

Commonwealth of Kentucky

Annual Comprehensive Financial Report
for the Fiscal year ended June 30, 2024



TEAM KENTUCKY.
FINANCE AND
ADMINISTRATION CABINET

Celebrating 100 Years of Kentucky State Parks



Kingdom Come State Park

Commonwealth of Kentucky Annual Comprehensive Financial
Report for the Fiscal Year Ended June 30, 2024

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



**FINANCE AND ADMINISTRATION CABINET
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Andy Beshear
Governor

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Holly M. Johnson
Secretary

January 24, 2025

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, 2024.

This report is prepared by the Office of Statewide Accounting Services 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. The 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, 2024, 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 separation from 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 state government 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 the fund balance category entitled "assigned." Encumbrances in all other funds lapse at the end of the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

National Economy

Both the National Outlook, based on the September 2024 IHS Markit, and Kentucky economic forecast (the forecast horizon) are prepared for the final two fiscal quarters of FY25, or the period between January 1, 2025, and June 30, 2025. Real gross domestic product (real GDP) growth is expected to soften to 2.0 percent over the remainder of FY25. That brings the full-year real GDP growth to 2.1 percent for the year. Growth in the first quarter of FY25 was 2.5 percent which is down from the 3.1 percent growth seen in the fourth quarter of FY24. There are five components of real GDP: real consumption, real investment, real government expenditures, real exports, and real imports. Growth softened in the forecast among four of the five components of real GDP relative to the first quarter of FY25, with real exports being the only exception.

Real consumption growth is forecast to be 2.4 percent over the forecast horizon, which is slightly lower than what was seen in the final three months of FY24. Real consumption growth in all of FY24 was 2.4 percent. This is solid, stable growth for real consumption – the largest component of real GDP. Real investment growth is expected to be 2.3 percent over the forecast horizon. This is down slightly from the 3.6 percent growth real investment experienced in FY24. Real investment, which accounts for approximately 18 percent of real GDP, is typically the most volatile among the five real GDP components. Business fixed investment is highly dependent upon interest rates (lower interest rates increase investment) and the expectations for future sales (higher expectations increase investment).

Growth in real government expenditures is expected to be 1.2 percent over the final three quarters of FY25. The tapered growth over the forecast horizon is in comparison to 4.2 percent growth in FY24.

Real exports growth is projected to be 3.5 percent over the final three quarters of FY25, which is an increase in growth compared to last year. Real exports grew just 1.3 percent in FY24. Real imports growth is expected to be 5.0 percent over the remainder of FY25. Real imports grew 5.6 percent in the first quarter of FY25 compared to the first quarter of FY24.

Inflation is expected to taper to 2.2 percent during the three-quarter forecast horizon, which is down from 3.2 percent inflation recorded in the final three quarters of FY24. Energy prices are expected to decline by 1.0 percent during the forecast horizon. Energy prices declined 1.0 percent during those same three quarters in FY24 as well. Food prices are expected to rise 1.6 percent during the forecast horizon. Non-food and non-energy components are growing the fastest among all prices.

The industrial production index, a measure of production and output, is expected to increase by 0.6 percent in the three quarters from the second quarter of FY25 to the fourth quarter of FY25, which is an improvement from the 0.1 percent reduction in the index that occurred in the final three quarters of FY24.

US non-farm employment is expected to grow by 1.0 percent during the forecast horizon compared to the same three quarters in FY24. US non-farm employment grew 1.9 percent in FY24 compared to FY23. Growth was focused in the service-providing sectors, while growth in the goods-producing sectors was flat in aggregate.

US educational services employment is expected to be the source of the most growth during the forecast horizon. US educational services employment is expected to grow 2.4 percent, or by 600,000 jobs, over the forecast horizon.

The US unemployment rate is expected to increase to 4.3 percent over the forecast horizon. The unemployment rate in the final three quarters of FY24 was 3.8 percent.

US personal income is expected to grow 4.8 percent during the final three quarters of FY25. Wages and salaries income, the largest component of personal income, is expected to grow 4.7 percent over the forecast horizon. Transfer receipts is expected to be the fastest growing income account with 5.7 percent growth over the forecast horizon. Wages and salaries make up approximately 51.4 percent of total US personal income, while transfer receipts make up approximately 18.0 percent of total US personal income.

Kentucky Outlook

The Kentucky employment and income outlook is based on the September 2024 economic forecast from both IHS Markit and the Kentucky MAK model. Kentucky's MAK model uses variables from the national economic outlook to forecast Kentucky employment by super sectors and personal income by its components. Output from both models feeds into the revenue-estimating equations for the Kentucky General Fund and Road Fund.

Kentucky non-farm employment is anticipated to increase by 1.0 percent over the next three fiscal quarters, adding approximately 21,100 jobs to the Commonwealth's economy. Eight of the 11 super sectors are forecast to experience varying degrees of employment gains over the nine-month forecast.

In absolute terms, the service-providing sector is expected to experience the most pronounced job growth with an increase of 16,000 jobs, or a 1.2 percent increase over the outlook period. Amongst the different service-producing sectors, leisure and hospitality services employment will add more jobs than any other super sector over the next three fiscal quarters of FY25, a gain of 5,600 jobs. Employment in educational services is on track to be the second-best performer, forecast to net approximately 5,300 annualized jobs, accounting for an increase of 1.7 percent compared to the same three quarters in FY24.

Employment in the goods-producing sector is forecast to slightly contract by approximately 300 jobs over the forecast horizon, a 0.1 percent decline compared to the same periods one year prior. Construction employment is anticipated to be the bright spot across the goods-producing sector. Over the final three quarters of FY25, the construction employment sector is anticipated to gain roughly 1,400 annualized jobs, accounting for an increase of 1.5 percent compared to the same three quarters in FY24.

Government employment is expected to grow 1.8 percent, or by 5,500 jobs over the three-quarter forecast horizon. Government employment includes government employment from the federal, state, and local levels.

The outlook for personal income projects positive growth in the second, third and fourth quarters of FY25, increasing 4.3 percent compared to the final three quarters of FY24. Growth at the projected level would represent a \$10.9 billion nominal increase in Kentuckians’ personal income. Wages and salaries, the largest component of personal income, represents 49.8 percent of total personal income. Kentucky wages and salaries are poised to grow 4.4 percent in the final three quarters of FY25, compared to the same periods one year prior. US wages and salaries growth is projected to be 4.7 percent, slightly outpacing Kentucky’s forecast growth in wage and salary income.

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 2024 are:

Net Bonded Debt (thousands)	Ratio of Net Bonded Debt to Governmental Funds Revenues	Net Bonded Debt Per Capita
\$ 4,728,887	11.15%	\$ 1,045

No general obligation bonds were authorized or outstanding as of June 30, 2024.

A detailed analysis of the Commonwealth’s debt issuance during the fiscal year ended 2024 is presented in [Note 16](#).

Major Trends

The Commonwealth’s fiscal health continues to improve. Fiscal year 2024 was the fourth consecutive year with a General Fund budget surplus in excess of \$1 billion. General Fund receipts were \$1.4 billion more than the original estimate used when the FY 24 budget was set. The FY 24 General Fund revenue surplus is the largest revenue surplus in state history, surpassing the excess revenues collected in FY 21, FY 22, and FY 23. The strength of Kentucky’s fiscal health is the product of a strong economy, especially more jobs, higher wages and salaries, and continued business profits.

During FY 25, the Commonwealth received another upgrade from one of the major rating agencies, Moody’s, joining Fitch and Standard and Poor’s, which have both upgraded Kentucky’s credit rating over the last two years, based primarily on Kentucky state government’s fiscal health.

Kentucky’s Rainy Day Fund rose from \$3.7 billion to over \$5.2 billion after considering the FY 24 surplus. The Kentucky legislature is beginning to use that resource for one-time spending items in the newly enacted biennial budget.

Beginning with tax year 2023, Kentucky's flat individual income tax rate was reduced to 4.5 percent from 5.0 percent, and further to 4.0 percent for tax year 2024; General Fund revenues increased by 2.8 percent and General Fund spending decreased by 1.2 percent over FY 23.

General Fund receipts totaled \$15.6 billion, exceeding the original budget estimate by \$1.4 billion. The largest three tax types, individual income tax, sales tax, and business receipts tax, exceeded budgeted estimates. Sales taxes grew by 4.5 percent, after three consecutive years of double-digit growth; individual income tax receipts declined by 0.6 percent despite an 11 percent rate reduction in tax year 2024; and major business taxes grew by 2.3 percent.

Road Fund revenues achieved a record \$1.87 billion, \$195 million more than originally budgeted, with a growth rate of 6.9 percent. Motor fuel revenues grew by \$107 million, or 13.4 percent. Motor vehicle usage receipts set another new record in FY 24 at \$671 million which was \$11 million more than the prior year.

Since Governor Beshear took office, he has announced more than 1,000 private-sector new location and expansion projects totaling more than \$35 billion in investments. This is the largest investment amount under any Kentucky governor. These investments will create roughly 59,800 full-time jobs. The average incentivized hourly wage topped \$26 dollars in 2022 and 2023, consecutively, for the first time. Kentucky set a new record for exports in 2023, shipping over \$40 billion worth of products. For two consecutive years, Kentucky has also surpassed its previous tourism records.

From December 2019 to June 30, 2024, Governor Beshear announced the three 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 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 that will create 2,000 jobs in Warren County. In August 2022, the Governor announced Ascend Elements Inc., a producer of advanced, sustainable battery materials made from recycled lithium-ion batteries, will invest up to \$1 billion and create 400 full-time jobs in Christian County. These announcements solidify Kentucky as the EV battery production capital of the United States.

In fiscal policy, actions taken by the 2023 legislative session further reduced the individual income tax rate, from 4.5 percent to 4.0 percent, effective in tax year 2024. This provided about \$594 million in income tax reductions to taxpayers. Legislation passed in 2022 expanded the sales tax to 35 additional services, which generated about \$106 million in additional sales tax revenues in FY 24.

Fiscal year 2024 was the second year of the 2022-2024 biennial budget. General Fund spending for FY 24 was budgeted flat compared to FY 23. There were significant one-time spending items due to the prior year budget surpluses, including \$240 million used to reduce pension liabilities and \$200 million used to provide recovery assistance for the flooding disaster in Eastern Kentucky. The budget created a new economic development program, the Kentucky Product Development Initiative, which provided \$200 million for grants to local governments and economic development organizations 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 the remaining \$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 urgent school construction and renovation projects.

Education funding was boosted with an increase of 2.4 percent for the formula funding program for public schools, a 5 percent increase over the two-year budget; higher funding for pupil transportation, a \$67 million increase for the teachers' retirement system due to new funding policy assumption changes; \$170 million for renovations to secondary career and technical education facilities, and an additional \$58 million to more fully support the secondary career and technical education centers. 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, and a significant investment in the preservation of postsecondary education capital assets (\$700 million), and more funding to student aid programs.

The fiscal year 2024 budget invested in state government’s workforce, providing a six percent salary increase across-the-board, which followed an eight percent increase in FY 23. These two years of salary increases, in addition to a special set of increases associated with a comprehensive review of state employee job classifications, have greatly improved the Commonwealth’s ability to recruit and retain its workforce.

In healthcare, the Medicaid program was fully funded, including funding to stand up and operate Kentucky’s 988 mental health crisis support line and 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. Governor Beshear 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
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Holly M. Johnson
Secretary

L. Joe McDaniel
Controller

January 24, 2025

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, 2024, 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".

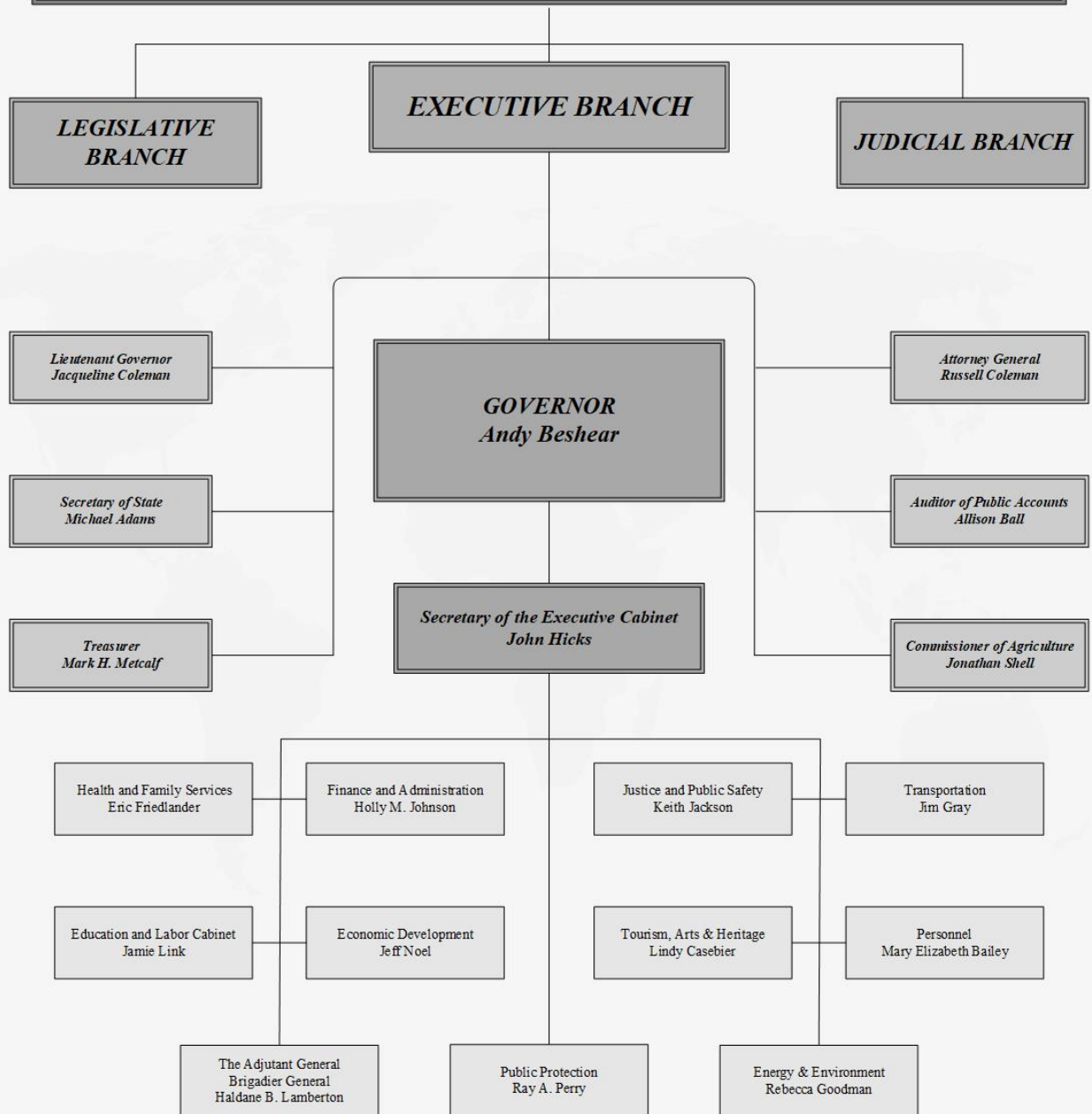
L. Joe McDaniel, Controller



COMMONWEALTH OF KENTUCKY

ELECTORATE OF KENTUCKY

"UNITED WE STAND, DIVIDED WE FALL"



*Principal Officials at June 30, 2024

FINANCIAL SECTION



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS**

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

Independent Auditor’s Report

Report on the Audit of the Financial Statements

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, 2024, and the related notes to the financial statements, which collectively comprise the Commonwealth’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report 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, and the aggregate remaining fund information of the Commonwealth of Kentucky, as of June 30, 2024, 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

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

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AN EQUAL OPPORTUNITY EMPLOYER M/F/D



Certain Fiduciary Funds including:

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

Certain Private Purpose Trust Funds including:

- Commonwealth Choice Program

Component Units including:

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

Component Units - Colleges and Universities and related entities:

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

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

Government-Wide Financial Statements:	Percent of Assets	Percent of Revenues
Primary Government - Governmental Activities	0.37%	0.24%
Primary Government - Business-Type Activities	15.44%	4.47%
Component Units	98.47%	99.09%
Fund Financial Statements:		
Governmental Funds - Non-Major Funds	11.46%	10.41%
Proprietary Funds - Business-Type Activities - Enterprise Funds	15.43%	4.59%
Proprietary Funds - Governmental Activities - Internal Service	0.04%	0.89%
Fiduciary Funds - Pension and Insurance Trust Funds	52.70%	56.90%
Fiduciary Funds - Private Purpose Trust Funds	0.37%	5.73%

Basis for 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* (GAS), 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 audit opinions.

Emphasis of Matter

Prior Period Adjustment

As discussed in Note 2 to the financial statements, the Commonwealth had a material restatement to the Net Position at July 1 in the Kentucky Horse Park Fund due to correction of an error related to accounts receivable. 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

Audit reports of the financial statements for Kentucky State University and Kentucky Center for the Arts Corporation have not been released as of the date of this report, and therefore, amounts presented are unaudited. The financial activities have been included in the basic financial statements as discretely presented component units and collectively represent .71% percent of assets and .69% 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 165 through 181, 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 pages 190 through 201, Schedule of Changes in Net Pension Liability and Related Ratios on pages 202 through 205, Schedule of Commonwealth's Proportionate Share of the Net Pension Liability on pages 206 and 207, Schedule of Contributions - OPEB on pages 208 through 219, the Schedule of Changes in Net OPEB Liability and Related Ratios on pages 220 through 222, and the Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability on pages 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 and other auditors 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Kentucky's basic financial statements. The combining financial statements, presented in this report on pages 227 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. The 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. 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 basic financial statements and our auditor's report thereon. Our opinions on the basic 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated January 24, 2025, 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,

A handwritten signature in black ink that reads "Allison Ball". The signature is written in a cursive, flowing style.

Allison Ball
Auditor of Public Accounts
Frankfort, KY

January 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024. 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, 2024 by \$7.7 billion, resulting in an increase in net position of \$2.6 billion related to current year activity. Total net position increased by \$3.0 billion to \$9.3 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 \$5.5 billion which were composed of \$3.6 million for Deferred Loss on Refunding, \$4.2 billion for Pension Related Outflows, and \$1,260 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$2.9 billion which were composed of \$18.6 million for Deferred Gain on Refunding, \$9.3 million of Lessor Contracts Inflows, \$695.9 million for Pension Related Inflows, and \$2.2 billion for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's business-type activities exceeded liabilities by \$1.5 billion, an increase in net position of \$378.2 million related to current year activity. Business-Type Activities total Deferred Outflows were \$83.2 million which were composed of \$67.9 million for Pension Related Outflows and \$15.3 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$92.1 million which were composed of \$4.1 million of Lessor Contracts Inflows, \$46.3 million for Pension Related Inflows and \$41.7 million for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's discretely presented component units exceeded liabilities at fiscal year ending June 30, 2024, by \$18.4 billion, an increase of \$1.8 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 2024, the Commonwealth's governmental funds reported combined ending fund balances of \$11.4 billion. There was a change in inventory of \$2.8 million, for a combined net change of \$1.8 billion in comparison with the prior year. Approximately 28.7 percent or \$3.3 billion of the ending fund balance is restricted. There is unrestricted (committed, assigned, or unassigned) fund balance of \$8.1 billion available for spending either at the government's discretion or upon legislative approval.

Enterprise funds reported net position of \$1.5 billion, of which \$231 million was invested in capital assets, \$1.3 billion was restricted, and a balance of \$11 million was unrestricted.

Long-Term Debt:

The Commonwealth's total long-term debt obligations (bonds and notes payable) decreased by \$192.8 million to \$5.4 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.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

Net position may serve as a useful indicator of a government's financial position. The Commonwealth's combined net position (governmental and business-type activities) totaled \$9.3 billion at the end of fiscal year 2024, as compared to \$6.3 billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$25.5 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 \$4.3 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 \$(20.5) 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, 2024 and June 30, 2023 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	
	2024	2023	2024	2023	2024	2023
Current Assets	\$ 15,526,821	\$ 13,834,753	\$ 2,583,450	\$ 2,265,205	\$ 18,110,271	\$ 16,099,958
Capital Assets	28,293,123	27,793,667	245,475	244,139	28,538,598	28,037,806
Total Assets	43,819,944	41,628,420	2,828,925	2,509,344	46,648,869	44,137,764
Deferred outflows of resources	5,468,394	5,905,944	83,217	43,914	5,551,611	5,949,858
Non Current Liabilities	35,118,117	37,130,295	897,719	967,909	36,015,836	38,098,204
Other Liabilities	3,542,409	3,727,014	398,364	419,856	3,940,773	4,146,870
Total Liabilities	38,660,526	40,857,309	1,296,083	1,387,765	39,956,609	42,245,074
Deferred inflows of resources	2,885,362	1,528,558	92,089	19,724	2,977,451	1,548,282
Net investment in capital assets	25,219,782	24,499,797	230,625	227,031	25,450,407	24,726,828
Restricted	3,056,756	2,703,626	1,282,312	1,134,787	4,339,068	3,838,413
Unrestricted	(20,534,088)	(22,054,926)	11,033	(216,049)	(20,523,055)	(22,270,975)
Total Net Position	\$ 7,742,450	\$ 5,148,497	\$ 1,523,970	\$ 1,145,769	\$ 9,266,420	\$ 6,294,266

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 2024. The Commonwealth received program revenues of \$25.8 billion and general revenues (including transfers) of \$19.1 billion for total revenues of \$44.9 billion during fiscal year 2024. Expenses for the Commonwealth during fiscal year 2024 were \$41.9 billion, the total net position of the Commonwealth increased in the amount of \$3.0 billion, net of contributions, transfers and special items.

Table 3: Condensed Statement of Activities (expressed in thousands)

	2024	2023	2024	2023	2024	2023
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,708,577	\$ 1,947,799	\$ 2,883,823	\$ 2,622,708	\$ 4,592,400	\$ 4,570,507
Operating Grants and Contributions	20,035,068	18,702,399	—	—	20,035,068	18,702,399
Capital Grants and Contributions	1,136,806	1,040,155	—	—	1,136,806	1,040,155
General Revenues:						
Income Taxes	6,750,061	7,037,173	—	—	6,750,061	7,037,173
Sales Taxes	9,014,249	8,539,951	—	—	9,014,249	8,539,951
Property Taxes	811,696	790,911	—	—	811,696	790,911
Other Taxes	630,052	626,953	—	—	630,052	626,953
Investment Earnings	—	—	42,532	18,933	42,532	18,933
Other	1,877,758	1,254,518	(14)	4,840	1,877,744	1,259,358
Total Revenues	41,964,267	39,939,859	2,926,341	2,646,481	44,890,608	42,586,340
Expenses:						
Governmental Activities:						
General Government	5,253,878	3,891,581	—	—	5,253,878	3,891,581
Legislative and Judicial	405,349	395,581	—	—	405,349	395,581
Commerce	214,704	649,845	—	—	214,704	649,845
Education and Humanities	7,452,285	7,432,964	—	—	7,452,285	7,432,964
Human Resources	21,618,042	19,334,359	—	—	21,618,042	19,334,359
Justice	1,343,685	1,225,599	—	—	1,343,685	1,225,599
Natural Resources and Environmental Protection	226,119	219,004	—	—	226,119	219,004
Public Protection and Regulation	169,198	460,597	—	—	169,198	460,597
Transportation	2,433,938	2,448,529	—	—	2,433,938	2,448,529
Interest Expense	187,454	191,105	—	—	187,454	191,105
Business-type Activities:						
State Parks	—	—	116,875	117,960	116,875	117,960
Kentucky Horse Park	—	—	23,188	17,654	23,188	17,654
Kentucky Public Employees Health Plan	—	—	2,257,820	2,063,040	2,257,820	2,063,040
Insurance Administration	—	—	47,553	135,343	47,553	135,343
Unemployment Compensation	—	—	168,366	162,367	168,366	162,367
Total Expenses	39,304,652	36,249,164	2,613,802	2,496,364	41,918,454	38,745,528
Increase (Decrease) in Net Position Before Transfers	2,659,615	3,690,695	312,539	150,117	2,972,154	3,840,812
Transfers	(65,662)	(101,738)	65,662	101,738	—	—
Change in Net Position	2,593,953	3,588,957	378,201	251,855	2,972,154	3,840,812
Net Position, July 1, as restated	5,148,497	1,559,540	1,145,769	893,914	6,294,266	2,453,454
Net Position, June 30	\$ 7,742,450	\$ 5,148,497	\$ 1,523,970	\$ 1,145,769	\$ 9,266,420	\$ 6,294,266

Governmental Activities:

The governmental activities created an increase in the Commonwealth's net position of \$2.6 billion. The increase in governmental activities is largely the result of a \$5.1 billion decrease in deferred inflows of resources. Approximately 41.0 percent of the governmental activities' total revenue came from taxes, while 50.5 percent resulted from grants and contributions (including federal aid). Table 4 below (expressed in thousands) 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	\$ 5,253,878	\$ 1,841,182	\$ (3,412,696)
Legislative and Judicial	405,349	47,275	(358,074)
Commerce	214,704	120,508	(94,196)
Education and Humanities	7,452,285	2,385,298	(5,066,987)
Human Resources	21,618,042	16,554,305	(5,063,737)
Justice	1,343,685	111,100	(1,232,585)
Natural Resources and Environmental Protection	226,119	157,553	(68,566)
Public Protection and Regulation	169,198	147,143	(22,055)
Transportation	2,433,938	1,516,087	(917,851)
Interest Expense	187,454	—	(187,454)
Totals	\$ 39,304,652	\$ 22,880,451	\$ (16,424,201)

Business-Type Activities:

Table 5 below (expressed in thousands) presents program expenses and revenues for business-type activities. The business-type activities resulted in an increase the Commonwealth's net position by \$378.2 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	\$ 116,875	\$ 70,794	\$ (46,081)
Kentucky Horse Park	23,188	14,087	(9,101)
Kentucky Public Employees Health Plan	2,257,820	2,335,723	77,903
Insurance Administration	47,553	128,367	80,814
Unemployment Compensation	168,366	334,852	166,486
Totals	\$ 2,613,802	\$ 2,883,823	\$ 270,021

Overall Analysis

Financial highlights for the State as a whole during fiscal year ended June 30, 2024, include the following:

- The assets of the State's governmental activities exceeded liabilities (net position) at the close of the fiscal year by \$7.7 billion and the State's business-type activities have assets that exceed liabilities (net position) by \$1.5 billion.
- The State's total net position increased during the year by \$3.0 billion. Net position of governmental activities increased by \$2.6 billion, and net position of business-type activities increased by \$378.2 million.
- The net position of the governmental activities continues to be negative because pension and other post employment benefit liabilities.

FINANCIAL ANALYSIS OF THE COMMONWEALTH'S INDIVIDUAL FUNDS

At June 30, 2024, the Commonwealth's governmental funds reported combined ending fund balances of \$11.4 billion, a net increase of \$1.8 billion in comparison with the prior year. \$85.5 million is non-spendable and is composed of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The \$3.3 billion is restricted for certain purposes and is not available to fund current operations. The \$8.1 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, 2024, was \$6.7 billion. The balance reported reflects an increase of \$1.3 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 \$6.6 million represents the non-spendable amount.

Major Special Revenue Funds:

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by \$1.7 billion from the previous year, a change of 7.3 percent. Expenditures increased by \$1.7 billion from the previous year, a change of 7.3 percent. The Transportation Fund experienced a slight increase in revenues and an decrease in expenditures, resulting in a increase in fund balance of \$24.3 million.

Proprietary Funds:

The Commonwealth's proprietary funds reported net position of \$1.5 billion, which included \$1.5 billion in the enterprise funds and \$(48.0) million in the internal service funds. This is a total increase in net position of \$390.6 million from the previous year. This change in net position involved mainly from one fund, the Unemployment Compensation which had an increase of \$148.0 million for the 2024 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 \$23.4 million. Actual expenditures for the year were approximately \$6.5 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, 2024, amounts to \$30.2 billion, with accumulated depreciation of \$2.1 billion, leaving a net book value of \$28.5 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 2.2 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 \$156.5 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 64,230 lane miles of roads and approximately 9,047 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 \$176.4 million to \$4.8 billion, a 3.5 percent decrease during the current fiscal year. The major factors in this decrease is a result of the refunding of old issues by the FY2024 new issues. The remaining liability on the retired bonds plus the FY2024 principal payments on the remaining bonds outstanding were greater than the FY2024 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2024. 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 non-farm employment is anticipated to increase by 1.0 percent over the next three fiscal quarters, adding approximately 21,100 jobs to the Commonwealth’s economy. Eight of the 11 super sectors are forecasted to experience varying degrees of employment gains over the nine-month forecast.

In absolute terms, the service-providing sector is expected to experience the most pronounced job growth with an increase of 16,000 jobs, or a 1.2 percent increase over the outlook period. Amongst the different service-producing sectors, leisure and hospitality services employment will add more jobs than any other super sector over the next three fiscal quarters of FY25, a gain of 5,600 jobs. Employment in educational services is on track to be the second-best performer, forecasted to net approximately 5,300 annualized jobs, accounting for an increase of 1.7 percent compared to the same three quarters in FY24.

Employment in the goods-producing sector is forecasted to slightly contract by approximately 300 jobs over the forecast horizon, a 0.1 percent decline compared to the same periods one year prior. Construction employment is anticipated to be the bright spot across the goods-producing sector. Over the final three quarters of FY25, the construction employment sector is anticipated to gain roughly 1,400 annualized jobs, accounting for an increase of 1.5 percent compared to the same three quarters in FY24.

Government employment is expected to grow 1.8 percent, or 5,500 jobs over the three-quarter forecast horizon. Government employment includes government employment from the federal, state, and local levels.

The outlook for personal income projects positive growth in the second, third and fourth quarters of FY25, increasing 4.3 percent compared to the final three quarters of FY24. Growth at the projected level would represent a \$10.9 billion nominal increase in Kentuckians’ personal income.

The outlook for personal income projects positive growth in the second, third and fourth quarters of FY25, increasing 4.3 percent compared to the final three quarters of FY24. Growth at the projected level would represent a \$10.9 billion nominal increase in Kentuckians' personal income. Wages and salaries, the largest component of personal income, represents 49.8 percent of total personal income. Kentucky wages and salaries is poised to grow 4.4 percent in the final three quarters of FY25, compared to the same periods one year prior. US wages and salaries growth is projected to be 4.7 percent, slightly outpacing the Kentucky growth in wage and salary income.

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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
June 30, 2024
(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents (Note 5)	\$ 3,625,558	\$ 389,973	\$ 4,015,531	\$ 3,589,715
Cash on deposit with the federal Government (Note 5)	—	1,001,005	1,001,005	—
Cash with fiscal agents (Note 5)	12,599	—	12,599	—
Restricted cash (Note 5)	27,492	—	27,492	—
Investments, net of amortization (Note 5)	8,111,511	606,338	8,717,849	3,793,572
Receivables, net (Note 4)	3,483,185	581,390	4,064,575	6,287,785
Notes receivable	119,300	—	119,300	—
Lease receivable (Note 11)	9,307	4,081	13,388	2,509
Internal balances (Note 7)	1,716	(1,716)	—	—
Inventories	88,031	1,741	89,772	158,905
Prepaid expenses	47,933	638	48,571	69,979
Unamortized cost of issuance	189	—	189	—
Restricted assets:				
Cash and cash equivalents (Note 5)	—	—	—	1,038,970
Investments (Note 5)	—	—	—	2,815,057
Capital assets (Note 6):				
Capital assets being depreciated, net	1,605,693	189,848	1,795,541	8,333,242
Capital assets not being depreciated	24,075,670	24,943	24,100,613	1,819,614
Lease assets, net of depreciation	191,027	1,091	192,118	815,021
Subscription assets, net of amortization	293,952	2,342	296,294	64,895
Construction in progress	2,126,781	27,251	2,154,032	638,898
Total Capital Assets	28,293,123	245,475	28,538,598	11,671,670
Other assets	—	—	—	779,948
Total Assets	43,819,944	2,828,925	46,648,869	30,208,110
Deferred outflows of resources (Note 16)	5,468,394	83,217	5,551,611	330,292
Liabilities				
Accounts payable (Note 4)	1,321,087	107,701	1,428,788	1,266,076
Tax refunds payable	467,991	—	467,991	—
Unearned revenue	812,856	5,399	818,255	409,709
Other liabilities	2,497	—	2,497	174,762
Liabilities from restricted assets	—	—	—	9,100
Noncurrent liabilities:				
Due within one year (Note 16)	937,978	285,264	1,223,242	898,911
Due in more than one year (Note 16)	35,118,117	897,719	36,015,836	7,820,837
Total Liabilities	38,660,526	1,296,083	39,956,609	10,579,395
Deferred inflows of resources (Note 16)	2,885,362	92,089	2,977,451	1,583,372
Net Position				
Net investment in capital assets	25,219,782	230,625	25,450,407	6,536,682
Restricted for:				
Debt service	131,820	—	131,820	541,674
Capital projects	2,206,585	—	2,206,585	937,131
Highways	718,351	—	718,351	—
Other purposes (Note 1)	—	1,282,312	1,282,312	4,945,908
Unrestricted	(20,534,088)	11,033	(20,523,055)	5,414,240
Total Net Position	\$ 7,742,450	\$ 1,523,970	\$ 9,266,420	\$ 18,375,635

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, 2024
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 5,253,878	\$ 738,608	\$ 1,102,574	\$ —
Legislative and Judicial	405,349	44,542	2,733	—
Commerce	214,704	60,805	59,703	—
Education and Humanities	7,452,285	110,007	2,275,291	—
Human Resources	21,618,042	160,770	16,391,474	2,061
Justice	1,343,685	37,790	72,896	414
Natural Resources and Environmental Protection	226,119	50,215	107,338	—
Public Protection and Regulation	169,198	142,830	4,313	—
Transportation	2,433,938	363,010	18,746	1,134,331
Interest expense	187,454	—	—	—
Total Governmental Activities	39,304,652	1,708,577	20,035,068	1,136,806
Business-Type Activities:				
State Parks	116,875	70,794	—	—
Kentucky Horse Park	23,188	14,087	—	—
Kentucky Public Employees Health Plan	2,257,820	2,335,723	—	—
Insurance Administration	47,553	128,367	—	—
Unemployment Compensation	168,366	334,852	—	—
Total Business-Type Activities	2,613,802	2,883,823	—	—
Total Primary Government	\$ 41,918,454	\$ 4,592,400	\$ 20,035,068	\$ 1,136,806
Component Units:				
Authorities:				
Kentucky Housing Corporation	\$ 325,791	\$ 85,573	\$ 258,359	\$ —
Kentucky Higher Education Student Loan Corporation	13,159	28,423	—	—
Kentucky Lottery Corporation	1,695,618	2,097,891	—	—
Kentucky Public Transportation Infrastructure Authority	14,421	75,659	—	—
Universities, Colleges, & Related Entities:				
University of Kentucky	6,190,755	5,464,731	630,087	382,656
University of Louisville	3,875,722	3,348,037	140,891	—
Kentucky Community and Technical College System	632,331	111,592	135,858	—
Other Component Units	2,001,693	796,299	610,141	6,778
Total Component Units	\$ 14,749,490	\$ 12,008,205	\$ 1,775,336	\$ 389,434
General Revenues (Note 1):				
Taxes:				
Sales and gross receipt tax				
Individual income tax				
Corporate income tax				
Property tax				
License and privilege tax				
Severance tax				
Inheritance and estate tax				
Miscellaneous taxes				
Unrestricted grants and contributions				
Unrestricted investment earnings				
Gain (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					
Governmental Activities		Primary Government Business-Type Activities		Totals	Component Units
\$	(3,412,696)	\$	—	\$	(3,412,696)
	(358,074)		—		(358,074)
	(94,196)		—		(94,196)
	(5,066,987)		—		(5,066,987)
	(5,063,737)		—		(5,063,737)
	(1,232,585)		—		(1,232,585)
	(68,566)		—		(68,566)
	(22,055)		—		(22,055)
	(917,851)		—		(917,851)
	(187,454)		—		(187,454)
	(16,424,201)		—		(16,424,201)
	—		(46,081)		(46,081)
	—		(9,101)		(9,101)
	—		77,903		77,903
	—		80,814		80,814
	—		166,486		166,486
	—		270,021		270,021
	(16,424,201)		270,021		(16,154,180)
	—		—	\$	18,141
	—		—		15,264
	—		—		402,273
	—		—		61,238
	—		—		286,719
	—		—		(386,794)
	—		—		(384,881)
	—		—		(588,475)
	—		—		(576,515)
	9,014,249		—		9,014,249
	4,885,571		—		4,885,571
	1,864,490		—		1,864,490
	811,696		—		811,696
	109,873		—		109,873
	140,776		—		140,776
	82,437		—		82,437
	296,966		—		296,966
	15,443		—		15,443
	297,214		42,532		339,746
	9,786		(21)		9,765
	1,555,315		7		1,555,322
	(65,662)		65,662		—
	19,018,154		108,180		19,126,334
	2,593,953		378,201		2,972,154
	5,148,497		1,145,769		6,294,266
\$	7,742,450	\$	1,523,970	\$	9,266,420
				\$	18,375,635

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Major Funds

General Fund

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

Transportation Fund

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

Federal Fund

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

Agency Revenue Fund

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

Capital Projects Fund

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

Debt Service Fund

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

Non-Major Funds

Non-Major governmental funds are presented by fund type beginning on page..... 230

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024
(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>
Assets								
Cash and cash equivalents (Note 5)	\$ 1,906,684	\$ 63,696	\$ 559,614	\$ 357,183	\$ 99,068	\$ 516	\$ 627,732	\$ 3,614,493
Cash with fiscal agents (Note 5)	—	—	—	—	1,469	11,129	—	12,598
Restricted cash (Note 5)	—	—	27,492	—	—	—	—	27,492
Investments, net of amortization (Note 5)	4,573,669	524,716	—	1,352,130	816,080	1,238	790,251	8,058,084
Receivables, net (Note 4)	1,791,047	214,481	1,162,277	129,480	46,796	6	138,467	3,482,554
Notes receivable	—	—	—	3,188	—	115,455	657	119,300
Lease receivable	—	—	—	—	—	—	—	—
Interfund receivables (Note 7)	9,018	37	4,782	192,693	1,786	—	11,167	219,483
Interfund loans receivable (Note 7)	—	—	—	6,657	—	—	8,286	14,943
Inventories	6,615	72,525	1,381	4,983	—	—	—	85,504
Total Assets	<u>\$ 8,287,033</u>	<u>\$ 875,455</u>	<u>\$ 1,755,546</u>	<u>\$ 2,046,314</u>	<u>\$ 965,199</u>	<u>\$ 128,344</u>	<u>\$ 1,576,560</u>	<u>\$ 15,634,451</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable (Note 4)	\$ 454,664	\$ 93,589	\$ 484,029	\$ 102,196	\$ 48,916	\$ —	\$ 39,422	\$ 1,222,816
Tax refunds payable	467,991	—	—	—	—	—	—	467,991
Interfund payables (Note 7)	146,995	642	33,345	10,433	39	—	29,170	220,624
Interfund loans payable (Note 7)	1,273	—	—	2,288	—	—	336	3,897
Unearned revenue	1	—	803,585	9,183	—	—	73	812,842
Total Liabilities	<u>1,070,924</u>	<u>94,231</u>	<u>1,320,959</u>	<u>124,100</u>	<u>48,955</u>	<u>—</u>	<u>69,001</u>	<u>2,728,170</u>
Deferred inflows of resources Unavailable	509,175	62,873	613,185	78,775	5,029	115,458	93,255	1,477,750
Fund Balances:								
Nonspendable (Note 1)	6,615	72,525	1,381	4,983	—	—	—	85,504
Restricted for (Note 1)	—	645,826	—	1,490,857	—	12,886	1,126,739	3,276,308
Committed to (Note 1)	—	—	—	313,910	—	—	276,612	590,522
Assigned to (Note 1)	750,032	—	—	33,689	911,215	—	10,953	1,705,889
Unassigned (Note 1)	5,950,287	—	(179,979)	—	—	—	—	5,770,308
Total Fund Balances	<u>6,706,934</u>	<u>718,351</u>	<u>(178,598)</u>	<u>1,843,439</u>	<u>911,215</u>	<u>12,886</u>	<u>1,414,304</u>	<u>11,428,531</u>
Total Liabilities and Fund Balances	<u>\$ 8,287,033</u>	<u>\$ 875,455</u>	<u>\$ 1,755,546</u>	<u>\$ 2,046,314</u>	<u>\$ 965,199</u>	<u>\$ 128,344</u>	<u>\$ 1,576,560</u>	<u>\$ 15,634,451</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, 2024**

(expressed in thousands)

Total Fund Balances - Governmental Funds		\$ 11,428,531
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	\$ 359,568	
Buildings, equipment, and other depreciable assets	2,628,808	
Subscription assets	264,490	
Infrastructure	23,802,097	
Accumulated depreciation	(1,444,145)	
Construction in progress	2,073,282	
Leased Buildings, equipment, and other depreciable assets	257,946	
Accumulated depreciation, Leased Assets	<u>(68,488)</u>	27,873,558
Certain revenues are earned but not available, and therefore, are deferred in the funds.		1,477,750
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		24,585
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.		(47,952)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease obligations	\$ (172,643)	
Subscription liabilities	(195,244)	
Compensated absences	(349,314)	
Pollution remediation obligations	(25,192)	
Judgements and contingencies	(9,214)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	(77,191)	
Net Pension/Other Postemployment Benefits liabilities and related deferred outflows/inflows	<u>(26,363,163)</u>	(27,191,961)
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	\$ (5,015,501)	
Notes payable	(325,506)	
Unamortized premiums and discounts	(394,356)	
Less deferred amounts on refundings	(15,042)	
Accrued interest payable	<u>(71,656)</u>	(5,822,061)
Net Position of Governmental Activities		<u>\$ 7,742,450</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, 2024
(expressed in thousands)

	General	Transportation	Federal	Agency Revenue	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 14,700,108	\$ 1,689,233	\$ 1	\$ 604,808	\$ —	\$ —	\$ 205,714	\$ 17,199,864
Licenses, fees, and permits	16,625	173,860	—	273,612	—	—	15,392	479,489
Intergovernmental	5,932	—	20,523,087	80,383	46,977	—	2	20,656,381
Charges for services	349,738	7,550	1,530	613,702	1,493	88,861	383,623	1,446,497
Fines and forfeits	33,141	1	3,074	7,384	—	—	18,642	62,242
Interest and other investment income	112,450	6,218	(26,499)	18,284	103,132	2,928	17,384	233,897
Increase (decrease) in fair value of investments	180,693	6,669	29,499	15,526	53,642	5	24,113	310,147
Other revenues	57,919	7,686	62,890	1,127,845	813	452,533	300,204	2,009,890
Total Revenues	<u>15,456,606</u>	<u>1,891,217</u>	<u>20,593,582</u>	<u>2,741,544</u>	<u>206,057</u>	<u>544,327</u>	<u>965,074</u>	<u>42,398,407</u>
Expenditures								
Current:								
General Government	2,567,279	—	352,789	261,328	—	—	296,194	3,477,590
Legislative and Judicial	536,937	—	3,402	49,541	—	—	—	589,880
Commerce	100,400	—	60,370	66,541	—	—	1,791	229,102
Education and Humanities	5,146,641	—	2,171,338	54,649	—	—	123,939	7,496,567
Human Resources	3,673,729	—	16,536,979	2,176,693	—	—	49,253	22,436,654
Justice	1,250,799	—	75,932	139,826	—	—	5,490	1,472,047
Natural Resources and Environmental Protection	91,454	—	102,954	64,909	—	—	4,030	263,347
Public Protection and Regulation	22,090	—	3,678	177,116	—	—	3,305	206,189
Transportation	21,300	1,754,475	1,089,767	152,131	—	—	173,548	3,191,221
Debt service:								
Principal retirement	—	—	—	—	—	512,609	275,395	788,004
Interest and fiscal charges	—	—	—	—	—	158,462	64,764	223,226
Other expenditures	—	—	—	—	—	303,125	513	303,638
Capital outlay:								
Buildings	—	—	—	—	625,334	—	—	625,334
Total Expenditures	<u>13,410,629</u>	<u>1,754,475</u>	<u>20,397,209</u>	<u>3,142,734</u>	<u>625,334</u>	<u>974,196</u>	<u>998,222</u>	<u>41,302,799</u>
Excess (Deficiency) of Revenues over (under) Expenditures	2,045,977	136,742	196,373	(401,190)	(419,277)	(429,869)	(33,148)	1,095,608
Other Financing Sources (Uses)								
Transfers in	50,338	959	9,502	760,376	383,009	424,751	806,055	2,434,990
Transfers out	(922,347)	(155,161)	(190,529)	(404,634)	(79,758)	—	(767,446)	(2,519,875)
Leases and SBITA	137,824	41,785	89,071	39,033	3,645	—	—	311,358
Issuance of bonds:								
New issues	—	—	—	—	371,123	—	37,015	408,138
Refunding issues	—	—	—	—	—	563,011	6,769	569,780
Premiums	—	—	—	—	28,877	29,902	923	59,702
Discounts	—	—	—	—	—	—	(702)	(702)
Payments to refunded bond escrow agent	—	—	—	—	—	(591,182)	(6,834)	(598,016)
Total Other Financing Sources (Uses)	<u>(734,185)</u>	<u>(112,417)</u>	<u>(91,956)</u>	<u>394,775</u>	<u>706,896</u>	<u>426,482</u>	<u>75,780</u>	<u>665,375</u>
Net Change in Fund Balances	1,311,792	24,325	104,417	(6,415)	287,619	(3,387)	42,632	1,760,983
Fund Balances at July 1	5,396,415	692,085	(283,891)	1,848,608	623,596	16,273	1,371,672	9,664,758
Increase (decrease) in inventories	(1,273)	1,941	876	1,246	—	—	—	2,790
Fund Balances at June 30	<u>\$ 6,706,934</u>	<u>\$ 718,351</u>	<u>\$ (178,598)</u>	<u>\$ 1,843,439</u>	<u>\$ 911,215</u>	<u>\$ 12,886</u>	<u>\$ 1,414,304</u>	<u>\$ 11,428,531</u>

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, 2024
(expressed in thousands)**

Net Change in Fund Balances-Total Governmental Funds \$ 1,760,983

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	\$ (128,846)	
Donated assets, acquisition value	—	
Buildings, equipment, and other depreciable assets	247,244	
Infrastructure	545,189	
Accumulated depreciation	<u>(187,949)</u>	475,638

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 202,264

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	\$ 24,394	
Inventories	<u>2,790</u>	27,184

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. 12,367

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	\$ 156,066	
Subscription payments	270,685	
Compensated absence payments	(40,914)	
Pollution remediation payments	(7,869)	
Litigation payments	282	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	(7,465)	
Excess contributions to pension funds	<u>(58,673)</u>	312,112

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	\$ (1,051,047)	
Leases	(103,098)	
Subscription-based IT arrangements	(208,261)	
Repayment of bond principal	568,547	
Payment to refunded bond escrow agent	606,089	
Accrued interest	(30,753)	
Loss on refunding	22,008	
Unamortized issue costs	<u>(80)</u>	<u>(196,595)</u>

Change in Net Position of Governmental Activities \$ 2,593,953

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

Enterprise Funds (All Major)

State Parks Fund

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

Kentucky Horse Park Fund

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

Insurance Administration Fund

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

Workers' Compensation Fund provides benefits for workers with illnesses, which are not attributable to one employer.

Petroleum Storage Tank Environmental Assurance Program provides for the cleanup of leaking underground storage tanks in amounts that exceed the insurance required of the owners and operators.

Mine Subsidence Insurance Program provides coverage against losses arising out of or due to mine subsidence within the Commonwealth.

Kentucky Reclamation Guaranty Program provides coverage to reclaim surface mined land when the permit holder has forfeited bonds posted for such purpose.

