

KENTUCKY

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Cumberland Falls State Park



FOR THE
FISCAL YEAR ENDED
JUNE 30, 2021



Commonwealth of Kentucky Annual Comprehensive Financial
Report for the Fiscal Year Ended June 30, 2021

Andy Beshear, Governor



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

Office of the Controller
Edgar C. Ross, Controller



Andy Beshear
Governor



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INTRODUCTORY SECTION



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

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Governor

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Holly M. Johnson
Secretary

December 9, 2021

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

INTRODUCTION

Section 48.800 (3) of the Kentucky Revised Statutes (KRS) requires the Finance and Administration Cabinet to submit a complete report of the financial transactions of the preceding year and of the financial condition of the Commonwealth as of the end of that fiscal year. In accordance with this statute, it is my pleasure to transmit to you the Annual Comprehensive Financial Report of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2021. This report is prepared by the Finance and Administration Cabinet, Office of the Controller, Office of Statewide Accounting Services, which assumes responsibility for the accurate, complete, and fair presentation of the data contained herein. The information presented fully describes the Commonwealth’s financial condition and results of operations of the primary government and component units for which it is financially accountable. All appropriate disclosures necessary for the reader to gain the maximum understanding of Kentucky’s financial affairs are included.

The accompanying financial statements have been audited by the Office of the Auditor of Public Accounts of the Commonwealth of Kentucky. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The independent auditor concluded that the Commonwealth of Kentucky's financial statements for the year ended June 30, 2021, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The report of the independent auditor appears elsewhere in this report.

PROFILE OF THE COMMONWEALTH OF KENTUCKY

The Reporting Entity and Its Services

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

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

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

The Commonwealth and Its Services

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

Budgetary Controls

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

ECONOMIC CONDITION AND OUTLOOK

National Economy

Real gross domestic product (real GDP) grew by 5.2 percent in the first quarter of FY22. Real consumption rose by 6.7 percent. US consumption made up 70.1 percent of real GDP in the first quarter of FY22 and surpassed its previous peak in the third quarter of FY21.

Economic growth is anticipated to remain elevated for the remainder of FY22 as the US economy recovers from disruptions caused by the COVID-19 pandemic. Real GDP is expected to grow 5.1 percent in the final three quarters of FY22 compared to the same period in the prior fiscal year. The real GDP growth is led by much stronger growth in real investment, continued strong growth in real consumption, and significant growth in real exports. Inflation is expected to exceed the informal target set by the Fed, with FY22 growth in the CPI for all goods coming in at 4.2 percent. Among other broad US aggregate statistics, the unemployment rate is projected to decline to a level of 4.8 percent in FY22 compared to the 6.9 percent rate in FY21.

Among the five components of real GDP, real investment is poised to grow the fastest in percentage terms, gaining \$276.1 billion or 7.8 percent over the last three quarters of FY22. Real consumption is expected to rise the most in absolute terms, gaining \$637.5 billion, a 4.8 percent increase in the final three quarters of FY22, compared to the same period in the year prior. Modest growth is anticipated for real exports, rising 5.9 percent, outpacing the 3.3 percent growth in real imports.

The combined factors of the rise in the delta variant, the expiration of supplemental unemployment benefits, fading impact of fiscal stimulus, and rising prices appear to be weighing on consumer sentiment. While sentiment rebounded marginally in September 2021 after falling to a decade low one month prior, August's decline suggests that consumers are significantly more cautious than they have been in recent months. A solid rebound to consumer sentiment is expected in the outward quarters of FY22.

Recent inflationary pressures were driven in part by shortages of new and used vehicles. The new car supply scarcity is anticipated to persist beyond earlier expectations, as the semiconductor chip shortage continues to suppress production and dwindle inventories. Without vehicles available for sale, light vehicle sales are anticipated to fall sharply in the second quarter and gradually improve in the third and fourth quarters of FY22. Simply put, the supply chain disruptions continue to be persistent in duration and pernicious in their impact on the domestic economy.

The pace of inflation going forward will continue to be dictated by rising costs and supply chain issues. Price pressures will likely persist if the pandemic continues to increase the risk of supply chain bottlenecks, as well as exacerbate friction in the labor market. Short-term and long-term inflation expectations suggest price spikes are transitory – meaning the price increases are a direct result of the pandemic and not structural or long-term in nature.

Growth in US wages and salaries is expected to be 7.8 percent for the remaining three quarters of FY22 and 8.2 percent for FY22. The high growth in wages and salaries, coupled with employers seeking additional workers, suggests a temporary imbalance in the labor markets where labor demand exceeds labor supply. According to the Bureau of Labor Statistics, the US labor force participation rate fell from 63.3 percent in February of 2020 to 60.2 percent in April. Since then, the labor force participation rate has only clawed back 1.4 percent of the 3.1 percentage loss with the September reading at 61.6 percent. The immediate magnitude in the reduction of the labor force participation rate dating back to the outbreak of the COVID-19 onset exceeds any declines seen since the formation of this data series in 1948. Many workers have yet to return to the labor force, while others have retired due to a variety of reasons. US employment remains 5.3 million jobs short of the pre-pandemic peak. US non-farm employment is expected to gain 5.9 million workers during the forecasting horizon compared to the final three quarters of FY21, but projected employment for FY22 of 149.0 million is still expected to remain 900,000 jobs lower in FY22 than the FY19 peak of 149.9 million.

Kentucky Outlook

Kentucky personal income rose 6.4 percent in the first quarter of FY22. Kentucky wages and salaries was the fastest growing component of Kentucky personal income over the last four quarters. Kentucky wages and salaries grew by 9.8 percent in the first quarter of FY22 over the first quarter of FY21, comprising 48.6 percent of total Kentucky personal income. Wages in the Commonwealth have sustained solid to strong growth for the last five quarters and surpassed its previous peak in the second quarter of FY21. Kentucky wages and salaries is now \$8.4 billion, or 8.6 percent, above its previous peak.

Kentucky's personal income is expected to decline slightly over the forecast horizon as transfer payments from the federal government continue to phase out. Through the remainder of FY22, a decline in personal income is expected; falling 1.6 percent compared to the second, third and fourth quarters of FY21. The Child Tax Credit payments authorized under the American Rescue Plan are set to expire at the end of calendar year 2021, following the expiration of special unemployment insurance programs in September 2021. Transfer receipts, the second largest component of Kentucky personal income, are expected to drop 13.5 percent for the full year of FY22 and 18.4 percent during the final three quarters of the fiscal year.

While total Kentucky personal income fails to gain momentum, relatively strong growth is forecasted for wages and salaries across the outlook periods. Wages and salaries are poised to grow 7.8 percent in the final three quarters of FY22 compared to the same period one year prior. Wage and salary income is the largest component of personal income and has historically made up near 53 percent of personal income. In FY22, wages and salaries will comprise 49.8 percent of state personal income.

Remote working, while not available in all occupations, has created opportunities for certain households to remain attached to the workplace despite complications such as school closings, family health care needs, and direct contact with the virus. However, the opportunity to work remotely has not been available in many industries and occupations, leading to worker shortages, supply-chain disruptions, and withdrawal from the workforce for affected workers since early in the pandemic. Those who must work from their job site are left most vulnerable to the pandemic from a health and economic standpoint.

To date in the economic slowdown, the disproportionate job losses in the leisure and hospitality sector have artificially increased the level of average wages as lower wage workers experienced the majority of the job loss when compared to their higher-paid counterparts. As the economic recovery continues and lower-paid jobs are added back to the workforce, the process typically works in the opposite direction, decreasing average wages. However, average wage is not anticipated to decrease moving forward. Rather, the opposite is forecasted to occur. As workers return to the labor market, many are insisting on an increase in wages. Lower paid employees, who currently are required to report to a job site, are specifically insisting on this increase.

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 2021 are:

Net Bonded Debt (thousands)	Ratio of Net Bonded Debt to Governmental Funds Revenues	Net Bonded Debt Per Capita
\$ 5,429,557	15.70%	\$ 1,213

No general obligation bonds were authorized or outstanding at June 30, 2021.

A detailed analysis of the Commonwealth's debt issuance during the fiscal year ended 2021 is presented in [Note 16](#).

Major Initiatives

Fiscal year 2021 began as the first fiscal year of the Commonwealth's 2020-22 biennial budget period. One unique circumstance was the decision by Governor Andy Beshear and the Kentucky General Assembly to pass a single fiscal year budget for fiscal year 2021 rather than the usual biennial, two-year budget. This was in response to the early stages of the COVID-19 pandemic and the expected uncertainty of its impact on the Kentucky economy and its state revenues. The budget for the second fiscal year, fiscal year 2022, was ultimately enacted by the 2021 legislative session.

Kentucky ended fiscal year 2021 with a surprisingly positive fiscal outcome. State revenues, which had declined in the final quarter of fiscal year 2020, bounced back and exceeded expectations by a significant amount. This revealed that despite the substantial joblessness and economic disruption, the pandemic did not have a proportionate impact on personal income subject to state taxation. Moreover, the federal government's counter-cyclical fiscal policies bridged much of the recessionary gap in response to that disruption.

Kentucky's General Fund receipts rose well above expected levels totaling \$12.8 billion, which is a 10.9 percent increase over the prior fiscal year, and created a revenue surplus of \$1.1 billion. Road Fund revenues, devoted to transportation, totaled \$1.6 billion, 10.1 percent over the prior year resulting in a \$64.6 million revenue surplus. The fiscal year 2021 General Fund revenue surplus was the highest ever by a multiple of three. The surplus was deposited into Kentucky's Rainy Day Fund, the Budget Reserve Trust Fund, bringing it up to nearly \$1.9 billion, or over 16 percent of General Fund spending. The \$1.9 billion balance is up from just \$303 million at the end of last year.

Given the level of uncertainty in March of 2020, when the fiscal year 2021 budget was passed, the budget included only a limited number of additional funding items necessary to maintain existing services and to accommodate changing service populations. It had to forego new and enhanced investments in elementary and secondary education, post-secondary education, child protective services, and salary improvements for teachers and state employees. Though most of the state agency budgets avoided cuts for the first budget since the 2006-2008 biennium.

In the area of Education, additional funding was provided to carry out some of the provisions of the State School Safety legislation enacted in 2019, including funding to provide school-based mental health services, and security upgrades to school facilities. Due to higher than expected lottery revenues, the waiting list for needs-based student financial aid was finally resolved, along with an increase in the award from \$2,000 to \$2,900. Financial support was given to the University of Louisville to acquire a public medical center that will stabilize the provision of direct health care services and research operations in that region of the Commonwealth.

Several public safety initiatives were advanced in fiscal year 2021. The budget included capital funding for the second phase of the Kentucky State Police's radio system replacement and increased salaries for Troopers to assist in recruitment and retention, and increased attention on emphasizing diversity in its recruitment.

The budget included full funding for the actuarially determined contributions for the Kentucky Employees Retirement System and the Kentucky Teachers' Retirement System pension and medical trust funds.

Economic development announcements dominated the second half of fiscal year 2021. Announced investments in Kentucky by agri-tech, aerospace, and all types of manufacturing companies started a pace for calendar year 2021 that is expected to set records for the amount of investment and additional jobs created. In July, 2021, Governor Andy Beshear stated that, "the Kentucky economy is on fire." after the state surpassed \$2.2 billion in total planned private-sector investment with more than 5,000 full-time jobs announced already in 2021.

Implementation of the seven federal pandemic relief bills continue, three which were passed by Congress during state fiscal year 2021, ending with the American Rescue Plan Act in March, 2021. By the end of fiscal year 2021, over \$7.8 billion in federal aid to individuals and programs had been expended through and by Kentucky state government, the bulk of which came from the CARES Act.

The Commonwealth continued to implement responses to the public health emergency. Governor Beshear directed a series of guidelines and daily information sharing that brought the expertise of public health officials and science-based information to Kentuckians about the pandemic and how to prevent the transmission of the virus. Supported by federal funding and convening the expertise and efforts of many partners, the Governor led the state's response. In the latter half of the fiscal year, the Beshear Administration focused significant efforts toward the distribution and communication about the COVID-19 vaccines and its personal and public health benefits, including several incentive programs that resulted in scholarships for vaccinated youths and drawings for \$1 million payments for vaccinated adults.

FINANCIAL INFORMATION

The Accounting System

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

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

OTHER INFORMATION

Certificate of Achievement for Excellence in Financial Reporting

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Holly M. Johnson, Secretary
Finance and Administration Cabinet



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

Andy Beshear
Governor

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Holly M. Johnson
Secretary

Edgar C. Ross
Controller

December 9, 2021

The Honorable Holly M. Johnson, Secretary
Finance and Administration Cabinet
200 Mero St. 5th Floor
Frankfort, Kentucky 40601

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, 2021, 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 black ink, appearing to read "Edgar C. Ross".

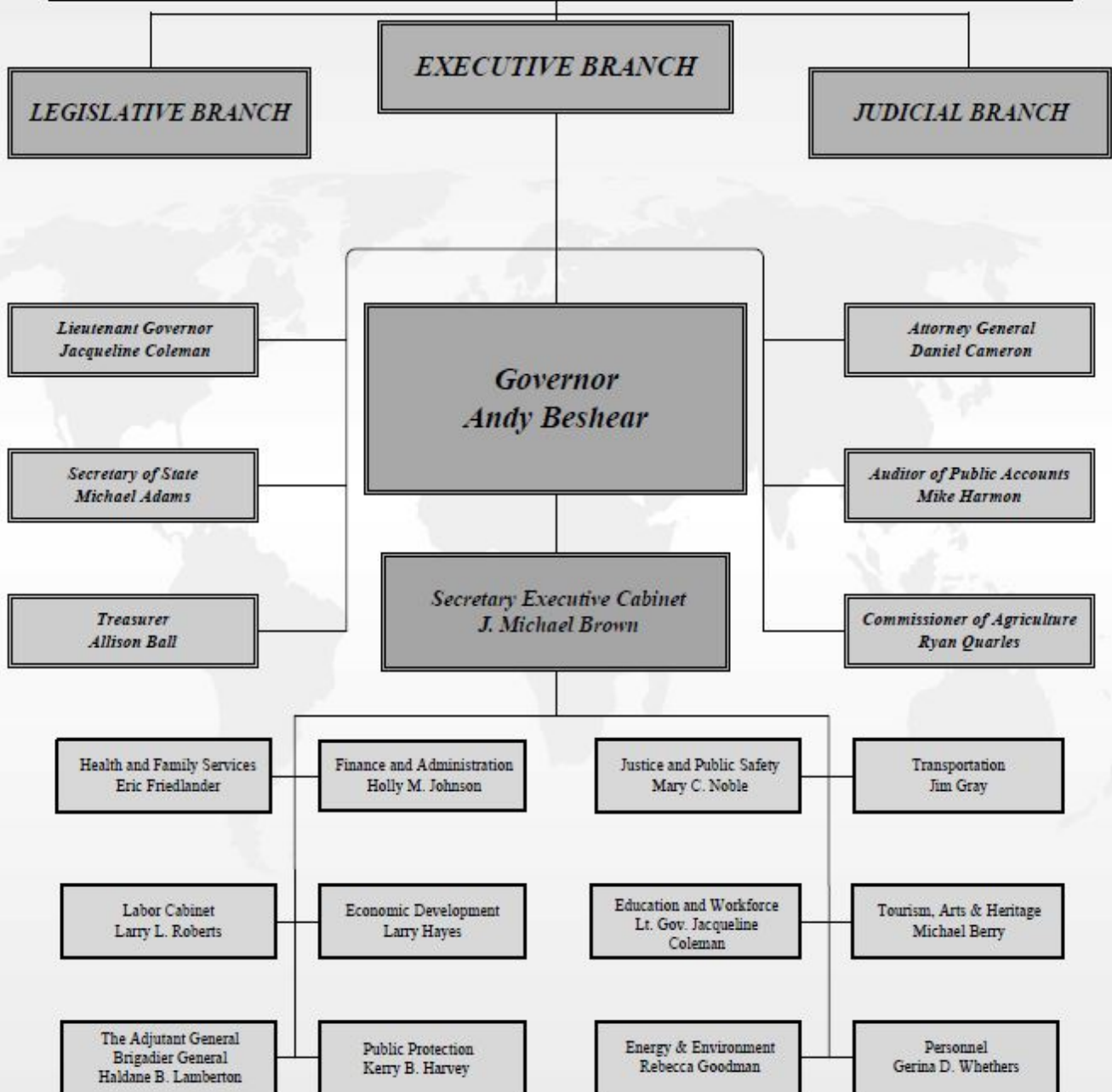
Edgar C. Ross, Controller



COMMONWEALTH OF KENTUCKY

ELECTORATE OF KENTUCKY

"UNITED WE STAND, DIVIDED WE FALL"



*Principal Officials at June 30, 2021

FINANCIAL SECTION



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Kentucky, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Certain portions of the Governmental Funds including:

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

Certain portions of the Proprietary Funds including:

- Within the Insurance Administration Fund:
 - Kentucky Special Fund, Uninsured Employers' Fund, Coal Workers Pneumoconiosis 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 Retirement System
- County Employees Retirement System
- Kentucky Teacher’s Retirement System
- Kentucky Public Employees’ Deferred Compensation Authority

Component Units:

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

Component Units - Colleges and Universities and related entities:

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

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

Government-Wide Financial Statements:	Percent of Assets	Percent of Revenues
Primary Government - Governmental Activities	0.53%	0.10%
Primary Government - Business-Type Activities	18.59%	4.43%
Component Units	98.58%	99.31%
Fund Financial Statements:		
Governmental Funds - Non-Major Funds	17.04%	3.06%
Proprietary Funds - Business-Type Activities - Enterprise Funds	18.51%	4.43%
Proprietary Funds - Governmental Activities - Internal Service	0.06%	1.14%
Fiduciary Funds - Pension and Insurance Trust Funds	98.69%	98.72%

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

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

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

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Adjustment

We wish to draw attention to Note 2 to the financial statements, in which the Commonwealth of Kentucky had a material restatement to the Net Position at July 1 in the Unemployment Compensation Fund due to a change in an accounting estimate. The unemployment claims liability was restated in the amount of \$74,649,000. See the paragraph below for additional information on the cause and related impact in the current year. Our opinion is not modified with respect to this matter.

Accounting Estimate

We wish to draw attention to Note 17 to the financial statements, in which the Commonwealth of Kentucky reports a significant increase in unemployment claims as a result of the COVID-19 pandemic during fiscal year 2021. The exact amount of the liability of the claims backlog cannot be determined. The Commonwealth has estimated a liability of \$177,898,000 in the Unemployment Compensation Fund. Our opinion is not modified with respect to this matter.

Other Matters

An audit report of the financial statements for Kentucky State University has not been released as of the date of this report, and therefore, amounts presented are unaudited. Kentucky State University's financial activities have been included in the basic financial statements as discretely presented component units and represent 0.54% percent of assets and 0.57% 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 25, budgetary comparison schedules and corresponding notes on pages 166 through 181, and information about infrastructure assets reported using the modified approach on pages 182 through 187, claims development information for entity risk pools on pages 188 and 189, Schedule of Contributions - Pensions on page 190 through 201, Schedule of Changes in Net Pension Liability and Related Ratios on page 202 and 204, the Schedule of Commonwealth's Proportionate Share of the Net Pension Liability on page 206 and 207, the Schedule of Contributions - OPEB on page 208 through 213, the Schedule of Changes in Net OPEB Liability and Related Ratios on page 214 and 215, and the Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability on page 216 be presented to supplement the basic financial statements.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
Page 4

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated December 9, 2021 on our consideration of the Commonwealth of Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth's internal control over financial reporting and compliance.

Respectfully submitted,



Farrah Petter, CPA
Assistant Auditor of Public Accounts

December 9, 2021

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, 2021. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide an easily readable explanation of the information in the basic financial statements. It should be read in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the Commonwealth's financial statements, which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:

The liabilities and deferred inflows of the Commonwealth's governmental activities exceeded its assets and deferred outflows at fiscal year ending June 30, 2021, by \$5.8 billion, an increase in net position of \$5.7 billion related to current year activity. Total net position increased by \$6.2 billion to \$(5.4) billion. The primary reasons for this increase were due to deferrals relating to pension and other post-employment benefits, bonds and notes payable. The Governmental Activities total Deferred Outflows were \$4.1 billion which were comprised of \$17.1 million for Deferred Loss on Refunding, \$3.2 billion for Pension Related Outflows, and \$924.2 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$5.7 billion which were comprised of \$61.3 million for Deferred Gain on Refunding, \$4.8 billion for Pension Related Inflows, and \$828.2 million for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's business-type activities exceeded liabilities by \$361.5 million, an increase in net position of \$421.5 million related to current year activity. Business-Type Activities total Deferred Outflows were \$54.7 million which were comprised of \$37.0 million for Pension Related Outflows and \$17.7 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$13.6 million which were comprised of \$4.5 million for Pension Related Inflows and \$9.1 million for Other Post-employment Benefit Inflows.

Assets of the the Commonwealth's discretely presented component units exceeded liabilities at fiscal year ending June 30, 2021, by \$13.3 billion, an increase of \$2.3 billion related to current year activity.

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

Fund Highlights:

As of the close of fiscal year 2021, the Commonwealth's governmental funds reported combined ending fund balances of \$5.4 billion, a net change in fund balance of \$2.4 billion, a change in inventory of \$(762) thousand, for a combined net change of \$2.4 billion in comparison with the prior year. Approximately 51.4 percent or \$2.8 billion of the ending fund balance is restricted. There is unrestricted (committed, assigned, or unassigned) fund balance of \$2.5 billion available for spending either at the government's discretion or upon legislative approval.

Enterprise funds reported net position of \$361 million, of which \$241 million was restricted or invested in capital assets and the balance of \$(166) million was unrestricted.

Long-Term Debt:

The Commonwealth's total long-term debt obligations (bonds and notes payable) decreased by \$543.6 million to \$6.3 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 \$(5.4) billion at the end of fiscal year 2021, as compared to \$(11.6) billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$25.0 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 \$2.4 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 \$(32.8) 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, 2021 and June 30, 2020 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	
	2021	2020	2021	2020	2021	2020
Current Assets	\$ 9,353,241	\$ 7,066,651	\$ 1,786,320	\$ 1,554,737	\$ 11,139,561	\$ 8,621,388
Capital Assets	26,343,435	25,944,011	258,190	273,084	26,601,625	26,217,095
Other Assets	—	—	—	—	—	—
Total Assets	35,696,676	33,010,662	2,044,510	1,827,821	37,741,186	34,838,483
Deferred outflows of resources	4,137,426	4,975,047	54,713	55,769	4,192,139	5,030,816
Non Current Liabilities	35,860,560	35,455,900	941,997	1,018,603	36,802,557	36,474,503
Other Liabilities	4,041,612	4,328,156	782,179	903,960	4,823,791	5,232,116
Total Liabilities	39,902,172	39,784,056	1,724,176	1,922,563	41,626,348	41,706,619
Deferred inflows of resources	5,706,526	9,718,731	13,575	21,093	5,720,101	9,739,824
Net investment in capital assets	24,744,234	24,168,762	240,670	253,466	24,984,904	24,422,228
Restricted	2,081,872	1,626,862	286,882	—	2,368,754	1,626,862
Unrestricted	(32,600,702)	(37,312,702)	(166,080)	(313,532)	(32,766,782)	(37,626,234)
Total Net Position	<u>\$ (5,774,596)</u>	<u>\$ (11,517,078)</u>	<u>\$ 361,472</u>	<u>\$ (60,066)</u>	<u>\$ (5,413,124)</u>	<u>\$ (11,577,144)</u>

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 2021. The Commonwealth received program revenues of \$21.5 billion and general revenues (including transfers) of \$18.0 billion for total revenues of \$39.5 billion during fiscal year 2021. Expenses for the Commonwealth during fiscal year 2021 were \$33.4 billion, the total net position of the Commonwealth increased in the amount of \$6.2 billion, net of contributions, transfers and special items.

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

	2021	2020	2021	2020	2021	2020
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,725,350	\$ 1,523,145	\$ 2,424,149	\$ 2,361,712	\$ 4,149,499	\$ 3,884,857
Operating Grants and Contributions	16,331,955	12,125,363	—	—	16,331,955	12,125,363
Capital Grants and Contributions	1,033,962	994,683	—	—	1,033,962	994,683
General Revenues:						
Income Taxes	5,856,351	5,227,264	—	—	5,856,351	5,227,264
Sales Taxes	7,349,827	6,827,433	—	—	7,349,827	6,827,433
Property Taxes	707,461	654,791	—	—	707,461	654,791
Other Taxes	506,501	403,432	—	—	506,501	403,432
Investment Earnings	—	—	22,254	49,769	22,254	49,769
Other	840,255	731,050	2,726,352	2,752,060	3,566,607	3,483,110
Total Revenues	34,351,662	28,487,161	5,172,755	5,163,541	39,524,417	33,650,702
Expenses:						
Governmental Activities:						
General Government	1,652,327	377,661	—	—	1,652,327	377,661
Legislative and Judicial	520,801	526,102	—	—	520,801	526,102
Commerce	139,689	175,902	—	—	139,689	175,902
Education and Humanities	5,027,799	6,070,241	—	—	5,027,799	6,070,241
Human Resources	17,077,977	13,760,639	—	—	17,077,977	13,760,639
Justice	1,292,316	1,470,004	—	—	1,292,316	1,470,004
Natural Resources and Environmental Protection	253,474	254,103	—	—	253,474	254,103
Public Protection and Regulation	563,091	167,030	—	—	563,091	167,030
Transportation	1,914,599	1,938,390	—	—	1,914,599	1,938,390
Interest Expense	136,111	277,084	—	—	136,111	277,084
Business-type Activities:						
State Parks	—	—	111,231	122,723	111,231	122,723
Kentucky Horse Park	—	—	15,246	16,993	15,246	16,993
Kentucky Public Employees Health Plan	—	—	1,892,458	1,839,500	1,892,458	1,839,500
Insurance Administration	—	—	43,278	41,241	43,278	41,241
Unemployment Compensation	—	—	2,720,000	3,965,117	2,720,000	3,965,117
Total Expenses	28,578,184	25,017,156	4,782,213	5,985,574	33,360,397	31,002,730
Increase (Decrease) in Net Position Before Transfers	5,773,478	3,470,005	390,542	(822,033)	6,164,020	2,647,972
Transfers	(30,996)	145,482	30,996	(145,482)	—	—
Change in Net Position	5,742,482	3,615,487	421,538	(967,515)	6,164,020	2,647,972
Net Position, July 1, as restated	(11,517,078)	(15,132,565)	(60,066)	907,449	(11,577,144)	(14,225,116)
Net Position, June 30	<u>\$ (5,774,596)</u>	<u>\$ (11,517,078)</u>	<u>\$ 361,472</u>	<u>\$ (60,066)</u>	<u>\$ (5,413,124)</u>	<u>\$ (11,577,144)</u>

Governmental Activities:

The governmental activities resulted in an increase in the Commonwealth's net position by \$5.7 billion. An increase in Governmental activities of \$4.0 billion is a result of decreased deferred inflows of resources. An increase in Governmental activities of \$522.4 million was primarily due to an increase in Sales and Use Tax of \$367.1 million and Motor Vehicle Usage Tax Receipts of \$105.7 million. Approximately 42.0 percent of the governmental activities' total revenue came from taxes, while 50.6 percent resulted from grants and contributions (including federal aid). Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes.

State Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenue
General Government	\$ 1,652,327	\$ 1,686,332	\$ 34,005
Legislative and Judicial	520,801	51,766	(469,035)
Commerce	139,689	79,447	(60,242)
Education and Humanities	5,027,799	1,455,773	(3,572,026)
Human Resources	17,077,977	13,561,424	(3,516,553)
Justice	1,292,316	227,448	(1,064,868)
Natural Resources and Environmental Protection	253,474	125,328	(128,146)
Public Protection and Regulation	563,091	552,105	(10,986)
Transportation	1,914,599	1,351,644	(562,955)
Interest Expense	136,111	—	(136,111)
Totals	\$ 28,578,184	\$ 19,091,267	\$ (9,486,917)

Business-Type Activities:

Table 5 below presents program expenses and revenues for business-type activities. The business-type activities resulted in an increase the Commonwealth's net position by \$421.5 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	\$ 111,231	\$ 45,415	\$ (65,816)
Kentucky Horse Park	15,246	7,543	(7,703)
Kentucky Public Employees Health Plan	1,892,458	1,866,925	(25,533)
Insurance Administration	43,278	108,934	65,656
Unemployment Compensation	2,720,000	395,332	(2,324,668)
Totals	\$ 4,782,213	\$ 2,424,149	\$ (2,358,064)

Overall Analysis

Financial highlights for the State as a whole during fiscal year ended June 30, 2021, include the following:

- The liabilities of the State's governmental activities exceed assets (net position) at the close of the fiscal year. Liabilities exceeded assets by \$5.8 billion and the State's business-type activities now have assets that exceed liabilities (net position) by \$361.5 million.
- The State's total net position increased during the year by \$6.2 billion. Net position of governmental activities increased by \$5.7 billion, and net position of business-type activities increased by \$421.5 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, 2021, the Commonwealth's governmental funds reported combined ending fund balances of \$5.4 billion, a net increase of \$2.4 billion in comparison with the prior year. \$73.5 million is non-spendable and is comprised of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The \$2.8 billion is restricted for certain purposes and is not available to fund current operations. The \$2.5 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, 2021, was \$2.5 billion. The balance reported reflects an increase of \$1.9 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 \$8.4 million represents the non-spendable amount.

Major Special Revenue Funds:

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by \$4.4 billion from the previous year, a change of 26.7 percent. Expenditures increased by \$4.0 billion from the previous year, a change of 25.1 percent. The Transportation Fund experienced a slight increase in revenues and an decrease in expenditures, resulting in a increase in fund balance of \$246.8 million.

Proprietary Funds:

The Commonwealth's proprietary funds reported net position of \$184 million, which included \$361 million in the enterprise funds and \$(178) million in the internal service funds. This is a total increase in net position of \$360.8 million from the previous year. This change in net position involved mainly from one fund, the Unemployment Compensation which had an increase of \$379.6 million for the 2021 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 \$1.1 billion. Actual expenditures for the year were approximately \$774 million less than the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Commonwealth's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$28.4 billion, with accumulated depreciation of \$1.8 billion, leaving a net book value of \$26.6 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 1.8 percent in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$1.2 billion for the year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$144.9 million. Additional information on the Commonwealth's capital assets can be found in [Note 6](#) of the "Notes to the Financial Statements" of this report.

Infrastructure Assets – The Commonwealth has elected to utilize the “Modified Approach” as it relates to guidelines set forth in GASB Statement Number 34. Under this alternative method the Commonwealth expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include nearly 63,983 lane miles of roads and approximately 9,022 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 \$532.2 million to \$5.7 billion, a 8.6 percent decrease during the current fiscal year. The major factors in this decrease is a result of the refunding of old issues by the FY2021 new issues. The remaining liability on the retired bonds plus the FY2021 principle payments on the remaining bonds outstanding were greater than the FY2021 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2021. Additional information on the Commonwealth’s long-term debt obligations can be found in [Note 16](#) of the notes to the financial statements of this report.

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

ECONOMIC FACTORS

Kentucky Outlook

Kentucky personal income rose 6.4 percent in the first quarter of FY22. Kentucky wages and salaries was the fastest growing component of Kentucky personal income over the last four quarters. Kentucky wages and salaries grew by 9.8 percent in the first quarter of FY22 over the first quarter of FY21, comprising 48.6 percent of total Kentucky personal income. Wages in the Commonwealth have sustained solid to strong growth for the last five quarters and surpassed its previous peak in the second quarter of FY21. Kentucky wages and salaries is now \$8.4 billion, or 8.6 percent, above its previous peak.

Kentuckian’s personal income is expected to decline slightly over the forecast horizon as transfer payments from the federal government continue to phase out. Through the remainder of FY22, a decline in personal income is expected; falling 1.6 percent compared to the second, third and fourth quarters of FY21. The Child Tax Credit payments authorized under the American Rescue Plan are set to expire at the end of calendar year 2021, following the expiration of special unemployment insurance programs in September 2021. Transfer receipts, the second largest component of Kentucky personal income, are expected to drop 13.5 percent for the full year of FY22 and 18.4 percent during the final three quarters of the fiscal year.

While total Kentucky personal income fails to gain momentum, relatively strong growth is forecasted for wages and salaries across the outlook periods. Wages and salaries are poised to grow 7.8 percent in the final three quarters of FY22 compared to the same period one year prior. Wage and salary income is the largest component of personal income and has historically made up near 53 percent of personal income. In FY22, wages and salaries will comprise 49.8 percent of state personal income.

Remote working, while not available in all occupations, has created opportunities for certain households to remain attached to the workplace despite complications such as school closings, family health care needs, and direct contact with the virus. However, the opportunity to work remotely has not been available in many industries and occupations, leading to worker shortages, supply-chain disruptions, and withdrawal from the workforce for affected workers since early in the pandemic. Those who must work from their job site are left most vulnerable to the pandemic from a health and economic standpoint.

To date in the economic slowdown in Kentucky, the disproportionate job losses in the leisure and hospitality sector have artificially increased the level of average wages as lower wage workers experienced the majority of the job loss when compared to their higher-paid counterparts. As the economic recovery continues and lower-paid jobs are added back to the workforce, the process typically works in the opposite direction, decreasing average wages. However, the average wage is not anticipated to decrease moving forward. Rather, the opposite is forecasted to occur. As workers return to the labor market, many are insisting on increased wages. Lower paid employees, who currently are required to report to a job site, are specifically demanding an increase in pay – especially in light of the uptick in inflation.

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 40601.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
June 30, 2021
(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents (Note 5)	\$ 4,760,861	\$ 377,164	\$ 5,138,025	\$ 2,809,489
Cash on deposit with the federal Government (Note 5)	—	345,282	345,282	—
Cash with fiscal agents (Note 5)	27,815	—	27,815	—
Restricted cash (Note 5)	7,874	—	7,874	—
Investments, net of amortization (Note 5)	1,862,675	481,155	2,343,830	2,837,837
Receivables, net (Note 4)	2,463,982	576,955	3,040,937	4,121,468
Notes receivable	5,056	90	5,146	—
Capital lease receivable (Note 4)	141,911	—	141,911	—
Internal balances (Note 7)	(3,304)	3,304	—	—
Inventories	75,132	1,108	76,240	120,794
Prepaid expenses	10,810	1,262	12,072	52,834
Unamortized cost of issuance	429	—	429	—
Restricted assets:				
Cash and cash equivalents (Note 5)	—	—	—	661,343
Investments (Note 5)	—	—	—	2,696,527
Capital assets (Note 6):				
Land	244,948	24,943	269,891	470,334
Improvements other than buildings	37,959	156,272	194,231	725,583
Buildings	1,774,949	373,354	2,148,303	10,890,147
Machinery and equipment	861,375	21,794	883,169	2,110,635
Other capital assets	—	2,276	2,276	626,639
Easements and other intangibles	234,771	4,638	239,409	377,002
Less: Accumulated depreciation and amortization	(1,447,066)	(334,811)	(1,781,877)	(6,693,772)
Construction in progress	2,375,618	9,724	2,385,342	400,022
Infrastructure	22,260,881	—	22,260,881	1,043,778
Total Capital Assets	26,343,435	258,190	26,601,625	9,950,368
Other assets	—	—	—	525,314
Total Assets	35,696,676	2,044,510	37,741,186	23,775,974
Deferred outflows of resources (Note 16)	4,137,426	54,713	4,192,139	510,776
Liabilities				
Accounts payable (Note 4)	1,293,544	444,217	1,737,761	841,961
Tax refunds payable	298,077	—	298,077	—
Unearned revenue	1,482,655	4,822	1,487,477	494,582
Other liabilities	—	—	—	153,414
Liabilities from restricted assets	—	—	—	95,294
Noncurrent liabilities:				
Due within one year (Note 16)	967,336	333,140	1,300,476	465,920
Due in more than one year (Note 16)	35,860,560	941,997	36,802,557	7,759,013
Total Liabilities	39,902,172	1,724,176	41,626,348	9,810,184
Deferred inflows of resources (Note 16)	5,706,526	13,575	5,720,101	1,159,201
Net Position				
Net investment in capital assets	24,744,234	240,670	24,984,904	5,671,083
Restricted for:				
Debt service	137,012	—	137,012	481,654
Capital projects	1,151,291	—	1,151,291	236,720
Highways	793,569	—	793,569	—
Unemployment benefits	—	286,882	286,882	—
Other purposes (Note 1)	—	—	—	4,990,917
Unrestricted	(32,600,702)	(166,080)	(32,766,782)	1,936,991
Total Net Position	\$ (5,774,596)	\$ 361,472	\$ (5,413,124)	\$ 13,317,365

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, 2021
(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	\$ 1,652,327	\$ 785,061	\$ 879,641	\$ 21,630
Legislative and Judicial	520,801	45,868	5,898	—
Commerce	139,689	62,480	16,967	—
Education and Humanities	5,027,799	64,098	1,391,675	—
Human Resources	17,077,977	231,518	13,327,574	2,332
Justice	1,292,316	27,104	200,344	—
Natural Resources and Environmental Protection	253,474	46,092	79,236	—
Public Protection and Regulation	563,091	118,062	430,353	3,690
Transportation	1,914,599	345,067	267	1,006,310
Interest expense	136,111	—	—	—
Total Governmental Activities	28,578,184	1,725,350	16,331,955	1,033,962
Business-Type Activities:				
State Parks	111,231	45,415	—	—
Kentucky Horse Park	15,246	7,543	—	—
Kentucky Public Employees Health Plan	1,892,458	1,866,925	—	—
Insurance Administration	43,278	108,934	—	—
Unemployment Compensation	2,720,000	395,332	—	—
Total Business-Type Activities	4,782,213	2,424,149	—	—
Total Primary Government	\$ 33,360,397	\$ 4,149,499	\$ 16,331,955	\$ 1,033,962
Component Units:				
Authorities:				
Kentucky Housing Corporation	\$ 275,662	\$ 101,904	\$ 252,569	\$ —
Kentucky Higher Education Student Loan Corporation	26,172	22,452	—	—
Kentucky Lottery Corporation	1,231,372	1,586,325	—	—
Kentucky Public Transportation Infrastructure Authority	17,650	54,999	—	—
Universities, Colleges, & Related Entities:				
University of Kentucky	3,845,468	3,393,364	515,904	25,998
University of Louisville	2,936,979	2,704,224	107,418	—
Kentucky Community and Technical College System	558,378	114,323	115,512	—
Other Component Units	1,487,170	708,823	484,691	11,438
Total Component Units	\$ 10,378,851	\$ 8,686,414	\$ 1,476,094	\$ 37,436
General Revenues (Note 1):				
Taxes:				
Sales and gross receipt tax				
Individual income tax				
Corporate income tax				
Property tax				
License and privilege tax				
Severance tax				
Inheritance and estate tax				
Miscellaneous taxes				
Unrestricted grants and contributions				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous general				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position at July 1, As Restated (Note 2)				
Net Position at June 30				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
\$ 34,005	\$ —	\$ 34,005	
(469,035)	—	(469,035)	
(60,242)	—	(60,242)	
(3,572,026)	—	(3,572,026)	
(3,516,553)	—	(3,516,553)	
(1,064,868)	—	(1,064,868)	
(128,146)	—	(128,146)	
(10,986)	—	(10,986)	
(562,955)	—	(562,955)	
(136,111)	—	(136,111)	
<u>(9,486,917)</u>	<u>—</u>	<u>(9,486,917)</u>	
—	(65,816)	(65,816)	
—	(7,703)	(7,703)	
—	(25,533)	(25,533)	
—	65,656	65,656	
—	(2,324,668)	(2,324,668)	
—	(2,358,064)	(2,358,064)	
<u>(9,486,917)</u>	<u>(2,358,064)</u>	<u>(11,844,981)</u>	
—	—	—	\$ 78,811
—	—	—	(3,720)
—	—	—	354,953
—	—	—	37,349
—	—	—	89,798
—	—	—	(125,337)
—	—	—	(328,543)
—	—	—	(282,218)
—	—	—	<u>(178,907)</u>
7,349,827	—	7,349,827	—
5,212,818	—	5,212,818	—
643,533	—	643,533	—
707,461	—	707,461	—
68,291	—	68,291	—
106,550	—	106,550	—
61,625	—	61,625	—
270,035	—	270,035	—
14,585	2,725,486	2,740,071	1,516,862
653	22,254	22,907	321,762
10,025	89	10,114	(2,022)
814,992	777	815,769	784,956
(30,996)	30,996	—	(306,265)
<u>15,229,399</u>	<u>2,779,602</u>	<u>18,009,001</u>	<u>2,315,293</u>
5,742,482	421,538	6,164,020	2,136,386
<u>(11,517,078)</u>	<u>(60,066)</u>	<u>(11,577,144)</u>	<u>11,180,979</u>
<u>\$ (5,774,596)</u>	<u>\$ 361,472</u>	<u>\$ (5,413,124)</u>	<u>\$ 13,317,365</u>

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 220

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021
(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)	\$ 2,337,817	\$ 102,838	\$ 1,422,106	\$ 179,352	\$ 48,390	\$ 17	\$ 609,965	\$ 4,700,485
Cash with fiscal agents (Note 5)	—	—	—	—	11,950	15,865	—	27,815
Restricted cash (Note 5)	—	—	7,874	—	—	—	—	7,874
Investments, net of amortization (Note 5)	5,238	609,893	—	635,686	272,256	—	335,339	1,858,412
Receivables, net (Note 4)	1,217,878	175,563	832,536	83,314	12,954	—	140,290	2,462,535
Notes receivable	—	—	143	3,505	206	—	1,203	5,057
Capital lease receivable (Note 4)	—	—	—	—	—	141,911	—	141,911
Interfund receivables (Note 7)	7,737	83	23,033	173,212	919	—	3,256	208,240
Interfund loans receivable (Note 7)	—	—	—	1,219	—	—	12,702	13,921
Inventories	8,446	60,547	810	3,692	—	—	—	73,495
Total Assets	<u>\$ 3,577,116</u>	<u>\$ 948,924</u>	<u>\$ 2,286,502</u>	<u>\$ 1,079,980</u>	<u>\$ 346,675</u>	<u>\$ 157,793</u>	<u>\$ 1,102,755</u>	<u>\$ 9,499,745</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable (Note 4)	\$ 462,046	\$ 106,594	\$ 517,632	\$ 75,103	\$ 14,386	\$ —	\$ 34,253	\$ 1,210,014
Tax refunds payable	298,075	—	—	—	—	—	—	298,075
Interfund payables (Note 7)	83,700	1,548	99,259	7,509	777	—	18,974	211,767
Interfund loans payable (Note 7)	2,423	—	—	4,103	—	—	—	6,526
Unearned revenue	—	—	1,484,073	2,378	—	—	—	1,486,451
Total Liabilities	<u>846,244</u>	<u>108,142</u>	<u>2,100,964</u>	<u>89,093</u>	<u>15,163</u>	<u>—</u>	<u>53,227</u>	<u>3,212,833</u>
Deferred inflows of resources Unavailable	239,142	47,213	311,988	39,243	507	141,911	108,112	888,116
Fund Balances:								
Nonspendable (Note 1)	8,446	60,547	810	3,692	—	—	—	73,495
Restricted for (Note 1)	—	733,022	—	893,109	331,005	15,882	802,599	2,775,617
Committed to (Note 1)	—	—	—	24,527	—	—	128,054	152,581
Assigned to (Note 1)	71,815	—	—	30,316	—	—	10,763	112,894
Unassigned (Note 1)	2,411,469	—	(127,260)	—	—	—	—	2,284,209
Total Fund Balances	<u>2,491,730</u>	<u>793,569</u>	<u>(126,450)</u>	<u>951,644</u>	<u>331,005</u>	<u>15,882</u>	<u>941,416</u>	<u>5,398,796</u>
Total Liabilities and Fund Balances	<u>\$ 3,577,116</u>	<u>\$ 948,924</u>	<u>\$ 2,286,502</u>	<u>\$ 1,079,980</u>	<u>\$ 346,675</u>	<u>\$ 157,793</u>	<u>\$ 1,102,755</u>	<u>\$ 9,499,745</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, 2021

(Expressed in Thousands)

Total Fund Balances - Governmental Funds	\$	5,398,796
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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	\$	328,460	
Buildings, equipment, and other depreciable assets		2,155,993	
Infrastructure		22,260,881	
Accumulated depreciation		(1,102,510)	
Construction in progress		2,351,291	25,994,115

Certain revenues are earned but not available, and therefore, are deferred in the funds.			888,116
--	--	--	---------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			11,204
--	--	--	--------

Internal service funds are used by management to charge the costs of Fleet Management, Computer Services, Central Printing, Prison Industries, Property Management and Risk Management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.			(177,790)
--	--	--	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Capital lease obligations	\$	(52,577)	
Compensated absences		(261,586)	
Pollution remediation obligations		(7,795)	
Judgements and contingencies		(9,401)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations		(98,790)	
Net Pension/Other Postemployment Benefits liabilities and related deferred outflows/inflows		(30,622,518)	(31,052,667)

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	\$	(5,686,792)	
Notes payable		(557,126)	
Unamortized premiums and discounts		(453,664)	
Less deferred amounts on refundings		(44,130)	
Accrued interest payable		(94,658)	(6,836,370)

Net Position of Governmental Activities	\$	(5,774,596)	
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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, 2021
(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>
Revenues								
Taxes	\$ 12,483,348	\$ 1,468,410	\$ —	\$ 460,097	\$ —	\$ —	\$ 123,794	\$ 14,535,649
Licenses, fees, and permits	37,478	162,210	—	248,634	—	—	14,379	462,701
Intergovernmental	9,159	74	17,136,094	62,151	36,097	—	22	17,243,597
Charges for services	295,258	9,063	2,343	626,331	63	69,950	342,357	1,345,365
Fines and forfeits	20,907	2	—	6,512	—	—	13,897	41,318
Interest and other investment income	2,393	(62,437)	4,139	45,960	33,994	127	(20,980)	3,196
Increase (decrease) in fair value of investments	(1,694)	62,726	(1,116)	(39,464)	(32,927)	1	23,044	10,570
Other revenues	56,246	6,549	81,577	624,349	389	10,205	157,742	937,057
Total Revenues	<u>12,903,095</u>	<u>1,646,597</u>	<u>17,223,037</u>	<u>2,034,570</u>	<u>37,616</u>	<u>80,283</u>	<u>654,255</u>	<u>34,579,453</u>
Expenditures								
Current:								
General Government	1,573,363	—	683,586	193,418	—	—	235,414	2,685,781
Legislative and Judicial	447,342	—	5,499	39,517	—	—	—	492,358
Commerce	48,257	—	18,465	49,097	—	—	547	116,366
Education and Humanities	4,641,417	—	1,401,773	33,314	—	—	77,841	6,154,345
Human Resources	2,821,540	—	13,358,750	1,121,686	—	—	30,033	17,332,009
Justice	789,747	—	199,207	103,954	—	—	4,077	1,096,985
Natural Resources and Environmental Protection	69,465	—	77,662	59,472	—	—	6,610	213,209
Public Protection and Regulation	16,498	—	413,727	118,444	—	—	8,631	557,300
Transportation	5,946	1,236,318	937,936	114,417	—	—	151,040	2,445,657
Debt service:								
Principal retirement	—	—	—	—	—	516,224	185,008	701,232
Interest and fiscal charges	—	—	—	—	—	215,362	82,109	297,471
Other expenditures	—	—	—	—	—	55,043	4,625	59,668
Capital outlay:								
Buildings	—	—	—	—	207,776	—	—	207,776
Total Expenditures	<u>10,413,575</u>	<u>1,236,318</u>	<u>17,096,605</u>	<u>1,833,319</u>	<u>207,776</u>	<u>786,629</u>	<u>785,935</u>	<u>32,360,157</u>
Excess (Deficiency) of Revenues over (under) Expenditures	2,489,520	410,279	126,432	201,251	(170,160)	(706,346)	(131,680)	2,219,296
Other Financing Sources (Uses)								
Transfers in	170,770	1,990	531	295,481	81,591	628,722	775,365	1,954,450
Transfers out	(788,062)	(165,539)	(153,399)	(413,529)	(47,418)	—	(415,439)	(1,983,386)
Capitalized leases	705	97	194	643	—	—	1	1,640
Issuance of bonds:								
New issues	—	—	—	—	119,818	149	41,188	161,155
Refunding issues	—	—	—	—	—	162,642	36,124	198,766
Premiums	—	—	—	—	30,183	17,461	1,545	49,189
Discounts	—	—	—	—	—	—	(944)	(944)
Payments to refunded bond escrow agent	—	—	—	—	—	(180,071)	(31,708)	(211,779)
Total Other Financing Sources (Uses)	<u>(616,587)</u>	<u>(163,452)</u>	<u>(152,674)</u>	<u>(117,405)</u>	<u>184,174</u>	<u>628,903</u>	<u>406,132</u>	<u>169,091</u>
Net Change in Fund Balances	1,872,933	246,827	(26,242)	83,846	14,014	(77,443)	274,452	2,388,387
Fund Balances at July 1, as restated	615,727	550,285	(100,573)	868,452	316,991	93,325	666,964	3,011,171
Increase (decrease) in inventories	3,070	(3,543)	365	(654)	—	—	—	(762)
Fund Balances at June 30	<u>\$ 2,491,730</u>	<u>\$ 793,569</u>	<u>\$ (126,450)</u>	<u>\$ 951,644</u>	<u>\$ 331,005</u>	<u>\$ 15,882</u>	<u>\$ 941,416</u>	<u>\$ 5,398,796</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, 2021
(Expressed in Thousands)**

Net Change in Fund Balances-Total Governmental Funds \$ 2,388,387

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	\$ (71,333)	
Donated assets, acquisition value	345	
Buildings, equipment, and other depreciable assets	88,275	
Infrastructure	473,049	
Accumulated depreciation	(96,349)	393,987

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 246,339

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	\$ 5,951	
Inventories	(762)	5,189

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. 813

Certain expenditures are reported in the funds; however, they either increase or decrease long-term liabilities reported on the Statement of Net Position and have been eliminated from the Statement of Activities.

