1,631,834	1,385,259	1,383,929	1,427,523	1,404,625	1,375,071	1,243,432	997,556
Food Stamp Recipients-Monthly Average	553,872	541,469	612,325	531,773	515,918	631,686	685,771	686,773	788,485	843,164
Temporary Assistance for Needy Families (TANF)-Monthly Average	21,908	27,757	30,576	35,070	38,047	41,298	45,874	38,823	42,995	47,996
Children with substantiated incidences	9,447	14,064	15,205	18,578	21,752	24,783	22,526	20,031	19,858	15,193
<b>Environmental and Public Protection</b>										
Air Pollution Source Inspections	2,935	4,163	2,842	3,919	3,270	3,647	3,724	3,652	3,448	3,939
Waste Management Inspections	7,244	7,414	7,457	6,263	6,706	7,178	6,394	6,761	6,866	6,484
Acres of Land Reforested	1,473	1,475	2,327	1,138	8,748	1,565	6,081	2,626	5,472	3,573
Mine Permits Issued	177	165	201	230	334	317	170	381	446	515
Mine Reclamation and Enforcement Inspections	17,784	16,995	18,058	19,498	17,988	16,803	16,682	18,551	20,011	21,450
Mine Safety-Completed Inspections	719	863	751	1,033	514	509	924	1,529	2,651	3,023
<b>Transportation</b>										
Percentage of Total Road System Needing Improvement	30.0%	33.2%	26.3%	26.5%	25.1%	19.6%	17.0%	17.0%	17.0%	19.0%
Statewide Road Maintenance Rating (Target Score = 80)	80.4	84.0	81.8	81.4	81.0	84.5	82.6	84.0	83.7	82.5
Daily Miles Traveled-Percentage Changed (as compared to 2005 Data)	0.71%	0.93%	(4.00)%	2.61%	4.46%	3.90%	3.82%	1.52%	(0.31)%	(2.09)%
State-Maintained Lane Miles-Annual Percent Change	0.07%	0.12%	0.19%	0.03%	0.07%	0.25%	0.25%	0.08%	0.13%	0.33%
Kentucky Road Construction Cost Index-Percent Increase (1987 Base Year)	227.3%	100.5%	52.7%	82.2%	81.3%	64.0%	47.9%	49.5%	45.4%	43.6%

Source: Kentucky Office of the State Budget Director

NA - Information was not available

**COMMONWEALTH OF KENTUCKY  
CAPITAL ASSET STATISTICS BY FUNCTION  
FOR THE LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b><u>General Government</u></b>										
Number of Buildings	348	340	340	321	313	367	367	324	312	312
Number of Vehicles	364	343	350	368	328	295	321	341	299	303
Land (Acres)	15,326	15,321	15,294	15,304	15,304	15,313	15,307	15,307	15,264	15,263
<b><u>Commerce</u></b>										
Number of Resort Parks	17	17	17	17	17	17	17	17	17	17
Number of Recreation Parks	22	22	22	22	23	23	23	23	23	21
Number of Historic Sites	8	8	8	8	8	11	11	11	11	11
Area of State Parks (Acres)	46,685	46,685	46,685	46,685	45,370	45,464	45,426	45,409	45,409	45,180
<b><u>Education and Humanities</u></b>										
Number of Buildings	59	50	50	60	60	61	77	64	65	65
Number of Vehicles	42	41	41	46	56	56	58	65	64	68
Land (Acres)	510	510	510	383	383	384	385	385	385	387
<b><u>Human Resources</u></b>										
Number of Buildings	150	146	134	133	136	139	163	167	160	182
Number of Vehicles	27	28	28	19	19	19	17	17	19	18
Land (Acres)	1,865	1,514	948	948	1,166	1,167	1,192	1,206	1,206	1,206
<b><u>Justice</u></b>										
Number of Buildings	641	644	443	445	438	443	517	455	447	449
Number of Vehicles	2,219	2,099	2,060	2,056	1,937	1,878	1,760	1,803	1,720	1,715
Land (Acres)	8,740	8,740	8,735	8,735	8,735	8,735	8,735	8,735	8,735	8,735
<b><u>Natural Resources and Environmental Protection</u></b>										
Number of Buildings	48	48	48	45	25	25	30	30	22	20
Number of Vehicles	898	837	843	848	840	815	825	832	807	797
Land (Acres)	69,856	69,854	68,715	67,641	67,142	66,473	66,401	66,187	66,187	65,609
<b><u>Public Protection and Regulation</u></b>										
Number of Buildings	—	8	8	—	—	—	—	—	—	—
Number of Vehicles	273	228	228	228	220	183	179	157	146	140
Land (Acres)	—	20	20	—	—	—	—	—	—	—
<b><u>Transportation</u></b>										
Number of Lane Miles -State										
Maintained Highways	64,101	64,004	63,983	63,854	63,836	63,836	63,753	63,586	64,187	63,407
Number of State maintained Bridges	9,039	9,039	9,022	9,048	9,033	9,027	8,928	9,016	9,011	9,000
Land (Acres)	84,737	84,737	1,665	1,665	1,665	1,656	1,656	1,656	1,656	1,700