Kentucky Public Employees Health Insurance Fund

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

Unemployment Compensation Fund

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

Internal Service Funds

Individual fund statements for the Internal Service Funds, whose combined totals are presented on this statement, begin on page 240

COMMONWEALTH OF KENTUCKY
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2024
(expressed in thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
Assets			
Current assets:			
Cash and cash equivalents (Note 5)	\$ 11,941	\$ 2,076	\$ 85,649
Cash on deposit with the federal government (Note 5)	—	—	—
Investments, net of amortization (Note 5)	—	—	16,476
Receivables, net (Note 4)	4,095	1,924	20,035
Interfund receivable (Note 7)	112	—	387
Lease receivable (Note 11)	—	21	—
Inventories	1,502	239	—
Prepaid expenses	166	—	—
Total Current Assets	17,816	4,260	122,547
Noncurrent assets:			
Investments, net of amortization (Note 5)	40,036	6,054	382,303
Lease Receivable (Note 11)	—	4,060	—
Capital assets (Note 6):			
Capital assets being depreciated, net	110,309	76,634	2,905
Capital assets not being depreciated	20,490	4,453	—
Lease assets, net of depreciation	432	—	659
Subscription assets, net of amortization	—	—	—
Construction in progress	18,285	8,966	—
Total Capital Assets	149,516	90,053	3,564
Total Noncurrent Assets	189,552	100,167	385,867
Total Assets	207,368	104,427	508,414
Deferred outflows of resources (Note 16)	22,028	2,431	56,527
Liabilities			
Current liabilities:			
Accounts payable (Note 4)	6,405	3,777	1,043
Interfund payable (Note 7)	408	40	1,763
Interfund loans payable (Note 7)	—	—	—
Claims liability (Note 16)	—	—	53,093
Claims adjustment liability (Note 16)	—	—	13,128
Lease obligations (Note 11) (Note 16)	140	—	282
Subscription liability (Note 11) (Note 16)	—	—	—
Notes payable (Note 16)	2,010	—	—
Pollution remediation (Note 16)	—	104	—
Compensated absences (Note 16)	5,601	649	578
Unearned revenue	4,288	1,111	—
Other liabilities (Note 16)	—	—	—
Total Current Liabilities	18,852	5,681	69,887
Noncurrent liabilities:			
Claims liability (Note 16)	—	—	423,998
Claims adjustment liability (Note 16)	—	—	52,196
Lease obligations (Note 11) (Note 16)	356	—	412
Subscription liability (Note 11) (Note 16)	—	—	—
Notes payable (Note 16)	9,308	—	—
Pollution Remediation (Note 16)	—	—	—
Compensated absences (Note 16)	503	34	1,822
Net pension liability (Note 8) (Note 16)	185,382	19,328	103,595
Net OPEB liability (Note 9) (Note 16)	9,986	774	6,304
Other liabilities (Note 16)	—	—	—
Total Noncurrent Liabilities	205,535	20,136	588,327
Total Liabilities	224,387	25,817	658,214
Deferred inflows of resources (Note 16)	25,908	7,588	54,783
Net Position			
Net investment in capital assets	137,702	90,053	2,870
Restricted for:			
Other purposes (Note 1)	—	—	12,433
Unrestricted	(158,601)	(16,600)	(163,359)
Total Net Position	\$ (20,899)	\$ 73,453	\$ (148,056)

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

Enterprise Funds			Governmental	
Kentucky Public Employees Health Plan			Activities-Internal Service Funds	
	Unemployment Compensation	Totals June 30, 2024		
\$ 285,905	\$ 4,402	\$ 389,973	\$	11,063
—	1,001,005	1,001,005		—
—	—	16,476		—
184,091	371,245	581,390		631
—	—	499		2,860
—	—	21		—
—	—	1,741		2,526
472	—	638		23,565
470,468	1,376,652	1,991,743		40,645
161,469	—	589,862		53,427
—	—	4,060		—
—	—	189,848		269,203
—	—	24,943		17,566
—	—	1,091		1,569
2,342	—	2,342		77,728
—	—	27,251		53,499
2,342	—	245,475		419,565
163,811	—	839,397		472,992
634,279	1,376,652	2,831,140		513,637
2,231	—	83,217		22,030
49,588	46,888	107,701		33,069
—	4	2,215		5,777
—	—	—		5,272
143,914	—	197,007		37,734
—	—	13,128		699
—	—	422		77
257	—	257		32,536
—	—	2,010		377
—	—	104		—
308	—	7,136		2,809
—	—	5,399		12
65,200	—	65,200		—
259,267	46,892	400,579		118,362
—	—	423,998		185,709
—	—	52,196		5,835
—	—	768		1,539
2,181	—	2,181		27,469
—	—	9,308		781
—	—	—		—
52	—	2,411		3,706
20,365	—	328,670		185,208
1,242	—	18,306		12,827
—	59,881	59,881		—
23,840	59,881	897,719		423,074
283,107	106,773	1,298,298		541,436
3,810	—	92,089		42,183
—	—	230,625		340,221
—	1,269,879	1,282,312		—
349,593	—	11,033		(388,173)
\$ 349,593	\$ 1,269,879	\$ 1,523,970	\$	(47,952)

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
Operating Revenues:			
Charges for sales and services:			
State parks sales and services	\$ 64,298	\$ —	\$ —
Horse park admissions and sales	—	14,079	—
Insurance receipts	—	—	128,367
Unemployment insurance receipts	—	—	—
Internal service fund receipts	—	—	—
Other services	6,496	8	—
Total Operating Revenues	<u>70,794</u>	<u>14,087</u>	<u>128,367</u>
Operating Expenses:			
Personal services	54,119	6,450	13,677
Utilities, rental, and other services	20,028	4,378	3,140
Commodities and supplies	29,981	7,818	717
Grants and subsidies	—	39	—
Depreciation and amortization	11,890	4,490	1,035
Travel	306	13	213
Claims expense	127	—	17,059
Claims adjustment expense	—	—	(719)
Other expenses	(121)	—	(233)
Total Operating Expenses	<u>116,330</u>	<u>23,188</u>	<u>34,889</u>
Operating Income (Loss)	<u>(45,536)</u>	<u>(9,101)</u>	<u>93,478</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	71	(92)	—
Interest and other investment income	—	36	20,263
Increase (decrease) in fair value of investments	—	—	2,992
Interest expense	(545)	—	—
Intergovernmental	—	—	—
Other revenues (expenses)	—	—	(12,664)
Total Nonoperating Revenues (Expenses)	<u>(474)</u>	<u>(56)</u>	<u>10,591</u>
Income (Loss) before Capital Contributions and Transfers	(46,010)	(9,157)	104,069
Capital contributions			
Transfers in	94,714	4,056	1,588
Transfers out	(5,404)	(292)	(10,618)
Change in Net Position	<u>43,300</u>	<u>(5,393)</u>	<u>95,039</u>
Net Position at July 1, As Restated	<u>(64,199)</u>	<u>78,846</u>	<u>(243,095)</u>
Net Position at June 30	<u>\$ (20,899)</u>	<u>\$ 73,453</u>	<u>\$ (148,056)</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, 2024	Activities- Internal Service Funds	
\$ —	\$ —	\$ 64,298	\$ —	
—	—	14,079	—	
2,335,723	—	2,464,090	—	
—	334,852	334,852	—	
—	—	—	279,947	
—	—	6,504	35,029	
<u>2,335,723</u>	<u>334,852</u>	<u>2,883,823</u>	<u>314,976</u>	
7,011	1,864	83,121	55,854	
1,465	1,050	30,061	92,888	
405	15	38,936	33,686	
—	165,427	165,466	647	
—	—	17,415	46,071	
4	10	546	78	
2,162,494	—	2,179,680	56,466	
—	—	(719)	651	
86,319	—	85,965	—	
<u>2,257,698</u>	<u>168,366</u>	<u>2,600,471</u>	<u>286,341</u>	
<u>78,025</u>	<u>166,486</u>	<u>283,352</u>	<u>28,635</u>	
—	—	(21)	(26,713)	
19,241	—	39,540	(819)	
—	—	2,992	(541)	
(122)	—	(667)	(7,891)	
—	—	—	—	
7	—	(12,657)	473	
<u>19,126</u>	<u>—</u>	<u>29,187</u>	<u>(35,491)</u>	
97,151	166,486	312,539	(6,856)	
139	—	100,497	43,393	
(2)	(18,519)	(34,835)	(24,170)	
<u>97,288</u>	<u>147,967</u>	<u>378,201</u>	<u>12,367</u>	
252,305	1,121,912	1,145,769	(60,319)	
<u>\$ 349,593</u>	<u>\$ 1,269,879</u>	<u>\$ 1,523,970</u>	<u>\$ (47,952)</u>	

COMMONWEALTH OF KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Business-Type Activities -		
	State Parks	Kentucky Horse Park	Insurance Administration
Cash Flows from Operating Activities			
Cash received from customers - public	\$ 62,687	\$ 12,983	\$ 125,112
Cash received from customers - state	793	409	871
Cash payments to suppliers for goods and services	(50,874)	(9,537)	(4,085)
Cash payments for employee salaries and benefits	(75,092)	(6,456)	(27,995)
Cash payments for claims expense	(127)	—	(47,236)
Cash payments from other sources	6,496	—	2,836
Cash payments to other sources	119	(2,708)	(9,253)
Net Cash Provided (Used) by Operating Activities	<u>(55,998)</u>	<u>(5,309)</u>	<u>40,250</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	94,714	4,056	1,588
Transfers to other funds	(5,404)	(292)	(10,618)
Intergovernmental	—	—	(2,146)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>89,310</u>	<u>3,764</u>	<u>(11,176)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(8,826)	(9,453)	(326)
Principal paid on revenue bond maturities and equipment contracts	(2,506)	—	(538)
Interest paid on revenue bonds and equipment contracts	366	—	—
Proceeds from the sale of capital assets	66	—	—
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(10,900)</u>	<u>(9,453)</u>	<u>(864)</u>
Cash Flows from Investing Activities			
Purchase of investment securities	(17,238)	—	(34,231)
Proceeds from the sale of investment securities	—	9,136	27,404
Interest and dividends on investments	(545)	37	20,263
Net Cash Provided (Used) in Investing Activities	<u>(17,783)</u>	<u>9,173</u>	<u>13,436</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,629	(1,825)	41,646
Cash and Cash Equivalents at July 1, As Restated	7,312	3,901	44,003
Cash and Cash Equivalents at June 30	<u>\$ 11,941</u>	<u>\$ 2,076</u>	<u>\$ 85,649</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (45,536)	\$ (9,101)	\$ 93,478
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	11,890	4,490	1,035
Miscellaneous nonoperating income (expense)	—	—	(9,207)
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	(1,619)	(3,541)	(886)
Interfund receivables	633	—	—
Inventories	(365)	(29)	—
Prepaid expenses	(77)	—	—
(Increase) decrease in deferred outflows	1,315	136	(41,091)
Increase (decrease) in liabilities:			
Accounts payable	(111)	3,080	(4)
Interfund payables	(312)	7	—
Claims liability	—	—	(29,403)
Claims adjustment liability	—	—	(1,491)
Compensated absences	973	102	331
Unearned revenue	166	138	—
Pension liability	(18,016)	(2,947)	(7,049)
OPEB liability	(22,331)	(2,692)	(11,616)
Other liabilities	—	(246)	—
Increase (decrease) in deferred inflows	17,392	5,294	46,153
Net Cash Provided (Used) by Operating Activities	<u>\$ (55,998)</u>	<u>\$ (5,309)</u>	<u>\$ 40,250</u>
Noncash Investing, Capital, and Financing Activities			
Change in fair value of investments	\$ —	\$ —	\$ 2,992
Capital assets acquired through leases	—	9,454	—
Right of use asset obtained in exchange for new lease liability	—	—	366
Capital asset acquisition in accounts payable	—	—	(31)
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ 9,454</u>	<u>\$ 3,327</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, 2024		
\$ 273,999	\$ 332,358	\$ 807,139	\$	85,761
1,745,372	8	1,747,453		225,638
(6,019)	(1,061)	(71,576)		(93,666)
(3,848)	(1,874)	(115,265)		(88,639)
(2,260,889)	—	(2,308,252)		(67,542)
274,266	—	283,598		(9)
—	(176,697)	(188,539)		(647)
22,881	152,734	154,558		60,896
139	—	100,497		43,393
(2)	(18,519)	(34,835)		(24,170)
7	32,315	30,176		(66)
144	13,796	95,838		19,157
—	—	(18,605)		(37,324)
(245)	—	(3,289)		(41,331)
(122)	—	244		(1,494)
—	—	66		3,741
(367)	—	(21,584)		(76,408)
82,268	—	30,799		(24,482)
—	—	36,540		13,105
19,326	—	39,081		(8,710)
101,594	—	106,420		(20,087)
124,252	166,530	335,232		(16,442)
161,653	838,877	1,055,746		27,505
\$ 285,905	\$ 1,005,407	\$ 1,390,978	\$	11,063
\$ 78,025	\$ 166,486	\$ 283,352	\$	28,635
—	—	17,415		46,071
294	—	(8,913)		—
(42,017)	(2,494)	(50,557)		(435)
—	8	641		(2,184)
—	—	(394)		(720)
1,651	—	1,574		34,444
2,508	—	(37,132)		8,201
9,714	(11,270)	1,409		(3,982)
—	4	(301)		4,479
16,878	—	(12,525)		(10,734)
—	—	(1,491)		(391)
24	—	1,430		1,262
—	—	304		(258)
(3,796)	—	(31,808)		(33,563)
(2,652)	—	(39,291)		(24,740)
(39,101)	—	(39,347)		—
1,353	—	70,192		14,811
\$ 22,881	\$ 152,734	\$ 154,558	\$	60,896
\$ —	\$ —	\$ 2,992	\$	—
—	—	9,454		(4,122,986)
—	—	366		—
—	—	(31)		—
\$ —	\$ —	\$ 12,781	\$	(4,122,986)

FIDUCIARY FUNDS FINANCIAL STATEMENTS

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

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

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, 2024
(expressed in thousands)

	Pension (and Other Post Employment Benefit) Trust Funds	Private Purpose Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents (Note 5)	\$ 6,375,022	\$ 231,803	\$ —
Investments, net of amortization (Note 5)	—	991,761	—
Pension trust fund investments (Note 5):			
Corporate and government bonds	7,763,185	—	—
Common stocks	32,519,616	—	—
Specialty Credit	5,364,973	—	—
Alternatives	2,331,673	—	—
Derivatives	156	—	—
Real estate	3,296,690	—	—
Other	3,780,307	—	—
Invested security collateral	651,227	—	—
Receivables, net	670,018	20,362	25,458
Prepaid expenses	40	—	—
Capital assets, net	5,729	—	—
Total Assets	62,758,636	1,243,926	25,458
Liabilities			
Investments - accounts payable	345,379	—	—
Accounts payable	82,848	558,449	—
Obligations under securities lending	651,227	—	—
Total Liabilities	1,079,454	558,449	—
Net Position			
Restricted for:			
Pensions	50,068,945	—	—
Other postemployment Benefits	11,610,237	—	—
Individuals , Organizations, and other Governments	—	685,477	25,458
Total Net Position	\$ 61,679,182	\$ 685,477	\$ 25,458

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, 2024
(expressed in thousands)

	Pension (and Other Post Employment Benefit) Trust Funds	Private Purpose Trust Funds	Custodial Funds
Additions			
Contributions:			
Employer	\$ 3,886,816	\$ —	\$ —
Member	1,112,075	—	—
Non-Employer	—	—	—
Total Contributions	<u>4,998,891</u>	<u>—</u>	<u>—</u>
Other Contributions:			
Participant fees	8,820	—	—
Other receipts	261,567	617,454	217,896
Total Other Contributions	<u>270,387</u>	<u>617,454</u>	<u>217,896</u>
Investment income:			
Net increase (decrease) in fair value of investments	5,438,895	288	—
Interest	1,154,937	—	—
Dividends	279,347	—	—
Real estate operating income, net	24,114	—	—
Securities lending income, net	67,756	27,813	—
Total Investment Income	<u>6,965,049</u>	<u>28,101</u>	<u>—</u>
Less: Investment expense	285,306	—	—
Less: Securities lending expense	88,444	—	—
Net Investment Income	<u>6,591,299</u>	<u>28,101</u>	<u>—</u>
Total Additions	<u>11,860,577</u>	<u>645,555</u>	<u>217,896</u>
Deductions			
Benefit payments	5,261,233	36,972	—
Refunds	82,899	—	—
Administrative expenses	72,684	12	—
Self funding insurance costs	—	—	—
Healthcare premiums subsidies	348,932	—	—
Other deductions, net	146,994	485,302	200,134
Total Deductions	<u>5,912,742</u>	<u>522,286</u>	<u>200,134</u>
Change in Net Position	5,947,835	123,269	17,762
Net Position			
Restricted for:			
Pensions	50,068,945	—	—
Other Postemployment Benefits	11,610,237	—	—
Individuals , Organizations, and other Governments	—	685,477	25,458
Net Position at July 1, as restated	<u>55,731,347</u>	<u>562,208</u>	<u>7,696</u>
Net Position at June 30	<u>\$ 61,679,182</u>	<u>\$ 685,477</u>	<u>\$ 25,458</u>

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

COMPONENT UNITS FINANCIAL STATEMENTS

Major Component Units

Kentucky Housing Corporation

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

Kentucky Higher Education Student Loan Corporation

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

Kentucky Lottery Corporation

The Kentucky Lottery Corporation, empowered by KRS 154A, administers the Kentucky State Lottery and operates pursuant to 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, 2024
(expressed in thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	University of Louisville	Kentucky Community and Technical College System	Kentucky Housing Corporation
Assets				
Current assets:				
Cash and cash equivalents (Note 5)	\$ 1,680,925	\$ 197,071	\$ 367,519	\$ 137,928
Restricted cash (Note 5)	—	25,573	—	—
Investments, net of amortization (Note 5)	15,018	370,464	—	252,679
Accounts receivable, net	1,421,797	581,433	39,655	7,401
Interest receivable	3,704	—	—	—
Inventories	85,364	67,860	—	—
Prepaid expenses	32,974	21,169	—	—
Other current assets	2,138	253,238	4,446	59,659
Total Current Assets	3,241,920	1,516,808	411,620	457,667
Noncurrent assets:				
Restricted cash (Note 5)	394,474	22,837	214,127	—
Long-term investments (Note 5)	550,133	1,240,794	21,334	427,148
Restricted long-term investments (Note 5)	2,544,242	—	98,527	—
Long-term receivables, net	751,165	713,529	2,186	285,358
Capital assets (Note 6):				
Capital assets being depreciated, net	3,593,406	1,345,910	694,411	3,186
Capital assets not being depreciated	329,605	195,061	31,742	1,089
Lease assets, net	74,915	684,734	9,472	—
Subscription assets, net	26,961	14,266	5,013	—
Construction in progress	375,221	136,171	53,884	—
Total capital assets	4,400,108	2,376,142	794,522	4,275
Other assets	18,031	14,482	28,125	5,810
Total Noncurrent Assets, Net	8,658,153	4,367,784	1,158,821	722,591
Total Assets	11,900,073	5,884,592	1,570,441	1,180,258
Deferred outflows of resources (Note 16)	39,453	17,033	35,829	—
Liabilities				
Current liabilities:				
Accounts payable and accruals	667,883	393,385	26,572	29,539
Current portion of long-term debt:				
Notes payable (Note 16)	6,213	10,129	8,015	—
Bonds payable (Note 16)	76,644	26,488	—	19,805
Lease obligations (Note 11)(Note 16)	23,847	41,737	3,615	—
Subscription liability (Note 11)(Note 16)	11,022	5,747	1,308	—
Compensated absences (Note 16)(Note 17)	823	88,727	919	—
Prize liability (Note 16)	—	—	—	—
Unearned revenues	152,259	45,918	12,411	96,512
Payable from restricted assets	—	—	—	—
Other current liabilities	38,988	51,967	2,194	10,189
Total Current Liabilities	977,679	664,098	55,034	156,045
Noncurrent liabilities:				
Notes payable (Note 16)	19,850	57,386	101,939	—
Bonds payable (Note 16)	1,293,452	658,247	—	525,679
Lease obligations (Note 11)(Note 16)	53,479	611,724	4,935	—
Subscription liability (Note 11)(Note 16)	10,570	8,551	4,681	—
Prize liability (Note 16)	—	—	—	—
Compensated absences (Note 16)(Note 17)	3,742	3,042	8,271	—
Net pension liability (Note 8) (Note 16)	6,551	—	151,056	—
Net OPEB liability (Note 9) (Note 16)	25,381	79,475	14,698	—
Other long-term liabilities	431,301	62,954	—	12,260
Total Noncurrent Liabilities	1,844,326	1,481,379	285,580	537,939
Total Liabilities	2,822,005	2,145,477	340,614	693,984
Deferred inflows of resources (Note 16)	521,433	682,343	44,336	—
Net Position				
Net investment in capital assets	2,331,016	1,269,630	669,072	4,275
Restricted for:				
Debt service	3,929	28,400	—	285,278
Capital projects	647,161	11,774	192,408	—
Other purposes (Note 1)	1,592,824	607,199	158,548	—
Unrestricted	4,021,158	1,156,802	201,292	196,721
Total Net Position	\$ 8,596,088	\$ 3,073,805	\$ 1,221,320	\$ 486,274

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

Authorities				
Kentucky Higher Education Student Loan Corporation	Kentucky Lottery Corporation	Kentucky Public Transportation Infrastructure Authority	Non-Major Component Units	All Component Units Totals June 30, 2024
\$ 44,128	\$ 41,589	\$ 10,243	\$ 1,110,312	\$ 3,589,715
—	—	—	77,356	102,929
—	1,346	160,615	52,701	852,823
408	83,090	18,801	222,782	2,375,367
22,090	—	—	6,363	32,157
—	—	—	5,681	158,905
652	—	—	15,184	69,979
119,239	1,233	—	152,842	592,795
<u>186,517</u>	<u>127,258</u>	<u>189,659</u>	<u>1,643,221</u>	<u>7,774,670</u>
74,762	—	—	229,841	936,041
9,521	7,233	—	684,586	2,940,749
—	—	—	172,288	2,815,057
578,122	—	—	1,549,901	3,880,261
336	4,416	66,572	2,625,005	8,333,242
—	423	1,051,862	209,832	1,819,614
1,158	4,095	—	40,647	815,021
—	—	—	18,655	64,895
—	—	—	73,622	638,898
<u>1,494</u>	<u>8,934</u>	<u>1,118,434</u>	<u>2,967,761</u>	<u>11,671,670</u>
—	4,706	4,878	111,121	187,153
663,899	20,873	1,123,312	5,718,007	22,433,440
850,416	148,131	1,312,971	7,361,228	30,208,110
<u>11,064</u>	<u>—</u>	<u>19,824</u>	<u>207,089</u>	<u>330,292</u>
1,739	10,837	27,087	109,034	1,266,076
9,196	—	992	3,213	37,758
12,470	—	215	413,047	548,669
398	2,230	—	7,879	79,706
—	—	—	8,968	27,045
2,869	1,675	—	18,529	113,542
—	92,191	—	—	92,191
—	—	—	102,609	409,709
—	—	—	9,100	9,100
1,604	14,435	—	55,385	174,762
<u>28,276</u>	<u>121,368</u>	<u>28,294</u>	<u>727,764</u>	<u>2,758,558</u>
—	—	441,765	35,062	656,002
657,490	—	336,731	910,441	4,382,040
813	1,865	—	60,381	733,197
—	—	—	14,443	38,245
—	7,895	—	—	7,895
—	456	—	1,276	16,787
56,758	—	—	989,634	1,203,999
4,992	—	—	94,917	219,463
916	—	—	55,778	563,209
<u>720,969</u>	<u>10,216</u>	<u>778,496</u>	<u>2,161,932</u>	<u>7,820,837</u>
749,245	131,584	806,790	2,889,696	10,579,395
<u>20,488</u>	<u>—</u>	<u>—</u>	<u>314,772</u>	<u>1,583,372</u>
336	4,839	460,596	1,796,918	6,536,682
88,322	—	135,093	652	541,674
—	—	—	85,788	937,131
5,132	—	—	2,582,205	4,945,908
(2,043)	11,708	(69,684)	(101,714)	5,414,240
<u>\$ 91,747</u>	<u>\$ 16,547</u>	<u>\$ 526,005</u>	<u>\$ 4,363,849</u>	<u>\$ 18,375,635</u>

COMMONWEALTH OF KENTUCKY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
June 30, 2024
(expressed in thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	University of Louisville	Kentucky Community and Technical College System	Kentucky Housing Corporation
Expenses:				
Operating and other expenses	\$ 6,190,755	\$ 3,875,722	\$ 632,331	\$ 325,791
Total Expenses	<u>6,190,755</u>	<u>3,875,722</u>	<u>632,331</u>	<u>325,791</u>
Program Revenues:				
Charges for services	5,464,731	3,348,037	111,592	85,573
Operating grants and contributions	630,087	140,891	135,858	258,359
Capital grants and contributions	382,656	—	—	—
Total Program Revenues	<u>6,477,474</u>	<u>3,488,928</u>	<u>247,450</u>	<u>343,932</u>
Net Program (Expense) Revenue	<u>286,719</u>	<u>(386,794)</u>	<u>(384,881)</u>	<u>18,141</u>
General Revenues:				
Unrestricted grants and contributions	199,885	337,860	405,124	—
Unrestricted investment earnings	158,221	153,572	28,298	—
Gain on sale of capital assets	—	—	—	—
Miscellaneous general	471,892	55,420	5,462	—
Transfers	—	(65,645)	100,715	—
Total General Revenues	<u>829,998</u>	<u>481,207</u>	<u>539,599</u>	<u>—</u>
Change in Net Position	<u>1,116,717</u>	<u>94,413</u>	<u>154,718</u>	<u>18,141</u>
Net Position at July 1, As Restated (Note 2)	7,479,371	2,979,392	1,066,602	468,133
Net Position at June 30	<u>\$ 8,596,088</u>	<u>\$ 3,073,805</u>	<u>\$ 1,221,320</u>	<u>\$ 486,274</u>

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

Authorities				
Kentucky Higher Education Student Loan Corporation	Kentucky Lottery Corporation	Kentucky Public Transportation Infrastructure Authority	Non-Major Component Units	All Component Units Totals June 30, 2024
\$ 13,159	\$ 1,695,618	\$ 14,421	\$ 2,001,693	\$ 14,749,490
<u>13,159</u>	<u>1,695,618</u>	<u>14,421</u>	<u>2,001,693</u>	<u>14,749,490</u>
28,423	2,097,891	75,659	796,299	12,008,205
—	—	—	610,141	1,775,336
—	—	—	6,778	389,434
<u>28,423</u>	<u>2,097,891</u>	<u>75,659</u>	<u>1,413,218</u>	<u>14,172,975</u>
<u>15,264</u>	<u>402,273</u>	<u>61,238</u>	<u>(588,475)</u>	<u>(576,515)</u>
—	—	1,922	652,196	1,596,987
—	2,958	(26,594)	134,594	451,049
—	111	—	(3,008)	(2,897)
—	(316)	—	113,264	645,722
—	(405,415)	—	33,388	(336,957)
<u>—</u>	<u>(402,662)</u>	<u>(24,672)</u>	<u>930,434</u>	<u>2,353,904</u>
<u>15,264</u>	<u>(389)</u>	<u>36,566</u>	<u>341,959</u>	<u>1,777,389</u>
76,483	16,936	489,439	4,021,890	16,598,246
<u>\$ 91,747</u>	<u>\$ 16,547</u>	<u>\$ 526,005</u>	<u>\$ 4,363,849</u>	<u>\$ 18,375,635</u>



NOTES TO 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 Colleges, Universities, 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 those that are legally separate. Organizations that are not legally separate are reported as part of the primary government. Organizations that are legally separate are reported as component units if the Commonwealth is financially accountable for the organization or when excluding the organization would result in misleading or incomplete financial statements.

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

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

Blended Component Units

The following legally separate organizations provide services entirely, or almost entirely, to the Commonwealth or exclusively, or almost exclusively, benefit the Commonwealth. Therefore, the balances and transactions of these organizations are reported as if they were part of the Commonwealth's primary government using the blending method.

Kentucky Public Pensions Authority (KPPA) (KRS 61.505)

KPPA administers the Kentucky Employees Retirement System (KRS), the County Employees Retirement System (CERS), 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 Commonwealth. 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, that 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 of Kentucky 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 Public 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 more than 900 participating employers. Employees of the Commonwealth, agencies, public school systems, universities, and 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) is a nonprofit corporation that was formed to finance the "Next Generation Kentucky Information Highway" project. Its purpose is to provide reliable, high-speed internet access across Kentucky, connect key public sites, and promote economic development. The board consists of three members appointed by the Governor.

Kentucky School Facilities Construction Commission (KRS 157.617)

The Kentucky School Facilities Construction Commission is an independent corporate agency and instrumentality of the Commonwealth. Its purpose is to assist local school districts in meeting the school construction needs in a manner that will ensure an equitable distribution of funds. The commission comprises one ex officio member and eight members appointed by the Governor.

Administrative Entities

The State Property and Buildings Commission, Kentucky Asset/Liabilities Commission, Kentucky Tobacco Settlement Trust Corporation, Kentucky Gas Pipeline Authority, and the Kentucky State Board of Agriculture are legally separate entities of an administrative nature. They are composed of elected and appointed officials from various state agencies, and have no cost associated with them; therefore, these entities are not presented separately.

State Property and Buildings Commission (KRS 56.450)

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

Kentucky Asset/Liability Commission (KRS 56.861)

The Kentucky Asset/Liability Commission is a public body corporate responsible for developing policies and strategies, based on a comprehensive view of the Commonwealth's finances, to minimize the impact of fluctuating revenue receipts and interest rates on the Commonwealth's interest-sensitive assets and liabilities. The commission comprises 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 is composed 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)

The Kentucky Gas Pipeline Authority is a body corporate and politic that provides 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 developments. The authority includes 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.

Kentucky State Board of Agriculture (KRS 246.120)

The Kentucky State Board of Agriculture 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 financial information of the discretely presented component units. These component units are legally separate entities that have a financial interdependence with the primary government or for which the primary government controls operations or the selection of board members. These component units are reported together in a separate column to reflect that they are legally separate, but their interdependence necessitates their inclusion in the reporting entity.

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

The Kentucky Public Transportation Infrastructure Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth. The authority reviews, approves, and monitors certain significant transportation projects in the Commonwealth and between the Commonwealth and other states. The authority may assist with the operation, financing, and management of these projects. It 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 Judge/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 is legally separate from the Commonwealth. It 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 and burden exists between the Commonwealth and the authority.

Kentucky Housing Corporation (KRS 198A.030)

The Kentucky Housing Corporation is a body corporate and politic that performs essential governmental and public functions to improve and promote the health and welfare of the citizens of the Commonwealth by producing residential housing in Kentucky. The board consists of five ex officio members and ten members appointed by the Governor. The Commonwealth may appoint, hire, reassign, or dismiss its management.

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 to improve and promote educational opportunities for citizens of the Commonwealth. It is governed by a board that is appointed by the Governor, as prescribed in KRS 164A.050. The Commonwealth provides operating support to the corporation, creating a financial benefit and burden relationship.

Bluegrass State Skills Corporation (KRS 154.12-205)

The Bluegrass State Skills Corporation improves and promotes employment opportunities for the Commonwealth's citizens by assisting the Kentucky Cabinet for Economic Development in creating and expanding programs offering skills, training, and education. The board consists of six ex officio members and twelve members appointed by the Governor. The Commonwealth has the ability to impose its will and there is a financial benefit and burden relationship.

Kentucky State Fair Board (KRS 247.090)

The Kentucky State Fair Board is a body corporate that accounts for the commercial operations of the State Fair Board. Three ex officio members and twelve members appointed by the Governor comprise the fifteen-member board. The Commonwealth has the ability to impose its will and there is a financial benefit and burden relationship.

Kentucky Center for the Arts Corporation (KRS 153.410)

The Kentucky Center for the Arts Corporation is a body corporate created by the General Assembly to promote the arts, convention trade, tourism, and hotel industries in 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 and 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, television facilities, and related functions. KET also produces and transmits educational television programs. The authority consists of nine members, five of which are appointed by the Governor. 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. The Kentucky Educational Television Foundation is a component unit of KET. 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 and 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 assists business enterprises in obtaining financial resources to promote the Commonwealth's long-term economic growth. The Kentucky Economic Development Partnership board appoints the five members of this authority. Component units of KEDFA 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 component unit financial statements are combined with those of the authority. Commonwealth funds may be used for operating support, creating a financial benefit and burden relationship.

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

KHEAA is a body corporate and politic that operates to improve higher-education opportunities by insuring eligible student loans. It is governed by a board 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 for the authority, creating a financial benefit and burden relationship.

Kentucky Council on Postsecondary Education (KRS 164.011)

The Kentucky Council on Postsecondary Education was established in 1997 under the direction of the Kentucky Postsecondary Education Improvement Act. The board consists of sixteen members, including thirteen citizens appointed by the Governor, one faculty member, one student, and the commissioner of education. The council coordinates improvements in Kentucky's postsecondary education system and strives to increase literacy, improve work-related skills, and increase college attendance and degree completion. The Commonwealth provides significant operating support to the council, creating a financial benefit and burden relationship.

Kentucky Infrastructure Authority (KRS 224A.030)

The Kentucky Infrastructure 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 and 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 citizens through the advancement of agriculture. The board 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 and 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 warehouse. The board 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 and burden relationship.

Kentucky Local Correctional Facilities Construction Authority (KRS 441.615)

The Kentucky Local Correctional Facilities Construction Authority is a body corporate and politic created to provide an additional, alternative method of constructing, reconstructing, improving or repairing, and financing jails and appurtenant facilities for local governments 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, creating a financial benefit and burden relationship.

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

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

Kentucky Lottery Corporation (KRS 154A.020)

The Kentucky Lottery Corporation is empowered by the Legislature to administer the Kentucky state lottery. The board is composed 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 and 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 and income that the foundation holds and invests is restricted by donors for Park activities. The foundation's fiscal year ended May 31, 2024, and amounts included are for the year then ended. The Commonwealth provides significant operating support to the foundation, creating a financial benefit and 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 authority guided the development, financing, and construction of the \$238 million arena. The authority's fiscal year ended December 31, 2023, and amounts included are for the year then ended. The Governor appoints a majority of the board and the tax increment financing (TIF) arrangement creates a financial benefit and burden relationship with the Commonwealth.

Colleges, Universities, 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 and 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 characterized by their use of taxes, intergovernmental revenues, and other non-exchange revenues as funding sources. Business-type revenues arise from fees charged to external parties for goods or services. Fiduciary funds and their component units are not included in government-wide financial statements because their funds are not available to support government programs.

Government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting in which revenues are recognized when earned and expenses are recorded when incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues after provider-imposed eligibility requirements have been met.

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

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

When restricted and unrestricted assets are available for a particular purpose, the Commonwealth uses restricted assets first, since unrestricted funds may be used for any purpose and provide for more 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.

Assets shown as restricted for "other purposes" for Business-Type Activities and Major Component Units are as follows:

Restricted Net Position For Other Purposes
(expressed in thousands)

	Business-Type Activities	Major Component Units
Loans	\$ —	\$ 24,750
Education	—	248,444
Instruction	—	181,342
Scholarships and Fellowships	—	785,346
Research	—	1,123,821
Insurance Administration Claims	12,433	—
Unemployment Benefits Claims	1,269,879	—
Total	\$ 1,282,312	\$ 2,363,703

A significant feature of the government-wide Statement of Activities is the presentation of each program's net cost. Net cost of a program indicates program sustainability and reveals the extent of reliance on other governmental units. Net cost is calculated by subtracting program expenses from program revenues. Program expenses are costs attributable to a particular function, including certain indirect costs. Generally accepted accounting principles permit 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 arising from program activities or from parties outside the government.

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. Sales and gross receipts tax for governmental activities include various taxes that are computed using sales price or gross receipts of the reporting entity. For fiscal year 2024, total sales and gross receipts tax reported in the government-wide statements was \$9,014,249,000 and comprised:

Sales and Gross Receipts Tax
(expressed in thousands)

Sales and Use Tax	\$ 5,943,238
Motor Fuels Tax	844,943
Motor Vehicles Usage Tax	738,829
Healthcare Provider Tax	265,156
Tobacco Products Tax	273,428
Insurance Premiums Tax	235,760
Limited Liability Entity Tax	326,257
Alcoholic Beverage Tax	195,778
Telecommunications Tax	74,336
Parimutuel and Race Track Admission Tax	64,669
Sports Wagering Excise Tax	32,302
Transient Room Tax	19,385
Electric Vehicle Power Excise and Surtax	168
Total Sales and Gross Receipts Tax	\$ 9,014,249

D. Fund Financial Statements

Primary Government – The accompanying financial statements are structured into three fund categories: governmental funds, proprietary funds, and fiduciary funds. Funds are classified as 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 for all funds of that fund category 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

Governmental funds are accounted for on the modified accrual basis of accounting and focus on the flow of current financial resources. Revenues are recognized when are measurable and available to finance expenditures of the fiscal period. Revenues are considered to be available when they are collected in the current period or when collection is expected shortly after the end of the current period in time to meet current liabilities. The Commonwealth includes those revenues to be received up to thirty days following the end of the fiscal year. Revenues expected to be collected more than thirty days after 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 tax, and interest income. Motor vehicle registration fees, fines, and forfeitures are accounted for on the cash basis. 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 recorded at the time liabilities are incurred. Exceptions include inventories, prepayments, and acquisition of capital assets which are recorded at the time of acquisition; and principal and interest on long-term debt and compensated absences which are recorded as expenditures when paid.

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 major capital projects that are restricted or committed to expenditures for a specific purposes. The Commonwealth’s Special Revenue Funds include the Transportation Fund, the Federal Fund, and the 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 that are restricted, committed, or assigned to expenditures for the repayment of general long-term obligations of principal, 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 describes decreases in economic benefits and emphasizes the accrual basis of accounting. Proprietary funds categorize revenues and expenses as operating and nonoperating. Operating revenues and expenses are resources gained and consumed to produce and deliver goods and services that are central to the purpose of a fund. Other revenues and expenses are classified as nonoperating. Operating and nonoperating expenses are further characterized by object, such as personnel services, depreciation expense, and travel expense.

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

State Parks Fund – a major fund that accounts for the commercial operations of the Department of Parks.

Kentucky Horse Park Fund – a major fund that accounts for 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, the Self-Insurance Fund, the Petroleum Storage Tank Environmental Assurance Program, the Mine Subsidence Insurance Program, and the Kentucky Reclamation Guaranty Program.

Kentucky Public Employees Health Plan – a major fund that accounts for the revenues earned 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 goods and services provided by one agency of the Commonwealth primarily to other agencies or governments on a cost-reimbursement basis. Since internal service funds exist to support governmental activities, they are included as governmental activities and reported in the government-wide statements, rather than presented separately. Specific activities reported as Internal Service Funds include:

- Management/maintenance of State motor vehicle fleet
- Industrial prison operations
- Rental and maintenance operations for buildings
- Computer and related data processing services
- Printing services
- Fire and tornado insurance programs
- State workers’ compensation program
- Transportation Cabinet self-insured workers’ compensation trust program

Fiduciary Funds

Fiduciary funds report assets held in a trustee or agency capacity for others and cannot be used to support government programs. The Commonwealth’s fiduciary fund types consist of the following:

Pension and Other Postemployment Benefit Trust Funds – account for the activities of the Commonwealth of Kentucky and Local Retirement Systems, which accumulate resources for pension and other postemployment benefit payments to qualified public employees. Specific activities in the Pension and Other Postemployment Benefit Trust Funds include:

- Kentucky Employees’ Retirement System
- County Employees’ Retirement System
- State Police Retirement System
- Kentucky Teachers’ Retirement System
- Judicial Form Retirement System (Judicial and Legislators’ Retirement Plan)
- Kentucky Public Employees’ Deferred Compensation Authority

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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 Postemployment Benefit Funds or Investment Trust Funds. Specific activities in the Private Purpose Trust Funds include:

- Special Deposit Trusts holding monies for specific purposes.
- 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 include 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 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 its general fund. During fiscal year 2024, the Commonwealth provided \$337,008,000 to the University of Kentucky, \$195,060,000 to the Kentucky Community and Technical College System, \$151,818,000 to the University of Louisville, and \$377,716,000 to the Kentucky Higher Education Assistance Authority. The Commonwealth contributed capital in the amount of \$7,074,000 to the Kentucky Public Transportation Infrastructure Authority. In addition, the Commonwealth received \$404,441,000 in proceeds from the Kentucky Lottery Corporation.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts held in bank accounts, cash on hand, imprest cash, and short-term investments with an original maturity of ninety days or less. Cash equivalents are stated at cost which approximates market value. Cash equivalents included in the Deferred Compensation Plan are stated at fair value. Short-term investments classified as cash equivalents at June 30, 2024 are \$8,633,709,000.

G. Investments

Investments include long-term investments and investments held in the Deferred Compensation Plan. Investments are stated 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. Receivables are not recorded for some governmental fund revenues, including licenses, fees, permits, and similar revenues that are recognized on the cash basis. Receivables in all other funds arise in the ordinary course of business. Receivables in 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. Transfers are recorded when a fund that received resources gives them to another fund that, in turn, expends the resources.

The composition of the interfund transactions is presented in [Note 7](#). Most interfund activity is eliminated at the entity-wide level to prevent duplication of transactions so that revenues and expenses are only reported once.

Transfers and receivables and payables between governmental activities and business-type activities are not eliminated. In addition, activity between different functional categories is not eliminated. For example, services provided and used are not eliminated because doing so would misstate the expenses of the 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, 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 are established for the inventory balances for governmental funds. Inventories in the proprietary funds and trust funds consist of both expendable supplies and the cost of goods held for resale, which are recorded as an expense when used.

Inventories are valued at cost using the first-in, first-out or the average cost method. 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

Capital assets include real property, equipment, intangible assets, and infrastructure (e.g., roads, bridges, sidewalks). 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 financial statements of governmental funds and similar trust funds.

Capital assets are recognized 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 for software, which is capitalized when the cost is \$500,000 or more. Component units establish their own capitalization policies and those policies may vary from those of the primary government.

The Kentucky Historical Society, the Kentucky Horse Park, and the Kentucky Department of Parks hold and care for the Commonwealth’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 military artifacts; books, manuscripts, and photographs; musical instruments from Kentucky’s legendary musicians; Native American artifacts; and fossilized bones and prehistoric artifacts. Historical treasures are not capitalized or depreciated since they cannot be valued and have inexhaustible useful lives.

The primary government records 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 is based on appraised value as of June 30, 1986, indexed to the date of acquisition.

Assets are depreciated using the straight-line method over their estimated useful lives. The table below shows the estimated useful life by asset type for the primary government. Infrastructure assets are not depreciated, as the Commonwealth uses 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 they effect an increase in capacity and efficiency of the asset.

<u>Asset Type</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

L. Governmental Fund Equity

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

Nonspendable – Represents resources that are not in spendable form and, therefore, cannot be appropriated or are legally or contractually required to remain intact. Nonspendable fund equity includes inventories, prepaid expenses, long-term notes, loans receivable, and any funds which are legally or contractually required to remain intact.

Spendable – The spendable-restricted category represents resources that can be spent only for the specific purposes as established by agreements external to state government, including 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.

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The spendable-committed category represents resources that have been designated for specific purposes through legislation passed by the General Assembly and approved by the Governor. The designation placed on spendable-committed resources is not enforceable by external parties, and it may be removed in much the same way as it was originally established. Spendable-committed funds include current legally enforceable restrictions of previously levied revenue sources.

The spendable-assigned 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.

The spendable-unassigned category represents the residual fund balance of the general fund. In all other funds, the unassigned classification represents 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 with different spendable classifications are combined in one account the assumed order of spending is restricted first, committed second, and assigned third.

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

The functional categories are responsible for various activities described below:

General Government – is composed of one Cabinet and several Departments and Offices that support agencies throughout state government. General government activities include providing centralized fiscal management, serving the administrative needs of state agencies, operating the state taxing process, providing technology support, and providing a statewide audit function. General government activities also include Boards and Commissions that certify, license, and regulate professional groups (e.g., State Board of Accountancy).

Legislative and Judicial – is composed of the Legislative and Judicial Branches of government. The Judicial Branch handles all legal disputes affecting the citizens of the Commonwealth from capital offenses and felonies to land disputes and termination of parental rights. The Legislative Branch consists of thirty-eight (38) Senators and one-hundred (100) Representatives. It exists to make laws, to determine the duties and services of government and to provide for their execution, to levy taxes, and to appropriate funds for government operations.

Commerce – includes the Tourism, Arts and Heritage Cabinet and the Cabinet for Economic Development. The Commerce function focuses on tourism development, supporting arts and heritage, 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 Kentuckians from preschoolers to senior citizens. This area also assists employers in finding qualified applicants and job seekers in finding 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 in achieving their career goals; offers educational assistance, job training, job placement, and assistive technology to Kentuckians with visual disabilities; and compiles and disseminates 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 services include 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 for statewide criminal justice reform.

Natural Resources and Environmental Protection – is responsible for ensuring that activities, such as agriculture, oil and gas drilling, and mining, are performed in an environmentally responsible manner; supporting statewide efforts for developing alternative energy resources and carbon sequestration opportunities; ensuring that Kentucky’s natural resources are protected, managed, and enhanced to provide maximum benefits to the Commonwealth and its citizens; and ensuring that 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 include ensuring that Kentucky has clean air and safe water, protecting human health by enhancing Kentucky’s land resources, ensuring environmental compliance, assisting 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. Their functions include managing more than 27,707 miles of highways, including roughly 22,382 miles of secondary roads, 3,909 miles of primary roads, and more than 1,416 interstate and parkway miles; providing direction and financial assistance for 58 public-use general aviation airports; and overseeing motor vehicle and driver licensure for more than three million drivers in the Commonwealth.

Budget Reserve Trust Fund - KRS 48.705 established a budget reserve trust fund account within the general fund. Within thirty days of the Commonwealth’s fiscal year end, deposits are required to be made at the lesser of: (1) fifty percent (50%) of the general fund surplus or (2) 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. Funds in this account may be appropriated by the General Assembly. The budget reserve trust fund had a balance of \$5,226,410,000 on June 30, 2024.



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Constraints on Fund Balance

(expressed in thousands)

	Major Special Revenue Funds			
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund
Fund Balances:				
Nonspendable:				
Inventories	\$ 6,615	\$ 72,525	\$ 1,381	\$ 4,983
Restricted for:				
Government Administration	—	—	—	183,944
Legislative and Judicial	—	—	—	51,508
Commerce	—	—	—	142,187
Education	—	—	—	59,991
Health and Human Services	—	—	—	369,708
Environmental and Natural Resources	—	—	—	32,805
Justice	—	—	—	172,474
Public Protection	—	—	—	373,917
Transportation	—	645,826	—	104,323
Debt Service	—	—	—	
Committed to:				
Government Administration	—	—	—	99,017
Education	—	—	—	39,106
Commerce	—	—	—	—
Environmental and Natural Resources	—	—	—	1,285
Justice	—	—	—	2,192
Health and Human Services	—	—	—	103,992
Transportation	—	—	—	68,318
Assigned to:				
Government Administration	92,008	—	—	8,246
Legislative and Judicial	67,961	—	—	3,094
Commerce	278,327	—	—	323
Education	37,047	—	—	4,531
Health and Human Services	—	—	—	3,118
Environmental and Natural Resources	—	—	—	696
Justice	5,032	—	—	6,675
Public Protection	2,354	—	—	7,012
Transportation	267,303	—	—	(6)
Unassigned	5,950,287	—	(179,979)	—
Total Fund Balances	\$ 6,706,934	\$ 718,351	\$ (178,598)	\$ 1,843,439

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<u>Capital Projects</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u>
\$ —	\$ —	\$ 85,504
	—	183,944
	—	51,508
	—	142,187
	—	59,991
	—	369,708
	—	32,805
	—	172,474
	—	373,917
	—	750,149
	12,886	12,886
	—	99,017
	—	39,106
	—	—
	—	1,285
	—	2,192
	—	103,992
	—	68,318
426,664	—	526,918
56,008	—	127,063
208,003	—	486,653
61,906	—	103,484
24,092	—	27,210
33,675	—	34,371
37,095	—	48,802
—	—	9,366
63,772	—	331,069
—	—	5,770,308
<u>\$ 911,215</u>	<u>\$ 12,886</u>	<u>\$ 10,014,227</u>

M. Deferred Outflows and Deferred Inflows

GASB Statement No. 63 provides financial reporting guidance related to deferred outflows of resources (consumption of net assets applicable to a future reporting period) and deferred inflows of resources (acquisition of net assets applicable to a future reporting period). GASB Statements No. 68, No. 71, and No. 75 provide financial reporting guidance about deferred outflows of resources and deferred inflows of resources for pension and OPEB transactions.

N. Long-Term Obligations

Long-term liabilities of the governmental funds are presented in the Governmental Activities column of the government-wide Statement of Net Position and include the following:

1. Payments of principal on revenue bonds which are recorded as expenditures in the Debt Service Fund.
2. Compensated absences which are recorded as the cost of annual and compensatory leave. The amount accruing to proprietary funds and pension trust funds is reported in the respective funds, if material. Depending on length of service by employee, annual leave accumulates at 7.5 to 16.0 hours per month with a maximum accumulation that ranges from 30 to 60 days per calendar year. Compensatory leave accumulates on an hour-for-hour basis for authorized employees. The estimated liabilities for annual and compensatory leave are summarized in [Note 17](#). Sick leave for the Primary Government is earned at a rate of one day per month with unlimited accumulation. Sick leave balances, measured in months, are added to service credit for qualifying retiring employees. Sick leave is expensed when paid and no liability is recorded for unpaid, accumulated sick leave, however, the estimated contingency is disclosed in Note 17. The component units have varying policies for compensated absences. Information regarding these policies is available in the audited financial statements of each component unit.
3. Lease obligations and subscription liabilities for governmental funds.
4. Judgments and contingent liabilities of governmental funds that will be paid with noncurrent resources.
5. Long-term liabilities of internal service funds generally exclude expenditures for compensated absences, judgments, contingencies, and employer pension contributions in the governmental funds since these amounts are liquidated with expendable available financial resources. Long-term liabilities of proprietary funds and pension trust funds are reported in their individual fund statements. Long-term liabilities of enterprise and internal service funds are presented in the government-wide statement of net position as a single total in the business-type activities and governmental activities columns, respectively. Long-term liabilities of fiduciary funds are not displayed on the government-wide statement of net position.

O. Conduit Debt

Conduit debt may include 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.

Since the Commonwealth is not legally, morally, or in any other way responsible for the repayment of conduit debt, this debt, and related assets, are not included in the financial statements of the Commonwealth, in accordance with generally accepted accounting principles. As of June 30, 2024, the Commonwealth had \$1,927,418,054 of conduit debt, which includes the outstanding bond balance of the Kentucky Economic Development Finance Authority of \$1,926,765,000 and the Kentucky Housing Corporation of \$653,054, the proceeds of which are used to promote the purposes set forth in KRS 103.200 and 103.210.

P. Pensions

The Commonwealth 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 System's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, fiduciary net position, and additions to/deductions from 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.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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Q. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the System’s net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments are recognized 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, 2024, the Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Commonwealth.

1. Statement No. 101, “Compensated Absences.” The requirements of this Statement will take effect for financial statements beginning after December 15, 2023 (fiscal year 2025).
2. Statement No. 102, “Certain Risk Disclosures.” The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 (fiscal year 2025).
3. Statement No. 103, “Financial Reporting Model Improvements.” The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026).
4. Statement No. 104, “Disclosure of Certain Capital Assets.” The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026).