Capital lease payments	\$ 5,346	
Compensated absence payments	(7,523)	
Pollution remediation payments	3,074	
Litigation payments	1,207	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	5,870	
Excess contributions to pension funds	2,258,509	2,266,483

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	\$ (420,352)	
Repayment of bond principal	653,091	
Payment to refunded bond escrow agent	256,268	
Accrued interest	(47,204)	
Loss on refunding	—	
Unamortized issue costs	(519)	441,284

Change in Net Position of Governmental Activities \$ 5,742,482

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.

Coal Workers' Pneumoconiosis provides benefits for workers with pneumoconiosis resulting from exposure to coal dust created in the severance or processing of coal.

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 230

COMMONWEALTH OF KENTUCKY
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2021
(Expressed in Thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
Assets			
Current assets:			
Cash and cash equivalents (Note 5)	\$ 2,004	\$ 3,501	\$ 64,582
Cash on deposit with the federal government (Note 5)	—	—	—
Receivables, net (Note 4)	2,951	1,210	18,766
Interfunds receivable (Note 7)	1,013	—	184
Inventories	1,085	23	—
Prepaid expenses	45	67	—
Total Current Assets	7,098	4,801	83,532
Noncurrent assets:			
Investments, net of amortization (Note 5)	—	840	382,423
Receivables, net	—	90	—
Capital assets (Note 6):			
Land	20,490	4,453	—
Improvements other than buildings	119,921	36,351	—
Buildings	269,240	104,114	—
Machinery and equipment	14,779	3,774	3,241
Other capital assets	—	2,276	—
Easements and other intangibles	2,322	—	2,316
Less: Accumulated depreciation and amortization	(269,737)	(62,923)	(2,151)
Construction in progress	9,724	—	—
Total Capital Assets	166,739	88,045	3,406
Total Noncurrent Assets	166,739	88,975	385,829
Total Assets	173,837	93,776	469,361
Deferred outflows of resources (Note 16)	29,839	3,521	17,786
Liabilities			
Current liabilities:			
Accounts payable (Note 4)	6,858	957	2,048
Interfunds payable (Note 7)	596	56	560
Interfund loans payable (Note 7)	—	—	—
Claims liability (Note 16)	—	—	51,764
Claims adjustment liability (Note 16)	—	—	4,269
Capital lease obligations (Note 11) (Note 16)	1,865	300	—
Pollution Remediation (Note 16)	—	30	—
Compensated absences (Note 16)	4,330	500	1,173
Unearned revenue	4,075	747	—
Other liabilities (Note 16)	—	—	—
Total Current Liabilities	17,724	2,590	59,814
Noncurrent liabilities:			
Claims liability (Note 16)	—	—	449,270
Claims adjustment liability (Note 16)	—	—	27,459
Capital lease obligations (Note 11) (Note 16)	15,199	155	—
Pollution Remediation (Note 16)	—	291	—
Compensated absences (Note 16)	228	26	433
Net pension liability (Note 8) (Note 16)	216,417	23,841	106,078
Net OPEB Liability (Note 9) (Note 16)	38,369	4,176	19,002
Other liabilities (Note 16)	—	—	—
Total Noncurrent Liabilities	270,213	28,489	602,242
Total Liabilities	287,937	31,079	662,056
Deferred inflows of resources (Note 16)	6,800	1,692	4,574
Net Position			
Net investment in capital assets	149,674	87,590	3,406
Restricted for:			
Unemployment benefits	—	—	—
Unrestricted	(240,735)	(23,064)	(182,889)
Total Net Position	\$ (91,061)	\$ 64,526	\$ (179,483)

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, 2021		
\$ 301,052	\$ 6,025	\$ 377,164	\$ 60,375	
—	345,282	345,282	—	
177,969	376,059	576,955	1,447	
10,961	10	12,168	472	
—	—	1,108	1,640	
1,150	—	1,262	4,859	
<u>491,132</u>	<u>727,376</u>	<u>1,313,939</u>	<u>68,793</u>	
97,892	—	481,155	4,261	
—	—	90	—	
—	—	24,943	16,740	
—	—	156,272	4,100	
—	—	373,354	470,983	
—	—	21,794	176,050	
—	—	2,276	1,675	
—	—	4,638	—	
—	—	(334,811)	(344,556)	
—	—	9,724	24,327	
—	—	258,190	349,319	
97,892	—	739,435	353,580	
589,024	727,376	2,053,374	422,373	
3,567	—	54,713	35,420	
16,177	418,177	444,217	25,043	
—	7,652	8,864	249	
—	—	—	7,395	
118,649	—	170,413	31,663	
—	—	4,269	500	
—	—	2,165	10,935	
—	—	30	—	
360	—	6,363	3,079	
—	—	4,822	1,030	
149,900	—	149,900	—	
<u>285,086</u>	<u>425,829</u>	<u>791,043</u>	<u>79,894</u>	
—	—	449,270	216,459	
—	—	27,459	5,266	
—	—	15,354	17,112	
—	—	291	—	
63	—	750	2,296	
22,323	—	368,659	252,982	
4,002	—	65,549	46,831	
—	14,665	14,665	—	
26,388	14,665	941,997	540,946	
311,474	440,494	1,733,040	620,840	
509	—	13,575	14,743	
—	—	240,670	321,272	
—	286,882	286,882	—	
280,608	—	(166,080)	(499,062)	
<u>\$ 280,608</u>	<u>\$ 286,882</u>	<u>\$ 361,472</u>	<u>\$ (177,790)</u>	

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(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	\$ 42,960	\$ —	\$ 105,833
Horse park admissions and sales	—	6,541	—
Insurance receipts	—	—	—
Unemployment insurance receipts	—	—	—
Internal service fund receipts	—	—	—
Other services	2,455	1,002	3,101
Total Operating Revenues	<u>45,415</u>	<u>7,543</u>	<u>108,934</u>
Operating Expenses:			
Personal services	59,557	6,130	20,701
Utilities, rental, and other services	17,992	3,498	4,389
Commodities and supplies	17,630	1,244	487
Grants and subsidies	—	1	—
Depreciation and amortization	12,966	4,351	400
Travel	133	1	42
Reinsurance expense	—	—	—
Claims expense	30	—	3,724
Claims adjustment expense	—	—	—
Other expenses	1,959	—	272
Total Operating Expenses	<u>110,267</u>	<u>15,225</u>	<u>30,015</u>
Operating Income (Loss)	<u>(64,852)</u>	<u>(7,682)</u>	<u>78,919</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	146	(57)	—
Interest and other investment income	—	—	11,930
Increase (decrease) in fair value of investments	—	—	(6,501)
Interest expense	(964)	(21)	—
Intergovernmental	—	—	683
Other revenues (expenses)	—	—	(13,263)
Total Nonoperating Revenues (Expenses)	<u>(818)</u>	<u>(78)</u>	<u>(7,151)</u>
Income (Loss) before Capital Contributions and Transfers	(65,670)	(7,760)	71,768
Capital contributions			
Transfers in	73,756	10,271	4
Transfers out	(398)	—	(36,625)
Change in Net Position	<u>7,688</u>	<u>2,511</u>	<u>35,147</u>
Net Position at July 1, As Restated	(98,749)	62,015	(214,630)
Net Position at June 30	<u>\$ (91,061)</u>	<u>\$ 64,526</u>	<u>\$ (179,483)</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, 2021	Activities- Internal Service Funds	
\$ —	\$ —	\$ 148,793	\$ —	
—	—	6,541	—	
1,866,925	—	1,866,925	—	
—	395,332	395,332	—	
—	—	—	244,136	
—	—	6,558	26,440	
<u>1,866,925</u>	<u>395,332</u>	<u>2,424,149</u>	<u>270,576</u>	
9,834	—	96,222	81,616	
1,101	—	26,980	65,521	
682	1,057	21,100	47,506	
—	2,718,841	2,718,842	(124)	
—	—	17,717	30,826	
2	—	178	15	
—	—	—	256	
1,753,739	—	1,757,493	38,256	
—	—	—	49	
<u>127,100</u>	<u>102</u>	<u>129,433</u>	<u>—</u>	
<u>1,892,458</u>	<u>2,720,000</u>	<u>4,767,965</u>	<u>263,921</u>	
<u>(25,533)</u>	<u>(2,324,668)</u>	<u>(2,343,816)</u>	<u>6,655</u>	
—	—	89	1,209	
(79)	16,904	28,755	(2)	
—	—	(6,501)	—	
—	—	(985)	(5,682)	
21,430	2,703,373	2,725,486	—	
663	114	(12,486)	1,361	
<u>22,014</u>	<u>2,720,391</u>	<u>2,734,358</u>	<u>(3,114)</u>	
(3,519)	395,723	390,542	3,541	
99	—	84,130	16,929	
—	(16,111)	(53,134)	(19,657)	
<u>(3,420)</u>	<u>379,612</u>	<u>421,538</u>	<u>813</u>	
284,028	(92,730)	(60,066)	(178,603)	
<u>\$ 280,608</u>	<u>\$ 286,882</u>	<u>\$ 361,472</u>	<u>\$ (177,790)</u>	

COMMONWEALTH OF KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Business-Type Activities -		
	State Parks	Kentucky Horse Park	Insurance Administration
Cash Flows from Operating Activities			
Cash received from customers - public	\$ 42,322	\$ 5,683	\$ 103,340
Cash received from customers - state	3,499	186	1,532
Cash payments to suppliers for goods and services	(54,464)	(6,488)	(3,280)
Cash payments for employee salaries and benefits	(58,227)	(6,499)	(23,720)
Cash payments for claims expense	(30)	—	(57,729)
Cash payments from other sources	2,455	1,002	(15,486)
Cash payments to other sources	(1,959)	—	3,647
Net Cash Provided (Used) by Operating Activities	<u>(66,404)</u>	<u>(6,116)</u>	<u>8,304</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	73,756	10,271	4
Transfers to other funds	(398)	—	(36,625)
Intergovernmental	—	—	683
Net Cash Provided (Used) by Noncapital Financing Activities	<u>73,358</u>	<u>10,271</u>	<u>(35,938)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(2,352)	(159)	(235)
Principal paid on revenue bond maturities and equipment contracts	(1,832)	(292)	—
Interest paid on revenue bonds and equipment contracts	(964)	(21)	—
Proceeds from the sale of capital assets	29	(118)	—
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(5,119)</u>	<u>(590)</u>	<u>(235)</u>
Cash Flows from Investing Activities			
Purchase of investment securities	—	(124)	(122,039)
Proceeds from the sale of investment securities	—	—	96,634
Interest and dividends on investments	—	—	11,887
Net Cash Provided (Used) in Investing Activities	<u>—</u>	<u>(124)</u>	<u>(13,518)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,835	3,441	(41,387)
Cash and Cash Equivalents at July 1, As Restated	169	60	105,969
Cash and Cash Equivalents at June 30	<u>\$ 2,004</u>	<u>\$ 3,501</u>	<u>\$ 64,582</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (64,852)	\$ (7,682)	\$ 78,919
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	12,966	4,351	400
Miscellaneous nonoperating income (expense)	—	—	(13,263)
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	(869)	(872)	438
Interfund receivables	2,940	17	17
Inventories	(155)	3	—
Prepaid expenses	1	(41)	—
(Increase) decrease in deferred outflows	2,058	612	992
Increase (decrease) in liabilities:			
Accounts payable	919	299	(779)
Interfund payables	(19,607)	(2,005)	(198)
Claims liability	—	—	(52,467)
Claims adjustment liability	—	—	(1,202)
Compensated absences	(453)	55	96
Unearned revenue	790	183	(500)
Pension liability	(301)	(1,710)	(3,964)
OPEB liability	5,207	385	1,621
Other liabilities	—	(29)	—
Increase (decrease) in deferred inflows	(5,048)	318	(1,806)
Net Cash Provided (Used) by Operating Activities	<u>\$ (66,404)</u>	<u>\$ (6,116)</u>	<u>\$ 8,304</u>
Noncash Investing, Capital, and Financing Activities			
Change in fair value of investments	\$ —	\$ —	\$ (6,501)
Capital assets acquired through leases	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (6,501)</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, 2021		
\$ 173,126	\$ 255,681	\$ 580,152	\$ 51,981	
1,528,784	—	1,534,001	221,313	
(6,353)	—	(70,585)	(113,658)	
(4,485)	—	(92,931)	(87,350)	
(1,833,527)	—	(1,891,286)	(29,637)	
162,475	6,498	156,944	(1,615)	
—	(2,886,997)	(2,885,309)	—	
20,020	(2,624,818)	(2,669,014)	41,034	
99	—	84,130	16,929	
—	(16,111)	(53,134)	(19,657)	
23,082	2,960,395	2,984,160	372	
23,181	2,944,284	3,015,156	(2,356)	
—	—	(2,746)	(6,832)	
—	—	(2,124)	(11,307)	
—	—	(985)	(885)	
—	—	(89)	642	
—	—	(5,944)	(18,382)	
(96,920)	—	(219,083)	(1,557)	
—	—	96,634	—	
(46)	17,018	28,859	(4,953)	
(96,966)	17,018	(93,590)	(6,510)	
(53,765)	336,484	246,608	13,786	
354,817	14,823	475,838	46,589	
\$ 301,052	\$ 351,307	\$ 722,446	\$ 60,375	
\$ (25,533)	\$ (2,324,668)	\$ (2,343,816)	\$ 6,655	
—	—	17,717	30,826	
—	—	(13,263)	—	
(2,316)	(139,651)	(143,270)	1,001	
—	—	2,974	1,662	
—	—	(152)	637	
145	—	105	(1,649)	
(500)	—	3,162	2,421	
2,661	(168,054)	(164,954)	523	
—	7,555	(14,255)	937	
27,378	—	(25,089)	5,529	
—	—	(1,202)	49	
82	—	(220)	167	
—	—	473	810	
(55)	—	(6,030)	(7,802)	
479	—	7,692	4,743	
17,200	—	17,171	—	
479	—	(6,057)	(5,475)	
\$ 20,020	\$ (2,624,818)	\$ (2,669,014)	\$ 41,034	
\$ —	\$ —	\$ (6,501)	\$ —	
—	—	—	(2,477)	
\$ —	\$ —	\$ (6,501)	\$ (2,477)	

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..... 253

COMMONWEALTH OF KENTUCKY
STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS
June 30, 2021
(Expressed in Thousands)

	Pension			Totals
	(and Other Post			
	Employment Benefit)	Private Purpose	Custodial	
	Trust Funds	Trust Funds	Funds	June 30, 2021
Assets				
Cash and cash equivalents (Note 5)	\$ 6,854,093	\$ 351,309	\$ 21,514	\$ 7,226,916
Investments, net of amortization (Note 5)	—	431,852	—	431,852
Pension trust fund investments (Note 5):				
Corporate and government bonds	18,730,884	—	—	18,730,884
Common stocks	21,735,327	—	—	21,735,327
Alternatives	1,930,214	—	—	1,930,214
Derivatives	(33)	—	—	(33)
Real estate	2,593,398	—	—	2,593,398
Other	4,187,170	—	—	4,187,170
Invested security collateral	600,838	—	—	600,838
Receivables, net	742,337	15,028	7,282	764,647
Prepaid expenses	33	—	—	33
Capital assets, net	10,933	—	—	10,933
Total Assets	57,385,194	798,189	28,796	58,212,179
Liabilities				
Investments - accounts payable	652,563	—	—	652,563
Accounts payable	63,955	418,408	—	482,363
Obligations under securities lending	600,838	—	—	600,838
Total Liabilities	1,317,356	418,408	—	1,735,764
Net Position				
Restricted for:				
Pensions	46,481,681	—	—	46,481,681
Other postemployment Benefits	9,586,157	—	—	9,586,157
Individuals , Organizations, and other Governments	—	379,781	28,796	408,577
Total Net Position	\$ 56,067,838	\$ 379,781	\$ 28,796	\$ 56,476,415

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, 2021
(Expressed in Thousands)

	Pension (and Other Post Employment Benefit) Trust Funds	Private Purpose Trust Funds	Custodial Funds	Total June 30, 2021
Additions				
Contributions:				
Employer	\$ 3,696,282	\$ —	\$ —	\$ 3,696,282
Member	949,921	—	—	949,921
Total Contributions	<u>4,646,203</u>	<u>—</u>	<u>—</u>	<u>4,646,203</u>
Other Contributions:				
Participant fees	8,477	—	—	8,477
Other receipts	581	34,547,271	189,677	34,737,529
Total Other Contributions	<u>9,058</u>	<u>34,547,271</u>	<u>189,677</u>	<u>34,746,006</u>
Investment income:				
Net increase (decrease) in fair value of investments	11,566,521	215,828	—	11,782,349
Interest	670,606	—	—	670,606
Dividends	222,545	—	—	222,545
Real estate operating income, net	21,822	—	—	21,822
Securities lending income, net	3,767	—	—	3,767
Total Investment Income	<u>12,485,261</u>	<u>215,828</u>	<u>—</u>	<u>12,701,089</u>
Less: Investment expense	297,348	—	—	297,348
Less: Securities lending expense	(1,026)	—	—	(1,026)
Net Investment Income	<u>12,188,939</u>	<u>215,828</u>	<u>—</u>	<u>12,404,767</u>
Total Additions	<u>16,844,200</u>	<u>34,763,099</u>	<u>189,677</u>	<u>51,796,976</u>
Deductions				
Benefit payments	4,777,879	33,874,714	—	38,652,593
Refunds	57,521	—	—	57,521
Administrative expenses	62,138	306,481	—	368,619
Self funding insurance costs	5,465	—	—	5,465
Healthcare premiums subsidies	375,598	—	—	375,598
Other deductions, net	133,327	383,727	160,881	677,935
Total Deductions	<u>5,411,928</u>	<u>34,564,922</u>	<u>160,881</u>	<u>40,137,731</u>
Change in Net Position	11,432,272	198,177	28,796	11,659,245
Net Position				
Restricted for:				
Pensions	46,481,681	—	—	46,481,681
Other Postemployment Benefits	9,586,157	—	—	9,586,157
Individuals , Organizations, and other Governments	—	379,781	28,796	408,577
Net Position at July 1, As Restated	<u>44,635,566</u>	<u>181,604</u>	<u>—</u>	<u>44,817,170</u>
Net Position at June 30	<u>\$ 56,067,838</u>	<u>\$ 379,781</u>	<u>\$ 28,796</u>	<u>\$ 56,476,415</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 amend-ed section 226 of the Constitution of Kentucky as ratified by voters of the Commonwealth.

Kentucky Public Transportation Infrastructure Authority (KPTIA)

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

Universities, Colleges, and Related Entities

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

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

Non-Major Component Units

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

STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2021
(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)	\$ 1,078,955	\$ 388,471	\$ 351,675	\$ 131,810
Restricted cash (Note 5)	—	12,673	—	—
Investments, net of amortization (Note 5)	49,223	184,985	—	117,943
Accounts receivable, net	561,988	469,355	33,174	6,189
Interest receivable	1,357	—	—	—
Inventories	62,047	53,282	—	—
Prepaid expenses	15,558	23,933	25	—
Other current assets	11,548	67,299	2,741	66,228
Total Current Assets	1,780,676	1,199,998	387,615	322,170
Noncurrent assets:				
Restricted cash (Note 5)	223,765	55,964	79,445	—
Long-term investments (Note 5)	92,996	1,064,434	352,804	164,925
Restricted long-term investments (Note 5)	2,264,107	—	—	—
Long-term receivables, net	308,428	62,348	1,272	391,639
Capital assets (Note 6):				
Land	93,312	137,231	31,793	1,089
Improvements other than buildings	390,123	34,017	27,877	—
Buildings	4,240,116	1,778,671	969,337	6,051
Machinery and equipment	742,989	531,909	224,959	3,523
Infrastructure	—	—	—	—
Other capital assets	172,736	289,755	51,371	—
Easements and other intangibles	304,509	4,757	308	—
Less: Accumulated depreciation and amortization	(2,476,573)	(1,302,375)	(592,979)	(7,269)
Construction in progress	133,581	59,587	38,792	—
Total Capital Assets	3,600,793	1,533,552	751,458	3,394
Other assets	6,139	98,916	32,475	6,632
Total Noncurrent Assets, Net	6,496,228	2,815,214	1,217,454	566,590
Total Assets	8,276,904	4,015,212	1,605,069	888,760
Deferred outflows of resources (Note 16)	41,608	17,305	37,437	—
Liabilities				
Current liabilities:				
Accounts payable and accruals	378,032	271,041	30,043	22,163
Current portion of long-term debt:				
Notes payable (Note 16)	1,622	14,064	—	6,300
Bonds payable (Note 16)	47,950	12,425	—	22,535
Capital lease obligations (Note 11)(Note 16)	7,082	7,981	9,076	—
Compensated absences (Note 16)(Note 17)	944	113,982	910	—
Prize liability (Note 16)	—	—	—	—
Unearned revenues	181,367	147,174	9,931	52,590
Payable from restricted assets	—	—	—	90,000
Other current liabilities	30,561	36,842	3,218	29,907
Total Current Liabilities	647,558	603,509	53,178	223,495
Noncurrent liabilities:				
Notes payable (Note 16)	23,410	90,936	—	—
Bonds payable (Note 16)	1,018,478	329,092	—	224,155
Capital lease obligations (Note 11)(Note 16)	109,217	20,300	133,112	—
Prize liability (Note 16)	—	—	—	—
Compensated absences (Note 16)(Note 17)	4,477	949	8,188	—
Net pension liability (Note 8) (Note 16)	—	—	239,270	—
Net OPEB liability (Note 9) (Note 16)	136,260	80,238	47,636	—
Other long-term liabilities	333,664	111,781	—	15,788
Total Noncurrent Liabilities	1,625,506	633,296	428,206	239,943
Total Liabilities	2,273,064	1,236,805	481,384	463,438
Deferred inflows of resources (Note 16)	553,988	61,480	80,742	—
Net Position				
Net investment in capital assets	1,969,974	851,447	610,122	3,394
Restricted for:				
Debt service	—	21,717	—	289,189
Capital projects	85,775	10,847	51,842	—
Other purposes (Note 1)	1,396,357	1,001,499	402,390	—
Unrestricted	2,039,354	848,722	16,026	132,739
Total Net Position	\$ 5,491,460	\$ 2,734,232	\$ 1,080,380	\$ 425,322

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, 2021
\$ 41,980	\$ 29,143	\$ —	\$ 787,455	\$ 2,809,489
—	2,600	—	18,378	33,651
—	1,383	120,855	229,479	703,868
5	65,193	12,045	262,864	1,410,813
28,283	—	—	3,973	33,613
—	—	—	5,465	120,794
550	—	—	12,768	52,834
121,445	1,096	—	90,312	360,669
192,263	99,415	132,900	1,410,694	5,525,731
76,740	—	—	191,778	627,692
9,344	7,068	—	442,398	2,133,969
—	—	—	432,420	2,696,527
798,011	—	—	1,115,344	2,677,042
—	423	—	206,486	470,334
—	—	—	273,566	725,583
—	8,544	—	3,887,428	10,890,147
9,605	9,905	—	587,745	2,110,635
—	—	1,043,778	—	1,043,778
—	—	—	112,777	626,639
904	—	66,524	—	377,002
(10,278)	(13,660)	—	(2,290,638)	(6,693,772)
—	—	—	168,062	400,022
231	5,212	1,110,302	2,945,426	9,950,368
—	5,582	—	14,901	164,645
884,326	17,862	1,110,302	5,142,267	18,250,243
1,076,589	117,277	1,243,202	6,552,961	23,775,974
13,446	—	—	400,980	510,776
1,824	11,968	16,474	110,416	841,961
17,191	—	1,000	6,839	47,016
13,390	—	5,910	79,852	182,062
—	—	—	6,840	30,979
2,536	1,391	—	20,215	139,978
—	64,447	—	1,291	65,738
—	—	—	103,520	494,582
—	—	—	5,294	95,294
8,641	11,030	—	33,362	153,561
43,582	88,836	23,384	367,629	2,051,171
185,993	—	445,791	20,641	766,771
683,565	—	327,009	1,290,098	3,872,397
—	—	—	129,811	392,440
—	9,764	—	—	9,764
—	512	—	1,006	15,132
113,407	—	—	1,288,743	1,641,420
20,327	—	—	237,230	521,691
459	—	—	77,706	539,398
1,003,751	10,276	772,800	3,045,235	7,759,013
1,047,333	99,112	796,184	3,412,864	9,810,184
18,513	—	—	444,478	1,159,201
231	5,212	448,578	1,782,125	5,671,083
84,404	—	84,197	2,147	481,654
—	—	—	88,256	236,720
5,932	—	—	2,184,739	4,990,917
(66,378)	12,953	(85,757)	(960,668)	1,936,991
\$ 24,189	\$ 18,165	\$ 447,018	\$ 3,096,599	\$ 13,317,365

COMMONWEALTH OF KENTUCKY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
June 30, 2021
(Expressed in Thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	University of Louisville	Kentucky Community and Technical College System	Kentucky Housing Corporation
Expenses:				
Operating and other expenses	\$ 3,845,468	\$ 2,936,979	\$ 558,378	\$ 275,662
Total Expenses	<u>3,845,468</u>	<u>2,936,979</u>	<u>558,378</u>	<u>275,662</u>
Program Revenues:				
Charges for services	3,393,364	2,704,224	114,323	101,904
Operating grants and contributions	515,904	107,418	115,512	252,569
Capital grants and contributions	25,998	—	—	—
Total Program Revenues	<u>3,935,266</u>	<u>2,811,642</u>	<u>229,835</u>	<u>354,473</u>
Net Program (Expense) Revenue	<u>89,798</u>	<u>(125,337)</u>	<u>(328,543)</u>	<u>78,811</u>
General Revenues:				
Unrestricted grants and contributions	209,657	270,828	458,951	—
Unrestricted investment earnings	9,085	258,032	1,394	—
Gain on sale of capital assets	—	—	(2,241)	—
Miscellaneous general	651,050	(3,625)	77,805	—
Transfers	—	(7,491)	5,764	—
Total General Revenues	<u>869,792</u>	<u>517,744</u>	<u>541,673</u>	<u>—</u>
Change in Net Position	<u>959,590</u>	<u>392,407</u>	<u>213,130</u>	<u>78,811</u>
Net Position at July 1, As Restated (Note 2)	4,531,870	2,341,825	867,250	346,511
Net Position at June 30	<u>\$ 5,491,460</u>	<u>\$ 2,734,232</u>	<u>\$ 1,080,380</u>	<u>\$ 425,322</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, 2021
\$ 26,172	\$ 1,231,372	\$ 17,650	\$ 1,487,170	\$ 10,378,851
<u>26,172</u>	<u>1,231,372</u>	<u>17,650</u>	<u>1,487,170</u>	<u>10,378,851</u>
22,452	1,586,325	54,999	708,823	8,686,414
—	—	—	484,691	1,476,094
—	—	—	11,438	37,436
<u>22,452</u>	<u>1,586,325</u>	<u>54,999</u>	<u>1,204,952</u>	<u>10,199,944</u>
<u>(3,720)</u>	<u>354,953</u>	<u>37,349</u>	<u>(282,218)</u>	<u>(178,907)</u>
—	—	296	577,130	1,516,862
—	(67)	(36,363)	89,681	321,762
—	(57)	—	276	(2,022)
—	(236)	—	59,962	784,956
—	(355,100)	—	50,562	(306,265)
<u>—</u>	<u>(355,460)</u>	<u>(36,067)</u>	<u>777,611</u>	<u>2,315,293</u>
<u>(3,720)</u>	<u>(507)</u>	<u>1,282</u>	<u>495,393</u>	<u>2,136,386</u>
27,909	18,672	445,736	2,601,206	11,180,979
<u>\$ 24,189</u>	<u>\$ 18,165</u>	<u>\$ 447,018</u>	<u>\$ 3,096,599</u>	<u>\$ 13,317,365</u>



NOTES TO FINANCIAL STATEMENTS

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TO THE FINANCIAL STATEMENTS**

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Note 1

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

B. Financial Reporting Entity

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

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

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

Blended Component Units

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

Kentucky Retirement System (KRS 61.645)

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

Kentucky Teachers' Retirement System (KRS 161.220)

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

Judicial Form Retirement System (KRS 21.530)

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

Turnpike Authority of Kentucky (KRS 175.430)

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

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

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

KentuckyWired Infrastructure Company, Incorporated

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

Kentucky School Facilities Construction Commission (KRS 157.617)

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

Administrative Entities

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

State Property and Buildings Commission (KRS 56.450)

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

Kentucky Asset/Liability Commission (KRS 56.861)

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

Kentucky Tobacco Settlement Trust Corporation (KRS 248.480)

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

Kentucky Gas Pipeline Authority (KRS 353.752)

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

Board of Agriculture (KRS 246.120)

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

Discretely Presented Component Units

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

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

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

Kentucky River Authority (KRS 151.710)

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

Kentucky Housing Corporation (KRS 198A.030)

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

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

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

Bluegrass State Skills Corporation (KRS 154.12-205)

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

Kentucky State Fair Board (KRS 247.090)

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

Kentucky Center for the Arts Corporation (KRS 153.410)

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

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

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

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

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

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

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

Kentucky Council on Postsecondary Education (KRS 164.011)

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

Kentucky Infrastructure Authority (KRS 224A.030)

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

Kentucky Agricultural Finance Corporation (KAFC) (KRS 247.944)

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

Kentucky Grain Insurance Corporation (KGIC) (KRS 251.620)

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

Kentucky Local Correctional Facilities Construction Authority (KRS 441.615)

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

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

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

Kentucky Lottery Corporation (KRS 154A.020)

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

Kentucky Horse Park Foundation, Incorporated

The Kentucky Horse Park Foundation, Inc., is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park (the Park). Although the Park does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the foundation holds and invests is restricted by the donors to the activities of the Park. The foundation's fiscal year ended May 31, 2021, and amounts included are for the year then ended. The Commonwealth provides significant operating support to the foundation, creating a financial benefit/burden relationship.

Louisville Arena Authority, Incorporated

The Louisville Arena Authority, Inc., was created in 2005 and oversees the financial process of the KFC Yum! Center. The Arena Authority guided the development, financing and construction process of the \$238 million arena. The Arena Authority's fiscal year ended December 31, 2020, and amounts included are for the year then ended. The Governor appoints the majority of the board of directors and due to the TIF arrangement; the Commonwealth has created a financial benefit/burden relationship.

Universities, Colleges, and Related Entities (KRS 164.350)

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

C. Government-Wide Financial Statements

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

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

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

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

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

Restricted Net Position For Other Purposes	
(Expressed in Thousands)	
	Major Component Units
Loans	\$ 27,897
Education	244,817
Instruction	433,408
Scholarships and Fellowships	1,174,151
Research	925,905
Total	\$ 2,806,178

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

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

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The Statement of Activities categorizes program revenues into three groups: charges for goods, services, and other benefits; operating grants and contributions; and capital grants and contributions. Revenues not considered program revenues are classified as general revenues. General revenues include all taxes regardless of type. The sales and gross receipts taxes reflected on the statement of activities for the governmental activities include various taxes that are computed using sales price or gross receipts of the reporting entity. For fiscal year 2021, the total amount of sales and gross receipts tax reported in the government wide statements was \$7,349,827,000 and comprised of:

Sales and Gross Receipts Tax	
(Expressed in Thousands)	
Sales and Use Tax	\$ 4,558,440
Motor Fuels Tax	699,875
Motor Vehicles Usage Tax	645,402
Healthcare Provider Tax	279,211
Tobacco Products Tax	400,877
Insurance Premiums Tax	187,041
Limited Liability Entity Tax	281,471
Alcoholic Beverage Tax	174,242
Telecommunications Tax	81,185
Transient Room Tax	10,466
Parimutel and Race Track Admission Tax	31,617
Total Sales and Gross Receipts Tax	<u>\$ 7,349,827</u>

D. Fund Financial Statements

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

Governmental Funds

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

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

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

A description of major governmental funds follows:

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

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

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

Transportation Fund – a major fund that accounts for and reports the proceeds of taxes, fees, and charges that are restricted or committed to activities related to the preservation and maintenance of roads.

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

Agency Revenue Fund – a major fund that accounts for and reports restricted taxes, fees, and charges that are restricted or committed to expenditure for a particular function or activity.

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

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

Proprietary Funds

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

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

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

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

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

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

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

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

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

Specific activities reported under Internal Service Funds are:

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

Fiduciary Funds

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

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

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

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

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

Specific activities listed under the Private Purpose Trust Funds are:

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

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

Specific activities listed under Custodial Funds are:

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

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

E. Presentation of Component Units

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

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

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

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

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

The Commonwealth has significant transactions with its component units, primarily in providing operating funds to the universities from the State's general fund. During fiscal year 2021, the primary government provided \$259,100,800 to the University of Kentucky, \$170,546,100 to the Kentucky Community and Technical College System, \$124,120,300 to the University of Louisville, and \$6,043,600 to the Kentucky Higher Education Assistance Authority. The Commonwealth contributed capital in the amount of \$284,839 to the Kentucky Public Transportation Infrastructure Authority. In addition, the State received \$354,762,652 in proceeds from the Kentucky Lottery Corporation.

F. Cash and Cash Equivalents

In addition to amounts held in bank accounts, cash on hand, and imprest cash, this classification includes short-term investments with an original maturity of ninety days or less (from date of purchase). Cash equivalents are generally stated at cost, which approximates market. Deferred Compensation amounts are reported at fair value. Short-term investments classified as cash equivalents at June 30, 2021, are \$9,711,776,000.

G. Investments

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

H. Securities Lending

Effective April 30, 2020, the Commonwealth terminated the securities lending agent agreement in full.

I. Receivables

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

J. Interfund Transactions

The Commonwealth has the following types of interfund transactions:

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

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

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

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

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

K. Inventories and Prepaid Expenses

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

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

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

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

L. Capital Assets and Depreciation

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

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

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

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

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

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

The Kentucky Center for the Arts Corporation’s discretely presented component unit financial statements for fiscal year 2021 do not contain the Center’s capital assets. The Finance and Administration Cabinet, Office of Statewide Accounting, Financial Reporting Branch, adjusted the Commonwealth of Kentucky’s Annual Comprehensive Financial Report to include the capital assets and depreciation of the Center in order to satisfy GAAP requirements.

M. Governmental Fund Equity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transportation – is responsible for overseeing the development and maintenance of a safe, efficient multi-modal transportation system throughout the Commonwealth. The Cabinet manages more than 27,000 miles of highways, including roughly 22,371 miles of secondary roads, 3,906 miles of primary roads, and more than 1,417 interstate and parkway miles. The Cabinet also provides direction for 51 licensed airports and heliports and oversees all motor vehicle and driver’s licensure for more than three million drivers in the Commonwealth.

KRS 45.305 established a budget reserve trust fund account within the general fund. Within thirty days of year end deposits are required to be made at the lesser of : fifty percent (50%) of the general fund surplus or the amount necessary to make the balance equal to five percent (5%) of the actual general fund receipts collected during the fiscal year just ended. Payments to the account are suspended for the current fiscal year when the account balance is equal to or greater than five percent (5%) of the actual general fund receipts collected during the fiscal year just ended. Money in this account may be appropriated by the General Assembly. The budget reserve trust fund had a balance of \$599,999,982 on June 30, 2021.

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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	\$ 8,446	\$ 60,547	\$ 810	\$ 3,692
Restricted for:				
Government Administration	—	—	—	144,932
Legislative and Judicial	—	—	—	42,274
Commerce	—	—	—	217,069
Education	—	—	—	23,069
Health and Human Services	—	—	—	164,938
Environmental and Natural Resources	—	—	—	29,205
Justice	—	—	—	88,832
Public Protection	—	—	—	182,790
Transportation	—	733,022	—	—
Debt Service	—	—	—	—
Committed to:				
Government Administration	—	—	—	8,491
Education	—	—	—	806
Legislative and Judicial	—	—	—	—
Environmental and Natural Resources	—	—	—	1,440
Justice	—	—	—	1,226
Public Protection	—	—	—	1,471
Transportation	—	—	—	11,093
Assigned to:				
Government Administration	37,938	—	—	6,411
Legislative and Judicial	20,326	—	—	6,731
Commerce	8,043	—	—	372
Education	2,622	—	—	4,778
Health and Human Services	—	—	—	601
Environmental and Natural Resources	—	—	—	190
Justice	—	—	—	6,834
Public Protection	1,673	—	—	4,365
Transportation	1,213	—	—	34
Unassigned	2,411,469	—	(127,260)	—
Total Fund Balances	\$ 2,491,730	\$ 793,569	\$ (126,450)	\$ 951,644

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<u>Capital Projects</u> <u>Fund</u>	<u>Debt Service</u> <u>Fund</u>	<u>Total</u>
\$ —	\$ —	\$ 73,495
182,181	—	327,113
663	—	42,937
47,223	—	264,292
3,758	—	26,827
10,890	—	175,828
25,987	—	55,192
7,098	—	95,930
28,020	—	210,810
25,185	—	758,207
—	15,882	15,882
—	—	8,491
—	—	806
—	—	—
—	—	1,440
—	—	1,226
—	—	1,471
—	—	11,093
—	—	44,349
—	—	27,057
—	—	8,415
—	—	7,400
—	—	601
—	—	190
—	—	6,834
—	—	6,038
—	—	1,247
—	—	2,284,209
<u>\$ 331,005</u>	<u>\$ 15,882</u>	<u>\$ 4,457,380</u>

N. Deferred Outflows/Inflows

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

O. Long-Term Obligations

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

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

P. Conduit Debt

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

GAAP allows the State to refrain from reporting the conduit debt and the related asset. Since the State is not legally, morally, or in any other way responsible for the repayment of conduit debt, these items are not included in the financial statements. As of June 30, 2021, the State has \$3,008,222,000 of conduit debt, which is made up of the Kentucky Economic Development Finance Authority with an outstanding bond balance of \$2,179,365,000 and the Kentucky Housing Corporation with an outstanding bond balance of \$828,857,000. The proceeds of which are used to promote the purposes set forth in KRS 103.200 and 103.210.

Q. Pensions

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

R. Postemployment Benefits Other than Pensions (OPEB)

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

S. Future Changes in Accounting Standards

As of June 30, 2021, the Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Commonwealth.

1. GASB Statement No. 87 – Leases. The requirements of this statement are effective for financial statements starting with the fiscal year that ends June 30, 2022.

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

2. GASB Statement No. 89 – Interest Cost. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2021.

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

3. GASB Statement No. 91 - Conduit Debt Obligations. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

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

4. GASB Statement No. 92 – Omnibus 2020. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements.

5. GASB Statement No. 93 - Replacement Of Interbank Offered Rates. The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace

financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

6. GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

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

7. GASB Statement No. 96 - Subscription-Based Information Technology Arrangements. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

8. GASB No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 And No. 84, And A Supersession of GASB Statement No. 32.

The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Note 2

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

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

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

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

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

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

3. GASB Statement No. 93 - Replacement Of Interbank Offered Rates. The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

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Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

During fiscal year 2021, 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, 2020	Changes to or within the Financial Reporting Entity	Change in Accounting Principle	Change in Accounting Estimate	Error Correction	June 30, 2020	Footnote Ref
	As Previously Reported					As Restated	
Governmental Funds and Activities							
Major Funds:							
General	\$ 610,308	\$ —	\$ 5,419	\$ —	\$ —	\$ 615,727	1
Capital Projects	317,515	—	—	—	(524)	316,991	2
Non-Major Funds	665,737	—	(91)	—	1,318	666,964	3
Government-Wide Adjustments:							
Inclusion of Internal Service Funds in Governmental Activities	(177,289)	—	—	—	(1,314)	(178,603)	
Total Governmental Activities	\$(11,521,886)	\$ —	\$ 5,328	\$ —	\$ (520)	\$(11,517,078)	4
Proprietary Funds and Business-Type Activities							
Kentucky Horse Park	62,143	—	—	—	(128)	62,015	5
Insurance Administration	(229,138)	10,305	—	—	4,203	(214,630)	6
Unemployment Compensation	(18,081)	—	—	(74,649)	—	(92,730)	7
Internal Service Funds							
Property Management	232,166	—	—	—	(1,314)	230,852	8
Fiduciary Funds							
Private Purpose Trust Funds	—	—	181,604	—	—	181,604	9
Component Units							
Major Component Units:							
Kentucky Community and Technical College System	664,020	203,230	—	—	—	867,250	10
Kentucky Housing Corporation	350,912	—	(4,401)	—	—	346,511	11
Non-Major Component Units:							
Kentucky Authority for Educational Television	(23,558)	—	—	—	(913)	(24,471)	12
Kentucky State University	7,871	—	—	—	(305)	7,566	13

1. Previously reported Fiduciary funds were moved due to the adoption of GASB Statement No. 84 - Fiduciary Activities.
2. Funds belonging to the Kentucky Economic Finance Authority (KEDFA), a component unit, were previously reported in error.
3. Previously reported Fiduciary funds were moved due to the adoption of GASB Statement No. 84 - Fiduciary Activities. A prior year error for a loan program with the Internal Service Funds was corrected.
4. See Governmental and Internal Service Fund changes.
5. An error relating to fixed assets (\$26,000), capital lease receivable (\$42,000), and Imprest cash accounts (\$60,000).
6. Previously reported Fiduciary Funds of \$10,305,000 were moved due to the adoption of GASB Statement No. 84 - Fiduciary Activities. Prior years errors of \$178,000 relating to accounts payable, and \$4,025,000 relating to cash and cash equivalents.
7. A change in estimate relating to the claims liability for unprocessed Unemployment claims.
8. A prior year error relating to a loan program with the Non-Major Governmental Fund was corrected.
9. A change in accounting principle due to the adoption of GASB Statement No. 84 - Fiduciary Activities.
10. A change in the reporting entity from the prior year to include the Component Unit's Fiduciary fund.
11. A change in accounting principle/policy regarding the Other Postemployment Measurement Date.
12. Error correction relating to capital receivables from fiscal year 2019 and 2020.
13. Previous KSU amounts were unaudited. Statements currently presented are the fiscal year 2020 audited amounts. Fiscal year 2021 was not available at issuance.

Note 3

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. **Governmental Activities** – The Governmental Activities has a net position deficit of \$5,774,596,000. The deficit is a result of the recognition of the net Pension liability and net OPEB liability, in accordance with GASB Statement No. 68, 71, and 75.

B. **Federal Fund** – The Federal Fund has a net position deficit of \$126,450,000. The deficit is a result of expenditure accruals, which will be funded in future periods.

C. **Enterprise Funds** – State Parks has a net position deficit of \$91,061,000. 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 \$179,483,000. The deficit is a result of accumulated claims liability estimated by actuarial methods for the risk pools, which will be funded in future periods.

D. **Internal Service Funds** –

The Computer Services Fund has a net position deficit of \$167,892,000. The deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB Statement No. 68, 71 and 75.

The Central Printing Fund has a net position deficit of \$5,461,000. 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 \$251,326,000. The deficit is the result of accumulated claims liabilities of the Commonwealth's self-insured workers' compensation programs, and is to be funded in future periods.

E. **Component Units – Authorities** –

The Kentucky Authority for Educational Television has a net position deficit of \$19,504,000. This deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB Statement No. 68, 71 and 75.

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

The Kentucky Council on Postsecondary Education has a net position deficit of \$20,772,000. This deficit is a result of the recognition of the net pension and OPEB liability, in accordance with GASB Statement No. 68, 71 and 75.