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**

	2023	2022	2021	2020
<b><u>FULL-TIME EMPLOYEES</u></b>				
<b>FUNCTION</b>				
General Government	4,090	3,953	4,164	4,321
Legislative and Judicial	3,533	3,409	3,590	3,594
Commerce	1,484	1,302	1,330	1,402
Education and Humanities	1,859	1,817	1,781	1,783
Human Resources	6,513	5,879	6,292	6,377
Justice	7,257	6,849	6,962	7,397
Natural Resources and Environmental Protection	1,224	1,200	1,201	1,240
Public Protection and Regulation	899	870	964	958
Transportation	4,207	3,988	4,110	4,145
<b>Total full-time employees</b>	<b>31,066</b>	<b>29,267</b>	<b>30,394</b>	<b>31,217</b>
<b><u>PART-TIME and TEMPORARY EMPLOYEES</u></b>				
<b>FUNCTION</b>				
General Government	689	650	658	626
Legislative and Judicial	145	152	356	348
Commerce	524	532	531	371
Education and Humanities	441	435	354	256
Human Resources	653	583	425	405
Justice	140	110	95	67
Natural Resources and Environmental Protection	224	183	138	149
Public Protection and Regulation	49	41	40	33
Transportation	48	58	64	113
<b>Total part-time and temporary employees</b>	<b>2,913</b>	<b>2,744</b>	<b>2,661</b>	<b>2,368</b>
<b>Total Employees</b>	<b>33,979</b>	<b>32,011</b>	<b>33,055</b>	<b>33,585</b>

2019	2018	2017	2016	2015	2014
4,552	4,771	4,565	4,570	4,671	4,775
3,651	4,038	3,772	3,553	3,578	3,540
1,478	1,684	1,685	1,696	1,633	1,699
1,910	2,192	2,392	2,363	2,613	2,671
6,389	7,142	7,197	7,176	7,466	7,523
7,457	7,755	7,784	7,735	7,832	7,896
1,225	1,329	1,396	1,383	1,387	1,445
947	982	1,019	1,005	1,124	1,120
4,153	4,528	4,571	4,551	4,629	4,650
31,762	34,421	34,381	34,032	34,933	35,319
683	657	666	665	650	662
379	542	422	404	421	445
645	578	518	538	479	494
191	154	153	156	200	212
401	138	158	197	123	137
61	30	12	13	16	19
169	18	15	14	13	13
29	24	15	16	17	14
71	104	124	138	77	68
2,629	2,245	2,083	2,141	1,996	2,064
34,391	36,666	36,464	36,173	36,929	37,383



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