Note 2

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

During fiscal year 2024, 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, 2023	Changes to or within the Financial Reporting Entity	Change in Accounting Principle	Change in Accounting Estimate	Error Correction	June 30, 2023	Footnote Reference
	As Previously Reported					As Restated	
Proprietary Funds and Business-Type Activities							
Kentucky Horse Park	\$ 77,908	\$ —	\$ —	\$ —	\$ 938	\$ 78,846	1
Total Proprietary Funds Being Restated	\$ 1,144,831	\$ —	\$ —	\$ —	\$ 938	\$ 1,145,769	
Fiduciary Funds							
Pension and Other Post Employment Benefit Trust Funds	\$ 55,725,961	\$ —	\$ —	\$ —	\$ 5,386	\$ 55,731,347	2
Total Fiduciary Funds Being Restated	\$ 56,295,865	\$ —	\$ —	\$ —	\$ 5,386	\$ 56,301,251	
Component Units							
Non-Major Component Units:							
Kentucky Center for the Arts	51,558	—	—	—	(211)	51,347	3
Kentucky State University	17,884	—	—	—	(8,560)	9,324	4
Total Component Units Being Restated	\$ 4,724,628	\$ —	\$ —	\$ —	\$ (8,560)	\$ 4,716,068	

1. The Kentucky Horse Park corrected an error relating to accounts receivable.
2. An error relating to other postemployment benefit plans for Kentucky Employees’ Retirement System - Non-Hazardous plan, County Employees’ Retirement System, State Police Retirement System, Kentucky Teachers’ Retirement System, and the Legislators’ Retirement Plan.
3. The Kentucky Center for the Arts corrected an error by recording previously excluded assets.
4. Kentucky State University amounts are the fiscal year 2021 audited statements. Fiscal year 2024, 2023, and 2022 were not available at issuance.

Note 3

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. **Federal Fund** – The Federal Fund has a net position deficit of \$178,598,000. 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 \$20,899,000. 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 \$148,056,000. 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 \$67,763,000. 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 \$4,095,000. The deficit is the result of competitive pressure from other state agencies and outside printing sources. Central Printing is unable to develop billing rates that would cover their costs, resulting in a negative fund balance.

The Risk Management Fund has a net position deficit of \$245,691,000. 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.

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, 2024. 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 include taxes owed to the Commonwealth of Kentucky that are uncollected as of June 30, 2024. All receivables are reported net of an Allowance for Uncollectibles to reflect the estimated collectible 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	Business-Type	Total Primary
	Major Funds	Non-major Funds	Internal Service Funds	Governmental Activities	Activities Major Funds	
Current Payables						
Personal services	\$ 104,058	\$ 911	\$ 7,864	\$ 112,833	\$ 50,498	\$ 163,331
Utilities, rental, and other services	20,884	243	7,237	28,364	2,247	30,611
Commodities and supplies	10,109	364	6,855	17,328	3,072	20,400
Claims	67	—	2,400	2,467	519	2,986
Grants and subsidies	864,014	33,120	10	897,144	46,105	943,249
Capital outlay	11,712	2,637	—	14,349	—	14,349
Travel	970	22	9	1,001	28	1,029
Judgements	2,805	1	12	2,818	—	2,818
Interest Payable	74,858	440	829	76,127	30	76,157
Other	159,119	1,684	7,853	168,656	5,202	173,858
Total Current Payables	<u>\$ 1,248,596</u>	<u>\$ 39,422</u>	<u>\$ 33,069</u>	<u>\$ 1,321,087</u>	<u>\$ 107,701</u>	<u>\$ 1,428,788</u>
Current Receivables						
Charges for services	\$ 116,785	\$ 92,973	\$ 617	\$ 210,375	\$ 205,895	\$ 416,270
Taxes receivable	3,466,936	74,814	—	3,541,750	1,262	3,543,012
Investment receivable	103,838	11,038	—	114,876	1,345	116,221
Intergovernmental revenue	1,209,705	—	—	1,209,705	34,890	1,244,595
Other	142,150	43,665	14	185,829	378,128	563,957
Allowances for uncollectibles	(1,695,327)	(84,023)	—	(1,779,350)	(40,130)	(1,819,480)
Total Current Receivables	<u>\$ 3,344,087</u>	<u>\$ 138,467</u>	<u>\$ 631</u>	<u>\$ 3,483,185</u>	<u>\$ 581,390</u>	<u>\$ 4,064,575</u>

Taxes Receivable
(expressed in thousands)

	Governmental Activities		Business Type	Total Primary
	Major Funds	Non-Major Funds	Activities Major Funds	
Current Taxes Receivable				
Sales and gross receipts	\$ 1,789,307	\$ 2,357	\$ 1,262	\$ 1,792,926
Individual income	1,045,753	—	—	1,045,753
Corporate	388,344	588	—	388,932
Property	175,729	—	—	175,729
License and privilege	7,165	2,925	—	10,090
Coal severance	17,946	5,256	—	23,202
Inheritance and estate	17,548	—	—	17,548
Miscellaneous	25,144	63,688	—	88,832
Total Current Taxes Receivable	<u>\$ 3,466,936</u>	<u>\$ 74,814</u>	<u>\$ 1,262</u>	<u>\$ 3,543,012</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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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 reported in the following table:

Future debt service payments for notes receivable
(expressed in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,050	\$ 4,940	\$ 11,990
2026	7,180	4,660	11,840
2027	7,525	4,323	11,848
2028	7,865	3,977	11,842
2029	8,235	3,611	11,846
2030-2034	46,320	12,271	58,591
2035-2039	31,280	2,370	33,650
Total notes receivable	<u>\$ 115,455</u>	<u>\$ 36,152</u>	<u>\$ 151,607</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, pension plans and certain Component Units are permitted to purchase common stocks, corporate bonds, 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 \$2,574,737,000 and the bank balance was \$2,574,737,000. 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 - The 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, 2024, 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, 2024, are presented on the next page. All investments are presented by investment type.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Cash And Investments By Type

Primary Government

(expressed in thousands)

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,414,707	\$ 1,414,707
Cash with Fiscal Agents	159,025	159,025
Cash with Federal Government	1,001,005	1,001,005
Total Cash	<u>\$ 2,574,737</u>	<u>\$ 2,574,737</u>

Investments Managed Based Upon Duration

Debt Securities

	<u>Fair Value</u>	<u>Effective Duration</u>
Cash Equivalents	\$ 691,437	0.04
Fixed Income Mutual Funds	2,443,875	0.11
U.S. Government & Agency Obligations	8,926,100	0.45
Mortgage-Backed Securities	35,292	2.51
Corporate Obligations	170,472	1.35
Asset Backed Securities	108,866	1.69
Total Debt Securities	<u>12,376,042</u>	
Portfolio Effective Weighted Duration		<u>0.39</u>

Other Investments

Fixed Income Mutual Funds	46,471
Common Stock	790
Total Other Investments	<u>47,261</u>
Total Investments	<u>\$ 12,423,303</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, 2024, and the ratings are presented on the next page.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Investments and Credit Ratings

Primary Government

(expressed in thousands)

	Standard & Poor's/Moody's Credit Ratings						Total Fair Value of Investments
	AAA/Aaa	AA/Aa	A	BBB/	Unrated	NA	
Cash Equivalents	\$ —	\$ —	\$ 120,946	\$ —	\$ 570,490	\$ —	\$ 691,436
Fixed Income Mutual Funds	2,443,875	—	—	—	—	46,471	2,490,346
U.S. Government & Agency Obligations	—	8,926,100	—	—	—	—	8,926,100
Mortgage-Backed Securities	—	35,292	—	—	—	—	35,292
Corporate Obligations	—	42,692	127,781	—	—	—	170,473
Common Stock	—	—	—	—	—	790	790
Asset Backed Securities	108,866	—	—	—	—	—	108,866
	<u>\$ 2,552,741</u>	<u>\$ 9,004,084</u>	<u>\$ 248,727</u>	<u>\$ —</u>	<u>\$ 570,490</u>	<u>\$ 47,261</u>	<u>\$ 12,423,303</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, 2024, 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, 2024 and 2023, 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, 2024

The primary government's, excluding the pension and OPEB trust funds, has the following valuation measurements, by type, as of June 30, 2024.

Fair Value Measurements and Techniques

Primary Government

(expressed in thousands)

	Fair Value Measurement Using				Amortized or Historical Cost
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments					
Cash Equivalents	\$ 691,437	\$ 691,437	\$ —	\$ —	\$ —
U.S. Agencies/Treasuries	8,926,100	8,926,100	—	—	—
Fixed Income Mutual Funds	2,443,875	—	2,443,875	—	46,471
Mortgage Backed Securities	35,292	—	35,292	—	—
Corporate Debt	170,472	—	170,472	—	—
Asset Backed Securities	108,866	—	108,866	—	—
Common Stock	—	—	—	—	790
Total Investments	\$ 12,376,042	\$ 9,617,537	\$ 2,758,505	\$ —	\$ 47,261

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 \$443,830,000 and the bank balance was \$475,430,000.

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, 2024, are presented on the following page. All investments are presented by investment type.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Cash and Investments by Type
Pension and OPEB Trust Funds
(expressed in thousands)

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 443,830	\$ 475,430
Total Cash	<u>\$ 443,830</u>	<u>\$ 475,430</u>

II. Investments:

Investments Managed Based On Maturities

Debt Securities	<u>Fair Value</u>	<u>< 1 year</u>	<u>1-5 Years</u>	<u>6-15 Years</u>	<u>16-30 Years</u>
U.S. Government & Agency Obligations	\$ 1,522,466	\$ 8,970	\$ 23,794	\$ 1,290,474	\$ 199,228
Corporate Obligations	1,639,554	1,691	97,470	1,540,393	—
Mortgage-Backed Securities	268,741	—	—	3,228	265,513
Asset-Backed Securities	50,756	—	—	—	50,756
Municipal Obligations	263,335	—	—	263,335	—
Other	82,937	—	—	—	82,937
Total Debt Securities	<u>\$ 3,827,789</u>	<u>\$ 10,661</u>	<u>\$ 121,264</u>	<u>\$ 3,097,430</u>	<u>\$ 598,434</u>

Investments Managed Based Upon Duration

Debt Securities	<u>Fair Value</u>	<u>Modified</u>	<u>Macaulay</u>
Cash Equivalents	\$ 455,791	3.27	—
Fixed Income Mutual Funds	6,584	2.56	—
U.S. Government & Agency Obligations	940,154	7.25	—
Mortgage-Backed Securities	674,802	5.02	—
Corporate Obligations	1,569,599	4.46	—
Asset Backed Securities	200,643	2.62	—
Municipal Obligations	58,469	8.16	—
Mortgage Loans	53,128	3.59	—
Guaranteed Investment Contracts\Annuities	643,281	—	3.10
Other	4,887,991	0.08	—
Total Debt Securities	<u>\$ 9,490,442</u>		
Portfolio Weighted Modified Duration		<u>1.83</u>	
Portfolio Weighted Macaulay Duration			<u>3.10</u>

Other Investments

Cash Equivalents	\$ 1,759,006
Fixed Income Mutual Funds	4,521
Corporate Obligations	1,516,502
Common Stock	33,973,133
Pooled Investments	14,440
Limited Partnerships	2,827,030
Real Estate	3,296,691
Securities Lending	651,227
Other Investments	4,267,062
Total Other Investments	<u>\$ 48,309,612</u>

Total Investments	<u>\$ 61,627,843</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, 2024, and the ratings are presented in the following table.

Investments and Credit Ratings	
Pension and OPEB Trust Funds	
(expressed in thousands)	
Quality Rating	Amount
AAA	\$ 1,014,315
AA+	12,980
AA	994,781
AA-	20,176
A+	57,035
A	750,466
A-	133,496
BBB+	176,656
BBB	756,933
BBB-	225,190
BB+	169,151
BB	233,475
BB-	222,079
B+	159,154
B	205,405
B-	157,395
CCC+	69,411
CCC	20,362
CCC-	3,788
CC	—
D	639
NR	5,074,286
Total Credit Risk Debt Securities	<u>\$ 10,457,173</u>
Cash Equivalents	\$ 1,759,006
U.S. Government & Agencies	2,861,058
Fixed Income Mutual Funds	4,521
Corporate Obligations	1,516,502
Common Stock	33,973,133
Limited Partnerships	2,841,470
Real Estate	3,296,691
Securities Lending	651,227
Other	4,267,062
Total Investments	<u><u>\$ 61,627,843</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, 2024.

<u>Asset Description</u>	<u>Amount</u>
Fixed Contract Fund	\$ 643,281
Vanguard Institutional Index fund	955,923
Fidelity Growth Co	688,051
T Rowe Price Mid C	401,495
Vanguard Wellington	325,371
Vanguard Ext Market	173,804

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, 2024, 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)

Foreign Currency	Short Term	Equity	Debt	None Designated	Total
American Funds Euro Pacific Growth Fund	\$ —	\$ 148,661	\$ —	\$ —	\$ 148,661
Argentine Peso	—	—	781	—	781
Australian Dollar	29,583	263,638	5,164	—	298,385
Bermudian Dollar	—	18,968	11,615	—	30,583
Brazilian Real	23,813	142,315	359	—	166,487
British Pound Sterling	(56,399)	1,042,335	37,203	—	1,023,139
Canadian Dollar	14,964	343,626	76,060	—	434,650
Cayman Islands Dollar	—	45,170	43,442	—	88,612
Chilean Peso	12,062	12,919	—	—	24,981
Chinese R Yuan HK	(31,328)	260,680	1,255	—	230,607
Chinese Yuan Renminbi	—	—	—	—	—
Columbian Peso	9,440	620	—	—	10,060
Czech Koruna	—	962	—	—	962
Danish Krone	13,322	261,287	204	—	274,813
Dodge & Cox International Stock Fund	—	107,454	—	—	107,454
Egyptian Pound	—	1,516	—	—	1,516
Euro	(74,507)	3,097,144	66,179	—	3,088,816
Gibraltar Pound	—	—	1,891	—	1,891
Guernsey Pound	—	19,253	—	—	19,253
Hong Kong Dollar	14,281	343,286	—	—	357,567
Hungarian Forint	—	16,443	—	—	16,443
Indian Rupee	(5,576)	274,613	—	—	269,037
Indonesian Rupiah	—	77,623	—	—	77,623
Israeli New Shekel	3,562	16,387	612	—	20,561
Japanese Yen	44,223	1,184,580	5,094	—	1,233,897
Jersey Pound	—	28,505	4,133	—	32,638
Korean Won	5,949	169,667	—	—	175,616
Kuwaiti Dinar	—	2,957	—	—	2,957
Liberian Dollar	—	27,601	6,417	—	34,018
Malaysian Ringgit	3,489	10,214	—	—	13,703
Mexican Peso	(12,881)	100,216	1,933	—	89,268
Netherlands Antillean Guilder	—	28,553	—	—	28,553
New Taiwan Dollar	—	154,166	—	—	154,166
New Zealand Dollar	2,951	(5,742)	—	—	(2,791)
Norwegian Krone	64,318	61,090	—	—	125,408
Panamanian Balboa	—	1,524	5,854	—	7,378
Philippine Peso	1,370	8,149	284	—	9,803
Polish Zloty	—	4,005	4,354	—	8,359
Qatari Rial	—	2,970	—	—	2,970
Saudi Riyal	—	14,996	—	—	14,996
Singapore Dollar	10,537	42,716	247	—	53,500
South African Rand	11,086	82,524	—	—	93,610
South Korean Won	—	115,666	—	—	115,666
Swedish Krona	20,951	155,315	—	—	176,266
Swiss Franc	(46,772)	544,269	1,561	—	499,058
Taiwan Dollar	(3,687)	220,584	—	—	216,897
Thai Bhat	5,347	35,897	—	—	41,244
Turkish Lira	—	17,040	772	—	17,812
UAE Dirham	—	9,096	—	—	9,096
Various	1,701	87	(5)	—	1,783
Total Securities Subject To Foreign Currency Risk	61,799	9,511,545	275,409	—	9,848,753
USD (Securities Held By Intl Investment Mgrs)	—	—	—	—	—
Total International Investment Securities	\$ 61,799	\$ 9,511,545	\$ 275,409	\$ —	\$ 9,848,753

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, 2024, 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, 2024. 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, 2024. More detail on the valuation measurements may be found in the audited financial statements of each retirement system.

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Fair Value Measurements and Techniques
Pension and OPEB Trust Funds
(expressed in thousands)

	Total Fair Value	Fair Value Measurement Using			Amortized or Historical Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Agencies/Treasuries	\$ 2,976,363	\$ 2,105,409	\$ 870,954	\$ —	\$ —
Guaranteed investment contracts	—	—	—	—	643,281
Cash Equivalents	1,405,005	782,732	204,103	418,170	492,778
Mortgage Backed Securities	268,741	—	268,741	—	—
Corporate Debt	13,444,542	8,726,430	4,320,052	398,060	—
State and Municipal Obligations	407,554	—	407,554	—	—
Asset Backed Securities	224,916	—	224,916	—	—
Real Estate	464,288	64,403	—	399,885	1,354,908
Common Stock	26,645,994	24,101,965	2,544,029	—	3,072,379
Mortgages	82,937	—	82,937	—	—
Securities Lending	—	—	—	—	651,227
Other:	4,895,867	4,400,472	3,404	491,991	4,597,063
Total Investments	\$ 50,816,207	\$ 40,181,411	\$ 8,926,690	\$ 1,708,106	\$ 10,811,636

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 \$3,223,760,000 and bank balance was \$872,829,000.

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, 2024.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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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;	\$	113,673
b) collateralized with securities held by the pledging financial institution; or		126,235
c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Commonwealth's name.		—

Total Deposits Subject To Custodial Credit Risk	\$	239,908
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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	\$	1,581,416
(b) the counterparty's trust department or agent but not in the Commonwealth's name.		72,393

Total Non-Current Cash And Investments Subject To Custodial Credit Risk	\$	1,653,809
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Investment Types:

	Type A (counterparty)	Type B (trust or agent)
Debt Securities		
Fixed Income Mutual Funds	\$ 272,467	\$ —
Limited Partnerships	665,493	—
Corporate Obligations	76,224	—
U.S. Government & Agency Obligations	278,667	—
Mortgage Backed Securities	21,759	—
Municipal Obligations	43,993	—
Other	154,495	—
Total Debt Securities	\$ 1,513,098	\$ —
Other Investments		
Common Stock	\$ 45,481	\$ —
Funds Held In Trust By Others	—	72,393
Other Various	22,837	—
Total Other Investments	\$ 68,318	\$ 72,393
Total Type A	\$ 1,581,416	Total Type B \$ 72,393
Total Non-Current Cash And Investments Subject To Custodial Credit Risk	\$	1,653,809

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
Notes to the Financial Statements
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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, 2024.

Cash And Investments By Type
Discretely Presented Major Component Units
(expressed in thousands)

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,163,583	\$ 761,147
Money Market	505,225	112,709
Other	1,554,952	(1,027)
Total Cash	<u>\$ 3,223,760</u>	<u>\$ 872,829</u>

II. Investments

Investments Managed Based On Maturities

Debt Securities

	<u>Fair Value</u>	<u>< 1 year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>> 10 Years</u>
Cash Equivalents	\$ 189,132	\$ 189,132	\$ —	\$ —	\$ —
Fixed Income Mutual Funds	201,270	91,220	105,377	4,653	20
U.S. Government & Agency Obligations	105,694	30,522	75,172	—	—
Guaranteed Investment Contracts/Annuities	30,195	12,527	17,668	—	—
Total Debt Securities	<u>\$ 526,291</u>	<u>\$ 323,401</u>	<u>\$ 198,217</u>	<u>\$ 4,653</u>	<u>\$ 20</u>

Investments Managed Based Upon Duration

Debt Securities

	<u>Fair Value</u>	<u>Effective</u>	<u>Modified</u>
Money Market Funds	\$ 229,791	—	—
Fixed Income Mutual Funds	746,733	3.19	—
U.S. Government & Agency Obligations	4,428	2.01	—
U.S. Government & Agency Obligations	151,672	0.42	—
U.S. Government & Agency Obligations	8,579	4.00	—
Mortgage Backed Securities	309	6.32	—
Mortgage Backed Securities	298,364	0.24	—
Corporate Debt	4,784	3.08	—
Total Debt Securities	<u>\$ 1,444,660</u>		
Portfolio Effective Weighted Duration		<u>2.12</u>	
Portfolio Modified Weighted Duration			<u>—</u>

Other Investments

Cash Equivalents	\$ 11,296
Fixed Income Mutual Funds	1,828,906
Common Stock	108,728
Limited Partnerships	665,493
Alternatives	318,946
Real Estate	306,754
Funds Held In Trust By Others	72,393
Other	415,587
Total Other Investments	<u>\$ 3,728,103</u>

Total Investments	<u>\$ 5,699,054</u>
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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, 2024, and the ratings are presented in the following table.

Investments and Credit Ratings

Discretely Presented Major Component Units

(expressed in thousands)

	Standard & Poor's/Moody's Credit Ratings							Total Fair Value of Investments
	AAA/Aaa	AA/Aa	A	BBB/Baa	BB/Ba or Lower	Unrated	NA	
Cash Equivalents	\$ 400,866	\$ —	\$ —	\$ —	\$ —	\$ 308,713	\$ 229,791	\$ 939,370
Fixed Income Mutual Funds	223,568	86,249	92,200	94,106	1,578	2,266,812	135,505	2,900,018
U.S. Government &								
Agency Obligations	156,100	—	—	—	—	279,718	7,529	443,347
Mortgage Backed Securities	298,673	—	—	—	—	21,759	—	320,432
Corporate Obligations	2,078	1,303	—	1,403	—	121,705	—	126,489
Guaranteed Investment								
Contracts/Annuities	—	571	—	—	—	678,020	—	678,591
Other	—	182	—	—	—	234,762	55,863	290,807
Total Investments	\$1,081,285	\$ 88,305	\$ 92,200	\$ 95,509	\$ 1,578	\$3,911,489	\$ 428,688	\$ 5,699,054

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 44%, 22%, and 34%, 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, 2024. The university has \$5,270,000 in a pooled private equity fund, \$301,000 in a pooled private real estate fund, \$8,535,000 in fixed income high quality/rate sensitive equity, and \$1,000 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, 2024 (expressed in thousands)

	Primary Government			Ending Balance
	Beginning Balance	Additions	Decreases	
Primary Government:				
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 257,922	\$ 15,651	\$ —	\$ 273,573
Construction in progress	2,043,772	622,502	(539,493)	2,126,781
Infrastructure	23,390,846	522,134	(110,883)	23,802,097
Easements and Other Intangibles	100,948	8,388	(5,775)	103,561
Total capital assets not being depreciated	<u>25,793,488</u>	<u>1,168,675</u>	<u>(656,151)</u>	<u>26,306,012</u>
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	43,661	7,000	—	50,661
Buildings	2,002,792	65,310	(77)	2,068,025
Machinery and Equipment	941,987	125,440	(89,549)	977,878
Easements and Other Intangibles	137,139	2,223	—	139,362
Total capital assets, being depreciated/amortized	<u>3,125,579</u>	<u>199,973</u>	<u>(89,626)</u>	<u>3,235,926</u>
<i>Less capital assets accumulated depreciation/amortization:</i>				
Improvements other than buildings	(19,242)	(1,443)	—	(20,685)
Buildings	(923,863)	(50,799)	77	(974,585)
Machinery and Equipment	(652,285)	(80,079)	71,742	(660,622)
Easements and Other Intangibles	(70,516)	(7,386)	—	(77,902)
Total capital assets accumulated depreciation	<u>(1,665,906)</u>	<u>(139,707)</u>	<u>71,819</u>	<u>(1,733,794)</u>
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	190,751	86,426	(81,109)	196,068
Machinery and Equipment	55,489	18,342	(7,691)	66,140
Total leased assets, being depreciated/amortized	<u>246,240</u>	<u>104,768</u>	<u>(88,800)</u>	<u>262,208</u>
<i>Less leased assets accumulated depreciation:</i>				
Buildings	(48,860)	(31,418)	20,258	(60,020)
Machinery and Equipment	(13,075)	(2,598)	4,512	(11,161)
Total leased assets accumulated depreciation	<u>(61,935)</u>	<u>(34,016)</u>	<u>24,770</u>	<u>(71,181)</u>
<i>Subscription assets, being amortized:</i>				
Subscription assets	413,673	296,468	(344,727)	365,414
Less accumulated amortization for subscription assets	(57,472.00)	(60,298)	46,308	(71,462)
Total subscriptions assets, net	<u>356,201</u>	<u>236,170</u>	<u>(298,419)</u>	<u>293,952</u>
Governmental activities capital assets, leased assets, and subscription assets, net	<u>\$ 27,793,667</u>	<u>\$ 1,535,863</u>	<u>\$ (1,036,407)</u>	<u>\$ 28,293,123</u>

COMMONWEALTH OF KENTUCKY
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Business-type activities	Beginning Balance	Additions	Decreases	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 24,943	\$ —	\$ —	\$ 24,943
Construction in progress	16,947	12,320	(2,016)	27,251
Other capital assets	2,276	—	—	2,276
Total capital assets, not being depreciated	44,166	12,320	(2,016)	54,470
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	156,272	282	—	156,554
Buildings	377,222	3,377	(137)	380,462
Machinery and Equipment	22,552	4,745	(1,417)	25,880
Easements and Other Intangibles	4,638	—	—	4,638
Total capital assets, being depreciated/amortized	560,684	8,404	(1,554)	567,534
<i>Less capital assets accumulated depreciation:</i>				
Improvements other than buildings	(108,641)	(4,210)	—	(112,851)
Buildings	(237,080)	(11,222)	137	(248,165)
Machinery and Equipment	(15,813)	(1,337)	1,297	(15,853)
Easements and Other Intangibles	(3,093)	—	—	(3,093)
Total capital assets accumulated depreciation	(364,627)	(16,769)	1,434	(379,962)
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	2,205	—	(923)	1,282
Machinery and Equipment	593	559	—	1,152
Total leased assets, being depreciated/amortized	2,798	559	(923)	2,434
<i>Less leased assets accumulated depreciation:</i>				
Buildings	(999)	(546)	922	(623)
Machinery and Equipment	(518)	(202)	—	(720)
Total leased assets accumulated depreciation	(1,517)	(748)	922	(1,343)
<i>Subscription assets, being amortized:</i>				
Subscription assets	2,927	—	—	2,927
Less accumulated amortization for subscription assets	(292)	(293)	—	(585)
Total subscriptions assets, net	2,635	(293)	—	2,342
 Business-type activities capital assets, leased assets, and subscription assets, net	 \$ 244,139	 \$ 3,473	 \$ (2,137)	 \$ 245,475

Depreciation expense charged to functions/programs of the primary government is as follows:
(expressed in thousands)

	Governmental Activities	Business-type Activities
General Government	\$ 25,348	\$ —
Legislative and Judicial	10,238	—
Commerce	3,906	—
Education and Humanities	10,242	—
Human Resources	45,482	—
Justice	43,685	—
Natural Resources and Environmental Protection	4,354	—
Public Protection and Regulation	1,113	—
Transportation	43,582	—
Capital assets held by government's internal service funds are charged to the various functions based on usage of the assets	46,070	—
State Parks	—	11,890
Horse Park	—	4,488
Insurance Administration	—	1,432
Total depreciation expense by activities	\$ 234,020	\$ 17,810

COMMONWEALTH OF KENTUCKY
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June 30, 2024

Capital, lease, and subscription asset activity for the year ended June 30, 2024 (expressed in thousands)

	Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Discretely Presented Major Component Units:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 415,639	\$ 55,750	\$ (308)	\$ 471,081
Construction in progress	314,090	467,739	(216,553)	565,276
Infrastructure	1,046,135	5,727	—	1,051,862
Other capital assets	86,879	570	(610)	86,839
Totals, capital assets not being depreciated	1,862,743	529,786	(217,471)	2,175,058
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	395,338	23,896	—	419,234
Buildings	7,722,278	334,880	(8,522)	8,048,636
Machinery and Equipment	2,133,811	190,713	(53,525)	2,270,999
Easements and Other Intangibles	365,698	1,306	(228)	366,776
Total capital assets, being depreciated/amortized	10,617,125	550,795	(62,275)	11,105,645
<i>Less capital assets accumulated depreciation for:</i>				
Improvements other than buildings	(222,333)	(97,802)	—	(320,135)
Buildings	(3,120,801)	(207,979)	86,737	(3,242,043)
Machinery and Equipment	(1,498,061)	(171,630)	47,320	(1,622,371)
Easements and Other Intangibles	(199,079)	(14,006)	226	(212,859)
Total capital assets accumulated depreciation	(5,040,274)	(491,417)	134,283	(5,397,408)
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	63,660	19,966	(13,476)	70,150
Machinery and Equipment	776,086	80,756	(8,764)	848,078
Total leased assets, being depreciated/amortized	839,746	100,722	(22,240)	918,228
<i>Less leased assets accumulated depreciation for:</i>				
Buildings	(15,621)	(13,364)	4,251	(24,734)
Machinery and Equipment	(56,102)	(66,231)	3,213	(119,120)
Total leased assets accumulated depreciation	(71,723)	(79,595)	7,464	(143,854)
<i>Subscription assets, being amortized:</i>				
Subscription assets	73,209	16,714	(4,402)	85,521
Accumulated amortization	(21,765)	(21,404)	3,888	(39,281)
Total subscriptions assets, net	51,444	(4,690)	(514)	46,240
Component units capital assets, leased assets and subscription assets, net	\$ 8,259,061	\$ 605,601	\$ (160,753)	\$ 8,703,909

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

Kentucky Housing Corporation	\$ 331
Kentucky Higher Education Student Loan Corporation	506
University of Kentucky	296,364
University of Louisville	244,697
Kentucky Community and Technical College System	46,591
Kentucky Lottery Corporation	3,927
Total depreciation expense by functions/programs	\$ 592,416



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Note 7

INTERFUND TRANSACTIONS

Interfund Transfers In and Out

The table below shows the interfund operating transfers for fiscal year 2024:
(expressed in thousands)

Transfers In	Transfers Out					
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund	Debt Service Fund
General Fund	\$ —	\$ —	\$ 44,528	\$ 3,267	\$ —	\$ —
Transportation Fund	—	—	—	835	124	—
Federal Fund	—	—	—	8,902	—	—
Agency Revenue Fund	93,436	174	45,223	—	23,719	—
Capital Projects Fund	288,926	19,952	29,717	40,603	—	—
Debt Service	303,003	1,180	69,390	2,672	—	—
Non-Major Governmental Funds	154,240	133,855	799	344,385	222	—
State Parks Fund	72,135	—	868	195	21,516	—
Kentucky Horse Park Fund	3,690	—	—	49	317	—
Kentucky Public Employees Health Plan	139	—	—	—	—	—
Insurance Administration Fund	—	—	4	1,300	—	—
Internal Service Funds	6,778	—	—	2,426	33,860	—
Fiduciary Funds	—	—	—	—	—	—
Total	\$ 922,347	\$ 155,161	\$ 190,529	\$ 404,634	\$ 79,758	\$ —

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 2024:
(expressed in thousands)

Interfund Receivables	Interfund Payables				
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund
General Fund	\$ —	\$ 590	\$ 1,592	\$ 790	\$ 39
Transportation Fund	—	—	17	20	—
Federal Fund	2,640	—	—	2,138	—
Agency Revenue Fund	137,866	52	30,561	—	—
Capital Projects Fund	286	—	—	150	—
Non-Major Governmental Funds	6,654	—	1,174	7,236	—
State Parks Fund	110	—	1	1	—
Kentucky Public Employees Health Plan	—	—	—	—	—
Insurance Administration Fund	372	—	—	15	—
Unemployment Insurance Fund	—	—	—	—	—
Internal Service Funds	340	—	—	2,371	—
Total	\$ 148,268	\$ 642	\$ 33,345	\$ 12,721	\$ 39

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.

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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
\$ 2,543	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 50,338
—	—	—	—	—	—	—	—	959
600	—	—	—	—	—	—	—	9,502
567,828	—	—	—	8,868	18,519	2,609	—	760,376
1,561	—	—	—	1,750	—	500	—	383,009
22,167	5,404	292	—	—	—	20,643	—	424,751
172,463	—	—	—	—	—	91	—	806,055
—	—	—	—	—	—	—	—	94,714
—	—	—	—	—	—	—	—	4,056
—	—	—	—	—	—	—	—	139
284	—	—	—	—	—	—	—	1,588
—	—	—	2	—	—	327	—	43,393
—	—	—	—	—	—	—	—	—
<u>\$ 767,446</u>	<u>\$ 5,404</u>	<u>\$ 292</u>	<u>\$ 2</u>	<u>\$ 10,618</u>	<u>\$ 18,519</u>	<u>\$ 24,170</u>	<u>\$ —</u>	<u>\$ 2,578,880</u>

Interfund Payables

Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Total
\$ 5,540	\$ 408	\$ 29	\$ 29	\$ —	\$ 1	\$ 9,018
—	—	—	—	—	—	37
—	—	—	—	4	—	4,782
23,616	—	11	585	—	6,659	199,350
350	—	—	1,000	—	—	1,786
—	—	—	—	—	4,389	19,453
—	—	—	—	—	—	112
—	—	—	—	—	—	—
—	—	—	—	—	—	387
—	—	—	—	—	—	—
—	—	—	149	—	—	2,860
<u>\$ 29,506</u>	<u>\$ 408</u>	<u>\$ 40</u>	<u>\$ 1,763</u>	<u>\$ 4</u>	<u>\$ 11,049</u>	<u>\$ 237,785</u>

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.

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.

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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.

Kentucky Teachers' Retirement System

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

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

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

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

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

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

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

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

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

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

	Tier 1	Tier 2	Tier 3	Tier 4
	Participation prior to 7/1/1978	Participation between 7/1/1978 and 6/30/1980	Participation between 7/1/1980 and 12/31/2013	Participation on or after 1/1/2014
Covered Employees:	District, Circuit, Court of Appeals, Family and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the plan. Individuals commencing participation on or after January 1, 2014, will participate in the hybrid plan.			
Benefit Formula:	Final Average Compensation X Benefit Factor X Years of Service. Not to exceed 100% of final average compensation.			Cash Balance Plan
Final Compensation:	Average of 36 months of service immediately preceding retirement before 1/1/2009. Average of 60 months of service immediately preceding retirement after 12/31/2008.			No Final Compensation
Benefit Factor:	5.0% if service continued without interruption; not to exceed 100% of final average compensation.	4.15%, not to exceed 100% of final average compensation.	2.75%, not to exceed 100% of final average compensation.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on the member's accumulated account balance.
Cost of Living Adjustment (COLA):	Prior to June 30 2009, cost of living adjustments (COLA), keyed to Consumer Price Index, were provided on July 1 of each year. Commencing in 2009, the COLA on July 1 of each year is 1.5%. The COLA created in 2009 was suspended by legislative action in 2014 and no 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.
Unreduced Retirement Benefit:	8 years of service and age 65. The age 65 requirement shall be reduced by 1 year for each 5 years of service and 1 year for each year beyond the years of service needed to accrue a benefit of 100%.			Accumulated Hypothetical account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.
Reduced Retirement Benefit:	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

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

Kentucky Teachers' Retirement System
Governance KRS 161.220 through KRS 161.716

Cost Sharing Multiple Employer Defined Benefit with Special Funding

	Tier 1	Tier 2	Tier 3	Tier 4
	Entry before 7/1/2002	Entry on or between 7/1/2002 and 6/30/2008	Entry on or between 7/1/2008 and 12/31/2021	Entry on or after 1/1/2022
Covered Employees:	Provides pension plan coverage for local school districts and other educational agencies in the state.			
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service			Service Credit x Multiplier x Final Average Salary = Annuity
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	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.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 for each year in excess of 30. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.	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)

	Tier 1	Tier 2	Tier 3	Tier 4
	Entry before 7/1/2002	Entry on or between 7/1/2002 and 6/30/2008	Entry on or between 7/1/2008 and 12/31/2021	Entry on or after 1/1/2022
Cost of Living Adjustment (COLA):	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.
Unreduced Retirement Benefit:	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.
Reduced Retirement Benefit:	Reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	Reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	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)

	Fiscal Year 2024		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators Retirement Plan
Total Pension Liability			
Service Costs	\$ 13,229	\$ 4,270	\$ 558
Interest	53,853	23,962	4,497
Differences between expected and actual experience	10,204	4,412	(2,672)
Changes in assumptions	(31,255)	—	—
Benefit payments/refunds	(63,970)	(26,787)	(5,443)
Other	—	—	—
Net change in total pension liability	(17,939)	5,857	(3,060)
Total pension liability at July 1	1,057,752	376,657	71,119
Total pension liability at June 30	<u>\$ 1,039,813</u>	<u>\$ 382,514</u>	<u>\$ 68,059</u>
Pension Plan Fiduciary Net Position			
Contributions - employer	\$ 58,120	\$ 4,983	\$ —
Contributions - member	5,250	2,008	195
Net investment income	40,708	56,555	11,911
State appropriation	—	—	—
Benefit payments/refunds	(63,970)	(26,787)	(5,443)
Administrative expenses	(293)	—	—
Net change in plan fiduciary net position	39,815	36,759	6,663
Pension plan fiduciary net position at July 1	551,699	390,889	84,604
Pension plan fiduciary net position at June 30	<u>\$ 591,514</u>	<u>\$ 427,648</u>	<u>\$ 91,267</u>
Net Pension Liability at June 30	<u>\$ 448,299</u>	<u>\$ (45,134)</u>	<u>\$ (23,208)</u>
Pension plan fiduciary net position as a % of the total pension liability	56.89%	111.80 %	134.10 %
Covered-employee payroll	\$ 65,693	\$ 27,723	\$ 4,100
Net Pension liability as a % of covered employee payroll	682.42%	(162.80)%	(566.05)%

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	Kentucky Employees Retirement System		State Police Retirement System
	Non-Hazardous	Hazardous	
Employer Contribution	62.79%	32.51%	88.47%
State Contribution as a percentage of nonemployer special funding situation	—	—	—
Member Contribution	5.00%	8.00%	8.00%
Employer Contributions made in thousands	\$833,736	\$66,958	\$58,120
Special Funding Contributions made in thousands	\$—	\$—	\$—
As of the measurement date:			
Actuarial Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent of pay	Level percent of pay	Level percent of pay
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	5.25%	6.25%	5.25% unchanged from prior year
Inflation Rate	2.5% prior year 2.3%.	2.5% prior year 2.3%.	2.5% prior year 2.3%.
Payroll Growth Assumptions	0.00%	0.00%	0.00%
Projected salary increases	3.30% to 15.30%, varies by service	3.55% to 20.05% , varies by service	3.55% to 16.05%, varies by service
Mortality Tables	Pub-2010 GM table projected ultimate rates from MP-2020 improvement scale using base year of 2010, Post-retirement: System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.	Pub-2010 Public Safety table with ultimate rates from the MP-2020 using base year 2010. Post-retirement: System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.	Post-retirement: System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Date of Experience Study	The period July 1, 2018 - June 30, 2022	The period July 1, 2018 - June 30, 2022	The period July 1, 2018 - June 30, 2022
Update procedures applied	Standard roll forward using generally accepted actuarial techniques.		
Change in Assumptions	House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option Form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.		

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Teachers' Retirement System
18.1%	—	28.77%
—	—	28.77%
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 8.185% of salary. Non-university members contribute 12.855% of salary.
\$4,981	\$—	\$18,921
\$—	\$—	\$1,029,703
July 1, 2023	July 1, 2023	June 30, 2022
July 1, 2023	July 1, 2023	June 30, 2023
Entry age normal funding method	Entry age normal funding method	Entry age normal
Gains or losses 20 years closed, surplus assets, is 20-years open.	Gains or losses 20 years closed, surplus assets, is 20-years open.	Level percentage of payroll
Market Value adjusted for a 5-year smoothing method	Market Value adjusted for a 5-year smoothing method	Five-year smoothed Market
6.50% no change from prior year.	6.50% no change from prior year.	7.1% no change from prior year.
2.5%, prior year 3.00%	2.5%, prior year 3.00%	2.5% no change from prior year
Does not apply	Does not apply	0.00%
1.0% for the next five years, 3.5% thereafter. The prior report used three years, which was the only change	1.0% for the next five years, 3.5% thereafter. The prior report used three years, which was the only change	3.00% to 7.50% including inflation. No change from prior year.
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). No change from the prior year.		Mortality rates were based on Pub-2010 (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.
Changes in assumptions from the prior year are reflected above.		Changes in assumptions from the prior year are reflected above.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Membership Information	Retirees and beneficiaries receiving benefits	Inactive members	Active plan members	Total	Participating Employers
Kentucky Employees Retirement System:					
Non-Hazardous	48,195	55,510	29,551	133,256	305
Hazardous	4,850	8,154	3,617	16,621	20
State Police Retirement System	1,702	667	844	3,213	1
Judicial Retirement Plan	405	12	201	618	1
Legislators Retirement Plan	259	45	96	400	1
Kentucky Teachers' Retirement System	58,438	60,327	74,785	193,550	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
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	KERS Non-Hazardous		KERS Hazardous		KSPRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:						
U.S. Equity						
US Large Cap	— %	— %	— %	— %	— %	— %
US Mid Cap	— %	— %	— %	— %	— %	— %
US Small Cap	— %	— %	— %	— %	— %	— %
Non US Equity						
International Developed	— %	— %	— %	— %	— %	— %
Emerging Markets	— %	— %	— %	— %	— %	— %
Core Bonds	20.50 %	2.45 %	10.00 %	2.45 %	20.50 %	2.45 %
Credit Fixed						
Fixed income	— %	— %	— %	— %	— %	— %
Specialty Credit/High Yield	15.00 %	3.65 %	15.00 %	3.65 %	15.00 %	3.65 %
Other	— %	— %	— %	— %	— %	— %
Public Equity	32.50 %	5.90 %	43.50 %	5.90 %	32.50 %	5.90 %
Private Equity	7.00 %	11.73 %	10.00 %	11.73 %	7.00 %	11.73 %
Real Estate	10.00 %	4.99 %	10.00 %	4.99 %	10.00 %	4.99 %
Opportunistic	— %	— %	— %	— %	— %	— %
Real return	10.00 %	5.15 %	10.00 %	5.15 %	10.00 %	5.15 %
Cash	5.00 %	1.39 %	1.50 %	1.39 %	5.00 %	1.39 %
Total	100.00 %		100.00 %		100.00 %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

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 %	35.40 %	5.00 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	2.60 %	5.50 %
— %	— %	— %	— %	15.70 %	5.50 %
— %	— %	— %	— %	5.30 %	6.10 %
— %	— %	— %	— %	— %	— %
— %	(0.55)%	— %	(0.55)%	15.00 %	1.90 %
— %	— %	— %	— %	5.00 %	3.80 %
— %	— %	— %	— %	5.00 %	3.60 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	7.00 %	8.00 %
— %	— %	— %	— %	7.00 %	3.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(2.00)%	— %	(2.00)%	2.00 %	1.60 %
— %		— %		100.00 %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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	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	\$ 9,898,489	\$ 414,488	\$ 448,299
Net Pension Liability Assuming a Decrease of 1% in the Discount Rate	\$ 11,377,284	\$ 568,847	\$ 577,298
Net Pension Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$ 8,588,267	\$ 289,435	\$ 342,465
Commonwealth's Proportionate Share of the Net Pension Liability (Asset)	78.85%	97.99%	100.00%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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<u>KJRS</u>	<u>KLRS</u>	<u>KTRS</u>	
		<u>Employer</u>	<u>Special Funding Situation</u>
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 actuary determined rate in all future . 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	N/A	N/A
\$ (45,133)	\$ (23,209)	\$ 314,563	\$ 17,095,711
\$ (9,359)	\$ (16,978)	\$ 165,276	\$ 22,218,100
\$ (75,862)	\$ (28,540)	\$ 103,649	\$ 13,187,444
100.00%	100.00%	2.02%	96.12%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

	<u>KERS</u>		<u>KSPRS</u>	<u>KJRS</u>
(expressed in thousands)	<u>Non-Hazardous</u>	<u>Hazardous</u>		
Pension Expense (Income)	\$ 201,045	\$ 19,144	\$ 28,063	\$ (13,512)
Deferred Outflow of Resources				
Differences between expected and actual experience	\$ 122,381	\$ —	\$ 7,317	\$ 2,391
Changes in assumptions	—	—	—	—
Net difference between projected and actual earnings on investments	10,067	—	1,720	—
Change in proportionate share	297,646	4,024	—	—
Contributions subsequent to the measurement date	893,102	82,973	63,178	5,305
	<u>\$ 1,323,196</u>	<u>\$ 86,997</u>	<u>\$ 72,215</u>	<u>\$ 7,696</u>
Deferred Inflow of Resources				
Differences between expected and actual experience	\$ 131	\$ 1,494	\$ 887	\$ —
Changes in assumptions	271,966	11,362	21,925	5
Net difference between projected and actual earnings on investments	—	2,031	—	23,299
Change in proportionate share	322,694	5,399	—	—
	<u>\$ 594,791</u>	<u>\$ 20,286</u>	<u>\$ 22,812</u>	<u>\$ 23,304</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, 2025. 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:

2025	\$ (182,777)	\$ (17,031)	\$ (7,577)	\$ (9,926)
2026	(17,911)	(9,838)	(8,593)	(12,486)
2027	43,890	15,625	4,748	7,759
2028	(7,899)	(5,018)	(2,353)	(6,358)
2029	—	—	—	21
Thereafter	—	—	—	77
Total	<u>\$ (164,697)</u>	<u>\$ (16,262)</u>	<u>\$ (13,775)</u>	<u>\$ (20,913)</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (5,559)	\$ 42,394	\$ 2,275,888	\$ 2,547,463	\$ 2,547,078	\$ 385	\$ (1,980)
\$ 28	\$ 2,572	\$ 332,846	\$ 467,535	\$ 463,510	\$ 4,025	\$ 2,170
—	5,952	800,443	806,395	806,395	—	2,181
—	3,487	467,571	482,845	482,514	331	12,382
—	35,512	39,985	377,167	341,250	35,917	3,953
—	9,438	1,085,042	2,139,038	2,111,412	27,626	8,614
<u>\$ 28</u>	<u>\$ 56,961</u>	<u>\$ 2,725,887</u>	<u>\$ 4,272,980</u>	<u>\$ 4,205,081</u>	<u>\$ 67,899</u>	<u>\$ 29,300</u>
\$ 1,336	\$ —	\$ —	\$ 3,848	\$ 3,821	\$ 27	\$ 2
1	—	—	305,259	296,254	9,005	4,447
5,101	—	—	30,431	30,416	15	3,387
—	17,993	56,650	402,736	365,454	37,282	9,357
<u>\$ 6,438</u>	<u>\$ 17,993</u>	<u>\$ 56,650</u>	<u>\$ 742,274</u>	<u>\$ 695,945</u>	<u>\$ 46,329</u>	<u>\$ 17,193</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, 2025. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

\$ (3,992)	\$ 14,900	\$ 799,354	\$ 592,951	\$ 599,739	\$ (6,788)	\$ (3,565)
(2,751)	1,106	59,324	8,851	9,060	(209)	1,039
1,648	15,777	846,391	935,838	934,658	1,180	6,976
(1,324)	(2,253)	(120,874)	(146,079)	(145,840)	(239)	(957)
4	—	—	25	25	—	—
5	—	—	82	82	—	—
<u>\$ (6,410)</u>	<u>\$ 29,530</u>	<u>\$ 1,584,195</u>	<u>\$ 1,391,668</u>	<u>\$ 1,397,724</u>	<u>\$ (6,056)</u>	<u>\$ 3,493</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.

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.

Kentucky Teachers’ Retirement System

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

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

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

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

Membership:	
Retirees and beneficiaries receiving benefits	29,976
Inactive members	17,030
Active plan members	29,391
Total	<u>76,397</u>

The total OPEB liability is based on the membership as of June 30, 2022, as displayed here.

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

Membership:	
Retirees and beneficiaries receiving benefits	2,548
Inactive members	917
Active plan members	3,601
Total	7,066

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.

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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)

Contribution Rate:	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.

Membership:	
Retirees and beneficiaries receiving benefits	1,385
Inactive members	105
Active plan members	840
Total	<u>2,330</u>

The OPEB liability is based on the plan membership as of June 30, 2022, as displayed here. Publicly available financial report can be accessed at www.kyret.ky.gov.

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

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

Covered Employees: Members of KJFRS currently receiving benefits.

Benefit Factor:	Participation prior to January 2014		Participation on or after January 2014	
	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.
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Cost of Living Adjustment (COLA): Members participating after 2013 receive 1.5% increase annually.

Employer Contribution:

Membership:

Retirees and beneficiaries receiving benefits	405
Inactive members	5
Active plan members	198
Total	608

Publicly available financial report can be accessed at 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.

Benefit Factor:	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:

Retirees and beneficiaries receiving benefits	259
Inactive members	45
Active plan members	96
Total	400

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

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

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

Covered Employees: Covered Employees hired before July 1, 2008, are 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
Retirees and beneficiaries receiving benefits	42,242	52,213
Inactive members	7,665	10,573
Active plan members	70,427	70,427
Total	<u>120,334</u>	<u>133,213</u>

Membership at Valuation date, June 30, 2021.