Note 4

DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

Accounts payable for the Commonwealth of Kentucky are amounts owed by the State as of June 30, 2021. Those liabilities that must be paid within one year are considered current. Amounts due after one year are deemed noncurrent accounts payable. Accounts receivable are amounts owed to the State. Similar to accounts payable, any amounts to be received within one year are classified as current. All other receivables are noncurrent. For Governmental Activities and Business-Type Activities, the line indicating "Accounts Payable" and "Net Receivables" are described below.

Amounts reported as "Taxes Receivable" are significant to the State. Taxes receivable report those tax amounts owed to the Commonwealth of Kentucky that remain uncollected as of June 30, 2021. All receivables are reported net of an Allowance for Uncollectibles to reflect the true value of receivables. Fines, forfeitures, and license fees are recognized as revenue when received and, therefore, do not require the recognition of accounts receivable.

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

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

Disaggregation of Payables and Receivables
(Expressed in Thousands)

	<u>Governmental Activities</u>			<u>Total</u>	<u>Business-Type</u>	<u>Total Primary</u>
	<u>Major</u>	<u>Non-major</u>	<u>Internal</u>	<u>Governmental</u>	<u>Activities</u>	
	<u>Funds</u>	<u>Funds</u>	<u>Service Funds</u>	<u>Activities</u>	<u>Major</u>	<u>Government</u>
					<u>Funds</u>	
Current Payables						
Personal services	\$ 90,231	\$ 1,053	\$ 5,414	\$ 96,698	\$ 20,383	\$ 117,081
Utilities, rental, and other services	22,391	1,889	7,261	31,541	1,805	33,346
Commodities and supplies	10,657	253	2,424	13,334	1,628	14,962
Claims	583	—	8,896	9,479	262	9,741
Grants and subsidies	844,999	28,002	(5)	872,996	418,097	1,291,093
Capital outlay	33,442	3,019	709	37,170	578	37,748
Travel	—	2	1	3	11	14
Judgements	—	—	—	—	21	21
Interest Payable	94,986	—	220	95,206	69	95,275
Other	136,959	35	123	137,117	1,363	138,480
Total Current Payables	<u>\$ 1,234,248</u>	<u>\$ 34,253</u>	<u>\$ 25,043</u>	<u>\$ 1,293,544</u>	<u>\$ 444,217</u>	<u>\$ 1,737,761</u>
Current Receivables						
Charges for services	\$ 89,303	\$ 145,636	\$ 885	\$ 235,824	\$ 197,964	\$ 433,788
Taxes receivable	2,329,397	91,102	—	2,420,499	—	2,420,499
Investment receivable	1,067	604	—	1,671	2,680	4,351
Intergovernmental revenue	879,017	9	—	879,026	357,245	1,236,271
Other	98,195	45,715	562	144,472	56,106	200,578
Allowances for uncollectibles	(1,074,734)	(142,776)	—	(1,217,510)	(37,040)	(1,254,550)
Total Current Receivables	<u>\$ 2,322,245</u>	<u>\$ 140,290</u>	<u>\$ 1,447</u>	<u>\$ 2,463,982</u>	<u>\$ 576,955</u>	<u>\$ 3,040,937</u>

Taxes Receivable
(Expressed in Thousands)

	<u>Governmental Activities</u>		<u>Total Primary</u>
	<u>Major Funds</u>	<u>Non-Major Funds</u>	
			<u>Government</u>
Current Taxes Receivable			
Sales and gross receipts	\$ 1,152,983	\$ 4,949	\$ 1,157,932
Individual income	877,786	—	877,786
Corporate	110,319	—	110,319
Property	138,881	7	138,888
License and privilege	4,052	6,653	10,705
Coal severance	14,036	2,675	16,711
Inheritance and estate	10,425	43	10,468
Miscellaneous	20,915	76,775	97,690
Total Current Taxes Receivable	<u>\$ 2,329,397</u>	<u>\$ 91,102</u>	<u>\$ 2,420,499</u>

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,730	\$ 5,671	\$ 12,401
2023	12,521	5,448	17,969
2024	7,205	5,187	12,392
2025	7,075	4,897	11,972
2026	7,340	4,628	11,968
2027-2031	41,970	17,899	59,869
2032-2036	48,300	8,074	56,374
2037-2041	10,770	454	11,224
Total leases receivable	<u>\$ 141,911</u>	<u>\$ 52,258</u>	<u>\$ 194,169</u>

Note 5

EQUITY IN POOLED CASH AND INVESTMENTS, CASH, AND INVESTMENTS

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

PRIMARY GOVERNMENT

Custodial Credit Risk-Deposits – The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the Commonwealth's deposits for the Primary Government, excluding pension and OPEB trust funds, was \$2,792,353,000 and the bank balance was \$2,792,353,000. The bank balance of the Primary Government administered by the State Treasurer was covered by Federal depository insurance or by collateral held by the Commonwealth or the Commonwealth's agent in the Commonwealth's name.

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

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

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

Securities Lending Program – Effective April 30, 2020, the Commonwealth terminated the securities lending agent agreement in full.

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, 2021, 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, 2021, are presented on the next page. All investments are presented by investment type.

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Cash And Investments By Type

Primary Government

(Expressed in Thousands)

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 2,290,222	\$ 2,290,222
Cash with Fiscal Agents	156,849	156,849
Cash with Federal Government	345,282	345,282
Total Cash	<u>\$ 2,792,353</u>	<u>\$ 2,792,353</u>

Investments Managed Based Upon Duration

Debt Securities

	<u>Fair Value</u>	<u>Effective Duration</u>
Cash Equivalents	\$ 261,254	—
Fixed Income Mutual Funds	3,347,321	0.09
U.S. Government & Agency Obligations	2,087,013	1.18
Mortgage-Backed Securities	48,777	0.76
Corporate Obligations	26,281	0.82
Asset Backed Securities	81,419	0.69
Total Debt Securities	<u>5,852,065</u>	
Portfolio Effective Weighted Duration		<u>0.50</u>

Other Investments

Fixed Income Mutual Funds	18,975
Common Stock	3,937
Total Other Investments	<u>22,912</u>
Total Investments	<u>\$ 5,874,977</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, 2021, and the ratings are presented on the next page.

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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	\$ —	\$ —	\$ —	\$ —	\$ 261,254	\$ —	\$ 261,254
Fixed Income Mutual Funds	3,347,321	—	—	—	—	18,975	3,366,296
U.S. Government & Agency Obligations	—	2,087,013	—	—	—	—	2,087,013
Mortgage-Backed Securities	—	48,777	—	—	—	—	48,777
Corporate Obligations	13,318	—	12,963	—	—	—	26,281
Common Stock	—	—	—	—	—	3,937	3,937
Asset Backed Securities	81,419	—	—	—	—	—	81,419
	<u>\$ 3,442,058</u>	<u>\$ 2,135,790</u>	<u>\$ 12,963</u>	<u>\$ —</u>	<u>\$ 261,254</u>	<u>\$ 22,912</u>	<u>\$ 5,874,977</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, 2021, 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, 2021 and 2020, 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, 2021

The primary government's, excluding the pension and OPEB trust funds, has the following valuation measurements, by type, as of June 30, 2021.

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	\$ 261,254	\$ 261,254	\$ —	\$ —	\$ —
U.S. Agencies/Treasuries	2,087,013	2,087,013	—	—	—
Fixed Income Mutual Funds	3,347,321	—	3,347,321	—	18,975
Mortgage Backed Securities	48,777	—	48,777	—	—
Corporate Debt	26,281	—	26,281	—	—
Asset Backed Securities	81,419	—	81,419	—	—
Common Stock	—	—	—	—	3,937
Total Investments	\$ 5,852,065	\$ 2,348,267	\$ 3,503,798	\$ —	\$ 22,912

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 \$237,828,000 and the bank balance was \$255,202,000.

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 \$4,296,207,000 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, 2021, are presented on the following page. All investments are presented by investment type.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 237,828	\$ 255,202
Total Cash	<u>\$ 237,828</u>	<u>\$ 255,202</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>
Fixed Income Mutual Funds	\$ 1,127	\$ 1,127	\$ —	\$ —	\$ —
U.S. Government & Agency Obligations	1,566,781	—	84,581	1,482,200	—
Corporate Obligations	1,856,318	10,806	85,309	1,760,203	—
Mortgage-Backed Securities	202,436	—	—	400	202,036
Asset-Backed Securities	52,495	—	—	52,495	—
Municipal Obligations	326,434	—	—	326,434	—
Total Debt Securities	<u>\$ 4,005,591</u>	<u>\$ 11,933</u>	<u>\$ 169,890</u>	<u>\$ 3,621,732</u>	<u>\$ 202,036</u>

Investments Managed Based Upon Duration

Debt Securities	<u>Fair Value</u>	<u>Modified</u>	<u>Macaulay</u>
Cash Equivalents	\$ 832,292	2.98	—
Fixed Income Mutual Funds	4,852	0.95	—
U.S. Government & Agency Obligations	401,936	5.21	—
Mortgage-Backed Securities	921,520	4.04	—
Corporate Obligations	2,214,065	3.88	—
Asset Backed Securities	722,257	1.66	—
Municipal Obligations	11,805	4.92	—
Mortgage Loans	131,714	2.40	—
Guaranteed Investment Contracts\Annuities	707,870	—	3.28
Other	1,958,597	2.80	—
Other	3	—	—
Total Debt Securities	<u>\$ 7,906,911</u>		
Portfolio Weighted Modified Duration		<u>3.33</u>	
Portfolio Weighted Macaulay Duration			<u>3.28</u>

Other Investments

Cash Equivalents	\$ 2,597,821
Fixed Income Mutual Funds	2,664
Corporate Obligations	1,721,842
Common Stock	31,208,434
Pooled Investments	13,049
Limited Partnerships	818,196
Real Estate	2,390,962
Securities Lending	2,756,831
Other Investments	2,967,978
Total Other Investments	<u>\$ 44,477,777</u>

Total Investments	<u>\$ 56,390,279</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, 2021, 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	\$ 1,732,440
AA+	27,362
AA	529,631
AA-	48,288
A+	40,866
A	863,061
A-	107,247
BBB+	311,517
BBB	1,103,569
BBB-	537,232
BB+	292,715
BB	316,310
BB-	344,535
B+	246,304
B	277,676
B-	185,184
CCC+	92,622
CCC	47,604
CCC-	5,848
CC	7,334
C	5,490
NR	2,507,603
Total Credit Risk Debt Securities	<u>\$ 9,630,438</u>
Cash Equivalents	\$ 2,597,821
U.S. Government & Agencies	2,282,067
Fixed Income Mutual Funds	2,664
Corporate Obligations	1,721,842
Common Stock	31,208,434
Limited Partnerships	831,245
Real Estate	2,390,962
Securities Lending	600,838
Other	5,123,968
Total Investments	<u><u>\$ 56,390,279</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, 2021.

<u>Asset Description</u>	<u>Amount</u>
Vanguard Institutional Index Fund	\$ 827,414
Fixed Contract Fund	707,870
Fidelity Growth Co	612,702
T Rowe Price Mid C	474,770
Vanguard Wellington	333,024
Vanguard Ext Market	215,322

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, 2021, are presented on the following page.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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	\$ —	\$ 160,442	\$ —	\$ —	\$ 160,442
Argentine Peso	—	—	189	—	189
Australian Dollar	5,110	171,420	4,101	—	180,631
Bahamian Dollar	—	—	453	—	453
Bermudian Dollar	—	62,274	4,810	—	67,084
Brazilian Real	47,351	143,089	—	—	190,440
British Pound Sterling	(36,287)	908,290	37,963	—	909,966
Bulgarian Lev	—	628	—	—	628
Canadian Dollar	(8,598)	454,767	78,356	—	524,525
Cayman Islands Dollar	—	25,157	21,048	—	46,205
Chilean Peso	—	1,465	—	—	1,465
Chinese R Yuan HK	7,513	153,796	—	—	161,309
Chinese Yuan Renminbi	—	395	—	—	395
Columbian Peso	26,253	5,684	1,977	—	33,914
Czech Koruna	—	6,252	—	—	6,252
Danish Krone	269	238,838	—	—	239,107
Dodge & Cox International Stock Fund	—	91,422	—	—	91,422
Egyptian Pound	—	1,552	—	—	1,552
Euro	(139,682)	3,521,830	94,892	—	3,477,040
Gibraltar Pound	—	—	399	—	399
Guernsey Pound	—	16,261	—	—	16,261
Hong Kong Dollar	(7,172)	834,802	—	—	827,630
Hungarian Forint	—	13,842	—	—	13,842
Indian Rupee	(26,854)	211,331	—	—	184,477
Indonesian Rupiah	(11,641)	66,279	—	—	54,638
Israeli New Shekel	4,113	18,068	—	—	22,181
Jamaican Dollar	—	—	148	—	148
Japanese Yen	30,802	1,024,754	3,349	—	1,058,905
Jersey Pound	—	44,827	6,254	—	51,081
Korean Won	(9,427)	160,166	3,047	—	153,786
Kuwaiti Dinar	—	1,886	—	—	1,886
Liberian Dollar	—	1,266	4,530	—	5,796
Malaysian Ringgit	7,768	14,118	—	—	21,886
Mexican Peso	(16,275)	60,974	2,151	—	46,850
Netherlands Antillean Guilder	—	3,414	—	—	3,414
New Taiwan Dollar	—	92,137	—	—	92,137
New Zealand Dollar	(3,833)	(4,317)	544	—	(7,606)
Norwegian Krone	40,708	71,745	3,969	—	116,422
Pakistani Rupee	—	193	—	—	193
Panamanian Balboa	—	1,070	3,268	—	4,338
Philippine Peso	1,643	3,675	—	—	5,318
Polish Zloty	24,413	6,293	—	—	30,706
Qatari Rial	—	2,299	—	—	2,299
Russian Ruble	30,013	71,067	—	—	101,080
Saudi Riyal	—	9,649	—	—	9,649
Singapore Dollar	7,291	46,647	132	—	54,070
South African Rand	14,996	69,297	—	—	84,293
South Korean Won	—	119,229	—	—	119,229
Sri Lankan Rupee	—	—	336	—	336
Swedish Krona	38,261	204,750	—	—	243,011
Swiss Franc	21	377,918	2,536	—	380,475
Taiwan Dollar	11,995	119,300	—	—	131,295
Thai Bhat	1,485	26,229	—	—	27,714
Turkish Lira	1	10,707	854	—	11,562
UAE Dirham	—	6,016	—	—	6,016
Various	2,062	33	—	—	2,095
Total Securities Subject To Foreign Currency Risk	42,299	9,653,226	275,306	—	9,970,831
USD (Securities Held By Intl Investment Mgrs)	—	—	—	19,615,652	19,615,652
Total International Investment Securities	\$ 42,299	\$ 9,653,226	\$ 275,306	\$ 19,615,652	\$ 29,586,483

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, 2021, 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, 2021. 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, 2021. More detail on the valuation measurements may be found in the audited financial statements of each retirement system.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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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	\$ 1,859,378	\$ 1,762,651	\$ 96,727	\$ —	\$ —
Guaranteed investment contracts	—	—	—	—	707,870
Cash Equivalents	2,152,322	1,311,810	840,512	—	13,049
Mortgage Backed Securities	1,040,729	2,519	1,037,594	616	—
Corporate Debt	6,046,855	40,915	5,095,935	910,005	—
State and Municipal Obligations	446,500	—	446,500	—	—
Asset Backed Securities	787,754	—	787,754	—	—
Real Estate	1,551,479	740,527	406,465	404,487	—
Common Stock	15,569,693	12,019,951	3,549,742	—	—
Mortgages	30,996	—	30,996	—	—
Securities Lending	—	—	—	—	600,838
Other:	25,582,813	25,280,573	97,139	205,101	3
Total Investments	\$ 55,068,519	\$ 41,158,946	\$ 12,389,364	\$ 1,520,209	\$ 1,321,760

MAJOR DISCRETELY PRESENTED COMPONENT UNITS

Custodial Credit Risk-Deposits and Investments

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the major discretely presented component units' deposits was \$2,473,221,000 and bank balance was \$1,165,387,000.

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, 2021.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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;	\$	172
b) collateralized with securities held by the pledging financial institution; or		509,056
c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Commonwealth's name.		136,372
Total Deposits Subject To Custodial Credit Risk	<u>\$</u>	<u>645,600</u>

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	\$	1,372,180
(b) the counterparty's trust department or agent but not in the Commonwealth's name.		(273,362)
Total Non-Current Cash And Investments Subject To Custodial Credit Risk	<u>\$</u>	<u>1,098,818</u>

Investment Types:

	Type A (counterparty)	Type B (trust or agent)	
Debt Securities			
Cash Equivalents	\$ 71,091	\$ (136,372)	
Limited Partnerships	632,268	—	
U.S. Government & Agency Obligations	328,732	—	
Mortgage Backed Securities	63,320	—	
Municipal Obligations	154,266	—	
Other	756	(105,022)	
Total Debt Securities	<u>1,250,433</u>	<u>(241,394)</u>	
Other Investments			
Fixed Income Mutual Funds	55,964	(29,387)	
Common Stock	65,783	(63,022)	
Funds Held In Trust By Others	—	74,711	
Other Various	—	(14,270)	
Total Other Investments	<u>121,747</u>	<u>(31,968)</u>	
Total Type A	<u>1,372,180</u>	Total Type B	<u>(273,362)</u>
Total Non-Current Cash And Investments Subject To Custodial Credit Risk		<u>\$</u>	<u>1,098,818</u>

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
June 30, 2021

The following table summarizes the investments held by the major discretely presented component units for the fiscal year ended June 30, 2021.

Cash And Investments By Type

Discretely Presented Major Component Units

(Expressed in Thousands)

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,326,985	\$ 1,053,483
Money Market	113,218	113,218
Other	1,033,018	(1,314)
Total Cash	<u>\$ 2,473,221</u>	<u>\$ 1,165,387</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	\$ 303,855	\$ 288,760	\$ 488	\$ 14,607	\$ —
Fixed income Mutual Funds	107,408	10,527	76,997	19,650	234
U.S. Government & Agency Obligations	11,982	6,839	5,143	—	—
Guaranteed Investment Contracts/Annuities	12,638	—	12,638	—	—
Total Debt Securities	<u>435,883</u>	<u>\$ 306,126</u>	<u>\$ 95,266</u>	<u>\$ 34,257</u>	<u>\$ 234</u>

Investments Managed Based Upon Duration

Debt Securities

	<u>Fair Value</u>	<u>Effective</u>	<u>Modified</u>
Money Market Funds	110,061	—	—
Fixed Income Mutual Funds	427,020	—	1.74
Fixed Income Mutual Funds	76,951	—	2.29
Fixed Income Mutual Funds	314,125	1.00	—
U.S. Government & Agency Obligations	3,620	2.07	—
U.S. Government & Agency Obligations	140,775	1.58	—
U.S. Government & Agency Obligations	42,408	1.00	—
Mortgage Backed Securities	1,353	8.98	—
Mortgage Backed Securities	32,032	0.35	—
Limited Partnerships	632,269	—	—
Funds Held in Trust by Others	74,711	1.00	—
Corporate Debt	4,371	2.52	—
Total Debt Securities	<u>1,859,696</u>		
Portfolio Effective Weighted Duration		<u>0.56</u>	
Portfolio Modified Weighted Duration			<u>1.82</u>

Other Investments

Fixed Income Mutual Funds	1,214,240
Common Stock	282,072
Limited Partnerships	10,766
Alternatives	342,091
Real Estate	277,225
Other	8,094
Total Other Investments	<u>2,134,488</u>
Total Investments	<u>\$ 4,430,067</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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, 2021, 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	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 487,082	\$ 181,929	\$ 669,012
Fixed Income Mutual Funds	116,500	88,173	94,203	84,488	7,570	1,186,452	467,757	2,045,143
U.S. Government & Agency Obligations	144,941	—	—	—	—	2,184	69,041	216,166
Mortgage Backed Securities	33,385	—	—	—	—	—	—	33,385
Corporate Obligations	1,245	147	1,666	1,313	—	—	—	4,371
Guaranteed Investment Contracts/Annuities	—	1,818	—	—	—	10,820	—	12,638
Other	—	—	—	—	—	—	1,449,352	1,449,352
Total Investments	\$ 296,072	\$ 90,138	\$ 95,869	\$ 85,801	\$ 7,570	\$1,686,538	\$2,168,079	\$ 4,430,067

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. All of the major discretely presented component units except the Kentucky Housing Corporation (KHC) has policies in place that limit the amount that can be invested in a single issuer to 5% of the total portfolio market value. KHC places no limit on the amount they may invest in any one issuer. More than five percent of the KHC's investments are in GNMA, U.S. Treasury, and Dreyfus. These investments are 11%, 50%, and 39%, respectively, of the KHC's total investments.

Foreign Currency Risk

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

Of the major discretely presented component units, only the University of Kentucky has foreign currency risk as of June 30, 2021. The university has \$2,327,000 in a pooled private equity fund, \$2,546,000 in a pooled private real estate fund, \$18,304,000 in fixed income high quality/rate sensitive equity, and \$13,000 in pooled international equity.

Fair Value Measurement Techniques

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

Note 6

CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 (Expressed in Thousands)

	Primary Government			Ending Balance
	Beginning Balance	Additions	Decreases	
Primary Government:				
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 244,258	\$ 748	\$ (58)	\$ 244,948
Construction in progress	2,469,248	496,034	(589,664)	2,375,618
Infrastructure	21,800,427	530,076	(69,622)	22,260,881
Easements and Other Intangibles	99,907	345	—	100,252
Total capital assets not being depreciated	24,613,840	1,027,203	(659,344)	24,981,699
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	33,473	4,647	(161)	37,959
Buildings	1,705,907	72,208	(3,166)	1,774,949
Machinery and Equipment	828,472	70,981	(38,078)	861,375
Easements and Other Intangibles	122,525	11,994	—	134,519
Total capital assets, being depreciated/amortized	2,690,377	159,830	(41,405)	2,808,802
<i>Less accumulated depreciation/amortization:</i>				
Improvements other than buildings	(15,879)	(1,110)	145	(16,844)
Buildings	(766,777)	(45,205)	3,616	(808,366)
Machinery and Equipment	(532,068)	(74,538)	36,555	(570,051)
Easements and Other Intangibles	(45,482)	(6,323)	—	(51,805)
Total accumulated depreciation	(1,360,206)	(127,176)	40,316	(1,447,066)
Total capital assets, being depreciated/amortized, net	1,330,171	32,654	(1,089)	1,361,736
Governmental activities capital assets, net	\$ 25,944,011	\$ 1,059,857	\$ (660,433)	\$ 26,343,435
Business-type activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 24,943	\$ —	\$ —	\$ 24,943
Construction in progress	12,491	762	(3,529)	9,724
Other capital assets	2,276	—	—	2,276
Total capital assets, not being depreciated	39,710	762	(3,529)	36,943
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	154,901	1,462	(91)	156,272
Buildings	369,967	3,527	(140)	373,354
Machinery and Equipment	21,473	541	(220)	21,794
Easements and Other Intangibles	4,638	—	—	4,638
Total capital assets, being depreciated/amortized	550,979	5,530	(451)	556,058
<i>Less accumulated depreciation for:</i>				
Improvements other than buildings	(95,644)	(4,421)	107	(99,958)
Buildings	(204,453)	(12,121)	150	(216,424)
Machinery and Equipment	(15,021)	(906)	229	(15,698)
Easements and Other Intangibles	(2,461)	(270)	—	(2,731)
Total accumulated depreciation	(317,579)	(17,718)	486	(334,811)
Total capital assets, being depreciated/amortized, net	233,400	(12,188)	35	221,247
Business-type activities capital assets, net	\$ 273,110	\$ (11,426)	\$ (3,494)	\$ 258,190

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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

	Governmental Activities	Business-type Activities
General Government	\$ 18,166	\$ —
Legislative and Judicial	3,164	—
Commerce	2,461	—
Education and Humanities	1,401	—
Human Resources	6,658	—
Justice	29,901	—
Natural Resources and Environmental Protection	2,932	—
Public Protection and Regulation	819	—
Transportation	30,847	—
Capital assets held by government's internal service funds are charged to the various functions based on usage of the assets	30,827	—
State Parks	—	12,966
Horse Park	—	4,352
Insurance Administration	—	400
Total depreciation expense by activities	\$ 127,176	\$ 17,718

Capital asset activity for the year ended June 30, 2021 (Expressed in Thousands)

	Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Discretely Presented Major Component Units:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 261,860	\$ 2,328	\$ (340)	\$ 263,848
Construction in progress	264,144	155,003	(187,187)	231,960
Infrastructure	1,043,493	285	—	1,043,778
Other capital assets	73,014	1,242	—	74,256
Totals, capital assets not being depreciated	1,642,511	158,858	(187,527)	1,613,842
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	434,041	17,976	—	452,017
Buildings	6,843,393	249,306	(89,980)	7,002,719
Machinery and Equipment	1,797,242	205,916	(40,662)	1,962,496
Easements and Other Intangibles	309,351	67,651	—	377,002
Total capital assets, being depreciated/amortized	9,384,027	540,849	(130,642)	9,794,234
<i>Less accumulated depreciation for:</i>				
Improvements other than buildings	(175,057)	(16,652)	—	(191,709)
Buildings	(2,500,197)	(198,173)	25,662	(2,672,708)
Machinery and Equipment	(1,290,749)	(117,612)	36,461	(1,371,900)
Easements and Other Intangibles	(153,972)	(12,845)	—	(166,817)
Total accumulated depreciation	(4,119,975)	(345,282)	62,123	(4,403,134)
Total capital assets, being depreciated/amortized, net	5,264,052	195,567	(68,519)	5,391,100
Component units capital assets, net	\$ 6,906,563	\$ 354,425	\$ (256,046)	\$ 7,004,942

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

Kentucky Housing Corporation	\$ 298
Kentucky Higher Education Student Loan Corporation	174
University of Kentucky	205,963
University of Louisville	99,881
Kentucky Community and Technical College System	37,807
Kentucky Lottery Corporation	1,159
Total depreciation expense by functions/programs	\$ 345,282

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

Note 7

INTERFUND TRANSACTIONS

Interfund Transfers In and Out

The table below shows the interfund operating transfers for fiscal year 2021
(Expressed in Thousands)

Transfers In	Transfers Out					
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund	Debt Service Fund
General Fund	\$ —	\$ —	\$ 281	\$ 55,804	\$ 10,000	\$ —
Transportation Fund	—	—	—	1,831	159	—
Federal Fund	—	—	—	531	—	—
Agency Revenue Fund	76,459	178	29,597	—	5,428	—
Capital Projects Fund	1,988	13,940	994	60,715	—	—
Debt Service	501,015	8,941	78,564	4,900	5	—
Non-Major Governmental Funds	139,833	142,480	43,947	288,749	270	—
State Parks Fund	58,149	—	12	219	15,376	—
Kentucky Horse Park Fund	9,329	—	—	42	900	—
Kentucky Public Employees Health Plan	—	—	—	—	—	—
Insurance Administration Fund	—	—	4	—	—	—
Unemployment Compensation Fund	—	—	—	—	—	—
Internal Service Funds	1,289	—	—	106	15,280	—
Fiduciary Funds	—	—	—	632	—	—
Total	\$ 788,062	\$ 165,539	\$ 153,399	\$ 413,529	\$ 47,418	\$ —

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 2021
(Expressed in Thousands)

Interfund Receivables	Interfund Payables				
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund
General Fund	\$ —	\$ —	\$ 563	\$ 3,817	\$ —
Transportation Fund	—	—	74	9	—
Federal Fund	13,967	—	—	817	583
Agency Revenue Fund	60,517	36	96,548	—	65
Capital Projects Fund	—	—	764	26	—
Non-Major Governmental Funds	4,217	—	—	5,411	—
State Parks Fund	1,010	2	—	1	—
Kentucky Horse Park Fund	—	—	—	—	—
Kentucky Public Employees Health Plan	6,110	1,510	1,310	1,482	—
Insurance Administration Fund	53	—	—	2	129
Unemployment Insurance Fund	—	—	—	10	—
Internal Service Funds	249	—	—	37	—
Fiduciary Fund Agency Funds	—	—	—	—	—
Total	\$ 86,123	\$ 1,548	\$ 99,259	\$ 11,612	\$ 777

Reasons for interfund payables and receivables:

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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
\$ 57,476	\$ —	\$ —	\$ —	\$ 30,000	\$ —	\$ 16,544	\$ 665	\$ 170,770
—	—	—	—	—	—	—	—	1,990
—	—	—	—	—	—	—	—	531
162,227	—	—	—	4,896	16,111	585	—	295,481
1,030	—	—	—	929	—	1,995	—	81,591
34,366	398	—	—	—	—	533	—	628,722
160,086	—	—	—	—	—	—	—	775,365
—	—	—	—	—	—	—	—	73,756
—	—	—	—	—	—	—	—	10,271
—	—	—	—	—	—	—	99	99
—	—	—	—	—	—	—	—	4
—	—	—	—	—	—	—	—	—
254	—	—	—	—	—	—	—	16,929
—	—	—	—	800	—	—	—	1,432
\$ 415,439	\$ 398	\$ —	\$ —	\$ 36,625	\$ 16,111	\$ 19,657	\$ 764	\$ 2,056,941

Interfund Payables

Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Total
\$ 2,906	\$ 370	\$ 39	\$ —	\$ —	\$ 42	\$ 7,737
—	—	—	—	—	—	83
4	—	—	12	7,650	—	23,033
15,900	5	—	135	—	1,225	174,431
—	—	—	129	—	—	919
154	—	—	—	—	6,176	15,958
—	—	—	—	—	—	1,013
—	—	—	—	—	—	—
10	212	17	107	2	201	10,961
—	—	—	—	—	—	184
—	—	—	—	—	—	10
—	9	—	177	—	—	472
—	—	—	—	—	—	—
\$ 18,974	\$ 596	\$ 56	\$ 560	\$ 7,652	\$ 7,644	\$ 234,801



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 1 passed during the 2019 Legislative Session allows certain employers in the KERS Non-Hazardous Plan to elect to cease participation as of June 30, 2020. Senate Bill 249 passed during the 2020 Legislative Session delayed the effective date of cessation for these provisions to June 30, 2021. Each employer's elections are unknown at this time and no adjustment to the Total Pension Liability was made to reflect this legislation.

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

Kentucky Judicial Form Retirement System

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

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

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

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

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

Kentucky Teachers' Retirement System

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

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

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

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

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

Kentucky Public Pension Authority
Governance KRS 61.510 through KRS 61.705
Cost Sharing Multiple Employer Defined Benefit
Hazardous

	Tier 1 Participation Prior to 9/1/2008	Tier 2 Participation 9/1/2008 through 12/31/2013	Tier 3 Participation on or after 1/1/2014
Covered Employees:	Substantially all regular full-time members employed in hazardous duty positions of any state department, board, or any agency directed by 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 COLA's have since been granted.			Any cost of living adjustment will be granted providing the following requirements are met: the funding level of Judicial Hybrid Cash Balance Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase and the Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.
Unreduced Retirement Benefit:	8 years of service and age 65. The age 65 requirement shall be reduced by 1 year for each 5 years of service and 1 year for each year beyond the years of service needed to accrue a benefit of 100%. The age requirement will never be reduced below 60.			Accumulated Hypothetical account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.
Reduced Retirement Benefit:	5% per year for each year under normal retirement age.			With at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

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

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

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

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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

	Fiscal Year 2021		
	State Police Retirement System	Kentucky Legislators Retirement Plan	Kentucky Judicial Retirement Plan
Total Pension Liability			
Service Costs	\$ 13,192	\$ 526	\$ 3,562
Interest	52,697	4,535	23,353
Differences between expected and actual experience	10,859	—	—
Changes in assumptions	—	—	—
Benefit payments/refunds	(62,423)	(5,033)	(24,402)
Other	(88)	—	—
Net change in total pension liability	14,237	28	2,513
Total pension liability at July 1	1,035,000	71,940	370,226
Total pension liability at June 30	<u>\$ 1,049,237</u>	<u>\$ 71,968</u>	<u>\$ 372,739</u>
Pension Plan Fiduciary Net Position			
Contributions - employer	\$ 59,453	\$ —	\$ 8,730
Contributions - member	4,767	216	1,753
Net investment income	6,341	4,308	19,513
Benefit payments/refunds	(62,511)	(5,033)	(24,402)
Administrative expenses	(266)	—	—
Other	—	—	—
Net change in plan fiduciary net position	7,784	(509)	5,594
Pension plan fiduciary net position at July 1	286,165	76,918	335,710
Pension plan fiduciary net position at June 30	<u>\$ 293,949</u>	<u>\$ 76,409</u>	<u>\$ 341,304</u>
Net pension liability at June 30	<u>\$ 755,288</u>	<u>\$ (4,441)</u>	<u>\$ 31,435</u>
Pension plan fiduciary net position as a % of the total pension liability	28.02%	106.17 %	91.57%
Covered-employee payroll	\$ 49,019	\$ 4,360	\$ 30,857
Net Pension liability as a % of covered employee payroll	1,540.81%	(101.86)%	101.87%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

	Kentucky Employees Retirement System		State Police Retirement System
	Non-Hazardous	Hazardous	
Employer Contribution	71.03%	34.40%	121.29%
State Contribution as a percentage of nonemployer special funding situation			
Member Contribution	5.00%	8.00%	8.00%
Employer Contributions made in thousands	\$723,793	\$57,744	\$59,453
Special Funding Contributions made in thousands	\$—	\$—	\$—
As of the measurement date:			
Actuarial Valuation Date	Jun 30, 2019	Jun 30, 2019	Jun 30, 2019
Measurement Date	June 30, 2020	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percent of pay	Level percent of pay	Level percent of pay
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment rate of return	5.25%	6.25%	5.25% unchanged from prior year
Inflation Rate	2.30%	2.30%	2.30%
Payroll Growth Assumptions	0.00%	0.00%	0.00%
Projected salary increases	KERS Non-Hazardous and State Police Retirement System active member salaries are assumed to increase at the rate of 3.55% to 15.55%, varies by service. KERS Hazardous 3.55% to 20.05%%, varies by service		
Mortality Tables	RP-2000 Combined Mortality Table, projected with scale BB to 2013 (set back one year for females).	RP-2000 Combined Mortality Table, projected with scale BB to 2013 (set back one year for females).	RP-2000 Combined Mortality Table, projected with scale BB to 2013 (set back one year for females).
Date of Experience Study	The period July 1, 2013 - June 30, 2018	The period July 1, 2013 - June 30, 2018	The period July 1, 2013 - June 30, 2018
Update procedures applied	The total pension liability was rolled-forward from the valuation date to the fiscal year ending June 30, 2020, using generally accepted actuarial principles.		
Change in Assumptions	There have been no changes in actuarial assumptions since June 30, 2019.		
Membership Information			
Retirees and beneficiaries receiving benefits	47,410	4,537	1,647
Inactive members	51,914	6,248	557
Active plan members	33,696	3,705	883
Total	133,020	14,490	3,087
Number of participating employers	329	7	1

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

<u>Judicial Retirement Plan</u>	<u>Legislators Retirement Plan</u>	<u>Kentucky Teachers' Retirement System</u>
Traditional plan 33.6% Hybrid plan 1.8%	Traditional plan 0% Hybrid plan 0%	1.52%
		95.95%
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.		University members contribute 7.65% of salary. Non-university members contribute 9.15% of salary. Other member contributions are picked up by the employer.
Traditional plan \$8,636; Hybrid plan \$95 \$—	Traditional plan \$0; Hybrid plan \$0 \$—	\$16,397 \$1,034,033
Jun 30, 2019	Jun 30, 2019	Jun 30, 2019
June 30, 2020	June 30, 2020	June 30, 2020
Entry age normal funding method Interest + 1% Unfunded past liability Market Value	Entry age normal funding method Interest + 1% Unfunded past liability Market Value	Entry age normal Level percentage of payroll Five-year smoothed Market
Defined Benefit Plan 6.50% No change from prior year. Hybrid Plan 4.0%, unchanged from prior year. 3.00%	Defined Benefit Plan 6.50% No change from prior year. Hybrid Plan 4.0%, unchanged from prior year. 3.00%	7.50% 3.00%
1.0% for the next five years, thereafter 3.5%	1.0% for the next five years, thereafter 3.5%	3.50% to 7.30% including inflation
RP 2000 Mortality Tables with white collar adjustment with Pre- and Post-Commencement Rates with projected mortality improvements after year 2000 under Project Scale AA (males and female scales.)	RP 2000 Mortality Tables with white collar adjustment with Pre- and Post-Commencement Rates with projected mortality improvements after year 2000 under Project Scale AA (males and female scales.)	Mortality rates were based on RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males or one year for females.
Information not available	Information not available	The period July 1, 2010 - June 30, 2015
The total pension liability was rolled-forward from the valuation date to the fiscal year ending June 30 ,2020 using standard roll forward procedures.		Standard roll forward using generally accepted actuarial techniques.
352	241	56,629
12	38	56,748
232	102	73,151
<u>596</u>	<u>381</u>	<u>186,528</u>
1	1	216

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

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

Kentucky Judicial Retirement System and Kentucky Legislators Retirement System

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

Kentucky Teachers' Retirement System

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



COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

	KERS Non-Hazardous		KERS Hazardous		KSPRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:						
U.S. Equity	15.75 %	4.50 %	18.75 %	4.50 %	15.75 %	4.50 %
Non US Equity	15.75 %	5.25 %	18.75 %	5.25 %	15.75 %	5.25 %
Core Bonds	20.50 %	(0.25)%	13.50 %	(0.25)%	20.50 %	(0.25)%
Credit Fixed	— %	— %	— %	— %	— %	— %
Private Equity	7.00 %	5.15 %	10.00 %	6.65 %	7.00 %	5.15 %
Real Estate	5.00 %	5.30 %	5.00 %	5.30 %	5.00 %	5.30 %
Opportunistic	3.00 %	2.25 %	3.00 %	2.25 %	3.00 %	2.25 %
Real return	15.00 %	3.95 %	15.00 %	3.95 %	15.00 %	3.95 %
Cash	3.00 %	(0.75)%	1.00 %	(0.75)%	3.00 %	(0.75)%
High Yield, Non-US Developed Bonds and Private Credit	— %	— %	— %	— %	— %	— %

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

KJRS		KLRS		KTRS	
Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
— %	5.05 %	— %	5.05 %	40.00 %	4.60 %
— %	5.45 %	— %	5.45 %	22.00 %	5.60 %
— %	— %	— %	— %	— %	— %
— %	0.55 %	— %	0.55 %	15.00 %	— %
— %	— %	— %	— %	7.00 %	7.70 %
— %	— %	— %	— %	7.00 %	4.30 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(1.85)%	— %	(1.85)%	2.00 %	(0.50)%
— %	— %	— %	— %	7.00 %	2.50 %

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

	KERS		KSPRS
	Non-Hazardous	Hazardous	
Discount Rate	5.25%	6.25%	5.25%
Change in Discount Rate from Prior Valuation	—%	—%	—%
Plan Cash Flow assumption	The projection of cash flow used to determine the single discount rate assumed that employers would contribute the actuarially determined contribution rate in all future years.		
Rates Incorporated in the Discount Rate:			
Long-Term Rate of Return	5.25%	6.25%	5.25%
Period Applied	All Periods	All Periods	All Periods
Municipal Bond Rate	N/A	N/A	N/A
Sensitivity of the Net Pension Liability to Changes in the Discount Rate (expressed in thousands):			
Net Pension Liability	\$10,800,382	\$547,675	\$755,288
Net Pension Liability Assuming a Decrease of 1% in the Discount Rate	\$12,421,415	\$700,811	\$891,868
Net Pension Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$9,549,339	\$423,013	\$644,122
Commonwealth's Proportionate Share of the Net Pension Liability (Asset)	76.20%	97.68%	100.00%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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

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

6.50%	6.50%	7.50%	7.50%
All Periods Through 2069, 2.89% thereafter	All Periods	All Periods	All Periods
Yes	N/A	N/A	N/A
\$31,435	\$(4,441)	\$226,538	\$14,258,570
\$65,992	\$2,029	\$119,382	\$18,304,141
\$1,868	\$(9,973)	\$72,376	\$11,096,991
100.00%	100.00%	1.53%	96.11%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

(Expressed in Thousands)

	<u>KERS</u>		<u>KSPRS</u>	<u>KJRS</u>
	<u>Non-Hazardous</u>	<u>Hazardous</u>		
Pension Expense (Income)	\$ 1,160,821	\$ 76,277	\$ 95,261	\$ (4,936)
Deferred Outflow of Resources				
Differences between expected and actual experience	\$ 61,356	\$ 972	\$ 17,056	\$ 249
Changes in assumptions	121,667	15,706	16,339	—
Net difference between projected and actual earnings on investments	11,106	18,734	2,159	(16,554)
Change in proportionate share	321,077	23,184	—	—
Contributions subsequent to the measurement date	813,709	64,449	58,179	6,477
	<u>\$ 1,328,915</u>	<u>\$ 123,045</u>	<u>\$ 93,733</u>	<u>\$ (9,828)</u>
Deferred Inflow of Resources				
Differences between expected and actual experience	\$ —	\$ 590	\$ —	\$ —
Changes in assumptions	—	—	—	8
Net difference between projected and actual earnings on investments	—	—	—	—
Change in proportionate share	123,113	22,228	—	—
	<u>\$ 123,113</u>	<u>\$ 22,818</u>	<u>\$ —</u>	<u>\$ 8</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, 2022. 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:

2022	\$ 330,766	\$ 15,842	\$ 23,729	\$ (8,355)
2023	42,021	5,140	7,027	(5,085)
2024	9,344	7,782	3,054	(3,406)
2025	9,962	7,014	1,744	374
2026	—	—	—	20
Thereafter	—	—	—	139
Total	<u>\$ 392,093</u>	<u>\$ 35,778</u>	<u>\$ 35,554</u>	<u>\$ (16,313)</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (1,363)	\$ (73,859)	\$ (1,398,985)	\$ (146,784)	\$ (175,122)	\$ 28,338	\$ (38,593)
\$ 42	\$ 529	\$ 75,296	155,500	\$ 153,426	\$ 2,074	\$ 1,527
—	2,307	355,050	511,069	506,828	4,241	4,672
(3,613)	485	75,887	88,204	87,658	546	1,485
—	4,776	126,216	475,253	471,838	3,415	433
—	16,551	1,043,706	2,003,071	1,976,391	26,680	15,318
<u>\$ (3,571)</u>	<u>\$ 24,648</u>	<u>\$ 1,676,155</u>	<u>\$ 3,233,097</u>	<u>\$ 3,196,141</u>	<u>\$ 36,956</u>	<u>\$ 23,435</u>
\$ —	\$ 359	\$ 65,028	\$ 65,977	\$ 65,972	\$ 5	\$ 972
3	29,591	4,538,653	4,568,255	4,568,255	—	14,836
—	—	—	—	—	—	807
—	28,768	13,169	187,278	182,843	4,435	30,936
<u>\$ 3</u>	<u>\$ 58,718</u>	<u>\$ 4,616,850</u>	<u>\$ 4,821,510</u>	<u>\$ 4,817,070</u>	<u>\$ 4,440</u>	<u>\$ 47,551</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, 2022. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

\$ (1,847)	\$ (64,835)	\$ (2,977,675)	\$ (2,682,375)	\$ (2,686,786)	4,411	\$ (47,329)
(1,115)	(21,349)	(1,157,626)	(1,130,987)	(1,131,629)	641	(15,672)
(734)	991	161,384	178,415	178,028	386	(189)
100	34,572	(10,484)	43,282	42,885	398	23,756
4	—	—	24	25	—	—
18	—	—	157	157	—	—
<u>\$ (3,574)</u>	<u>\$ (50,621)</u>	<u>\$ (3,984,401)</u>	<u>\$ (3,591,484)</u>	<u>\$ (3,597,320)</u>	<u>\$ 5,836</u>	<u>\$ (39,434)</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 Legislative Session allows certain employers in the KERS Non-Hazardous Plan to elect to cease participation as of June 30, 2020. Senate Bill 249 passed during the 2020 Legislative Session delayed the effective date of cessation for these provisions to June 30, 2021. Each employer’s elections are unknown at this time and no adjustment to the Total OPEB Liability was made to reflect 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 Chapter 21, Section 24, which requires the plan to provide health benefits to retired participants and eligible dependents of the Judicial Form Retirement Plan and the Legislative Retirement Plan.

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

Kentucky Teachers’ Retirement System

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

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

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

Membership:	
Retirees and beneficiaries receiving benefits	30,080
Inactive members	17,586
Active plan members	33,549
Total	81,215

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	2,429
Inactive members	916
Active plan members	3,700
Total	7,045

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

Membership:	
Retirees and beneficiaries receiving benefits	1,323
Inactive members	108
Active plan members	874
Total	2,305

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

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

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

Covered Employees: Members of KJFRS currently receiving benefits.

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

Contribution Rate: 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	352
Inactive members	12
Active plan members	232
Total	596

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

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

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

Covered Employees: Members of KJFRS currently receiving benefits.

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

Contribution Rate: 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	241
Inactive members	38
Active plan members	102
Total	381

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	41,733	51,438
Inactive members	7,268	8,992
Active plan members	72,647	72,647
Total	<u>121,648</u>	<u>133,077</u>

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

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

(Expressed in Thousands)

	Fiscal Year 2021		
	State Police Retirement System	Kentucky Judicial Retirement System	Kentucky Legislators Retirement System
Total OPEB Liability			
Service Costs	\$ 5,389	\$ 702	\$ 158
Interest	17,600	2,986	1,232
Changes in benefit terms	—	—	—
Differences between expected and actual experience	13,810	—	—
Changes in assumptions	4,578	—	—
Benefit payments/refunds	(13,988)	(1,987)	(811)
Net change in total OPEB liability	27,389	1,701	579
Total OPEB liability at July 1	312,553	47,282	19,665
Total OPEB liability at June 30	<u>\$ 339,942</u>	<u>\$ 48,983</u>	<u>\$ 20,244</u>
OPEB Plan Fiduciary Net Position			
Contributions - employer	\$ 12,873	\$ —	\$ —
Contributions - member	196	46	18
Net investment income	1,124	5,656	2,942
Benefit payments/refunds	(13,988)	(1,987)	(811)
Administrative expenses	(71)	—	—
Other	—	—	—
Net change in plan fiduciary net position	134	3,715	2,149
OPEB plan fiduciary net position at July 1	201,206	95,326	50,100
OPEB plan fiduciary net position at June 30	<u>\$ 201,340</u>	<u>\$ 99,041</u>	<u>\$ 52,249</u>
Net OPEB liability at June 30	<u>\$ 138,602</u>	<u>\$ (50,058)</u>	<u>\$ (32,005)</u>
Plan fiduciary net position as a % of the total OPEB liability	59.23%	202.19 %	258.10 %
Covered-employee payroll	\$ 48,231	\$ 55,858	\$ 4,343
Net OPEB liability as a % of covered employee payroll	287.4%	(89.6)%	(736.9)%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

	KERS		KSPRS
	Non-Hazardous	Hazardous	
Employer Contribution	11.81%	3.17%	27.23%
Member Contribution	1.00%	1.00%	1.00%
State Contribution as a percentage of nonemployer special funding situation			
Contributions	\$133,469	\$5,642,000	\$48,231
Experience Study	July 1, 2013-June 30, 2018	July 1, 2013-June 30, 2018	July 1, 2013-June 30, 2018
Actuarial Valuation Date	June 30, 2017	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2020	June 30, 2020	June 30, 2020
Inflation	2.3%, no change from prior year.	2.3%, no change from prior year.	2.3%, no change from prior year.
Salary Increases	3.55% to 15.55%, varies by service, change from prior year rate of 0%	3.55% to 19.55%, varies by service, change from prior year rate of 0%	3.05% to 15.55%, varies by service, prior year rate of 0.00%
Investment rate of return	6.25%, no change from prior year.	6.25%, no change from prior year.	6.25%, no change from prior year.
Health cost trend rates			
Current Year	Per-65 Initial trend starting at 7.25% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65 Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.		
Prior Year			
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	Pre-retirement mortality: PUB-2010 General Mortality table, for the Non-Hazardous System, and the PUB-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. KSPRS RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)		
Update procedures applied	Standard roll forward methods using generally accepted actuarial techniques.		