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Single Employer Defined Benefit OPEB Plans
Schedule of Changes in Net OPEB Liability and
Related Ratios
(expressed in thousands)

	Fiscal Year 2024		
	State Police Retirement System	Kentucky Judicial Retirement System	Kentucky Legislators Retirement System
Total OPEB Liability			
Service Costs	\$ 4,092	\$ 703	\$ 110
Interest	19,608	2,546	976
Differences between expected and actual experience	(98,425)	8,459	2,438
Changes in assumptions	404	(907)	(319)
Benefit payments/refunds	(13,682)	(2,154)	(947)
Net change in total OPEB liability	(88,003)	8,647	2,258
Total OPEB liability at July 1	351,453	40,619	15,857
Total OPEB liability at June 30	<u>\$ 263,450</u>	<u>\$ 49,266</u>	<u>\$ 18,115</u>
OPEB Plan Fiduciary Net Position			
Contributions - employer	\$ 8,755	\$ —	\$ —
Contributions - member	348	78	23
Net investment income	21,520	17,870	9,362
Benefit payments/refunds	(13,682)	(2,154)	(947)
Administrative expenses	(74)	—	—
Net change in plan fiduciary net position	16,867	15,794	8,438
OPEB plan fiduciary net position at July 1	231,242	119,335	63,301
OPEB plan fiduciary net position at June 30	<u>\$ 248,109</u>	<u>\$ 135,129</u>	<u>\$ 71,739</u>
Net OPEB liability at June 30	<u>\$ 15,341</u>	<u>\$ (85,863)</u>	<u>\$ (53,624)</u>
Plan fiduciary net position as a % of the total OPEB liability	94.18%	274.28 %	396.02 %
Covered-employee payroll	\$ 65,830	\$ 26,700	\$ 4,118
Net OPEB liability as a % of covered employee payroll	23.30%	(321.58)%	(1302.19)%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

	KERS		KSPRS
	Non-Hazardous	Hazardous	
Employer Contribution	9.48%	1.06%	14.11%
Member Contribution	1.00%	1.02%	1.00%
State Contribution as a percentage of nonemployer special funding situation Contributions	0.00%	0.00%	0.00%
	\$123,722	\$2,236	\$8,755
Experience Study	July 1, 2017-June 30, 2022	July 1, 2017-June 30, 2022	July 1, 2017-June 30, 2022
Actuarial Valuation Date	June 30, 2022	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2023	June 30, 2023	June 30, 2023
Inflation	2.5%, prior year 2.3%	2.5%, prior year 2.3%	2.5%, prior year 2.3%
Salary Increases	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.
Investment rate of return	6.5%, prior year 6.25%	6.5%, prior year 6.25%	6.5%, prior year 6.25%
Health cost trend rates	<p>Fiscal Year 2023 used the pre-65 rate of 6.30% January 1, 2023, over a period of 13 years to reach the tend rate of 4.05% and the post-65 had an initial rate at January 1, 2023 of 6.30% decreasing to 4.05% over 13 years. . The premiums were known at the time of the valuation and were incorporated into the liability measurement. Prior year Healthcare Trend Rates: Pre- 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 6.25% 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.</p>		
Actuarial Cost Method	Entry age normal		Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized		20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Actuarial assumptions:			
Investment rate of return	6.25%, no change from prior year.	6.25%, no change from prior year.	6.25%, no change from prior year.
Mortality Tables	<p>System -specific mortality table based on mortality experience from 2013 to 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. Prior year used, 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.</p>		
Update procedures applied	Standard roll forward methods using generally accepted actuarial techniques.		

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

KJRS	KLRS	KTRS
—%	—%	1.11%
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%
0.00%	0.00%	45.38%
\$—	\$—	\$89,394
2013 -2019	2013 -2019	July 1, 2016 - June 30, 2020
July 1, 2023	July 1, 2023	June 30, 2022
July 1, 2023	July 1, 2023	June 30, 2023
2.5%, no change from prior year	2.5%, no change from prior year	2.50%
1% for a rolling 5-year period beginning at the valuation date (effective through June 30, 2028) and thereafter 3.5%. Prior year used 1% for 3yrs.and then 3.5 thereafter.	1% for a rolling 5-year period beginning at the valuation date (effective through June 30, 2028) and thereafter 3.5%. Prior year used 1% for 3yrs.and then 3.5 thereafter.	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% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2027. The prior year decreased to 5.75 versus 5.20% and reached an ultimate rate of 4.04% versus 3.94%.	6.25% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2027. The prior year decreased to 5.75 versus 5.20% and reached an ultimate rate of 4.04% versus 3.94%.	Under Age 65, 6.75% for FYE 2023 decreasing to a rate of 4.50% by FYE 2032. For 65 and older 1.55% for FYE 2023 decreasing to 4.50 % by 2034. The prior year used 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	Entry age normal	Entry age normal
Market value, 5 year smoothing	Market value, 5 year smoothing	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 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. No change from the 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. No change from the prior year.	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.

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

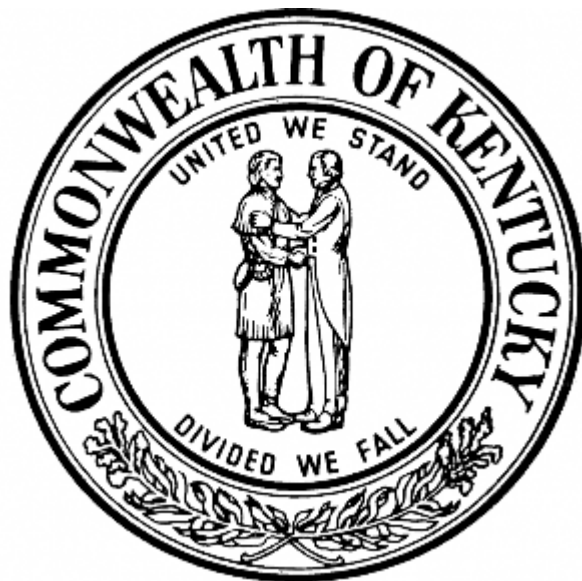
The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. (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, 2024

	KERS Non- Hazardous, Hazardous, and KSPRS		KJRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:				
U.S. Equity	— %	— %	— %	4.50 %
US Large Cap	— %	— %	— %	— %
US Mid Cap	— %	— %	— %	— %
Non US Equity	— %	— %	— %	2.50 %
International	— %	— %	— %	— %
Emerging Markets	— %	— %	— %	— %
High Yield Bonds	— %	— %	— %	— %
Credit Fixed	— %	— %	— %	(0.55)%
Specialty Credit/ High Yield	15.00 %	3.65 %	— %	— %
Public Equity	43.50 %	5.90 %	— %	— %
Private Equity	10.00 %	11.73 %	— %	— %
Real Estate	10.00 %	4.99 %	— %	— %
Core Bonds	10.00 %	2.45 %	— %	— %
Real return	10.00 %	5.15 %	— %	— %
Cash	1.50 %	1.39 %	— %	(2.00)%
Additional Categories	— %	— %	— %	— %
Total	100.00 %		— %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

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 %	38.00 %	— %	40.00 %	5.20 %
— %	— %	35.40 %	5.00 %	— %	— %
— %	— %	2.60 %	5.50 %	— %	— %
— %	2.50 %	20.00 %	— %	20.00 %	— %
— %	— %	15.00 %	5.50 %	15.00 %	5.50 %
— %	— %	5.00 %	6.10 %	5.00 %	6.10 %
— %	— %	8.00 %	3.80 %	— %	— %
— %	(0.55) %	9.00 %	1.90 %	21.00 %	1.90 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	— %	8.50 %	8.00 %	5.00 %	8.00 %
— %	— %	6.50 %	3.20 %	7.00 %	3.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(2.00) %	1.00 %	1.60 %	2.00 %	1.60 %
— %	— %	9.00 %	3.70 %	5.00 %	4.00 %
— %		100.00 %		100.00 %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
Discount Rate	5.94%	5.94%	6.02%	6.50%
Change in Discount Rate from Prior Valuation	0.22%	0.35%	0.36%	—%

Rates Incorporated in the Discount Rate:

Long-Term Rate of Return	6.50%	6.50%	6.50%	6.50%
Period Applied	All Periods	All Periods	All Periods	All Periods
Municipal Bond Rate	3.86%, prior year 3.69%	3.86%, prior year 3.69%	3.86%, prior year 3.69%	NA

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

(expressed in thousands):

Net OPEB Liability (Asset)	\$ 618,787	\$ (203,815)	\$ 15,341	\$ (85,864)
Net OPEB Liability Assuming a Decrease of 1% in the Discount Rate	\$ 831,218	\$ (152,719)	\$ 45,363	\$ (80,118)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$ 439,311	\$ (246,047)	\$ (9,776)	\$ (90,672)

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

(expressed in thousands):

Net OPEB Liability	\$ 618,788	\$ 203,815	\$ 15,341	\$ (85,864)
Net OPEB Liability Assuming a Decrease of 1% in the Healthcare Cost Trend Rate	\$ 444,013	\$ 234,894	\$ (5,320)	\$ (90,872)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Healthcare Cost Trend Rate	\$ 801,408	\$ 165,892	\$ 40,029	\$ (79,899)

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

	79.05 %	97.99 %	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 Statute. 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
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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
\$ (53,624)	\$ 26,869	\$ 1,088,173	\$ 495	\$ 26,138
\$ (51,462)	\$ 23,441	\$ 1,410,748	\$ 796	\$ 42,046
\$ (55,414)	\$ 13,913	\$ 837,359	\$ 251	\$ 13,267
\$ (53,624)	\$ 26,869	\$ 1,088,173	\$ 495	\$ 26,138
\$ (55,408)	\$ 13,120	\$ 789,619	\$ —	\$ —
\$ (51,485)	\$ 24,579	\$ 1,479,340	\$ —	\$ —
100.00 %	1.09 %	44.02 %	0.03 %	1.68 %

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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(expressed in thousands)	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
OPEB Expense (Income)	\$ (213,523)	\$ (40,381)	\$ (12,568)	\$ (9,481)

Deferred Outflow of Resources

Differences between expected and actual experience	\$ —	\$ 3,381	\$ 1,696	\$ 5,652
Changes in assumptions	60,548	23,020	6,990	1
Net difference between projected and actual earnings on investments	112	—	—	—
Change in proportionate share	108,385	291	—	—
Contributions subsequent to the measurement date	127,461	653	9,860	—
	<u>\$ 296,506</u>	<u>\$ 27,345</u>	<u>\$ 18,546</u>	<u>\$ 5,653</u>

Deferred Inflow of Resources

Differences between expected and actual experience	\$ 841,504	\$ 168,471	\$ 81,782	\$ —
Changes in assumptions	68,309	27,375	11,157	605
Net difference between projected and actual earnings on investments	—	5,720	2,937	7,200
Change in proportionate share	126,047	3,063	—	—
	<u>\$ 1,035,860</u>	<u>\$ 204,629</u>	<u>\$ 95,876</u>	<u>\$ 7,805</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, 2025. 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:

2025	\$ (384,718)	\$ (49,489)	\$ (23,739)	\$ (1,148)
2026	(365,531)	(60,165)	(31,360)	(1,253)
2027	(109,304)	(42,494)	(18,049)	2,276
2028	(7,262)	(25,789)	(14,042)	(2,034)
2029	—	—	—	1
Thereafter	—	—	—	6
Total	<u>\$ (866,815)</u>	<u>\$ (177,937)</u>	<u>\$ (87,190)</u>	<u>\$ (2,152)</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (5,930)	\$ (1,861)	\$ (19,650)	\$ (303,394)	\$ (296,864)	\$ (6,530)	\$ 22,973
\$ 1,634	\$ 6	\$ 327	\$ 12,696	\$ 12,671	\$ 25	\$ 5,423
1	4,142	249,330	344,032	341,915	2,117	24,864
—	428	25,145	25,685	25,684	1	12,894
—	10,579	534,379	653,634	644,417	9,217	7,189
—	1,817	99,196	238,987	235,029	3,958	19,788
<u>\$ 1,635</u>	<u>\$ 16,972</u>	<u>\$ 908,377</u>	<u>\$ 1,275,034</u>	<u>\$ 1,259,716</u>	<u>\$ 15,318</u>	<u>\$ 70,158</u>

\$ —	\$ 6,233	\$ 374,711	\$ 1,472,701	\$ 1,444,454	\$ 28,247	\$ 47,442
213	57	2,970	110,686	108,290	2,396	57,669
3,810	—	—	19,667	19,624	43	748
—	19,467	451,520	600,097	589,103	10,994	17,757
<u>\$ 4,023</u>	<u>\$ 25,757</u>	<u>\$ 829,201</u>	<u>\$ 2,203,151</u>	<u>\$ 2,161,471</u>	<u>\$ 41,680</u>	<u>\$ 123,616</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, 2025. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

\$ (1,220)	\$ (2,571)	\$ (75,910)	\$ (538,795)	\$ (525,367)	\$ (13,428)	\$ (32,824)
(1,287)	(2,321)	(70,783)	(532,700)	(520,100)	(12,600)	(33,904)
1,169	(872)	12,319	(154,955)	(151,092)	(3,863)	653
(1,054)	(1,006)	(4,173)	(55,360)	(54,931)	(429)	(5,616)
2	(2,042)	57,459	55,420	55,420	—	(1,971)
2	(1,790)	61,068	59,286	59,286	—	416
<u>\$ (2,388)</u>	<u>\$ (10,602)</u>	<u>\$ (20,020)</u>	<u>\$ (1,167,104)</u>	<u>\$ (1,136,784)</u>	<u>\$ (30,320)</u>	<u>\$ (73,246)</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, 2024 Plan Assets are as follows:

	(expressed in thousands)	
	457 Plan	401(k) Plan
Commonwealth	\$ 675,714	\$ 1,037,122
Other Participating Jurisdictions	901,966	1,616,559
Total	\$ 1,577,680	\$ 2,653,681

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”, 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, 2024, 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.

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**Future minimum lease payments under lease agreements as of
June 30, 2024, are as follows (expressed in thousands):**

Year ended June 30:	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2025	\$ 37,002	\$ 6,469	\$ 422	\$ 51	\$ 71,827	\$ 28,684
2026	31,311	5,091	295	33	64,318	26,178
2027	28,838	3,883	243	19	44,302	24,619
2028	24,442	2,795	168	8	33,886	23,402
2029	20,676	1,865	49	1	28,497	22,371
2030-2034	24,097	2,820	13	—	108,752	96,965
2035-2039	4,582	734	—	—	100,477	77,026
2040-2044	1,128	202	—	—	107,421	52,675
2045-2049	469	74	—	—	107,197	28,742
2050-2054	49	1	—	—	77,966	5,068
Present value of future minimum lease payments	<u>\$ 172,594</u>	<u>\$ 23,934</u>	<u>\$ 1,190</u>	<u>\$ 112</u>	<u>\$ 744,643</u>	<u>\$ 385,730</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 140 years. For governmental activities, the Commonwealth recognized \$2,970,000 and \$275,000 for lease principal and interest revenue, respectively, for the fiscal year ended June 30, 2024. Lease revenue from principal and interest payments received for business-type activities was \$28,000 and \$36,000 during fiscal year 2024.

**The future lease payments included in the measurement of the lease receivable related to
the primary government as of June 30, 2024, are as follows (expressed in thousands):**

Year ended June 30:	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2025	\$ 940	\$ 241	\$ 21	\$ 35	\$ —	\$ —
2026	967	215	22	34	—	—
2027	992	189	23	33	—	—
2028	1,019	162	24	32	—	—
2029	427	139	5	32	—	—
2030-2034	1,128	596	12	156	—	—
2035-2039	925	456	25	150	—	—
2040-2044	1,008	326	39	144	—	—
2045-2049	1,153	181	53	137	—	—
2050-2054	748	31	68	130	—	—
2055-2059	—	—	85	122	—	—
2060-2064	—	—	102	114	—	—
2065-2069	—	—	121	104	—	—
2070-2074	—	—	141	93	—	—
2075-2079	—	—	164	81	—	—
2080-2084	—	—	189	67	—	—
2085-2089	—	—	188	49	—	—
2090-2094	—	—	212	34	—	—
2095-2164	—	—	2,587	95	—	—
Present value of future minimum lease payments	<u>\$ 9,307</u>	<u>\$ 2,536</u>	<u>\$ 4,081</u>	<u>\$ 1,642</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 2024. 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 2024 for governmental and business-type activities were \$99,325,000 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, 2024, are as follows (expressed in thousands):

Year ended June 30:	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2025	\$ 87,985	\$ 11,952	\$ 257	\$ 110	\$ 18,077	1,064
2026	54,563	7,783	269	98	12,081	593
2027	36,764	5,140	282	85	7,328	278
2028	22,749	3,319	296	71	3,537	90
2029	14,733	2,213	310	57	856	10
2030-2034	23,468	4,792	1,024	77	—	—
2035-2039	5,964	1,702	—	—	—	—
2040-2044	5,025	476	—	—	—	—
Present value of future minimum subscription payments	\$ 251,251	\$ 37,377	\$ 2,438	\$ 498	\$ 41,879	\$ 2,035

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 \$20,561,000 reported in the Program at June 30, 2024, 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.

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Changes in the Program's claims liability amount in Fiscal Years 2024 and 2023 were:

(expressed in thousands)	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
Beginning of fiscal year liability	\$ 15,036	\$ 11,633
Incurred claims	24,531	15,062
Claims payments	<u>(19,006)</u>	<u>(11,659)</u>
Balance at Fiscal Year End	<u>\$ 20,561</u>	<u>\$ 15,036</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 \$191,491,000 reported in the Program at June 30, 2024, 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 2024 and 2023 were:

(expressed in thousands)	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
Beginning of fiscal year liability	\$ 206,745	\$ 208,623
Claims and claims adjustments incurred	1,476	13,220
Claims and claims adjustment payments	<u>(16,730)</u>	<u>(15,098)</u>
Balance at Fiscal Year End	<u>\$ 191,491</u>	<u>\$ 206,745</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 \$17,925,000 reported in the Program at June 30, 2024, 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 2024 and 2023 were:

(expressed in thousands)	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
Beginning of fiscal year liability	\$ 19,322	\$ 22,501
Claims and claims adjustments incurred	3,378	3,670
Changes in estimates	(2,592)	(4,501)
Claims and claims adjustments payment	<u>(2,183)</u>	<u>(2,348)</u>
Balance at Fiscal Year End	<u>\$ 17,925</u>	<u>\$ 19,322</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 \$380,923,000 as reported in the financial statements, is the present value of the aggregate actuarially determined claims liability of \$498,423,000 discounted at 3.00 percent, and net of the estimated realizable value of reimbursements. The claims adjusted liability of \$12,619,000 as reported in the financial statements is the present value of the aggregate actuarially determined liability of \$16,300,000 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 2024 and 2023 were:

(expressed in thousands)	Fiscal Year 2024	Fiscal Year 2023
Beginning of fiscal year liability	\$ 549,476	\$ 601,040
Claims and claims adjustments incurred	7,107	7,186
Changes in estimates	(20,439)	(21,114)
Claims and claims adjustment payments	(21,421)	(37,636)
Balance at Fiscal Year End	<u>\$ 514,723</u>	<u>\$ 549,476</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 \$147,892,000 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:

(expressed in thousands)	Fiscal Year 2024	Fiscal Year 2023
Beginning of fiscal year liability	\$ 156,243	\$ 94,589
Claims and claims adjustments incurred	4,580	4,580
Changes in estimates	(2,032)	69,453
Claims and claims adjustment payments	(10,899)	(12,379)
Balance at Fiscal Year End	<u>\$ 147,892</u>	<u>\$ 156,243</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 \$982,000 as reported in the financial statements is the aggregate actuarially determined claims liability.

(expressed in thousands)	Fiscal Year 2024	Fiscal Year 2023
Beginning of fiscal year liability	\$ 1,387	\$ 603
Changes in estimates	(405)	784
Balance at Fiscal Year End	\$ 982	\$ 1,387

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, 2024. Changes in the Program's aggregate liabilities for the claims and claims adjustments for the past two years were:

(expressed in thousands)	Fiscal Year 2024	Fiscal Year 2023
Beginning of fiscal year liability	\$ —	\$ —
Claims and claims adjustments incurred	—	339
Claims and claims adjustment payments	—	(339)
Balance at Fiscal Year End	\$ —	\$ —

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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 \$143,914,000 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:

(expressed in thousands)	<u>Fiscal Year 2024</u>	<u>Fiscal Year 2023</u>
Beginning of fiscal year liability	\$ 127,036	\$ 180,331
Claims and claims adjustments incurred	2,188,395	2,016,633
Changes in estimates	10,786	5,969
Claims and claims adjustment payments	<u>(2,182,303)</u>	<u>(2,075,897)</u>
Balance at Fiscal Year End	<u>\$ 143,914</u>	<u>\$ 127,036</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 2024 or 2023; and, there was not a claims liability for FY 2024 or FY 2023.

Note 14

DEFEASANCE OF LONG-TERM DEBT

School Facilities Construction Commission

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, 2024, the School Facilities Construction Commission issued the following revenue refunding bonds:

Revenue refunding bonds dated April 4, 2024, were issued for the Jefferson County School District Finance Corporation 2013C & 2014A Series Refunding. The Commission's portion of the refunding issue was \$5,924,256 maturing June 1, 2024 to June 1, 2034, and carrying interest rates from 2.700% to 3.300%. Issuing the bonds will reduce the prior debt service amounts by a total of \$4,598,127 and a net present value savings of \$4,143,614.

Revenue refunding bonds dated June 18, 2024, were issued for the Oldham County School District Finance Corporation 2013 Series Refunding. The Commission's portion of the refunding issue was \$1,346,311 maturing August 1, 2024 to August 1, 2033, and carrying interest rates from 4.000% to 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$4 and a net present value savings of \$10,210.

State Property and Buildings Commission

During the fiscal year ended June 30, 2024, the State Property and Buildings Commission issued \$466,210,000 of revenue refunding bonds.

On behalf of the Kentucky River Authority, Project No. 129 Series 2024 Agency Fund revenue refunding bonds dated March 26, 2024 were issued for \$10,575,000 to refund Project No. 105 Series 2013 Kentucky River Authority agency fund revenue bonds. The serial bonds have a maturity from April 1, 2025 through April 1, 2033, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$1,155,606 and a net present value savings of \$1,002,977.

Revenue refunding bonds Project No. 130 Series B \$412,965,000 dated May 1, 2024 were issued to refund Project Nos. 95C, 96C, and 99C. The serial bonds have a maturity from November 1, 2024 through November 1, 2030, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$4,362,885 and a net present value savings of \$2,745,429 after an adjustment for a net cash contribution for accrued interest reduction of \$1,620,030.

Revenue refunding bond Project No. 130 Series C \$42,670,000 dated May 1, 2024 were issued to refund Project Nos. 117C, 122D, and 125B. The serial bonds have a maturity from November 1, 2024 through November 1, 2031, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$2,858,608 and a net present value savings of \$2,862,895.

Kentucky Asset Liability Commission

During the fiscal year ended June 30, 2024, the Kentucky Asset Liability Commission issued \$107,040,000 of Project Refunding Notes Federal Highway Trust Fund Series 2024A Bonds dated June 4, 2024. The serial bonds have a maturity from September 1, 2024 through September 1, 2026 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$2,451,781 and a net present value savings of \$2,358,270.

Component Units

Morehead State University

During the fiscal year ended June 30, 2024, the University issued 2024 Series B General Receipts Refunding Bonds of \$4,410,000 on April 3, 2024 to partially refund 2013 Series A and 2014 Series A. The serial bonds have a maturity from September 1, 2028 through September 1, 2032 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$369,553 and a net present value savings of \$374,508.

Northern Kentucky University

During the fiscal year ended June 30, 2024, the University issued 2024 Series A General Receipts Refunding Bonds of \$24,890,000 on April 25, 2024 to refund General Receipts Bonds 2014 Series A. The serial bonds have a maturity September 1, 2025 through September 1, 2033 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$2,152,420 and a net present value savings of \$2,154,691.

The University of Kentucky

During the fiscal year ended June 30, 2024, the University issued 2024 Series A General Receipts Refunding Bonds of \$75.6 million on April 1, 2024 to refinance the University's General Receipts 2022 Bond Series D. The serial bonds have a maturity through October 1, 2047 and carry an interest rate of 4.4%. The General Receipts 2022 (Taxable) Bonds Series D were fully converted to General Receipts 2024 (Tax-Exempt) Bonds Series A, both issued as a direct placement.

During fiscal year 2024, it was determined that General Receipts 2022 Bond Series A, whose balance at June 30, 2022 was \$27.5 million, were reclassified from general receipts bonds to direct placements. The General Receipts 2022 Bonds Series D additions during fiscal year 2023 were also reclassified from general receipts bonds to direct placements. There was no change to total long-term liabilities.

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, 2024.

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.

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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, 2024 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 \$839,130,000 in revenue fund bonds as follows:

Revenue Bonds Project No. 128 Series A \$143,970,000 dated November 8, 2023 were issued. The serial bonds have a maturity from November 1, 2024 through November 1, 2043 and carrying an interest rate of 5.000%.

On behalf of the Kentucky River Authority, Project No. 129 Series 2024 Agency Fund revenue refunding bonds dated March 26, 2024 were issued for \$10,575,000 to refund Project No. 105 Series 2013 Kentucky River Authority agency fund revenue bonds. The serial bonds have a maturity from April 1, 2025 through April 1, 2033, and carry an interest rate of 5.000%.

Revenue Bonds Project No. 130 Series A \$228,950,000 dated May 1, 2024 were issued. The serial bonds have a maturity from November 1, 2025 through November 1, 2044 with carrying interest rates of 4.000% to 5.250%.

Revenue refunding bonds Project No. 130 Series B \$412,965,000 dated May 1, 2024 were issued to refund Project Nos. 95C, 96C, and 99C. The serial bonds have a maturity from November 1, 2024 through November 1, 2030, and carry an interest rate of 5.000%.

Revenue refunding bond Project No. 130 Series C \$42,670,000 dated May 1, 2024 were issued to refund Project Nos. 117C, 122D, and 125B. The serial bonds have a maturity from November 1, 2024 through November 1, 2031, 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, unless the principal of all the Bonds has already become due and payable either the Trustee or the Holders of not less than 25% of the principal amount of Bonds Outstanding, may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately.

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

The Turnpike Authority of Kentucky was created in the 1960 regular session of the General Assembly under present KRS sections 175.410 through 175.990 as a body corporate and politic constituting a municipal corporation, political subdivision, and instrumentality of the Commonwealth. The Authority is composed of the Governor, Lieutenant Governor, Attorney General, and

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Secretary of Transportation, Commissioner of Highways, State Highway Engineer, and Secretary of Economic Development. The Director of the Office of Financial Management currently serves as the Authority's Treasurer.

The Authority issued no bonds during fiscal year 2024:

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 2024.

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.

Morehead State University issued \$5,175,000 of 2023 Series A General Receipts Bonds on August 8, 2023. The serial bonds have a maturity from September 1, 2028 through September 1, 2043 and carrying interest rates from 4.000% to 5.000%. The university also issued \$39,260,000 of 2024 Series A General Receipts Bonds on April 3, 2024. The serial bonds have a maturity from September 1, 2028 through September 1, 2043 and carrying interest rates from 4.000% to 5.000%. The university also issued \$4,410,000 of 2024 Series B General Receipts Refunding Bonds on April 3, 2024 to partially refund 2013 Series A and 2014 Series A. The serial bonds have a maturity from September 1, 2028 through September 1, 2032 and carry an interest rate of 5.000%.

Murray State University issued \$19,105,000 of 2024 Series A General Receipts Bonds on June 5, 2024. The serial bonds have a maturity from March 1, 2025 through March 1, 2044 and carrying interest rates from 4.000% to 5.000%.

Northern Kentucky University issued \$24,890,000 of 2024 Series A General Receipts Refunding Bonds on April 25, 2024 to refund General Receipts Bonds 2014 Series A. The serial bonds have a maturity September 1, 2025 through September 1, 2034 and carry an interest rate of 5.000%.

The University of Kentucky issued \$186,250,000 of 2024 Series B and C General Receipts Bonds on February 27, 2024. Series B \$148,265,000 serial bonds have a maturity from October 1, 2024 through October 1, 2044 and carrying interest rates from 4.000% to 5.000%. Series C \$37,985,000 serial bonds have a maturity from October 1, 2024 through October 1, 2030 and carry an interest rates from 4.250% to 4.800%. The university also issued 75.6 million of 2024 Series A General Receipts Refunding Bonds on April 1, 2024 to refinance the University's General Receipts 2022 Bond Series D. The serial bonds have a maturity through October 1, 2047 and carry an interest rate of 4.4%. During fiscal year 2024, it was determined that The General Receipts 2022 (Taxable) Bonds Series D were fully converted to General Receipts 2024 (Tax-Exempt) Bonds Series A, both issued as a direct placement. During fiscal year 2024, it was determined that General Receipts 2022 Bond Series A, whose balance at June 30, 2022 was \$27.5 million, were reclassified from general receipts bonds to direct placements. The General Receipts 2022 Bonds Series D additions during fiscal year 2023 were also reclassified from general receipts bonds to direct placements. There was no change to total long-term liabilities.

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 2024.

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 2024.

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 2024.

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

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

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

The Corporation issued no bonds during fiscal year 2024.

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.

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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 during fiscal year 2024.

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 2024.

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, 2024, the Commission issued bonds having aggregate state participation of \$43,777,555 maturing through August 1, 2044, and carry interest rates of 2.700% to 5.030%. Due to the length of the listing, the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 2024, which is contained in the publication titled *Kentucky Supplemental Information to the Annual Comprehensive Financial Report* for the Fiscal Year Ended June 30, 2024. 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.

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 2024.

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 2024.

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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 Authority 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 fiscal year 2024.

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

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

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

**The agencies and authorities that issue debt, net of discounts and defeased bonds,
at June 30, 2024, are as follows (expressed in thousands):**

Long-Term Obligations	Principal Outstanding	Interest Rate	Annual Maturity To
Agency:			
State Property and Buildings Commission	\$ 2,805,490	0.255%-8.250%	2045
Kentucky School Facilities Construction Commission	895,670	0.250%-5.900%	2044
Turnpike Authority of Kentucky	765,190	0.166%-5.720%	2042
Total	\$ 4,466,350		

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**Future revenue bond debt service requirements at
June 30, 2024, are as follows (expressed in thousands):**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 433,060	\$ 186,776	\$ 619,836
2026	457,494	168,371	625,865
2027	449,083	148,642	597,725
2028	429,037	129,276	558,313
2029	402,245	111,223	513,468
2030-2034	1,263,417	364,172	1,627,589
2035-2039	738,467	148,399	886,866
2040-2044	276,147	33,234	309,381
Total	\$ 4,448,950	\$ 1,290,093	\$ 5,739,043

**Future debt service requirements for aggregated Next Generation Kentucky Information
Highway Project at June 30, 2024, are as follows (expressed in thousands):**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	6,617	13,873	20,490
2030-2034	46,281	63,844	110,125
2035-2039	73,597	50,169	123,766
2040-2044	111,038	27,952	138,990
2045	35,827	1,272	37,099
Total	\$ 292,571	\$ 215,232	\$ 507,803

**Future debt service requirements for Kentucky Communications Network Authority
Project at June 30, 2024, are as follows (expressed in thousands):**

<u>Year Ending June 30</u>	<u>Direct Placements</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
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	2,275	4,392	6,667
2030-2034	13,260	20,085	33,345
2035-2039	17,020	16,319	33,339
2040-2044	21,855	11,484	33,339
2045-2049	28,065	5,275	33,340
2050	6,505	163	6,668
Total	\$ 97,030	\$ 76,344	\$ 173,374

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Component Unit Revenue Bonds Payable as of June 30, 2024, are as follows (expressed in thousands):

Component Unit Revenue Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Kentucky Housing Corporation*	\$ 535,240	1.150%-8.250%	2055
Kentucky Infrastructure Authority*	113,270	2.000%-5.000%	2032
Kentucky Higher Education Student Loan Corporation	667,193	1.410%-7.310%	2051
Kentucky Public Transportation Infrastructure Authority	336,295	1.150%-6.875%	2053
University of Kentucky*	1,370,096	1.030%-4.440%	2052
University of Louisville*	662,522	1.500%-5.600%	2052
Louisville Arena Authority	360,020	2.967%-5.000%	2047
Eastern Kentucky University	124,400	2.000%-5.000%	2052
Western Kentucky University*	219,147	2.000%-5.000%	2042
Murray State University*	77,745	1.000%-5.000%	2044
Morehead State University	91,925	1.000%-5.000%	2054
Kentucky State University	1,225	3.625%-3.875%	2027
Northern Kentucky University*	283,510	0.890%-5.000%	2051
Total	\$ 4,842,588		

* Amounts reflect original issue

Future revenue bond debt service requirements for bonds issued by the Commonwealth's Component Units at June 30, 2024, are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Totals
2025	\$ 209,914	\$ 203,905	\$ 413,819
2026	196,154	183,832	379,986
2027	200,506	175,908	376,414
2028	222,390	167,235	389,625
2029	207,682	160,945	368,627
2030-2034	804,253	700,620	1,504,873
2035-2039	796,416	523,691	1,320,107
2040-2044	739,585	362,327	1,101,912
2045-2049	412,145	213,530	625,675
2050-2054	687,123	63,158	750,281
2055-2059	366,420	263,742	630,162
Thereafter	—	—	—
Total	\$ 4,842,588	\$ 3,018,893	\$ 7,861,481

NOTES PAYABLE

At June 30, 2024, 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 \$107,040,000 of Project Refunding Notes Federal Highway Trust Fund Series 2024A Bonds dated June 4, 2024. The serial bonds have a maturity from September 1, 2024 through September 1, 2026 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.

Other Long-term Liabilities - The General Fund, special revenue, and internal service funds in which leases are recorded will liquidate the 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.

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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 2024.

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, 2024, are as follows (expressed in thousands):**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
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	8,555	1,252	9,807
2030-2033	36,655	2,573	39,228
Total	<u>\$ 77,190</u>	<u>\$ 11,079</u>	<u>\$ 88,269</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 2024. The remaining debt service requirement, including the trustee fees and management and maintenance fees under the lease agreement, are shown below.

**Future debt service requirements for Certificates of Participation June 30, 2024, are as follows
(expressed in thousands):**

Year Ending June 30	Principal	Interest	Operations & Maintenance	Totals
2025	\$ 3,995	\$ 6,593	\$ 1,426	\$ 12,014
2026	4,135	6,419	1,468	12,022
2027	4,235	6,270	1,512	12,017
2028	4,350	6,115	1,557	12,022
2029	4,465	5,954	1,603	12,022
2030-2034	24,255	27,095	8,766	60,116
2035-2039	28,825	21,157	10,155	60,137
2040-2044	33,900	14,487	11,766	60,153
2045-2049	39,250	7,301	13,636	60,187
2050-2051	12,140	620	2,305	15,065
Total	\$ 159,550	\$ 102,011	\$ 54,194	\$ 315,755

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, 2024, are as follows
(expressed in thousands):**

	Governmental Activities	Business-Type Activities	Major Component Units
Deferred Outflow of Resources			
Deferred Loss on Refunding	\$ 3,597	\$ —	\$ 23,745
Pension Related Outflows	4,205,081	67,899	29,300
OPEB Related Outflows	1,259,716	15,318	70,158
Total	\$ 5,468,394	\$ 83,217	\$ 123,203
Deferred Inflow of Resources			
Deferred Gain on Refunding	\$ 18,639	\$ —	\$ 9,437
External Trusts	—	—	18,087
Forward Delivery Agreement	—	—	1,970
Lessor Contracts	9,307	4,080	635,292
Service Concession Arrangement	—	—	463,005
Pension Related Inflows	695,945	46,329	17,193
OPEB Related Inflows	2,161,471	41,680	123,616
Total	\$ 2,885,362	\$ 92,089	\$ 1,268,600

**Future debt service requirements for aggregated Notes Payable for the Primary
Government at June 30, 2024, are as follows (expressed in thousands):**

Year Ending June 30	Principal	Interest	Totals
2025	\$ 90,280	\$ 10,739	\$ 101,019
2026	91,599	7,836	99,435
2027	79,591	3,776	83,367
2028	22,820	1,404	24,224
2029	5,079	876	5,955
2030-2034	28,970	4,048	33,018
2035-2039	—	2,493	2,493
2040-2044	—	1,606	1,606
2045-2049	4,676	779	5,455
2050-2054	3,604	196	3,800
Total	\$ 326,619	\$ 33,753	\$ 360,372

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Future debt service requirements for aggregated Notes Payable for the Component Units at June 30, 2024, are as follows (expressed in thousands):

Year Ending June 30			Direct Borrowings		Direct Placements		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2025	\$ 6,613	\$ 470	\$ 18,939	\$ 17,714	\$ 2,353	\$ 1,301	\$ 47,390
2026	2,660	413	6,333	18,708	1,927	1,229	31,270
2027	1,798	358	2,931	18,582	1,971	1,159	26,799
2028	1,841	302	3,203	18,423	2,022	1,090	26,881
2029	4,001	500	4,047	18,314	1,999	1,012	29,873
2030-2034	3,785	248	43,571	87,128	9,839	3,930	148,501
2035-2039	58	19	91,160	73,808	11,803	1,789	178,637
2040-2044	110	12	107,897	53,314	4,804	285	166,422
2045-2049	—	—	129,387	30,461	—	—	159,848
2050-2054	—	—	90,396	5,336	—	—	95,732
Total	\$ 20,866	\$ 2,322	\$ 497,864	\$ 341,788	\$ 36,718	\$ 11,795	\$ 911,353

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

Changes in long-term liabilities for the fiscal year ended June 30, 2024, are summarized as follows (expressed in thousands):

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due In One Year	Due Thereafter
Governmental Activities						
Compensated absences	\$ 313,652	\$ 53,655	\$ (11,479)	\$ 355,828	\$ 185,867	\$ 169,961
Lease obligations	174,727	104,767	(106,900)	172,594	37,002	135,592
Subscription liabilities	319,926	296,337	(365,012)	251,251	87,985	163,266
Claims liabilities	241,102	29,385	(40,510)	229,977	38,433	191,544
Notes payable	422,328	163,585	(259,294)	326,619	90,280	236,339
Certificate of Participation	163,435	—	(3,885)	159,550	3,994	155,556
KCNA - Direct Placements	98,800	—	(1,770)	97,030	1,865	95,165
KWIC	295,816	—	(3,245)	292,571	3,771	288,800
Bonds payable	4,547,028	882,909	(963,587)	4,466,350	433,060	4,033,290
Unamortized premiums	394,637	61,100	(54,768)	400,969	39,047	361,922
Unamortized discounts	(6,615)	(702)	705	(6,612)	(637)	(5,975)
Judgments and contingent liabilities	22,251	19,452	(23,982)	17,721	8,507	9,214
LFUCGPFC MOU obligations	84,655	—	(7,465)	77,190	7,671	69,519
Pollution remediation liabilities	18,852	8,132	(659)	26,325	1,133	25,192
Net OPEB liabilities	2,357,436	—	(943,242)	1,414,194	—	1,414,194
Net pension liabilities	28,624,869	—	(850,331)	27,774,538	—	27,774,538
Total Governmental Activities	38,072,899	1,618,620	(3,635,424)	36,056,095	937,978	35,118,117
Business-Type Activities						
Compensated absences	8,117	1,430	—	9,547	7,136	2,411
Lease obligations	1,354	560	(724)	1,190	422	768
Subscription liabilities	2,683	—	(245)	2,438	257	2,181
Notes payable	13,274	—	(1,956)	11,318	2,010	9,308
Claims and claims adjustment liability	700,345	—	(14,016)	686,329	210,135	476,194
Pollution remediation liabilities	350	458	(704)	104	104	—
Net OPEB liabilities	57,597	—	(39,291)	18,306	—	18,306
Net pension liabilities	360,479	—	(31,809)	328,670	—	328,670
Other liabilities	131,866	32,315	(39,100)	125,081	65,200	59,881
Total Business-Type Activities	1,276,065	34,763	(127,845)	1,182,983	285,264	897,719
Total Primary Government	\$ 39,348,964	\$ 1,653,383	\$ (3,763,269)	\$ 37,239,078	\$ 1,223,242	\$ 36,015,836
Major Component Units						
Compensated absences	\$ 142,565	\$ 12,076	\$ (44,117)	\$ 110,524	\$ 95,013	\$ 15,511
Lease obligations	723,539	108,743	(87,639)	744,643	71,827	672,816
Subscription liabilities	47,951	16,638	(22,710)	41,879	18,077	23,802
Notes payable	129,905	433,755	—	563,660	14,246	549,414
Direct borrowings	542,891	—	(487,784)	55,107	17,946	37,161
Direct placements	159,733	720	(123,735)	36,718	2,353	34,365
Bonds payable	3,072,696	743,280	(208,755)	3,607,221	135,622	3,471,599
Claims liabilities	—	—	—	—	—	—
Prize liabilities	86,398	13,688	—	100,086	92,191	7,895
Net pension obligations	229,285	4,091	(19,011)	214,365	—	214,365
Net OPEB liabilities	183,844	44,352	(103,650)	124,546	—	124,546
Other liabilities:	597,291	210,348	(180,831)	626,808	119,377	507,431
Total Major Component Units	\$ 5,916,098	\$ 1,587,691	\$ (1,278,232)	\$ 6,225,557	\$ 566,652	\$ 5,658,905

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. These 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 for which adverse rulings may impair future revenue sources or require material expenditures for services, capital facilities, or refunds of prior collections. It is not possible to determine the outcome of these proceedings or to estimate the effect that adverse decisions may have on future expenditures or revenue sources of the Commonwealth.

Judgments and Contingencies – A claim is a lawsuit that has been filed for which no court decision has been rendered. Claims are classified as remote, possible, or probable depending on their chance of occurrence. A judgment is an amount that must be repaid as the result of a court decision or an award for the condemnation of private property. Judgments may also arise from employment, contracts, and government involvement of personnel or property.

The General Fund, Agency Revenue Fund, Transportation Fund, and State Parks Fund generally incur claims and judgments. Amounts reported include claims made and judgments rendered against the Commonwealth before June 30, 2024. Claims that are payable by June 30, 2025 are reported as a current liability while those payable after June 30, 2025 are reported as non-current.

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, 2024, the estimated liability for annual and compensatory leave was \$355,828,000 for the governmental activities, and \$9,547,000 in the business-type activities.

Compensated absence liabilities for the major component units totaled \$110,524,000 at June 30, 2024.

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, 2024. The estimated accumulated amount of unused sick leave at that date for the governmental and business-type activities was \$600,854,000 and \$18,085,000, respectively.

Construction Projects – The Transportation Cabinet had contractual commitments of approximately \$762,438,554 for the construction, maintenance, and operation of the highway system at June 30, 2024. It is anticipated that these projects will be funded with approximately 26% State funds, 66% Federal funds, and the remaining 8% 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 an agreement between a government and an individual or entity whereby (a) the government promises to forgo tax revenue and (b) the individual or entity promises to take a specific action that contributes to economic development or benefits the government or its citizens. 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, tax abatements are aggregated by program. Tax abatements for the year ended June 30, 2024 are summarized in the following table:

(expressed in thousands)	Sales and Use	Property	Income	
Program Name	Tax	Tax	Tax	Total
Kentucky Business Investment	\$ —	\$ —	\$ 48,721	\$ 48,721
Tax Increment Financing	35,280	1,884	13,846	51,010
Kentucky Tourism Development Act	11,597	—	—	11,597
Kentucky Film Industry Tax Credit	—	—	28,423	28,423
Other Economic Incentives	—	—	34,544	34,544
Total	\$ 46,877	\$ 1,884	\$ 125,534	\$ 174,295

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 among 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 for the expansion of existing tourism attractions in 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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2024

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 applicants not based in Kentucky 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% of approved expenditures in an enhanced incentive county. Beginning in calendar year 2018 and any calendar year thereafter approved tax incentives shall be limited to \$100 million. KRS 141.383, KRS 148.544

Other Economic Incentives - Other economic incentive programs designed to attract or encourage expansion of businesses meeting our reporting threshold. Pursuant to KRS 131.190 the Commonwealth cannot disclose business affairs related to individual taxpayer information.

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 its reporting threshold of \$5 million. In aggregate, the total was less than \$6 million for the year ending June 30, 2024. 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.

Note 18

SUBSEQUENT EVENTS

The following entities of the Commonwealth issued or agreed to administer State participation in financial obligations incurred after June 30, 2024, and prior to or on January 24, 2025, as described below.

The Kentucky State Property and Buildings Commission issued \$600,000,000 in Revenue Bonds, project 131 Series A, subsequent to June 30, 2024, and maturing as to principal through 2045 at interest rates of 4.000% to 5.000%.

The Turnpike Authority of Kentucky issued \$108,985,000 in Economic Development Road Revenue Refunding Bonds (Revitalization Projects) 2024 Series A that includes 5.7% Yearly Sequestration Rate Reduction, subsequent to June 30, 2024, and maturing as to principal through 2031 at an interest rate of 5.000%. Series 2010B Economic Development Road Revenue Bonds (BABs) 2025 and 2030 Terms with interest rates of 5.244% to 5.722% were refunded. This resulted in a savings of \$984,040 and a net present value savings of \$870,453.

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, 2024, and maturing as to principal through 2045 at interest rates of 2.510% to 5.000% as displayed in the table on the following page.

University of Kentucky Board of Trustees approved the acquisition of St. Claire Medical Center, Inc. effective July 1, 2024. This results in the University assuming all assets and liabilities of St. Claire Medical Center, Inc. and its subsidiary corporation, St. Claire Real Properties, Inc. The transition was facilitated through a newly created wholly owned subsidiary corporation, Claire Blue Health LLC, whose sole member is BBC. An estimate of the impact of this acquisition cannot be determined at this time.

The Lease Purchase Obligations, Series 2024 (UK HealthCare Cancer Center Parking Project) were sold subsequent to June 30, 2024. The Series 2024 Obligations constitute undivided proportionate interest in base rent to be paid by the University for the lease of a ten-story parking garage (two stories below ground) for approximately 2,415 vehicles to be constructed adjacent to the new UK HealthCare Cancer Treatment Center/Ambulatory Outpatient Center currently under construction, under a facilities lease dated subsequent to June 30, 2024, and maturing as to principal through 2054 at interest rates of 4.000% to 5.000%. The par value of \$104.7 million plus premium of \$6.9 million, for total proceeds of \$111.6 million, will fund certain costs related to the construction, installation and equipping of the project and certain costs related to the issuance of the Series 2024 Obligations.

University of Louisville South Preston, LLC entered into a note subsequent to June 30, 2024, with a financial institution having a rate equal to the daily SOFR rate plus 125 basis points (1.25%), with principal due and payable in equal consecutive quarterly installments commencing September 1, 2024, and maturing June 1, 2029.

Western Kentucky University issued \$31,115,000 in General Receipt Bonds, 2024 Series A (Athletic Facilities & New Gordon Ford College of Business) and \$6,245,000 in General Receipts Refunding Bonds, 2024 B (Currently Refund 2012 Series A Maturities 2030-32), subsequent to June 30, 2024, and maturing as to principal through 2045 at interest rates of 4.000% to 5.000%. Refunded 2012 Serial and Term A General Receipt Bonds \$6,805,000 with interest rates of 3.500% to 5.000% resulted in a savings of \$538,529.