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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KJRS	KLRS	KTRS
—%	—%	0.07%
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%
\$—	\$—	2.18%
not available	not available	\$80,546,000
July 1, 2019	July 1, 2019	July 1, 2010 - June 30, 2015
July 1, 2020	July 1, 2020	Jun 30, 2019
2.50%	2.50%	June 30, 2020
1% for the next five years, and 3.5% thereafter	1% for the next five years, and 3.5% thereafter	3.00%
6.5% (traditional plan) 4% (hybrid plan)	6.5% (traditional plan) 4% (hybrid plan)	3.50 - 7.20% including wage inflation
7.0% level for 3 years, then 6.75% for the next year until reaching an ultimate rate of 3.94% in the year 2075;	Medical premiums will increase at 7.0% for the next 3 years, then 6.75% until reaching an ultimate rate of 3.94% in the year 2075.	8.00% Health, 7.50% Life
		Under Age 65 - 7.5% FYE 2020 decreasing to an ultimate rate of 5.0% by FYE 2029. Age 65 and older is 5.25% for FYE 2020 decreasing to an ultimate rate of 5.0% by FYE 2022. The medicare part B premium 6.49% for FYE2020 for with an ultimate rate of 5.0% FYE 2031
Entry age normal	Entry age normal	Entry age normal
5 year smoothing	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	8% no change from prior year.
Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scale). No change from prior year.	Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scale).	Mortality rates based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females are used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.
Standard roll forward methods using generally accepted actuarial techniques.		Standard roll forward methods using generally accepted actuarial techniques.

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

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

Kentucky Judicial Retirement Plan and Kentucky Legislators Retirement Plan

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

Kentucky Teachers' Retirement System

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



COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

	KERS Non- Hazardous, Hazardous, and KSPRS		KJRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:				
U.S. Equity	18.75 %	4.50 %	— %	5.05 %
Non US Equity	18.75 %	5.25 %	— %	5.45 %
Credit Fixed	— %	— %	— %	0.55 %
High Yield	15.00 %	3.90 %	— %	— %
Opportunistic	3.00 %	2.25 %	— %	— %
Private Equity	10.00 %	6.65 %	— %	— %
Real Estate	5.00 %	5.30 %	— %	— %
Core Bonds	13.50 %	(0.25)%	— %	— %
Real return	15.00 %	3.95 %	— %	— %
Cash	1.00 %	(0.75)%	— %	(1.85)%
Additional Categories	— %	— %	— %	— %

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

KLRS		KTRS Medical Insurance Fund		KTRS Life Insurance Fund	
Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
— %	5.05 %	— %	— %	40.00 %	4.60 %
— %	5.45 %	58.00 %	5.40 %	— %	— %
— %	0.55 %	9.00 %	— %	18.00 %	— %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	— %	8.50 %	7.70 %	5.00 %	7.70 %
— %	— %	6.50 %	4.30 %	6.00 %	4.30 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(1.85)%	1.00 %	(0.50)%	2.00 %	(0.50)%
— %	— %	17.00 %	2.50 %	6.00 %	2.50 %

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
Discount Rate	5.43%	5.28%	5.40%	6.50%
Change in Discount Rate from Prior Valuation	(0.40)%	(0.38)%	(0.36)%	—%

Rates Incorporated in the Discount Rate:

Long-Term Rate of Return	6.25%	6.25%	6.25%	6.50%
Period Applied	All Periods	All Periods	All Periods	Periods through June 30, 2069
Municipal Bond Rate	2.45%	2.45%	2.45%	2.89% thereafter

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

(expressed in thousands):

Net OPEB Liability	\$ 1,935,945	\$ 41,777	\$ 138,602	\$ (50,057)
Net OPEB Liability Assuming a Decrease of 1% in the Discount Rate	\$ 2,308,917	\$ 123,240	\$ 187,528	\$ (50,221)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$ 1,632,073	\$ (23,766)	\$ 99,093	\$ (49,906)

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

(expressed in thousands):

Net OPEB Liability	\$ 1,935,945	\$ 41,777	\$ 138,602	\$ (50,057)
Net OPEB Liability Assuming a Decrease of 1% in the Healthcare Cost Trend Rate	\$ 1,630,465	\$ (19,577)	\$ 98,159	\$ (55,430)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Healthcare Cost Trend Rate	\$ 2,308,700	\$ 116,900	\$ 188,131	\$ 43,639

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

	76.30 %	97.67 %	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 8% for MIF and 7.5% for LIF. The projection of cash flows used to determine the discount rate assumed future contribution to the MIF were based upon the contribution rates defined in statute and projected payroll of active employment. Per KRS 161.550 (5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the statutory contribution are to decrease, suspended, or eliminated. The employer will pay the actuarial determined contribution for LIF, active members do not explicitly contribute to the plan.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

KLRS	KTRS - Medical Insurance Fund		KTRS - Life Insurance Fund	
	Employer	Special Funding Situation	Employer	Special Funding Situation
6.50%	8.00%	8.00%	7.50%	7.50%
—%	—%	—%	—%	—%
6.50%	8.00%	8.00%	7.50%	7.50%
All Periods	All periods	All periods	All periods	All periods
NA	NA	NA	NA	NA
\$ (32,005)	\$ 37,099	\$ 1,091,489	\$ 556	\$ 32,041
\$ (29,680)	\$ 31,120	\$ 1,332,905	\$ 804	\$ 46,368
\$ (33,942)	\$ 21,263	\$ 910,740	\$ 350	\$ 20,254
\$ (32,005)	\$ 37,099	\$ 1,091,489	\$ —	\$ —
\$ (34,066)	\$ 20,407	\$ 874,093	\$ —	\$ —
\$ (29,553)	\$ 32,329	\$ 1,384,639	\$ —	\$ —
100.00 %	1.47 %	43.25 %	1.60 %	92.30 %

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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(Expressed in Thousands)

	<u>KERS</u>		<u>KSPRS</u>	<u>KJRS</u>
	<u>Non-Hazardous</u>	<u>Hazardous</u>		
OPEB Expense (Income)	\$ 217,769	\$ 21,214	\$ 21,773	\$ (7,735)
Deferred Outflow of Resources				
Differences between expected and actual experience	\$ 160,221	\$ 21,111	\$ 10,782	\$ 16
Changes in assumptions	141,701	61,594	16,034	2
Net difference between projected and actual earnings on investments	26,991	17,083	5,687	—
Change in proportionate share	102,768	1,431	—	—
Contributions subsequent to the measurement date	153,074	2,439	9,378	—
	<u>\$ 584,755</u>	<u>\$ 103,658</u>	<u>\$ 41,881</u>	<u>\$ 18</u>
Deferred Inflow of Resources				
Differences between expected and actual experience	\$ 192,255	\$ 37,029	\$ 13,593	\$ —
Changes in assumptions	3,404	299	96	—
Net difference between projected and actual earnings on investments	—	—	—	4,657
Change in proportionate share	55,004	4,449	—	—
	<u>\$ 250,663</u>	<u>\$ 41,777</u>	<u>\$ 13,689</u>	<u>\$ 4,657</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, 2022. 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:				
2022	\$ 88,214	\$ 15,650	\$ 2,216	\$ (2,338)
2023	37,605	20,924	5,461	(1,452)
2024	47,265	13,797	6,595	(967)
2025	7,934	9,084	4,542	106
2026	—	(13)	—	2
Thereafter	—	—	—	10
Total	<u>\$ 181,018</u>	<u>\$ 59,442</u>	<u>\$ 18,814</u>	<u>\$ (4,639)</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (3,077)	\$ (548)	\$ 2,358	\$ 251,754	\$ 245,589	\$ 6,165	\$ 127,331
\$ 13	\$ 9	\$ 554	\$ 192,706	\$ 187,119	\$ 5,587	\$ 12,369
2	1,561	66,858	287,752	282,414	5,338	17,453
—	917	40,384	91,062	83,078	1,033	24,047
—	1,522	26,659	132,380	131,537	843	112
—	2,607	77,462	244,960	240,004	4,956	22,800
<u>\$ 15</u>	<u>\$ 6,616</u>	<u>\$ 211,917</u>	<u>\$ 948,860</u>	<u>\$ 924,152</u>	<u>\$ 17,757</u>	<u>\$ 76,781</u>

\$ —	\$ 10,986	\$ 470,630	\$ 724,493	\$ 717,681	\$ 6,812	\$ 25,793
2	—	—	3,801	3,685	116	90,088
2,294	—	—	6,951	—	—	284
—	4,235	45,344	109,032	106,825	2,207	8,076
<u>\$ 2,296</u>	<u>\$ 15,221</u>	<u>\$ 515,974</u>	<u>\$ 844,277</u>	<u>\$ 828,191</u>	<u>\$ 9,135</u>	<u>\$ 124,241</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, 2022. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

\$ (1,172)	\$ (2,280)	\$ (72,791)	\$ 27,499	\$ 25,541	\$ 1,958	\$ (28,528)
(711)	(2,233)	(71,093)	(11,499)	(11,802)	305	(22,358)
(475)	(2,265)	(72,604)	(8,654)	(9,700)	1,047	(12,568)
69	(2,032)	(73,506)	(53,803)	(54,151)	356	(98)
2	(1,743)	(68,572)	(70,324)	(70,325)	—	(3,481)
6	(659)	(22,953)	(23,596)	(23,606)	—	(3,227)
<u>\$ (2,281)</u>	<u>\$ (11,212)</u>	<u>\$ (381,519)</u>	<u>\$ (140,377)</u>	<u>\$ (144,043)</u>	<u>\$ 3,666</u>	<u>\$ (70,260)</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 withholdings of the cities, counties, and local school districts, and remitting those withholdings to the plan administrators holding fixed and variable annuity contracts (carriers). Both Plans permit employees to defer collecting a portion of their salary until future years. This deferment is not available to employees until termination, retirement, death, or unforeseeable emergency. Assets of the 457 Plan and the 401(k) Plan are reported in a Pension Trust Fund within the fiduciary fund type, in compliance with Internal Revenue Code and GASB 32 requirements. As of June 30, 2021 Plan Assets are as follows:

	(expressed in thousands)	
	<u>457 Plan</u>	<u>401(k) Plan</u>
Commonwealth	\$ 668,371	\$ 991,156
Other Participating Jurisdictions	836,683	1,578,865
Total	<u>\$ 1,505,054</u>	<u>\$ 2,570,021</u>

Note 11

LEASE OBLIGATIONS

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

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

Changes in leases payable for the year ended June 30, 2021, are summarized in [Note 16](#), Changes in Long-Term Obligations.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2021

At June 30, 2021, capitalized leases included Buildings and Equipment as follows (Expressed in Thousands):

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units-Major</u>
Buildings and Equipment acquired through capital leases are recorded at the lesser of fair market value or present value of future minimum lease payments.			
Buildings	\$ 80,930	\$ 29,777	\$ 531,942
Equipment	64,373	345	98,437
Other	—	—	119,445
Total	<u>145,303</u>	<u>30,122</u>	<u>749,824</u>
Less: Accumulated depreciation	<u>(67,629)</u>	<u>(13,272)</u>	<u>(360,441)</u>
Total Net of Depreciation	<u>\$ 77,674</u>	<u>\$ 16,850</u>	<u>\$ 389,383</u>

Future minimum rental commitments for capitalizable leases as of June 30, 2021, are as follows (Expressed in Thousands):

	<u>Primary Government</u>				<u>Component Units - Major</u>	
	<u>Governmental</u>		<u>Business-Type</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2022	\$ 16,470	\$ 2,187	\$ 2,165	\$ 455	\$ 24,139	\$ 10,786
2023	17,792	1,112	2,068	395	25,511	10,012
2024	10,729	733	1,966	342	27,149	9,087
2025	6,448	567	2,013	288	17,393	8,380
2026	6,066	430	2,064	234	17,387	7,729
2027-2031	20,562	711	7,243	493	98,569	30,651
2032-2036	2,555	707	—	—	51,197	10,678
2037-2041	—	—	—	—	12,673	3,281
2042-2046	—	—	—	—	7,570	1,614
2047-2051	—	—	—	—	5,180	327
Present value of future minimum lease payments	<u>\$ 80,622</u>	<u>\$ 6,447</u>	<u>\$ 17,519</u>	<u>\$ 2,207</u>	<u>\$ 286,768</u>	<u>\$ 92,545</u>

Note 12

RISK MANAGEMENT

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

Fire, Tornado, and Auto Insurance:

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

The claims liability of \$13,589,511 reported in the Program at June 30, 2021, 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 2021 and 2020 were:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 13,557,455	\$ 10,117,000
Incurred claims	12,554,125	24,943,275
Claims payments	<u>(12,522,069)</u>	<u>(21,502,820)</u>
Balance at Fiscal Year End	<u>\$ 13,589,511</u>	<u>\$ 13,557,455</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 \$210,701,197 reported in the Program at June 30, 2021, 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 2021 and 2020 were:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 207,583,050	\$ 193,122,000
Claims and claims adjustments incurred	19,521,650	29,317,601
Changes in estimates	100	—
Claims and claims adjustment payments	<u>(16,403,603)</u>	<u>(14,856,551)</u>
Balance at Fiscal Year End	<u>\$ 210,701,197</u>	<u>\$ 207,583,050</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 \$29,597,877 reported in the Program at June 30, 2021, 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 2021 and 2020 were:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 27,169,253	\$ 28,438,000
Claims and claims adjustments incurred	5,109,491	1,545,468
Changes in estimates	488	—
Claims and claims adjustments payment	<u>(2,681,355)</u>	<u>(2,814,215.00)</u>
Balance at Fiscal Year End	<u>\$ 29,597,877</u>	<u>\$ 27,169,253</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 \$424,461,603 as reported in the financial statements, is the present value of the aggregate actuarially determined claims liability of \$578,256,000 discounted at 3.43 percent, and net of the estimated realizable value of reimbursements. The claims adjusted liability of \$12,809,812 as reported in the financial statements is the present value of the aggregate actuarially determined liability of \$14,795,000 discounted at 3.43 percent and net of the estimated realizable value of reimbursements. Changes in the Program's claims liability amount in Fiscal Years 2021 and 2020 were:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 661,598,000	\$ 730,486,000
Claims and claims adjustments incurred	5,480,000	7,077,000
Changes in estimates	(31,206,000)	(26,559,000)
Claims and claims adjustment payments	<u>(42,821,000)</u>	<u>(49,406,000)</u>
Balance at Fiscal Year End	<u>\$ 593,051,000</u>	<u>\$ 661,598,000</u>

Petroleum Storage Tank Environmental Assurance Program:

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

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

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

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

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 94,588,585	\$ 94,588,585
Claims and claims adjustments incurred	13,159,817	10,473,379
Changes in estimates	—	—
Claims and claims adjustment payments	<u>(13,159,817)</u>	<u>(10,473,379)</u>
Balance at Fiscal Year End	<u>\$ 94,588,585</u>	<u>\$ 94,588,585</u>

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Kentucky Reclamation Guaranty Fund:

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

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

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

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

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

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of \$901,983 as reported in the financial statements is the aggregate actuarially determined claims liability.

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 1,293,775	\$ 1,076,226
Claims and claims adjustments incurred	—	—
Changes in estimates	(391,792)	217,549
Claims and claims adjustment payments	—	—
Balance at Fiscal Year End	<u>\$ 901,983</u>	<u>\$ 1,293,775</u>

Mine Subsidence Insurance:

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

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

GASB 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The Mine Subsidence Program had zero claims liability at June 30, 2021. Changes in the Program's aggregate liabilities for the claims and claims adjustments for the past two years were:

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	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ —	\$ —
Claims and claims adjustments incurred	35,585	23,825
Changes in estimates	—	—
Claims and claims adjustment payments	<u>(35,585)</u>	<u>(23,825)</u>
Balance at Fiscal Year End	<u>\$ —</u>	<u>\$ —</u>

Kentucky Public Employees Health Plan:

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

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

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

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

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

The Plan establishes liabilities for incurred but unpaid claims based on its estimate of the ultimate cost of settling claims that have been reported but not yet settled, and of claims that have been incurred but not yet reported. The claims liability \$118,649,033 that was reported in the financial statements is the aggregate actuarially determined claims liability. Changes in the aggregate liabilities for claims and claims adjustment expenses for the past two years are as follows:

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Beginning of fiscal year liability	\$ 91,271,096	\$ 85,164,771
Claims and claims adjustments incurred	1,855,619,353	1,800,495,198
Changes in estimates	8,020,261	(10,218,434)
Claims and claims adjustment payments	<u>(1,836,261,677)</u>	<u>(1,784,170,439)</u>
Balance at Fiscal Year End	<u>\$ 118,649,033</u>	<u>\$ 91,271,096</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 2021 or 2020; and, there was not a claims liability for FY 2021 or FY 2020.

Note 14

DEFEASANCE OF LONG-TERM DEBT

The School Facilities Construction Commission issues revenue bonds on behalf of local school districts to finance construction of new facilities or the major renovation of existing facilities. The Commission participates in the payment of debt service for qualifying districts. By statute, the Commission's portion of the savings from refunding issues goes to the school district. Therefore, the Commission's participation remains unchanged and the Commission does not experience an economic gain or loss on these transactions. Proceeds from the issues are placed in escrow accounts to pay the future debt service of the issue(s) being refunded. During the fiscal year ended June 30, 2021, the Commission issued the following refunding revenue bonds:

Revenue refunding bonds dated February 11, 2021, were issued for the Augusta Independent School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$187,010 maturing May 1, 2021 to May 1, 2031, and a carrying interest rate of 0.950%.

Revenue refunding bonds dated October 20, 2020, were issued for the Barren County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was \$574,746 maturing December 1, 2020 to December 1, 2030, and carrying interest rates from 2.000% to 3.000%.

Revenue refunding bonds dated February 9, 2021, were issued for the Bellevue Independent School District Finance Corporation to refund 2008 & 2011 issues. The Commission's portion of the refunding issue was \$383,841 maturing May 1, 2022 to May 1, 2031, and carrying interest rates from 0.300% to 1.350%.

Revenue refunding bonds dated November 3, 2020, were issued for the Bourbon County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$242,561 maturing April 1, 2021 to October 1, 2031, and carrying interest rates from 0.500% to 1.750%.

Revenue refunding bonds dated March 24, 2021, were issued for the Boyle County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$1,073,587 maturing June 1, 2021 to June 1, 2031, and a carrying interest rate of 1.050%.

Revenue refunding bonds dated January 20, 2021, were issued for the Burgin Independent School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$1,932 maturing June 1, 2021 to June 1, 2031, and carrying interest rates from 0.000% to 1.500%.

Revenue refunding bonds dated October 15, 2020, were issued for the Caldwell County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$513,673 maturing April 1, 2021 to April 1, 2031, and carrying interest rates from 0.400% to 2.000%.

Revenue refunding bonds dated October 15, 2020, were issued for the Campbell County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$4,585,656 maturing February 1, 2021 to August 1, 2031, and carrying interest rates from 0.300% to 1.650%.

Revenue refunding bonds dated February 9, 2021, were issued for the Carroll County School District Finance Corporation to refund 2004, 2005, & 2006 issues. The Commission's portion of the refunding issue was \$1,069,000 maturing June 1, 2021 to December 1, 2026, and carrying interest rates from 0.250% to 0.500%.

Revenue refunding bonds dated September 9, 2020, were issued for the Clark County School District Finance Corporation to refund a 2010 BABS issue. The Commission's portion of the refunding issue was \$2,265,000 maturing November 1, 2020 to November 1, 2030, and carrying interest rates from 0.220% to 1.050%.

Revenue refunding bonds dated July 15, 2020, were issued for the Crittenden County School District Finance Corporation to refund 2009 & 2010 issues. The Commission's portion of the refunding issue was \$1,210,000 maturing August 1, 2021 to August 1, 2030, and carrying interest rates from 0.800% to 1.600%.

Revenue refunding bonds February 11, 2021, were issued for the Edmonson County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$515,000 maturing May 1, 2021 to May 1, 2031, and a carrying interest rate of 1.100%.

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Revenue refunding bonds dated October 6, 2020, were issued for the Eminence Independent School District Finance Corporation to refund two 2010 issues. The Commission's portion of the refunding issue was \$440,000 maturing February 1, 2021 to August 1, 2030, and carrying interest rates from 0.850% to 1.200%.

Revenue refunding bonds dated November 24, 2020, were issued for the Fayette County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$5,990,163 maturing June 1, 2021 to June 1, 2031, and carrying interest rates from 0.450% to 1.900%.

Revenue refunding bonds dated November 18, 2020, were issued for the Floyd County School District Finance Corporation to refund a 2008 issue. The Commission's portion of the refunding issue was \$703,083 maturing April 1, 2021 to April 1, 2028, and carrying interest rates from 0.000% to 0.900%.

Revenue refunding bonds dated March 25, 2021, were issued for the Franklin County School District Finance Corporation to refund a 2012 issue. The Commission's portion of the refunding issue was \$1,366,947 maturing June 1, 2021 to June 1, 2032, and carrying interest rates from 0.200% to 1.750%.

Revenue refunding bonds dated June 16, 2021, were issued for the Gallatin County School District Finance Corporation to refund a 2012 issue. The Commission's portion of the refunding issue was \$292,901 maturing December 1, 2021 to December 1, 2032, and carrying interest rates from 0.500% to 1.900%.

Revenue refunding bonds dated February 4, 2021, were issued for the Glasgow Independent School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$327,520 maturing April 1, 2021 to April 1, 2024, and a carrying interest rate of 1.000%.

Revenue refunding bonds dated October 13, 2020, were issued for the Greenup County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was \$694,429 maturing February 1, 2021 to August 1, 2030, and carrying interest rates from 0.850% to 1.150%.

Revenue refunding bonds dated February 9, 2021, were issued for the Harlan Independent School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was \$270,117 maturing February 1, 2022 to February 1, 2029, and carrying interest rates from 0.200% to 0.500%.

Revenue refunding bonds dated October 21, 2020, were issued for the Henry County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$1,020,682 maturing February 1, 2021 to August 1, 2031, and carrying interest rates from 0.600% to 1.700%.

Revenue refunding bonds dated March 30, 2021, were issued for the Jackson Independent School District Finance Corporation to refund 2007 & 2010 issues. The Commission's portion of the refunding issue was \$224,315 maturing February 1, 2022 to February 1, 2030, and carrying interest rates from 1.250% to 1.250%.

Revenue refunding bonds dated April 13, 2021, were issued for the Jessamine County School District Finance Corporation to refund a 2012 issue. The Commission's portion of the refunding issue was \$550,277 maturing August 1, 2021 to August 1, 2032, and carrying interest rates from 0.250% to 2.000%.

Revenue refunding bonds dated September 16, 2020, were issued for the Johnson County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was \$1,193,998 maturing December 1, 2020 to December 1, 2030, and carrying interest rates from 0.350% to 1.000%.

Revenue refunding bonds dated June 24, 2021, were issued for the Johnson County School District Finance Corporation to refund 2007 & 2011 issues. The Commission's portion of the refunding issue was \$106,144 maturing August 1, 2021 to August 1, 2031, and carrying interest rates from 0.250% to 1.350%.

Revenue refunding bonds dated October 21, 2020, were issued for the Larue County School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was \$145,945 maturing February 1, 2021 to August 1, 2026, and carrying interest rates from 0.350% to 2.000%.

Revenue refunding bonds dated July 17, 2020, were issued for the Martin County School District Finance Corporation to refund a 2010 BABS issue. The Commission's portion of the refunding issue was \$2,015,000 maturing October 1, 2020 to October 1, 2030, and carrying interest rates from 0.650% to 1.550%.

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Revenue refunding bonds dated October 13, 2020, were issued for the Menifee County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$1,979,280 maturing May 1, 2021 to May 1, 2031, and carrying interest rates from 0.400% to 1.650%.

Revenue refunding bonds dated November 12, 2020, were issued for the Nicholas County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$33,715 maturing April 1, 2021 to April 1, 2031, and carrying interest rates from 0.650% to 2.000%.

Revenue refunding bonds dated July 29, 2020, were issued for the Pike County School District Finance Corporation to refund a 2009 issue. The Commission's portion of the refunding issue was \$930,000 maturing October 1, 2020 to October 1, 2029, and carrying interest rates from 0.500% to 1.350%.

Revenue refunding bonds dated October 1, 2020, were issued for the Pulaski County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$222,042 maturing March 1, 2021 to March 1, 2031, and carrying interest rates from 0.650% to 1.750%.

Revenue refunding bonds dated July 28, 2020, were issued for the Raceland-Worthington Independent School District Finance Corporation to refund a 2010 issue. The Commission's portion of the refunding issue was \$410,377 maturing February 1, 2021 to February 1, 2030, and carrying interest rates from 0.800% to 1.600%.

Revenue refunding bonds dated March 18, 2021, were issued for the Raceland-Worthington Independent School District Finance Corporation to refund a 2010 BABS issue. The Commission's portion of the refunding issue was \$289,296 maturing October 1, 2021 to October 1, 2030, and a carrying interest rate from 1.050%.

Revenue refunding bonds dated January 6, 2021, were issued for the Russell Independent School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$1,090,988 maturing April 1, 2021 to April 1, 2031, and carrying interest rates from 0.250% to 1.050%.

Revenue refunding bonds dated February 5, 2021, were issued for the Southgate Independent School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$361,882 maturing May 1, 2021 to May 1, 2031, and carrying interest rates from 0.250% to 1.000%.

Revenue refunding bonds dated January 26, 2021, were issued for the Walton-Verona Independent School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$436,712 maturing March 1, 2022 to March 1, 2031, and carrying interest rates from 0.400% to 1.000%.

Revenue refunding bonds dated March 3, 2021, were issued for the Wayne County School District Finance Corporation to refund a 2011 issue. The Commission's portion of the refunding issue was \$1,796,000 maturing May 1, 2021 to November 1, 2031, and carrying interest rates from 0.200% to 1.350%.

Kentucky Asset/Liability Commission

The Kentucky Asset/Liability Commission issued the following Revenue Refunding Bonds:

\$59,405,000 2020 Federal Highway Trust Fund Refunding Bonds dated December 16, 2020. These bonds consist of Serial bonds maturing on September 1, 2021 through September 1, 2022, carrying interest rate of 5.000%. The net proceeds in the amount of \$62,330,426 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 2010 A Federal Highway Trust Fund Bonds in the amount of \$61,215,000 maturing on September 1, 2022, carrying an interest rate from 3.500% to 5.000%. The refunding will result in net savings (increase in cash flows) of \$2,913,481 in future periods and a present value savings of \$2,906,028 at 0.2866%.

\$113,940,000 2021 General Fund Refunding Bonds dated May 3, 2021. These bonds consist of Serial bonds maturing on November 1, 2021 through November 1, 2027, carrying interest rates of 4.000% to 5.000%. The net proceeds in the amount of \$117,499,241 were deposited in the Bond Fund for Prior Bonds and used for refunding of Project No. 2007 A, B General Fund Bonds in the amount of \$117,495,000 maturing on November 1, 2025, carrying an interest rate of 4.066% to 4.125%. The refunding will result in net savings (increase in cash flows) of \$1,125,271 in future periods and a present value savings of \$1,114,531 at 0.6420%.

Component Units

Northern Kentucky University issued \$5,775,000 of General Receipts Refunding, 2020 Series A, dated November 4, 2020. These bonds mature September 1, 2021 through September 1, 2028, and a carry interest rate of 3.000%. The proceeds will be used by the University to refund and retire general receipt bonds, 2010 Series B bonds. The refunding will result in net savings (increase in cash flows) of \$596,000 in future periods and a present value savings of \$580,000.

Morehead State University issued \$4,870,000 of General Receipts Refunding, 2020 Series A, dated December 15, 2020. These bonds mature November 1, 2029 through November 1, 2032, and carry interest rates of 2.050% to 2.400%. The proceeds will be used by the University to refund 2012 Series bonds. The refunding will result in net savings (increase in cash flows) of \$3,024,948 in future periods and a present value savings of \$1,330,399.

University of Louisville issued \$21,400,000 of General Receipts Refunding, 2021 Series A, dated June 4, 2021. These bonds mature September 1, 2021 through September 1, 2031, and a carry interest rate of 1.550%. The proceeds will be used by the University to refund 2011 Series bonds. The refunding will result in net savings (increase in cash flows) of \$4,150,267 in future periods and a present value savings of \$3,817,854.

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, 2021.

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

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

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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, 2021 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 \$121,450,000 in revenue and agency fund bonds as follows:

\$121,450,000 Project No. 124 Revenue Bonds Series A dated July 22, 2020. These bonds maturing on November 1, 2020 through November 1, 2039 carrying interest rates of 0.000% to 5.000%.

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

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

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

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

The Authority issued no bonds during fiscal year 2021.

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.

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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 2021.

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

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

State Universities issued \$280,385,000 in revenue and refunding bonds as follows:

Morehead State University issued \$4,870,000 of General Receipts Refunding, 2020 Series A, dated December 15, 2020. These bonds mature November 1, 2029 through November 1, 2032 and carry interest rates of 2.050% to 2.400%. The proceeds will be used by the University to refund 2012 Series bonds. The refunding will result in net savings (increase in cash flows) of \$3,024,948 in future periods and a present value savings of \$1,330,399.

Northern Kentucky University issued \$214,665,000 in revenue and refunding bonds as follows:

\$5,775,000 of General Receipts Refunding, 2020 Series A, dated November 4, 2020. These bonds mature September 1, 2021 through September 1, 2028 and carry interest rate of 3.000%. The proceeds will be used by the University to refund and retire general receipt bonds, 2010 Series B bonds. The refunding will result in net savings (increase in cash flows) of \$596,000 in future periods and a present value savings of \$580,000 at 0.8144%.

\$3,440,000 of General Receipts Bonds, 2020 Series B dated November 4, 2020. These bonds mature September 1, 2021 through September 1, 2027 and carry interest rates of 2.000% to 3.000%. The proceeds will be used to pay the costs of completing the acquisition, construction, and equipping of a new student housing and renovate existing housing and parking facilities.

\$205,450,000 of General Receipts Pension Financing Bonds 2021 Series A dated April 20, 2021. These bonds mature September 1, 2021 through September 1, 2041 and carry interest rates of 0.361% to 3.208%. The proceeds will be used for the University's cessations from the KERS nonhazardous pension plan.

The University of Louisville issued \$60,850,000 in revenue and refunding bonds as follows:

\$21,400,000 of General Receipts Refunding, 2021 Series A, dated June 4, 2021. These bonds mature September 1, 2021 through September 1, 2031 and a carry interest rate of 1.550%. The proceeds will be used by the University to refund 2011 Series bonds. The refunding will result in net savings (increase in cash flows) of \$4,150,267 in future periods and a present value savings of \$3,817,854.

\$39,450,000 of General Receipts 2021 Series B, dated June 3, 2021. These bonds mature September 1, 2021 through September 1, 2050 and carry interest rates of 2.000% to 5.000%. The proceeds will be used for the acquisition, construction, installation, and equipping of a new residence hall.

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

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

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

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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 mortgage revenue bonds/draws on Lines of Credit of \$142,200,000 during fiscal year 2021.

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

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

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

The Kentucky Infrastructure Authority was created by House Bill 217, passed into law during the 1988 regular session of the Kentucky General Assembly, to assist governmental agencies of the State with respect to the construction and acquisition of infrastructure projects as defined in the legislation. Pursuant to this Act, which amends KRS Chapter 224A, all powers, duties, and obligations of the Kentucky Pollution Abatement and Water Resources Finance Authority, including administration of debt service on revenue bonds previously issued by the Authority, are transferred to the Kentucky Infrastructure Authority, which is established as a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the State.

The Authority issued no bonds during fiscal year 2021.

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 2021.

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.

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The Corporation issued notes payable of \$422,640,000; 2020 Direct Borrowings PNC Line of Credit of \$41,597,902; and 2021-1A Student Backed Notes of \$30,575,000 dated March 31, 2021, interest 1.65% per annum. Maturing March 25, 2051; 2021-1B Student Backed Notes of \$102,730,000 dated March 31, 2021, interest one-month LIBOR plus 0.78%. Maturing March 25, 2051; and 2021 B Student Backed Notes of \$2,000,000 dated March 31, 2021, interest one-month LIBOR plus 1.50%. Maturing March 25, 2051.

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

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

The Authority issued no bonds during fiscal year 2021.

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

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

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

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

The authority issued no bonds during fiscal year 2021.

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, 2021, the Commission sold school building revenue and revenue refunding bond issues having aggregate state participation of \$76,848,139 maturing through June 1, 2041, and carry interest rates of 0.000% to 5.000%. Due to the length of the listing, the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 2021, which is contained in the publication titled SUPPLEMENTARY INFORMATION to the Kentucky Comprehensive Annual Report for the Fiscal Year Ended June 30, 2021. 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.

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

The Corporation issued no bonds during fiscal year ended June 30, 2021.

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 2021.

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

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

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

The KentuckyWired Infrastructure Company, Inc.

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

The Kentucky Bond Development Corporation, a Kentucky nonprofit corporation, under Sections 103.200 et seq. of the Kentucky Revised Statutes, acting as a constituted authority of public agencies under the terms of an Interlocal Cooperating Agreement dated September 19, 2014 and as authorized by the City of Williamsburg, Kentucky, a part to the Interlocal Agreement, by resolution adopted on June 17, 2019 for the Kentucky Communications Network Authority Project. The proceeds are to fund projects related to the acquisition, construction, installation, and equipping of the KentuckyWired Project, the Commonwealth's open-access broadband network. All payments made by the Commonwealth to the non-profit are subject to appropriation by the General Assembly in the General Fund budget.

The Corporation issued no bonds during the fiscal year ended June 30, 2021. 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.

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**The agencies and authorities that issue debt, net of discounts and defeased bonds,
at June 30, 2021, are as follows (Expressed in Thousands)**

Long-Term Obligations	Principal Outstanding	Interest Rate	Annual Maturity To
Agency:			
State Property and Buildings Commission	\$ 3,077,775	1.00%-8.25%	2039
Kentucky School Facilities Construction Commission	1,022,893	0.00%-5.90%	2041
Turnpike Authority of Kentucky	1,012,240	1.00%-5.72%	2037
Total	<u><u>\$ 5,112,908</u></u>		

**Future revenue bond debt service requirements at
June 30, 2021, are as follows (Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2022	\$ 585,388	\$ 204,331	\$ 789,719
2023	443,865	182,468	626,333
2024	436,005	164,624	600,629
2025	404,176	147,023	551,199
2026	427,323	129,969	557,292
2027-2031	1,753,768	401,291	2,155,059
2032-2036	821,372	141,492	962,864
2037-2041	241,011	16,718	257,729
Total	<u><u>\$ 5,112,908</u></u>	<u><u>\$ 1,387,916</u></u>	<u><u>\$ 6,500,824</u></u>

**Future debt service requirements for aggregated Next Generation Kentucky Information
Highway Project at June 30, 2021, are as follows (Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2022	\$ 2,291	\$ 15,219	\$ 17,510
2023	2,804	15,104	17,908
2024	3,245	14,995	18,240
2025	3,771	14,859	18,630
2026	4,438	14,664	19,102
2027-2031	33,301	69,253	102,554
2032-2036	56,280	59,202	115,482
2037-2041	87,193	42,412	129,605
2042-2045	107,588	15,222	122,810
Total	<u><u>\$ 300,911</u></u>	<u><u>\$ 260,930</u></u>	<u><u>\$ 561,841</u></u>

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**Future debt service requirements for Kentucky Communications Network Authority
Project at June 30, 2021, are as follows (Expressed in Thousands)**

Year Ending June 30	Direct Placements		Totals
	Principal	Interest	
2022	\$ 1,605	\$ 5,064	\$ 6,669
2023	1,685	4,982	6,667
2024	1,770	4,896	6,666
2025	1,865	4,805	6,670
2026	1,960	4,709	6,669
2027-2031	11,410	21,932	33,342
2032-2036	14,650	18,691	33,341
2037-2041	18,810	14,529	33,339
2042-2046	24,155	9,185	33,340
2047-2050	24,180	2,493	26,673
Total	\$ 102,090	\$ 91,286	\$ 193,376

Component Unit Revenue Bonds Payable as of June 30, 2021, are as follows (Expressed in Thousands)

Component Unit Revenue Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Kentucky Housing Corporation*	\$ 245,955	0.223%-5.000%	2042
Kentucky Infrastructure Authority*	171,830	2.000%-5.000%	2032
Kentucky Higher Education Student Loan Corporation	693,635	1.140%-4.180%	2051
Kentucky Public Transportation Infrastructure Authority	360,015	3.750%-6.875%	2053
University of Kentucky*	1,022,585	1.030%-3.900%	2047
University of Louisville*	300,212	2.000%-5.600%	2051
Louisville Arena Authority	374,060	2.967%-5.000%	2047
Eastern Kentucky University	94,255	2.000%-5.000%	2038
Western Kentucky University*	222,778	2.000%-5.000%	2037
Murray State University*	56,190	1.000%-5.000%	2035
Morehead State University	59,965	1.000%-5.000%	2036
Kentucky State University	1,775	3.625%-3.875%	2027
Northern Kentucky University*	328,750	0.360%-5.000%	2051
Total	\$ 3,932,005		

* Amounts reflect original issue

**Future revenue bond debt service requirements for bonds issued by the
Commonwealth's Component Units at June 30, 2021, are as follows
(Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2022	\$ 175,597	\$ 132,755	\$ 308,352
2023	186,317	127,325	313,642
2024	179,752	125,240	304,992
2025	182,770	122,694	305,464
2026	171,595	115,739	287,334
2027-2031	815,094	479,569	1,294,663
2032-2036	582,350	348,906	931,256
2037-2041	440,390	243,065	683,455
2042-2046	384,675	153,478	538,153
2047-2051	737,950	99,551	837,501
2052-2056	75,515	6,972	82,487
Thereafter	—	—	—
Total	\$ 3,932,005	\$ 1,955,294	\$ 5,887,299

NOTES PAYABLE

At June 30, 2021, the following entities had notes payable as follows:

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

The Commission issued \$173,345,000 in notes payable as follows:

\$59,405,000 Federal Highway Trust Fund Refunding Series 2020A Notes dated December 16, 2020. These notes mature November 1, 2021 through November 1, 2027 and carry interest rates of 3.500% to 5.000%. The proceeds will be used to pay off Federal Highway Trust Fund First Series 2010 Series A Notes. The refunding will result in net savings (increase in cash flows) of \$2,913,481 in future periods and a present value savings of \$2,904,808 at 0.2866%.

\$113,940,000 General Fund Refunding Project Notes 2021A Notes dated May 3, 2021. These notes mature November 1, 2021 through November 1, 2027 and carry interest rates of 4.000% to 5.000%. The proceeds will be used pay off General Fund Floating Rate 2007 Series A and B Notes. The refunding will result in net savings (increase in cash flows) of \$1,125,271 in future periods and a present value savings of \$1,114,531 at 0.6420%.

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.

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

The Component Units of the Commonwealth reported notes payable of \$28,902,000, direct borrowings of \$567,982,000, and direct placements of \$202,488,000 in their individual audited financial statements, details concerning their notes payable are presented in the notes to those financial statements. A copy of individual component unit financial statements may be obtained by using the contact information provided on the [Component Unit Financial Statement Address](#) page(s), within this report.

The Kentucky Authority For Educational Television received a Paycheck Protection Program loan (PPP loan) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of \$412,186. The PPP loan was classified as debt. On November 2, 2020, notification was received from the lender that the SBA approved the PPP loan forgiveness application and remitted the forgiveness amount of \$412,186 to the lender. The amount forgiven is included in the 2021 Consolidated Statement of Revenues, Expenses, and Changes in Net Position of the component unit’s financial statements.

The Kentucky Horse Park Foundation received \$55,800 in Paycheck Protection Program (“PPP”) funding on May 4, 2020 from Central Bank & Trust Co. through the U.S. Small Business Administration under the Coronavirus Aid Relief and Economic Security Act. On April 19, 2021, notification was received of forgiveness of the PPP loan. Accordingly, these funds have been included in other revenue in the consolidated statement of activities and changes in the net assets for the year ended May 31, 2021.

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

Memorandum of Understanding (MOU) – The Commonwealth of Kentucky has entered into an understanding with The Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC). Bonds were issued in order to construct, furnish and equip a new State Mental Health Hospital with the understanding that the Commonwealth will fund the debt service of the Corporation by making Biennial Appropriations for this purpose. The net proceeds from the bond issue have been deposited in the Commonwealth of Kentucky’s account and construction costs are being recorded as Construction in Progress. 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, 2021, are as follows (Expressed in Thousands)**

Year Ending June 30	Principal	Interest	Totals
2022	\$ 6,165	\$ 5,093	\$ 11,258
2023	6,475	4,785	11,260
2024	6,800	4,461	11,261
2025	7,140	4,121	11,261
2026	7,495	3,765	11,260
2027-2031	43,805	12,489	56,294
2032-2033	20,910	1,607	22,517
Total	\$ 98,790	\$ 36,321	\$ 135,111

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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 \$3,600,000 was made on those Certificates in 2021. The remaining debt service requirement, the trustee fee and management and maintenance fee under the lease agreement are shown below.

Future debt service requirements for Certificates of Participation June 30, 2021, are as follows
(Expressed in Thousands)

Year Ending June 30	Principal	Interest	Operations & Maintenance	Totals
2022	\$ 3,675	\$ 7,036	\$ 1,305	\$ 12,016
2023	3,775	6,901	1,345	12,021
2024	3,885	6,749	1,384	12,018
2025	3,995	6,593	1,426	12,014
2026	4,135	6,419	1,468	12,022
2027-2031	22,350	29,731	8,026	60,107
2032-2036	25,820	25,007	9,298	60,125
2037-2041	30,935	18,440	10,770	60,145
2042-2046	35,935	11,745	12,482	60,162
2047-2051	36,380	4,077	10,726	51,183
Total	\$ 170,885	\$ 122,698	\$ 58,230	\$ 351,813

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, 2021, are as follows
(Expressed in Thousands):

	Governmental Activities	Business-Type Activities	Major Component Units
Deferred Outflow of Resources			
Deferred Loss on Refunding	\$ 17,133	\$ —	\$ 9,580
Pension Related Outflows	3,196,141	36,956	23,435
OPEB Related Outflows	924,152	17,757	76,781
Total	\$ 4,137,426	\$ 54,713	\$ 109,796
Deferred Inflow of Resources			
Deferred Gain on Refunding	\$ 61,265	\$ —	\$ 11,081
External Trusts	—	—	19,224
Forward Delivery Agreement	—	—	3,026
Service Concession Arrangement	—	—	509,600
Pension Related Inflows	4,817,070	4,440	47,551
OPEB Related Inflows	828,191	9,135	124,241
Total	\$ 5,706,526	\$ 13,575	\$ 714,723

Future debt service requirements for aggregated Notes Payable for the Primary
Government at June 30, 2021, are as follows (Expressed in Thousands):

Year Ending June 30	Principal	Interest	Totals
2022	\$ 109,895	\$ 24,324	\$ 134,219
2023	105,996	19,266	125,262
2024	86,010	14,617	100,627
2025	81,800	10,487	92,287
2026	84,380	6,429	90,809
2027-2028	89,045	3,000	92,045
Total	\$ 557,126	\$ 78,123	\$ 635,249

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**Future debt service requirements for aggregated Notes Payable for the Component Units at June 30, 2021, are as follows
(Expressed in Thousands):**

Year Ending June 30			Direct Borrowings		Direct Placements		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 11,022	\$ 498	\$ 32,255	\$ 20,134	\$ 823	\$ 1,713	\$ 66,445
2023	2,930	426	3,287	19,454	855	1,688	28,640
2024	2,248	368	10,531	19,585	879	1,664	35,275
2025	2,064	321	3,095	19,188	907	1,636	27,211
2026	2,306	277	13,132	23,718	934	1,609	41,976
2027-2031	6,995	762	27,201	87,962	5,111	7,604	135,635
2032-2036	1,227	90	92,303	82,902	5,932	6,784	189,238
2037-2041	54	23	101,045	66,011	187,047	2,191	356,371
2042-2046	56	7	116,261	45,025	—	—	161,349
2047-2051	—	—	140,752	20,165	—	—	160,917
2052-2056	—	—	28,120	607	—	—	28,727
Total	\$ 28,902	\$ 2,772	\$ 567,982	\$ 404,751	\$ 202,488	\$ 24,889	\$ 1,231,784

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Changes in long-term liabilities for the fiscal year ended June 30, 2021, are summarized as follows (Expressed in Thousands):

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due In One Year	Due Thereafter
Governmental Activities						
Compensated absences	\$ 259,271	\$ 211,181	\$ (203,490)	\$ 266,962	\$ 116,802	\$ 150,160
Capital leases	68,407	12,215	—	80,622	16,470	64,152
Claims liability	248,310	37,185	(31,608)	253,887	32,163	221,724
Notes payable	691,490	173,345	(307,709)	557,126	109,895	447,231
Certificate of Participation	174,485	—	(3,600)	170,885	3,675	167,210
KCNA - Direct Placements	102,090	—	—	102,090	1,605	100,485
KWIC	302,829	—	(1,918)	300,911	2,291	298,620
Bonds payable	5,510,743	244,544	(642,379)	5,112,908	585,388	4,527,520
Unamortized premiums	470,932	49,311	(58,900)	461,343	57,428	403,915
Unamortized discounts	(7,917)	(944)	1,179	(7,682)	(716)	(6,966)
Judgments and contingent liabilities	148,092	363,971	(468,994)	43,069	33,666	9,403
LFUCGPFC MOU obligations	104,661	—	(5,871)	98,790	6,165	92,625
Pollution remediation liabilities	12,231	855	(2,787)	10,299	2,504	7,795
Net OPEB liability	2,960,485	169,413	—	3,129,898	—	3,129,898
Net pension liability	25,498,405	748,383	—	26,246,788	—	26,246,788
Total Governmental Activities	36,544,514	2,009,459	(1,726,077)	36,827,896	967,336	35,860,560
Business-Type Activities						
Compensated absences	7,302	264	(453)	7,113	6,363	750
Capital leases	19,644	—	(2,125)	17,519	2,165	15,354
Claims and claims adjustment liability	677,705	27,377	(53,671)	651,411	174,682	476,729
Pollution remediation liabilities	349	—	(28)	321	30	291
Net OPEB liability	56,600	8,949	—	65,549	—	65,549
Net pension liability	372,379	—	(3,720)	368,659	—	368,659
Other Liabilities	175,697	17,200	(28,332)	164,565	149,900	14,665
Total Business-Type Activities	1,309,676	53,790	(88,329)	1,275,137	333,140	941,997
Total Primary Government	\$ 37,854,190	\$ 2,063,249	\$ (1,814,406)	\$ 38,103,033	\$ 1,300,476	\$ 36,802,557
Major Component Units						
Compensated absences	\$ 96,451	\$ 121,867	\$ (84,429)	\$ 133,889	\$ 119,763	\$ 14,126
Capital leases	310,287	10,646	(34,165)	286,768	24,139	262,629
Prize liability	60,481	13,730	—	74,211	64,447	9,764
Notes payable	16,302	142,785	(144,250)	14,837	7,099	7,738
Direct Borrowings	643,909	42,598	(117,525)	568,982	32,255	536,727
Direct Placements	283,519	—	(81,031)	202,488	823	201,665
Bonds payable	2,595,150	697,109	(607,750)	2,684,509	102,210	2,582,299
Net OPEB liability	277,153	45,928	(38,620)	284,461	—	284,461
Net pension liability	458,222	—	(105,545)	352,677	—	352,677
Other Liabilities	741,524	310,066	(469,699)	581,891	120,199	461,692
Total Major Component Units	\$ 5,482,998	\$ 1,384,729	\$ (1,683,014)	\$ 5,184,713	\$ 470,935	\$ 4,713,778

The Kentucky Asset/Liability Commission (ALCO) of the Commonwealth has issued General Fund Project Notes, 2021 Series A with an aggregate principal amount of \$113,940,000 to refund all of the Commission's outstanding ALCO General Fund Floating Rate Project Notes, 2007 Series A and B Notes.

GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, required a government to terminate hedge accounting when it changed the reference rate of a hedging derivative instrument's variable payment. The variable payment made or received from either derivative party associated with the lease agreement was dependent on the London Interbank Offered Rate (LIBOR). For reporting periods beginning after December 31, 2021, LIBOR will be discontinued. GASB Statement No. 93, Replacement of Interbank Offered Rates establishes accounting and financial reporting requirements related to the replacement of IBORs, most notable, the London Interbank Offered Rate (LIBOR), in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. In refunding the ALCO General Fund Floating Rate Project Notes, 2007 Series A and B Notes, the Commonwealth has implemented GASB Statement No. 93 ahead of schedule.

Note 17

Commitments and Contingencies

Litigation – The Commonwealth, its units and employees are parties to numerous legal proceedings, many of which normally occur in governmental operations. The legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the Commonwealth's financial position.

In addition, the Commonwealth and its component units are involved in certain other legal proceedings which, if decided adversely to the Commonwealth, may require the Commonwealth to make material future expenditures for expanded services or capital facilities, may impair future revenue sources, or may require the refund of prior collections. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures nor revenue sources of the Commonwealth.

Judgments and Contingencies – A claim is a suit that has been filed but there has been no decision rendered by the court systems. Amounts reported include claims made against the Commonwealth during the period preceding June 30 of the current fiscal year. Claims are classified according to their chance of occurrence as either remote, possible, or probable. Claims are further classified as payable within one year, within future periods, or a combination of the two periods.

A judgment is any amount that is to be repaid as the result of a court decision or an award for the condemnation of private property. Reasons for such amounts also arise from employment, contracts, and government involvement of personnel or property. The General Fund, the Agency Revenue Fund, the Transportation Fund, and the State Parks Fund generally pay claims and judgments. These amounts are classified as either payable within one year, in future periods, or a combination of the two periods if they remain unpaid after June 30 of the current fiscal year.

Federal Grant – The Commonwealth receives significant financial assistance from the U.S. Government in the form of grants and Federal revenue sharing entitlements. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowance as a result of these audits becomes a liability of the Commonwealth.

Leases – The Commonwealth has entered into various operating leases for land and buildings. All leases contain termination clauses providing for the cancellation after 30, 60, or 90 days written notice to the lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business, similar leases will replace most of these leases. Primary Government expenditures for rent under leases for the years ended June 30, 2021 and 2020, amounted to \$155.9 and \$163.2 million, respectively. The operating leases of the Commonwealth do not contain escalation clauses for rental or expense that would require adjustment to be in compliance with GASB Statement 13.

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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, 2021, the estimated liability for annual and compensatory leave was \$266,962,000 for the governmental activities, and \$7,113,000 in the business-type activities.

Compensated absence liabilities for the major component units totaled \$133,889,000 at June 30, 2021.

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, 2021. The estimated accumulated amount of unused sick leave at that date for the governmental and business-type activities was \$435,242,000 and \$14,470,000, respectively.

Construction Projects – The Transportation Cabinet, at June 30, 2021, had contractual commitments of approximately \$1,548,433,000 for the construction, maintenance, and operation of the highway system. It is anticipated that these projects will be funded with approximately 23% State funds, 72% Federal funds, and the remaining 5% with proceeds from the sale of revenue bonds.

Deferred Inflows of Resources – Deferred inflows of resources in the governmental funds represents unavailable revenues. “Unavailable” means that the assets are not available to finance expenditures of the current fiscal period.

Unearned Revenue – Unearned revenue may result from the recognition of assets before the earnings process is complete and is reported as a contingent liability.

TAX ABATEMENTS

A tax abatement as defined by the Governmental Accounting Standards Board (GASB) is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. Tax abatements do not include tax credits or deductions given by the Kentucky Tax Code. KRS 131.190 prohibits the disclosure of taxpayer information. Therefore, all tax abatements are aggregated by program for the year ended June 30, 2021, in the following table:

(expressed in thousands)

Program Name	Sales and Use	Property	Income	Total
	Tax	Tax	Tax	
Kentucky Rural Economic Development Act	\$ —	\$ —	\$ 6,715	\$ 6,715
Kentucky Business Investment	—	—	18,468	18,468
Tax Increment Financing	15,795	1,086	817	17,698
Kentucky Film Industry Tax Credit	—	—	5,480	5,480
Other Economic Incentives	—	—	31,519	31,519
Total	\$ 15,795	\$ 1,086	\$ 62,999	\$ 79,880

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Kentucky Rural Economic Development Act (KREDA) - This program offers incentives to any business entity that establishes new manufacturing plants or expands existing manufacturing operations and creates and maintains at least 15 new full-time jobs in certain economically distressed Kentucky counties. Projects approved under KREDA may receive state income tax credits and a job development assessment fee of up to 4 percent of the gross wages of each employee whose job is created by the approved project and who is subject to Kentucky's individual income tax for up to fifteen years. Up to a 100 percent credit is allowed against the income tax liability of an approved company generated by or arising out of the economic development project. Tax incentives remain in place until the authorized incentive amount is realized or for the term of the incentive agreement, whichever is first. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. KRS 154.22-050.

Kentucky Business Investment (KBI) - This program offers incentives to new and existing agribusiness, regional and national headquarters, manufacturing, and non-retail service and technology related companies that locate or expand operations in Kentucky. Eligible projects must meet minimum job, wage, and investment requirements. Projects also have negotiated job and wage targets that must be achieved. Tax incentives are available up to 15 years in enhanced incentive counties or up to 10 years in other counties. The incentives are tax credits up to 100% of the corporate income or limited liability entity tax liability arising from the project. Wage assessment incentives are available up to 5% of the gross wages of each employee. Tax incentives remain in place until the authorized incentive amount is realized or for the term of the incentive agreement, whichever is first. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. KRS 154.32-100

Tax Increment Financing (TIF) - This program is an economic development tool to use future gains in taxes to finance current improvements that create those gains. The taxing districts continue to receive the base tax amount while tax increments are used to fund the public costs of development. There are three types: Real Property Ad Valorem Tax Revenue, Mixed-Use Redevelopment in Blighted Urban Redevelopment Areas, and Signature Projects. Incentives vary amongst the three types and may include up to 100 percent of incremental property taxes and/or up to 80 percent of occupational, sales, individual income and/or corporate income or limited liability entity taxes for a maximum term of 20 or 30 years, depending on the type of program. Unused credits can be carried forward for the term of the agreement but expire at the maturity of the agreement. KRS 154.30-040, KRS 154.30-050, KRS 154.30-060 & KRS Chapter 65

Kentucky Film Industry Tax Credit - The purpose of this program is to encourage the film and entertainment industry to choose locations in the Commonwealth for filming and production of motion picture or entertainment productions. Qualifying non-based Kentucky applicants must invest at least \$250,000 to produce feature films or television shows, commercials are eligible with required expenditures of \$100,000. Kentucky-based applicants may qualify with at least \$125,000 in expenditures to produce feature length films or television shows, \$20,000 for Broadway productions and \$10,000 for documentaries. The incentive provides qualifying applicants the ability to take advantage of a refundable income tax credit of 30% of approved expenditures or 35% incentive for approved expenditures in an enhanced incentive county. Beginning in calendar year 2018 and any calendar year thereafter approved tax incentives shall be limited to \$100 million. KRS 141.383, KRS 148.544

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

Non-Reported Tax Abatements - At this time, there are no provisions for recapturing abated taxes or documenting the type of commitments other than taxes. The Commonwealth had additional tax abatement programs, which did not meet our reporting threshold of \$5 million. In aggregate, the total was less than \$10 million for the year ending June 30, 2021. Among those not reported are Kentucky Economic Opportunity Zone, Kentucky Historic Preservation, Incentives for Energy Independence Act, Local Issued Industrial Revenue Bonds, Kentucky Angel Investment Tax Credit, Skills Training Investment Credit, Kentucky Reinvestment Act, Kentucky Industrial Development Act, Kentucky Jobs Development Act, Kentucky Tourism Development Act, and Kentucky Investment Fund Act. For more information on the programs, see thinkkentucky.com.

Unemployment Insurance - During fiscal year 2021, a backlog of unemployment claims occurred primarily due to a significant increase in claims filed as a result of the COVID-19 pandemic and an associated increase in fraudulent unemployment claims included in that population. The exact amount of the liability for backlog claims cannot be determined. Based on a range of outstanding claims, the State has recorded an estimated liability of \$177,898,000 in the Unemployment Compensation Fund, a Major Enterprise Fund.

Note 18

SUBSEQUENT EVENTS

The following entities of the Commonwealth issued or agreed to administer State participation in financial obligations incurred after June 30, 2021, and prior to or on December 15, 2021 as described below.

The Kentucky Higher Education Student Loan Corporation issued \$58,450,000 debt subsequent to June 30, 2021. \$10,950,000 Tax-Exempt Series 2021A-1 bonds maturing as to principal through 2033 at interest rates of 2.125% to 5.000%. \$47,500,000 Taxable Series 2021A-2 bonds maturing as to principal through 2035 at interest rates of 1.044% to 2.685%.

The Kentucky Housing Corporation effective July 1, 2021, eligible employees may choose to participate in a retirement plan administered by the Kentucky Deferred Compensation Authority and are immediately 100% vested. Employees hired after July 1, 2021 will be vested 25% after two years, 50% after three, 75% after four and 100% after five. For fiscal year 2022, up to 4% of employee contributions will be matched by the corporation.

The Kentucky Housing Corporation issued \$59,560,000 debt subsequent to June 30, 2021. \$23,410,000 Taxable 2021 Series A bonds maturing as to principal through 2025 at interest rates of 0.350% to 1.250%. \$36,150,000 Taxable 2021 Series B bonds maturing as to principal through 2041 at a variable interest rate. The Variable Rate Bonds are subject to mandatory redemption with sinking fund installments each January and July prior to maturity, years 2033 through 2041.

The Kentucky Public Transportation Infrastructure Authority issued \$185,300,000 debt with refunding subsequent to June 30, 2021, and maturing as to principal through 2053 at interest rates of 1.150% to 3.221%.

The Kentucky State Property and Buildings Commission issued \$139,550,000 debt subsequent to June 30, 2021, and maturing as to principal through 2034 at interest rates of 0.205% to 5.000%.

School Facilities Construction Commission administers the Commonwealth's participation in the debt service payments of local public school district revenue bonds issued subsequent to June 30, 2021, and maturing as to principal through 2041 at interest rates of 0.200% to 5.000% as displayed in the table on the following page.

The Turnpike Authority Economic Development issued \$156,350,000 debt subsequent to June 30, 2021, and maturing as to principal through 2033 at interest rates of 0.166% to 5.000%.

State Universities issued debt with refunding subsequent to June 30, 2021, and maturing as to principal through 2032 at interest rates of 2.000% to 3.500% as displayed in the table on the following page.

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KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

School District	Delivery Date	Principal at Issue	State Share	Interest Rates (%)
Bellevue Independent	08/12/21	\$ 6,110,000	\$ 178,679	0.350% - 2.070%
Boyd County	07/14/21	451,000	451,000	1.000%
Bullitt County	09/16/21	24,410,000	4,213,161	1.000% - 1.950%
Butler County	12/23/21	525,000	525,000	2.000% - 2.250%
Calloway County	07/13/21	10,735,000	1,431,246	2.000%
Corbin Independent	07/08/21	4,360,000	373,094	0.350% - 2.150%
Fayette County	08/25/21	41,720,000	1,906,286	1.000% - 1.700%
Green County	10/21/21	25,830,000	7,608,639	0.250% - 2.450%
Hardin County	08/11/21	52,525,000	1,088,418	2.000% - 5.000%
Laurel County	12/01/21	7,320,000	670,614	0.400% - 2.110%
Lewis County	07/15/21	16,300,000	13,488,917	0.420% - 2.400%
Lyon County	11/04/21	3,120,000	374,708	1.500% - 2.000%
Mason County	09/07/21	26,415,000	20,249,013	0.200% - 2.250%
Middlesboro Independent	07/15/21	307,000	307,000	1.000% - 2.150%
Newport Independent	10/07/21	1,365,000	1,365,000	0.300% - 1.300%
Perry County	09/09/21	4,085,000	3,683,237	1.100% - 1.235%
Rockcastle County	08/24/21	3,870,000	763,415	0.200% - 1.700%
Rowan County	12/14/21	10,930,000	7,784,617	0.300% - 2.350%
Scott County	11/17/21	14,660,000	1,606,786	3.000% - 4.000%
Washington County	08/03/21	11,680,000	1,349,929	0.200% - 1.800%
		<u>\$ 266,718,000</u>	<u>\$ 69,418,759</u>	

COMPONENT UNITS

School District	Delivery Date	Principal at Issue	Amount Refunded	Interest Rates (%)
Eastern Kentucky State University	07/06/21	\$ 12,720,000	\$ 12,405,000	2.050%
Northern Kentucky State University	10/21/21	5,025,000	5,378,290	2.000%-3.500%
		<u>\$ 17,745,000</u>	<u>\$ 17,783,290</u>	

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Audited financial statements may be requested at the following addresses:

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

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

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

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

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

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

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

Kentucky Public Pensions Authority
Perimeter Park West
1260 Louisville Road
Frankfort, Kentucky 40601
kyret.ky.gov

Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, Kentucky 40601
trs.ky.gov

Kentucky Lottery Corporation
1011 West Main Street
Louisville, Kentucky 40202-2623
kylottery.com

Kentucky State Fair Board
Kentucky Exposition Center
937 Phillips Lane
Louisville, Kentucky 40209
kyvenues.com

Kentucky Educational Television
600 Cooper Drive
Lexington, Kentucky 40502
ket.org

Kentucky Higher Education Assistance Authority
P.O. Box 798
Frankfort, Kentucky 40602-0798
kheaa.com

Kentucky Higher Education Student Loan Corporation
Financial Services Department
10180 Linn Station Road, Suite C200
Louisville, Kentucky 40223
kheslc.com

Kentucky Infrastructure Authority
100 Airport Rd., 3rd Floor
Frankfort, Kentucky 40601
kia.ky.gov

Kentucky Judicial Form Retirement System
305 Ann Street #302
Frankfort, Kentucky 40602
kjfrs.ky.gov

Kentucky Community and Technical College System
Office of Financial Services
300 North Main Street
Versailles, Kentucky 40383
kctcs.edu

Kentucky State University
Office of Business Affairs
400 East Main Street
Frankfort, Kentucky 40601
kysu.edu

University of Kentucky
University Financial Services
301 Frank D. Peterson Service Building
Lexington, Kentucky 40506-0005
uky.edu

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University of Louisville
University Accounting and Reporting
Service Complex, Second Floor
Louisville, Kentucky 40292
louisville.edu

Eastern Kentucky University
Accounting and Financial Services
521 Lancaster Avenue
Coates CPO 3A
Richmond, Kentucky 40475
eku.edu

Morehead State University
Office of Accounting and Financial Services
207 Howell-McDowell
Morehead, Kentucky 40351
moreheadstate.edu

Murray State University
Accounting and Financial Services
322 Sparks Hall
Murray, Kentucky 42071
murraystate.edu

Northern Kentucky University
Office of the Comptroller
605 Lucas Administration Center
726 Nunn Drive
Highland Heights, Kentucky 41099
nku.edu

Western Kentucky University
Accounting and Financial Reporting
Wetherby Administration Building, G01
Bowling Green, Kentucky 42101
wku.edu

Kentucky River Authority
403 Wapping Street, Suite 105
Frankfort, Kentucky 40601
finance.ky.gov/kentucky-river-authority

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

DEP Division of Waste Management,
Underground Storage Tank Branch
300 Sower Boulevard, Second Floor
Frankfort, Kentucky 40601
eec.ky.gov/Eviironmental-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, 2021
(Expressed in Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Budgeted:				
Taxes	\$ 11,341,833	\$ 11,316,271	\$ 12,403,735	\$ 1,087,464
Licenses, fees, and permits	27,410	27,410	25,076	(2,334)
Intergovernmental	16,566	16,566	3,405	(13,161)
Charges for services	4,340	4,340	4,953	613
Fines and forfeits	24,970	24,970	20,744	(4,226)
Interest and other investment income	9,822	(22,678)	(344)	22,334
Lottery proceeds	286,100	286,100	289,100	3,000
Other revenues	17,959	50,459	78,413	27,954
Tobacco Settlement	106,300	106,300	128,634	22,334
Subtotal of Budgeted Revenues	<u>11,835,300</u>	<u>11,809,738</u>	<u>12,953,716</u>	<u>1,143,978</u>
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	134,894	171,441	171,119	(322)
Total Budgeted Revenues	<u>11,970,194</u>	<u>11,981,179</u>	<u>13,124,835</u>	<u>1,143,656</u>
Total Revenues	<u>11,970,194</u>	<u>11,981,179</u>	<u>13,124,835</u>	<u>1,143,656</u>
Expenditures				
General Government:				
Executive Office of the Governor	6,099	6,099	6,098	(1)
Office of Homeland Security	257	257	237	(20)
Kentucky Infrastructure Authority	1,117	1,117	1,117	—
Commonwealth Council on Developmental Disabilities	—	148	148	—
Department of Veterans Affairs	26,060	26,060	26,060	—
Office of State Budget Director	3,604	3,604	3,539	(65)
State Planning Fund	—	—	—	—
Small Business Advocacy	—	—	—	—
Unified Prosecutorial System:				
Commonwealth Attorneys	60,413	60,413	60,413	—
County Attorneys	53,519	53,519	53,518	(1)
Department of Agriculture	16,830	16,830	16,822	(8)
Office of the Attorney General	12,474	12,611	12,611	—
Auditor of Public Accounts	7,787	7,787	7,787	—
Registry of Election Finance	1,541	1,541	1,541	—
Military Affairs	14,991	17,341	17,159	(182)
Governor's Office of Agriculture Policy	—	—	—	—
Governor's Office for Local Development	9,415	9,415	8,163	(1,252)
Local Government:				
Economic Assistance Fund	21,831	20,288	20,288	—
Economic Development Fund	12,814	16,664	16,664	—
Area Development Fund	—	—	—	—
Secretary of State	—	—	—	—
Department of Treasury	2,412	2,264	2,184	(80)
Board of Elections	6,207	6,207	6,205	(2)
Personnel Board	—	—	—	—
School Facilities Construction Commission	125,244	121,776	121,776	—
Executive Branch Ethics Commission	562	562	562	—
Commission on Human Rights	1,927	1,927	1,926	(1)
Council on Postsecondary Education	8,086	8,086	8,083	(3)
Kentucky Communications Network Authority	34,220	34,220	34,220	—
Budget Reserve Trust Fund	134,346	600,000	—	(600,000)
Personnel:				
General Operations	—	—	—	—
State Salary Compensation Fund	—	—	—	—

	Original	Final	Actual	Variance
Universities:				
Eastern Kentucky University	\$ 65,337	\$ 64,219	\$ 64,219	\$ —
Kentucky State University	25,384	25,859	25,859	—
Morehead State University	38,333	37,447	37,447	—
Murray State University	43,754	42,743	42,743	—
Northern Kentucky University	51,281	51,040	51,040	—
University of Kentucky	258,609	259,101	259,101	—
University of Louisville	124,118	124,120	124,120	—
Western Kentucky University	72,596	71,659	71,659	—
Kentucky Community and Technical College System	171,266	170,546	170,546	—
Postsecondary Education Performance Fund	14,995	14,915	9,357	(5,558)
Finance and Administration:				
General Administration and Support	7,129	7,129	7,129	—
Office of the Inspector General	596	283	283	—
Special Accounts - Capital Construction	700	700	700	—
Debt Service	491,964	491,964	483,889	(8,075)
Office of the Controller	5,577	5,577	5,577	—
Commonwealth Office of Technology	—	—	—	—
Department for Administration	—	—	—	—
Department for Facilities and Support Services	4,002	4,002	4,002	—
Kentucky Retirement Systems	384	384	384	—
Kentucky Higher Education Assistance Authority	317,223	314,408	262,371	(52,037)
Special Accounts - Tobacco Settlement	108,227	128,209	126,282	(1,927)
Finance - County Costs	19,744	19,744	16,623	(3,121)
Department of Revenue:				
General Operations	99,714	100,027	100,027	—
Office of Property Valuation Administrators	56,447	56,447	56,447	—
Appropriations Not Otherwise Classified:				
Judgments	22,500	22,500	19,287	(3,213)
Board of Claims Award	200	125	97	(28)
Guardian Ad Litem	11,625	11,274	11,274	—
Prior Year Claims	100	42	42	—
Unredeemed Checks Refunded	1,252	1,826	1,825	(1)
Involuntary Commitments	65	73	73	—
Blanket Employee Bonds	50	42	42	—
Frankfort In Lieu of Taxes	195	195	195	—
Frankfort Cemetery	3	—	—	—
Police and Firemen Life Insurance	489	249	249	—
Attorney General Expense	450	626	589	(37)
Medical Malpractice Liability Insurance Reimbursements	97	74	74	—
Total General Government	2,576,162	3,056,285	2,380,673	(675,612)
Legislative and Judicial:				
General Assembly	24,874	24,874	17,201	(7,673)
Legislative Research Commission	62,803	62,803	46,616	(16,187)
Judicial Retirement System	7,148	7,148	7,148	—
Court of Justice - Court Facility Use	—	—	—	—
Court of Justice - Operation and Administration	274,096	274,096	265,481	(8,615)
Court of Justice - Local Facility Support	115,810	115,810	110,504	(5,306)
Total Legislative and Judicial	484,731	484,731	446,950	(37,781)

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, 2021
(Expressed in Thousands)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Commerce:				
Economic Development:				
Economic Development	\$ 34,097	\$ 35,028	\$ 22,932	\$ (12,096)
New Business Development	—	2,138	2,013	(125)
Commerce Cabinet:				
Office of the Secretary	3,276	3,276	3,195	(81)
Kentucky State Fair Board	4,416	19,616	19,616	—
Kentucky Horse Park	1,729	9,329	9,329	—
Department of Parks	47,548	58,548	58,547	(1)
Department of Travel	3,145	3,145	2,804	(341)
Berea Artisans Center	290	290	290	—
Total Commerce	<u>94,501</u>	<u>131,370</u>	<u>118,726</u>	<u>(12,644)</u>
Education:				
General Administration and Program Support	6,705	6,416	6,416	—
Commission on the Deaf and Hard of Hearing	970	970	970	—
Kentucky Heritage Council	738	738	738	—
Kentucky Arts Council	1,538	1,538	1,538	—
Department of Education:				
Support Education Excellence In KY (SEEK)	2,973,697	2,819,697	2,819,466	(231)
Executive Policy and Management	—	—	—	—
Bureau of Support Services	55,615	55,615	55,615	—
Learning Results Services	1,076,769	1,018,134	1,002,195	(15,939)
Kentucky Educational Television	15,054	15,054	15,054	—
Kentucky Historical Society	6,457	6,457	6,033	(424)
Kentucky Center for the Arts	558	558	558	—
Education Professional Standards Board	—	—	—	—
Libraries and Archives:				
Direct Local Aid	4,330	4,330	4,264	(66)
Public Library Facilities Construction Debt Assistance	—	—	—	—
General Operations	4,747	4,747	4,747	—
Teachers' Retirement System	781,620	781,620	781,620	—
Workforce Investment:				
Office of the Blind	—	1,237	1,237	—
Employment and Training (Operations and Support)	—	581	581	—
Technical Education	—	21,030	14,362	(6,668)
Vocational Rehabilitation	37,490	14,642	14,642	—
Total Education and Humanities	<u>4,966,288</u>	<u>4,753,364</u>	<u>4,730,036</u>	<u>(23,328)</u>
Human Resources:				
Health and Family Services:				
Administrative Services	10,323	2,000	2,000	—
Department for Community Based Services	505,418	505,418	505,418	—
Department for Disability Determination Services	—	—	—	—
Department for Family Resource Centers and Volunteer Services	11,349	60,238	60,238	—
Office of the Inspector General	—	8,323	8,323	—
Office of Health Policy	481	481	481	—
Department for Aging and Independent Living	45,270	45,270	45,270	—
Department for Income Support	13,617	13,617	13,617	—
Department for Public Health	78,916	66,670	66,670	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	171,574	158,574	158,574	—
Department for Human Support Services	—	—	—	—
Medicaid Administration	59,305	59,305	59,305	—
Medicaid Services Benefits	2,002,581	2,018,894	2,018,894	—
Commission for Children With Special Health Care Needs	3,863	3,863	3,863	—
Total Human Resources	<u>2,902,697</u>	<u>2,942,653</u>	<u>2,942,653</u>	<u>—</u>

	Original	Final	Actual	Variance
Justice:				
Justice Administration	\$ 31,926	\$ 34,937	\$ 34,937	\$ —
Department of State Police	123,522	94,247	94,247	—
Department of Juvenile Justice	97,776	80,948	80,779	(169)
Department for Public Advocacy	66,577	66,577	66,577	—
Department of Corrections:				
Management	14,596	13,876	13,875	(1)
Adult Institutions	357,631	298,527	287,150	(11,377)
Local Jail Allotment	16,634	16,634	16,475	(159)
Community Services and Local Facilities	244,926	202,873	200,037	(2,836)
Total Justice	953,588	808,619	794,077	(14,542)
Natural Resources and Environmental Protection:				
General Administration and Support	3,770	3,770	3,770	—
Department for Energy Development and Independence	361	361	361	—
Kentucky River Authority	289	289	289	—
Kentucky Nature Preserves Commission	1,254	1,254	1,254	—
Department for Environmental Protection	28,243	28,243	28,243	—
Department for Natural Resources	36,069	18,461	18,461	—
Mine Safety and Licensing	—	10,604	10,604	—
Surface Mining Reclamation and Enforcement	—	7,107	7,107	—
Total Natural Resources and Environmental Protection	69,986	70,089	70,089	—
Public Protection and Regulation:				
General Administration and Support	—	—	—	—
Board of Claims and Crime Victims Compensation	—	—	—	—
Kentucky Claims Commission	1,005	1,005	1,005	—
Board of Tax Appeals	—	—	—	—
Horse Racing Commission	1,678	1,678	1,676	(2)
Public Service Commission	18,329	18,329	9,474	(8,855)
Mine Safety Review Commission	—	—	—	—
Department of Alcoholic Beverage Control	—	—	—	—
Department of Housing, Buildings, and Construction	2,630	2,630	2,614	(16)
Labor:				
Workplace Standards	1,774	1,774	1,774	—
General Administration & Support	—	290	290	—
Total Public Protection and Regulation	25,416	25,706	16,833	(8,873)
Transportation:				
General Administration and Support	500	500	498	(2)
Public Transportation	6,802	6,802	5,861	(941)
Revenue Sharing	—	—	—	—
Total Transportation	7,302	7,302	6,359	(943)
Total Expenditures	12,080,671	12,280,119	11,506,396	(773,723)
Excess of Revenues Over (Under) Expenditures	(110,477)	(298,940)	1,618,439	
Fund Balance at July 1			615,137	
Non-Budgeted Items			(1,697)	
Fund Balance at June 30	\$ —	\$ —	\$ 2,231,879	\$ —

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, 2021
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Revenues				
Budgeted:				
Taxes	\$ 1,408,191	\$ 1,408,191	\$ 1,457,367	\$ 49,176
Licenses, fees, and permits	153,214	153,214	169,418	16,204
Intergovernmental	—	—	74	74
Charges for services	9,780	9,780	9,063	(717)
Fines and forfeits	15	15	2	(13)
Interest and other investment income	200	200	(122)	(322)
Other revenues	6,300	6,300	6,548	248
Subtotal of Budgeted Revenues	<u>1,577,700</u>	<u>1,577,700</u>	<u>1,642,350</u>	<u>64,650</u>
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	1,831	1,990	1,990	—
Total Budgeted Revenues	<u>1,579,531</u>	<u>1,579,690</u>	<u>1,644,340</u>	<u>64,650</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>1,579,531</u>	<u>1,579,690</u>	<u>1,644,340</u>	<u>64,650</u>
Expenditures				
General Government:				
Executive Office of the Governor	—	—	—	—
Office of Homeland Security	321	321	320	(1)
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	251	251	229	(22)
Board of:				
Accountancy	—	—	—	—
Alcohol and Drug Counselors	—	—	—	—
Auctioneers	—	—	—	—
Barbering	—	—	—	—
Chiropractic Examiners	—	—	—	—
Home Inspectors	—	—	—	—
Licensed Diabetes Educators	—	—	—	—
Medical Imaging and Radiation Therapy	—	—	—	—
Applied Behavior Analysis Licensing	—	—	—	—
Professional Counselors	—	—	—	—
Fee-Based Pastoral Counselors	—	—	—	—
Interpreters for Deaf & Hard of Hearing	—	—	—	—
Prosthetics, Orthotics and Pedorthics	—	—	—	—
Dentistry	—	—	—	—
Dietitians and Nutritionists	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	309,904	—
—	—	—	—	—	—	246,498	—
—	—	17,220,920	—	—	—	60,019	—
—	—	1,409	—	—	—	5,067,646	—
—	—	—	—	—	—	6,544	—
—	—	87	—	—	—	5,272	—
—	—	—	—	—	—	—	—
—	—	81,641	—	—	—	738,127	—
—	—	—	—	—	—	4,981,873	—
—	—	411	—	—	—	620,614	—
—	—	17,304,468	—	—	—	12,036,497	—
—	—	17,304,468	—	—	—	12,036,497	—
900	900	563	(337)	295	295	215	(80)
4,093	5,276	3,809	(1,467)	1,361	1,847	1,080	(767)
29,380	29,380	28,977	(403)	33,096	33,096	1,131	(31,965)
—	—	—	—	—	—	—	—
—	—	—	—	12,033	12,033	5,272	(6,761)
—	64,900	108,200	43,300	165	165	—	(165)
—	—	—	—	—	—	—	—
—	—	—	—	420	420	374	(46)
—	3,716	2,943	(773)	71,578	73,789	63,823	(9,966)
757	757	665	(92)	6,118	6,118	3,891	(2,227)
1,025	1,025	899	(126)	958	958	576	(382)
8,681	12,817	11,577	(1,240)	14,363	14,433	10,100	(4,333)
4,989	5,439	4,475	(964)	18,052	10,800	10,654	(146)
—	—	—	—	11,927	11,927	8,466	(3,461)
86,249	159,824	146,125	(13,699)	48,591	48,591	38,487	(10,104)
—	2,000	2,000	—	100	30	321	291
46,228	373,682	348,128	(25,554)	6,889	7,389	8,007	618
221	221	—	(221)	5,178	5,178	6,766	1,588
1,255	1,255	930	(325)	1,848	1,848	1,324	(524)
—	—	—	—	673	673	546	(127)
—	—	—	—	180	180	176	(4)
—	—	—	—	—	—	—	—
—	—	—	—	465	465	421	(44)
—	—	—	—	378	378	277	(101)
—	—	—	—	—	—	—	—
—	—	—	—	29	29	26	(3)
—	—	—	—	444	444	351	(93)
—	—	—	—	40	48	46	(2)
—	—	—	—	311	311	296	(15)
—	—	—	—	4	4	3	(1)
—	—	—	—	38	38	38	—
—	—	—	—	46	46	43	(3)
—	—	—	—	940	940	711	(229)
—	—	—	—	94	94	75	(19)

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, 2021
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Board of: (Continued)				
Elections	\$ —	\$ —	\$ —	\$ —
Embalmers and Funeral Home Directors	—	—	—	—
Architects	—	—	—	—
Landscape Architects	—	—	—	—
Examiners of Psychologists	—	—	—	—
Examiners of Social Workers	—	—	—	—
Hairdressers and Cosmetologists	—	—	—	—
Hearing Instrument Specialists	—	—	—	—
Nursing Home Administrators Licensing	—	—	—	—
Medical Licensure	—	—	—	—
Nursing	—	—	—	—
Ophthalmic Dispensers	—	—	—	—
Optometric Examiners	—	—	—	—
Art Therapists	—	—	—	—
Occupational Therapy	—	—	—	—
Respiratory Care Practitioners	—	—	—	—
Marriage and Family Therapists	—	—	—	—
Proprietary Education	—	—	—	—
Geologists	—	—	—	—
Personnel	—	—	—	—
Pharmacy	—	—	—	—
Physical Therapists	—	—	—	—
Podiatry	—	—	—	—
Engineers and Land Surveyors	—	—	—	—
Speech Pathology and Audiology	—	—	—	—
Veterinary Examiners	—	—	—	—
Investigators	—	—	—	—
Massage Therapy	—	—	—	—
Real Estate Commission	—	—	—	—
Commission on Human Rights	—	—	—	—
Council Postsecondary Education	—	—	—	—
Personnel:				
General Operations	—	—	—	—
Public Employee Deferred Compensation Authority	—	—	—	—
Universities:				
Eastern Kentucky University	—	—	—	—
Kentucky State University	—	—	—	—
Morehead State University	—	—	—	—
Murray State University	—	—	—	—
Northern Kentucky University	—	—	—	—
University of Kentucky	—	—	—	—
University of Louisville	—	—	—	—
Western Kentucky University	—	—	—	—
Kentucky Community and Technical College System	—	—	—	—
Finance and Administration:				
General Administration and Support	274	274	274	—
Office of the Controller	—	—	—	—
Office of the Inspector General	—	—	—	—
Commonwealth Office of Technology	—	—	—	—
Kentucky Higher Education Assistance Authority	—	—	—	—
Turnpike Authority of Kentucky	—	—	—	—
Finance - County Costs	—	—	—	—
Kentucky Retirement Systems	—	—	—	—
Department of Revenue:				
General Operations	3,774	3,046	3,046	—
Office of Property Valuation Administrators	—	728	728	—
Department for Facilities and Support Services	—	—	—	—
Total General Government	4,620	4,620	4,597	(23)

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 2,494	\$ 13,395	\$ 10,160	\$ (3,235)	\$ 246	\$ 2,189	\$ 2,061	\$ (128)
—	—	—	—	498	498	410	(88)
—	—	—	—	475	475	386	(89)
—	—	—	—	81	81	73	(8)
—	—	—	—	256	256	212	(44)
—	—	—	—	371	468	409	(59)
—	—	—	—	1,937	1,937	1,666	(271)
—	—	—	—	78	78	68	(10)
—	—	—	—	101	101	86	(15)
—	—	—	—	3,551	3,551	3,239	(312)
—	—	—	—	8,925	8,925	7,723	(1,202)
—	—	—	—	71	71	68	(3)
—	—	—	—	222	222	222	—
—	—	—	—	11	11	11	—
—	—	—	—	212	212	192	(20)
—	—	—	—	252	252	231	(21)
—	—	—	—	134	134	115	(19)
—	—	—	—	—	—	—	—
—	—	—	—	109	109	83	(26)
—	—	—	—	875	875	875	—
—	—	—	—	2,568	2,568	2,497	(71)
—	—	—	—	674	674	613	(61)
—	—	—	—	47	47	38	(9)
—	—	—	—	1,772	1,772	1,265	(507)
—	—	—	—	223	223	189	(34)
—	—	—	—	275	525	360	(165)
—	—	—	—	114	114	80	(34)
—	—	—	—	154	152	141	(11)
—	—	—	—	—	—	—	—
245	245	213	(32)	10	10	1	(9)
3,997	19,296	13,088	(6,208)	6,435	6,435	6,542	107
—	4,500	468	(4,032)	30,122	29,492	32,381	2,889
—	—	—	—	8,285	8,285	7,044	(1,241)
—	—	—	—	346,111	347,623	122,479	(225,144)
—	—	—	—	43,497	43,966	2,322	(41,644)
—	—	—	—	147,794	148,680	129,981	(18,699)
—	—	—	—	142,861	143,873	282,545	138,672
—	—	—	—	212,254	213,461	384,820	171,359
—	—	—	—	4,252,663	4,258,793	7,322,693	3,063,900
—	—	—	—	1,172,857	1,175,794	116,574	(1,059,220)
—	—	—	—	313,108	314,804	368,692	53,888
—	—	—	—	674,355	678,390	496,796	(181,594)
—	115,446	89,928	(25,518)	29,016	4,458	3,546	(912)
—	—	—	—	14,353	11,559	12,853	1,294
—	—	—	—	674	674	351	(323)
150	3,749	3,749	—	134,892	1,500	342	(1,158)
34	79	77	(2)	32,703	32,703	23,485	(9,218)
—	—	—	—	—	104	98	(6)
—	—	—	—	1,703	1,703	834	(869)
—	—	—	—	48,888	48,888	35,767	(13,121)
—	234	2	(232)	13,092	13,834	6,172	(7,662)
—	—	—	—	3,500	3,500	3,500	—
—	710	710	—	54,783	1,694	1,708	14
190,698	818,846	777,686	(41,160)	7,944,802	7,749,310	9,548,335	1,799,025

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, 2021
(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	574	574	574	—
Department of Fish and Wildlife Resources	—	—	—	—
Total Commerce	574	574	574	—
Education:				
Commission on the Deaf and Hard of Hearing	—	—	—	—
Environmental Education Council	—	—	—	—
Kentucky Heritage Council	—	—	—	—
Kentucky Arts Council	—	—	—	—
General Administration and Program Support	—	—	—	—
Department of Education:				
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	—	—	—	—
Total Education and Humanities	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ 1,743	\$ 1,355	\$ (388)	\$ 1,209	\$ 1,209	\$ —	\$ (1,209)
1	1,052	991	(61)	1,786	1,786	—	(1,786)
—	—	—	—	—	1,093	206	(887)
4,936	4,936	3,172	(1,764)	83,983	83,983	42,742	(41,241)
4,937	7,731	5,518	(2,213)	86,978	88,071	42,948	(45,123)
306	218	206	(12)	3,634	4,117	2,779	(1,338)
—	—	—	—	—	—	—	—
—	303	—	(303)	—	—	—	—
—	5,000	100	(4,900)	15,263	15,263	9,862	(5,401)
—	—	—	—	49,644	—	—	—
—	—	—	—	11,290	—	—	—
—	—	—	—	52,286	50	12	(38)
—	—	—	—	60	60	2	(58)
—	—	—	—	1,801	1,801	1,133	(668)
19,382	19,382	18,221	(1,161)	49,139	49,139	55,503	6,364
19,688	24,903	18,527	(6,376)	183,117	70,430	69,291	(1,139)
—	—	—	—	1,178	1,378	1,326	(52)
316	316	155	(161)	507	507	391	(116)
869	869	772	(97)	780	780	624	(156)
709	893	836	(57)	353	353	188	(165)
11,147	11,066	5,622	(5,444)	7,969	9,584	5,476	(4,108)
—	130,000	130,000	—	—	—	—	—
561,547	852,734	731,972	(120,762)	38,248	35,617	17,689	(17,928)
410,153	445,153	414,495	(30,658)	7,913	7,913	359	(7,554)
—	—	—	—	1,525	1,525	1,510	(15)
170	170	26	(144)	894	894	19	(875)
—	—	—	—	332	332	299	(33)
—	—	—	—	—	—	—	—
—	—	—	—	1,047	1,047	169	(878)
2,586	3,086	3,086	—	3,161	3,161	2,034	(1,127)
—	—	—	—	16,100	16,100	19,983	3,883
502,295	3,178	1,706	(1,472)	14,227	381	283	(98)
—	76,102	56,031	(20,071)	—	3,139	26,092	22,953
—	56,587	45,053	(11,534)	—	3,719	3,612	(107)
1,489,792	1,580,154	1,389,754	(190,400)	94,234	86,430	80,054	(6,376)

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, 2021
(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	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Justice:				
Office of the Secretary	—	—	—	—
Department of State Police	108,100	78,100	78,100	—
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	<u>108,100</u>	<u>78,100</u>	<u>78,100</u>	<u>—</u>
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	321	321	321	—
Department for Natural Resources	—	—	—	—
Mining Safety and Licensing	—	—	—	—
Surface Mining Reclamation and Enforcement	—	—	—	—
Abandoned Mine Lands Reclamation Projects	—	—	—	—
Total Natural Resources and Environmental Protection	<u>321</u>	<u>321</u>	<u>321</u>	<u>—</u>
Public Protection and Regulation:				
Office of the Commissioner	—	—	—	—
Board of Claims and Crime Victims Compensation	—	—	—	—
Horse Racing Commission	—	—	—	—
Kentucky Athletic Commission	—	—	—	—
Public Service Commission	—	—	—	—
Occupations and Professions	—	—	—	—
Mine Safety Review Commission	—	—	—	—
Department of Alcoholic Beverage Control	—	—	—	—
Department of Charitable Gaming	—	—	—	—
Department of Financial Institutions	—	—	—	—
Department of Housing, Buildings, and Construction	—	—	—	—
Department of Insurance	—	—	—	—
Labor: Workplace Standards	—	—	—	—
General Administration & Support	—	—	—	—
Total Public Protection and Regulation	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 48,933	\$ 29,598	\$ 25,620	\$ (3,978)	\$ 49,866	\$ 47,884	\$ 40,860	\$ (7,024)
3,635	25,095	17,037	(8,058)	7,079	16,319	13,282	(3,037)
—	53,226	45,173	(8,053)	—	188	150	(38)
650,431	870,631	793,851	(76,780)	202,178	202,178	150,736	(51,442)
7,053	9,053	7,306	(1,747)	—	—	—	—
—	—	—	—	—	—	—	—
—	19,335	14,734	(4,601)	—	5,482	3,506	(1,976)
—	—	—	—	—	—	—	—
24,827	45,754	41,392	(4,362)	2,817	2,817	509	(2,308)
90,521	37,296	35,111	(2,185)	11,054	12,866	9,607	(3,259)
191,400	617,823	463,380	(154,443)	87,388	84,626	70,859	(13,767)
70,603	108,553	99,676	(8,877)	187,520	215,397	188,344	(27,053)
165,853	165,853	152,393	(13,460)	10,548	12,548	10,644	(1,904)
9,368,266	11,745,488	11,703,230	(42,258)	820,676	713,922	662,842	(51,080)
4,552	4,552	4,552	—	11,440	11,440	9,687	(1,753)
—	—	—	—	—	—	—	—
10,626,074	13,732,257	13,403,455	(328,802)	1,390,566	1,325,667	1,161,026	(164,641)
45,120	45,120	41,494	(3,626)	6,829	8,025	8,748	723
13,765	81,243	77,626	(3,617)	34,402	34,402	22,989	(11,413)
1,672	2,664	2,144	(520)	5,792	5,792	5,290	(502)
9,273	25,046	20,514	(4,532)	15,480	15,480	2,458	(13,022)
120	120	—	(120)	81,686	81,347	77,229	(4,118)
75	894	792	(102)	150	150	—	(150)
193	56,587	56,437	(150)	17,976	4,707	898	(3,809)
695	695	587	(108)	10,229	10,229	4,344	(5,885)
70,913	212,369	199,594	(12,775)	172,544	160,132	121,956	(38,176)
2,615	3,311	3,208	(103)	26,647	26,647	5,112	(21,535)
546	980	965	(15)	1,032	1,032	376	(656)
—	—	—	—	7,687	7,687	5,540	(2,147)
114	161	130	(31)	2,066	2,066	1,506	(560)
24,428	27,428	27,177	(251)	77,059	48,459	47,298	(1,161)
—	4,689	3,314	(1,375)	—	4,176	3,867	(309)
—	3,242	3,040	(202)	—	786	672	(114)
—	7,293	6,714	(579)	—	365	312	(53)
59,074	43,850	35,593	(8,257)	13,723	6,848	6,320	(528)
86,777	90,954	80,141	(10,813)	128,214	98,066	71,003	(27,063)
—	40,000	35,477	(4,523)	6,956	8,883	8,679	(204)
157	157	143	(14)	911	146	1,642	1,496
—	—	—	—	42,569	45,269	46,517	1,248
—	—	—	—	183	183	139	(44)
711	991	1,113	122	722	1,822	1,118	(704)
—	—	—	—	716	—	—	—
—	—	—	—	—	—	—	—
439	622	233	(389)	7,236	6,485	7,748	1,263
—	—	—	—	3,795	3,795	3,788	(7)
—	—	—	—	13,114	13,114	24,185	11,071
—	541	198	(343)	27,479	27,479	28,994	1,515
600	600	2	(598)	17,837	16,588	78,498	61,910
3,517	4,367	4,367	—	6,524	—	—	—
139	380,322	371,321	(9,001)	204,904	11,101	32,637	21,536
5,563	427,600	412,854	(14,746)	332,946	134,865	233,945	99,080

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, 2021
(Expressed in Thousands)

	Transportation			
	Original	Final	Actual	Variance
Transportation:				
Administration and Support	\$ 85,112	\$ 85,112	\$ 77,097	\$ (8,015)
Revenue Sharing	465,717	447,626	286,922	(160,704)
Air Transportation	2,798	2,798	2,772	(26)
Highways	1,126,871	1,205,818	745,938	(459,880)
Public Transportation	—	—	—	—
Vehicle Regulation	46,233	46,233	33,819	(12,414)
Debt Service	147,991	147,991	142,480	(5,511)
Transfers to Capital Projects	13,940	13,940	13,940	—
BRAC Economic Development Road Bonds	—	—	—	—
GARVEE Western KY Bridges Project	—	—	—	—
2005 Ed Bond Series	—	—	—	—
Total Transportation	1,888,662	1,949,518	1,302,968	(646,550)
Total Expenditures	2,002,277	2,033,133	1,386,560	(646,573)
Excess of Revenues over (under) Expenditures	(422,746)	(453,443)	257,780	711,223
Other Financing Sources (Uses)				
Proceeds from Trustees	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses			257,780	
Fund Balances at July 1			453,631	
Non-Budgeted Items			(567)	
Fund Balances at June 30	\$ —	\$ —	\$ 710,844	\$ —

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ 2,672	\$ 97	\$ —	\$ (97)
—	—	—	—	—	—	—	—
816	988	440	(548)	38,082	38,082	16,548	(21,534)
799,807	1,029,807	959,198	(70,609)	220,197	108,534	89,596	(18,938)
65,657	106,187	36,304	(69,883)	9,084	9,204	680	(8,524)
2,640	2,640	2,461	(179)	18,052	18,052	17,210	(842)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	8,602	2,166	(6,436)
—	—	—	—	—	—	—	—
—	—	—	—	—	89,290	5,630	(83,660)
868,920	1,139,622	998,403	(141,219)	288,087	271,861	131,830	(140,031)
13,363,362	18,034,436	17,285,932	(748,504)	10,621,488	9,984,832	11,460,388	1,475,556
		18,536				576,109	
						1,570	
—	—	—	—	—	—	1,570	1,570
		18,536				577,679	
		1,621,885				2,291,629	
		(351)				(291,234)	
\$ —	\$ —	\$ 1,640,070	\$ —	\$ —	\$ —	\$ 2,578,074	\$ —

Budgetary Reporting

The Commonwealth of Kentucky requires that each branch of government prepare and submit a recommended budget to the General Assembly for each of the two fiscal years to be included in a biennial budget. These budgets are prepared principally on the cash basis. The Legislature reviews these budget requests, makes any necessary revisions, and legally adopts a biennial budget for each of the three branches of government. The Governor has the power to approve or veto each bill, subject to legislative override.