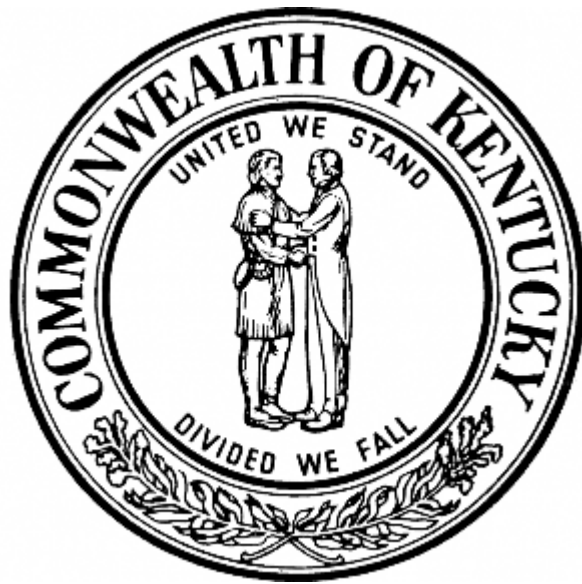
COMMONWEALTH OF KENTUCKY
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KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

School District	Delivery Date	Principal at Issue	State Share	Interest Rates (%)
Harrison County Schools	07/16/24	\$ 41,600,000	\$ 1,758,635	3.520% - 4.170%
Lawrence County Schools	08/14/24	1,780,000	1,618,290	3.350% - 4.160%
Bourbon County Schools	08/28/24	6,055,000	323,565	4.000% - 5.000%
Paintsville Independent Schools	09/10/24	2,215,000	651,715	3.150% - 4.100%
Covington Independent Schools	09/11/24	6,275,000	760,360	2.910% - 4.200%
Jefferson County Schools	10/15/24	139,190,000	20,660,774	2.510% - 3.960%
Bell County Schools	10/30/24	7,075,000	1,502,985	3.100% - 4.000%
Rockcastle County Schools	10/31/24	27,640,000	15,901,112	2.810% - 4.050%
Hardin County Schools	12/10/24	71,230,000	1,594,363	4.000% - 5.000%
Bellevue Independent Schools	12/11/24	8,410,000	195,116	2.960% - 4.100%
Muhlenberg County Schools	12/17/24	4,250,000	852,922	2.970% - 4.050%
Middlesboro Independent Schools	12/23/24	685,000	474,628	3.200% - 4.000%
Bardstown Independent Schools	12/30/24	4,625,000	42,089	2.900% - 3.900%
		\$ 321,030,000	\$ 46,336,554	

COMPONENT UNITS

Component Unit	Delivery Date	Principal at Issue	Amount Refunded	Interest Rates (%)
University of Kentucky	09/18/24	\$ 104,745,000	\$ —	4.000% - 5.000%
University of Louisville	08/01/24	Unknown	—	Daily SOFR rate + 125 basis pts
Western Kentucky University	12/19/24	37,360,000	6,805,000	4.000% - 5.000%
		\$ 142,105,000	\$ 6,805,000	



COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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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
ktcs.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, 2024

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



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

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Budgeted:				
Taxes	\$ 14,555,353	\$ 14,744,306	\$ 14,779,565	\$ 35,259
Licenses, fees, and permits	26,509	25,388	27,305	1,917
Intergovernmental	13,670	19,165	5,938	(13,227)
Charges for services	4,428	3,935	6,031	2,096
Fines and forfeits	27,525	26,690	33,157	6,467
Interest and other investment income	69,000	289,100	300,188	11,088
Lottery proceeds	343,600	343,600	343,575	(25)
Other revenues	57,105	60,763	75,498	14,735
Tobacco Settlement	106,078	105,478	105,478	—
Subtotal of Budgeted Revenues	<u>15,203,268</u>	<u>15,618,425</u>	<u>15,676,735</u>	<u>58,310</u>
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	—	85,273	50,332	(34,941)
Total Budgeted Revenues	<u>15,203,268</u>	<u>15,703,698</u>	<u>15,727,067</u>	<u>23,369</u>
Total Revenues	<u>15,203,268</u>	<u>15,703,698</u>	<u>15,727,067</u>	<u>23,369</u>
Expenditures				
General Government:				
Executive Office of the Governor	6,476	6,694	6,694	—
Office of Homeland Security	619	645	645	—
Kentucky Infrastructure Authority	4,261	4,272	4,272	—
Commonwealth Council on Developmental Disabilities	—	192	192	—
Department of Veterans Affairs	31,334	32,969	32,969	—
Office of State Budget Director	3,866	4,010	3,917	(93)
Unified Prosecutorial System:				
Commonwealth Attorneys	69,940	72,548	72,177	(371)
County Attorneys	65,134	67,436	65,825	(1,611)
Department of Agriculture	20,397	21,120	21,111	(9)
Office of the Attorney General	18,727	20,543	20,543	—
Auditor of Public Accounts	11,835	12,198	12,198	—
Registry of Election Finance	1,714	1,774	1,542	(232)
Military Affairs	22,203	105,283	100,805	(4,478)
Governor's Office for Local Development	108,970	111,165	101,284	(9,881)
Local Government:				
Economic Assistance Fund	35,214	38,295	38,295	—
Economic Development Fund	39,817	42,780	42,780	—
Department of Treasury	3,520	3,422	3,121	(301)
Board of Elections	6,361	6,418	6,391	(27)
School Facilities Construction Commission	128,451	129,273	129,273	—
Executive Branch Ethics Commission	625	664	664	—
Commission on Human Rights	1,972	2,044	2,044	—
Board of Emergency Medical Services	—	1,994	1,994	—
Council on Postsecondary Education	18,965	31,214	28,816	(2,398)
Kentucky Communications Network Authority	39,635	39,720	39,720	—
Budget Reserve Trust Fund	—	5,226,410	—	(5,226,410)
Personnel:				
General Operations	—	500	500	—
State Salary and Compensation Fund	5,307	—	—	—
State Fixed Allocation Pension Pool	84,618	84,618	84,618	—

	Original	Final	Actual	Variance
Universities:				
Eastern Kentucky University	\$ 81,901	\$ 85,124	\$ 85,124	\$ —
Kentucky State University	28,691	30,798	30,798	—
Morehead State University	49,762	49,762	49,762	—
Murray State University	51,707	54,802	54,802	—
Northern Kentucky University	57,655	70,339	70,339	—
University of Kentucky	303,669	337,008	337,008	—
University of Louisville	134,224	151,818	151,818	—
Western Kentucky University	83,951	89,810	89,810	—
Kentucky Community and Technical College System	192,834	212,548	208,652	(3,896)
Postsecondary Education Performance Fund	97,307	15,850	15,739	(111)
Finance and Administration:				
General Administration and Support	8,337	12,357	12,137	(220)
Special Accounts - Capital Construction	76,382	305,299	305,299	—
Debt Service	392,546	392,546	245,745	(146,801)
Office of the Controller	8,737	8,955	8,955	—
Commonwealth Office of Technology	8,794	8,794	8,524	(270)
Department for Facilities and Support Services	27,880	28,004	28,004	—
Kentucky Retirement Systems	135,000	240,000	240,000	—
Kentucky Permanent Pension Fund	200,000	—	—	—
Kentucky Higher Education Assistance Authority	383,392	370,542	361,978	(8,564)
Special Accounts - Tobacco Settlement	106,078	109,356	107,857	(1,499)
Finance - County Costs	29,244	32,797	32,797	—
Department of Revenue:				
General Operations	121,304	123,925	123,925	—
Office of Property Valuation Administrators	64,519	66,972	64,597	(2,375)
Appropriations Not Otherwise Classified:				
Judgments	17,280	17,280	1,867	(15,413)
Board of Claims Award	365	741	715	(26)
Guardian Ad Litem	15,234	12,929	12,503	(426)
Prior Year Claims	166	166	—	(166)
Unredeemed Checks Refunded	1,752	3,402	3,384	(18)
Involuntary Commitments	143	143	104	(39)
Blanket Employee Bonds	45	45	37	(8)
Frankfort In Lieu of Taxes	846	846	846	—
Police and Firemen Life Insurance	1,255	1,535	1,532	(3)
Attorney General Expense	626	626	258	(368)
Medical Malpractice Liability Insurance Reimbursements	94	94	60	(34)
Total General Government	3,411,681	8,903,414	3,477,366	(5,426,048)
Legislative and Judicial:				
General Assembly	36,791	36,791	22,844	(13,947)
Legislative Research Commission	91,811	93,685	61,663	(32,022)
Judicial Retirement System	5,306	5,306	5,306	—
Court of Justice - Operation and Administration	298,829	320,424	320,326	(98)
Court of Justice - Local Facility Support	144,905	144,905	119,984	(24,921)
Total Legislative and Judicial	577,642	601,111	530,123	(70,988)

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, 2024
(expressed in thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Commerce:				
Economic Development:				
Economic Development	\$ 302,559	\$ 299,897	\$ 65,492	\$ (234,405)
New Business Development	—	7,152	7,085	(67)
Commerce Cabinet:				
Office of the Secretary	3,583	3,109	3,089	(20)
Kentucky State Fair Board	12,884	13,701	13,701	—
Kentucky Horse Park	2,411	2,482	2,482	—
Department of Parks	64,233	67,525	67,525	—
Department of Travel	3,458	3,223	3,151	(72)
Berea Artisans Center	1,163	1,208	1,208	—
Department of Fish and Wildlife Resources	3,862	3,862	3,862	—
Total Commerce	<u>394,153</u>	<u>402,159</u>	<u>167,595</u>	<u>(234,564)</u>
Education and Labor:				
Commission on the Deaf and Hard of Hearing	1,052	1,083	1,083	—
Kentucky Heritage Council	4,021	4,114	4,107	(7)
Kentucky Arts Council	1,810	1,840	1,840	—
Department of Education:				
Support Education Excellence In KY (SEEK)	3,195,809	3,195,809	3,038,245	(157,564)
Bureau of Support Services	76,971	73,512	70,005	(3,507)
Learning Results Services	1,285,035	1,236,529	1,207,267	(29,262)
Kentucky Educational Television	16,200	16,761	16,761	—
Kentucky Historical Society	7,888	7,249	7,249	—
Kentucky Center for the Arts	558	558	558	—
Libraries and Archives:				
Direct Local Aid	4,330	6,830	5,310	(1,520)
General Operations	6,615	6,762	6,762	—
Teachers' Retirement System	767,731	728,406	728,406	—
Workforce Investment:				
Office of the Blind	—	2,007	2,007	—
Employment and Training (Operations and Support)	—	581	581	—
Technical Education	—	26,075	19,491	(6,584)
Vocational Rehabilitation	44,366	16,749	16,749	—
Labor:				
Workplace Standards	1,912	1,969	1,969	—
General Administration & Support	18,006	21,601	20,796	(805)
Total Education and Labor	<u>5,432,304</u>	<u>5,348,435</u>	<u>5,149,186</u>	<u>(199,249)</u>
Human Resources:				
Health and Family Services:				
Administrative Services	10,640	2,000	2,000	—
Department for Community Based Services	652,595	665,968	651,187	(14,781)
Department for Family Resource Centers and Volunteer Services	22,566	71,512	71,512	—
Office of the Inspector General	—	9,319	9,319	—
Office of Health Policy	500	—	—	—
Department for Aging and Independent Living	47,904	48,718	48,718	—
Department for Income Support	14,970	14,970	14,970	—
Department for Public Health	100,158	100,936	100,936	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	186,810	188,064	188,064	—
Medicaid Administration	70,438	70,581	70,581	—
Medicaid Services Benefits	2,402,689	2,402,689	2,402,689	—
Commission for Children With Special Health Care Needs	7,379	7,598	7,598	—
Total Human Resources	<u>3,516,649</u>	<u>3,582,355</u>	<u>3,567,574</u>	<u>(14,781)</u>

	Original	Final	Actual	Variance
Justice:				
Justice Administration	\$ 50,097	\$ 49,633	\$ 47,776	\$ (1,857)
Department of State Police	220,555	233,346	233,346	—
Department of Juvenile Justice	116,279	139,661	139,661	—
Department for Public Advocacy	82,433	85,026	85,026	—
Department of Criminal Justice Training	2,057	2,057	2,057	—
Department of Corrections:				
Management	16,038	19,911	19,911	—
Adult Institutions	425,982	470,912	470,647	(265)
Local Jail Allotment	17,174	17,474	17,474	—
Community Services and Local Facilities	264,661	254,483	254,483	—
Total Justice	1,195,276	1,272,503	1,270,381	(2,122)
Natural Resources and Environmental Protection:				
General Administration and Support	4,203	4,343	4,343	—
Department for Energy Development and Independence	877	1,723	1,723	—
Kentucky River Authority	311	321	321	—
Kentucky Nature Preserves Commission	1,563	1,606	1,606	—
Department for Environmental Protection	34,550	35,646	35,646	—
Department for Natural Resources	42,883	27,303	27,303	—
Mine Safety and Licensing	—	12,282	12,282	—
Surface Mining Reclamation and Enforcement	—	8,996	8,996	—
Total Natural Resources and Environmental Protection	84,387	92,220	92,220	—
Public Protection and Regulation:				
Board of Tax Appeals	1,084	2,113	1,695	(418)
Horse Racing Commission	3,795	3,974	3,974	—
Public Service Commission	15,216	15,531	13,873	(1,658)
Department of Housing, Buildings, and Construction	3,420	3,504	3,504	—
Total Public Protection and Regulation	23,515	25,122	23,046	(2,076)
Transportation:				
General Administration and Support	500	500	500	—
Public Transportation	33,636	33,636	8,355	(25,281)
Highways	250,000	550,000	8,203	(541,797)
Total Transportation	284,136	584,136	17,058	(567,078)
Total Expenditures	14,919,743	20,811,455	14,294,549	(6,516,906)
Excess of Revenues Over (Under) Expenditures	283,525	(5,107,757)	1,432,518	
Fund Balance at July 1			4,831,427	
Non-Budgeted Items			(1,279)	
Fund Balance at June 30	\$ —	\$ —	\$ 6,262,666	\$ —

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, 2024
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Revenues				
Budgeted:				
Taxes	\$ 1,490,900	\$ 1,673,605	\$ 1,670,421	\$ (3,184)
Licenses, fees, and permits	170,637	179,031	173,800	(5,231)
Intergovernmental	—	—	(23)	(23)
Charges for services	9,912	8,363	7,550	(813)
Fines and forfeits	2	5	1	(4)
Interest and other investment income	2,100	11,800	14,843	3,043
Other revenues	6,550	7,096	7,881	785
Subtotal of Budgeted Revenues	<u>1,680,101</u>	<u>1,879,900</u>	<u>1,874,473</u>	<u>(5,427)</u>
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	—	835	959	124
Total Budgeted Revenues	<u>1,680,101</u>	<u>1,880,735</u>	<u>1,875,432</u>	<u>(5,303)</u>
Non-Budgeted:				
Taxes	—	—	—	—
Licenses, fees, and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeits	—	—	—	—
Interest and other investment income	—	—	—	—
Employer contributions	—	—	—	—
Other revenues	—	—	—	—
Transfers in (interfund)	—	—	—	—
Transfers in (intrafund)	—	—	—	—
Total Non-Budgeted Revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Revenues	<u>1,680,101</u>	<u>1,880,735</u>	<u>1,875,432</u>	<u>(5,303)</u>
Expenditures				
General Government:				
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, 2024
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Board of: (Continued)				
Elections	\$ —	\$ —	\$ —	\$ —
Embalmers and Funeral Home Directors	—	—	—	—
Architects	—	—	—	—
Landscape Architects	—	—	—	—
Examiners of Psychologists	—	—	—	—
Examiners of Social Workers	—	—	—	—
Hairdressers and Cosmetologists	—	—	—	—
Hearing Instrument Specialists	—	—	—	—
Nursing Home Administrators Licensing	—	—	—	—
Medical Licensure	—	—	—	—
Nursing	—	—	—	—
Ophthalmic Dispensers	—	—	—	—
Optometric Examiners	—	—	—	—
Art Therapists	—	—	—	—
Occupational Therapy	—	—	—	—
Respiratory Care Practitioners	—	—	—	—
Marriage and Family Therapists	—	—	—	—
Proprietary Education	—	—	—	—
Geologists	—	—	—	—
Personnel	—	—	—	—
Pharmacy	—	—	—	—
Physical Therapists	—	—	—	—
Podiatry	—	—	—	—
Engineers and Land Surveyors	—	—	—	—
Speech Pathology and Audiology	—	—	—	—
Veterinary Examiners	—	—	—	—
Investigators	—	—	—	—
Massage Therapy	—	—	—	—
Real Estate Commission	—	—	—	—
Commission on Human Rights	—	—	—	—
Council Postsecondary Education	—	—	—	—
Personnel:				
General Operations	—	—	—	—
Public Employee Deferred Compensation Authority	—	—	—	—
State Salary and Compensation Fund	1,129	—	—	—
Universities:				
Eastern Kentucky University	—	—	—	—
Kentucky State University	—	—	—	—
Morehead State University	—	—	—	—
Murray State University	—	—	—	—
Northern Kentucky University	—	—	—	—
University of Kentucky	—	—	—	—
University of Louisville	—	—	—	—
Western Kentucky University	—	—	—	—
Kentucky Community and Technical College System	—	—	—	—
Finance and Administration:				
General Administration and Support	—	—	—	—
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	—	—	—	—
Total General Government	1,129	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 1,830	\$ 1,830	\$ 1,194	\$ (636)	\$ 148	\$ 148	\$ 70	\$ (78)
—	—	—	—	518	531	522	(9)
—	—	—	—	459	473	426	(47)
—	—	—	—	84	86	78	(8)
—	—	—	—	306	306	303	(3)
—	—	—	—	375	834	449	(385)
—	—	—	—	2,032	2,416	1,948	(468)
—	—	—	—	78	78	44	(34)
—	—	—	—	101	101	82	(19)
—	—	—	—	3,713	4,075	4,010	(65)
—	—	—	—	9,313	10,390	9,520	(870)
—	—	—	—	71	71	62	(9)
—	—	—	—	248	311	311	—
—	—	—	—	11	11	8	(3)
—	—	—	—	212	212	212	—
—	—	—	—	260	300	256	(44)
—	—	—	—	134	134	133	(1)
—	—	—	—	—	—	—	—
—	—	—	—	109	109	88	(21)
—	—	—	—	914	941	885	(56)
—	—	—	—	2,908	3,304	3,023	(281)
—	—	—	—	698	719	570	(149)
—	—	—	—	47	47	46	(1)
—	—	—	—	1,968	2,007	1,541	(466)
—	—	—	—	223	223	193	(30)
—	—	—	—	525	577	511	(66)
—	—	—	—	114	114	84	(30)
—	—	—	—	151	151	140	(11)
—	—	—	—	—	—	—	—
445	445	354	(91)	10	10	—	(10)
5,621	21,026	13,608	(7,418)	5,023	5,096	3,295	(1,801)
—	—	—	—	32,872	32,891	32,872	(19)
—	—	—	—	8,401	8,472	7,602	(870)
1,259	—	—	—	1,632	—	—	—
—	—	—	—	346,111	346,111	100,342	(245,769)
—	—	—	—	50,243	50,243	79,615	29,372
—	—	—	—	161,343	161,343	168,315	6,972
—	—	—	—	139,107	139,107	382,618	243,511
—	—	—	—	212,254	212,254	364,716	152,462
—	—	—	—	8,723,393	8,723,393	9,705,062	981,669
—	—	—	—	1,289,451	1,289,451	3,090	(1,286,361)
—	—	—	—	301,024	301,024	347,631	46,607
—	—	—	—	936,356	934,232	622,352	(311,880)
56,116	56,116	1,057	(55,059)	36,834	28,564	26,157	(2,407)
—	—	—	—	14,790	12,060	11,995	(65)
—	—	—	—	—	—	—	—
1,619	1,717	1,716	(1)	145,160	2,000	1,655	(345)
8,040	8,040	2,055	(5,985)	36,796	36,832	29,691	(7,141)
—	—	—	—	—	109	104	(5)
—	—	—	—	1,703	1,703	1,121	(582)
—	—	—	—	50,441	51,671	46,400	(5,271)
—	20	20	—	13,133	13,133	3,447	(9,686)
—	—	—	—	4,786	4,787	8	(4,779)
—	—	—	—	56,176	1,843	1,348	(495)
280,771	775,981	585,032	(190,949)	12,907,081	12,678,946	12,172,700	(506,246)

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, 2024
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Legislative and Judicial:				
General Assembly	\$ —	\$ —	\$ —	\$ —
Legislative Research Commission	—	—	—	—
Judicial Retirement System	—	—	—	—
Court of Justice - Operation and Administration	—	—	—	—
Total Legislative and Judicial	—	—	—	—
Commerce:				
Economic Development:				
Office of the Secretary	—	—	—	—
Financial Incentives	—	—	—	—
Business Development	—	—	—	—
Commerce:				
Office of the Secretary	—	—	—	—
Kentucky State Fair Board	—	—	—	—
Kentucky Horse Park	—	—	—	—
Department of Parks	—	—	—	—
Department of Travel	—	—	—	—
Berea Artisans Center	—	—	—	—
Department of Fish and Wildlife Resources	—	—	—	—
Total Commerce	—	—	—	—
Education and Labor:				
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	—	—	—	—
Total Education and Labor	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ 1,634	\$ 1,634	\$ 10	\$ (1,624)
1	1	—	(1)	1,786	1,786	—	(1,786)
—	—	—	—	984	984	589	(395)
6,045	6,183	3,416	(2,767)	116,733	118,431	49,947	(68,484)
6,046	6,184	3,416	(2,768)	121,137	122,835	50,546	(72,289)
301	12	305	293	28,064	28,167	2,652	(25,515)
—	—	—	—	—	—	—	—
—	589	—	(589)	—	—	—	—
—	20,317	14,111	(6,206)	17,500	17,500	17,576	76
—	—	—	—	53,920	—	—	—
—	206	186	(20)	11,718	—	—	—
—	—	—	—	52,503	50	1	(49)
—	—	—	—	23	23	—	(23)
—	—	—	—	1,620	1,632	1,517	(115)
23,182	36,677	29,911	(6,766)	67,042	68,278	78,918	10,640
23,483	57,801	44,513	(13,288)	232,390	115,650	100,664	(14,986)
—	—	—	—	1,391	1,405	1,280	(125)
430	430	261	(169)	517	526	279	(247)
975	1,105	1,014	(91)	691	692	616	(76)
809	998	998	—	107	113	—	(113)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,362,755	1,880,340	1,492,081	(388,259)	35,571	36,340	21,369	(14,971)
465,407	565,552	532,222	(33,330)	48,200	48,207	3,767	(44,440)
—	—	—	—	2,037	2,037	2,037	—
170	170	—	(170)	491	491	229	(262)
—	—	—	—	538	546	408	(138)
—	—	—	—	—	—	—	—
—	—	—	—	1,597	1,597	1,387	(210)
3,017	3,315	2,928	(387)	1,407	1,411	109	(1,302)
—	—	—	—	19,330	19,365	22,856	3,491
475,762	2,873	2,799	(74)	12,951	882	659	(223)
—	104,932	91,691	(13,241)	—	4,820	1,509	(3,311)
—	79,233	77,181	(2,052)	—	5,346	5,004	(342)
4,467	4,610	2,913	(1,697)	9,071	—	—	—
6,636	62,088	46,284	(15,804)	202,763	18,367	15,839	(2,528)
2,320,428	2,705,646	2,250,372	(455,274)	336,662	142,145	77,348	(64,797)

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, 2024
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Human Resources:				
Health and Family Services:				
Administrative Support	\$ —	\$ —	\$ —	\$ —
Office of Health Benefit Exchange	—	—	—	—
Department for Disability Determination Services	—	—	—	—
Department for Community Based Services	—	—	—	—
Department for Family Resources and Volunteer Services	—	—	—	—
Governor's Office of Wellness and Physical Activity	—	—	—	—
Office of Inspector General	—	—	—	—
Office of Health Policy	—	—	—	—
Department for Aging and Independent Living	—	—	—	—
Department of Income Support	—	—	—	—
Department for Public Health	—	—	—	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	—	—	—	—
Medicaid Administration	—	—	—	—
Medicaid Services Benefits	—	—	—	—
Commission for Children with Special Health Care Needs	—	—	—	—
Department for Human Support Services Aging Services	—	—	—	—
Total Human Resources	—	—	—	—
Justice:				
Office of the Secretary	—	—	—	—
Department of State Police	59,263	59,375	59,375	—
Department for Public Advocacy	—	—	—	—
Department of Juvenile Justice	—	—	—	—
Department of Criminal Justice Training	—	—	—	—
Department of Corrections:				
Management	—	—	—	—
Adult Correctional Institutions	—	—	—	—
Community Service and Local Facilities	—	—	—	—
Total Justice	59,263	59,375	59,375	—
Natural Resources and Environmental Protection:				
General Administration and Support	—	—	—	—
Department for Energy Development and Independence	—	—	—	—
Kentucky River Authority	—	—	—	—
Kentucky Nature Preserves Commission	—	—	—	—
Department for Environmental Protection	—	—	—	—
Department for Natural Resources	—	—	—	—
Mining Safety and Licensing	—	—	—	—
Surface Mining Reclamation and Enforcement	—	—	—	—
Abandoned Mine Lands Reclamation Projects	—	—	—	—
Total Natural Resources and Environmental Protection	—	—	—	—
Public Protection and Regulation:				
Office of the Commissioner	—	—	—	—
Board of Claims and Crime Victims Compensation	—	—	—	—
Horse Racing Commission	—	—	—	—
Kentucky Athletic Commission	—	—	—	—
Public Service Commission	—	—	—	—
Occupations and Professions	—	—	—	—
Mine Safety Review Commission	—	—	—	—
Department of Alcoholic Beverage Control	—	—	—	—
Department of Charitable Gaming	—	—	—	—
Department of Financial Institutions	—	—	—	—
Department of Housing, Buildings, and Construction	—	—	—	—
Department of Insurance	—	—	—	—
Total Public Protection and Regulation	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 50,668	\$ 38,148	\$ 35,987	\$ (2,161)	\$ 57,428	\$ 60,752	\$ 60,678	\$ (74)
18,111	—	—	—	23,472	—	—	—
—	63,630	63,512	(118)	—	200	169	(31)
773,872	1,186,746	1,152,190	(34,556)	210,455	210,811	214,041	3,230
9,119	19,742	17,173	(2,569)	—	—	—	—
—	—	—	—	—	—	—	—
—	30,966	25,928	(5,038)	—	14,596	16,097	1,501
—	—	—	—	—	—	—	—
67,669	67,729	66,561	(1,168)	3,014	3,026	3,927	901
100,567	48,472	45,540	(2,932)	16,664	16,725	10,334	(6,391)
307,607	342,126	339,544	(2,582)	102,193	108,464	85,707	(22,757)
107,459	107,595	103,482	(4,113)	219,143	242,805	245,758	2,953
302,093	302,771	194,275	(108,496)	52,021	59,682	46,900	(12,782)
12,061,242	14,300,801	14,256,928	(43,873)	1,383,081	1,705,580	1,538,635	(166,945)
4,754	4,849	4,849	—	9,322	9,466	10,213	747
—	—	—	—	—	—	—	—
13,803,161	16,513,575	16,305,969	(207,606)	2,076,793	2,432,107	2,232,459	(199,648)
55,240	55,300	33,816	(21,484)	5,595	5,597	3,090	(2,507)
14,880	23,655	22,261	(1,394)	35,413	35,442	44,344	8,902
2,088	2,392	2,261	(131)	4,504	4,511	4,511	—
10,112	13,223	13,223	—	13,962	13,962	17,311	3,349
2	2	—	(2)	92,472	93,283	89,834	(3,449)
125	375	259	(116)	150	150	46	(104)
98	4,219	3,811	(408)	16,584	6,433	5,756	(677)
855	874	736	(138)	8,370	8,378	5,555	(2,823)
83,400	100,040	76,367	(23,673)	177,050	167,756	170,447	2,691
4,300	4,790	4,393	(397)	12,306	12,483	6,253	(6,230)
6,264	6,279	1,498	(4,781)	618	625	290	(335)
—	—	—	—	6,197	6,218	5,327	(891)
119	274	182	(92)	2,881	2,924	1,482	(1,442)
28,564	37,467	32,288	(5,179)	78,309	56,774	57,086	312
—	43,846	11,543	(32,303)	—	4,192	3,043	(1,149)
—	3,915	3,924	9	—	573	608	35
—	8,741	7,140	(1,601)	—	306	—	(306)
176,855	120,906	64,088	(56,818)	12,190	6,427	1,363	(5,064)
216,102	226,218	125,056	(101,162)	112,501	90,522	75,452	(15,070)
—	—	—	—	9,969	28,314	19,759	(8,555)
357	759	664	(95)	926	1,370	642	(728)
—	—	—	—	48,591	99,810	119,708	19,898
—	—	—	—	188	194	193	(1)
890	1,070	863	(207)	3,042	3,042	1,307	(1,735)
205	205	1	(204)	6,099	5,433	5,989	556
—	—	—	—	—	—	—	—
455	1,009	630	(379)	6,733	6,972	8,092	1,120
—	—	—	—	4,075	4,207	4,786	579
—	—	—	—	15,267	15,730	23,998	8,268
—	—	—	—	23,745	24,482	27,594	3,112
—	—	—	—	17,013	17,310	27,232	9,922
1,907	3,043	2,158	(885)	135,648	206,864	239,300	32,436

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, 2024
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Transportation:				
Administration and Support	\$ 81,626	\$ 82,642	\$ 78,238	\$ (4,404)
Revenue Sharing	495,312	536,953	362,750	(174,203)
Air Transportation	1,876	1,902	1,872	(30)
Highways	1,375,707	1,441,954	1,187,392	(254,562)
Public Transportation	—	—	—	—
Vehicle Regulation	47,052	47,587	42,977	(4,610)
Debt Service	136,855	136,855	133,855	(3,000)
Transfers to Capital Projects	16,050	18,550	18,550	—
BRAC Economic Development Road Bonds	—	—	—	—
GARVEE Western KY Bridges Project	—	—	—	—
2005 Ed Bond Series	—	—	—	—
Total Transportation	<u>2,154,478</u>	<u>2,266,443</u>	<u>1,825,634</u>	<u>(440,809)</u>
Total Expenditures	<u>2,214,870</u>	<u>2,325,818</u>	<u>1,885,009</u>	<u>(440,809)</u>
Excess of Revenues over (under) Expenditures	<u>(534,769)</u>	<u>(445,083)</u>	<u>(9,577)</u>	<u>435,506</u>
Other Financing Sources (Uses)				
Proceeds from Trustees				
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses			(9,577)	
Fund Balances at July 1			599,466	
Non-Budgeted Items			(93)	
Fund Balances at June 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 589,796</u>	<u>\$ —</u>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 69,456	\$ 69,456	\$ —	\$ (69,456)	\$ 2,752	\$ 97	\$ 45	\$ (52)
—	—	—	—	—	—	—	—
1,707	5,457	2,856	(2,601)	54,231	54,300	20,323	(33,977)
1,860,569	1,863,025	1,093,494	(769,531)	420,477	401,786	119,008	(282,778)
190,610	190,656	33,557	(157,099)	2,223	2,252	635	(1,617)
4,627	4,627	3,434	(1,193)	24,428	24,509	15,499	(9,010)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	6,184	20	(6,164)
—	—	—	—	—	—	—	—
—	—	—	—	—	37,090	8,129	(28,961)
2,126,969	2,133,221	1,133,341	(999,880)	504,111	526,218	163,659	(362,559)
18,862,267	22,521,709	20,526,224	(1,995,485)	16,603,373	16,483,043	15,282,575	(1,200,468)
		(84,113)				521,958	
						(353)	
—	—	—	—	—	—	(353)	(353)
		(84,113)				521,605	
		895,521				3,654,978	
		(358)				(302,059)	
\$ —	\$ —	\$ 811,050	\$ —	\$ —	\$ —	\$ 3,874,524	\$ —

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 included in the 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 budget 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 (i.e., function, major program area, program, or unit of organization) as designated by the budget bills enacted by the General Assembly.

Appropriations for the General Fund and Road Fund shall be based on 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 that have legally adopted annual budgets as part of the primary government include the General Fund, the Transportation Fund, the Federal Fund, and the Agency Revenue Fund.

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 the 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 as follows.

COMMONWEALTH OF KENTUCKY
Notes to Required Supplementary Information
June 30, 2024

Budgetary Basis vs. GAAP

Accounting principles applied for the 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, 2024, 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, 2024				
Budgetary basis	\$ 6,262,666	\$ 589,796	\$ 811,049	\$ 3,874,524
Adjustments:				
Accrued revenues	782,225	145,809	(590,630)	51,153
Accrued expenditures	(264,620)	(89,179)	(273,640)	(61,958)
Accrued transfers (net)	—	—	(7,380)	7,380
Total Accruals (1)	<u>517,605</u>	<u>56,630</u>	<u>(871,650)</u>	<u>(3,425)</u>
Reclassifications and other adjustments:				
Inventory balances (1)	6,615	72,525	1,381	4,983
To reclassify financial and other resources into financial statement fund types (2)	64,228	(600)	(119,378)	(2,032,643)
To record financial resources available as non-budgeted funds (3)	<u>(144,180)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance				
June 30, 2024				
GAAP Basis	<u>\$ 6,706,934</u>	<u>\$ 718,351</u>	<u>\$ (178,598)</u>	<u>\$ 1,843,439</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 roads (approximately 64,230 lane miles) and bridges (approximately 9,047 bridges) that the Commonwealth is responsible to maintain.

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). In use since the mid-1980s, the PCI is the mathematical difference between the current pavement smoothness and the acceptable pavement smoothness threshold based on traffic volumes. The corresponding pavement condition is based on the following PCI ranges:

Condition	PCI
Good	Greater than 0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level

No more than 30% of the pavements shall be rated as “poor.”

Assessed Conditions

The Commonwealth assesses pavement condition on a calendar year basis. The following table reports the percentage of pavements meeting ratings of “Good”, “Fair”, and “Poor” for the past five calendar years.

Condition	2023	2022	2021	2020	2019
Good	42.5%	40.7%	37.0%	40.0%	44.7%
Fair	28.8%	29.2%	29.8%	33.7%	28.8%
Poor	28.7%	30.1%	33.2%	26.3%	26.5%

Bridges

Measurement Scale

KYTC maintains information on its 9,047 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, 2024

Rating	Description
9	Excellent.
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling or scour.
4	Poor. Advanced section loss, deterioration, spalling or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored, it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

Established Minimum Condition Level

No more than 10% of 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 21st Century Act (MAP-21). Under the new rule, a structurally deficient or 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, the bridge is classified as Fair. If any component condition rating is greater than or equal to 7, a bridge is classified as Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a classification used to implement the Highway Bridge Program that was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges by rating classification for the past five calendar years.

<u>Condition</u>	<u>Calendar Year 2023</u>	<u>Calendar Year 2022</u>	<u>Calendar Year 2021</u>	<u>Calendar Year 2020</u>	<u>Calendar Year 2019</u>
Good	27.1%	25.1%	28.1%	29.9%	30.4%
Fair	67.9%	68.7%	67.2%	65.4%	64.8%
Poor	5.0%	6.2%	4.7%	4.6%	4.8%

COMMONWEALTH OF KENTUCKY
Notes to Required Supplementary Information
June 30, 2024

Estimated and Actual Costs to Maintain

The following table presents the Commonwealth’s estimate of spending necessary to preserve and maintain 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):

	<u>Roadways</u>	<u>Bridges</u>	<u>Total</u>
<u>Fiscal Year 2025:</u>			
Estimated	\$ 1,551.6	\$ 224.5	\$ 1,776.1
<u>Fiscal Year 2024:</u>			
Estimated	\$ 1,521.6	\$ 189.4	\$ 1,711.0
Actual	\$ 1,541.3	\$ 222.9	\$ 1,764.2
<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

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.

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). In use since the mid-1980s, the PCI 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Good	5.0%	8.3%	19.0%	0.0%	90.8%
Fair	33.1%	90.4%	81.0%	100.0%	9.2%
Poor	61.9%	1.3%	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:

<u>Rating</u>	<u>Description</u>
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, 2024

Established Minimum Condition Level

No more than 10% of 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 21st Century Act (MAP-21). Under the new rule, a structurally deficient or 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, the bridge is classified as Fair. If any component condition rating is greater than or equal to 7, a bridge is classified as Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a classification that was used to implement the Highway Bridge Program and was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges meeting ratings of “Good”, “Fair”, and “Poor” for the past five calendar years.

Condition	Calendar Year 2023	Calendar Year 2022	Calendar Year 2021	Calendar Year 2020	Calendar Year 2019
Good	52.5%	82.3%	82.3%	82.3%	82.3%
Fair	47.5%	17.7%	17.7%	17.7%	17.7%
Poor	0.0%	0.0%	0.0%	0.0%	0.0%

COMMONWEALTH OF KENTUCKY
Notes to Required Supplementary Information
June 30, 2024

Estimated and Actual Costs to Maintain

The following table presents the Authority’s estimate of spending necessary to preserve and maintain 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:

(expressed in thousands)	<u>Total</u>
<u>Fiscal Year 2024:</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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Earned Premiums	\$ 23,017	\$ 21,074	\$ 25,870	\$ 23,892	\$ 21,880	\$ 21,733	\$ 20,331	\$ 20,164	\$ 21,734	\$ 21,566
Administrative Expense	1,007	976	914	927	918	887	940	940	947	859
Incurred Claims as Originally Estimated	24,847	22,185	23,536	24,915	21,556	19,014	22,115	22,115	23,562	18,874
Claims Paid (Cumulative) as of:										
End of Fiscal Year	6,221	5,386	6,082	5,829	5,181	3,613	6,200	7,403	5,297	4,369
One Year Later	9,131	8,160	9,098	8,704	7,461	7,223	7,754	8,513	7,556	
Two Years Later	10,994	9,855	11,036	10,115	8,851	8,838	8,939	9,979		
Three Years Later	11,932	10,636	12,007	11,080	9,784	9,421	9,973			
Four Years Later	12,358	10,936	12,592	11,382	10,300	9,823				
Five Years Later	12,739	11,197	13,096	11,653	10,869					
Six Years Later	13,031	11,423	13,295	11,808						
Seven Years Later	13,596	11,571	13,563							
Eight Years Later	13,825	11,754								
Nine Years Later	14,098									
Re-estimation of Incurred Claims:										
End of Fiscal Year	24,847	22,185	23,536	24,915	21,556	19,014	22,115	24,435	23,562	18,874
One Year Later	22,001	20,628	22,247	22,859	20,283	19,450	20,542	22,720	20,106	
Two Years Later	21,866	20,905	22,396	21,574	20,821	18,946	19,807	20,931		
Three Years Later	21,643	19,799	22,680	22,196	20,747	18,526	18,921			
Four Years Later	21,017	20,579	22,834	22,215	20,893	18,181				
Five Years Later	22,107	20,020	22,328	21,382	20,694					
Six Years Later	21,872	19,226	21,534	19,921						
Seven Years Later	21,575	18,481	20,434							
Eight Years Later	20,971	17,975								
Nine Years Later	20,821									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	(4,026)	(4,210)	(3,293)	(4,994)	(863)	(833)	(3,194)	(1,184)	(3,456)	—

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Earned Premiums	\$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	\$1,982,302
Administrative Expense	83,049	73,177	75,515	77,296	76,671	78,105	73,454	75,015	85,089	88,732
Incurred Claims as										
Originally Estimated	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	2,166,043
Claims Paid (Cumulative) as of:										
End of Fiscal Year	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	2,166,043
One Year Later	1,349,674	1,339,032	1,397,381	1,470,797	1,592,883	1,631,554	1,755,702	1,845,632	1,950,157	
Two Years Later	1,353,583	1,327,946	1,396,642	1,460,934	1,592,570	1,635,082	1,758,074	1,851,947		
Three Years Later	1,353,583	1,327,946	1,396,642	1,461,579	1,592,574	1,635,082	1,758,073			
Four Years Later	1,353,583	1,327,946	1,396,642	1,461,579	1,592,574	1,635,082				
Five Years Later	1,353,583	1,327,946	1,396,642	1,461,579	1,592,574					
Six Years Later	1,353,583	1,327,946	1,396,642	1,461,579						
Seven Years Later	1,353,583	1,327,946	1,396,642							
Eight Years Later	1,353,583	1,327,946								
Nine Years Later	1,353,582									
Re-estimation of Incurred Claims:										
End of Fiscal Year	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	1,351,082	1,339,032	1,396,808	1,469,261	1,591,761	1,631,081	1,757,483	1,848,955	1,953,226	
Two Years Later	1,353,583	1,338,945	1,392,505	1,461,169	1,592,570	1,635,264	1,758,451	1,852,494		
Three Years Later	1,353,583	1,338,945	1,392,505	1,461,579	1,592,574	1,635,265	1,758,450			
Four Years Later	1,353,583	1,338,945	1,392,505	1,461,579	1,592,574	1,635,083				
Five Years Later	1,353,583	1,338,945	1,392,505	1,461,579	1,592,574					
Six Years Later	1,353,583	1,338,945	1,392,505	1,461,579						
Seven Years Later	1,353,583	1,338,945	1,392,505							
Eight Years Later	1,353,583	1,338,945								
Nine Years Later	1,353,582									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	6,470	(9,484)	(10,127)	(17,794)	(1,313)	10,803	31,970	8,540	7,731	—

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
As of the most recent fiscal year end:					
Actuarially determined contribution	\$ 5,306	\$ 4,959	\$ 7,900	\$ 6,743	\$ 9,800
Contributions in relation to the actuarially determined contribution	5,306	4,959	7,148	6,476	8,733
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 752</u>	<u>\$ 267</u>	<u>\$ 1,067</u>
Covered payroll	\$ 27,800	\$ 27,737	\$ 29,800	\$ 29,537	\$ 25,600
Contributions as a percentage of covered payroll	19.09%	17.88%	23.99%	21.93%	34.11%

Notes to Schedule as of the Measurement Date:

Valuation date	July 1, 2022	July 1, 2021	July 1, 2020	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	Entry Age Normal
Amortization Method	Gains and losses, over 20 years, closed. Surplus assets, 20 years open window.	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, adjusted for 5-year smoothing	Market Value	Market Value	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for next 5 years 3.5% thereafter	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

Mortality Rate FY: 2024, 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.

2019	2018	2017	2016	2015
\$ 10,185	\$ 11,954	\$ 11,884	\$ 15,171	\$ 15,142
8,732	11,954	11,884	15,171	15,142
<u>\$ 1,453</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 25,400	\$ 27,900	\$ 27,590	\$ 31,936	\$ 31,936
34.38%	42.85%	43.07%	47.50%	47.41%
July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2015	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%	6.24%	6.41%	6.41%	6.41%
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

	2024	2023	2022	2021
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ 359
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 359</u>
Covered payroll	\$ 4,100	\$ 4,117	\$ 4,200	\$ 4,201
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule as of the Measurement Date:

Valuation date	July 1, 2022	July 1, 2021	July 1, 2020	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	Gains and losses, over 20 years, closed. Surplus assets, 20 years open window.	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market value, adjusted for 5-year smoothing method.	Market Value	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	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 2024, 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.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,235	\$ 4,430	\$ 2,400	\$ 2,384	\$ 3,415	\$ 3,409
—	—	2,400	2,384	3,415	3,409
<u>\$ 1,235</u>	<u>\$ 4,430</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 4,347	\$ 4,324	\$ 4,407	\$ 4,400	\$ 4,919	\$ 4,919
0.00%	0.00%	54.46%	54.18%	69.42%	69.30%
July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013
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
6.50%	6.45%	6.45%	6.45%	6.85%	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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 63,178	\$ 56,069	\$ 62,341	\$ 59,263
Contributions in relation to the actuarially determined contribution	63,178	56,069	62,341	59,650
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (387)</u>
Covered payroll	\$ 74,048	\$ 65,655	\$ 48,061	\$ 47,873
Contributions as a percentage of covered payroll	85.32%	85.40%	129.71%	124.60%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	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
Amortization Period	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.	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	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%	3.55% to 16.05%	3.05% to 15.55%

Mortality

FY2023, FY2022, 2021: 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 of year 2019.

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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 58,358	\$ 58,948	\$ 36,033	\$ 35,937	\$ 25,723	\$ 31,444
59,453	60,048	46,877	63,240	25,822	31,990
<u>\$ (1,095)</u>	<u>\$ (1,100)</u>	<u>\$ (10,844)</u>	<u>\$ (27,303)</u>	<u>\$ (99)</u>	<u>\$ (546)</u>
\$ 49,019	\$ 49,515	\$ 50,346	\$ 54,065	\$ 46,685	\$ 45,765
121.29%	121.27%	93.11%	116.97%	55.31%	69.90%
June 30, 2017	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	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
26 years, closed	27 years, closed	28 years, closed	Reset as of July 1, 2013, to a closed 30 year period, with 27 years remaining.		
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	Five-year smoothed market	Five-year smoothed market
5.25%	6.75%	6.75%	7.50%	6.75%	7.50%
2.30%	3.25%	3.25%	3.25%	3.25%	3.25%
3.05% to 15.55%	4.00%	4.00%	4.00%	4.00%	4.00%

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

Kentucky Employees' Retirement Plan				
Non-Hazardous	2024	2023	2022	2021
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 893,102	\$ 830,297	\$ 846,204	\$ 852,134
Contributions in relation to the actuarially determined contribution	893,102	881,324	901,072	915,080
Contribution deficiency (excess)	\$ —	\$ (51,027)	\$ (54,868)	\$ (62,946)
Covered payroll	\$ 1,513,219	\$ 1,262,642	\$ 1,156,089	\$ 1,162,847
Contributions as a percentage of covered payroll	59.02%	69.80%	77.94%	78.69%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017
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	5.52%	5.25%	5.25%	5.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.3% to 15.30%, varies by service	3.3% to 15.30%, varies by service	3.3% to 15.30%, varies by service	3.55% to 15.55%, varies by service

Mortality Rate FY: 2024, 2023, 2022:

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.

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

Mortality rate is RP-2000 Combined Mortality Tables, projected with Scale BB to 2013.

Mortality Rate FY: 2015

1983 Group Annuity Table for all retired members and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other members.

2020	2019	2018	2017	2016	2015
\$ 781,953	\$ 785,852	\$ 432,329	\$ 361,024	\$ 362,122	\$ 355,949
691,003	771,005	470,021	361,316	362,639	202,891
<u>\$ 90,950</u>	<u>\$ 14,847</u>	<u>\$ (37,692)</u>	<u>\$ (292)</u>	<u>\$ (517)</u>	<u>\$ 153,058</u>
\$ 1,100,878	\$ 1,106,367	\$ 1,029,846	\$ 1,148,574	\$ 1,073,430	\$ 1,078,236
62.77%	69.69%	45.64%	31.46%	33.78%	18.82%
June 30, 2017	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	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	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
5.25%	6.75%	7.50%	6.75%	7.50%	7.75%
2.30%	3.25%	3.25%	3.25%	3.25%	3.50%
3.55% to 15.55%, varies by service	4.0%, average	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 LAST TEN FISCAL YEARS**
(expressed in thousands)

Kentucky Employees' Retirement Plan				
Hazardous	2024	2023	2022	2021
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 82,973	\$ 66,960	\$ 57,672	\$ 69,306
Contributions in relation to the actuarially determined contribution	82,973	66,960	57,675	64,454
Contribution deficiency (excess)	\$ —	\$ —	\$ (3)	\$ 4,852
Covered payroll	\$ 260,736	\$ 210,433	\$ 184,241	\$ 179,039
Contributions as a percentage of covered payroll	31.82%	31.82%	31.30%	36.00%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	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 20.05% varies by service	3.55% to 19.55 varies by service

Mortality Rate FY: 2024, 2023, 2022:

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.

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

Mortality rate is RP-2000 Combined Mortality Tables, projected with Scale BB to 2013.

Mortality Rate FY: 2015

1983 Group Annuity Table for all retired members and beneficiaries as of June 30, 2006, and the 1994 Group Annuity Mortality Table for all other members.

2020	2019	2018	2017	2016	2015
\$ 57,594	\$ 55,230	\$ 31,321	\$ 23,690	\$ 27,770	\$ 13,289
58,788	55,259	43,661	23,759	27,929	11,428
<u>\$ (1,194)</u>	<u>\$ (29)</u>	<u>\$ (12,340)</u>	<u>\$ (69)</u>	<u>\$ (159)</u>	<u>\$ 1,861</u>
\$ 167,473	\$ 160,600	\$ 152,936	\$ 158,828	\$ 125,942	\$ 126,402
35.10%	34.41%	28.55%	14.96%	22.18%	9.04%
June 30, 2017	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	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	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
6.25%	7.50%	7.50%	7.50%	7.50%	7.75%
2.30%	3.25%	3.25%	3.25%	3.25%	3.50%
3.55% to 19.55 varies by service	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 LAST TEN FISCAL YEARS
(expressed in thousands)**

Kentucky Teachers' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
As of the most recent fiscal year end:				
Actuarially determined contribution				
Employer	\$ 9,438	\$ 8,125	\$ 18,216	\$ 17,452
Nonemployer special funding	1,085,041	1,042,434	1,152,851	1,100,579
Contributions in relation to the actuarially determined contribution				
Employer	9,438	8,125	25,488	16,551
Nonemployer special funding	1,085,041	1,042,434	1,613,077	1,043,707
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (467,498)</u>	<u>\$ 57,773</u>
Covered payroll	\$ 4,197,200	\$ 3,651,579	\$ 3,781,812	\$ 3,547,056
Contributions as a percentage of covered payroll	26.08%	28.77%	43.33%	29.89%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2020	June 30, 2020	June 30, 2020	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 closed	Level percentage of payroll closed	Level percentage of payroll closed
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%	3.50%-7.30%	3.50%-7.30%	3.50%-7.30%

Mortality by Measurement Date

FY 2024, 2023, 2022, 2021 Mortality rates were based on the 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.

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.

2020	2019	2018	2017	2016	2015
\$ 17,935	\$ 7,300	\$ 7,780	\$ 16,540	\$ 15,776	\$ 14,018
1,087,212	1,051,722	1,554,267	934,995	852,845	768,088
7,270	7,300	8,013	9,359	9,662	9,590
1,049,663	1,051,722	1,600,895	529,083	522,336	525,455
<u>\$ 48,214</u>	<u>\$ —</u>	<u>\$ (46,861)</u>	<u>\$ 413,093</u>	<u>\$ 336,623</u>	<u>\$ 247,061</u>
\$ 3,477,587	\$ 3,297,875	\$ 3,605,115	\$ 4,108,000	\$ 3,284,714	\$ 3,150,875
30.39%	32.11%	44.63%	13.11%	16.20%	16.98%
June 30, 2018	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	Entry Age Normal
Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
7.5% including inflation	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
3.00%	3.50%	3.00%	3.50%	3.50%	3.50%
3.50%-7.30%	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 THE LAST TEN FISCAL YEARS
(expressed in thousands)

	2024			2023		
	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	\$ 13,229	\$ 4,270	\$ 558	\$ 12,158	\$ 4,270	\$ 558
Interest	53,853	23,962	4,497	53,740	23,751	4,500
Differences between expected and actual experience	10,204	4,412	(2,672)	(2,700)	—	—
Changes in assumptions	(31,255)	—	—	—	(5,908)	(1,271)
Benefit payments/refunds	(63,970)	(26,787)	(5,443)	(64,400)	(24,990)	(5,236)
Other	—	—	—	3,130	—	—
Net change in total pension liability	(17,939)	5,857	(3,060)	1,928	(2,877)	(1,449)
Total pension liability at July 1	1,057,752	376,657	71,119	1,055,824	379,534	72,568
Total pension liability at June 30	<u>\$ 1,039,813</u>	<u>\$ 382,514</u>	<u>\$ 68,059</u>	<u>\$1,057,752</u>	<u>\$ 376,657</u>	<u>\$ 71,119</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 58,120	\$ 4,983	\$ —	\$ 62,341	\$ 7,063	\$ —
Contributions - member	5,250	2,008	195	4,773	2,394	231
Net investment income	40,708	56,554	11,911	(22,088)	(42,019)	(8,683)
Benefit payments/refunds	(63,970)	(26,787)	(5,443)	(64,400)	(24,990)	(5,235)
Administrative expenses	(293)	—	—	(273)	—	—
Other	—	—	—	215,000 *	1	—
Net change in plan fiduciary net position	39,815	36,758	6,663	195,353	(57,551)	(13,687)
Pension plan fiduciary net position at July 1	551,699	390,889	84,604	356,346	448,440	98,291
Pension plan fiduciary net position at June 30	<u>\$ 591,514</u>	<u>\$ 427,647</u>	<u>\$ 91,267</u>	<u>\$ 551,699</u>	<u>\$ 390,889</u>	<u>\$ 84,604</u>
Net pension liability at June 30	<u>\$ 448,299</u>	<u>\$ (45,133)</u>	<u>\$ (23,208)</u>	<u>\$ 506,053</u>	<u>\$ (14,232)</u>	<u>\$ (13,485)</u>
Pension plan fiduciary net position as a % of the total pension liability	56.89%	111.80 %	134.10 %	52.16 %	103.78 %	118.96 %
Covered payroll	\$ 65,693	\$ 27,723	\$ 4,100	\$ 48,061	\$ 29,870	\$ 4,201
Net Pension liability as a % of covered payroll	682.42%	(162.80)%	(566.05)%	1,052.94 %	(47.65)%	(321.00)%

*Kentucky General Fund Appropriation.

The column is presented based on the measurement date of the prior period.

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
\$ 12,530	\$ 3,563	\$ 525	\$ 13,192	\$ 3,563	\$ 526	\$ 11,726	\$ 4,126	\$ 698
53,417	23,734	4,559	52,697	23,353	4,535	49,301	22,950	4,696
4,127	(5,262)	(1,975)	10,859	—	—	20,952	(71)	(2,788)
—	9,130	2,619	—	—	—	44,510	(7,653)	(310)
(63,522)	(24,371)	(5,129)	(62,511)	(24,402)	(5,033)	(60,949)	(24,263)	(4,729)
35	—	1	—	—	—	(163)	—	(1)
6,587	6,794	600	14,237	2,514	28	65,377	(4,911)	(2,434)
1,049,237	372,740	71,968	1,035,000	370,226	71,940	969,623	375,137	74,374
<u>\$ 1,055,824</u>	<u>\$ 379,534</u>	<u>\$ 72,568</u>	<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>
\$ 59,650	\$ 6,771	\$ —	\$ 59,453	\$ 8,730	\$ —	\$ 60,048	\$ 8,732	\$ —
4,752	1,944	267	4,767	1,753	216	5,062	1,550	198
61,729	122,790	26,743	6,341	19,513	4,308	14,816	38,593	8,701
(63,522)	(24,371)	(5,129)	(62,511)	(24,402)	(5,033)	(61,112)	(24,262)	(4,729)
(212)	—	—	(266)	—	—	(225)	—	—
—	2	1	—	—	—	3	—	1
62,397	107,136	21,882	7,784	5,594	(509)	18,592	24,613	4,171
293,949	341,304	76,409	286,165	335,710	76,918	267,573	311,097	72,747
<u>\$ 356,346</u>	<u>\$ 448,440</u>	<u>\$ 98,291</u>	<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>\$ 699,478</u>	<u>\$ (68,906)</u>	<u>\$ (25,723)</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>
33.75%	118.16 %	135.45 %	28.02%	91.57%	106.17 %	27.65%	90.68%	106.92 %
\$ 47,873	\$ 29,500	\$ 4,201	\$ 49,019	\$ 30,857	\$ 4,360	\$ 49,515	\$ 30,605	\$ 4,328
1,461.11%	(233.58)%	(612.31)%	1,540.81%	101.88%	(101.86)%	1,512.34%	112.78%	(115.02)%

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR TEN FISCAL YEARS
(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 Pension Liability						
Service Costs	\$ 11,890	\$ 4,127	\$ 698	\$ 8,297	\$ 4,912	\$ 701
Interest	47,978	22,699	4,639	51,768	23,780	5,280
Differences between expected and actual experience	25,126	—	—	8,143	(8,857)	(6,362)
Changes in assumptions	—	—	—	136,602	(2,090)	(160)
Benefit payments/refunds	(58,805)	(23,194)	(4,529)	(56,960)	(23,011)	(4,257)
Other	162	—	—	—	—	—
Net change in total pension liability	26,351	3,632	808	147,850	(5,266)	(4,798)
Total pension liability at July 1	943,272	371,505	73,566	795,422	376,771	78,364
Total pension liability at June 30	<u>\$ 969,623</u>	<u>\$ 375,137</u>	<u>\$ 74,374</u>	<u>\$ 943,272</u>	<u>\$ 371,505</u>	<u>\$ 73,566</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 46,877	\$ 12,529	\$ 2,400	\$ 63,240	\$ 11,954	\$ 2,401
Contributions - member	5,522	1,977	232	5,348	1,607	311
Net investment income	18,437	27,067	6,271	26,795	34,713	7,936
Benefit payments/refunds	(58,805)	(23,194)	(4,528)	(56,960)	(23,011)	(4,257)
Administrative expenses	(194)	—	—	(182)	—	—
Other	(1)	—	—	(517)	—	87
Net change in plan fiduciary net position	11,836	18,379	4,375	37,724	25,263	6,478
Pension plan fiduciary net position at July 1	255,737	292,718	68,372	218,013	267,455	61,894
Pension plan fiduciary net position at June 30	<u>\$ 267,573</u>	<u>\$ 311,097</u>	<u>\$ 72,747</u>	<u>\$ 255,737</u>	<u>\$ 292,718</u>	<u>\$ 68,372</u>
Net pension liability at June 30	<u>\$ 702,050</u>	<u>\$ 64,040</u>	<u>\$ 1,627</u>	<u>\$ 687,535</u>	<u>\$ 78,787</u>	<u>\$ 5,194</u>
Pension plan fiduciary net position as a % of the total pension liability	27.60%	82.93%	97.81%	27.11%	78.79%	92.94%
Covered payroll	\$ 50,346	\$ 30,900	\$ 4,413	\$ 54,065	\$ 30,287	\$ 4,404
Net Pension liability as a % of covered payroll	1,394.45%	207.25%	36.87%	1,271.68%	260.13%	117.94%

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.

2017			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	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 8,402	\$ 4,913	\$ 967	\$ 7,696	\$ 4,952	\$ 1,046	\$ 7,142	\$ 4,952	\$ 1,046
52,951	23,436	5,161	50,660	22,205	5,077	50,391	21,906	4,923
—	—	—	9,331	4,401	(3,421)	—	—	—
56,191	—	—	40,202	(4,401)	(1,547)	—	29,116	3,722
(56,279)	(22,868)	(3,999)	(54,851)	(22,243)	(3,690)	(53,239)	(21,808)	(3,544)
—	85	22	—	—	—	—	—	—
61,265	5,566	2,151	53,038	4,914	(2,535)	4,294	34,166	6,147
734,157	371,205	76,213	681,119	366,291	78,748	676,825	332,126	72,601
<u>\$ 795,422</u>	<u>\$ 376,771</u>	<u>\$ 78,364</u>	<u>\$ 734,157</u>	<u>\$ 371,205</u>	<u>\$ 76,213</u>	<u>\$ 681,119</u>	<u>\$ 366,292</u>	<u>\$ 78,748</u>
\$ 25,822	\$ 15,294	\$ 3,380	\$ 31,990	\$ 15,362	\$ 3,367	\$ 20,279	\$ 12,404	\$ 1,825
5,262	1,737	335	5,244	1,863	217	5,076	2,759	273
(3,841)	8,734	2,067	3,427	25,614	5,550	40,374	33,174	7,934
(56,279)	(22,867)	(3,999)	(54,851)	(22,243)	(3,690)	(53,239)	(21,808)	(3,544)
(180)	—	—	(201)	—	—	(214)	—	—
—	91	22	646	—	—	—	—	—
(29,216)	2,989	1,805	(13,745)	20,596	5,444	12,276	26,529	6,488
247,229	264,466	60,089	260,974	243,870	54,645	248,698	217,341	48,157
<u>\$ 218,013</u>	<u>\$ 267,455</u>	<u>\$ 61,894</u>	<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>\$ 577,409</u>	<u>\$ 109,316</u>	<u>\$ 16,470</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>
27.41%	70.99%	78.98%	33.68%	71.25%	78.84%	38.32%	66.58%	69.39%
\$ 46,685	\$ 30,000	\$ 4,500	\$ 45,765	\$ 30,000	\$ 4,500	\$ 44,616	\$ 32,930	\$ 4,988
1,236.82%	364.39%	366.00%	1,063.97%	355.80%	358.31%	941.69%	371.76%	483.22%

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)

	2024			2023		
	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)	78.85%	97.70%	97.99%	80.23%	97.71%	98.12%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 9,824,652	\$ 414,488	\$ 17,410,274	\$ 10,644,166	\$ 495,882	\$ 17,366,965
Other employers' proportionate share of the collective net pension liability (asset)	2,494,075	8,499	375,106	2,623,176	11,634	331,370
Total collective net pension liability	<u>\$ 12,318,727</u>	<u>\$ 422,987</u>	<u>\$ 17,785,380</u>	<u>\$ 13,267,342</u>	<u>\$ 507,516</u>	<u>\$ 17,698,335</u>
Commonwealth's covered payroll	\$ 1,262,642	\$ 210,433	\$ 3,897,337	\$ 1,262,642	\$ 210,433	\$ 3,651,579
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	778.10%	196.97%	446.72%	843.01%	235.65%	475.60%
Pension plan fiduciary net position as a percentage of the total pension liability	22.32%	67.87%	57.68%	18.51%	61.51%	56.41%

	2019			2018		
	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)	74.06%	97.46%	97.11%	74.01%	97.69%	94.92%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 10,074,599	\$ 492,281	\$ 13,329,602	\$ 9,908,707	\$ 485,618	\$ 27,474,647
Other employers' proportionate share of the collective net pension liability (asset)	3,529,176	12,844	397,320	3,479,629	11,483	1,468,941
Total collective net pension liability	<u>\$ 13,603,775</u>	<u>\$ 505,125</u>	<u>\$ 13,726,922</u>	<u>\$ 13,388,336</u>	<u>\$ 497,101</u>	<u>\$ 28,943,588</u>
Commonwealth's covered payroll	\$ 1,124,380	\$ 149,047	\$ 3,355,637	\$ 1,185,969	\$ 174,387	\$ 3,263,192
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	896.01%	330.29%	397.23%	835.49%	278.47%	841.96%
Pension plan fiduciary net position as a percentage of the total pension liability	12.84%	56.10%	59.30%	13.30%	54.80%	39.80%

2022			2021			2020		
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	
80.67%	97.68%	97.73%	76.25%	97.68%	97.64%	75.09%	97.46%	97.62%
\$ 10,696,634	\$ 435,217	\$ 13,297,878	\$ 10,800,381	\$ 547,675	\$ 14,485,108	\$ 10,605,519	\$ 532,409	\$ 13,954,479
2,620,363	10,410	307,910	3,364,271	13,002	349,932	3,517,483	13,885	340,406
<u>\$ 13,316,997</u>	<u>\$ 445,627</u>	<u>\$ 13,605,788</u>	<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>
\$ 1,157,732	\$ 168,689	\$ 3,556,533	\$ 1,125,864	\$ 167,853	\$ 3,485,070	\$ 1,108,111	\$ 156,518	\$ 3,477,587
923.93%	258.00%	373.90%	959.30%	326.28%	415.63%	957.08%	340.16%	401.27%
18.48%	66.03%	65.60%	14.01%	55.18%	58.30%	13.66%	55.49%	58.76%

2017			2016			2015		
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	
71.45%	98.04%	95.22%	69.51%	97.87%	94.02%	68.35%	97.93%	94.98%
\$ 8,027,502	\$ 383,971	\$ 29,446,825	\$ 6,973,383	\$ 335,667	\$ 23,223,555	\$ 6,132,338	\$ 250,075	\$ 20,508,196
3,207,893	7,667	1,476,601	3,058,508	7,298	1,476,601	2,839,482	5,291	1,084,009
<u>\$ 11,235,395</u>	<u>\$ 391,638</u>	<u>\$ 30,923,426</u>	<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>
\$ 1,165,367	\$ 155,715	\$ 3,252,174	\$ 1,073,428	\$ 125,939	\$ 3,284,714	\$ 1,078,236	\$ 126,402	\$ 3,150,875
688.84%	246.59%	905.45%	649.64%	266.53%	707.02%	568.74%	197.84%	650.87%
14.80%	57.41%	35.20%	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

	2024	2023	2022	2021
<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	\$ 26,700	\$ 27,737	\$ 29,500	\$ 29,536
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, 2023	July 1, 2021	July 1, 2020	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	Gains and losses over 20 years closed	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market adjusted for a 5 year smoothing method	Market Value	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	2.50%	2.50%
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 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 headcount 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.

2020	2019	2018
\$ —	\$ —	\$ 1,218
<u>—</u>	<u>—</u>	<u>1,218</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ 30,857</u>	<u>\$ 30,605</u>	<u>\$ 27,900</u>
0.00%	0.00%	4.37%
July 1, 2019	July 1, 2017	July 1, 2017
Entry Age Normal Interest + 1% Unfunded Past Liability	Entry Age Normal Interest + 1% Unfunded Past Liability	Entry Age Normal Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value
6.50%	6.24%	6.24%
3.00%	3.00%	3.00%
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

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

(expressed in thousands)

Kentucky Legislators' Retirement Plan

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ 25
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 25</u>
Covered payroll	\$ 4,525	\$ 4,118	\$ 4,201	\$ 4,201
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, 2023	July 1, 2021	July 1, 2020	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%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for a rolling period at the valuation date (through June 30, 2028) and 3.5% thereafter	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

Mortality Table 2024, 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 headcount 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>2020</u>	<u>2019</u>	<u>2018</u>
\$ 12	\$ 12	\$ 2,400
—	—	2,400
<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ —</u>
\$ 4,347	\$ 4,328	\$ 4,407
0.0%	0.0%	54.5%
July 1, 2019	July 1, 2018	July 1, 2017
Entry Age Normal	Entry Age Normal	Entry Age Normal
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value
6.50%	6.45%	6.45%
3.00%	3.00%	3.00%
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

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

(expressed in thousands)

State Police Retirement System				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 5,249	\$ 9,264	\$ 8,782	\$ 9,803
Contributions in relation to the actuarially determined contribution	10,447	10,212	8,782	9,258
Contribution deficiency (excess)	<u>\$ (5,198)</u>	<u>\$ (948)</u>	<u>\$ —</u>	<u>\$ 545</u>
Covered payroll	\$ 74,038	\$ 65,655	\$ 48,600	\$ 47,016
Contributions as a percentage of covered payroll	14.11%	15.55%	18.07%	19.69%

Notes to Schedule as of the Measure Date

Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	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 will be amortized over a separate 20 year-year amortization bases	30-years closed, at June 30, 2019. 20-years for gains/losses after 2019 will be amortized over a separate 20 year-year amortization bases	30-years closed, at June 30, 2019; 20 years for gains/losses after 2019	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	3.55% to 16.05% varies by service	3.05% to 16.05% varies by service	3.05% to 15.55% varies by service

Mortality Table for 2022, 2021

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

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.

2020	2019	2018
\$ 13,113	\$ 13,283	\$ 9,062
13,155	13,288	9,397
<u>\$ (42)</u>	<u>\$ (5)</u>	<u>\$ (335)</u>
\$ 48,231	\$ 48,780	\$ 50,064
27.27%	27.24%	18.77%
June 30, 2017	June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
26 Years, Closed	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	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.25%	7.50%	6.25%
2.30%	3.25%	2.30%
3.05% to 15.55% varies by service	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)

Kentucky Employees Retirement Plan				
Non-Hazardous	2024	2023	2022	2021
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 127,461	\$ 133,266	\$ 140,688	\$ 133,422
Contributions in relation to the actuarially determined contribution	127,461	149,270	145,013	123,611
Contribution deficiency (excess)	\$ —	\$ (16,004)	\$ (4,325)	\$ 9,811
Covered payroll	\$ 1,782,671	\$ 1,912,526	\$ 1,481,235	\$ 1,108,618
Contributions as a percentage of covered payroll	7.15%	7.80%	9.79%	11.15%
Notes to Schedule as of the Measure Date				
Valuation date	June 1, 2021	June 30, 2020	June 30, 2019	June 30, 2017
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	30 year closed period at June, 2019	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%	5.25%
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	3.30% to 15.30%, varies by service	3.55% to 15.55%, 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.

2020	2019	2018
\$ 136,136	\$ 187,978	\$ 132,365
156,939	178,964	136,419
<u>\$ (20,803)</u>	<u>\$ 9,014</u>	<u>\$ (4,054)</u>
\$ 1,097,874	\$ 1,515,953	\$ 1,573,898
14.29%	11.81%	8.67%
June 30, 2017	June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
26 Years, Closed	26 Years, Closed	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	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.25%	7.50%	6.25%
2.30%	3.25%	2.30%
3.55% to 15.55%, varies by service	0.00%	0.00%

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

(expressed in thousands)

Kentucky Employees Retirement Plan				
Hazardous	2024	2023	2022	2021
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	653	3,429	2,639	—
Contribution deficiency (excess)	<u>\$ (653)</u>	<u>\$ (3,429)</u>	<u>\$ (2,639)</u>	<u>\$ —</u>
Covered payroll	\$ 262,995	\$ 210,433	\$ 184,309	\$ 179,039
Contributions as a percentage of covered payroll	0.25%	1.63%	1.43%	0.00%
Notes to Schedule as of the Measure Date				
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017
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. Gains and losses after June 2019 will be amortized over 20 years	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
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 20.05%, 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.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 4,368	\$ 3,631	\$ 2,550
<u>5,504</u>	<u>4,843</u>	<u>5,288</u>
<u>\$ (1,136)</u>	<u>\$ (1,212)</u>	<u>\$ (2,738)</u>
\$ 177,586	\$ 147,586	\$ 190,317
3.10%	3.28%	2.78%
June 30, 2017	June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
26 Years, Closed	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	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.25%	7.50%	6.25%
2.30%	3.25%	2.30%
3.55% to 19.55%, varies by service	4.00%, average	—%

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

(expressed in thousands)

Kentucky Teachers' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
As of the most recent fiscal year end:				
Actuarially determined contribution				
Employer	\$ 1,817	\$ 1,503	\$ 2,954	\$ 2,476
Nonemployer Special Funding	99,196	90,126	89,780	73,742
Contributions in relation to the actuarially determined contribution				
Employer	1,817	1,467	2,251	2,476
Nonemployer Special Funding	99,196	87,928	68,738	73,742
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ 2,234</u>	<u>\$ 21,745</u>	<u>\$ —</u>
Covered payroll	\$ 2,030,362	\$ 1,117,440	\$ 1,747,078	\$ 1,500,354
Contributions as a percentage of covered payroll	5.00%	8.00%	4.06%	5.08%

Notes to Schedule as of the Measure Date

Valuation date

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

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	24 years, close	25 years, close	26 years, close	21 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%	7.10%	8.00%
Life	7.10%	7.10%	7.10%	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% - 7.20%

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.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 700	\$ 1,253	\$ 30,012
19,852	35,395	795,264
1,829	2,974	1,342
78,717	82,899	81,856
<u>\$ (59,994)</u>	<u>\$ (49,225)</u>	<u>\$ 742,078</u>
\$ 1,603,312	\$ 1,627,143	\$ 1,607,809
5.02%	5.28%	5.17%
June 30, 2018	June 30, 2017	June 30, 2016
June 30, 2016	June 30, 2015	June 30, 2014
Entry Age Normal Level Percent of Pay 22 years, Closed	Entry Age Normal Level Percent of Pay 26 Years, Closed	Entry Age Normal Level Percent of Pay 26 Years, Closed
Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Five-year smoothed valued	Five-year smoothed valued	Market value
8.00%	8.00%	8.00%
7.50%	7.50%	7.50%
3.00%	3.00%	3.00%
3.00%	3.50%	4.00%
3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%
3.50% - 7.45%	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)

	2024			2023		
	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	\$ 4,092	\$ 703	\$ 110	\$ 5,605	\$ 651	\$ 109
Interest	19,608	2,546	976	18,592	2,479	968
Changes in benefit terms	—	—	—	4,975	—	—
Differences between expected and actual experience	(98,425)	8,459	2,438	(5,952)	—	—
Changes in assumptions	404	(907)	(319)	(21,937)	—	—
Benefit payments/refunds	(13,682)	(2,154)	(947)	(14,729)	(1,900)	(887)
Net change in total OPEB liability	(88,003)	8,647	2,258	(13,446)	1,230	190
Total OPEB liability at July 1	351,453	40,619	15,857	364,899	39,389	15,667
Total OPEB liability at June 30	<u>\$ 263,450</u>	<u>\$ 49,266</u>	<u>18,115</u>	<u>\$ 351,453</u>	<u>\$ 40,619</u>	<u>\$ 15,857</u>
OPEB Plan Fiduciary Net Position						
Contributions - employer	\$ 8,755	\$ —	\$ —	\$ 9,343	\$ 84	\$ —
Contributions - member	348	78	23	230	64	24
Transfer in payments	—	—	—	(10,847)	—	—
Net investment income	21,520	17,870	9,362	(14,729)	(12,828)	(6,497)
Benefit payments/refunds	(13,682)	(2,154)	(947)	(73)	(1,900)	(887)
Administrative expenses	(74)	—	—	—	—	—
Other	\$ —	—	—	—	—	—
Net change in plan fiduciary net position	16,867	15,794	8,438	(16,076)	(14,580)	(7,360)
OPEB plan fiduciary net position at July 1	231,242	119,335	63,301	247,318	133,915	70,661
OPEB plan fiduciary net position at June 30	<u>\$ 248,109</u>	<u>\$ 135,129</u>	<u>71,739</u>	<u>\$ 231,242</u>	<u>\$ 119,335</u>	<u>\$ 63,301</u>
Net OPEB liability at June 30	<u>\$ 15,341</u>	<u>\$ (85,864)</u>	<u>\$ (53,624)</u>	<u>\$ 120,211</u>	<u>\$ (78,716)</u>	<u>\$ (47,444)</u>
Plan fiduciary net position as a % of the total OPEB liability	94.18%	274.28 %	396.02 %	65.80 %	293.79 %	399.20 %
Covered payroll	\$ 65,830	\$ 26,700	\$ 4,118	\$ 48,600	\$ 29,800	\$ 4,200
Net OPEB liability as a % of covered payroll	23.30 %	(321.59)%	(1302.19)%	247.35 %	(264.15)%	(1129.62)%

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)%

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 2024			Fiscal Year 2023		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Fiscal year (measurement date)						
Commonwealth's proportionate share of the net OPEB liability (asset)	78.45 %	97.99 %	46.49%	79.27 %	97.71 %	26.25%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	\$ 619,218	\$ (203,815)	\$ 1,141,675	\$ 1,753,608	\$ 7,452	\$ 659,920
Other employers' proportionate share of the collective net OPEB liability (asset)	165,373	(4,180)	1,322,185	458,502	175	1,853,713
Total collective net OPEB liability	<u>\$ 784,591</u>	<u>\$ (207,995)</u>	<u>\$ 2,463,860</u>	<u>\$ 2,212,110</u>	<u>\$ 7,627</u>	<u>\$ 2,513,633</u>
Commonwealth's covered payroll	\$ 1,912,526	\$ 261,841	\$ 1,849,037	\$ 1,135,951	\$ 184,327	\$ 1,017,597
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	32.38 %	(77.84)%	61.74%	154.37 %	4.04 %	64.85%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	66.14 %	149.84 %	53.52%	18.51 %	61.51 %	56.40%

	Fiscal Year 2019			Fiscal Year 2018		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Fiscal year (measurement date)						
Commonwealth's proportionate share of the net OPEB liability (asset)	74.48%	97.46 %	46.90%	72.38%	97.63%	45.49%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	\$ 1,765,855	\$ (32,325)	\$ 1,640,667	\$ 1,835,540	\$ 5,888	\$ 1,632,050
Other employers' proportionate share of the collective net OPEB liability (asset)	605,057	(843)	1,857,246	700,422	143	1,955,691
Total collective net OPEB liability	<u>\$ 2,370,912</u>	<u>\$ (33,168)</u>	<u>\$ 3,497,913</u>	<u>\$ 2,535,962</u>	<u>\$ 6,031</u>	<u>\$ 3,587,741</u>
Commonwealth's covered payroll	\$ 1,124,614	\$ 185,483	\$ 1,620,705	\$ 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	157.02%	(17.43)%	101.23%	159.19%	3.53%	99.52%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	27.32%	106.83 %	18.09%	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 2022			Fiscal Year 2021			Fiscal Year 2020		
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	
80.09 %	97.67 %	45.37%	76.25 %	97.68 %	45.39%	74.97 %	97.46 %	45.44%
\$ 1,825,608	\$ (11,256)	\$ 979,337	\$ 1,935,945	\$ 41,777	\$ 1,161,185	\$ 1,666,411	\$ (26,168)	\$ 1,343,974
453,719	(269)	1,179,448	602,963	992	1,397,277	556,485	(681)	1,613,885
<u>\$ 2,279,327</u>	<u>\$ (11,525)</u>	<u>\$ 2,158,785</u>	<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>
\$ 1,168,121	\$ 171,807	\$ 1,621,694	\$ 1,087,164	\$ 177,984	\$ 1,612,586	\$ 1,136,446	\$ 147,601	\$ 1,621,873
156.29 %	(6.55)%	60.39%	178.07 %	23.47 %	72.01%	146.63 %	(17.73)%	82.87%
38.15 %	98.72 %	52.73%	29.47 %	92.42 %	39.10%	30.92 %	105.29 %	32.56%



OTHER SUPPLEMENTARY INFORMATION

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

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Turnpike Authority of Kentucky - accounts for and reports financial resources that are restricted, committed, or assigned for the payment of principal, interest, and administrative fees due on debt issued to acquire infrastructure, which is then leased to the Transportation Cabinet of the Commonwealth.

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

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.

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.

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.

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.

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, 2024
(expressed in thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Assets			
Cash and cash equivalents	\$ 118,934	\$ —	\$ 237,648
Cash with fiscal agents	—	—	—
Investments, net of amortization	—	—	566,814
Receivables, net	—	—	74,139
Notes receivable	—	—	657
Interfund receivables	—	—	1,139
Interfund loan receivable	—	—	8,286
Total Assets	<u>\$ 118,934</u>	<u>\$ —</u>	<u>\$ 888,683</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ —	\$ —	\$ 17,043
Interfund payables	—	—	1,911
Interfund loan payable	—	—	336
Unearned revenue	—	—	73
Total Liabilities	<u>—</u>	<u>—</u>	<u>19,363</u>
Deferred inflows of resources			
Unavailable	<u>—</u>	<u>—</u>	<u>39,769</u>
Fund Balances:			
Restricted for:			
General Government	—	—	122,525
Legislative and Judicial	—	—	—
Commerce	—	—	2,028
Education and Humanities	—	—	85,314
Human Resources	—	—	509,936
Justice	—	—	151
Natural Resources and Environmental Protection	—	—	7,553
Public Protection and Regulation	—	—	—
Transportation	—	—	684
Debt service	118,934	—	—
Committed to:			
General Government	—	—	68,504
Education and Humanities	—	—	91
Human Resources	—	—	21,852
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	—
Assigned to:			
General Government	—	—	4,479
Education and Humanities	—	—	—
Justice	—	—	—
Transportation	—	—	6,434
Total Fund Balances	<u>118,934</u>	<u>—</u>	<u>829,551</u>
Total Liabilities and Fund Balances	<u>\$ 118,934</u>	<u>\$ —</u>	<u>\$ 888,683</u>

Special Revenue Funds					
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds	
\$ 4,366	\$ 18,694	\$ 18,333	\$ 229,757	\$ 627,732	
	—	—	—	—	
32,755	10,796	—	179,886	790,251	
—	—	6,307	58,021	138,467	
—	—	—	—	657	
—	4,029	—	5,999	11,167	
—	—	—	—	8,286	
<u>\$ 37,121</u>	<u>\$ 33,519</u>	<u>\$ 24,640</u>	<u>\$ 473,663</u>	<u>\$ 1,576,560</u>	
\$ —	\$ 2,538	\$ 2,120	\$ 17,721	\$ 39,422	
—	—	—	27,259	29,170	
—	—	—	—	336	
—	—	—	—	73	
<u>—</u>	<u>2,538</u>	<u>2,120</u>	<u>44,980</u>	<u>69,001</u>	
—	—	—	53,486	93,255	
—	30,981	22,520	107,895	283,921	
—	—	—	1	1	
—	—	—	688	2,716	
—	—	—	2,334	87,648	
—	—	—	3,465	513,401	
—	—	—	100	251	
—	—	—	72,660	80,213	
—	—	—	1,849	1,849	
37,121	—	—	—	37,805	
—	—	—	—	118,934	
—	—	—	141,556	210,060	
—	—	—	10,125	10,216	
—	—	—	13,271	35,123	
—	—	—	1,776	1,776	
—	—	—	19,437	19,437	
—	—	—	—	4,479	
—	—	—	5	5	
—	—	—	35	35	
—	—	—	—	6,434	
<u>37,121</u>	<u>30,981</u>	<u>22,520</u>	<u>375,197</u>	<u>1,414,304</u>	
<u>\$ 37,121</u>	<u>\$ 33,519</u>	<u>\$ 24,640</u>	<u>\$ 473,663</u>	<u>\$ 1,576,560</u>	

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Revenues			
Taxes	\$ —	\$ 12	\$ 162,893
Licenses, fees, and permits	—	—	755
Intergovernmental Revenues	—	—	—
Charges for services	—	—	150,774
Fines and forfeits	—	—	17,051
Interest and other investment income	120	—	6,480
Increase (decrease) in fair value of investments	—	—	13,781
Other revenues	81,078	—	16,273
Total Revenues	81,198	12	368,007
Expenditures			
Current:			
General Government	—	36,658	122,304
Commerce	—	—	796
Education and Humanities	—	—	78,316
Human Resources	—	—	10,162
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	324
Public Protection and Regulation	—	—	1,648
Transportation	—	—	—
Debt service:			
Principal retirement	175,177	96,973	—
Interest and fiscal charges	37,645	27,119	—
Other expenditures	—	513	—
Securities lending expense	—	—	—
Total Expenditures	212,822	161,263	213,550
Excess (Deficiency) of Revenues over (under) Expenditures	(131,624)	(161,251)	154,457
Other Financing Sources (Uses)			
Transfers in	133,745	124,080	350,855
Transfers out	—	—	(512,733)
Issuance of bonds:			
New issues	—	37,015	—
Refunding issues	—	6,769	—
Premiums	—	923	—
Discounts	—	(702)	—
Other Expense of Issue	—	—	—
Payments to refunded bond escrow agent	—	(6,834)	—
Total Other Financing Sources (Uses)	133,745	161,251	(161,878)
Net Change in Fund Balances	2,121	—	(7,421)
Fund Balances at July 1	116,813	—	836,972
Fund Balances at June 30	\$ 118,934	\$ —	\$ 829,551

Special Revenue Funds				
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds
\$ —	\$ —	\$ —	\$ 42,809	\$ 205,714
—	—	—	14,637	15,392
—	—	—	2	2
—	—	—	232,849	383,623
—	—	—	1,591	18,642
1,913	316	598	7,957	17,384
—	617	—	9,715	24,113
—	14,777	16,795	171,281	300,204
<u>1,913</u>	<u>15,710</u>	<u>17,393</u>	<u>480,841</u>	<u>965,074</u>
—	—	12,371	124,861	296,194
—	—	—	995	1,791
—	30,554	—	15,069	123,939
—	—	—	39,091	49,253
—	—	—	5,490	5,490
—	—	—	3,706	4,030
—	—	—	1,657	3,305
8,252	—	—	165,296	173,548
—	—	3,245	—	275,395
—	—	—	—	64,764
—	—	—	—	513
—	—	—	—	—
<u>8,252</u>	<u>30,554</u>	<u>15,616</u>	<u>356,165</u>	<u>998,222</u>
<u>(6,339)</u>	<u>(14,844)</u>	<u>1,777</u>	<u>124,676</u>	<u>(33,148)</u>
133,855	20,567	—	42,953	806,055
(133,745)	—	—	(120,968)	(767,446)
—	—	—	—	37,015
—	—	—	—	6,769
—	—	—	—	923
—	—	—	—	(702)
—	—	—	—	—
—	—	—	—	(6,834)
<u>110</u>	<u>20,567</u>	<u>—</u>	<u>(78,015)</u>	<u>75,780</u>
(6,229)	5,723	1,777	46,661	42,632
43,350	25,258	20,743	328,536	1,371,672
<u>\$ 37,121</u>	<u>\$ 30,981</u>	<u>\$ 22,520</u>	<u>\$ 375,197</u>	<u>\$ 1,414,304</u>

SCHEDULE OF FUND ACTIVITIES

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	<u>June 30, 2024</u>
Revenues by Source	
Taxes:	
Sales and gross receipts	\$ 7,054,356
Income:	
Individual	4,796,819
Corporations	1,867,178
Property	802,312
Coal severance	75,873
Licenses and privileges	577
Inheritance and estate	80,237
Miscellaneous	22,756
Total Taxes	<u>14,700,108</u>
Licenses, fees, and permits	16,625
Intergovernmental	5,932
Charges for services	349,738
Fines and forfeits	33,141
Interest and other investment income	112,450
Increase (decrease) in fair value of investments	180,693
Other revenues	57,919
Total Revenues by Source	<u>\$ 15,456,606</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	June 30, 2024
General Government:	
Personal services	\$ 388,367
Utilities, rentals, and other services	114,970
Commodities and supplies	61,047
Grants and subsidies	1,982,842
Capital outlay	9,881
Claims	242
Travel	2,070
Judgments and contingent liabilities	4,404
Other	3,456
Total General Government	<u>2,567,279</u>
Legislative and Judicial:	
Personal services	348,293
Utilities, rentals, and other services	138,285
Commodities and supplies	33,270
Grants and subsidies	150
Capital outlay	12,664
Travel	4,275
Total Legislative and Judicial	<u>536,937</u>
Commerce:	
Personal services	14,917
Utilities, rentals, and other services	1,888
Commodities and supplies	820
Grants and subsidies	82,584
Capital Outlay	—
Claims	4
Travel	186
Judgments and contingent liabilities	1
Total Commerce	<u>100,400</u>
Education and Humanities:	
Personal services	131,578
Utilities, rentals, and other services	30,438
Commodities and supplies	11,071
Grants and subsidies	4,959,414
Capital outlay	12,899
Claims	1
Travel	1,240
Judgments and contingent liabilities	—
Total Education and Humanities	<u>5,146,641</u>
Human Resources:	
Personal services	478,166
Utilities, rentals, and other services	38,638
Commodities and supplies	11,143
Grants and subsidies	3,051,858
Capital Outlay	89,053
Claims	—
Travel	4,861
Judgments and contingent liabilities	10
Total Human Resources	<u>\$ 3,673,729</u>

	June 30, 2024
Justice:	
Personal services	\$ 802,302
Utilities, rentals, and other services	79,526
Commodities and supplies	46,546
Grants and subsidies	291,409
Capital outlay	27,144
Claims	—
Travel	3,872
Total Justice	<u>1,250,799</u>
Natural Resources and Environmental Protection:	
Personal services	79,970
Utilities, rentals, and other services	6,325
Commodities and supplies	3,276
Grants and subsidies	270
Capital outlay	954
Travel	658
Judgments and contingent liabilities	—
Total Natural Resources and Environmental Protection	<u>91,454</u>
Public Protection and Regulation:	
Personal services	19,100
Utilities, rentals, and other services	1,450
Commodities and supplies	196
Grants and subsidies	200
Capital outlay	469
Travel	86
Judgments and contingent liabilities	589
Total Public Protection and Regulation	<u>22,090</u>
Transportation:	
Personal services	6,000
Utilities, rentals, and other services	—
Commodities and supplies	30
Grants and subsidies	10,233
Capital outlay	5,028
Travel	9
Total Transportation	<u>21,300</u>
Total Expenditures	<u>\$ 13,410,629</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BY TYPE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	<u>June 30, 2024</u>
Revenues:	
Taxes	\$ 1,689,233
Licenses, fees and permits	173,860
Charges for services	7,550
Fines and forfeits	1
Interest and other investment income	6,218
Increase (decrease) in fair value of investments	6,669
Other revenues	<u>7,686</u>
Total Revenues	<u>1,891,217</u>
Expenditures:	
Transportation:	
General administration and support	93
Motor vehicle regulation	42,913
Justice - state police	59,349
Highways	1,165,718
Aviation	1,010
Other	<u>485,392</u>
Total Expenditures	<u>\$ 1,754,475</u>

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods and services provided on a cost reimbursement basis by one agency of the Commonwealth to other state agencies. Kentucky uses the following Internal Service Funds:

Fleet Management Fund - accounts for expenses incurred and reimbursements received for the management and maintenance of the Commonwealth's motor vehicle fleet.

Computer Services Fund - accounts for expenses incurred and reimbursements received for computer and related data processing services.

Prison Industries Fund - accounts for expenses incurred and reimbursements received for industrial operations within the correctional system.

Central Printing Fund - accounts for expenses incurred and reimbursements received by the Division of Printing.

Property Management Fund - accounts for expenses incurred and reimbursements received for space rental and maintenance operations.

Risk Management Fund accounts for the self-insurance operations administered by the State which include the following programs:

Fire and Tornado Insurance Program - accounts for monies received by the Department of Insurance from State agencies and expended for insuring State property against loss from fires, tornadoes, etc.

State Workers' Compensation Program - accounts for monies received by the Personnel Cabinet from State agencies and expended for claims of job related injuries to State employees.

Transportation Cabinet's Self-Insured Workers' Compensation Trust Program - provides workers' compensation insurance for the employees of the Transportation Cabinet.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024
(expressed in thousands)

	Fleet Management	Computer Services	Prison Industries
Assets			
Current assets:			
Cash and cash equivalents	\$ 871	\$ 4,629	\$ 475
Receivables, net	12	123	139
Interfund receivables	—	—	86
Inventories	4	377	2,048
Prepaid expenses	1	22,959	32
Total Current Assets	888	28,088	2,780
Noncurrent assets:			
Investments, net	2,088	13,515	540
Capital assets being depreciated, net	24,086	15,733	3,326
Capital assets not being depreciated	—	—	657
Lease assets, net of depreciation	—	1,569	—
Subscription assets, net of amortization	—	77,728	—
Construction in progress	—	—	633
Total capital, lease, and subscription assets	24,086	95,030	4,616
Total Noncurrent Assets, Net	26,174	108,545	5,156
Total Assets	27,062	136,633	7,936
Deferred outflows of resources	1,310	11,752	170
Liabilities			
Current liabilities:			
Accounts payable	1,548	8,959	186
Interfund payables	—	—	1
Interfund loans payable	—	—	—
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Lease obligations	—	77	—
Subscription liability	—	32,536	—
Notes Payable	—	—	—
Compensated absences	102	1,179	141
Unearned revenue	—	—	12
Total Current Liabilities	1,650	42,751	340
Noncurrent liabilities:			
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Lease obligations	—	1,539	—
Subscription liability	—	27,469	—
Notes payable	—	—	—
Compensated absences	107	2,473	387
Net pension liability	8,346	108,219	1,607
Net OPEB liability	528	6,296	99
Total Noncurrent Liabilities	8,981	145,996	2,093
Total Liabilities	10,631	188,747	2,433
Deferred inflows of resources	1,006	27,401	219
Net Position			
Net investment in capital assets	24,086	15,686	4,616
Unrestricted	(7,351)	(83,449)	838
Total Net Position	\$ 16,735	\$ (67,763)	\$ 5,454

Central Printing	Property Management	Risk Management	Totals June 30, 2024
\$ 3	\$ 4,025	\$ 1,060	\$ 11,063
—	266	91	631
—	2,625	149	2,860
97	—	—	2,526
—	8	565	23,565
<u>100</u>	<u>6,924</u>	<u>1,865</u>	<u>40,645</u>
—	24,382	12,902	53,427
42	226,016	—	269,203
—	16,909	—	17,566
—	—	—	1,569
—	—	—	77,728
—	52,866	—	53,499
<u>42</u>	<u>295,791</u>	<u>—</u>	<u>419,565</u>
<u>42</u>	<u>320,173</u>	<u>12,902</u>	<u>472,992</u>
<u>142</u>	<u>327,097</u>	<u>14,767</u>	<u>513,637</u>
<u>531</u>	<u>7,177</u>	<u>1,090</u>	<u>22,030</u>
36	8,047	14,293	33,069
3	—	5,773	5,777
883	4,389	—	5,272
—	—	37,734	37,734
—	—	699	699
—	—	—	77
—	—	—	32,536
—	377	—	377
36	1,264	87	2,809
—	—	—	12
<u>958</u>	<u>14,077</u>	<u>58,586</u>	<u>118,362</u>
—	—	185,709	185,709
—	—	5,835	5,835
—	—	—	1,539
—	—	—	27,469
—	781	—	781
27	537	175	3,706
3,114	55,157	8,765	185,208
<u>213</u>	<u>4,930</u>	<u>761</u>	<u>12,827</u>
<u>3,354</u>	<u>61,405</u>	<u>201,245</u>	<u>423,074</u>
<u>4,312</u>	<u>75,482</u>	<u>259,831</u>	<u>541,436</u>
<u>456</u>	<u>11,384</u>	<u>1,717</u>	<u>42,183</u>
42	295,791	—	340,221
(4,137)	(48,383)	(245,691)	(388,173)
<u>\$ (4,095)</u>	<u>\$ 247,408</u>	<u>\$ (245,691)</u>	<u>\$ (47,952)</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Fleet Management	Computer Services	Prison Industries
Operating Revenues:			
Charges for services	\$ 24,558	\$ 133,453	\$ 10,411
Other revenues	236	7	—
Total Operating Revenues	<u>24,794</u>	<u>133,460</u>	<u>10,411</u>
Operating Expenses:			
Personal services	3,384	25,942	4,268
Utilities, rentals, and other services	5,052	13,852	1,257
Commodities and supplies	7,770	—	2,726
Grants and subsidies	—	—	647
Depreciation and amortization	5,183	28,886	436
Travel	3	46	5
Claims expense	—	—	—
Claims adjustment expense	—	—	—
Total Operating Expenses	<u>21,392</u>	<u>68,726</u>	<u>9,339</u>
Operating Income (Loss)	<u>3,402</u>	<u>64,734</u>	<u>1,072</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	374	(26,712)	(380)
Interest and other investment income	—	—	—
Increase (decrease) in fair value of investments	—	—	—
Interest expense	—	(1,494)	—
Other revenues (expenses)	<u>(159)</u>	<u>—</u>	<u>—</u>
Total Nonoperating Revenues and Expenses	<u>215</u>	<u>(28,206)</u>	<u>(380)</u>
Income (Loss) before Transfers	3,617	36,528	692
Transfers in	—	2,490	—
Transfers out	<u>(677)</u>	<u>(2,014)</u>	<u>—</u>
Change in Net Position	2,940	37,004	692
Net Position at July 1	<u>13,795</u>	<u>(104,767)</u>	<u>4,762</u>
Net Position at June 30	<u>\$ 16,735</u>	<u>\$ (67,763)</u>	<u>\$ 5,454</u>

Central Printing	Property Management	Risk Management	Totals June 30, 2024
\$ 1,413	\$ 75,388	\$ 34,724	\$ 279,947
—	456	34,330	35,029
1,413	75,844	69,054	314,976
188	18,290	3,782	55,854
1	21,606	51,120	92,888
273	22,798	119	33,686
—	—	—	647
1	11,565	—	46,071
—	5	19	78
—	—	56,466	56,466
—	—	651	651
463	74,264	112,157	286,341
950	1,580	(43,103)	28,635
36	(31)	—	(26,713)
—	—	(819)	(819)
—	—	(541)	(541)
—	(6,397)	—	(7,891)
—	(1)	633	473
36	(6,429)	(727)	(35,491)
986	(4,849)	(43,830)	(6,856)
—	40,903	—	43,393
—	(21,249)	(230)	(24,170)
986	14,805	(44,060)	12,367
(5,081)	232,603	(201,631)	(60,319)
\$ (4,095)	\$ 247,408	\$ (245,691)	\$ (47,952)

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Fleet Management	Computer Services
Cash Flows from Operating Activities		
Cash received from customers - public	\$ 24,560	\$ 781
Cash received from customers - state	—	132,579
Cash payments to suppliers for goods and services	(13,001)	(20,856)
Cash payments for employee salaries and benefits	(3,002)	(57,242)
Cash payments for claims expense	—	—
Cash payments from other sources	236	7
Cash payments to other sources	—	—
Net Cash Provided (Used) by Operating Activities	<u>8,793</u>	<u>55,269</u>
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	—	2,490
Transfers to other funds	(677)	(2,014)
Intergovernmental	(159)	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(836)</u>	<u>476</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(12,865)	(18,061)
Principal paid on revenue bond maturities and equipment contracts	—	(41,331)
Interest paid on revenue bonds and equipment contracts	—	(1,494)
Proceeds from the sale of capital assets	474	3,261
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(12,391)</u>	<u>(57,625)</u>
Cash Flows from Investing Activities		
Purchase of investment securities	—	(66)
Proceeds from the sale of investment securities	2,341	—
Interest and dividends on investments	—	(1,494)
Net Cash Provided (Used) in Investing Activities	<u>2,341</u>	<u>(1,560)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,093)	(3,440)
Cash and Cash Equivalents at July 1	2,964	8,069
Cash and Cash Equivalents at June 30	<u>\$ 871</u>	<u>\$ 4,629</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ 3,402	\$ 64,734
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,183	28,886
Change in assets and liabilities:		
(Increase) Decrease in assets:		
Receivables, net	2	(93)
Interfund receivables	—	—
Inventories	19	(107)
Prepaid expenses	(1)	5,781
(Increase) decrease in deferred outflows	(61)	5,736
Increase (decrease) in liabilities:		
Accounts payable	(197)	(12,678)
Interfund payables	—	—
Claims liability	—	—
Claims adjustment liability	—	—
Compensated absences	12	574
Unearned revenue	—	—
Pension liability	754	(28,870)
OPEB liability	(892)	(15,697)
Increase (decrease) in deferred inflows	572	7,003
Net Cash Provided by Operating Activities	<u>\$ 8,793</u>	<u>\$ 55,269</u>
Noncash Investing, Capital, and Financing Activities		
Capital assets acquired through leases	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2024
\$ 3,788	\$ 1,412	\$ 20,890	\$ 34,330	\$ 85,761
6,457	—	51,955	34,647	225,638
(4,493)	(728)	(38,292)	(16,296)	(93,666)
(3,580)	(323)	(22,704)	(1,788)	(88,639)
—	—	—	(67,542)	(67,542)
—	—	456	(708)	(9)
(647)	—	—	—	(647)
<u>1,525</u>	<u>361</u>	<u>12,305</u>	<u>(17,357)</u>	<u>60,896</u>
—	—	40,903	—	43,393
—	—	(21,249)	(230)	(24,170)
—	—	—	93	(66)
—	—	<u>19,654</u>	<u>(137)</u>	<u>19,157</u>
(1,674)	—	(4,724)	—	(37,324)
—	—	—	—	(41,331)
—	—	—	—	(1,494)
—	1	5	—	3,741
<u>(1,674)</u>	<u>1</u>	<u>(4,719)</u>	<u>—</u>	<u>(76,408)</u>
—	—	(19,408)	(5,008)	(24,482)
48	—	—	10,716	13,105
—	—	(6,397)	(819)	(8,710)
<u>48</u>	<u>—</u>	<u>(25,805)</u>	<u>4,889</u>	<u>(20,087)</u>
(101)	362	1,435	(12,605)	(16,442)
576	(359)	2,590	13,665	27,505
<u>\$ 475</u>	<u>\$ 3</u>	<u>\$ 4,025</u>	<u>\$ 1,060</u>	<u>\$ 11,063</u>
\$ 1,072	\$ 950	\$ 1,580	\$ (43,103)	\$ 28,635
436	1	11,565	—	46,071
(4)	—	(263)	(77)	(435)
1	—	(2,185)	—	(2,184)
(639)	7	—	—	(720)
126	—	39	28,499	34,444
100	(99)	2,227	298	8,201
15	(1)	6,894	1,985	(3,982)
(12)	(461)	(821)	5,773	4,479
—	—	—	(10,734)	(10,734)
—	—	—	(391)	(391)
5	(30)	652	49	1,262
(163)	—	(95)	—	(258)
555	314	(6,276)	(40)	(33,563)
(122)	(276)	(6,977)	(776)	(24,740)
155	(44)	5,965	1,160	14,811
<u>\$ 1,525</u>	<u>\$ 361</u>	<u>\$ 12,305</u>	<u>\$ (17,357)</u>	<u>\$ 60,896</u>
—	—	(4,122,986)	—	(4,122,986)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ (4,122,986)</u>	<u>\$ —</u>	<u>\$ (4,122,986)</u>

CAPITAL ASSETS

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2024

(expressed in thousands)

	June 30, 2024
Governmental Funds Capital Assets	
Land	\$ 256,007
Improvements other than buildings	46,561
Buildings	1,606,854
Machinery and equipment	837,706
Software/other intangibles	136,453
Easements	104,795
Construction in progress	2,073,282
Infrastructure	<u>23,802,097</u>
Total Governmental Funds Capital Assets	<u>\$ 28,863,755</u>

Investments in Governmental Funds Capital Assets by Source

General Fund	\$ 216,942
Special Revenue Funds	904,736
Donations	190,876
Other	2,091,556
Capital Projects Fund:	
State appropriations	72,055
Revenue bonds	739,944
Federal grants	404,030
Other	270,396
Infrastructure (A)	23,802,098
Capital assets acquired prior to July 1, 1984 (A)	140,091
Capital assets acquired after July 1, 1984 (A)	<u>31,031</u>
Total Governmental Funds Capital Assets by Source	<u>\$ 28,863,755</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, 2024
(expressed in thousands)

	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
General Government	\$ 35,943	\$ 20,929	\$ 464,197
Legislative & Judicial	16,470	—	62,328
Commerce	130,937	6,585	17,133
Education & Humanities	1,114	823	46,474
Human Resources	3,086	4,727	226,496
Justice	5,510	13,031	548,525
Natural Resources and Environmental Protection	43,942	466	4,867
Public Protection and Regulation	—	—	—
Transportation	19,005	—	236,834
Total Governmental Funds Capital Assets by Function	<u>\$ 256,007</u>	<u>\$ 46,561</u>	<u>\$ 1,606,854</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.

Machinery and Equipment	Software / Other Intangibles	Easements	Construction in Progress	Infrastructure	Totals June 30, 2024
\$ 61,462	\$ 48,873	\$ 62,931	\$ 116,380	\$ —	\$ 810,715
35,614	2,346	—	—	—	116,758
39,523	—	8,361	7,408	—	209,947
29,611	—	12,474	14,684	—	105,180
24,351	80,007	—	27,199	—	365,866
183,620	5,227	—	101,862	—	857,775
54,980	—	21,029	279	—	125,563
8,028	—	—	—	—	8,028
400,517	—	—	1,805,470	23,802,097	26,263,923
<u>\$ 837,706</u>	<u>\$ 136,453</u>	<u>\$ 104,795</u>	<u>\$ 2,073,282</u>	<u>\$ 23,802,097</u>	<u>\$ 28,863,755</u>

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2024</u>
General Government	\$ 774,409	\$ 40,030	\$ (3,724)	\$ 810,715
Legislative & Judicial	40,380	77,352	(974)	116,758
Commerce	199,301	15,298	(4,652)	209,947
Education & Humanities	101,403	5,084	(1,307)	105,180
Human Resources	355,192	11,973	(1,299)	365,866
Justice	775,493	103,924	(21,642)	857,775
Natural Resources and Environmental Protection	120,533	6,676	(1,646)	125,563
Public Protection and Regulation	7,271	1,531	(774)	8,028
Transportation	25,848,826	1,070,058	(654,961)	26,263,923
Total Governmental Funds Capital Assets by Function	<u>\$ 28,222,808</u>	<u>\$ 1,331,926</u>	<u>\$ (690,979)</u>	<u>\$ 28,863,755</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.

PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS

Pension and Other Post Employment Benefit Trust Funds account for monies received for and expenses incurred by the various public employee retirement systems administered by the Commonwealth. Kentucky uses the following Pension Trust Funds:

Kentucky Employees Retirement System (KERS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all regular full-time employees of any State department, board, or agency directed by Executive Order to participate in the System.

County Employees Retirement System (CERS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all regular full-time employees of each county, local school board, and additional local agencies electing to participate in the System.

State Police Retirement System (SPRS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all regular full-time officers of the Kentucky State Police.

Kentucky Teachers' Retirement System (KTRS) accounts for pension and (other post employment benefits) administered by the System, which covers substantially all persons occupying positions in the public elementary and secondary schools for which a certificate is required, faculty members of five regional universities, the Commissioner of Education, and the professional staff members of the Department of Education.

Judicial Retirement Plan accounts for pension and (other post employment benefits) administered by the Plan, which covers all District Judges, Judges of the Court of Appeals, and Judges of the Supreme Court.

Legislators Retirement Plan accounts for pension and (other post employment benefits) administered by the Plan, which covers all members of the General Assembly.

Kentucky Public Employees Deferred Compensation Authority accounts for the monies withheld from participating employees payroll to be placed in an Internal Revenue Code Section 401 or 457 deferred compensation plan. The amounts are deposited with third party administrators which oversee the investment activities of such monies.

COMMONWEALTH OF KENTUCKY
COMBINED STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS
June 30, 2024
(expressed in thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2024
Assets			
Cash and Short-Term Investments:			
Cash	\$ 292,262	\$ 162,744	\$ 455,006
Short-term investments	5,498,184	421,832	5,920,016
Total Cash and Short-Term Investments	<u>5,790,446</u>	<u>584,576</u>	<u>6,375,022</u>
Receivables:			
Investments - accounts receivable	195,761	52,630	248,391
Interest receivable	45,147	641	45,788
Accounts receivable	290,171	85,668	375,839
Total Receivables	<u>531,079</u>	<u>138,939</u>	<u>670,018</u>
Investments at Fair Value:			
Corporate and government bonds	6,467,734	1,295,451	7,763,185
Common stocks	26,011,491	6,508,125	32,519,616
Specialty Credit	3,724,661	1,640,312	5,364,973
Alternatives	2,079,165	252,508	2,331,673
Derivatives	97	59	156
Real estate	2,694,367	602,323	3,296,690
Other	3,061,635	718,672	3,780,307
Total Investments at Fair Value	<u>44,039,150</u>	<u>11,017,450</u>	<u>55,056,600</u>
Invested security collateral	491,065	160,162	651,227
Capital assets, net	5,729	—	5,729
Prepaid expenses	40	—	40
Total Assets	<u>50,857,509</u>	<u>11,901,127</u>	<u>62,758,636</u>
Liabilities			
Investments - accounts payable	265,034	80,345	345,379
Accounts payable	32,465	50,383	82,848
Obligations under securities lending	491,065	160,162	651,227
Total Liabilities	<u>788,564</u>	<u>290,890</u>	<u>1,079,454</u>
Net Position Restricted for Pensions and Other Post Employment Benefits			
	<u>\$ 50,068,945</u>	<u>\$ 11,610,237</u>	<u>\$ 61,679,182</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, 2024
(expressed in thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2024
Additions			
Contributions:			
Employer	\$ 3,477,651	\$ 409,165	\$ 3,886,816
Member	917,596	194,479	1,112,075
Non-Employer	—	—	—
Total Contributions	<u>4,395,247</u>	<u>603,644</u>	<u>4,998,891</u>
Other Contributions:			
Participant fees	8,820	—	8,820
Other receipts	240,000	21,567	261,567
Total Other Contributions	<u>248,820</u>	<u>21,567</u>	<u>270,387</u>
Investment Income:			
Net increase (decrease) in fair value of investments	4,466,150	972,745	5,438,895
Interest	856,359	298,578	1,154,937
Dividends	258,615	20,732	279,347
Real estate operating income, net	24,114	—	24,114
Securities lending income, net	59,917	7,839	67,756
Total Investment Income	<u>5,665,155</u>	<u>1,299,894</u>	<u>6,965,049</u>
Less: Investment expense	201,255	84,051	285,306
Less: Securities lending expense	88,444	—	88,444
Net Investment Income	<u>5,375,456</u>	<u>1,215,843</u>	<u>6,591,299</u>
Total Additions	<u>10,019,523</u>	<u>1,841,054</u>	<u>11,860,577</u>
Deductions			
Benefit payments	5,255,127	6,106	5,261,233
Refunds	82,899	—	82,899
Administrative expenses	67,948	4,736	72,684
Self funding insurance cost	—	—	—
Healthcare premium subsidies	—	348,932	348,932
Other deductions, net	—	146,994	146,994
Total Deductions	<u>5,405,974</u>	<u>506,768</u>	<u>5,912,742</u>
Change in Net Position	4,613,549	1,334,286	5,947,835
Net Position - Restricted for Pension and Other Post Employment Benefits			
Net Position at July 1, as restated	45,455,396	10,275,951	55,731,347
Net Position at June 30	<u>\$ 50,068,945</u>	<u>\$ 11,610,237</u>	<u>\$ 61,679,182</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - PENSION FUNDS
June 30, 2024
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Assets				
Cash and Short-Term Investments:				
Cash	\$ 268	\$ 27	\$ 276	\$ 26
Short-term investments	254,633	49,952	274,855	146,718
Total Cash and Short-Term Investments	<u>254,901</u>	<u>49,979</u>	<u>275,131</u>	<u>146,744</u>
Receivables:				
Investments - accounts receivable	30,542	5,671	43,044	15,644
Interest receivable	—	—	—	—
Contributions/Accounts receivable	93,357	4,965	96,651	28,809
Total Receivables	<u>123,899</u>	<u>10,636</u>	<u>139,695</u>	<u>44,453</u>
Investments at Fair Value:				
Corporate and government bonds	1,096,029	115,245	956,091	336,202
Common stocks	1,542,144	497,649	5,609,219	1,979,516
Specialty Credit	785,092	229,560	1,923,638	662,597
Alternative	—	—	—	—
Derivatives	(73)	9	121	49
Real estate	217,911	58,902	507,979	161,767
Other	349,425	79,738	393,377	138,312
Total Investments at Fair Value	<u>3,990,528</u>	<u>981,103</u>	<u>9,390,425</u>	<u>3,278,443</u>
Invested security collateral	109,246	26,629	249,969	88,298
Capital assets, net	—	—	—	—
Prepaid expenses	—	—	—	—
Total Assets	<u>4,478,574</u>	<u>1,068,347</u>	<u>10,055,220</u>	<u>3,557,938</u>
Liabilities				
Investments - accounts payable	67,302	10,809	80,329	28,705
Accounts payable	4,456	988	7,296	1,074
Obligations under securities lending	109,246	26,629	249,969	88,298
Total Liabilities	<u>181,004</u>	<u>38,426</u>	<u>337,594</u>	<u>118,077</u>
Net Position Restricted for Pensions and Other Post Employment Benefits				
	<u>\$ 4,297,570</u>	<u>\$ 1,029,921</u>	<u>\$ 9,717,626</u>	<u>\$ 3,439,861</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2024
\$ 29	\$ 259,971	\$ 6,598	\$ 1,729	\$ 23,338	\$ 292,262
38,006	573,010	—	—	4,161,010	5,498,184
<u>38,035</u>	<u>832,981</u>	<u>6,598</u>	<u>1,729</u>	<u>4,184,348</u>	<u>5,790,446</u>
4,925	95,759	146	30	—	195,761
—	—	1,256	280	43,611	45,147
2,498	60,489	—	—	3,402	290,171
<u>7,423</u>	<u>156,248</u>	<u>1,402</u>	<u>310</u>	<u>47,013</u>	<u>531,079</u>
166,303	3,755,393	34,274	8,197	—	6,467,734
237,046	15,722,172	349,732	74,013	—	26,011,491
123,774	—	—	—	—	3,724,661
—	2,079,165	—	—	—	2,079,165
(9)	—	—	—	—	97
35,155	1,712,653	—	—	—	2,694,367
56,205	1,930,941	95,002	18,635	—	3,061,635
<u>618,474</u>	<u>25,200,324</u>	<u>479,008</u>	<u>100,845</u>	<u>—</u>	<u>44,039,150</u>
16,923	—	—	—	—	491,065
—	5,729	—	—	—	5,729
—	40	—	—	—	40
<u>680,855</u>	<u>26,195,322</u>	<u>487,008</u>	<u>102,884</u>	<u>4,231,361</u>	<u>50,857,509</u>
10,603	67,286	—	—	—	265,034
113	18,538	—	—	—	32,465
16,923	—	—	—	—	491,065
<u>27,639</u>	<u>85,824</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>788,564</u>
<u>\$ 653,216</u>	<u>\$ 26,109,498</u>	<u>\$ 487,008</u>	<u>\$ 102,884</u>	<u>\$ 4,231,361</u>	<u>\$ 50,068,945</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, 2024
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Additions				
Contributions:				
Employer	\$ 1,055,695	\$ 89,899	\$ 764,778	\$ 321,293
Member	96,597	21,560	161,090	61,379
Total Contributions	<u>1,152,292</u>	<u>111,459</u>	<u>925,868</u>	<u>382,672</u>
Other Contributions:				
Participant fees	—	—	—	—
Other receipts	240,000	—	—	—
Total Other Contributions	<u>240,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Investment Income:				
Net increase (decrease) in fair value of investments	243,618	76,073	785,266	277,925
Interest	137,373	33,477	296,682	104,715
Dividends	—	—	—	—
Real estate operating income, net	—	—	—	—
Securities lending income, net	4,235	1,169	11,380	4,084
Total Investment Income	<u>385,226</u>	<u>110,719</u>	<u>1,093,328</u>	<u>386,724</u>
Less: Investment expense	19,394	5,797	61,810	20,928
Less: Securities lending expense	9,815	2,783	28,872	9,944
Net Investment Income	<u>356,017</u>	<u>102,139</u>	<u>1,002,646</u>	<u>355,852</u>
Total Additions	<u>1,748,309</u>	<u>213,598</u>	<u>1,928,514</u>	<u>738,524</u>
Deductions				
Benefit payments	1,032,124	80,528	940,514	343,582
Refunds	11,693	4,133	25,267	8,540
Administrative expenses	14,128	1,583	26,547	2,338
Total Deductions	<u>1,057,945</u>	<u>86,244</u>	<u>992,328</u>	<u>354,460</u>
Change in Net Position	690,364	127,354	936,186	384,064
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1, as restated	3,607,206	902,567	8,781,440	3,055,797
Net Position at June 30	<u>\$ 4,297,570</u>	<u>\$ 1,029,921</u>	<u>\$ 9,717,626</u>	<u>\$ 3,439,861</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2024
\$ 61,998	\$ 1,178,682	\$ 5,306	\$ —	\$ —	\$ 3,477,651
5,691	385,924	1,427	232	183,696	917,596
<u>67,689</u>	<u>1,564,606</u>	<u>6,733</u>	<u>232</u>	<u>183,696</u>	<u>4,395,247</u>
—	—	—	—	8,820	8,820
—	—	—	—	—	240,000
—	—	—	—	<u>8,820</u>	<u>248,820</u>
38,386	2,381,165	72,007	15,090	576,620	4,466,150
21,885	237,684	4,693	986	18,864	856,359
—	250,206	4,638	972	2,799	258,615
—	24,114	—	—	—	24,114
744	38,306	—	—	(1)	59,917
<u>61,015</u>	<u>2,931,475</u>	<u>81,338</u>	<u>17,048</u>	<u>598,282</u>	<u>5,665,155</u>
2,666	81,907	362	76	8,315	201,255
1,291	35,739	—	—	—	88,444
<u>57,058</u>	<u>2,813,829</u>	<u>80,976</u>	<u>16,972</u>	<u>589,967</u>	<u>5,375,456</u>
<u>124,747</u>	<u>4,378,435</u>	<u>87,709</u>	<u>17,204</u>	<u>782,483</u>	<u>10,019,523</u>
63,822	2,467,038	27,958	5,460	294,101	5,255,127
221	32,922	123	—	—	82,899
314	14,808	268	128	7,834	67,948
<u>64,357</u>	<u>2,514,768</u>	<u>28,349</u>	<u>5,588</u>	<u>301,935</u>	<u>5,405,974</u>
60,390	1,863,667	59,360	11,616	480,548	4,613,549
592,826	24,245,831	427,648	91,268	3,750,813	45,455,396
<u>\$ 653,216</u>	<u>\$ 26,109,498</u>	<u>\$ 487,008</u>	<u>\$ 102,884</u>	<u>\$ 4,231,361</u>	<u>\$ 50,068,945</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - INSURANCE FUNDS
June 30, 2024
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Assets				
Cash and Short-Term Investments:				
Cash	\$ 100	\$ 23	\$ 103	\$ 22
Short-term investments	68,261	20,702	89,412	38,115
Total Cash and Short-Term Investments	<u>68,361</u>	<u>20,725</u>	<u>89,515</u>	<u>38,137</u>
Receivables:				
Investments - accounts receivable	10,444	3,303	17,711	7,252
Interest receivable	—	—	—	—
Contributions/Accounts receivable	14,426	462	4,948	2,288
Total Receivables	<u>24,870</u>	<u>3,765</u>	<u>22,659</u>	<u>9,540</u>
Investments at Fair Value:				
Corporate and government bonds	189,154	75,625	356,789	160,988
Common stocks	819,790	333,496	2,109,372	1,035,985
Specialty Credit	375,074	151,347	720,433	331,860
Alternative	—	—	—	—
Derivatives	10	(3)	37	12
Real estate	95,993	42,344	183,572	100,729
Other	135,580	45,489	130,977	63,385
Total Investments at Fair Value	<u>1,615,601</u>	<u>648,298</u>	<u>3,501,180</u>	<u>1,692,959</u>
Invested security collateral	33,811	13,516	72,492	34,894
Total Assets	<u>1,742,643</u>	<u>686,304</u>	<u>3,685,846</u>	<u>1,775,530</u>
Liabilities				
Investments - accounts payable	16,606	4,869	27,231	11,227
Accounts payable	132	2	229	5
Obligations under securities lending	33,811	13,516	72,492	34,894
Total Liabilities	<u>50,549</u>	<u>18,387</u>	<u>99,952</u>	<u>46,126</u>
Net Position Restricted for Pensions and Other Post Employment Benefits				
	<u>\$ 1,692,094</u>	<u>\$ 667,917</u>	<u>\$ 3,585,894</u>	<u>\$ 1,729,404</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2024
\$ 18	\$ 158,900	\$ 2,156	\$ 1,422	\$ 162,744
9,876	195,466	—	—	421,832
<u>9,894</u>	<u>354,366</u>	<u>2,156</u>	<u>1,422</u>	<u>584,576</u>
1,492	12,356	47	25	52,630
—	—	411	230	641
918	62,626	—	—	85,668
<u>2,410</u>	<u>74,982</u>	<u>458</u>	<u>255</u>	<u>138,939</u>
29,762	465,191	11,200	6,742	1,295,451
136,174	1,898,347	114,122	60,839	6,508,125
61,598	—	—	—	1,640,312
—	252,508	—	—	252,508
3	—	—	—	59
16,169	163,516	—	—	602,323
18,475	278,393	31,045	15,328	718,672
<u>262,181</u>	<u>3,057,955</u>	<u>156,367</u>	<u>82,909</u>	<u>11,017,450</u>
5,449	—	—	—	160,162
<u>279,934</u>	<u>3,487,303</u>	<u>158,981</u>	<u>84,586</u>	<u>11,901,127</u>
2,393	18,019	—	—	80,345
1	50,014	—	—	50,383
5,449	—	—	—	160,162
<u>7,843</u>	<u>68,033</u>	<u>—</u>	<u>—</u>	<u>290,890</u>
<u>\$ 272,091</u>	<u>\$ 3,419,270</u>	<u>\$ 158,981</u>	<u>\$ 84,586</u>	<u>\$ 11,610,237</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, 2024
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Additions				
Contributions:				
Employer	\$ 136,628	\$ 1,910	\$ 10,143	\$ 22,644
Member	10,682	2,070	20,998	4,887
Non-Employer	—	—	—	—
Total Contributions	<u>147,310</u>	<u>3,980</u>	<u>31,141</u>	<u>27,531</u>
Other Contributions:				
Other Receipts	8,444	651	10,445	1,637
Total Other Contributions	<u>8,444</u>	<u>651</u>	<u>10,445</u>	<u>1,637</u>
Investment Income:				
Net increase (decrease) in fair value of investments	123,287	51,737	298,813	145,631
Interest	55,349	21,973	111,897	53,690
Dividends	—	—	—	—
Securities lending income, net	1,583	551	3,296	1,484
Total Investment Income	<u>180,219</u>	<u>74,261</u>	<u>414,006</u>	<u>200,805</u>
Less: Investment expense	13,505	6,826	33,494	17,398
Net Investment Income	<u>166,714</u>	<u>67,435</u>	<u>380,512</u>	<u>183,407</u>
Total Additions	<u>322,468</u>	<u>72,066</u>	<u>422,098</u>	<u>212,575</u>
Deductions				
Benefit payments	—	—	—	—
Administrative expenses	734	117	943	521
Self funding insurance cost	—	—	—	—
Healthcare Premiums Subsidies	95,129	20,354	124,794	96,236
Other deductions, net	—	—	—	—
Total Deductions	<u>95,863</u>	<u>20,471</u>	<u>125,737</u>	<u>96,757</u>
Change in Net Position	226,605	51,595	296,361	115,818
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1, as restated	1,465,489	616,322	3,289,533	1,613,586
Net Position at June 30	<u>\$ 1,692,094</u>	<u>\$ 667,917</u>	<u>\$ 3,585,894</u>	<u>\$ 1,729,404</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2024
\$ 10,163	\$ 227,677	\$ —	\$ —	\$ 409,165
395	155,327	96	24	194,479
—	—	—	—	—
<u>10,558</u>	<u>383,004</u>	<u>96</u>	<u>24</u>	<u>603,644</u>
390	—	—	—	21,567
<u>390</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,567</u>
20,310	297,106	23,453	12,408	972,745
8,932	44,398	1,528	811	298,578
—	18,422	1,511	799	20,732
242	683	—	—	7,839
<u>29,484</u>	<u>360,609</u>	<u>26,492</u>	<u>14,018</u>	<u>1,299,894</u>
2,648	10,000	118	62	84,051
<u>26,836</u>	<u>350,609</u>	<u>26,374</u>	<u>13,956</u>	<u>1,215,843</u>
<u>37,784</u>	<u>733,613</u>	<u>26,470</u>	<u>13,980</u>	<u>1,841,054</u>
—	6,106	—	—	6,106
71	2,158	87	105	4,736
—	—	—	—	—
12,419	—	—	—	348,932
—	143,522	2,448	1,024	146,994
<u>12,490</u>	<u>151,786</u>	<u>2,535</u>	<u>1,129</u>	<u>506,768</u>
25,294	581,827	23,935	12,851	1,334,286
246,797	2,837,443	135,046	71,735	10,275,951
<u>\$ 272,091</u>	<u>\$ 3,419,270</u>	<u>\$ 158,981</u>	<u>\$ 84,586</u>	<u>\$ 11,610,237</u>

PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS

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, 2024
(expressed in thousands)

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Totals June 30, 2024	County Fees Trust Fund
Assets				
Cash and cash equivalents	\$ 231,803	\$ —	\$ 231,803	\$ —
Investments, net of amortization	991,761	—	991,761	—
Receivables, net	15,712	4,650	20,362	25,458
Total Assets	<u>1,239,276</u>	<u>4,650</u>	<u>1,243,926</u>	<u>25,458</u>
Liabilities				
Accounts payable	<u>553,799</u>	<u>4,650</u>	<u>558,449</u>	<u>—</u>
Total Liabilities	<u>553,799</u>	<u>4,650</u>	<u>558,449</u>	<u>—</u>
Net Position				
Restricted for:				
Individuals, Organizations, and other Governments	<u>685,477</u>	<u>—</u>	<u>685,477</u>	<u>25,458</u>
Total Net Position	<u>\$ 685,477</u>	<u>\$ —</u>	<u>\$ 685,477</u>	<u>\$ 25,458</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(expresses in thousands)

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Total June 30, 2024	County Fees Trust Fund
Additions				
Contributions:	\$ 219,982	\$ 36,972	\$ 256,954	\$ —
Total Contributions	219,982	36,972	256,954	—
Investment Income:				
Net increase (decrease) in fair value of investments	288	—	288	—
Interest and Investment Income	27,813	—	27,813	—
Total Investment Income	28,101	—	28,101	—
Less: Investment expense	—	—	—	—
Less: Securities lending expense	—	—	—	—
Net Investment Income	28,101	—	28,101	—
Collections for other Governments	8,224	—	8,224	217,831
Miscellaneous	352,276	—	352,276	65
Total Additions	608,583	36,972	645,555	217,896
Deductions				
Administrative expenses	12	—	12	—
Payments to other Governments	351,425	—	351,425	200,134
Beneficiary Payments to individuals	—	36,972	36,972	—
Other deductions, net	133,877	—	133,877	—
Total Deductions	485,314	36,972	522,286	200,134
Change in Net Position	123,269	—	123,269	17,762
Net Position at July 1	562,208	—	562,208	7,696
Net Position at June 30	\$ 685,477	\$ —	\$ 685,477	\$ 25,458

NON-MAJOR COMPONENT UNITS - COMBINING

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2024
Assets			
Current assets:			
Cash and cash equivalents	\$ 693,816	\$ 416,496	\$ 1,110,312
Restricted cash	9,488	67,868	77,356
Investments, net of amortization	52,701	—	52,701
Accounts receivable, net	128,887	93,895	222,782
Interest receivable	4,823	1,540	6,363
Inventories	773	4,908	5,681
Prepaid expenses	2,711	12,473	15,184
Other current assets	145,903	6,939	152,842
Total Current Assets	<u>1,039,102</u>	<u>604,119</u>	<u>1,643,221</u>
Noncurrent assets:			
Restricted cash	85,231	144,610	229,841
Long-term investments	44,938	639,648	684,586
Restricted long-term investments	14,661	157,627	172,288
Long-term receivables, net	1,528,604	21,297	1,549,901
Capital assets being depreciated, net	765,800	1,859,205	2,625,005
Capital assets not being depreciated	101,722	108,110	209,832
Lease assets, net	4,759	35,888	40,647
Subscription assets, net	47	18,608	18,655
Construction in progress	4,461	69,161	73,622
Total capital assets	<u>876,789</u>	<u>2,090,972</u>	<u>2,967,761</u>
Other assets	<u>60,370</u>	<u>50,751</u>	<u>111,121</u>
Total Noncurrent Assets	<u>2,613,102</u>	<u>3,104,905</u>	<u>5,718,007</u>
Total Assets	<u>3,652,204</u>	<u>3,709,024</u>	<u>7,361,228</u>
Deferred outflows of resources	<u>34,427</u>	<u>172,662</u>	<u>207,089</u>
Liabilities			
Current liabilities:			
Accounts payable and accruals	18,481	90,553	109,034
Current portion of long-term debt:			
Notes payable	1,860	1,353	3,213
Bonds payable	360,308	52,739	413,047
Lease obligations	3,374	4,505	7,879
Subscription liability	50	8,918	8,968
Compensated absences	1,444	17,085	18,529
Unearned revenues	24,189	78,420	102,609
Payable from restricted assets	—	9,100	9,100
Other current liabilities	39,251	16,134	55,385
Total Current Liabilities	<u>448,957</u>	<u>278,807</u>	<u>727,764</u>
Noncurrent liabilities:			
Notes payable	3,986	31,076	35,062
Bonds payable	138,147	772,294	910,441
Lease obligations	14,643	45,738	60,381
Subscription liability	—	14,443	14,443
Compensated absences	869	407	1,276
Net pension liability	175,743	813,891	989,634
Net OPEB liability	11,494	83,423	94,917
Other long-term liabilities	67	55,711	55,778
Total Noncurrent Liabilities	<u>344,949</u>	<u>1,816,983</u>	<u>2,161,932</u>
Total Liabilities	<u>793,906</u>	<u>2,095,790</u>	<u>2,889,696</u>
Deferred inflows of resources	<u>95,985</u>	<u>218,787</u>	<u>314,772</u>
Net Position			
Net investment in capital assets	526,860	1,270,058	1,796,918
Restricted for:			
Debt service	—	652	652
Capital projects	37,807	47,981	85,788
Other purposes	1,726,155	856,050	2,582,205
Unrestricted	505,918	(607,632)	(101,714)
Total Net Position	<u>\$ 2,796,740</u>	<u>\$ 1,567,109</u>	<u>\$ 4,363,849</u>

**COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)**

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2024
Expenses:			
Operating and other expenses	\$ 591,766	\$ 1,409,927	\$ 2,001,693
Total expenses	<u>591,766</u>	<u>1,409,927</u>	<u>2,001,693</u>
Program Revenues:			
Charges for services	169,618	626,681	796,299
Operating grants and contributions	475,800	134,341	610,141
Capital grants and contributions	—	6,778	6,778
Total Program Revenues	<u>645,418</u>	<u>767,800</u>	<u>1,413,218</u>
Net Program (Expense) Revenue	<u>53,652</u>	<u>(642,127)</u>	<u>(588,475)</u>
General Revenues:			
Unrestricted grants and contributions	43,411	608,785	652,196
Unrestricted investment earnings	39,851	94,743	134,594
Gain on sale of capital assets	—	(3,008)	(3,008)
Miscellaneous general	(2,473)	115,737	113,264
Transfers	33,388	—	33,388
Total General Revenues	<u>114,177</u>	<u>816,257</u>	<u>930,434</u>
Change in Net Position	<u>167,829</u>	<u>174,130</u>	<u>341,959</u>
Net Position at July 1, As Restated	<u>2,628,911</u>	<u>1,392,979</u>	<u>4,021,890</u>
Net Position at June 30	<u>\$ 2,796,740</u>	<u>\$ 1,567,109</u>	<u>\$ 4,363,849</u>



NON-MAJOR COMPONENT UNITS - AUTHORITIES

Kentucky River Authority - is responsible for the maintenance of the Commonwealth's locks and dams on the Kentucky River.

Kentucky Higher Education Assistance Authority - was established by KRS 164.742 to improve higher education opportunities by insuring eligible student loans and providing grants and scholarship awards to eligible students.

Bluegrass State Skills Corporation - established to improve and promote the employment opportunities of the citizens of the Commonwealth by assisting the Cabinet for Economic Development in creating and expanding programs of skill, training and education.

Kentucky State Fair Board - accounts for the revenues earned and expenses incurred in the commercial operations of the State Fair Board.

Kentucky Center for the Arts Corporation - established by the General Assembly to promote the growth and development of the arts, convention trade, tourism and hotel industries within Jefferson County and the Commonwealth. The Center has the responsibility of maintaining, operating and insuring the Kentucky Center for the Arts building.

Kentucky Authority for Educational Television - established by KRS 168.030 to produce and transmit educational television programming to the citizens of the Commonwealth.

Kentucky Economic Development Finance Authority - established in 1958 under KRS Chapter 154 to promote industrial development, and authorized to issue industrial revenue bonds that do not constitute a legal or moral obligation of the Commonwealth.

Kentucky Artisan Center - established to celebrate Kentucky's artisan heritage and encourage Kentuckians and those traveling in Kentucky to enjoy artisan products and activities.

Kentucky Infrastructure Authority - established in 1988 by KRS 224A.030, and amended, to assume all powers, duties and obligations of the Kentucky Pollution Abatement and Water Resources Finance Authority in assisting governmental agencies within the Commonwealth in constructing and acquiring infrastructure projects.

Kentucky Agricultural Finance Corporation - created by the 1984 General Assembly to "improve and promote the health, welfare and prosperity of the people of the Commonwealth through stimulation of existing agricultural ventures." This corporation helps banks and other financial institutions assist eligible farmers in receiving low interest loans through the issuance of tax-exempt agricultural revenue bonds.

Kentucky Grain Insurance Corporation - provides protection to grain producers in the event of the failure of a grain dealer or grain warehouseman.

Louisville Arena Authority - 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, 2024
(expressed in thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
Assets				
Current assets:				
Cash and cash equivalents	\$ 648	\$ 82,161	\$ —	\$ 7,567
Restricted cash	9,488	—	—	—
Investments, net of amortization	5,205	4,252	—	—
Accounts receivable, net	1,930	9,063	—	3,770
Interest receivable	—	958	—	—
Inventories	—	—	—	—
Prepaid expenses	—	—	—	1,817
Other current assets	1,728	3,195	2,195	685
Total Current Assets	<u>18,999</u>	<u>99,629</u>	<u>2,195</u>	<u>13,839</u>
Noncurrent assets:				
Restricted cash	—	—	—	19,298
Long-term investments	4	—	—	—
Restricted long-term investments	1,195	—	—	—
Long-term receivables, net	—	105,149	—	—
Capital assets being depreciated, net	78,030	3,875	—	431,963
Capital assets not being depreciated	796	—	—	—
Lease assets, net	—	—	—	—
Subscription assets, net	—	—	—	—
Construction in progress	1,599	—	—	2,862
Total capital assets	<u>80,425</u>	<u>3,875</u>	<u>—</u>	<u>434,825</u>
Other assets	—	1,636	—	58,448
Total Noncurrent Assets, Net	<u>81,624</u>	<u>110,660</u>	<u>—</u>	<u>512,571</u>
Total Assets	<u>100,623</u>	<u>210,289</u>	<u>2,195</u>	<u>526,410</u>
Deferred outflows of resources	<u>401</u>	<u>444</u>	<u>—</u>	<u>17,748</u>
Liabilities				
Current liabilities:				
Accounts payable and accruals	91	1,374	2,195	4,621
Current portion of long-term debt:				
Notes payable	—	—	—	—
Bonds payable	2,415	—	—	420
Lease obligations	—	—	—	2,311
Subscription liability	—	—	—	—
Compensated absences	43	—	—	—
Unearned revenues	—	—	—	4,907
Other current liabilities	29	—	—	83
Total Current Liabilities	<u>2,578</u>	<u>1,374</u>	<u>2,195</u>	<u>12,342</u>
Noncurrent liabilities:				
Notes payable	—	—	—	—
Bonds payable	33,370	—	—	—
Lease obligations	—	—	—	10,399
Subscription liability	—	—	—	—
Compensated absences	29	—	—	—
Net pension liability	2,912	3,777	—	78,791
Net OPEB liability	178	230	—	4,805
Other long-term liabilities	—	—	—	—
Total Noncurrent Liabilities	<u>36,489</u>	<u>4,007</u>	<u>—</u>	<u>93,995</u>
Total Liabilities	<u>39,067</u>	<u>5,381</u>	<u>2,195</u>	<u>106,337</u>
Deferred inflows of resources	<u>2,172</u>	<u>1,674</u>	<u>—</u>	<u>66,132</u>
Net Position				
Net investment in capital assets	44,639	3,875	—	421,694
Restricted for:				
Capital projects	15,525	—	—	19,298
Other purposes	—	199,803	—	—
Unrestricted	(379)	—	—	(69,303)
Total Net Position	<u>\$ 59,785</u>	<u>\$ 203,678</u>	<u>\$ —</u>	<u>\$ 371,689</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
\$ 4,749	\$ 12,113	\$ 66,181	\$ 139	\$ 490,239	\$ 16,278
—	—	—	—	—	—
—	29,593	—	692	12,959	—
1,401	2,364	8	23	—	108,997
—	88	326	—	3,451	—
—	—	—	766	—	—
264	345	—	—	—	—
—	1,377	23,706	—	113,017	—
<u>6,414</u>	<u>45,880</u>	<u>90,221</u>	<u>1,620</u>	<u>619,666</u>	<u>125,275</u>
—	992	—	—	—	—
20,884	—	244	—	—	9,121
—	13,466	—	—	—	—
—	9,316	358,026	—	1,056,113	—
25,502	23,338	—	4,834	2	—
4,544	3,609	—	1,167	—	—
4,563	196	—	—	—	—
—	47	—	—	—	—
—	—	—	—	—	—
<u>34,609</u>	<u>27,190</u>	<u>—</u>	<u>6,001</u>	<u>2</u>	<u>—</u>
<u>20</u>	<u>266</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>58,022</u>	<u>51,230</u>	<u>358,270</u>	<u>6,001</u>	<u>1,056,115</u>	<u>9,121</u>
<u>64,436</u>	<u>97,110</u>	<u>448,491</u>	<u>7,621</u>	<u>1,675,781</u>	<u>134,396</u>
<u>—</u>	<u>10,346</u>	<u>1,405</u>	<u>1,214</u>	<u>2,869</u>	<u>—</u>
1,912	1,698	127	107	2,276	—
163	197	—	—	—	—
—	—	—	—	21,864	—
970	93	—	—	—	—
—	50	—	—	—	—
—	1,228	100	73	—	—
1,635	1,795	—	—	14,526	—
—	—	—	—	39,139	—
<u>4,680</u>	<u>5,061</u>	<u>227</u>	<u>180</u>	<u>77,805</u>	<u>—</u>
3,986	—	—	—	—	—
—	—	—	—	104,777	—
4,147	97	—	—	—	—
—	—	—	—	—	—
—	658	100	82	—	—
—	67,340	10,340	5,471	7,112	—
—	4,884	631	334	432	—
67	—	—	—	—	—
<u>8,200</u>	<u>72,979</u>	<u>11,071</u>	<u>5,887</u>	<u>112,321</u>	<u>—</u>
<u>12,880</u>	<u>78,040</u>	<u>11,298</u>	<u>6,067</u>	<u>190,126</u>	<u>—</u>
<u>1,044</u>	<u>21,911</u>	<u>1,556</u>	<u>661</u>	<u>835</u>	<u>—</u>
23,895	26,753	—	6,002	2	—
—	2,984	—	—	—	—
5,710	4,755	24,667	—	1,487,687	—
20,907	(26,987)	412,375	(3,895)	—	134,396
<u>\$ 50,512</u>	<u>\$ 7,505</u>	<u>\$ 437,042</u>	<u>\$ 2,107</u>	<u>\$ 1,487,689</u>	<u>\$ 134,396</u>

Continued

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
June 30, 2024
(expressed in thousands)

	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.	Totals June 30, 2024
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,551	\$ 9,919	\$ 271	\$ 693,816
Restricted cash	—	—	—	9,488
Investments, net of amortization	—	—	—	52,701
Accounts receivable, net	—	1,304	27	128,887
Interest receivable	—	—	—	4,823
Inventories	—	—	7	773
Prepaid expenses	—	271	14	2,711
Other current assets	—	—	—	145,903
Total Current Assets	<u>3,551</u>	<u>11,494</u>	<u>319</u>	<u>1,039,102</u>
Noncurrent assets:				
Restricted cash	—	64,931	10	85,231
Long-term investments	1,989	—	12,696	44,938
Restricted long-term investments	—	—	—	14,661
Long-term receivables, net	—	—	—	1,528,604
Capital assets being depreciated, net	—	197,307	949	765,800
Capital assets not being depreciated	—	91,606	—	101,722
Lease assets, net	—	—	—	4,759
Subscription assets, net	—	—	—	47
Construction in progress	—	—	—	4,461
Total capital assets	<u>—</u>	<u>288,913</u>	<u>949</u>	<u>876,789</u>
Other assets	—	—	—	60,370
Total Noncurrent Assets, Net	<u>1,989</u>	<u>353,844</u>	<u>13,655</u>	<u>2,613,102</u>
Total Assets	<u>5,540</u>	<u>365,338</u>	<u>13,974</u>	<u>3,652,204</u>
Deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>34,427</u>
Liabilities				
Current liabilities:				
Accounts payable and accruals	—	3,711	369	18,481
Current portion of long-term debt:				
Notes payable	—	1,500	—	1,860
Bonds payable	—	335,609	—	360,308
Lease obligations	—	—	—	3,374
Subscription liability	—	—	—	50
Compensated absences	—	—	—	1,444
Unearned revenues	—	1,286	40	24,189
Other current liabilities	—	—	—	39,251
Total Current Liabilities	<u>—</u>	<u>342,106</u>	<u>409</u>	<u>448,957</u>
Noncurrent liabilities:				
Notes payable	—	—	—	3,986
Bonds payable	—	—	—	138,147
Lease obligations	—	—	—	14,643
Subscription liability	—	—	—	—
Compensated absences	—	—	—	869
Net pension liability	—	—	—	175,743
Net OPEB liability	—	—	—	11,494
Other long-term liabilities	—	—	—	67
Total Noncurrent Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>344,949</u>
Total Liabilities	<u>—</u>	<u>342,106</u>	<u>409</u>	<u>793,906</u>
Deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>95,985</u>
Net Position				
Net investment in capital assets	—	—	—	526,860
Restricted for:				
Capital projects	—	—	—	37,807
Other purposes	—	—	3,533	1,726,155
Unrestricted	<u>5,540</u>	<u>23,232</u>	<u>10,032</u>	<u>505,918</u>
Total Net Position	<u>\$ 5,540</u>	<u>\$ 23,232</u>	<u>\$ 13,565</u>	<u>\$ 2,796,740</u>



COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
Expenses:				
Operating and other expenses	\$ 3,405	\$ 409,773	\$ 2,547	\$ 79,658
Total expenses	<u>3,405</u>	<u>409,773</u>	<u>2,547</u>	<u>79,658</u>
Program Revenues:				
Charges for services	7,677	33,585	—	55,146
Operating grants and contributions	321	362,312	—	—
Total Program Revenues	<u>7,998</u>	<u>395,897</u>	<u>—</u>	<u>55,146</u>
Net Program (Expense) Revenue	<u>4,593</u>	<u>(13,876)</u>	<u>(2,547)</u>	<u>(24,512)</u>
General Revenues:				
Unrestricted grants and contributions	6,755	—	—	—
Unrestricted investment earnings	(709)	—	—	(329)
Miscellaneous general	—	—	2,538	—
Transfers	—	—	—	33,388
Total General Revenues	<u>6,046</u>	<u>—</u>	<u>2,538</u>	<u>33,059</u>
Change in Net Position	<u>10,639</u>	<u>(13,876)</u>	<u>(9)</u>	<u>8,547</u>
Net Position at July 1, As Restated	<u>49,146</u>	<u>217,554</u>	<u>9</u>	<u>363,142</u>
Net Position at June 30	<u>\$ 59,785</u>	<u>\$ 203,678</u>	<u>\$ —</u>	<u>\$ 371,689</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
\$ 25,607	\$ 29,923	\$ 6,490	\$ 2,970	\$ 16,629	\$ 21
<u>25,607</u>	<u>29,923</u>	<u>6,490</u>	<u>2,970</u>	<u>16,629</u>	<u>21</u>
14,004	2,450	1,012	1,350	17,597	—
2,936	19,310	—	—	70,557	19,142
<u>16,940</u>	<u>21,760</u>	<u>1,012</u>	<u>1,350</u>	<u>88,154</u>	<u>19,142</u>
<u>(8,667)</u>	<u>(8,163)</u>	<u>(5,478)</u>	<u>(1,620)</u>	<u>71,525</u>	<u>19,121</u>
4,946	17,472	—	1,208	13,030	—
2,886	7,039	2,904	—	22,861	—
—	6,571	3,662	—	—	—
—	—	—	—	—	—
<u>7,832</u>	<u>31,082</u>	<u>6,566</u>	<u>1,208</u>	<u>35,891</u>	<u>—</u>
<u>(835)</u>	<u>22,919</u>	<u>1,088</u>	<u>(412)</u>	<u>107,416</u>	<u>19,121</u>
<u>51,347</u>	<u>(15,414)</u>	<u>435,954</u>	<u>2,519</u>	<u>1,380,273</u>	<u>115,275</u>
<u>\$ 50,512</u>	<u>\$ 7,505</u>	<u>\$ 437,042</u>	<u>\$ 2,107</u>	<u>\$ 1,487,689</u>	<u>\$ 134,396</u>

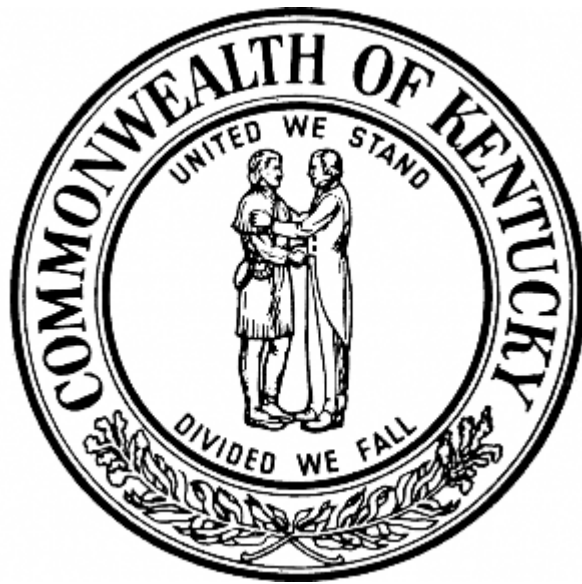
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COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.	Totals June 30, 2024
Expenses:				
Operating and other expenses	\$ —	\$ 12,124	\$ 2,619	\$ 591,766
Total expenses	<u>—</u>	<u>12,124</u>	<u>2,619</u>	<u>591,766</u>
Program Revenues:				
Charges for services	—	35,679	1,118	169,618
Operating grants and contributions	—	—	1,222	475,800
Total Program Revenues	<u>—</u>	<u>35,679</u>	<u>2,340</u>	<u>645,418</u>
Net Program (Expense) Revenue	<u>—</u>	<u>23,555</u>	<u>(279)</u>	<u>53,652</u>
General Revenues:				
Unrestricted grants and contributions	—	—	—	43,411
Unrestricted investment earnings	280	2,687	2,232	39,851
Miscellaneous general	—	(15,244)	—	(2,473)
Transfers	—	—	—	33,388
Total General Revenues	<u>280</u>	<u>(12,557)</u>	<u>2,232</u>	<u>114,177</u>
Change in Net Position	<u>280</u>	<u>10,998</u>	<u>1,953</u>	<u>167,829</u>
Net Position at July 1, As Restated	5,260	12,234	11,612	2,628,911
Net Position at June 30	<u>\$ 5,540</u>	<u>\$ 23,232</u>	<u>\$ 13,565</u>	<u>\$ 2,796,740</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS-AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Totals June 30, 2024
Cash Flows from Operating Activities			
Cash payments to suppliers for goods and services	\$ (13)	\$ —	\$ (13)
Cash payments for employee salaries and benefits	(8)	—	(8)
Cash payments to other sources	(16,539)	—	(16,539)
Cash payments from other sources	19,141	—	19,141
Net Cash Provided (Used) by Operating Activities	<u>2,581</u>	<u>—</u>	<u>2,581</u>
Cash Flows from Investing Activities			
Proceeds from the sale of investment securities	4,575	1,168	5,743
Interest and dividends on investments	—	280	280
Net Cash Provided (Used) in Investing Activities	<u>4,575</u>	<u>1,448</u>	<u>6,023</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,156	1,448	8,604
Cash and Cash Equivalents at July 1	9,122	2,103	11,225
Cash and Cash Equivalents at June 30	<u>16,278</u>	<u>3,551</u>	<u>19,829</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	19,121	—	19,121
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) Decrease in assets:			
Receivables, net	(16,540)	—	(16,540)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,581</u>	<u>\$ —</u>	<u>\$ 2,581</u>



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

Universities, Colleges, and Related Entities

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

Eastern Kentucky University
Western Kentucky University
Morehead State University
Murray State University
Northern Kentucky University
Kentucky State University

Kentucky Council on Postsecondary Education – established in 1997 by the Postsecondary Education Improvement Act to coordinate changes and improvements within Kentucky's postsecondary education system.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES
June 30, 2024
(expressed in thousands)

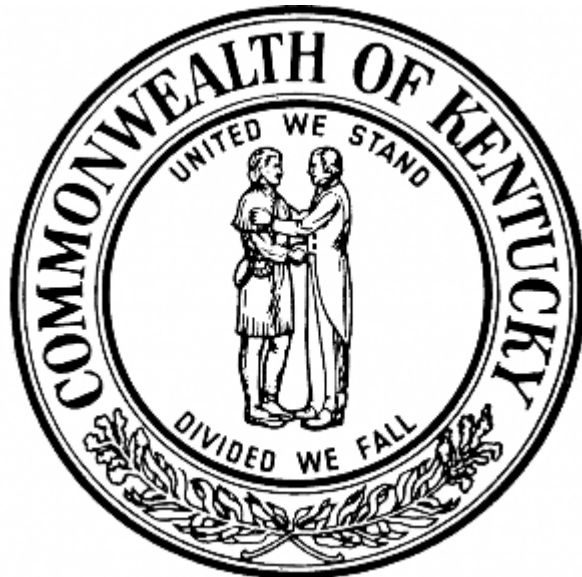
	Eastern Kentucky University	Western Kentucky University	Morehead State University
Assets			
Current assets:			
Cash and cash equivalents	\$ 57,258	\$ 115,489	\$ 56,188
Restricted cash	—	—	44,069
Accounts receivable, net	27,324	18,628	9,432
Interest receivable	—	—	—
Inventories	750	90	715
Prepaid expenses	1,303	2,143	691
Other current assets	342	781	514
Total Current Assets	<u>86,977</u>	<u>137,131</u>	<u>111,609</u>
Noncurrent assets:			
Restricted cash	30,373	37,334	—
Long-term investments	123,402	201,782	78,357
Restricted long-term investments	—	25,045	—
Long-term receivables, net	1,168	770	1,750
Capital assets being depreciated, net	447,005	505,987	235,385
Capital assets not being depreciated	13,220	67,791	—
Lease assets, net	439	28,694	1,746
Subscription assets, net	4,686	2,204	3,741
Construction in progress	69,161	—	—
Total capital assets	<u>534,511</u>	<u>604,676</u>	<u>240,872</u>
Other assets	771	17,629	8,034
Total Noncurrent Assets, Net	<u>690,225</u>	<u>887,236</u>	<u>329,013</u>
Total Assets	<u>777,202</u>	<u>1,024,367</u>	<u>440,622</u>
Deferred outflows of resources	<u>51,382</u>	<u>42,231</u>	<u>28,209</u>
Liabilities			
Current liabilities:			
Accounts payable and accruals	11,135	39,236	4,550
Current portion of long-term debt:			
Notes payable	864	14	—
Bonds payable	7,115	19,770	4,374
Lease obligations	66	961	1,126
Subscription liability	1,991	758	1,173
Compensated absences	3,087	—	2,601
Unearned revenues	13,015	46,425	2,778
Payable from restricted assets	—	1,469	3
Other current liabilities	5,380	—	346
Total Current Liabilities	<u>42,653</u>	<u>108,633</u>	<u>16,951</u>
Noncurrent liabilities:			
Notes payable	26,746	15	—
Bonds payable	121,172	199,377	89,569
Lease obligations	386	26,757	15,600
Subscription liability	3,438	894	2,861
Compensated absences	—	—	—
Net pension liability	251,100	202,073	129,321
Net OPEB liability	22,003	21,393	12,359
Other long-term liabilities	42,330	—	1,834
Total Noncurrent Liabilities	<u>467,175</u>	<u>450,509</u>	<u>251,544</u>
Total Liabilities	<u>509,828</u>	<u>559,142</u>	<u>268,495</u>
Deferred inflows of resources	<u>96,586</u>	<u>39,122</u>	<u>23,139</u>
Net Position			
Net investment in capital assets	293,828	350,093	124,285
Restricted for:			
Debt service	—	252	—
Capital projects	33,892	—	—
Other purposes	112,865	233,211	131,472
Unrestricted	(218,415)	(115,222)	(78,560)
Total Net Position	<u>\$ 222,170</u>	<u>\$ 468,334</u>	<u>\$ 177,197</u>

Murray State University	Northern Kentucky University	Kentucky State University	Kentucky Council on Postsecondary Education	Totals June 30, 2024
\$ 91,526	\$ 91,463	\$ 3,544	\$ 1,028	\$ 416,496
—	5,661	—	18,138	67,868
14,671	20,125	3,550	165	93,895
—	107	—	1,433	1,540
2,841	512	—	—	4,908
2,060	5,941	—	335	12,473
3,865	1,437	—	—	6,939
<u>114,963</u>	<u>125,246</u>	<u>7,094</u>	<u>21,099</u>	<u>604,119</u>
69,625	7,278	—	—	144,610
178,524	20,047	34,210	3,326	639,648
—	123,133	—	9,449	157,627
3,048	13,800	761	—	21,297
246,550	329,062	95,143	73	1,859,205
—	27,099	—	—	108,110
3,967	1,042	—	—	35,888
2,927	5,050	—	—	18,608
—	—	—	—	69,161
<u>253,444</u>	<u>362,253</u>	<u>95,143</u>	<u>73</u>	<u>2,090,972</u>
<u>1,966</u>	<u>15,830</u>	<u>34</u>	<u>6,487</u>	<u>50,751</u>
<u>506,607</u>	<u>542,341</u>	<u>130,148</u>	<u>19,335</u>	<u>3,104,905</u>
<u>621,570</u>	<u>667,587</u>	<u>137,242</u>	<u>40,434</u>	<u>3,709,024</u>
<u>31,282</u>	<u>1,506</u>	<u>16,141</u>	<u>1,911</u>	<u>172,662</u>
9,292	12,595	11,862	1,883	90,553
475	—	—	—	1,353
5,229	15,981	270	—	52,739
2,076	276	—	—	4,505
—	1,720	—	3,276	8,918
5,719	3,696	1,381	601	17,085
3,833	11,391	978	—	78,420
—	7,628	—	—	9,100
4,205	1,128	5,075	—	16,134
<u>30,829</u>	<u>54,415</u>	<u>19,566</u>	<u>5,760</u>	<u>278,807</u>
4,315	—	—	—	31,076
71,182	273,585	17,409	—	772,294
2,297	698	—	—	45,738
684	3,356	—	3,210	14,443
—	—	—	407	407
141,684	1,674	70,311	17,728	813,891
13,965	—	12,622	1,081	83,423
6,001	4,228	1,318	—	55,711
<u>240,128</u>	<u>283,541</u>	<u>101,660</u>	<u>22,426</u>	<u>1,816,983</u>
<u>270,957</u>	<u>337,956</u>	<u>121,226</u>	<u>28,186</u>	<u>2,095,790</u>
<u>28,201</u>	<u>14,140</u>	<u>14,273</u>	<u>3,326</u>	<u>218,787</u>
172,280	252,048	77,451	73	1,270,058
396	4	—	—	652
7,511	6,578	—	—	47,981
161,210	155,478	34,101	27,713	856,050
12,297	(97,111)	(93,668)	(16,953)	(607,632)
<u>\$ 353,694</u>	<u>\$ 316,997</u>	<u>\$ 17,884</u>	<u>\$ 10,833</u>	<u>\$ 1,567,109</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES
FOR THE YEAR ENDED JUNE 30, 2024
(expressed in thousands)

	Eastern Kentucky University	Western Kentucky University	Morehead State University
Expenses:			
Operating and other expenses	\$ 306,990	\$ 337,087	\$ 147,637
Total Expenses	<u>306,990</u>	<u>337,087</u>	<u>147,637</u>
Program Revenues:			
Charges for services	141,571	160,664	45,613
Operating grants and contributions	28,039	9,387	32,032
Capital grants and contributions	—	4,817	—
Total Program Revenues	<u>169,610</u>	<u>174,868</u>	<u>77,645</u>
Net Program (Expense) Revenue	<u>(137,380)</u>	<u>(162,219)</u>	<u>(69,992)</u>
General Revenues:			
Unrestricted grants and contributions	140,063	187,004	27,810
Unrestricted investment earnings	3,387	43,407	2,857
Gain on sale of capital assets	—	(20)	(296)
Miscellaneous general	25,276	1,420	62,072
Total General Revenues	<u>168,726</u>	<u>231,811</u>	<u>92,443</u>
Change in Net Position	<u>31,346</u>	<u>69,592</u>	<u>22,451</u>
Net Position at July 1, As Restated	<u>190,824</u>	<u>398,742</u>	<u>154,746</u>
Net Position at June 30	<u>\$ 222,170</u>	<u>\$ 468,334</u>	<u>\$ 177,197</u>

Murray State University	Northern Kentucky University	Kentucky State University	Kentucky Council on Postsecondary Education	Totals June 30, 2024
\$ 200,180	\$ 275,872	\$ 81,446	\$ 60,715	\$ 1,409,927
200,180	275,872	81,446	60,715	1,409,927
103,645	146,754	23,988	4,446	626,681
8,464	13,072	27,263	16,084	134,341
—	1,478	—	483	6,778
112,109	161,304	51,251	21,013	767,800
(88,071)	(114,568)	(30,195)	(39,702)	(642,127)
87,586	109,270	31,336	25,716	608,785
29,367	6,614	7,332	1,779	94,743
(1,732)	(960)	—	—	(3,008)
11,364	15,518	87	—	115,737
126,585	130,442	38,755	27,495	816,257
38,514	15,874	8,560	(12,207)	174,130
315,180	301,123	9,324	23,040	1,392,979
\$ 353,694	\$ 316,997	\$ 17,884	\$ 10,833	\$ 1,567,109



STATISTICAL SECTION

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 services provided and activities performed by state agencies.