The financial plan for each fiscal year, as presented in a branch budget recommendation, shall be adopted with such modifications as made by the General Assembly (and explained in a budget memorandum) by the passage of the budget bill and such revenue and other acts necessary for the purpose.

Budgetary control is maintained at the budget unit level as designated by the budget bills enacted by the General Assembly (i.e., function, major program area, program, or unit of organization).

Appropriations for the General Fund and Road Fund shall be based upon revenue estimates prepared by the Consensus Forecasting Group and modifications made by the appropriations committee of the General Assembly. Official revenue estimates are not made for the other budgetary funds.

The Major Governmental funds, which have legally adopted annual budgets as part of the primary government, include the following: General, Transportation, Federal, and Agency Revenue.

The funds allotted for each purpose of expenditure shall be used for no other purpose, except when the head of any budget unit, with the approval of the Secretary of the Finance and Administration Cabinet, may transfer allotted funds from one purpose of expenditure to another within the budget unit. No revisions of the allotment schedule may provide for an allotment or allotments in excess of the amount appropriated to that budget unit in a budget bill or for expenditure for any other purpose not contemplated in a budget bill. However, appropriations for budgetary funds other than the General Fund and the Transportation Fund may be amended upon approval by the State Budget Director and the Secretary of the Finance and Administration Cabinet.

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year end for long-term construction contracts reported in the Capital Projects Fund and Transportation Fund are reported as restricted budgetary fund balance. All other encumbered and unencumbered appropriations lapse at the end of each fiscal year. Encumbrances are carried forward as revisions to appropriations.

The annual budget is prepared principally on the cash basis, which differs from generally accepted accounting principles (GAAP). A reconciliation between the budgetary basis and the GAAP basis is presented in the notes to the Required Supplemental Information section as follows.

Budgetary Basis vs. GAAP

Accounting principles applied for purposes of developing data on budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A schedule reconciling the fund balance on a cash basis at June 30, 2021, 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, 2021				
Budgetary basis	\$ 2,231,880	\$ 710,844	\$ 1,640,069	\$ 2,578,074
Adjustments:				
Accrued revenues	671,795	126,842	(1,157,033)	93,596
Accrued expenditures	(299,026)	(103,951)	(416,913)	(57,665)
Accrued transfers (net)	—	—	(53,158)	53,158
Total Accruals (1)	<u>372,769</u>	<u>22,891</u>	<u>(1,627,104)</u>	<u>89,089</u>
Reclassifications and other adjustments:				
Inventory balances (1)	8,446	60,545	810	3,690
To reclassify financial and other resources into financial statement fund types (2)	12,278	(711)	(140,225)	(1,719,209)
To record financial resources available as non-budgeted funds (3)	<u>(133,643)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balance				
June 30, 2021				
GAAP Basis	<u>\$ 2,491,730</u>	<u>\$ 793,569</u>	<u>\$ (126,450)</u>	<u>\$ 951,644</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 expends certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for, under the modified approach, include approximately 63,983 lane miles of roads and approximately 9,022 bridges that the Commonwealth is responsible to maintain.

In order to utilize the modified approach, the Commonwealth is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate, each year, the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Commonwealth.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Pavements

Measurement Scale

The Kentucky Transportation Cabinet (KYTC) uses numerous methods to determine the condition of roadway pavements; including, the Pavement Condition Index (PCI) to measure and monitor pavement conditions. In use since the mid-1980s, the PCI for any particular pavement section is the mathematical difference between the current pavement smoothness and the acceptable pavement smoothness threshold based on traffic volumes. The corresponding pavement condition is based on the following PCI ranges:

<u>Condition</u>	<u>PCI</u>
Good	Greater than 0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level

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

Assessed Conditions

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

<u>Condition</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Good	40.0%	44.7%	46.2%	57.6%	61.2%
Fair	33.7%	28.8%	28.6%	22.5%	22.2%
Poor	26.3%	26.5%	25.2%	19.9%	16.6%

Bridges

Measurement Scale

KYTC maintains information on its 9,022 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, 2021

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

Established Minimum Condition Level

No more than 10% of the bridges shall be rated as “structurally deficient.” In addition, the total deck area of structurally deficient, state maintained bridges will not exceed 12% of the total deck area of all state maintained bridges.

Assessed Conditions

Prior to May 20, 2017, a bridge coded 4 or less for its deck, superstructure, or substructure, or coded 2 or less for its structural evaluation or waterway adequacy is classified as “structurally deficient.” A structurally deficient bridge is inadequate to carry legal loads, whether caused by structural deterioration, obsolete design standards, or an insufficient waterway opening. A bridge coded 3 or less for its structural evaluation, deck geometry, vertical or horizontal under clearance, water adequacy, or approach roadway alignment is classified as “functionally obsolete.” A functionally obsolete bridge cannot properly accommodate the current traffic. The following table reports the percentage of bridges whose condition was assessed as “structurally deficient” in the corresponding year:

Calendar Year	Structurally Deficient	Deck Area Structurally Deficient
2016	5.9%	4.9%

As of May 20, 2017, condition assessments for National Highway System (NHS) bridges were updated by the Federal Highway Administration, Department of Transportation due to the requirement by the Moving Ahead for Progress in the 21st Century Act (MAP-21). Under the new rule, a structurally deficient or a Poor bridge is classified with a deck, superstructure, substructure, or culvert condition rating less than or equal to 4.

If any condition rating is below 7, but above 4, they are classified as Fair. Likewise, if any component condition rating is greater than or equal to 7, a bridge is considered Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a legacy classification that was used to implement the Highway Bridge Program, which was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges meeting ratings of “Good”, “Fair”, and “Poor” for calendar year 2019 under the updated condition assessment requirements:

Condition	Calendar Year 2020	Calendar Year 2019	Calendar Year 2018	Calendar Year 2017
Good	29.9%	30.4%	34.1%	35.8%
Fair	65.4%	64.8%	61.0%	59.6%
Poor	4.6%	4.8%	4.9%	4.6%

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Notes to Required Supplementary Information
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Estimated and Actual Costs to Maintain

The following table presents the Commonwealth’s estimate of spending necessary to preserve and maintain the pavements, bridges, and maintenance condition at, or above, the “Established Condition Levels” cited above and the actual amount spent during the past six fiscal years (in millions):

	<u>Roadways</u>	<u>Bridges</u>	<u>Total</u>
<u>Fiscal Year 2022:</u>			
Estimated	\$ 1,032.3	\$ 231.2	\$ 1,263.5
<u>Fiscal Year 2021:</u>			
Estimated	\$ 675.7	\$ 141.7	\$ 817.4
Actual	\$ 895.8	\$ 200.7	\$ 1,096.5
<u>Fiscal Year 2020:</u>			
Estimated	\$ 575.4	\$ 66.7	\$ 642.1
Actual	\$ 976.1	\$ 204.7	\$ 1,180.8
<u>Fiscal Year 2019:</u>			
Estimated	\$ 897.0	\$ 104.8	\$ 1,001.8
Actual	\$ 965.5	\$ 111.9	\$ 1,077.4
<u>Fiscal Year 2018:</u>			
Estimated	\$ 727.0	\$ 76.1	\$ 803.1
Actual	\$ 903.4	\$ 107.9	\$ 1,011.3
<u>Fiscal Year 2017:</u>			
Estimated	\$ 971.9	\$ 75.8	\$ 1,047.7
Actual	\$ 834.4	\$ 87.4	\$ 921.8
<u>Fiscal Year 2016:</u>			
Estimated	\$ 1,064.9	\$ 55.2	\$ 1,120.1
Actual	\$ 916.1	\$ 71.4	\$ 987.5

Kentucky Public Transportation Infrastructure Authority

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the Authority has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. The Authority’s assets accounted for, under the modified approach, include approximately 56.1 lane miles of roads and 47 bridge structures.

In order to utilize the modified approach, the Authority is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate, each year, the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Authority.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Pavements

Measurement Scale

The Authority uses numerous methods to determine the condition of roadway pavements; including the Pavement Condition Index (PCI) to measure and monitor pavement conditions. In use since the mid-1980s, the PCI for any particular pavement section is the mathematical difference between the current pavement smoothness and the acceptable pavement smoothness threshold based on traffic volumes. The corresponding pavement condition is based on the following PCI ranges:

<u>Condition</u>	<u>PCI</u>
Good	Greater than 0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level

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

Assessed Conditions

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

<u>Condition</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Good	0.0%	90.8%	90.8%	90.8%	90.3%
Fair	100.0%	9.2%	9.2%	9.2%	9.7%
Poor	0.0%	0.0%	0.0%	0.0%	0.0%

Bridges

Measurement Scale

The Authority maintains information on its 47 bridges in compliance with the National Bridge Inspection guidelines established by the Federal Highway Administration. The Authority inspects all bridges at least once every two years and the condition assessment results are coded on a 0-9 scale with 9 being the most desirable. The condition ratings are based on the following scale:

<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, 2021

Established Minimum Condition Level

No more than 10% of the bridges shall be rated as “structurally deficient.” In addition, the total deck area of structurally deficient, state maintained bridges will not exceed 12% of the total deck area of all state maintained bridges.

Assessed Conditions

Prior to May 20, 2017, a bridge coded 4 or less for its deck, superstructure, or substructure, or coded 2 or less for its structural evaluation or waterway adequacy is classified as “structurally deficient.” A structurally deficient bridge is inadequate to carry legal loads, whether caused by structural deterioration, obsolete design standards, or an insufficient waterway opening. A bridge coded 3 or less for its structural evaluation, deck geometry, vertical or horizontal under clearance, water adequacy, or approach roadway alignment is classified as “functionally obsolete.” A functionally obsolete bridge cannot properly accommodate the current traffic.

The bridge condition goals above represent the Cabinet’s goal for all structures located on the Commonwealth’s state maintained highway system. The LSIORBP has required a lengthy planning and development period and in anticipation of the construction activities much of the needed preservation work was postponed. For the 2016 reporting period, the LSIORBP area was under active construction and the condition of the bridges in the area could not be assessed and was the responsibility of the contractor. During construction, however, routine inspections were continued and required maintenance was performed to insure all bridges are safe for traffic. The following table reports the percentage of bridges whose condition was assessed as “structurally deficient” in the corresponding year:

<u>Calendar Year</u>	<u>Structurally Deficient</u>	<u>Deck Area Structurally Deficient</u>
2016	2.1%	10.4%

As of May 20, 2017, condition assessments for National Highway System (NHS) bridges were updated by the Federal Highway Administration, Department of Transportation due to the requirement by the Moving Ahead for Progress in the 21st Century Act (MAP-21). Under the new rule, a structurally deficient or a Poor bridge is classified with a deck, superstructure, substructure, or culvert condition rating less than or equal to 4.

If any condition rating is below 7, but above 4, they are classified as Fair. Likewise, if any component condition rating is greater than or equal to 7, a bridge is considered Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a legacy classification that was used to implement the Highway Bridge Program, which was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges meeting ratings of “Good”, “Fair”, and “Poor” for calendar year 2020 to 2017 under the updated condition assessment requirements:

<u>Condition</u>	<u>Calendar Year 2020</u>	<u>Calendar Year 2019</u>	<u>Calendar Year 2018</u>	<u>Calendar Year 2017</u>
Good	82.3%	82.3%	82.0%	80.2%
Fair	17.7%	17.7%	18.0%	19.8%
Poor	0.0%	0.0%	0.0%	0.0%

Estimated and Actual Costs to Maintain

The following table presents the Authority’s estimate of spending necessary to preserve and maintain the pavements, bridges, and maintenance condition at, or above, the “Established Condition Levels” cited above and the actual amount spent during the past six fiscal years:

COMMONWEALTH OF KENTUCKY
Notes to Required Supplementary Information
June 30, 2021

(Expressed in Thousands)

	<u>Roadways</u>	<u>Bridges</u>	<u>Total</u>
<u>Fiscal Year 2022:</u>			
Estimated*	Not Reported by Component Unit		
<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
<u>Fiscal Year 2017:</u>			
Estimated*			
Actual	\$ 16,589.3	\$ 21,951.0	\$ 38,540.3
<u>Fiscal Year 2016:</u>			
Estimated*			
Actual	\$ 42,253.0	\$ 17,464.0	\$ 59,717.0

*Note: Estimated costs for roadways was not developed for years ended June 30, 2017 and 2016 by the Authority as the date of transfer of assets was uncertain and given the significant expansion and the extensive reconstruction of the site that continued throughout the majority of the fiscal year ended June 30, 2017. The Authority did not provide an estimated spending amount for fiscal year 2022.

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

State Workers' Compensation Program

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Earned Premiums	\$ 22,993	\$ 24,500	\$ 24,497	\$ 23,017	\$ 21,074	\$ 25,871	\$ 23,892	\$ 21,880	\$ 21,733	\$ 20,331
Administrative Expense	1,013	955	1,038	1,007	976	914	927	918	887	940
Incurred Claims as Originally Estimated	21,269	23,043	25,619	24,847	22,185	23,536	24,915	21,556	19,014	22,115
Claims Paid (Cumulative) as of:										
End of Fiscal Year	5,245	5,076	7,314	6,221	5,386	6,082	5,829	5,181	3,613	6,200
One Year Later	9,568	7,927	10,235	9,131	8,160	9,098	8,704	7,461	7,223	
Two Years Later	11,806	9,695	12,258	10,994	9,855	11,036	10,115	8,851		
Three Years Later	13,296	10,720	13,170	11,932	10,636	12,007	11,080			
Four Years Later	13,903	11,210	13,631	12,358	10,936	12,592				
Five Years Later	14,405	11,543	14,622	12,739	11,197					
Six Years Later	14,769	11,753	14,933	13,031						
Seven Years Later	15,214	11,929	15,215							
Eight Years Later	15,452	12,119								
Nine Years Later	15,653									
Re-estimation of Incurred Claims:										
End of Fiscal Year	21,269	23,043	25,619	24,847	22,185	23,536	24,915	21,556	19,014	22,115
One Year Later	22,466	20,463	23,517	22,001	20,628	22,247	22,859	20,283	19,450	
Two Years Later	23,455	19,660	23,422	21,866	20,905	22,396	21,574	20,821		
Three Years Later	23,631	19,505	22,971	21,643	19,799	22,680	22,196			
Four Years Later	23,124	18,912	23,606	21,017	20,579	22,834				
Five Years Later	22,891	18,805	23,577	22,107	20,020					
Six Years Later	23,170	18,584	24,412	21,872						
Seven Years Later	23,040	18,563	23,950							
Eight Years Later	23,107	18,350								
Nine Years Later	22,796									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	1,527	(4,693)	(1,669)	(2,974)	(2,166)	(703)	(2,720)	(735)	436	—

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Earned Premiums	\$1,600,787	\$1,597,599	\$1,606,978	\$1,612,540	\$1,624,815	\$1,627,656	\$1,640,342	\$1,639,533	\$1,641,278	\$1,651,453
Administrative Expense	82,088	81,459	87,108	83,049	73,177	75,515	77,296	76,671	78,105	73,454
Incurred Claims as										
Originally Estimated	1,531,838	1,530,199	1,460,930	1,347,112	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280	1,726,480
Claims Paid (Cumulative) as of:										
End of Fiscal Year	1,445,035	1,434,661	1,367,500	1,275,354	1,230,810	1,326,155	1,390,162	1,509,462	1,534,110	1,616,850
One Year Later	1,533,569	1,539,862	1,477,144	1,349,674	1,339,032	1,397,381	1,470,797	1,592,883	1,631,554	
Two Years Later	1,532,732	1,537,204	1,476,210	1,353,583	1,327,946	1,396,642	1,460,934	1,592,570		
Three Years Later	1,532,537	1,537,204	1,476,210	1,353,583	1,327,946	1,396,642	1,461,579			
Four Years Later	1,532,537	1,537,204	1,476,210	1,353,583	1,327,946	1,396,642				
Five Years Later	1,532,537	1,537,204	1,476,210	1,353,583	1,327,946					
Six Years Later	1,532,537	1,537,204	1,476,210	1,353,583						
Seven Years Later	1,532,537	1,537,204	1,476,210							
Eight Years Later	1,532,537	1,537,204								
Nine Years Later	1,532,567									
Re-estimation of Incurred Claims:										
End of Fiscal Year	1,531,838	1,530,199	1,460,930	1,347,112	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280	1,726,480
One Year Later	1,532,352	1,537,907	1,474,433	1,351,082	1,339,032	1,396,808	1,469,261	1,591,761	1,631,081	
Two Years Later	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945	1,392,505	1,461,169	1,592,570		
Three Years Later	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945	1,392,505	1,461,579			
Four Years Later	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945	1,392,505				
Five Years Later	1,532,537	1,536,507	1,476,210	1,353,583	1,338,945					
Six Years Later	1,532,537	1,536,507	1,476,210	1,353,583						
Seven Years Later	1,532,537	1,536,507	1,476,210							
Eight Years Later	1,532,537	1,536,507								
Nine Years Later	1,532,537									
Increase (Decrease) in Estimated										
Incurred Claims From the										
Original Estimate Using										
Re-estimation at the End of the										
Most Recent Fiscal Year	699	6,308	15,281	6,470	(9,484)	(10,127)	(17,794)	(1,317)	6,801	—

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 6,743	\$ 9,800	\$ 10,185	\$ 11,954
Contributions in relation to the actuarially determined contribution	6,476	8,733	8,732	11,954
Contribution deficiency (excess)	<u>\$ 267</u>	<u>\$ 1,067</u>	<u>\$ 1,453</u>	<u>\$ —</u>
Covered payroll	\$ 29,537	\$ 25,600	\$ 30,566	\$ 30,624
Contributions as a percentage of covered payroll	21.93%	34.11%	28.57%	39.03%

Notes to Schedule as of the Measurement Date:

Valuation date	July 01, 2019	July 01, 2019	July 01, 2017	July 01, 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	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%	6.24%	6.24%
Inflation	3%	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: 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.

2017	2016	2015	2014	2013	2012
\$ 11,884	\$ 15,171	\$ 15,142	\$ 15,220	\$ 15,220	\$ 10,302
11,884	15,171	15,142	10,805	10,399	4,946
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,415</u>	<u>\$ 4,821</u>	<u>\$ 5,356</u>
\$ 27,590	\$ 31,936	\$ 31,936	\$ 32,930	\$ 32,930	\$ 33,175
43.07%	47.50%	47.41%	32.81%	31.58%	14.91%
July 01, 2015	July 01, 2015	July 01, 2014	July 01, 2014	July 01, 2013	July 01, 2012
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit cost
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
6.41%	6.41%	6.41%	6.15%	7.00%	7.00%
3%	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 year 1% the following year 3.5% thereafter	1% for next year 1% the following year 3.5% thereafter

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

Kentucky Legislators' Retirement Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 359	\$ 1,235	\$ 4,430	\$ 2,400
Contributions in relation to the actuarially determined contribution	—	—	—	2,400
Contribution deficiency (excess)	<u>\$ 359</u>	<u>\$ 1,235</u>	<u>\$ 4,430</u>	<u>\$ —</u>
Covered payroll	\$ 4,201	\$ 4,347	\$ 4,324	\$ 4,407
Contributions as a percentage of covered payroll	0%	0%	—%	54.5%

Notes to Schedule as of the Measurement Date

Valuation date	July 01, 2019	July 01, 2019	July 01, 2017	July 01, 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	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%	6.45%	6.45%
Inflation	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

Mortality Rates FY 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,384	\$ 3,415	\$ 3,409	\$ 3,215	\$ 3,215	\$ 2,140
2,384	3,415	3,409	1,825	1,696	1,027
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,390</u>	<u>\$ 1,519</u>	<u>\$ 1,113</u>
\$ 3,506	\$ 4,919	\$ 4,919	\$ 4,988	\$ 4,988	\$ 5,193
68.0%	69.4%	69.3%	36.6%	34.0%	19.8%
July 01, 2015	July 01, 2015	July 01, 2014	July 01, 2014	July 01, 2013	July 01, 2012
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected Unit Credit Cost
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
6.45%	6.85%	6.50%	6.50%	7.00%	7.00%
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 two years 3.5% thereafter	1% for next two 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 63,998	\$ 58,358	\$ 58,948	\$ 36,033
Contributions in relation to the actuarially determined contribution	58,179	59,453	60,048	46,877
Contribution deficiency (excess)	<u>\$ 5,819</u>	<u>\$ (1,095)</u>	<u>\$ (1,100)</u>	<u>\$ (10,844)</u>
Covered payroll	\$ 47,016	\$ 49,019	\$ 49,515	\$ 50,346
Contributions as a percentage of covered payroll	123.74%	121.29%	121.27%	93.11%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
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Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	5.25%	6.75%	6.75%
Inflation	2.30%	2.30%	3.25%	3.25%
Projected Salary Increase	3.05% to 15.55%	3.05% to 15.55%	4.00%	4.00%

Mortality

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 35,937	\$ 25,723	\$ 31,444	\$ 25,808	\$ 23,117	\$ 20,498
63,240	25,822	31,990	20,279	18,501	15,362
<u>\$ (27,303)</u>	<u>\$ (99)</u>	<u>\$ (546)</u>	<u>\$ 5,529</u>	<u>\$ 4,616</u>	<u>\$ 5,136</u>
\$ 54,065	\$ 46,685	\$ 45,765	\$ 44,616	\$ 45,256	\$ 48,373
116.97%	55.31%	69.90%	45.45%	40.88%	31.76%
June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2014	June 30, 2013	June 30, 2012
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	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
7.50%	6.75%	7.50%	7.75%	7.75%	7.75%
3.25%	3.25%	3.25%	3.50%	3.50%	3.50%
4.00%	4.00%	4.00%	4.50%	4.5%-21%	4.5%-21%

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

Kentucky Employees' Retirement Plan				
Non-Hazardous	2021	2020	2019	2018
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 899,770	\$ 781,953	\$ 1,055,402	\$ 432,329
Contributions in relation to the actuarially determined contribution	814,215	691,003	1,035,462	470,021
Contribution deficiency (excess)	\$ 85,555	\$ 90,950	\$ 19,940	\$ (37,692)
Covered payroll	\$ 110,410	\$ 1,100,878	\$ 1,108,001	\$1,029,846
Contributions as a percentage of covered payroll	73.28%	62.77%	93.45%	45.64%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	5.25%	6.75%	7.50%
Inflation	2.30%	2.30%	3.25%	3.25%
Projected Salary Increase	3.55% to 15.55%, varies by service	3.55% to 15.55%, varies by service	4.0%, average	4.0%, average

Mortality

RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back one year for females)

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

2017	2016	2015
\$ 361,024	\$ 362,122	\$ 355,949
<u>361,316</u>	<u>362,639</u>	<u>202,891</u>
<u>\$ (292)</u>	<u>\$ (517)</u>	<u>\$ 153,058</u>
\$ 1,148,574	\$ 1,073,430	\$ 1,078,236
31.46%	33.78%	18.82%
June 30, 2016	June 30, 2015	June 30, 2014
Entry Age Normal	Entry Age Normal	Entry Age Normal
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	Five-year smoothed market	Five-year smoothed market
6.75%	7.50%	7.75%
3.25%	3.25%	3.50%
4.0%, average, including inflation	4.0%, average, including inflation	4.5% per annum

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

Kentucky Employees' Retirement Plan				
Hazardous	2021	2020	2019	2018
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 69,306	\$ 57,594	\$ 55,230	\$ 31,321
Contributions in relation to the actuarially determined contribution	64,454	58,788	55,259	43,661
Contribution deficiency (excess)	\$ 4,852	\$ (1,194)	\$ (29)	\$ (12,340)
Covered payroll	\$ 179,039	\$ 167,473	\$ 160,600	\$ 152,936
Contributions as a percentage of covered payroll	36.00%	35.10%	34.41%	28.55%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	7.50%	7.50%
Inflation	2.30%	2.30%	3.25%	3.25%
Projected Salary Increase	3.55% to 19.55 varies by service	3.55% to 19.55 varies by service	4.0%, average	4.0%, average

Mortality

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

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

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 23,690	\$ 27,770	\$ 13,289
<u>23,759</u>	<u>27,929</u>	<u>11,428</u>
<u>\$ (69)</u>	<u>\$ (159)</u>	<u>\$ 1,861</u>
\$ 158,828 14.96%	\$ 125,942 22.18%	\$ 126,402 9.04%
June 30, 2016	June 30, 2015	June 30, 2014
Entry Age Normal	Entry Age Normal	Entry Age Normal
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	Five-year smoothed market	Five-year smoothed market
7.50%	7.50%	7.75%
3.25%	3.25%	3.50%
4.0%, average, including inflation	4.0%, average, including inflation	1% per annum

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - PENSION
FOR THE CURRENT FISCAL YEAR**

(Expressed in Thousands)

Kentucky Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
As of the most recent fiscal year end:				
Actuarially determined contribution				
Employer	\$ 46,748	\$ 17,935	\$ 7,300	\$ 7,780
Nonemployer special funding	2,948,030	1,087,212	1,051,722	1,554,267
Contributions in relation to the actuarially determined contribution				
Employer	16,551	7,270	7,300	8,013
Nonemployer special funding	1,043,706	1,049,663	1,051,722	1,600,895
Contribution deficiency (excess)	<u>\$ 1,934,521</u>	<u>\$ 48,214</u>	<u>\$ —</u>	<u>\$ (46,861)</u>
Covered payroll	\$ 3,547,056	\$ 3,477,587	\$ 3,297,875	\$ 3,605,115
Contributions as a percentage of covered payroll	29.89%	30.39%	32.11%	44.63%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016
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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 pay, open	Level percentage of pay, open	Level percentage of pay, open	Level percentage of pay, open
Asset Valuation Method	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
Investment Return	7.5% including inflation	7.5% including inflation	7.5% including inflation	7.5% including inflation
Inflation	3.00%	3.00%	3.50%	3.00%
Projected Salary Increase	3.50%-7.30%	3.50%-7.30%	4.00%-8.2%	3.50%-7.30%

Mortality by Measurement Date

The rate of mortality is based on the RP-2000 Combined Mortality Table projected to 2020 using scale AA (set back one year for females) for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality table (set back seven years for males and set forward five years for females) is used for death after disability retirement.

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

* Revised from previous year to reflect actual covered-employee payroll.

2017	2016	2015
\$ 16,540	\$ 15,776	\$ 14,018
934,995	852,845	768,088
9,359	9,662	9,590
529,083	522,336	525,455
\$ 413,093	\$ 336,623	\$ 247,061
\$ 4,108,000	\$ 3,284,714	\$ 3,150,875
13.11%	16.20%	16.98%
June 30, 2015	June 30, 2014	June 30, 2013
Entry Age Normal	Entry Age Normal	Entry Age Normal
Level percentage of pay, open	Level percentage of pay, open	Level percentage of payroll, open
Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation
3.50%	3.50%	3.50%
3.50%-7.30%	4.00%-8.20%	4.00%-8.20%

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

	2021			2020		
	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
Total Pension Liability						
Service Costs	\$ 526	\$ 3,563	\$ 13,192	\$ 698	\$ 4,126	\$ 11,726
Interest	4,535	23,353	52,697	4,696	22,950	49,301
Differences between expected and actual experience	—	—	10,859	(2788)	(71)	20,952
Changes in assumptions	—	—	—	(310)	(7653)	44510
Benefit payments/refunds	(5,033)	(24,402)	(62,511)	(4,729)	(24,263)	(60,949)
Other	—	—	—	(1)	—	(163)
Net change in total pension liability	28	2,514	14,237	(2,434)	(4,911)	65,377
Total pension liability at July 1	71,940	370,226	1,035,000	74,374	375,137	969,623
Total pension liability at June 30	\$ 71,968	\$ 372,740	\$ 1,049,237	\$ 71,940	\$ 370,226	\$ 1,035,000
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ —	\$ 8,730	\$ 59,453	\$ —	\$ 8,732	\$ 60,048
Contributions - member	216	1,753	4,767	198	1,550	5,062
Net investment income	4,308	19,513	6,341	8,701	38,593	14,816
Benefit payments/refunds	(5,033)	(24,402)	(62,511)	(4,729)	(24,262)	(61,112)
Administrative expenses	—	—	(266)	—	—	(225)
Other	—	—	—	1	—	3
Net change in plan fiduciary net position	(509)	5,594	7,784	4,171	24,613	18,592
Pension plan fiduciary net position at July 1	76,918	335,710	286,165	72,747	311,097	267,573
Pension plan fiduciary net position at June 30	\$ 76,409	\$ 341,304	\$ 293,949	\$ 76,918	\$ 335,710	\$ 286,165
Net pension liability at June 30	\$ (4,441)	\$ 31,436	\$ 755,288	\$ (4,978)	\$ 34,516	\$ 748,835
Pension plan fiduciary net position as a % of the total pension liability	106.17%	91.57%	28.02%	106.92%	90.68%	27.65%
Covered payroll	\$ 4,360	\$ 30,857	\$ 49,019	\$ 4,328	\$ 30,605	\$ 49,515
Net Pension liability as a % of covered payroll	-101.9%	101.9%	1,540.8%	-115.0%	112.8%	1,512.3%

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.

2019			2018			2017		
Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
\$ 698	\$ 4,127	\$ 11,890	\$ 701	\$ 4,912	\$ 8,297	\$ 967	\$ 4,913	\$ 8,402
4,639	22,699	47,978	5,280	23,780	51,768	5,161	23,436	52,951
—	—	25,126	(6,362)	(8,857)	8,143	—	—	—
—	—	—	(160)	(2,090)	136,602	—	—	56,191
(4,529)	(23,194)	(58,805)	(4,257)	(23,011)	(56,960)	(3,999)	(22,868)	(56,279)
		162	—	—	—	22	85	—
808	3,632	26,351	(4,798)	(5,266)	147,850	2,151	5,566	61,265
73,566	371,505	943,272	78,364	376,771	795,422	76,213	371,205	734,157
<u>\$ 74,374</u>	<u>\$ 375,137</u>	<u>\$ 969,623</u>	<u>\$ 73,566</u>	<u>\$ 371,505</u>	<u>\$ 943,272</u>	<u>\$ 78,364</u>	<u>\$ 376,771</u>	<u>\$ 795,422</u>
\$ 2,400	\$ 12,529	\$ 46,877	\$ 2,401	\$ 11,954	\$ 63,240	\$ 3,380	\$ 15,294	\$ 25,822
232	1,977	5,522	311	1,607	5,348	335	1,737	5,262
6,271	27,067	18,437	7,936	34,713	26,795	2,067	8,734	(3,841)
(4,528)	(23,194)	(58,805)	(4,257)	(23,011)	(56,960)	(3,999)	(22,867)	(56,279)
—	—	(194)	—	—	(182)	—	—	(180)
—	—	(1)	87	—	(517)	22	91	—
4,375	18,379	11,836	6,478	25,263	37,724	1,805	2,989	(29,216)
68,372	292,718	255,737	61,894	267,455	218,013	60,089	264,466	247,229
<u>\$ 72,747</u>	<u>\$ 311,097</u>	<u>\$ 267,573</u>	<u>\$ 68,372</u>	<u>\$ 292,718</u>	<u>\$ 255,737</u>	<u>\$ 61,894</u>	<u>\$ 267,455</u>	<u>\$ 218,013</u>
<u>\$ 1,627</u>	<u>\$ 64,040</u>	<u>\$ 702,050</u>	<u>\$ 5,194</u>	<u>\$ 78,787</u>	<u>\$ 687,535</u>	<u>\$ 16,470</u>	<u>\$ 109,316</u>	<u>\$ 577,409</u>
97.81%	82.93%	27.60%	92.94%	78.79%	27.11%	78.98%	70.99%	27.41%
\$ 4,413	\$ 30,900	\$ 50,346	\$ 4,404	\$ 30,287	\$ 54,065	\$ 4,500	\$ 30,000	\$ 46,685
36.9%	207.2%	1,394.5%	117.9%	260.1%	1,271.7%	366.0%	364.4%	1,236.8%

Continued

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

	2016			2015		
	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
Total Pension Liability						
Service Costs	\$ 1,046	\$ 4,952	\$ 7,696	\$ 1,046	\$ 4,952	\$ 7,142
Interest	5,077	22,205	50,660	4,923	21,906	50,391
Differences between expected and actual experience	(3,421)	4,401	9,331	—	—	—
Changes in assumptions	(1,547)	(4,401)	40,202	3,722	29,116	—
Benefit payments/refunds	(3,690)	(22,243)	(54,851)	(3,544)	(21,808)	(53,239)
Other	—	—	—	—	—	—
Net change in total pension liability	(2,535)	4,914	53,038	6,147	34,166	4,294
Total pension liability at July 1	78,748	366,291	681,119	72,601	332,126	676,825
Total pension liability at June 30	<u>\$ 76,213</u>	<u>\$ 371,205</u>	<u>\$ 734,157</u>	<u>\$ 78,748</u>	<u>\$ 366,292</u>	<u>\$ 681,119</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 3,367	\$ 15,362	\$ 31,990	\$ 1,825	\$ 12,404	\$ 20,279
Contributions - member	217	1,863	5,244	273	2,759	5,076
Net investment income	5,550	25,614	3,427	7,934	33,174	40,374
Benefit payments/refunds	(3,690)	(22,243)	(54,851)	(3,544)	(21,808)	(53,239)
Administrative expenses	—	—	(201)	—	—	(214)
Other	—	—	646	—	—	—
Net change in plan fiduciary net position	5,444	20,596	(13,745)	6,488	26,529	12,276
Pension plan fiduciary net position at July 1	54,645	243,870	260,974	48,157	217,341	248,698
Pension plan fiduciary net position at June 30	<u>\$ 60,089</u>	<u>\$ 264,466</u>	<u>\$ 247,229</u>	<u>\$ 54,645</u>	<u>\$ 243,870</u>	<u>\$ 260,974</u>
Net pension liability at June 30	<u>\$ 16,124</u>	<u>\$ 106,739</u>	<u>\$ 486,928</u>	<u>\$ 24,103</u>	<u>\$ 122,422</u>	<u>\$ 420,145</u>
Pension plan fiduciary net position as a % of the total pension liability	78.84%	71.25%	33.68%	69.39%	66.58%	38.32%
Covered payroll	\$ 4,500	\$ 30,000	\$ 45,765	\$ 4,988	\$ 32,930	\$ 44,616
Net Pension liability as a % of covered payroll	358.3%	355.8%	1,064.0%	483.2%	371.8%	941.7%

This is a 10 year schedule. Years will be added to this schedule until 10 years of information is available.
The column is presented based on the measurement date of the prior period.



**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

	2021			2020		
	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)	76.27%	97.64%	97.54%	75.82%	97.46%	97.43%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 10,800,381	\$ 547,675	\$ 14,485,108	\$ 10,605,519	\$ 532,409	\$ 13,954,479
Other employers' proportionate share of the collective net pension liability (asset)	3,364,271	13,002	349,932	3,517,483	13,885	340,406
Total collective net pension liability	<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>
Commonwealth's covered payroll	\$ 1,125,864	\$ 167,853	\$ 3,485,070	\$ 1,108,111	\$ 156,518	\$ 3,477,587
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	959.30%	326.28%	415.63%	957.08%	340.16%	401.27%
Pension plan fiduciary net position as a percentage of the total pension liability	14.01%	55.18%	58.30%	13.66%	55.49%	58.76%

	2016			2015		
	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)	69.51%	97.87%	95.07%	68.35%	97.93%	94.98%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 6,973,383	\$ 335,667	\$ 23,223,555	\$ 6,132,338	\$ 250,075	\$ 20,508,196
Other employers' proportionate share of the collective net pension liability (asset)	3,058,508	7,298	1,476,601	2,839,482	5,291	1,084,009
Total collective net pension liability	<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>
Commonwealth's covered payroll	\$ 1,073,428	\$ 125,939	\$ 3,284,714	\$ 1,078,236	\$ 126,402	\$ 3,150,875
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	649.64%	266.53%	707.02%	568.74%	197.84%	650.87%
Pension plan fiduciary net position as a percentage of the total pension liability	18.83%	61.70%	42.49%	22.32%	68.74%	45.59%

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

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

2019			2018			2017		
Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
74.76%	97.45%	97.11%	74.01%	97.69%	95.54%	70.42%	98.04%	95.22%
\$ 10,074,599	\$ 492,281	\$ 13,329,602	\$ 9,908,707	\$ 485,618	\$ 27,474,647	\$ 8,027,502	\$ 383,971	\$ 29,446,825
3,529,176	12,844	397,320	3,479,629	11,483	1,468,941	3,207,893	7,667	1,476,601
<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>	<u>\$ 11,235,395</u>	<u>\$ 391,638</u>	<u>\$ 30,923,426</u>
\$ 1,124,380	\$ 149,047	\$ 3,355,637	\$ 1,185,969	\$ 174,387	\$ 3,263,192	\$ 1,148,568	\$ 155,715	\$ 3,252,174
896.01%	330.29%	397.23%	835.49%	278.47%	841.96%	698.91%	246.59%	905.45%
12.84%	56.10%	59.30%	13.30%	54.80%	39.80%	14.80%	57.41%	35.20%

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

Kentucky Judicial Retirement Plan				
	2021	2020	2019	2018
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ 1,218
Contributions in relation to the actuarially determined contribution	—	—	—	1,218
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 29,536	\$ 30,857	\$ 30,605	\$ 27,900
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	4.37%

Notes to Schedule as of the Measure Date

Valuation date	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 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	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%	6.24%	6.24%
Inflation	2.50%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

Mortality Table for 2020, 2019, 2018 and 2017

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projected Scale AA (male and female scales).

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

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

(Expressed in Thousands)

Kentucky Legislators' Retirement Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 25	\$ 12	\$ 12	\$ 2,400
Contributions in relation to the actuarially determined contribution	—	—	—	2,400
Contribution deficiency (excess)	<u>\$ 25</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ —</u>
Covered payroll	\$ 4,201	\$ 4,347	\$ 4,328	\$ 4,407
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	54.5%

Notes to Schedule as of the Measure Date

Valuation date	July 1, 2019	July 1, 2019	July 1, 2018	July 1, 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	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%	6.45%	6.45%
Inflation	3.00%	3.00%	3.00%	3.00%
Projected Salary Increase	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

Mortality Table for 2020, 2019, 2018 and 2017

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projected Scale AA (male and female scales).

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

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

(Expressed in Thousands)

State Police Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 9,803	\$ 13,113	\$ 13,283	\$ 9,062
Contributions in relation to the actuarially determined contribution	9,258	13,155	13,288	9,397
Contribution deficiency (excess)	<u>\$ 545</u>	<u>\$ (42)</u>	<u>\$ (5)</u>	<u>\$ (335)</u>
Covered payroll	\$ 47,016	\$ 48,231	\$ 48,780	\$ 50,064
Contributions as a percentage of covered payroll	20.85%	27.27%	27.24%	18.77%

Notes to Schedule as of the Measure Date

Valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
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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	26 Years, Closed	26 Years, Closed	27 Years, Closed	27 Years, Closed
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	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%	7.50%	6.25%
Inflation	2.30%	2.30%	3.25%	2.30%
Projected Salary Increase	3.05% to 15.55% varies by service	3.05% to 15.55% varies by service	4.00%, average	0%, average

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.

**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	2021	2020	2019	2018
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 133,422	\$ 136,136	\$ 187,978	\$ 132,365
Contributions in relation to the actuarially determined contribution	123,611	156,939	178,964	136,419
Contribution deficiency (excess)	<u>\$ 9,811</u>	<u>\$ (20,803)</u>	<u>\$ 9,014</u>	<u>\$ (4,054)</u>
Covered payroll	\$ 1,108,618	\$ 1,097,874	\$ 1,515,953	\$ 1,573,898
Contributions as a percentage of covered payroll	11.15%	14.29%	11.81%	8.67%
Notes to Schedule as of the Measure Date				
Valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Method and Assumptions Used to Determine Contributions:				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	26 Years, Closed	26 Years, Closed	26 Years, Closed	26 Years, Closed
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	6.25%	7.50%	6.25%
Inflation	2.30%	2.30%	3.25%	2.30%
Projected Salary Increase	3.55% to 15.55%, varies by service	3.55% to 15.55%, varies by service	0.00%	0.00%

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.

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

(Expressed in Thousands)

Kentucky Employees Retirement Plan				
Hazardous	2021	2020	2019	2018
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ 4,368	\$ 3,631	\$ 2,550
Contributions in relation to the actuarially determined contribution	—	5,504	4,843	5,288
Contribution deficiency (excess)	\$ —	\$ (1,136)	\$ (1,212)	\$ (2,738)
Covered payroll	\$ 179,039	\$ 177,586	\$ 147,586	\$ 190,317
Contributions as a percentage of covered payroll	0.00%	3.10%	3.28%	2.78%

Notes to Schedule as of the Measure Date

Valuation date	June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
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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	26 Years, Closed	26 Years, Closed	27 Years, Closed	27 Years, Closed
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	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%	7.50%	6.25%
Inflation	2.30%	2.30%	3.25%	2.30%
Projected Salary Increase	3.55% to 19.55%, varies by service	3.55% to 19.55%, varies by service	4.00%, average	0.00%

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.

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

(Expressed in Thousands)

Kentucky Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
As of the most recent fiscal year end:				
Actuarially determined contribution				
Employer	\$ 2,476	\$ 700	\$ 1,253	\$ 30,012
Nonemployer Special Funding	73,742	19,852	35,395	795,264
Contributions in relation to the actuarially determined contribution				
Employer	2,476	1,829	2,974	1,342
Nonemployer Special Funding	73,742	78,717	82,899	81,856
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ (59,994)</u>	<u>\$ (49,225)</u>	<u>\$ 742,078</u>
Covered payroll	<u>\$ 1,500,354</u>	<u>\$ 1,603,312</u>	<u>\$ 1,627,143</u>	<u>\$ 1,607,809</u>
Contributions as a percentage of covered payroll	5.08%	5.02%	5.28%	5.17%

Notes to Schedule as of the Measure Date

Valuation date

Health	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Life	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Method and Assumptions Used to Determine Contributions:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	21 years, Closed	22 years, Closed	26 Years, Closed	26 Years, Closed
Asset Valuation Method				
Health	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Life	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Market value
Investment Return				
Health	8.00%	8.00%	8.00%	8.00%
Life	7.50%	7.50%	7.50%	7.50%
Inflation				
Health	3.00%	3.00%	3.00%	3.00%
Life	3.00%	3.00%	3.50%	4.00%
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% - 7.45%	4.00% - 8.10%	4.00% - 8.10%

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.