**COMMONWEALTH OF KENTUCKY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS**

(expressed in thousands)

	2024	2023	2022	2021
General Fund				
Nonspendable:				
Inventories	\$ 6,615	\$ 7,888	\$ 7,033	\$ 8,446
Assigned	750,032	634,794	115,611	71,815
Unassigned	5,950,287	4,753,733	4,298,660	2,411,469
Total General Fund	<u>6,706,934</u>	<u>5,396,415</u>	<u>4,421,304</u>	<u>2,491,730</u>
All Other Governmental Funds				
Nonspendable:				
Inventories	78,889	74,827	63,721	65,049
Cash with Fiscal Agents	—	—	—	—
Restricted	3,276,308	3,981,368	3,474,705	2,775,617
Committed	590,522	432,427	319,350	152,581
Assigned	955,857	64,118	46,419	41,079
Unassigned	(179,979)	(284,397)	(271,897)	(127,260)
Total All Other Governmental Funds	<u>4,721,597</u>	<u>4,268,343</u>	<u>3,632,298</u>	<u>2,907,066</u>
 Total Fund Balances - Governmental Funds	 <u>\$ 11,428,531</u>	 <u>\$ 9,664,758</u>	 <u>\$ 8,053,602</u>	 <u>\$ 5,398,796</u>

2020	2019	2018	2017	2016	2015
\$ 5,375	\$ 7,373	\$ 5,769	\$ 6,219	\$ 5,465	\$ 6,230
93,764	74,258	—	55	30,765	27,069
511,169	151,129	(64,909)	—	318,790	71,060
610,308	232,760	(59,140)	6,274	355,020	104,359
—	64,767	59,340	75,234	75,254	74,105
—	—	47,367	15,576	16,136	18,954
2,330,905	1,924,119	2,218,345	1,901,478	1,822,185	1,706,764
134,037	140,030	177,916	74,876	133,075	160,804
30,817	95,113	21,442	17,039	18,014	15,033
(101,018)	(33,102)	(50,026)	(765)	(98,045)	(56,950)
2,394,741	2,190,927	2,474,384	2,083,438	1,966,619	1,918,710
\$ 3,005,049	\$ 2,423,687	\$ 2,415,244	\$ 2,089,712	\$ 2,321,639	\$ 2,023,069

COMMONWEALTH OF KENTUCKY
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(expressed in thousands)

	2024	2023	2022	2021
Revenues				
Taxes	\$ 17,199,864	\$ 16,866,582	\$ 16,276,878	\$ 14,535,649
Licenses, fees, and permits	479,489	493,646	469,695	462,701
Intergovernmental	20,656,381	19,478,804	19,087,665	17,243,597
Charges for services	1,446,497	1,458,758	1,320,601	1,345,365
Fines and forfeits	62,242	71,647	54,871	41,318
Interest and other investment income	233,897	207,207	38,981	3,196
Increase (decrease) in fair value of investments	310,147	83,856	(74,441)	10,570
Securities lending income	—	—	—	—
Other revenues	2,009,890	1,203,260	1,397,553	937,057
Total Revenues	42,398,407	39,863,760	38,571,803	34,579,453
Expenditures				
Current:				
General government	3,477,590	3,591,930	3,383,335	2,685,781
Legislative and judicial	589,880	534,628	486,618	137,596
Commerce	229,102	657,865	155,676	116,366
Education and humanities	7,496,567	7,893,248	7,799,095	6,154,345
Human resources	22,436,654	19,844,791	18,106,571	17,332,009
Justice	1,472,047	1,418,492	1,234,408	1,096,985
Natural resources and environmental protection	263,347	230,712	203,946	213,209
Public protection and regulation	206,189	300,895	240,403	912,062
Transportation	3,191,221	3,155,050	2,753,252	2,445,657
Debt Service:				
Principal retirement	788,004	579,214	711,570	701,232
Interest and fiscal charges	223,226	237,752	255,835	297,471
Other expenditures	303,638	5,330	(3,787)	59,668
Securities lending expense	—	—	—	—
Capital outlay:				
Buildings	625,334	298,252	187,784	207,776
Total Expenditures	41,302,799	38,748,159	35,514,706	32,360,157
Excess (Deficiency) of Revenues over (under) Expenditures	1,095,608	1,115,601	3,057,097	2,219,296
Other Financing Sources (Uses)				
Transfers in	2,434,990	2,794,584	2,147,744	1,954,450
Transfers out	(2,519,875)	(2,914,594)	(2,950,747)	(1,983,386)
Capitalized leases	311,358	259,563	209,787	1,640
Issuance of bonds:				
New issues	408,138	318,750	165,395	161,155
Refunding issues	569,780	54,840	314,627	198,766
Premiums	59,702	26,974	39,091	49,189
Discounts	(702)	(344)	(414)	(944)
Certificates of participation	—	—	—	—
Premiums	—	—	—	—
Issuance of notes:				
New issues	—	—	—	—
Refunding issues	—	—	—	—
Payments to refunded bond escrow agent	(598,016)	(56,183)	(325,034)	(211,779)
Total Other Financing Sources (Uses)	665,375	483,590	(399,551)	169,091
Net Change in Fund Balances	\$ 1,760,983	\$ 1,599,191	\$ 2,657,546	\$ 2,388,387
Debt service as a percentage of noncapital expenditures	3.86%	3.02%	4.05%	4.39%

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

	2020	2019	2018	2017	2016	2015
\$	13,181,585	\$ 12,888,613	\$ 12,345,610	\$ 11,888,139	\$ 11,730,500	\$ 11,492,919
	420,578	444,403	391,615	382,398	380,075	386,757
	13,060,301	11,592,569	11,004,224	10,792,470	10,824,674	10,135,711
	1,276,407	1,343,980	1,257,259	1,272,133	1,302,541	1,173,174
	49,642	58,366	54,469	52,338	61,660	64,755
	61,285	43,378	32,557	21,463	31,501	30,590
	4,939	17,550	(13,980)	(6,037)	(6,140)	(13,544)
	3,595	10,540	11,158	6,616	3,470	2,664
	884,506	692,070	609,703	634,834	584,782	520,001
	<u>28,942,838</u>	<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>
	2,782,509	2,263,964	2,269,763	2,341,583	2,263,041	2,107,483
	495,212	480,405	445,112	442,646	444,087	437,109
	115,467	106,165	93,765	111,080	110,490	98,826
	6,029,475	6,183,644	6,020,339	6,016,531	5,558,814	5,347,187
	14,497,837	13,043,316	12,506,650	12,227,415	12,095,613	11,437,873
	1,134,711	1,089,196	1,009,506	967,790	874,867	839,455
	215,681	195,068	170,995	181,889	182,296	186,641
	144,515	129,569	110,748	106,215	101,590	103,448
	2,542,904	2,395,765	2,290,599	2,339,776	2,566,675	2,661,224
	694,576	739,455	726,825	611,066	616,543	571,281
	304,750	350,972	313,291	330,631	336,567	352,558
	(6,585)	(4,683)	6,242	6,672	14,683	20,431
	3,071	9,710	9,359	4,792	2,421	1,190
	<u>323,072</u>	<u>289,598</u>	<u>338,373</u>	<u>353,165</u>	<u>477,916</u>	<u>231,483</u>
	<u>29,277,195</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>(334,357)</u>	<u>(180,675)</u>	<u>(618,952)</u>	<u>(996,897)</u>	<u>(732,540)</u>	<u>(603,162)</u>
	2,191,088	2,213,843	2,263,303	2,120,376	1,922,969	2,058,253
	(2,055,429)	(2,096,464)	(2,075,678)	(1,912,607)	(1,907,707)	(2,009,118)
	1,703	2,132	17,311	1,861	2,634	17,070
	902,631	80,354	644,402	513,545	826,325	222,922
	6,076	6,556	301,786	56,689	988,677	373,712
	45,120	(725)	112,180	36,078	231,610	76,777
	(2,038)	(536)	—	(1,161)	(2,420)	(972)
	—	—	—	—	—	68,575
	—	—	—	—	—	1,621
	—	—	—	—	106,850	—
	—	—	—	—	—	—
	<u>(176,354)</u>	<u>(21,162)</u>	<u>(306,257)</u>	<u>(50,494)</u>	<u>(1,116,316)</u>	<u>(409,405)</u>
	<u>912,797</u>	<u>183,998</u>	<u>957,047</u>	<u>764,287</u>	<u>1,052,622</u>	<u>399,435</u>
\$	<u>578,440</u>	<u>\$ 3,323</u>	<u>\$ 338,095</u>	<u>\$ (232,610)</u>	<u>\$ 320,082</u>	<u>\$ (203,727)</u>
	<u>4.83%</u>	<u>4.05%</u>	<u>3.94%</u>	<u>3.71%</u>	<u>3.71%</u>	<u>3.78%</u>

COMMONWEALTH OF KENTUCKY
NET POSITION BY COMPONENT
FOR THE LAST TEN FISCAL YEARS
(expressed in thousands)

	2024	2023	2022	2021
Governmental Activities:				
Net investment in capital assets	\$ 25,219,782	\$ 24,499,797	\$ 25,573,127	\$ 24,744,234
Restricted	3,056,756	2,703,626	2,499,727	2,081,872
Unrestricted	(20,534,088)	(22,054,926)	(26,551,501)	(32,600,702)
Total Governmental Activities Net Position	<u>7,742,450</u>	<u>5,148,497</u>	<u>1,521,353</u>	<u>(5,774,596)</u>
Business-Type Activities:				
Net investment in capital assets	230,625	227,031	227,926	240,670
Restricted	1,282,312	1,133,849	914,976	286,882
Unrestricted	11,033	(216,049)	(248,988)	(166,080)
Total Business-Type Activities Net Position	<u>1,523,970</u>	<u>1,144,831</u>	<u>893,914</u>	<u>361,472</u>
Primary Government:				
Net investment in capital assets	25,450,407	24,726,828	25,801,053	24,984,904
Restricted	4,339,068	3,837,475	3,414,703	2,368,754
Unrestricted	(20,523,055)	(22,270,975)	(26,800,489)	(32,766,782)
Total Primary Government Net Position	<u>\$ 9,266,420</u>	<u>\$ 6,293,328</u>	<u>\$ 2,415,267</u>	<u>\$ (5,413,124)</u>

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

2020	2019	2018	2017	2016	2015
\$ 24,168,762	\$ 23,433,119	\$ 23,354,312	\$ 22,688,638	\$ 21,955,878	\$ 21,288,572
1,626,862	1,487,313	1,208,350	954,449	847,543	984,229
(37,317,510)	(40,050,216)	(42,257,250)	(40,157,358)	(37,867,160)	(36,414,312)
(11,521,886)	(15,129,784)	(17,694,588)	(16,514,271)	(15,063,739)	(14,141,511)
253,466	261,109	274,521	287,610	293,958	303,571
—	779,736	688,144	562,392	369,431	212,629
(253,263)	(133,396)	(116,858)	(100,405)	(190,882)	(403,957)
203	907,449	845,807	749,597	472,507	112,243
24,422,228	23,694,228	23,628,833	22,976,248	22,249,836	21,592,143
1,626,862	2,267,049	1,896,494	1,516,841	1,216,974	1,196,858
(37,569,773)	(40,183,612)	(42,374,108)	(40,257,763)	(38,058,042)	(36,818,269)
\$ (11,520,683)	\$ (14,222,335)	\$ (16,848,781)	\$ (15,764,674)	\$ (14,591,232)	\$ (14,029,268)

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

	2024	2023	2022	2021	2020
Function/Program Revenues					
Primary Government:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 738,608	\$ 655,988	\$ 645,619	\$ 785,061	\$ 692,112
Legislative and Judicial	44,542	44,889	45,633	45,868	42,633
Commerce	60,805	61,719	79,589	62,480	58,587
Education and Humanities	110,007	95,857	78,880	64,098	57,848
Human Resources	160,770	431,413	195,555	231,518	195,329
Justice	37,790	48,133	35,526	27,104	29,395
Natural Resources and					
Environmental Protection	50,215	49,303	46,142	46,092	46,378
Public Protection and Regulation	142,830	158,920	187,429	118,062	106,120
Transportation	363,010	401,577	359,729	345,067	294,743
Operating Grants and Contributions	20,035,068	18,702,399	17,974,786	16,331,955	12,125,363
Capital Grants and Contributions	1,136,806	1,040,155	1,028,150	1,033,962	994,683
Total Governmental Activities	22,880,451	21,690,353	20,677,038	19,091,267	14,643,191
Business-Type Activities:					
Charges for Services:					
State Parks	70,794	52,849	48,250	45,415	40,574
Kentucky Horse Park	14,087	11,685	11,833	7,543	7,297
Insurance Administration	128,367	119,486	123,004	108,934	114,048
Kentucky Public Employees' Health Plan	2,335,723	2,056,285	1,940,035	1,866,925	1,851,183
Unemployment Compensation	334,852	381,465	439,675	395,332	348,610
Operating Grants and Contributions	—	—	—	—	—
Capital Grants and Contributions	—	—	—	—	—
Total Business-Type Activities	2,883,823	2,621,770	2,562,797	2,424,149	2,361,712
Total Primary Government	\$ 25,764,274	\$ 24,312,123	\$ 23,239,835	\$ 21,515,416	\$ 17,004,903
Expenses					
Primary Government:					
Governmental Activities:					
General government	\$ 5,253,878	\$ 3,891,581	\$ 1,574,029	\$ 1,652,327	\$ 405,039
Legislative and Judicial	405,349	395,581	424,171	520,801	526,102
Commerce	214,704	649,845	165,551	139,689	175,902
Education and Humanities	7,452,285	7,432,964	6,065,729	5,027,799	6,070,241
Human Resources	21,618,042	19,334,359	17,809,920	17,077,977	13,760,639
Justice	1,343,685	1,225,599	1,287,731	1,292,316	1,470,004
Natural Resources and					
Environmental Protection	226,119	219,004	210,835	253,474	254,103
Public Protection and Regulation	169,198	460,597	275,685	563,091	167,030
Transportation	2,433,938	2,448,529	2,109,058	1,914,599	1,938,390
Interest expense	187,454	191,105	202,051	136,111	277,084
Total Governmental Activities	39,304,652	36,249,164	30,124,760	28,578,184	25,044,534
Business-Type Activities:					
State Parks	116,875	117,960	107,211	111,231	122,723
Kentucky Lottery Corporation	—	—	—	—	—
Kentucky Horse Park	23,188	17,654	17,095	15,246	16,993
Insurance Administration	47,553	135,343	118,337	43,278	41,317
Kentucky Public Employees' Health Plan	2,257,820	2,063,040	2,000,400	1,892,458	1,839,500
Unemployment Compensation	168,366	162,367	570,842	2,720,000	3,890,468
Total Business-Type Activities	2,613,802	2,496,364	2,813,885	4,782,213	5,911,001
Total Primary Government	\$ 41,918,454	\$ 38,745,528	\$ 32,938,645	\$ 33,360,397	\$ 30,955,535
Net (Expense)/Revenue					
Governmental Activities	\$ (16,424,201)	\$ (14,558,811)	\$ (9,447,722)	\$ (9,486,917)	\$ (10,401,343)
Business-Type Activities	270,021	125,406	(251,088)	(2,358,064)	(3,549,289)
Total Primary Government Net Expense	\$ (16,154,180)	\$ (14,433,405)	\$ (9,698,810)	\$ (11,844,981)	\$ (13,950,632)

2019	2018	2017	2016	2015
\$ 770,183	\$ 799,460	\$ 805,329	\$ 818,313	\$ 626,337
46,607	27,852	28,079	27,802	25,866
83,983	73,820	52,894	51,991	58,617
53,789	59,137	58,831	59,712	64,776
199,566	221,671	166,820	208,967	164,793
28,603	27,348	26,185	30,880	22,755
44,249	40,587	38,673	41,941	17,014
97,604	93,860	92,734	92,908	87,134
313,715	297,202	283,545	288,126	299,446
10,704,976	10,211,396	9,956,021	9,956,639	9,270,753
914,965	825,730	837,491	872,127	865,320
13,258,240	12,678,063	12,346,602	12,449,406	11,502,811
52,503	53,320	52,526	51,424	47,931
11,488	9,542	12,416	12,930	12,407
118,189	116,676	125,299	130,825	124,106
1,822,296	1,795,381	1,759,562	1,739,913	1,712,136
359,080	395,464	545,335	598,144	743,369
13,106	9,946	5,578	954.00	—
—	—	—	—	149
2,376,662	2,380,329	2,500,716	2,534,190	2,640,098
\$ 15,634,902	\$ 15,058,392	\$ 14,847,318	\$ 14,983,596	\$ 14,142,909
\$ 363,782	\$ 3,112,212	\$ 2,771,326	\$ 4,544,453	\$ 2,557,827
468,775	489,661	489,343	446,233	433,354
152,031	151,184	299,840	122,430	110,041
6,213,059	7,138,207	7,328,124	4,970,560	5,822,980
12,938,155	12,488,174	11,988,867	12,088,721	11,098,078
1,426,465	1,360,214	1,216,143	1,006,195	952,071
229,066	232,219	191,666	190,919	190,532
155,311	148,967	150,344	97,921	107,258
1,932,570	1,864,030	1,674,300	1,602,621	1,819,570
287,577	306,124	210,456	372,787	341,922
24,166,791	27,290,992	26,320,409	25,442,840	23,433,633
140,307	153,913	124,685	113,679	110,220
—	—	—	—	—
19,538	20,310	21,143	21,049	19,278
(6,593)	(85,034)	39,370	189,476	116,723
1,812,826	1,614,792	1,510,884	1,498,925	1,420,292
288,755	282,583	345,909	343,857	340,223
2,254,833	1,986,564	2,041,991	2,166,986	2,006,736
\$ 26,421,624	\$ 29,277,556	\$ 28,362,400	\$ 27,609,826	\$ 25,440,369
\$ (10,908,551)	\$ (14,612,929)	\$ (13,973,807)	\$ (12,993,434)	\$ (11,930,822)
121,829	393,765	458,725	367,204	633,362
\$ (10,786,722)	\$ (14,219,164)	\$ (13,515,082)	\$ (12,626,230)	\$ (11,297,460)

Continued

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

(expressed in thousands)

	2024	2023	2022	2021	2020
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Sales and gross receipt	\$ 9,014,249	\$ 8,539,951	\$ 7,951,621	\$ 7,349,827	\$ 6,827,433
Individual income	4,885,571	6,037,886	6,180,726	5,212,818	4,831,399
Corporate income	1,864,490	999,287	911,952	643,533	395,865
Property	811,696	790,911	725,415	707,461	654,791
License and privilege	109,873	96,644	90,658	68,291	29,257
Severance	140,776	177,686	141,329	106,550	109,176
Inheritance and estate	82,437	70,629	82,953	61,625	48,250
Miscellaneous taxes	296,966	281,994	267,068	270,035	216,749
Unrestricted grants and contributions	15,443	17,549	11,987	14,585	4,597
Unrestricted investment earnings	297,214	153,730	2,593	653	—
Gain on sale of capital assets	9,786	12,869	14,003	10,025	7,657
Miscellaneous general	1,555,315	1,070,370	1,202,841	814,992	741,366
Transfers	—	—	—	—	—
Total General Revenues and Transfers	<u>19,083,816</u>	<u>18,249,506</u>	<u>17,583,146</u>	<u>15,260,395</u>	<u>13,866,540</u>
Change in Net Position	2,593,953	3,588,957	7,342,483	5,742,482	3,610,679
Net Position at July 1, as Restated	<u>5,148,497</u>	<u>1,559,540</u>	<u>(5,821,130)</u>	<u>(11,517,078)</u>	<u>(15,132,565)</u>
Net Position at June 30	<u>\$ 7,742,450</u>	<u>\$ 5,148,497</u>	<u>\$ 1,521,353</u>	<u>\$ (5,774,596)</u>	<u>\$ (11,521,886)</u>
Business-Type Activities:					
Unrestricted grants and contributions	\$ —	\$ 135	\$ 360,420	\$ 2,725,486	\$ 2,744,933
Unrestricted investment earnings	42,532	18,933	(37,699)	22,254	49,769
Gain on sale of capital assets	(21)	(52)	20	89	44
Miscellaneous general	7	4,757	217	777	(7,221)
Transfers	65,662	101,738	792,941	30,996	(145,482)
Total General Revenues and Transfers	<u>108,180</u>	<u>125,511</u>	<u>1,115,899</u>	<u>2,779,602</u>	<u>2,642,043</u>
Change in Net Position	378,201	250,917	864,811	421,538	(907,246)
Net Position at July 1, as Restated	<u>1,145,769</u>	<u>893,914</u>	<u>29,103</u>	<u>(60,066)</u>	<u>907,449</u>
Net Position at June 30	<u>\$ 1,523,970</u>	<u>\$ 1,144,831</u>	<u>\$ 893,914</u>	<u>\$ 361,472</u>	<u>\$ 203</u>
Change in Net Position					
Governmental Activities	\$ 2,593,953	\$ 3,588,957	\$ 7,342,483	\$ 5,742,482	\$ 3,610,679
Business-Type Activities	<u>378,201</u>	<u>250,917</u>	<u>864,811</u>	<u>421,538</u>	<u>(907,246)</u>
Total Primary Government Changes in Net Position	<u>\$ 2,972,154</u>	<u>\$ 3,839,874</u>	<u>\$ 8,207,294</u>	<u>\$ 6,164,020</u>	<u>\$ 2,703,433</u>

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

2019	2018	2017	2016	2015
\$ 6,543,315	\$ 6,062,029	\$ 5,905,042	\$ 5,787,853	\$ 5,714,300
4,561,557	4,604,710	4,405,457	4,311,015	4,064,705
580,131	500,315	458,227	490,033	540,132
648,739	628,810	596,752	584,823	570,998
54,022	38,001	29,310	39,563	13,742
149,852	142,095	145,487	156,245	235,068
42,903	50,093	45,827	48,789	52,616
194,494	208,344	202,836	196,941	190,700
12,221	9,798	11,449	10,403	10,348
—	—	—	1,650	4,264
22,007	16,562	8,318	7,689	7,259
548,567	505,243	522,299	403,065	413,140
—	271,843	192,425	41,497	108,470
<u>13,357,808</u>	<u>13,037,843</u>	<u>12,523,429</u>	<u>12,079,566</u>	<u>11,925,742</u>
2,563,819	(1,575,086)	(1,450,378)	(913,868)	(5,080)
(17,693,603)	(16,119,502)	(15,063,893)	(14,149,871)	(14,136,431)
<u>\$ (15,129,784)</u>	<u>\$ (17,694,588)</u>	<u>\$ (16,514,271)</u>	<u>\$ (15,063,739)</u>	<u>\$ (14,141,511)</u>
\$ —	\$ —	\$ 5,534	\$ —	\$ —
54,938	20,086	(1,329)	29,381	14,971
—	—	—	—	—
1,751	6,943	6,075	5,176	5,693
<u>(115,891)</u>	<u>(271,848)</u>	<u>(192,425)</u>	<u>(41,497)</u>	<u>(108,470)</u>
<u>(59,202)</u>	<u>(244,819)</u>	<u>(182,145)</u>	<u>(6,940)</u>	<u>(87,806)</u>
62,627	148,946	276,580	360,264	545,556
844,822	696,861	473,017	112,243	(433,313)
<u>\$ 907,449</u>	<u>\$ 845,807</u>	<u>\$ 749,597</u>	<u>\$ 472,507</u>	<u>\$ 112,243</u>
\$ 2,563,819	\$ (1,575,086)	\$ (1,450,378)	\$ (913,868)	\$ (5,080)
<u>62,627</u>	<u>148,946</u>	<u>276,580</u>	<u>360,264</u>	<u>545,556</u>
<u>\$ 2,626,446</u>	<u>\$ (1,426,140)</u>	<u>\$ (1,173,798)</u>	<u>\$ (553,604)</u>	<u>\$ 540,476</u>

**COMMONWEALTH OF KENTUCKY
PERSONAL INCOME TAX INFORMATION
CALENDAR YEARS 2013 and 2022**

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

Ky Federal AGI (from Ky Form 740) Income Level	Calendar Year 2022			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
Resident Taxpayer				
Less than \$25,001	562,184	30.51 %	\$ 154,238,172	2.97 %
\$25,001-\$50,000	461,415	25.05 %	634,098,113	12.21 %
\$50,001-\$100,000	458,615	24.90 %	1,229,128,999	23.67 %
\$100,001-\$200,000	272,123	14.77 %	1,450,485,586	27.93 %
\$200,001-\$500,000	72,491	3.94 %	893,972,243	17.21 %
Greater than \$500,000	15,240	0.83 %	831,355,270	16.01 %
Total Resident	1,842,068	100.00 %	5,193,278,383	100.00 %
Non-Resident Taxpayer				
Less than \$25,001	49,869	23.98 %	7,828,014	2.36 %
\$25,001-\$50,000	37,659	18.10 %	21,734,390	6.54 %
\$50,001-\$100,000	41,421	19.91 %	42,008,547	12.63 %
\$100,001-\$200,000	32,298	15.53 %	50,706,585	15.25 %
\$200,001-\$500,000	21,778	10.47 %	49,628,972	14.92 %
Greater than \$500,000	24,988	12.01 %	160,633,204	48.30 %
Total Non-Resident	208,013	100.00 %	332,539,712	100.00 %
Totals	2,050,081		\$ 5,525,818,095	

Personal Income Tax Rates

Tax Years 2013 - 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 2018-2022

Tax Rate Flat 5% Tax Rate

	2022		2013
Personal Income Tax Revenue	\$5,525,818,095	(A)	\$3,646,299,656
Personal Income	157,881,000	(B)	111,991,000
Average Effective Rate	2.9%		3.1%

Source of Tax Information:

(A) Kentucky Department of Revenue

(B) See Schedule of Personal Income

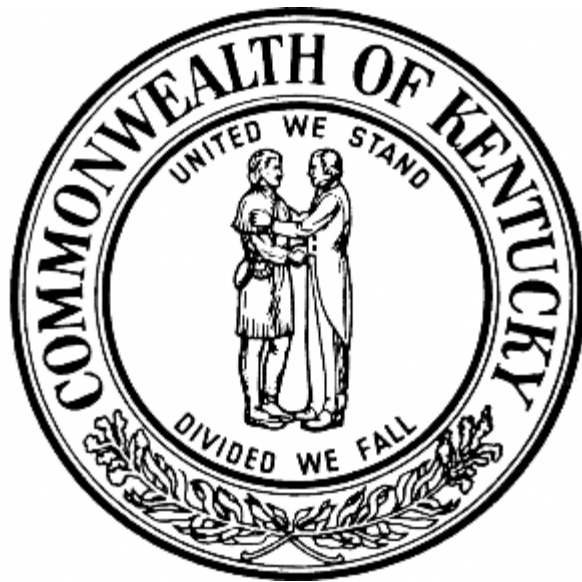
(C) This information is presented on a cash basis.

Calendar Year 2013

<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
734,130	42.08 %	\$ 225,514,228	6.54 %
419,941	24.07 %	539,579,669	15.65 %
390,859	22.40 %	1,010,739,398	29.31 %
160,383	9.19 %	851,611,670	24.69 %
32,655	1.87 %	445,733,015	12.93 %
6,784	0.39 %	375,418,996	10.88 %
1,744,752	100.00 %	3,448,596,976	100.00 %
60,119	37.52 %	6,479,848	3.27 %
28,423	17.73 %	14,868,656	7.52 %
29,685	18.52 %	27,353,892	13.84 %
19,424	12.12 %	30,027,584	15.19 %
11,605	7.24 %	27,832,584	14.08 %
11,017	6.87 %	91,140,116	46.10 %
160,273	100.00 %	197,702,680	100.00 %
1,905,025		\$ 3,646,299,656	

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	Assessed Value	Estimated	Assessed Value	Estimated	Actual Value
		Actual Value		Actual Value		Actual Value	
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%
2023	350,600,730	372,979,500	262,080,711	262,080,711	612,681,441	635,060,211	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 **
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
2023	830,625	787,364	94.8 %	20,798	808,162	97.3%	69.96

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)

	2024	2023	2022	2021
Governmental Activities Debt				
Revenue Bonds (2)	\$ 4,466,350	\$ 4,547,028	\$ 4,691,276	\$ 5,112,908
Unamortized premiums (2) (3)	400,969	394,637	422,756	461,343
Unamortized discounts (2) (3)	(6,612)	(6,615)	(7,182)	(7,682)
Notes (2)	326,619	422,328	534,718	557,126
Leases (2)	172,594	174,727	192,163	80,622
Certificate of Participation (2) (4)	159,550	163,435	167,210	170,885
KWIC (2) (5)	292,571	295,816	298,620	300,911
Total Government Activities Debt	<u>5,812,041</u>	<u>5,991,356</u>	<u>6,299,561</u>	<u>6,676,113</u>
Business-Type Activities Debt				
Notes (2)	—	—	—	—
Leases (2)	1,190	1,354	1,600	17,519
Total Business-Type Activities Debt	<u>1,190</u>	<u>1,354</u>	<u>1,600</u>	<u>17,519</u>
Total Primary Government Debt	<u>\$ 5,813,231</u>	<u>\$ 5,992,710</u>	<u>\$ 6,301,161</u>	<u>\$ 6,693,632</u>
Total Debt Ratios				
Ratio of Total Debt to Personal Income	<u>3.44 %</u>	<u>3.80 %</u>	<u>4.28 %</u>	<u>4.92 %</u>
Total Debt Per Capita (1)	<u>\$ 1,284.36</u>	<u>\$ 1,328.08</u>	<u>\$ 1,397.34</u>	<u>\$ 1,495.03</u>
Net Bonded Debt				
Net General Bonded Debt	\$ 4,860,707	\$ 4,935,050	\$ 5,106,850	\$ 5,566,569
Less: Debt Service Funds	131,820	133,086	129,539	137,012
Net Bonded Debt	<u>\$ 4,728,887</u>	<u>\$ 4,801,964</u>	<u>\$ 4,977,311</u>	<u>\$ 5,429,557</u>
Net Bonded Debt Ratios				
Ratio of Net Bonded Debt to Governmental Funds Revenues	<u>11.15 %</u>	<u>12.05 %</u>	<u>12.90 %</u>	<u>15.70 %</u>
Net Bonded Debt Per Capita (1)	<u>\$ 1,044.79</u>	<u>\$ 1,064.19</u>	<u>\$ 1,103.76</u>	<u>\$ 1,212.70</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

	2020	2019	2018	2017	2016	2015
\$	5,510,743	\$ 5,820,641	\$ 6,310,244	\$ 6,276,003	\$ 6,227,678	\$ 6,154,942
	470,932	473,786	526,979	513,879	534,099	369,790
	(7,917)	(8,078)	(8,401)	(9,492)	(10,330)	(10,875)
	691,490	835,109	1,008,140	1,196,130	1,399,140	1,467,573
	68,407	82,647	51,002	46,256	58,064	71,493
	174,485	175,735	176,940	67,425	68,575	68,575
	302,829	304,488	297,016	283,870	267,494	—
	<u>7,210,969</u>	<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>
	—	—	—	—	—	—
	19,644	21,766	23,881	10,219	7,730	12,262
	<u>19,644</u>	<u>21,766</u>	<u>23,881</u>	<u>10,219</u>	<u>7,730</u>	<u>12,262</u>
\$	<u>7,230,613</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>5.41 %</u>	<u>5.96 %</u>	<u>6.73 %</u>	<u>7.00 %</u>	<u>7.15 %</u>	<u>7.04 %</u>
\$	<u>1,618.43</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>
\$	5,973,758	\$ 6,286,349	\$ 6,828,822	\$ 6,780,390	\$ 6,751,447	\$ 6,513,857
	212,299	156,295	175,892	140,670	136,673	138,192
\$	<u>5,761,459</u>	<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>19.91 %</u>	<u>22.63 %</u>	<u>25.92 %</u>	<u>29.76 %</u>	<u>26.55 %</u>	<u>26.80 %</u>
\$	<u>1,289.59</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>

**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				
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
2024	8,558,721	*		3,655,363	2.34

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 lease liabilities

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

(Ranked by Number of Employees)

Company	2023			2014		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Amazon.com	13,616	1	0.70%	6,807	6	0.36%
Ford Motor Company	13,120	2	0.68%	8,491	4	0.45%
United Parcel Service, Inc	13,023	3	0.67%	12,517	1	0.66%
Toyota Motor Corp	11,977	4	0.62%	12,051	2	0.64%
Haier US Appliances Solutions Inc	6,910	5	0.36%			
Deutsche Post AG (DHL)	4,823	6	0.25%			
Fidelity Investments Inc	4,500	7	0.23%			
ConAgra Foods	3,440	8	0.18%			
Conduent, Inc.	3,304	9	0.17%			
Grupo Proza SA de CV (Metalsa)	2,762	10	0.14%			
Humana Inc				11,459	3	0.61%
General Electric Co				7,001	5	0.37%
FMR LLC				3,900	7	0.21%
Xerox Corporation				3,851	8	0.20%
Berkshire Hathaway Inc				3,154	9	0.17%
Citigroup				2,994	10	0.16%
	<u>77,475</u>		<u>4.00%</u>	<u>72,225</u>		<u>3.83%</u>

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

**COMMONWEALTH OF KENTUCKY
 DEMOGRAPHIC STATISTICS
 FOR THE LAST TEN CALENDAR YEARS**

For the Year Ended December 31	Estimated Population	Per Capita Income	Unemployment Rate
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%
2023	4,526,154	54,326	4.3%

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	2014*		2015**		2016**		2017**		2018***	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 1,790,000	1.5%	\$ 1,490,000	1.1%	\$ 106,000	0.1%	\$ 1,049,000	0.8%	\$ 1,153,000	0.9%
Agriculture services, forestry, fisheries and others	399,000	0.3%	397,000	0.3%	525,000	0.4%	504,000	0.4%	542,000	0.4%
Mining	1,809,000	1.6%	1,570,000	1.2%	698,000	0.6%	531,000	0.4%	791,000	0.6%
Manufacturing	16,682,000	14.4%	17,371,000	13.0%	18,019,000	15.1%	18,397,000	14.8%	19,236,000	14.9%
Construction	6,662,000	5.8%	6,864,000	5.1%	7,062,000	5.9%	7,432,000	6.0%	7,668,000	5.9%
Wholesale and retail trade	12,727,000	11.0%	13,181,000	9.9%	13,271,000	11.1%	13,436,000	10.8%	13,760,000	10.6%
Finance, insurance and real estate	7,567,000	6.6%	10,020,000	7.5%	10,009,000	8.4%	10,802,000	8.7%	11,072,000	8.6%
Transportation and public utilities	6,745,000	5.8%	7,220,000	5.4%	7,847,000	6.6%	8,387,000	6.7%	8,923,000	6.9%
Services	38,138,000	33.0%	38,121,000	28.5%	39,312,000	32.8%	41,157,000	33.0%	43,013,000	33.3%
Government and government enterprises	22,994,000	20.0%	23,432,000	17.5%	22,856,000	19.1%	22,856,000	18.4%	23,078,000	17.9%
Earnings by Place of Work	\$115,513,000	100.0%	\$119,666,000	100.0%	\$119,705,000	100.0%	\$124,551,000	100.0%	\$129,236,000	100.0%

Source	2019***		2020***		2021***		2022***		2023***	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 1,097,000	0.8%	\$ 1,833,000	1.3%	\$ 1,918,000	1.3%	\$ 2,005,000	1.3%	\$ 1,754,000	1.0%
Agriculture services, forestry, fisheries and others	545,000	0.4%	555,000	0.4%	550,000	0.4%	534,000	0.2%	592,000	0.4%
Mining	931,000	0.7%	677,000	0.5%	765,000	0.5%	786,000	0.5%	873,000	0.5%
Manufacturing	19,782,000	14.8%	19,273,000	14.2%	20,154,000	13.7%	22,580,000	14.3%	24,016,000	14.2%
Construction	8,029,000	6.0%	8,367,000	6.2%	8,781,000	6.0%	9,160,000	5.8%	10,247,000	6.1%
Wholesale and retail trade	14,216,000	10.6%	14,727,000	10.8%	15,963,000	10.8%	16,881,000	10.7%	17,973,000	10.6%
Finance, insurance and real estate	11,475,000	8.6%	12,224,000	9.0%	13,556,000	9.2%	14,394,000	9.1%	14,811,000	8.8%
Transportation and public utilities	9,425,000	7.1%	9,788,000	7.2%	10,811,000	7.3%	12,113,000	7.7%	12,796,000	7.6%
Services	44,747,000	33.5%	44,775,000	32.9%	49,748,000	33.8%	54,077,000	34.3%	58,638,000	34.7%
Government and government enterprises	23,432,000	17.5%	23,729,000	17.5%	25,060,000	17.0%	25,351,000	16.1%	27,114,000	16.1%
Earnings by Place of Work	\$133,679,000	100.0%	\$135,948,000	100.0%	\$147,306,000	100.0%	\$157,881,000	100.0%	\$168,814,000	100.0%

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov>)

NOTE: Percentages may not add to 100% due to rounding.

* Annual estimates computed with BEA table SQ5 by adding 4 quarters of each year and dividing by 4.

Quarterly charts show each quarter as an annualized amount based on amounts to date.

** Starting in 2015 Annual estimates computed with BEA table SA5N.

*** Starting in 2018 Annual estimates computed with BEA table SAINC5N.

Industrial classifications are based on the North American Industry Classification System (NAICS).

**COMMONWEALTH OF KENTUCKY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Personnel										
Number of Full Time Employees-										
Executive Branch	30,191	27,536	27,582	27,523	27,623	28,913	30,216	31,104	31,977	32,547
Health Insurance Expenditures -										
Percentage Increase/(decrease)	12.98%	6.50%	3.00%	1.25%	0.0%	0.0%	0.4%	1.1%	2.0%	2.5%
Education										
K-12 Enrollment	635,563	634,424	631,773	638,236	647,987	669,449	671,899	655,475	679,686	680,519
K-12 Attendance Rate	92.30%	91.90%	NA – COVID 19	NA – COVID 19	NA – COVID 19	94.20%	94.40%	94.50%	94.50%	94.50%
K-12 Graduation Rate	92.80%	92.50%	91.00%	91.30%	91.10%	90.60%	89.70%	89.50%	88.60%	87.90%
Average ACT Score	18.2	18.5	18.6	19.2	19.5	19.8	20.2	20.1	20	20
GED Graduates	3,052	2,548	2,679	2,080	2,834	3,332	3,404	3,299	3,091	1,663
College Going Rate for 9th Graders	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Postsecondary Education Enrollment	202,801	196,380	192,126	193,837	201,963	202,076	204,506	207,671	208,251	215,509
Bachelor's and Higher Degrees Awarded	44,045	41,935	38,325	40,155	40,521	37,621	35,880	34,326	34,110	32,706
Justice and Public Safety										
Incarcerated Population-Daily Average	19,421	19,742	18,708	18,876	23,061	23,888	23,585	23,168	22,012	21,106
Probation and Parole Population - Daily Average	49,378	48,814	47,777	48,879	49,839	49,421	47,540	46,046	45,956	46,008
Health and Family Services										
Medicaid Enrollment-Average	1,591,954	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
Food Stamp Recipients-Monthly Average	581,157	553,872	541,469	612,325	531,773	515,918	631,686	685,771	686,773	788,485
Temporary Assistance for Needy Families (TANF)-Monthly Average	30,601	21,908	27,757	30,576	35,070	38,047	41,298	45,874	38,823	42,995
Children with substantiated incidences	8,277	9,447	14,064	15,205	18,578	21,752	24,783	22,526	20,031	19,858
Environmental and Public Protection										
Air Pollution Source Inspections	2,547	2,935	4,163	2,842	3,919	3,270	3,647	3,724	3,652	3,448
Waste Management Inspections	6,545	7,244	7,414	7,457	6,263	6,706	7,178	6,394	6,761	6,866
Acres of Land Reforested	1,137	1,473	1,475	2,327	1,138	8,748	1,565	6,081	2,626	5,472
Mine Permits Issued	157	177	165	201	230	334	317	170	381	446
Mine Reclamation and Enforcement Inspections	16,402	17,784	16,995	18,058	19,498	17,988	16,803	16,682	18,551	20,011
Mine Safety-Completed Inspections	1,082	719	863	751	1,033	514	509	924	1,529	2,651
Transportation										
Percentage of Total Road System Needing Improvement	28.7%	30.0%	33.2%	26.3%	26.5%	25.1%	19.6%	17.0%	17.0%	17.0%
Statewide Road Maintenance Rating (Target Score = 80)	80.6	80.4	84.0	81.8	81.4	81.0	84.5	82.6	84.0	83.7
Daily Miles Traveled-Percentage Changed (as compared to 2005 Data)	2.87%	0.71%	0.93%	-4.00%	2.61%	4.46%	3.90%	3.82%	1.52%	(0.31%)
State-Maintained Lane Miles-Annual Percent Change	0.11%	0.07%	0.12%	0.19%	0.03%	0.07%	0.25%	0.25%	0.08%	0.13%
Kentucky Road Construction Cost Index-Percent Increase (1987 Base Year)	247.0%	227.3%	100.5%	52.7%	82.2%	81.3%	64.0%	47.9%	49.5%	45.4%

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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<u>General Government</u>										
Number of Buildings	348	348	340	340	321	313	367	367	324	312
Number of Vehicles	380	364	343	350	368	328	295	321	341	299
Land (Acres)	15,326	15,326	15,321	15,294	15,304	15,304	15,313	15,307	15,307	15,264
<u>Commerce</u>										
Number of Resort Parks	17	17	17	17	17	17	17	17	17	17
Number of Recreation Parks	22	22	22	22	22	23	23	23	23	23
Number of Historic Sites	8	8	8	8	8	8	11	11	11	11
Area of State Parks (Acres)	47,476	46,685	46,685	46,685	46,685	45,370	45,464	45,426	45,409	45,409
<u>Education and Humanities</u>										
Number of Buildings	59	59	50	50	60	60	61	77	64	65
Number of Vehicles	45	42	41	41	46	56	56	58	65	64
Land (Acres)	510	510	510	510	383	383	384	385	385	385
<u>Human Resources</u>										
Number of Buildings	150	150	146	134	133	136	139	163	167	160
Number of Vehicles	26	27	28	28	19	19	19	17	17	19
Land (Acres)	1,865	1,865	1,514	948	948	1,166	1,167	1,192	1,206	1,206
<u>Justice</u>										
Number of Buildings	647	641	644	443	445	438	443	517	455	447
Number of Vehicles	2,233	2,219	2,099	2,060	2,056	1,937	1,878	1,760	1,803	1,720
Land (Acres)	8,750	8,740	8,740	8,735	8,735	8,735	8,735	8,735	8,735	8,735
<u>Natural Resources and Environmental Protection</u>										
Number of Buildings	48	48	48	48	45	25	25	30	30	22
Number of Vehicles	913	898	837	843	848	840	815	825	832	807
Land (Acres)	69,856	69,856	69,854	68,715	67,641	67,142	66,473	66,401	66,187	66,187
<u>Public Protection and Regulation</u>										
Number of Buildings	—	—	8	8.00	—	—	—	—	—	—
Number of Vehicles	268	273	228	228	228	220	183	179	157	146
Land (Acres)	—	—	20	20.00	—	—	—	—	—	—
<u>Transportation</u>										
Number of Lane Miles -State										
Maintained Highways	64,230	64,101	64,004	63,983	63,854	63,836	63,836	63,753	63,586	64,187
Number of State maintained Bridges	9,047	9,039	9,039	9,022	9,048	9,033	9,027	8,928	9,016	9,011
Land (Acres)	84,737	84,737	84,737	1,665	1,665	1,665	1,656	1,656	1,656	1,656

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**

	2024	2023	2022	2021
<u>FULL-TIME EMPLOYEES</u>				
FUNCTION				
General Government	4,393	4,090	3,953	4,164
Legislative and Judicial	3,603	3,533	3,409	3,590
Commerce	1,573	1,484	1,302	1,330
Education and Humanities	1,930	1,859	1,817	1,781
Human Resources	6,613	6,513	5,879	6,292
Justice	7,677	7,257	6,849	6,962
Natural Resources and Environmental Protection	1,233	1,224	1,200	1,201
Public Protection and Regulation	929	899	870	964
Transportation	4,311	4,207	3,988	4,110
Total full-time employees	32,262	31,066	29,267	30,394
<u>PART-TIME and TEMPORARY EMPLOYEES</u>				
FUNCTION				
General Government	687	689	650	658
Legislative and Judicial	319	145	152	356
Commerce	527	524	532	531
Education and Humanities	714	441	435	354
Human Resources	382	653	583	425
Justice	130	140	110	95
Natural Resources and Environmental Protection	229	224	183	138
Public Protection and Regulation	49	49	41	40
Transportation	40	48	58	64
Total part-time and temporary employees	3,077	2,913	2,744	2,661
Total Employees	35,339	33,979	32,011	33,055

2020	2019	2018	2017	2016	2015
4,321	4,552	4,771	4,565	4,570	4,671
3,594	3,651	4,038	3,772	3,553	3,578
1,402	1,478	1,684	1,685	1,696	1,633
1,783	1,910	2,192	2,392	2,363	2,613
6,377	6,389	7,142	7,197	7,176	7,466
7,397	7,457	7,755	7,784	7,735	7,832
1,240	1,225	1,329	1,396	1,383	1,387
958	947	982	1,019	1,005	1,124
4,145	4,153	4,528	4,571	4,551	4,629
31,217	31,762	34,421	34,381	34,032	34,933
626	683	657	666	665	650
348	379	542	422	404	421
371	645	578	518	538	479
256	191	154	153	156	200
405	401	138	158	197	123
67	61	30	12	13	16
149	169	18	15	14	13
33	29	24	15	16	17
113	71	104	124	138	77
2,368	2,629	2,245	2,083	2,141	1,996
33,585	34,391	36,666	36,464	36,173	36,929

ACKNOWLEDGMENTS

The Commonwealth of Kentucky's Annual Comprehensive Financial Report was prepared by the Finance and Administration Cabinet, Office of the Controller, Office of Statewide Accounting Services, Financial Reporting Branch and the Fixed Assets Branch:

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