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

	2021		
	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
Total OPEB Liability			
Service Costs	\$ 158	\$ 702	\$ 5,389
Interest	1,232	2,986	17,600
Changes in benefit terms	—	—	—
Differences between expected and actual experience	—	—	13,810
Changes in assumptions	—	—	4,578
Benefit payments/refunds	(811)	(1,987)	(13,988)
Other	—	—	—
Net change in total OPEB liability	579	1,701	27,389
Total OPEB liability at July 1	19,665	47,282	312,553
Total OPEB liability at June 30	20,244	48,983	339,942
OPEB Plan Fiduciary Net Position			
Contributions - employer	—	—	12,873
Contributions - member	—	46	196
Transfer in payments	—	—	—
Net investment income	2,942	5,656	1,124
Benefit payments/refunds	(811)	(1,987)	(13,988)
Administrative expenses	—	—	(71)
Other	—	—	—
Net change in plan fiduciary net position	2,149	3,715	134
OPEB plan fiduciary net position at July 1	50,100	95,326	201,206
OPEB plan fiduciary net position at June 30	\$ 52,249	\$ 99,041	\$ 201,340
Net OPEB liability at June 30	\$ (32,005)	\$ (50,058)	\$ 138,602
Plan fiduciary net position as a % of the total OPEB liability	258.10%	202.19%	59.23%
Covered payroll	\$ 4,343	\$ 55,858	\$ 48,231
Net OPEB liability as a % of covered payroll	(736.9)%	(89.6)%	287.4%

2020			2019			2018		
Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System	Kentucky Legislators' Retirement Plan	Kentucky Judicial Retirement Plan	State Police Retirement System
\$ 290	\$ 927	\$ 4,816	\$ 290	\$ 927	\$ 6,087	\$ 452	\$ 1,221	\$ 4,147
1,490	3,535	17,724	1,403	3,319	18,432	2,012	4,552	17,993
—	—	—	—	—	34	—	—	—
(4,390)	(9,712)	(14,295)	—	—	(23,320)	(10,568)	(22,068)	(572)
22	103	16,483	—	—	(358)	2,272	5,640	57,312
(767)	(1,966)	(13,187)	(758)	(1,962)	(13,097)	(709)	(1,943)	(12,123)
—	—	—	—	—	—	—	—	—
(3,355)	(7,113)	11,541	935	2,284	(12,222)	(6,541)	(12,598)	66,757
23,020	54,395	301,012	22,085	52,111	313,234	28,626	64,709	246,477
<u>\$ 19,665</u>	<u>\$ 47,282</u>	<u>\$ 312,553</u>	<u>\$ 23,020</u>	<u>\$ 54,395</u>	<u>\$ 301,012</u>	<u>\$ 22,085</u>	<u>\$ 52,111</u>	<u>\$ 313,234</u>
\$ —	\$ —	\$ 12,623	\$ 5	\$ 1,218	\$ 8,535	\$ 6	\$ 1,218	\$ 7,862
13	43	176	9	218	155	7	176	131
—	—	—	3,896	7,610	—	—	—	—
5,672	10,965	10,815	(758)	(1,962)	16,470	4,933	9,385	21,627
(767)	(1,966)	(13,187)	—	—	(13,097)	(709)	(1,943)	(12,123)
—	—	(69)	—	—	(62)	—	—	(66)
—	—	1	—	59	8	—	4	—
4,918	9,042	10,359	3,152	7,143	12,009	4,237	8,840	17,431
45,182	86,284	190,847	42,030	79,141	178,838	37,793	70,301	161,407
<u>\$ 50,100</u>	<u>\$ 95,326</u>	<u>\$ 201,206</u>	<u>\$ 45,182</u>	<u>\$ 86,284</u>	<u>\$ 190,847</u>	<u>\$ 42,030</u>	<u>\$ 79,141</u>	<u>\$ 178,838</u>
<u>\$ (30,435)</u>	<u>\$ (48,044)</u>	<u>\$ 111,347</u>	<u>\$ (22,162)</u>	<u>\$ (31,889)</u>	<u>\$ 110,165</u>	<u>\$ (19,945)</u>	<u>\$ (27,030)</u>	<u>\$ 134,396</u>
254.77 %	201.61 %	64.38 %	196.27 %	158.62 %	63.40 %	190.31 %	151.87 %	57.09 %
\$ 4,334	\$ 30,605	\$ 48,780	\$ 4,407	\$ 30,624	\$ 50,064	\$ 4,398	\$ 30,297	\$ 48,873
(702.2)%	(157.0)%	228.3 %	(502.9)%	(104.1)%	220.0 %	(453.5)%	(89.2)%	275.0 %

**COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE CURRENT FISCAL YEAR**

Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability

(Expressed in Thousands)

Fiscal year (measurement date)	Fiscal Year 2021			Fiscal Year 2020		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Commonwealth's proportionate share of the net OPEB liability (asset)	76.30 %	97.68 %	45.18%	74.97 %	97.46 %	45.44%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	\$ 1,935,945	\$ 41,777	\$ 1,161,185	\$ 1,666,411	\$ (26,168)	\$ 1,343,974
Other employers' proportionate share of the collective net OPEB liability (asset)	602,963	992	1,397,277	556,485	(681)	1,613,885
Total collective net OPEB liability	<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>
Commonwealth's covered payroll	\$ 1,087,164	\$ 177,984	\$ 1,612,586	\$ 1,136,446	\$ 147,601	\$ 1,621,873
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	178.07 %	23.47 %	72.01%	146.63 %	(17.73)%	82.87%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	29.47 %	92.42 %	39.10%	30.92 %	105.29 %	32.56%

Fiscal year (measurement date)	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	
Commonwealth's proportionate share of the net OPEB liability (asset)	74.48 %	97.46 %	46.90%	72.40%	97.64%	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-employee payroll	\$ 1,124,614	\$ 185,483	\$ 1,620,705	\$ 1,153,402	\$ 167,049	\$ 1,639,967
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	157.02 %	(17.43)%	101.23%	159.14%	3.52%	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.

OTHER SUPPLEMENTARY INFORMATION

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

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

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

The **Kentucky School Facilities Construction Commission** - accounts for and reports financial resources that are restricted, committed, or assigned for the payment of the Commonwealth's portion of principal, interest, and administrative fees due on debt issued by local school districts for school construction.

Special Revenue Funds

The **Other Special Revenue Fund** - accounts for and reports specific taxes, fees, and charges that are restricted or committed to expenditures for a particular function or activity, but not usually appropriated by the General Assembly.

The **Turnpike Authority of Kentucky** – accounts for and reports specific resources that are restricted, committed, or assigned. The Authority was created to issue debt, which is used to acquire infrastructure, which is then leased to the Transportation Cabinet of the Commonwealth.

The **Kentucky School Facilities Construction Commission** - accounts for and reports specific resources that are restricted, committed, or assigned. This fund was established to assist local school districts in meeting the school construction needs of the Commonwealth in a manner that ensures an equitable distribution of funds based upon unmet needs.

The **KentuckyWired Infrastructure Company, Inc.** – accounts for and reports specific resources that are restricted, committed, or assigned. The company was formed to finance the “Next Generation Kentucky Information Highway” project which will provide reliable, high-speed internet across Kentucky.

The **Special Benefits Fund** - accounts for other fiduciary monies that will be expended for designated operations.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021
(Expressed in Thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Assets			
Cash and cash equivalents	\$ 121,130	\$ —	\$ 285,086
Investments, net of amortization	—	—	243,725
Invested security collateral	—	—	—
Receivables, net	—	—	76,051
Notes receivable	—	—	1,203
Interfund receivables	—	—	1,224
Interfund loan receivable	—	—	12,702
Total Assets	<u>\$ 121,130</u>	<u>\$ —</u>	<u>\$ 619,991</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ —	\$ —	\$ 16,372
Interfund payables	—	—	2,751
Total Liabilities	<u>—</u>	<u>—</u>	<u>19,123</u>
Deferred inflows of resources			
Unavailable	<u>—</u>	<u>—</u>	<u>53,832</u>
Fund Balances:			
Restricted for:			
General Government	—	—	77,391
Legislative and Judicial	—	—	—
Commerce	—	—	1,104
Education and Humanities	—	—	30,214
Human Resources	—	—	416,984
Justice	—	—	36
Natural Resources and Environmental Protection	—	—	857
Public Protection and Regulation	—	—	—
Transportation	—	—	1,296
Debt service	121,130	—	—
Committed to:			
General Government	—	—	13,477
Education and Humanities	—	—	43
Human Resources	—	—	3,917
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	—
Assigned to:			
General Government	—	—	1,717
Education and Humanities	—	—	—
Justice	—	—	—
Transportation	—	—	—
Total Fund Balances	<u>121,130</u>	<u>—</u>	<u>547,036</u>
Total Liabilities and Fund Balances	<u>\$ 121,130</u>	<u>\$ —</u>	<u>\$ 619,991</u>

Special Revenue Funds				
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds
\$ 5,895	\$ 15,658	\$ 21,002	\$ 161,194	\$ 609,965
34,309	2,379	—	54,926	335,339
—	—	—	—	—
—	—	5,615	58,624	140,290
—	—	—	—	1,203
—	1,235	—	797	3,256
—	—	—	—	12,702
<u>\$ 40,204</u>	<u>\$ 19,272</u>	<u>\$ 26,617</u>	<u>\$ 275,541</u>	<u>\$ 1,102,755</u>
\$ —	\$ 32	\$ 2,983	\$ 14,866	\$ 34,253
—	—	—	16,223	18,974
—	32	2,983	31,089	53,227
—	—	—	54,280	108,112
—	—	23,634	17,756	118,781
—	—	—	1	1
—	—	—	—	1,104
—	19,240	—	631	50,085
—	—	—	3,230	420,214
—	—	—	80	116
—	—	—	47,250	48,107
—	—	—	1,561	1,561
—	—	—	—	1,296
40,204	—	—	—	161,334
—	—	—	66,613	80,090
—	—	—	7,320	7,363
—	—	—	13,253	17,170
—	—	—	3,957	3,957
—	—	—	19,474	19,474
—	—	—	—	1,717
—	—	—	4	4
—	—	—	24	24
—	—	—	9,018	9,018
<u>40,204</u>	<u>19,240</u>	<u>23,634</u>	<u>190,172</u>	<u>941,416</u>
<u>\$ 40,204</u>	<u>\$ 19,272</u>	<u>\$ 26,617</u>	<u>\$ 275,541</u>	<u>\$ 1,102,755</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Revenues			
Taxes	\$ —	\$ —	\$ 107,100
Licenses, fees, and permits	—	—	841
Intergovernmental Revenues	—	—	7
Charges for services	—	—	136,340
Fines and forfeits	—	—	13,007
Interest and other investment income	—	—	1,112
Increase (decrease) in fair value of investments	—	—	(699)
Other revenues	4,403	362	6,461
Total Revenues	4,403	362	264,169
Expenditures			
Current:			
General Government	—	41,580	98,209
Commerce	—	—	547
Education and Humanities	—	—	51,668
Human Resources	—	—	3,829
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	990
Public Protection and Regulation	—	—	3,461
Transportation	—	—	—
Debt service:			
Principal retirement	92,000	91,090	—
Interest and fiscal charges	52,627	29,482	—
Other expenditures	—	4,625	—
Total Expenditures	144,627	166,777	158,704
Excess (Deficiency) of Revenues over (under) Expenditures	(140,224)	(166,415)	105,465
Other Financing Sources (Uses)			
Transfers in	142,380	120,210	350,839
Transfers out	—	—	(159,340)
Capitalized leases	—	—	—
Issuance of bonds:			
New issues	—	41,188	—
Refunding issues	—	36,124	—
Premiums	—	1,545	—
Discounts	—	(944)	—
Payments to refunded bond escrow agent	—	(31,708)	—
Total Other Financing Sources (Uses)	142,380	166,415	191,499
Net Change in Fund Balances	2,156	—	296,964
Fund Balances at July 1	118,974	—	250,072
Fund Balances at June 30	\$ 121,130	\$ —	\$ 547,036

Special Revenue Funds				
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds
\$ —	\$ —	\$ —	\$ 16,694	\$ 123,794
—	—	—	13,538	14,379
—	—	—	15	22
—	—	—	206,017	342,357
—	—	—	890	13,897
14	4	1	(22,111)	(20,980)
—	(6)	—	23,749	23,044
—	—	15,600	130,916	157,742
<u>14</u>	<u>(2)</u>	<u>15,601</u>	<u>369,708</u>	<u>654,255</u>
—	—	16,213	79,412	235,414
—	—	—	—	547
—	13,191	—	12,982	77,841
—	—	—	26,204	30,033
—	—	—	4,077	4,077
—	—	—	5,620	6,610
—	—	—	5,170	8,631
7,894	—	—	143,146	151,040
—	—	1,918	—	185,008
—	—	—	—	82,109
—	—	—	—	4,625
<u>7,894</u>	<u>13,191</u>	<u>18,131</u>	<u>276,611</u>	<u>785,935</u>
<u>(7,880)</u>	<u>(13,193)</u>	<u>(2,530)</u>	<u>93,097</u>	<u>(131,680)</u>
142,480	16,939	—	2,517	775,365
(142,380)	(15,964)	—	(97,755)	(415,439)
—	—	—	1	1
—	—	—	—	41,188
—	—	—	—	36,124
—	—	—	—	1,545
—	—	—	—	(944)
—	—	—	—	(31,708)
<u>100</u>	<u>975</u>	<u>—</u>	<u>(95,237)</u>	<u>406,132</u>
(7,780)	(12,218)	(2,530)	(2,140)	274,452
47,984	31,458	26,164	192,312	666,964
<u>\$ 40,204</u>	<u>\$ 19,240</u>	<u>\$ 23,634</u>	<u>\$ 190,172</u>	<u>\$ 941,416</u>

SCHEDULE OF FUND ACTIVITIES

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed In Thousands)

	<u>June 30, 2021</u>
Revenues by Source	
Taxes:	
Sales and gross receipts	\$ 5,680,851
Income:	
Individual	5,171,172
Corporations	649,804
Property	818,107
Coal severance	77,844
Licenses and privileges	797
Inheritance and estate	61,405
Miscellaneous	23,368
Total Taxes	<u>12,483,348</u>
Licenses, fees, and permits	37,478
Intergovernmental	9,159
Charges for services	295,258
Fines and forfeits	20,907
Interest and other investment income	2,393
Increase (decrease) in fair value of investments	(1,694)
Securities lending income	—
Other revenues	56,246
Total Revenues by Source	<u>\$ 12,903,095</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed In Thousands)

	June 30, 2021
General Government:	
Personal services	\$ 350,765
Utilities, rentals, and other services	70,547
Commodities and supplies	21,896
Grants and subsidies	1,126,870
Capital outlay	203
Claims	5
Travel	1,280
Other	1,797
Total General Government	1,573,363
Legislative and Judicial:	
Personal services	288,350
Utilities, rentals, and other services	128,837
Commodities and supplies	27,578
Grants and subsidies	377
Capital outlay	814
Travel	1,369
Judgments and contingent liabilities	17
Total Legislative and Judicial	447,342
Commerce:	
Personal services	12,570
Utilities, rentals, and other services	1,824
Commodities and supplies	306
Grants and subsidies	33,537
Travel	20
Total Commerce	48,257
Education and Humanities:	
Personal services	104,608
Utilities, rentals, and other services	27,960
Commodities and supplies	5,704
Grants and subsidies	4,502,325
Capital outlay	7
Travel	784
Judgments and contingent liabilities	29
Total Education and Humanities	4,641,417
Human Resources:	
Personal services	299,831
Utilities, rentals, and other services	31,045
Grants and subsidies	2,489,651
Capital Outlay	6
Claims	2
Travel	1,005
Total Human Resources	\$ 2,821,540

	June 30, 2021
Justice:	
Personal services	\$ 427,457
Utilities, rentals, and other services	68,284
Commodities and supplies	41,287
Grants and subsidies	240,043
Capital outlay	3,434
Claims	14
Travel	1,591
Judgments and contingent liabilities	7,637
Total Justice	<u>789,747</u>
Natural Resources and Environmental Protection:	
Personal services	61,979
Utilities, rentals, and other services	5,194
Commodities and supplies	1,920
Grants and subsidies	96
Capital outlay	1
Travel	239
Judgments and contingent liabilities	36
Total Natural Resources and Environmental Protection	<u>69,465</u>
Public Protection and Regulation:	
Personal services	14,183
Utilities, rentals, and other services	1,524
Commodities and supplies	122
Grants and subsidies	249
Capital outlay	33
Travel	41
Judgments and contingent liabilities	346
Total Public Protection and Regulation	<u>16,498</u>
Transportation:	
Personal services	323
Commodities and supplies	93
Grants and subsidies	5,530
Total Transportation	<u>5,946</u>
Total Expenditures	<u>\$ 10,413,575</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BY TYPE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed In Thousands)

	<u>June 30, 2021</u>
Revenues:	
Taxes	\$ 1,468,410
Licenses, fees and permits	162,210
Intergovernmental	74
Charges for services	9,063
Fines and forfeits	2
Interest and other investment income	(62,437)
Increase (decrease) in fair value of investments	62,726
Other revenues	6,549
Total Revenues	<u>1,646,597</u>
Expenditures:	
Transportation:	
General administration and support	71,530
Motor vehicle regulation	34,735
Justice - state police	77,813
Highways	746,457
Aviation	996
Other	304,787
Total Expenditures	<u>\$ 1,236,318</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, 2021
(Expressed in Thousands)

	Fleet Management	Computer Services	Prison Industries
Assets			
Current assets:			
Cash and cash equivalents	\$ 10,596	\$ 16,342	\$ 448
Receivables, net	—	89	96
Interfund receivables	—	3	161
Inventories	12	386	1,211
Prepaid expenses	89	4,731	—
Total Current Assets	<u>10,697</u>	<u>21,551</u>	<u>1,916</u>
Noncurrent assets:			
Investments, net	—	—	—
Land	—	—	657
Improvements other than buildings	—	—	—
Buildings	—	9,460	5,708
Machinery and equipment	80,440	84,391	7,430
Easements and other intangibles	—	1,675	—
Less: Accumulated depreciation	(66,055)	(66,151)	(9,002)
Construction in progress	—	2,144	—
Total Capital Assets	<u>14,385</u>	<u>31,519</u>	<u>4,793</u>
Total Noncurrent Assets, Net	<u>14,385</u>	<u>31,519</u>	<u>4,793</u>
Total Assets	<u>25,082</u>	<u>53,070</u>	<u>6,709</u>
Deferred outflows of resources	<u>1,196</u>	<u>21,727</u>	<u>478</u>
Liabilities			
Current liabilities:			
Accounts payable	1,611	6,567	281
Interfund payables	8	106	16
Interfund loans payable	—	—	—
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Capital lease obligations	3	9,795	129
Compensated absences	58	1,645	199
Unearned revenue	—	—	863
Total Current Liabilities	<u>1,680</u>	<u>18,113</u>	<u>1,488</u>
Noncurrent liabilities:			
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Capital lease obligations	8	14,130	236
Compensated absences	40	1,864	253
Net pension liability	7,676	166,385	2,296
Net OPEB liability	1,685	29,736	365
Total Noncurrent Liabilities	<u>9,409</u>	<u>212,115</u>	<u>3,150</u>
Total Liabilities	<u>11,089</u>	<u>230,228</u>	<u>4,638</u>
Deferred inflows of resources	<u>211</u>	<u>12,461</u>	<u>37</u>
Net Position			
Net investment in capital assets	14,374	7,594	4,428
Unrestricted	604	(175,486)	(1,916)
Total Net Position	<u>\$ 14,978</u>	<u>\$ (167,892)</u>	<u>\$ 2,512</u>

Central Printing	Property Management	Risk Management	Totals June 30, 2021
\$ —	\$ 7,244	\$ 25,745	\$ 60,375
—	9	1,253	1,447
—	122	186	472
31	—	—	1,640
—	—	39	4,859
31	7,375	27,223	68,793
—	3,539	722	4,261
—	16,083	—	16,740
—	4,100	—	4,100
—	455,815	—	470,983
1,479	2,310	—	176,050
—	—	—	1,675
(1,402)	(201,946)	—	(344,556)
—	22,183	—	24,327
77	298,545	—	349,319
77	302,084	722	353,580
108	309,459	27,945	422,373
559	9,881	1,579	35,420
95	1,955	14,534	25,043
3	109	7	249
1,219	6,176	—	7,395
—	—	31,663	31,663
—	—	500	500
70	938	—	10,935
30	1,102	45	3,079
—	167	—	1,030
1,417	10,447	46,749	79,894
—	—	216,459	216,459
—	—	5,266	5,266
—	2,738	—	17,112
44	58	37	2,296
3,707	62,973	9,945	252,982
705	12,381	1,959	46,831
4,456	78,150	233,666	540,946
5,873	88,597	280,415	620,840
255	1,344	435	14,743
7	294,869	—	321,272
(5,468)	(65,470)	(251,326)	(499,062)
\$ (5,461)	\$ 229,399	\$ (251,326)	\$ (177,790)

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Fleet Management	Computer Services	Prison Industries
Operating Revenues:			
Charges for services	\$ 18,517	\$ 134,063	\$ 6,595
Other revenues	128	12	661
Total Operating Revenues	<u>18,645</u>	<u>134,075</u>	<u>7,256</u>
Operating Expenses:			
Personal services	2,070	48,130	3,553
Utilities, rentals, and other services	4,912	20,990	814
Commodities and supplies	7,853	25,772	3,161
Grants and subsidies	—	0	(124)
Depreciation and amortization	5,711	12,566	697
Travel	—	10	(1)
Reinsurance expense	—	—	—
Claims expense	—	—	—
Claims adjustment expense	—	—	—
Total Operating Expenses	<u>20,546</u>	<u>107,468</u>	<u>8,100</u>
Operating Income (Loss)	<u>(1,901)</u>	<u>26,607</u>	<u>(844)</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	613	631	(35)
Interest and other investment income	—	—	—
Interest expense	—	(719)	(9)
Other revenues (expenses)	—	—	—
Total Nonoperating Revenues and Expenses	<u>613</u>	<u>(88)</u>	<u>(44)</u>
Income (Loss) before Transfers	(1,288)	26,519	(888)
Transfers in	—	849	—
Transfers out	—	(16,539)	—
Change in Net Position	(1,288)	10,829	(888)
Net Position at July 1, As Restated	<u>16,266</u>	<u>(178,721)</u>	<u>3,400</u>
Net Position at June 30	<u>\$ 14,978</u>	<u>\$ (167,892)</u>	<u>\$ 2,512</u>

Central Printing	Property Management	Risk Management	Totals June 30, 2021
\$ 767	\$ 51,816	\$ 32,378	\$ 244,136
—	47	25,592	26,440
<u>767</u>	<u>51,863</u>	<u>57,970</u>	<u>270,576</u>
578	23,500	3,785	81,616
57	18,245	20,503	65,521
124	10,443	153	47,506
—	—	—	(124)
134	11,718	—	30,826
—	6	—	15
—	—	256	256
—	—	38,256	38,256
—	—	49	49
<u>893</u>	<u>63,912</u>	<u>63,002</u>	<u>263,921</u>
<u>(126)</u>	<u>(12,049)</u>	<u>(5,032)</u>	<u>6,655</u>
—	—	—	1,209
—	—	(2)	(2)
(3)	(4,951)	—	(5,682)
—	—	1,361	1,361
<u>(3)</u>	<u>(4,951)</u>	<u>1,359</u>	<u>(3,114)</u>
(129)	(17,000)	(3,673)	3,541
—	16,080	—	16,929
—	(533)	(2,585)	(19,657)
(129)	(1,453)	(6,258)	813
<u>(5,332)</u>	<u>230,852</u>	<u>(245,068)</u>	<u>(178,603)</u>
<u>\$ (5,461)</u>	<u>\$ 229,399</u>	<u>\$ (251,326)</u>	<u>\$ (177,790)</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Fleet Management	Computer Services
Cash Flows from Operating Activities		
Cash received from customers - public	\$ 18,534	\$ 1,218
Cash received from customers - state	—	135,314
Cash payments to suppliers for goods and services	(11,534)	(49,672)
Cash payments for employee salaries and benefits	(1,912)	(55,426)
Cash payments for claims expense	—	—
Cash payments from other sources	128	12
Net Cash Provided (Used) by Operating Activities	<u>5,216</u>	<u>31,446</u>
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	—	849
Transfers to other funds	—	(16,539)
Intergovernmental	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>—</u>	<u>(15,690)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(741)	70
Principal paid on revenue bond maturities and equipment contracts	(2)	(10,007)
Interest paid on revenue bonds and equipment contracts	—	(719)
Proceeds from the sale of capital assets	593	43
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(150)</u>	<u>(10,613)</u>
Cash Flows from Investing Activities		
Purchase of investment securities	—	—
Proceeds from the sale of investment securities	—	—
Interest and dividends on investments	—	—
Net Cash Provided (Used) in Investing Activities	<u>—</u>	<u>—</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 5,066	\$ 5,143
Cash and Cash Equivalents at July 1	5,530	11,199
Cash and Cash Equivalents at June 30	<u>\$ 10,596</u>	<u>\$ 16,342</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (1,901)	\$ 26,607
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,711	12,566
Receivables, net	17	779
Interfund receivables	—	1,910
Inventories	7	416
Prepaid expenses	(5)	(1,640)
(Increase) decrease in deferred outflows	(54)	2,827
Increase (decrease) in liabilities:		
Accounts payable	1,232	(1,680)
Interfund payables	(3)	(6)
Claims liability	—	—
Claims adjustment liability	—	—
Compensated absences	(4)	(109)
Unearned revenue	—	(220)
Pension liability	9	(8,529)
OPEB liability	326	2,465
Increase (decrease) in deferred inflows	(119)	(3,940)
Net Cash Provided by Operating Activities	<u>\$ 5,216</u>	<u>\$ 31,446</u>
Noncash Investing, Capital, and Financing Activities		
Contributions of capital assets	—	—
Capital assets acquired through leases	(10)	(2,467)
Total Noncash Investing, Capital, and Financing Activities	<u>\$ (10)</u>	<u>\$ (2,467)</u>

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2021
\$ 1,954	\$ 767	\$ 717	\$ 28,791	\$ 51,981
5,548	—	51,145	29,306	221,313
(3,795)	(57)	(27,597)	(21,003)	(113,658)
(3,431)	(804)	(23,212)	(2,565)	(87,350)
—	—	—	(29,637)	(29,637)
661	235	47	(2,698)	(1,615)
937	141	1,100	2,194	41,034
—	—	16,080	—	16,929
—	—	(533)	(2,585)	(19,657)
—	—	—	372	372
—	—	15,547	(2,213)	(2,356)
(542)	—	(5,619)	—	(6,832)
(256)	(138)	(904)	—	(11,307)
(9)	(3)	(154)	—	(885)
6	—	—	—	642
(801)	(141)	(6,677)	—	(18,382)
—	—	(835)	(722)	(1,557)
—	—	—	—	—
—	—	(4,951)	(2)	(4,953)
—	—	(5,786)	(724)	(6,510)
\$ 136	\$ —	\$ 4,184	\$ (743)	\$ 13,786
312	—	3,060	26,488	46,589
\$ 448	\$ —	\$ 7,244	\$ 25,745	\$ 60,375
\$ (844)	\$ (126)	\$ (12,049)	\$ (5,032)	\$ 6,655
697	134	11,718	—	30,826
67	—	1	137	1,001
(23)	—	(122)	(103)	1,662
217	(3)	—	—	637
—	—	—	(4)	(1,649)
66	(37)	(209)	(172)	2,421
(40)	17	373	621	523
(121)	345	718	4	937
—	—	—	5,529	5,529
—	—	—	49	49
253	(25)	186	(134)	167
863	—	167	—	810
(213)	101	(112)	942	(7,802)
39	139	1,386	388	4,743
(24)	(404)	(957)	(31)	(5,475)
\$ 937	\$ 141	\$ 1,100	\$ 2,194	\$ 41,034
—	—	—	—	—
—	—	—	—	(2,477)
\$ —	\$ —	\$ —	\$ —	\$ (2,477)

CAPITAL ASSETS

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2021

(Expressed In Thousands)

	June 30, 2021
Governmental Funds Capital Assets	
Land	\$ 228,208
Improvements other than buildings	33,859
Buildings	1,303,966
Machinery and equipment	685,324
Software/other intangibles	131,610
Easements	101,486
Construction in progress	2,351,291
Infrastructure	22,260,881
Total Governmental Funds Capital Assets	<u>\$ 27,096,625</u>

Investments in Governmental Funds Capital Assets by Source

General Fund	\$ 134,320
Special Revenue Funds	787,070
Donations	171,873
Other	2,164,505
Capital Projects Fund:	
State appropriations	58,035
Revenue bonds	668,761
Federal grants	429,895
Other	252,895
Infrastructure (A)	22,260,881
Capital assets acquired prior to July 1, 1984 (A)	135,192
Capital assets acquired after July 1, 1984 (A)	33,198
Total Governmental Funds Capital Assets by Source	<u>\$ 27,096,625</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, 2021
(Expressed in Thousands)

	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>
General Government	\$ 34,077	\$ 17,938	\$ 363,706
Legislative & Judicial	2,032	—	10,453
Commerce	124,608	6,585	17,120
Education & Humanities	442	383	37,925
Human Resources	1,376	2,112	99,651
Justice	4,541	6,107	525,143
Natural Resources and Environmental Protection	42,555	408	4,741
Public Protection and Regulation	672	326	8,467
Transportation	17,905	—	236,760
Total Governmental Funds Capital Assets by Function	<u>\$ 228,208</u>	<u>\$ 33,859</u>	<u>\$ 1,303,966</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, 2021
\$ 54,520	\$ 48,599	\$ 62,393	\$ 75,703	\$ —	\$ 656,936
21,765	—	—	2,347	—	36,597
32,680	—	113	2,992	—	184,098
22,771	—	12,474	12,671	—	86,666
19,444	77,784	—	181,052	—	381,419
122,377	5,227	—	3,117	—	666,512
45,705	—	20,731	5	—	114,145
7,438	—	—	73	—	16,976
358,624	—	5,775	2,073,331	22,260,881	24,953,276
<u>\$ 685,324</u>	<u>\$ 131,610</u>	<u>\$ 101,486</u>	<u>\$ 2,351,291</u>	<u>\$ 22,260,881</u>	<u>\$ 27,096,625</u>

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
General Government	\$ 600,132	\$ 96,090	\$ (39,286)	\$ 656,936
Legislative & Judicial	32,406	4,834	(643)	36,597
Commerce	182,959	2,280	(1,141)	184,098
Education & Humanities	96,681	1,894	(11,909)	86,666
Human Resources	372,824	28,671	(20,076)	381,419
Justice	662,015	9,033	(4,536)	666,512
Natural Resources and Environmental Protection	112,471	2,762	(1,088)	114,145
Public Protection and Regulation	6,207	10,854	(85)	16,976
Transportation	24,542,414	1,031,374	(620,512)	24,953,276
Total Governmental Funds Capital Assets by Function	<u>\$ 26,608,109</u>	<u>\$ 1,187,792</u>	<u>\$ (699,276)</u>	<u>\$ 27,096,625</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, 2021
(Expressed in Thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2021
Assets			
Cash and Short-Term Investments:			
Cash	\$ 170,833	\$ 70,779	\$ 241,612
Short-term investments	6,016,068	596,413	6,612,481
Total Cash and Short-Term Investments	<u>6,186,901</u>	<u>667,192</u>	<u>6,854,093</u>
Receivables:			
Investments - accounts receivable	321,041	88,821	409,862
Interest receivable	43,420	500	43,920
Accounts receivable	200,036	88,519	288,555
Total Receivables	<u>564,497</u>	<u>177,840</u>	<u>742,337</u>
Investments at Fair Value:			
Corporate and government bonds	13,978,918	4,751,966	18,730,884
Common stocks	19,080,812	2,654,515	21,735,327
Alternatives	1,758,133	172,081	1,930,214
Derivatives	(85)	52	(33)
Real estate	2,213,212	380,186	2,593,398
Other	3,206,032	981,138	4,187,170
Total Investments at Fair Value	<u>40,237,022</u>	<u>8,939,938</u>	<u>49,176,960</u>
Invested security collateral	424,235	176,603	600,838
Capital assets, net	10,933	—	10,933
Prepaid expenses	33	—	33
Total Assets	<u>47,423,621</u>	<u>9,961,573</u>	<u>57,385,194</u>
Liabilities			
Investments - accounts payable	488,324	164,239	652,563
Accounts payable	29,381	34,574	63,955
Obligations under securities lending	424,235	176,603	600,838
Total Liabilities	<u>941,940</u>	<u>375,416</u>	<u>1,317,356</u>
Net Position Restricted for Pensions and Other Post Employment Benefits			
	<u>\$ 46,481,681</u>	<u>\$ 9,586,157</u>	<u>\$ 56,067,838</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, 2021
(Expressed in Thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2021
Additions			
Contributions:			
Employer	\$ 3,054,423	\$ 641,859	\$ 3,696,282
Member	821,731	128,190	949,921
Total Contributions	<u>3,876,154</u>	<u>770,049</u>	<u>4,646,203</u>
Other Contributions:			
Participant fees	8,477	—	8,477
Other receipts	580	1	581
Total Other Contributions	<u>9,057</u>	<u>1</u>	<u>9,058</u>
Investment Income:			
Net increase (decrease) in fair value of investments	9,705,043	1,861,478	11,566,521
Interest	505,668	164,938	670,606
Dividends	210,622	11,923	222,545
Real estate operating income, net	21,822	—	21,822
Securities lending income, net	3,310	457	3,767
Total Investment Income	<u>10,446,465</u>	<u>2,038,796</u>	<u>12,485,261</u>
Less: Investment expense	218,986	78,362	297,348
Less: Securities lending expense	(833)	(193)	(1,026)
Net Investment Income	<u>10,228,312</u>	<u>1,960,627</u>	<u>12,188,939</u>
Total Additions	<u>14,113,523</u>	<u>2,730,677</u>	<u>16,844,200</u>
Deductions			
Benefit payments	4,771,759	6,120	4,777,879
Refunds	57,521	—	57,521
Administrative expenses	58,023	4,115	62,138
Self funding insurance cost	—	5,465	5,465
Healthcare premium subsidies	—	375,598	375,598
Other deductions, net	—	133,327	133,327
Total Deductions	<u>4,887,303</u>	<u>524,625</u>	<u>5,411,928</u>
Change in Net Position	9,226,220	2,206,052	11,432,272
Net Position - Restricted for Pension and Other Post Employment Benefits			
Net Position at July 1	<u>37,255,461</u>	<u>7,380,105</u>	<u>44,635,566</u>
Net Position at June 30	<u>\$ 46,481,681</u>	<u>\$ 9,586,157</u>	<u>\$ 56,067,838</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - PENSION FUNDS
June 30, 2021
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Assets				
Cash and Short-Term Investments:				
Cash	\$ 263	\$ 50	\$ 274	\$ 70
Short-term investments	362,327	54,153	354,401	131,684
Total Cash and Short-Term Investments	<u>362,590</u>	<u>54,203</u>	<u>354,675</u>	<u>131,754</u>
Receivables:				
Investments - accounts receivable	46,945	11,510	114,786	38,476
Interest receivable	—	—	—	—
Contributions/Accounts receivable	44,473	3,748	70,560	17,763
Total Receivables	<u>91,418</u>	<u>15,258</u>	<u>185,346</u>	<u>56,239</u>
Investments at Fair Value:				
Corporate and government bonds	1,857,462	573,389	5,792,023	1,958,326
Common stocks	505,214	147,034	1,421,018	485,653
Alternatives	—	—	—	—
Derivatives	84	(4)	(123)	(33)
Real estate	109,064	32,413	344,816	110,311
Other	250,525	73,890	784,788	263,125
Total Investments at Fair Value	<u>2,722,349</u>	<u>826,722</u>	<u>8,342,522</u>	<u>2,817,382</u>
Invested security collateral	81,365	23,408	231,593	78,524
Capital assets, net	309	11	349	8
Prepaid expenses	—	—	—	—
Total Assets	<u>3,258,031</u>	<u>919,602</u>	<u>9,114,485</u>	<u>3,083,907</u>
Liabilities				
Investments - accounts payable	87,932	20,881	203,549	69,842
Accounts payable	3,720	385	8,676	1,120
Obligations under securities lending	81,365	23,408	231,593	78,524
Total Liabilities	<u>173,017</u>	<u>44,674</u>	<u>443,818</u>	<u>149,486</u>
Net Position Restricted for Pensions and Other Post Employment Benefits				
	<u>\$ 3,085,014</u>	<u>\$ 874,928</u>	<u>\$ 8,670,667</u>	<u>\$ 2,934,421</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2021
\$ 55	\$ 150,776	\$ 1,099	\$ 1,372	\$ 16,874	\$ 170,833
33,180	1,065,664	—	—	4,014,659	6,016,068
<u>33,235</u>	<u>1,216,440</u>	<u>1,099</u>	<u>1,372</u>	<u>4,031,533</u>	<u>6,186,901</u>
4,885	104,221	179	39	—	321,041
—	—	1,101	238	42,081	43,420
8,283	53,564	103	9	1,533	200,036
<u>13,168</u>	<u>157,785</u>	<u>1,383</u>	<u>286</u>	<u>43,614</u>	<u>564,497</u>
219,292	3,430,814	122,010	25,602	—	13,978,918
58,694	16,068,549	323,734	70,916	—	19,080,812
—	1,758,133	—	—	—	1,758,133
(9)	—	—	—	—	(85)
13,611	1,602,997	—	—	—	2,213,212
29,882	1,803,453	221	148	—	3,206,032
<u>321,470</u>	<u>24,663,946</u>	<u>445,965</u>	<u>96,666</u>	<u>—</u>	<u>40,237,022</u>
9,345	—	—	—	—	424,235
—	10,256	—	—	—	10,933
—	33	—	—	—	33
<u>377,218</u>	<u>26,048,460</u>	<u>448,447</u>	<u>98,324</u>	<u>4,075,147</u>	<u>47,423,621</u>
10,131	95,989	—	—	—	488,324
82	15,326	—	—	72	29,381
9,345	—	—	—	—	424,235
<u>19,558</u>	<u>111,315</u>	<u>—</u>	<u>—</u>	<u>72</u>	<u>941,940</u>
<u>\$ 357,660</u>	<u>\$ 25,937,145</u>	<u>\$ 448,447</u>	<u>\$ 98,324</u>	<u>\$ 4,075,075</u>	<u>\$ 46,481,681</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, 2021
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Additions				
Contributions:				
Employer	\$ 1,134,224	\$ 62,203	\$ 472,227	\$ 172,207
Member	90,202	19,961	165,698	62,367
Total Contributions	<u>1,224,426</u>	<u>82,164</u>	<u>637,925</u>	<u>234,574</u>
Other Contributions:				
Participant fees	—	—	—	—
Other receipts	—	—	—	—
Total Other Contributions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Investment Income:				
Net increase (decrease) in fair value of investments	477,809	160,978	1,648,520	554,880
Interest	69,458	21,481	218,068	73,399
Dividends	—	—	—	—
Real estate operating income, net	—	—	—	—
Securities lending income, net	174	53	512	176
Total Investment Income	<u>547,441</u>	<u>182,512</u>	<u>1,867,100</u>	<u>628,455</u>
Less: Investment expense	19,080	7,616	83,124	27,812
Less: Securities lending expense	(78)	(26)	(255)	(87)
Net Investment Income	<u>528,439</u>	<u>174,922</u>	<u>1,784,231</u>	<u>600,730</u>
Total Additions	<u>1,752,865</u>	<u>257,086</u>	<u>2,422,156</u>	<u>835,304</u>
Deductions				
Benefit payments	1,009,502	73,889	826,749	289,999
Refunds	8,953	4,380	13,862	4,662
Administrative expenses	11,627	1,255	21,767	1,910
Total Deductions	<u>1,030,082</u>	<u>79,524</u>	<u>862,378</u>	<u>296,571</u>
Change in Net Position	722,783	177,562	1,559,778	538,733
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1	2,362,231	697,366	7,110,889	2,395,688
Net Position at June 30	<u>\$ 3,085,014</u>	<u>\$ 874,928</u>	<u>\$ 8,670,667</u>	<u>\$ 2,934,421</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2021
\$ 59,650	\$ 1,147,344	\$ 6,568	\$ —	\$ —	\$ 3,054,423
4,752	327,833	2,077	283	148,558	821,731
<u>64,402</u>	<u>1,475,177</u>	<u>8,645</u>	<u>283</u>	<u>148,558</u>	<u>3,876,154</u>
—	—	—	—	8,477	8,477
—	—	580	—	—	580
—	—	580	—	8,477	9,057
56,081	5,759,696	114,650	25,289	907,140	9,705,043
8,212	96,262	5,090	507	13,191	505,668
—	208,080	3,196	1,111	(1,765)	210,622
—	21,822	—	—	—	21,822
21	2,375	—	—	(1)	3,310
<u>64,314</u>	<u>6,088,235</u>	<u>122,936</u>	<u>26,907</u>	<u>918,565</u>	<u>10,446,465</u>
2,358	71,313	394	85	7,204	218,986
(10)	(377)	—	—	—	(833)
<u>61,966</u>	<u>6,017,299</u>	<u>122,542</u>	<u>26,822</u>	<u>911,361</u>	<u>10,228,312</u>
<u>126,368</u>	<u>7,492,476</u>	<u>131,767</u>	<u>27,105</u>	<u>1,068,396</u>	<u>14,113,523</u>
63,248	2,235,407	24,366	5,118	243,481	4,771,759
273	25,374	5	12	—	57,521
230	12,603	358	226	8,047	58,023
<u>63,751</u>	<u>2,273,384</u>	<u>24,729</u>	<u>5,356</u>	<u>251,528</u>	<u>4,887,303</u>
62,617	5,219,092	107,038	21,749	816,868	9,226,220
295,043	20,718,053	341,409	76,575	3,258,207	37,255,461
<u>\$ 357,660</u>	<u>\$ 25,937,145</u>	<u>\$ 448,447</u>	<u>\$ 98,324</u>	<u>\$ 4,075,075</u>	<u>\$ 46,481,681</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - INSURANCE FUNDS
June 30, 2021
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Assets				
Cash and Short-Term Investments:				
Cash	\$ 141	\$ 59	\$ 117	\$ 51
Short-term investments	127,774	23,095	190,745	76,432
Total Cash and Short-Term Investments	127,915	23,154	190,862	76,483
Receivables:				
Investments - accounts receivable	17,102	7,772	38,392	19,528
Interest receivable	—	—	—	—
Contributions/Accounts receivable	14,807	371	15,690	4,690
Total Receivables	31,909	8,143	54,082	24,218
Investments at Fair Value:				
Corporate and government bonds	857,641	407,163	2,035,399	1,064,981
Common stocks	218,770	112,704	529,508	262,287
Alternatives	—	—	—	—
Derivatives	27	—	21	3
Real estate	37,138	27,302	118,422	64,920
Other	111,203	60,502	283,196	150,566
Total Investments at Fair Value	1,224,779	607,671	2,966,546	1,542,757
Invested security collateral	33,994	15,934	79,559	40,872
Total Assets	1,418,597	654,902	3,291,049	1,684,330
Liabilities				
Investments - accounts payable	31,400	14,071	69,412	35,567
Accounts payable	80	8	292	80
Obligations under securities lending	33,994	15,934	79,559	40,872
Total Liabilities	65,474	30,013	149,263	76,519
Net Position Restricted for Pensions and Other Post Employment Benefits				
	\$ 1,353,123	\$ 624,889	\$ 3,141,786	\$ 1,607,811

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2021
\$ 48	\$ 69,049	\$ 328	\$ 986	\$ 70,779
11,454	166,913	—	—	596,413
<u>11,502</u>	<u>235,962</u>	<u>328</u>	<u>986</u>	<u>667,192</u>
2,982	2,964	53	28	88,821
—	—	329	171	500
798	52,125	31	7	88,519
<u>3,780</u>	<u>55,089</u>	<u>413</u>	<u>206</u>	<u>177,840</u>
162,053	169,885	36,443	18,401	4,751,966
40,690	1,342,892	96,696	50,968	2,654,515
—	172,081	—	—	172,081
1	—	—	—	52
10,434	121,970	—	—	380,186
22,958	352,541	66	106	981,138
<u>236,136</u>	<u>2,159,369</u>	<u>133,205</u>	<u>69,475</u>	<u>8,939,938</u>
6,244	—	—	—	176,603
<u>257,662</u>	<u>2,450,420</u>	<u>133,946</u>	<u>70,667</u>	<u>9,961,573</u>
5,412	8,377	—	—	164,239
2	34,112	—	—	34,574
6,244	—	—	—	176,603
<u>11,658</u>	<u>42,489</u>	<u>—</u>	<u>—</u>	<u>375,416</u>
<u>\$ 246,004</u>	<u>\$ 2,407,931</u>	<u>\$ 133,946</u>	<u>\$ 70,667</u>	<u>\$ 9,586,157</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, 2021
(Expressed in Thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	<u>Non-Hazardous</u>	<u>Hazardous</u>	<u>Non-Hazardous</u>	<u>Hazardous</u>
Additions				
Contributions:				
Employer	\$ 210,351	\$ 3,705	\$ 164,751	\$ 65,736
Member	—	—	—	—
Total Contributions	<u>210,351</u>	<u>3,705</u>	<u>164,751</u>	<u>65,736</u>
Other Contributions:				
Other Receipts	—	—	—	—
Total Other Contributions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Investment Income:				
Net increase (decrease) in fair value of investments	240,117	118,103	578,584	302,532
Interest	29,240	15,152	73,374	38,177
Dividends	—	—	—	—
Securities lending income, net	79	36	182	92
Total Investment Income	<u>269,436</u>	<u>133,291</u>	<u>652,140</u>	<u>340,801</u>
Less: Investment expense	10,880	6,833	32,634	18,029
Less: Securities lending expense	(39)	(17)	(87)	(45)
Net Investment Income	<u>258,595</u>	<u>126,475</u>	<u>619,593</u>	<u>322,817</u>
Total Additions	<u>468,946</u>	<u>130,180</u>	<u>784,344</u>	<u>388,553</u>
Deductions				
Benefit payments	—	—	—	—
Administrative expenses	815	118	883	465
Self funding insurance cost	1,609	112	3,462	257
Healthcare Premiums Subsidies	119,897	19,800	136,263	85,151
Other deductions, net	—	—	—	—
Total Deductions	<u>122,321</u>	<u>20,030</u>	<u>140,608</u>	<u>85,873</u>
Change in Net Position	346,625	110,150	643,736	302,680
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1	1,006,498	514,739	2,498,050	1,305,131
Net Position at June 30	<u>\$ 1,353,123</u>	<u>\$ 624,889</u>	<u>\$ 3,141,786</u>	<u>\$ 1,607,811</u>

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2021
\$ 10,290	\$ 187,026	\$ —	\$ —	\$ 641,859
—	128,117	52	21	128,190
<u>10,290</u>	<u>315,143</u>	<u>52</u>	<u>21</u>	<u>770,049</u>
—	—	1	—	1
<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>1</u>
46,991	522,789	34,311	18,051	1,861,478
5,825	1,286	1,520	364	164,938
—	10,170	955	798	11,923
14	54	—	—	457
<u>52,830</u>	<u>534,299</u>	<u>36,786</u>	<u>19,213</u>	<u>2,038,796</u>
2,786	7,021	118	61	78,362
(7)	2	—	—	(193)
<u>50,051</u>	<u>527,276</u>	<u>36,668</u>	<u>19,152</u>	<u>1,960,627</u>
<u>60,341</u>	<u>842,419</u>	<u>36,721</u>	<u>19,173</u>	<u>2,730,677</u>
—	6,120	—	—	6,120
71	1,763	—	—	4,115
25	—	—	—	5,465
14,487	—	—	—	375,598
—	130,648	1,844	835	133,327
<u>14,583</u>	<u>138,531</u>	<u>1,844</u>	<u>835</u>	<u>524,625</u>
45,758	703,888	34,877	18,338	2,206,052
200,246	1,704,043	99,069	52,329	7,380,105
<u>\$ 246,004</u>	<u>\$ 2,407,931</u>	<u>\$ 133,946</u>	<u>\$ 70,667</u>	<u>\$ 9,586,157</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, 2021
(Expressed in Thousands)

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Totals June 30, 2021	County Fees Trust Fund
Assets				
Cash and cash equivalents	\$ 351,309	\$ —	\$ 351,309	\$ 21,514
Investments, net of amortization	431,852	—	431,852	—
Receivables, net	12,252	2,776	15,028	7,282
Total Assets	<u>\$ 795,413</u>	<u>\$ 2,776</u>	<u>\$ 798,189</u>	<u>\$ 28,796</u>
Liabilities				
Accounts payable	\$ 415,632	\$ 2,776	\$ 418,408	\$ —
Total Liabilities	<u>\$ 415,632</u>	<u>\$ 2,776</u>	<u>\$ 418,408</u>	<u>\$ —</u>
Net Position				
Restricted for:				
Individuals, Organizations, and other Governments	\$ 379,781	\$ —	\$ 379,781	\$ 28,796
Total Net Position	<u>\$ 379,781</u>	<u>\$ —</u>	<u>\$ 379,781</u>	<u>\$ 28,796</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Total June 30, 2021	County Fees Trust Fund
Additions				
Contributions:	\$ 212,052	\$ 33,874,714	\$ 34,086,766	\$ —
Total Contributions	212,052	33,874,714	34,086,766	—
Investment Income:				
Net increase (decrease) in fair value of investments	215,828	—	215,828	—
Total Investment Income	215,828	—	215,828	—
Less: Investment expense	—	—	—	—
Less: Securities lending expense	—	—	—	—
Net Investment Income	215,828	—	215,828	—
Collections for other Governments	3,098	—	3,098	189,673
Miscellaneous	457,407	—	457,407	4
Total Additions	888,385	33,874,714	34,763,099	189,677
Deductions				
Administrative expenses	306,481	—	306,481	—
Payments to other Governments	380,347	—	380,347	160,881
Beneficiary Payments to individuals	—	33,874,714	33,874,714	—
Other deductions, net	3,380	—	3,380	—
Total Deductions	690,208	33,874,714	34,564,922	160,881
Change in Net Position	198,177	—	198,177	28,796
Net Position at July 1, As Restated	181,604	—	181,604	—
Net Position at June 30	\$ 379,781	\$ —	\$ 379,781	\$ 28,796

NON-MAJOR COMPONENT UNITS - COMBINING

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS
June 30, 2021
(Expressed in Thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2021
Assets			
Current assets:			
Cash and cash equivalents	\$ 252,450	\$ 535,005	\$ 787,455
Restricted cash	11,263	7,115	18,378
Investments, net of amortization	229,479	—	229,479
Accounts receivable, net	164,050	98,814	262,864
Interest receivable	2,458	1,515	3,973
Inventories	500	4,965	5,465
Prepaid expenses	1,720	11,048	12,768
Other current assets	88,262	2,050	90,312
Total Current Assets	750,182	660,512	1,410,694
Noncurrent assets:			
Restricted cash	87,076	104,702	191,778
Long-term investments	36,470	405,928	442,398
Restricted long-term investments	104,891	327,529	432,420
Long-term receivables, net	1,098,093	17,251	1,115,344
Land	121,360	85,126	206,486
Improvements other than buildings	76,113	197,453	273,566
Buildings	948,624	2,938,804	3,887,428
Machinery and equipment	193,763	393,982	587,745
Other capital assets	621	112,156	112,777
Less: Accumulated depreciation and amortization	(479,694)	(1,810,944)	(2,290,638)
Construction in progress	48,219	119,843	168,062
Total Capital Assets	909,006	2,036,420	2,945,426
Other assets	4,714	10,187	14,901
Total Noncurrent Assets	2,240,250	2,902,017	5,142,267
Total Assets	2,990,432	3,562,529	6,552,961
Deferred outflows of resources	39,445	361,535	400,980
Liabilities			
Current liabilities:			
Accounts payable and accruals	18,906	91,510	110,416
Current portion of long-term debt:			
Notes payable	5,349	1,490	6,839
Bonds payable	30,303	49,549	79,852
Capital lease obligations	4,731	2,109	6,840
Compensated absences	1,480	18,735	20,215
Claims liability	—	1,291	1,291
Unearned revenues	5,947	97,573	103,520
Payable from restricted assets	—	5,294	5,294
Other current liabilities	16,384	16,978	33,362
Total Current Liabilities	83,100	284,529	367,629
Noncurrent liabilities:			
Notes payable	3,876	16,765	20,641
Bonds payable	554,143	735,955	1,290,098
Capital lease obligations	60,202	69,609	129,811
Compensated absences	605	401	1,006
Net pension liability	196,634	1,092,109	1,288,743
Net OPEB liability	35,242	201,988	237,230
Other long-term liabilities	1,515	76,191	77,706
Total Noncurrent Liabilities	852,217	2,193,018	3,045,235
Total Liabilities	935,317	2,477,547	3,412,864
Deferred inflows of resources	8,145	436,333	444,478
Net Position			
Net investment in capital assets	522,079	1,260,046	1,782,125
Restricted for:			
Debt service	—	2,147	2,147
Capital projects	20,951	67,305	88,256
Other purposes	1,504,779	679,960	2,184,739
Unrestricted	38,606	(999,274)	(960,668)
Total Net Position	\$ 2,086,415	\$ 1,010,184	\$ 3,096,599

**COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)**

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2021
Expenses:			
Operating and other expenses	\$ 458,370	\$ 1,028,800	\$ 1,487,170
Total expenses	<u>458,370</u>	<u>1,028,800</u>	<u>1,487,170</u>
Program Revenues:			
Charges for services	113,308	595,515	708,823
Operating grants and contributions	363,289	121,402	484,691
Capital grants and contributions	—	11,438	11,438
Total Program Revenues	<u>476,597</u>	<u>728,355</u>	<u>1,204,952</u>
Net Program (Expense) Revenue	<u>18,227</u>	<u>(300,445)</u>	<u>(282,218)</u>
General Revenues:			
Unrestricted grants and contributions	27,523	549,607	577,130
Unrestricted investment earnings	13,135	76,546	89,681
Gain on sale of capital assets	(220)	496	276
Miscellaneous general	(10,705)	70,667	59,962
Transfers	50,562	—	50,562
Total General Revenues	<u>80,295</u>	<u>697,316</u>	<u>777,611</u>
Change in Net Position	<u>98,522</u>	<u>396,871</u>	<u>495,393</u>
Net Position at July 1, As Restated	<u>1,987,893</u>	<u>613,313</u>	<u>2,601,206</u>
Net Position at June 30	<u>\$ 2,086,415</u>	<u>\$ 1,010,184</u>	<u>\$ 3,096,599</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 - The Louisville Arena Authority was created in 2005 and oversees the financial process of the KFC Yum! Center. The Arena Authority guided the development, financing and construction process of the \$238 million arena. It also selected the financing, construction, design and management partners, which includes AEG Facilities as the current managing and operating entity.

Kentucky Horse Park Foundation - is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
June 30, 2021
(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	\$ 359	\$ 34,846	\$ 38	\$ 6,115
Restricted cash	8,209	3,054	—	—
Investments, net of amortization	2,196	—	—	—
Accounts receivable, net	1,802	74,955	—	2,787
Interest receivable	—	363	—	—
Inventories	—	—	—	—
Prepaid expenses	—	—	—	1,109
Other current assets	—	450	1,875	—
Total Current Assets	12,566	113,668	1,913	10,011
Noncurrent assets:				
Restricted cash	—	—	—	1,821
Long-term investments	2	—	221	—
Restricted long-term investments	6,549	87,498	—	—
Long-term receivables, net	—	6,876	—	—
Land	547	—	—	27,835
Improvements other than buildings	71,768	—	—	4,345
Buildings	—	12,075	—	591,681
Machinery and equipment	361	4,933	—	69,556
Other capital assets	—	—	—	—
Less: Accumulated depreciation and amortization	(21,825)	(11,641)	—	(236,389)
Construction in progress	24,802	—	—	10,148
Total Capital Assets	75,653	5,367	—	467,176
Other assets	—	—	—	—
Total Noncurrent Assets, Net	82,204	99,741	221	468,997
Total Assets	94,770	213,409	2,134	479,008
Deferred outflows of resources	975	1,076	—	14,209
Liabilities				
Current liabilities:				
Accounts payable and accruals	837	2,029	1,875	3,433
Current portion of long-term debt:				
Notes payable	—	—	—	—
Bonds payable	—	—	—	4,085
Capital lease obligations	2,296	—	—	2,390
Compensated absences	63	299	—	—
Unearned revenues	—	—	—	2,844
Other current liabilities	71	132	—	9,940
Total Current Liabilities	3,267	2,460	1,875	22,692
Noncurrent liabilities:				
Notes payable	—	—	—	—
Bonds payable	—	—	—	6,514
Capital lease obligations	41,968	—	—	18,184
Compensated absences	37	—	—	—
Net pension liability	3,773	7,764	—	84,484
Net OPEB liability	676	1,392	—	15,143
Other long-term liabilities	—	1,021	—	—
Total Noncurrent Liabilities	46,454	10,177	—	124,325
Total Liabilities	49,721	12,637	1,875	147,017
Deferred inflows of resources	123	1,078	—	1,859
Net Position				
Net investment in capital assets	31,388	5,367	—	436,003
Restricted for:				
Capital projects	16,839	—	—	1,821
Other purposes	—	195,403	259	—
Unrestricted	(2,326)	—	—	(93,483)
Total Net Position	\$ 45,901	\$ 200,770	\$ 259	\$ 344,341

Kentucky Center for the Arts Corporation	Kentucky Authority for Educational Television	Kentucky Economic Development Finance Authority	Kentucky Artisan Center	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation
\$ 2,785	\$ 9,930	\$ 20,260	\$ 58	\$ 153,189	\$ 15,667
—	—	—	—	—	—
368	24,044	—	278	202,593	—
610	2,233	3	43	—	80,794
8	20	37	—	2,030	—
90	—	—	410	—	—
64	229	—	—	—	—
—	134	360	—	85,443	—
<u>3,925</u>	<u>36,590</u>	<u>20,660</u>	<u>789</u>	<u>443,255</u>	<u>96,461</u>
—	3,082	—	—	—	—
18,172	—	316	—	—	5,049
—	10,556	—	—	288	—
313	—	50,492	—	1,040,412	—
129	76	—	1,167	—	—
—	—	—	—	—	—
36,485	17,450	—	6,706	—	—
37,452	48,473	—	619	11	—
—	182	—	360	—	—
(59,254)	(48,630)	—	(2,486)	—	—
<u>13,269</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>28,081</u>	<u>17,551</u>	<u>—</u>	<u>6,366</u>	<u>11</u>	<u>—</u>
<u>4,584</u>	<u>95</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>51,150</u>	<u>31,284</u>	<u>50,808</u>	<u>6,366</u>	<u>1,040,711</u>	<u>5,049</u>
<u>55,075</u>	<u>67,874</u>	<u>71,468</u>	<u>7,155</u>	<u>1,483,966</u>	<u>101,510</u>
<u>—</u>	<u>14,911</u>	<u>1,916</u>	<u>813</u>	<u>5,545</u>	<u>—</u>
934	2,441	192	131	3,405	—
4,630	143	—	—	—	—
—	—	—	—	22,053	—
45	—	—	—	—	—
129	831	98	60	—	—
1,017	2,033	—	—	—	—
24	—	—	—	5,807	—
<u>6,779</u>	<u>5,448</u>	<u>290</u>	<u>191</u>	<u>31,265</u>	<u>—</u>
977	497	—	—	—	—
—	—	—	—	173,122	—
50	—	—	—	—	—
—	413	100	55	—	—
—	77,832	11,405	4,656	6,720	—
—	13,951	2,044	835	1,201	—
<u>480</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14</u>	<u>—</u>
<u>1,507</u>	<u>92,693</u>	<u>13,549</u>	<u>5,546</u>	<u>181,057</u>	<u>—</u>
<u>8,286</u>	<u>98,141</u>	<u>13,839</u>	<u>5,737</u>	<u>212,322</u>	<u>—</u>
<u>—</u>	<u>4,148</u>	<u>605</u>	<u>169</u>	<u>163</u>	<u>—</u>
26,034	16,911	—	6,365	11	—
—	2,291	—	—	—	—
7,450	12,263	2,671	—	1,277,015	—
13,305	(50,969)	56,269	(4,303)	—	101,510
<u>\$ 46,789</u>	<u>\$ (19,504)</u>	<u>\$ 58,940</u>	<u>\$ 2,062</u>	<u>\$ 1,277,026</u>	<u>\$ 101,510</u>

Continued

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
June 30, 2021
(Expressed in Thousands)

	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.	Totals June 30, 2021
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,834	\$ 4,441	\$ 928	\$ 252,450
Restricted cash	—	—	—	11,263
Investments, net of amortization	—	—	—	229,479
Accounts receivable, net	—	587	236	164,050
Interest receivable	—	—	—	2,458
Inventories	—	—	—	500
Prepaid expenses	—	301	17	1,720
Other current assets	—	—	—	88,262
Total Current Assets	3,834	5,329	1,181	750,182
Noncurrent assets:				
Restricted cash	—	81,979	194	87,076
Long-term investments	1,236	—	11,474	36,470
Restricted long-term investments	—	—	—	104,891
Long-term receivables, net	—	—	—	1,098,093
Land	—	91,606	—	121,360
Improvements other than buildings	—	—	—	76,113
Buildings	—	284,210	17	948,624
Machinery and equipment	—	30,814	1,544	193,763
Other capital assets	—	79	—	621
Less: Accumulated depreciation and amortization	—	(98,117)	(1,352)	(479,694)
Construction in progress	—	—	—	48,219
Total Capital Assets	—	308,592	209	909,006
Other assets	—	—	35	4,714
Total Noncurrent Assets, Net	1,236	390,571	11,912	2,240,250
Total Assets	5,070	395,900	13,093	2,990,432
Deferred outflows of resources	—	—	—	39,445
Liabilities				
Current liabilities:				
Accounts payable and accruals	—	3,610	19	18,906
Current portion of long-term debt:				
Notes payable	—	500	76	5,349
Bonds payable	—	4,165	—	30,303
Capital lease obligations	—	—	—	4,731
Compensated absences	—	—	—	1,480
Unearned revenues	—	53	—	5,947
Other current liabilities	—	—	410	16,384
Total Current Liabilities	—	8,328	505	83,100
Noncurrent liabilities:				
Notes payable	—	2,402	—	3,876
Bonds payable	—	374,507	—	554,143
Capital lease obligations	—	—	—	60,202
Compensated absences	—	—	—	605
Net pension liability	—	—	—	196,634
Net OPEB liability	—	—	—	35,242
Other long-term liabilities	—	—	—	1,515
Total Noncurrent Liabilities	—	376,909	—	852,217
Total Liabilities	—	385,237	505	935,317
Deferred inflows of resources	—	—	—	8,145
Net Position				
Net investment in capital assets	—	—	—	522,079
Restricted for:				
Capital projects	—	—	—	20,951
Other purposes	—	—	9,718	1,504,779
Unrestricted	5,070	10,663	2,870	38,606
Total Net Position	\$ 5,070	\$ 10,663	\$ 12,588	\$ 2,086,415



COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
Expenses:				
Operating and other expenses	\$ 3,676	\$ 298,997	\$ 3,566	\$ 56,418
Total expenses	<u>3,676</u>	<u>298,997</u>	<u>3,566</u>	<u>56,418</u>
Program Revenues:				
Charges for services	7,002	35,127	—	12,597
Operating grants and contributions	289	302,208	—	—
Total Program Revenues	<u>7,291</u>	<u>337,335</u>	<u>—</u>	<u>12,597</u>
Net Program (Expense) Revenue	<u>3,615</u>	<u>38,338</u>	<u>(3,566)</u>	<u>(43,821)</u>
General Revenues:				
Unrestricted grants and contributions	—	—	—	—
Unrestricted investment earnings	(1,823)	—	—	(757)
Gain on sale of capital assets	—	—	—	(220)
Miscellaneous general	—	—	3,575	1,453
Transfers	—	—	—	50,562
Total General Revenues	<u>(1,823)</u>	<u>—</u>	<u>3,575</u>	<u>51,038</u>
Change in Net Position	<u>1,792</u>	<u>38,338</u>	<u>9</u>	<u>7,217</u>
Net Position at July 1, As Restated	<u>44,109</u>	<u>162,432</u>	<u>250</u>	<u>337,124</u>
Net Position at June 30	<u>\$ 45,901</u>	<u>\$ 200,770</u>	<u>\$ 259</u>	<u>\$ 344,341</u>

Kentucky Center for the Arts Corporation	Kentucky Authority for Educational Television	Kentucky Economic Development Finance Authority	Kentucky Artisan Center	Kentucky Infrastructure Authority	Kentucky Agricultural Finance Corporation
\$ 8,938	\$ 34,648	\$ 5,536	\$ 2,295	\$ 27,769	\$ 307
<u>8,938</u>	<u>34,648</u>	<u>5,536</u>	<u>2,295</u>	<u>27,769</u>	<u>307</u>
1,805	1,952	530	1,159	19,264	—
<u>1,610</u>	<u>13,738</u>	<u>—</u>	<u>574</u>	<u>36,401</u>	<u>7,349</u>
<u>3,415</u>	<u>15,690</u>	<u>530</u>	<u>1,733</u>	<u>55,665</u>	<u>7,349</u>
<u>(5,523)</u>	<u>(18,958)</u>	<u>(5,006)</u>	<u>(562)</u>	<u>27,896</u>	<u>7,042</u>
1,143	15,504	—	290	10,586	—
5,061	7,927	—	—	289	—
—	—	—	—	—	—
967	494	(105)	—	—	—
—	—	—	—	—	—
<u>7,171</u>	<u>23,925</u>	<u>(105)</u>	<u>290</u>	<u>10,875</u>	<u>—</u>
<u>1,648</u>	<u>4,967</u>	<u>(5,111)</u>	<u>(272)</u>	<u>38,771</u>	<u>7,042</u>
45,141	(24,471)	64,051	2,334	1,238,255	94,468
<u>\$ 46,789</u>	<u>\$ (19,504)</u>	<u>\$ 58,940</u>	<u>\$ 2,062</u>	<u>\$ 1,277,026</u>	<u>\$ 101,510</u>

Continued

**COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)**

	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.	Totals June 30, 2021
Expenses:				
Operating and other expenses	\$ —	\$ 13,049	\$ 3,171	\$ 458,370
Total expenses	—	13,049	3,171	458,370
Program Revenues:				
Charges for services	—	31,568	2,304	113,308
Operating grants and contributions	—	—	1,120	363,289
Total Program Revenues	—	31,568	3,424	476,597
Net Program (Expense) Revenue	—	18,519	253	18,227
General Revenues:				
Unrestricted grants and contributions	—	—	—	27,523
Unrestricted investment earnings	(1)	377	2,062	13,135
Gain on sale of capital assets	—	—	—	(220)
Miscellaneous general	—	(17,087)	(2)	(10,705)
Transfers	—	—	—	50,562
Total General Revenues	(1)	(16,710)	2,060	80,295
Change in Net Position	(1)	1,809	2,313	98,522
Net Position at July 1, As Restated	5,071	8,854	10,275	1,987,893
Net Position at June 30	\$ 5,070	\$ 10,663	\$ 12,588	\$ 2,086,415

**COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS-AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)**

	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Totals June 30, 2021
Cash Flows from Operating Activities			
Cash payments to suppliers for goods and services	\$ (12)	\$ —	\$ (12)
Cash payments for employee salaries and benefits	(4)	—	(4)
Cash payments to other sources	3,488	—	3,488
Cash payments from other sources	(291)	—	(291)
Net Cash Provided (Used) by Operating Activities	<u>3,181</u>	<u>—</u>	<u>3,181</u>
Cash Flows from Investing Activities			
Proceeds from the sale of investment securities	(5,049)	(1,236)	(6,285)
Interest and dividends on investments	—	(1)	(1)
Net Cash Provided (Used) in Investing Activities	<u>(5,049)</u>	<u>(1,237)</u>	<u>(6,286)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,868)	(1,237)	(3,105)
Cash and Cash Equivalents at July 1	17,535	5,071	22,606
Cash and Cash Equivalents at June 30	<u>15,667</u>	<u>3,834</u>	<u>19,501</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	7,042	—	7,042
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) Decrease in assets:			
Receivables, net	(3,861)	—	(3,861)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,181</u>	<u>\$ —</u>	<u>\$ 3,181</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, 2021
(Expressed in Thousands)

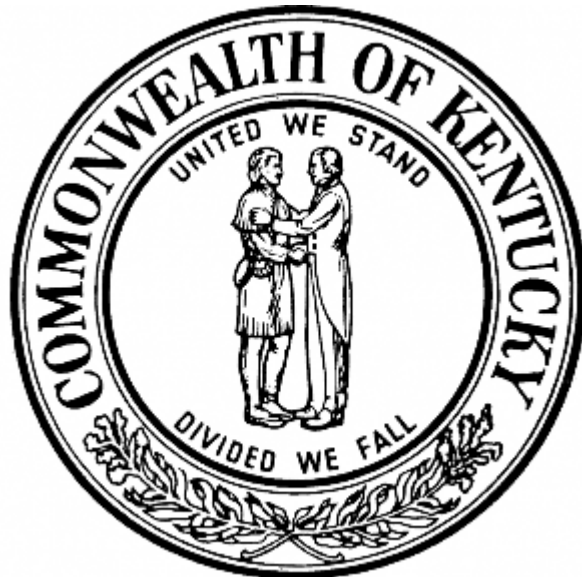
	Eastern Kentucky University	Western Kentucky University	Morehead State University
Assets			
Current assets:			
Cash and cash equivalents	\$ 90,681	\$ 161,340	\$ 55,831
Restricted cash	—	—	—
Accounts receivable, net	25,878	25,295	13,358
Interest receivable	—	67	970
Inventories	311	97	1,464
Prepaid expenses	1,777	4,160	33
Other current assets	551	150	148
Total Current Assets	<u>119,198</u>	<u>191,109</u>	<u>71,804</u>
Noncurrent assets:			
Restricted cash	16,164	—	—
Long-term investments	115,208	173,416	84,822
Restricted long-term investments	—	25,591	3,792
Long-term receivables, net	2,473	4,552	6,774
Land	8,436	22,338	22,514
Improvements other than buildings	63,315	72,694	—
Buildings	667,184	794,054	377,209
Machinery and equipment	36,828	162,622	34,337
Other capital assets	53,485	—	33,113
Less: Accumulated depreciation and amortization	(332,689)	(517,363)	(230,375)
Construction in progress	7,492	56,555	293
Total Capital Assets	<u>504,051</u>	<u>590,900</u>	<u>237,091</u>
Other assets	56	6,515	715
Total Noncurrent Assets, Net	<u>637,952</u>	<u>800,974</u>	<u>333,194</u>
Total Assets	<u>757,150</u>	<u>992,083</u>	<u>404,998</u>
Deferred outflows of resources	<u>26,061</u>	<u>37,315</u>	<u>13,405</u>
Liabilities			
Current liabilities:			
Accounts payable and accruals	17,136	34,632	7,758
Current portion of long-term debt:			
Notes payable	—	927	123
Bonds payable	7,759	17,897	4,001
Capital lease obligations	—	268	562
Compensated absences	3,083	3,362	—
Claims liability	—	1,291	—
Unearned revenues	15,992	52,270	9,322
Payable from restricted assets	—	—	—
Other current liabilities	1,571	6,942	1,108
Total Current Liabilities	<u>45,541</u>	<u>117,589</u>	<u>22,874</u>
Noncurrent liabilities:			
Notes payable	—	633	10,427
Bonds payable	90,533	209,950	58,507
Capital lease obligations	25,500	11,867	15,976
Compensated absences	—	—	—
Net pension liability	184,772	237,064	91,627
Net OPEB liability	35,093	44,644	17,905
Other long-term liabilities	47,532	16,749	3,392
Total Noncurrent Liabilities	<u>383,430</u>	<u>520,907</u>	<u>197,834</u>
Total Liabilities	<u>428,971</u>	<u>638,496</u>	<u>220,708</u>
Deferred inflows of resources	<u>191,756</u>	<u>88,959</u>	<u>50,585</u>
Net Position			
Net investment in capital assets	288,624	310,283	157,661
Restricted for:			
Debt service	—	1,718	—
Capital projects	23,760	29,015	—
Other purposes	107,070	186,572	78,967
Unrestricted	(256,970)	(225,645)	(89,518)
Total Net Position	<u>\$ 162,484</u>	<u>\$ 301,943</u>	<u>\$ 147,110</u>

Murray State University	Northern Kentucky University	Kentucky State University (FY 2020)	Kentucky Council on Postsecondary Education	Totals June 30, 2021
\$ 97,954	\$ 123,695	\$ 4,352	\$ 1,152	\$ 535,005
—	5,562	—	1,553	7,115
13,527	17,536	3,002	218	98,814
—	—	—	478	1,515
2,684	409	—	—	4,965
1,894	2,910	—	274	11,048
1,201	—	—	—	2,050
<u>117,260</u>	<u>150,112</u>	<u>7,354</u>	<u>3,675</u>	<u>660,512</u>
68,619	19,919	—	—	104,702
—	3,367	26,832	2,283	405,928
166,521	131,401	—	224	327,529
1,540	1,220	692	—	17,251
15,865	9,698	6,275	—	85,126
18,508	42,936	—	—	197,453
406,022	538,411	155,924	—	2,938,804
39,054	90,289	30,852	—	393,982
13,052	—	12,504	2	112,156
(254,571)	(332,065)	(143,881)	—	(1,810,944)
1,934	21,768	31,801	—	119,843
<u>239,864</u>	<u>371,037</u>	<u>93,475</u>	<u>2</u>	<u>2,036,420</u>
<u>2,553</u>	<u>316</u>	<u>32</u>	<u>—</u>	<u>10,187</u>
<u>479,097</u>	<u>527,260</u>	<u>121,031</u>	<u>2,509</u>	<u>2,902,017</u>
<u>596,357</u>	<u>677,372</u>	<u>128,385</u>	<u>6,184</u>	<u>3,562,529</u>
<u>20,531</u>	<u>242,632</u>	<u>18,594</u>	<u>2,997</u>	<u>361,535</u>
7,370	12,743	10,715	1,156	91,510
440	—	—	—	1,490
4,228	15,409	255	—	49,549
24	368	887	—	2,109
5,924	3,587	2,339	440	18,735
—	—	—	—	1,291
7,918	11,062	1,009	—	97,573
—	5,294	—	—	5,294
3,882	385	3,090	—	16,978
<u>29,786</u>	<u>48,848</u>	<u>18,295</u>	<u>1,596</u>	<u>284,529</u>
5,705	—	—	—	16,765
53,823	321,390	1,752	—	735,955
—	3,019	13,247	—	69,609
—	—	—	401	401
147,217	344,089	64,627	22,713	1,092,109
27,166	61,453	11,656	4,071	201,988
5,299	2,207	1,012	—	76,191
<u>239,210</u>	<u>732,158</u>	<u>92,294</u>	<u>27,185</u>	<u>2,193,018</u>
<u>268,996</u>	<u>781,006</u>	<u>110,589</u>	<u>28,781</u>	<u>2,477,547</u>
<u>67,572</u>	<u>9,223</u>	<u>27,066</u>	<u>1,172</u>	<u>436,333</u>
173,275	252,883	77,318	2	1,260,046
429	—	—	—	2,147
13,035	1,495	—	—	67,305
144,349	144,608	16,708	1,686	679,960
(50,768)	(269,211)	(84,702)	(22,460)	(999,274)
<u>\$ 280,320</u>	<u>\$ 129,775</u>	<u>\$ 9,324</u>	<u>\$ (20,772)</u>	<u>\$ 1,010,184</u>

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES
FOR THE YEAR ENDED JUNE 30, 2021
(Expressed in Thousands)

	<u>Eastern Kentucky University</u>	<u>Western Kentucky University</u>	<u>Morehead State University</u>
Expenses:			
Operating and other expenses	\$ 158,939	\$ 261,691	\$ 94,208
Total Expenses	<u>158,939</u>	<u>261,691</u>	<u>94,208</u>
Program Revenues:			
Charges for services	132,763	156,795	49,566
Operating grants and contributions	29,762	5,422	30,779
Capital grants and contributions	—	9,799	756
Total Program Revenues	<u>162,525</u>	<u>172,016</u>	<u>81,101</u>
Net Program (Expense) Revenue	<u>3,586</u>	<u>(89,675)</u>	<u>(13,107)</u>
General Revenues:			
Unrestricted grants and contributions	125,149	161,546	42,215
Unrestricted investment earnings	12,362	24,096	140
Gain on sale of capital assets	—	(197)	—
Miscellaneous general	—	(2,604)	37,447
Total General Revenues	<u>137,511</u>	<u>182,841</u>	<u>79,802</u>
Change in Net Position	<u>141,097</u>	<u>93,166</u>	<u>66,695</u>
Net Position at July 1, As Restated	<u>21,387</u>	<u>208,777</u>	<u>80,415</u>
Net Position at June 30	<u>\$ 162,484</u>	<u>\$ 301,943</u>	<u>\$ 147,110</u>

Murray State University	Northern Kentucky University	Kentucky State University (FY 2020)	Kentucky Council on Postsecondary Education	Totals June 30, 2021
\$ 137,254	\$ 281,197	\$ 70,051	\$ 25,460	\$ 1,028,800
137,254	281,197	70,051	25,460	1,028,800
92,103	143,821	17,088	3,379	595,515
5,777	12,232	23,397	14,033	121,402
—	412	—	471	11,438
97,880	156,465	40,485	17,883	728,355
(39,374)	(124,732)	(29,566)	(7,577)	(300,445)
84,881	97,736	30,470	7,610	549,607
38,224	870	854	—	76,546
(64)	757	—	—	496
3,251	32,573	—	—	70,667
126,292	131,936	31,324	7,610	697,316
86,918	7,204	1,758	33	396,871
193,402	122,571	7,566	(20,805)	613,313
\$ 280,320	\$ 129,775	\$ 9,324	\$ (20,772)	\$ 1,010,184



STATISTICAL SECTION

This part of the Commonwealth of Kentucky's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Financial Trends

The schedules presented, in this section, contain trend information to help the reader understand how the Commonwealth's financial performance and fiscal health has changed over time. Fund perspective statements are presented for the last ten fiscal years, except where noted.

Revenue Capacity

The schedules presented, in this section, contain information to help the reader assess the Commonwealth's most significant revenue source, which is personal income tax.

Debt Capacity

The schedules presented, in this section, contain information to help the reader assess the affordability of the Commonwealth's current levels of outstanding debt, and the Commonwealth's ability to issue additional debt in the future.

Demographic Information

The schedules presented, in this section, offer demographic and economic indicators to help the reader understand the environment within the Commonwealth, and the financial impact of those activities.

Operating Information

The schedules presented, in this section, offer operating data to help the reader understand how the information in the Commonwealth's financial report relates to the services it provided and the activities performed, by the governmental agencies.

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

(Expressed in Thousands)

	2021	2020	2019	2018
General Fund				
Nonspendable:				
Inventories	\$ 8,446	\$ 5,375	\$ 7,373	\$ 5,769
Assigned	71,815	93,764	74,258	—
Unassigned	2,411,469	511,169	151,129	(64,909)
Total General Fund	<u>2,491,730</u>	<u>610,308</u>	<u>232,760</u>	<u>(59,140)</u>
All Other Governmental Funds				
Nonspendable:				
Inventories	65,049	—	64,767	59,340
Cash with Fiscal Agents	—	—	—	47,367
Restricted	2,775,617	2,330,905	1,924,119	2,218,345
Committed	152,581	134,037	140,030	177,916
Assigned	41,079	30,817	95,113	21,442
Unassigned	(127,260)	(101,018)	(33,102)	(50,026)
Total All Other Governmental Funds	<u>2,907,066</u>	<u>2,394,741</u>	<u>2,190,927</u>	<u>2,474,384</u>
 Total Fund Balances - Governmental Funds	 <u>\$ 5,398,796</u>	 <u>\$ 3,005,049</u>	 <u>\$ 2,423,687</u>	 <u>\$ 2,415,244</u>

2017	2016	2015	2014	2013	2012
\$ 6,219	\$ 5,465	\$ 6,230	\$ 6,505	\$ 7,299	\$ 5,515
55	30,765	27,069	—	34,700	35,563
—	318,790	71,060	(137,295)	159,198	54,035
6,274	355,020	104,359	(130,790)	201,197	95,113
75,234	75,254	74,105	54,006	81,264	86,240
15,576	16,136	18,954	13,503	17,918	29,045
1,901,478	1,822,185	1,706,764	2,068,293	2,373,349	2,452,952
74,876	133,075	160,804	188,706	175,676	183,414
17,039	18,014	15,033	13,054	7,019	13,157
(765)	(98,045)	(56,950)	(2,582)	(596,756)	(420,183)
2,083,438	1,966,619	1,918,710	2,334,980	2,058,470	2,344,625
\$ 2,089,712	\$ 2,321,639	\$ 2,023,069	\$ 2,204,190	\$ 2,259,667	\$ 2,439,738

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

(Expressed in Thousands)

	2021	2020	2019	2018
Revenues				
Taxes	\$ 14,535,649	\$ 13,181,585	\$ 12,888,613	\$ 12,345,610
Licenses, fees, and permits	462,701	420,578	444,403	391,615
Intergovernmental	17,243,597	13,060,301	11,592,569	11,004,224
Charges for services	1,345,365	1,276,407	1,343,980	1,257,259
Fines and forfeits	41,318	49,642	58,366	54,469
Interest and other investment income	3,196	61,285	43,378	32,557
Increase (decrease) in fair value of investments	10,570	4,939	17,550	(13,980)
Securities lending income	—	3,595	10,540	11,158
Other revenues	937,057	884,506	692,070	609,703
Total Revenues	34,579,453	28,942,838	27,091,469	25,692,615
Expenditures				
Current:				
General government	2,685,781	2,782,509	2,263,964	2,269,763
Legislative and judicial	492,358	495,212	480,405	445,112
Commerce	116,366	115,467	106,165	93,765
Education and humanities	6,154,345	6,029,475	6,183,644	6,020,339
Human resources	17,332,009	14,497,837	13,043,316	12,506,650
Justice	1,096,985	1,134,711	1,089,196	1,009,506
Natural resources and environmental protection	213,209	215,681	195,068	170,995
Public protection and regulation	557,300	144,515	129,569	110,748
Transportation	2,445,657	2,542,904	2,395,765	2,290,599
Debt Service:				
Principal retirement	701,232	694,576	739,455	726,825
Interest and fiscal charges	297,471	304,750	350,972	313,291
Other expenditures	59,668	(6,585)	(4,683)	6,242
Securities lending expense	—	3,071	9,710	9,359
Capital outlay:				
Buildings	207,776	323,072	289,598	338,373
Total Expenditures	32,360,157	29,277,195	27,272,144	26,311,567
Excess (Deficiency) of Revenues over (under) Expenditures	2,219,296	(334,357)	(180,675)	(618,952)
Other Financing Sources (Uses)				
Transfers in	1,954,450	2,191,088	2,213,843	2,263,303
Transfers out	(1,983,386)	(2,055,429)	(2,096,464)	(2,075,678)
Capitalized leases	1,640	1,703	2,132	17,311
Issuance of bonds:				
New issues	161,155	902,631	80,354	644,402
Refunding issues	198,766	6,076	6,556	301,786
Premiums	49,189	45,120	(725)	112,180
Discounts	(944)	(2,038)	(536)	—
Certificates of participation	—	—	—	—
Premiums	—	—	—	—
Issuance of notes:				
New issues	—	—	—	—
Refunding issues	—	—	—	—
Payments to refunded bond escrow agent	(211,779)	(176,354)	(21,162)	(306,257)
Total Other Financing Sources (Uses)	169,091	912,797	183,998	957,047
Net Change in Fund Balances	\$ 2,388,387	\$ 578,440	\$ 3,323	\$ 338,095
Debt service as a percentage of noncapital expenditures	4.39%	4.83%	4.05%	3.94%

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

	2017	2016	2015	2014	2013	2012
\$	11,888,139	\$ 11,730,500	\$ 11,492,919	\$ 10,954,839	\$ 10,813,909	\$ 10,403,782
	382,398	380,075	386,757	350,454	337,431	339,642
	10,792,470	10,824,674	10,135,711	9,008,083	7,143,403	7,098,675
	1,272,133	1,302,541	1,173,174	1,276,821	1,175,388	1,117,177
	52,338	61,660	64,755	69,531	80,227	80,132
	21,463	31,501	30,590	26,785	13,403	30,822
	(6,037)	(6,140)	(13,544)	(9,410)	(7,661)	(18,705)
	6,616	3,470	2,664	2,696	4,198	3,121
	634,834	584,782	520,001	627,647	678,358	562,394
	25,044,354	24,913,063	23,793,027	22,307,446	20,238,656	19,617,040
	2,341,583	2,263,041	2,107,483	2,067,170	2,282,198	2,390,204
	442,646	444,087	437,109	419,461	406,800	409,685
	111,080	110,490	98,826	97,811	92,312	112,139
	6,016,531	5,558,814	5,347,187	5,317,501	5,384,681	5,322,439
	12,227,415	12,095,613	11,437,873	10,399,966	7,963,372	7,984,895
	967,790	874,867	839,455	804,747	825,194	802,108
	181,889	182,296	186,641	185,547	201,048	213,283
	106,215	101,590	103,448	92,600	158,617	157,846
	2,339,776	2,566,675	2,661,224	2,566,382	2,263,175	2,109,125
	611,066	616,543	571,281	547,610	534,078	306,504
	330,631	336,567	352,558	355,438	354,688	367,966
	6,672	14,683	20,431	9,858	12,763	55,983
	4,792	2,421	1,190	1,058	2,362	1,593
	353,165	477,916	231,483	203,514	330,795	253,894
	26,041,251	25,645,603	24,396,189	23,068,663	20,812,083	20,487,664
	(996,897)	(732,540)	(603,162)	(761,217)	(573,427)	(870,624)
	2,120,376	1,922,969	2,058,253	2,021,428	1,810,448	1,539,696
	(1,912,607)	(1,907,707)	(2,009,118)	(2,013,769)	(1,833,096)	(1,530,423)
	1,861	2,634	17,070	27	10,007	9,546
	513,545	826,325	222,922	256,887	221,310	419,700
	56,689	988,677	373,712	141,631	127,644	527,118
	36,078	231,610	76,777	80,769	27,295	74,049
	(1,161)	(2,420)	(972)	(689)	(408)	(927)
	—	—	68,575	—	—	—
	—	—	1,621	—	—	—
	—	106,850	—	383,000	163,290	82,717
	—	—	—	39,765	—	—
	(50,494)	(1,116,316)	(409,405)	(189,883)	(127,035)	(455,473)
	764,287	1,052,622	399,435	719,166	399,455	666,003
\$	(232,610)	\$ 320,082	\$ (203,727)	\$ (42,051)	\$ (173,972)	\$ (204,621)
	3.71%	3.71%	3.78%	3.91%	4.29%	3.31%

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

	2021	2020	2019	2018
Governmental Activities:				
Net investment in capital assets	\$ 24,744,234	\$ 24,169	\$ 23,433,119	\$ 23,354,312
Restricted	2,081,872	1,627	1,487,313	1,208,350
Unrestricted	(32,600,702)	(37,318)	(40,050,216)	(42,257,250)
Total Governmental Activities Net Position	<u>(5,774,596)</u>	<u>(11,522)</u>	<u>(15,129,784)</u>	<u>(17,694,588)</u>
Business-Type Activities:				
Net investment in capital assets	240,670	253	261,109	274,521
Restricted	286,882	—	779,736	688,144
Unrestricted	(166,080)	(253)	(133,396)	(116,858)
Total Business-Type Activities Net Position	<u>361,472</u>	<u>—</u>	<u>907,449</u>	<u>845,807</u>
Primary Government:				
Net investment in capital assets	24,984,904	24,422	23,694,228	23,628,833
Restricted	2,368,754	1,627	2,267,049	1,896,494
Unrestricted	(32,766,782)	(37,570)	(40,183,612)	(42,374,108)
Total Primary Government Net Position	<u>\$ (5,413,124)</u>	<u>\$ (11,521)</u>	<u>\$ (14,222,335)</u>	<u>\$ (16,848,781)</u>

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

2017	2016	2015	2014	2013	2012
\$ 22,688,638	\$ 21,955,878	\$ 21,288,572	\$ 20,986,040	\$ 20,195,976	\$ 19,616,044
954,449	847,543	984,229	1,099,649	1,167,435	1,480,299
(40,157,358)	(37,867,160)	(36,414,312)	(11,812,580)	(10,315,863)	(9,731,379)
(16,514,271)	(15,063,739)	(14,141,511)	10,273,109	11,047,548	11,364,964
287,610	293,958	303,571	315,131	328,382	334,611
562,392	369,431	212,629	63,847	913	729
(100,405)	(190,882)	(403,957)	(594,125)	(876,277)	(1,014,186)
749,597	472,507	112,243	(215,147)	(546,982)	(678,846)
22,976,248	22,249,836	21,592,143	21,301,171	20,524,358	19,950,655
1,516,841	1,216,974	1,196,858	1,163,496	1,168,348	1,481,028
(40,257,763)	(38,058,042)	(36,818,269)	(12,406,705)	(11,192,140)	(10,745,565)
\$ (15,764,674)	\$ (14,591,232)	\$ (14,029,268)	\$ 10,057,962	\$ 10,500,566	\$ 10,686,118

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

(Expressed in Thousands)

	2021	2020	2019	2018	2017
Function/Program Revenues					
Primary Government:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 785,061	\$ 692,112	\$ 770,183	\$ 799,460	\$ 805,329
Legislative and Judicial	45,868	42,633	46,607	27,852	28,079
Commerce	62,480	58,587	83,983	73,820	52,894
Education and Humanities	64,098	57,848	53,789	59,137	58,831
Human Resources	231,518	195,329	199,566	221,671	166,820
Justice	27,104	29,395	28,603	27,348	26,185
Natural Resources and					
Environmental Protection	46,092	46,378	44,249	40,587	38,673
Public Protection and Regulation	118,062	106,120	97,604	93,860	92,734
Transportation	345,067	294,743	313,715	297,202	283,545
Operating Grants and Contributions	16,331,955	12,125,363	10,704,976	10,211,396	9,956,021
Capital Grants and Contributions	1,033,962	994,683	914,965	825,730	837,491
Total Governmental Activities	19,091,267	14,643,191	13,258,240	12,678,063	12,346,602
Business-Type Activities:					
Charges for Services:					
State Parks	45,415	40,574	52,503	53,320	52,526
Kentucky Horse Park	7,543	7,297	11,488	9,542	12,416
Insurance Administration	108,934	114,048	118,189	116,676	125,299
Kentucky Public Employees' Health Plan	1,866,925	1,851,183	1,822,296	1,795,381	1,759,562
Unemployment Compensation	395,332	348,610	359,080	395,464	545,335
Operating Grants and Contributions	—	—	13,106	9,946	5,578
Capital Grants and Contributions	—	—	—	—	—
Total Business-Type Activities	2,424,149	2,361,712	2,376,662	2,380,329	2,500,716
Total Primary Government	\$ 21,515,416	\$ 17,004,903	\$ 15,634,902	\$ 15,058,392	\$ 14,847,318
Expenses					
Primary Government:					
Governmental Activities:					
General government	\$ 1,652,327	\$ 405,039	\$ 363,782	\$ 3,112,212	\$ 2,771,326
Legislative and Judicial	520,801	526,102	468,775	489,661	489,343
Commerce	139,689	175,902	152,031	151,184	299,840
Education and Humanities	5,027,799	6,070,241	6,213,059	7,138,207	7,328,124
Human Resources	17,077,977	13,760,639	12,938,155	12,488,174	11,988,867
Justice	1,292,316	1,470,004	1,426,465	1,360,214	1,216,143
Natural Resources and					
Environmental Protection	253,474	254,103	229,066	232,219	191,666
Public Protection and Regulation	563,091	167,030	155,311	148,967	150,344
Transportation	1,914,599	1,938,390	1,932,570	1,864,030	1,674,300
Interest expense	136,111	277,084	287,577	306,124	210,456
Total Governmental Activities	28,578,184	25,044,534	24,166,791	27,290,992	26,320,409
Business-Type Activities:					
State Parks	111,231	122,723	140,307	153,913	124,685
Kentucky Lottery Corporation	—	—	—	—	—
Kentucky Horse Park	15,246	16,993	19,538	20,310	21,143
Insurance Administration	43,278	41,317	(6,593)	(85,034)	39,370
Kentucky Public Employees' Health Plan	1,892,458	1,839,500	1,812,826	1,614,792	1,510,884
Unemployment Compensation	2,720,000	3,890,468	288,755	282,583	345,909
Total Business-Type Activities	4,782,213	5,911,001	2,254,833	1,986,564	2,041,991
Total Primary Government	\$ 33,360,397	\$ 30,955,535	\$ 26,421,624	\$ 29,277,556	\$ 28,362,400
Net (Expense)/Revenue					
Governmental Activities	\$ (9,486,917)	\$ (10,401,343)	\$ (10,908,551)	\$ (14,612,929)	\$ (13,973,807)
Business-Type Activities	(2,358,064)	(3,549,289)	121,829	393,765	458,725
Total Primary Government Net Expense	\$ (11,844,981)	\$ (13,950,632)	\$ (10,786,722)	\$ (14,219,164)	\$ (13,515,082)

	2016	2015	2014	2013	2012
\$	818,313	\$ 626,337	\$ 699,518	\$ 681,819	\$ 668,709
	27,802	25,866	25,584	25,676	21,750
	51,991	58,617	44,538	41,337	53,375
	59,712	64,776	43,192	67,290	66,246
	208,967	164,793	230,057	—	16,593
	30,880	22,755	23,434	27,369	21,500
	41,941	17,014	45,334	308,890	12,451
	92,908	87,134	83,516	93,172	92,806
	288,126	299,446	269,701	238,296	249,231
	9,956,639	9,270,753	8,211,316	6,294,292	6,381,991
	872,127	865,320	801,353	806,675	836,370
	12,449,406	11,502,811	10,477,543	8,584,816	8,421,022
	51,424	47,931	49,016	48,774	50,064
	12,930	12,407	10,679	9,981	9,161
	130,825	124,106	113,248	112,177	122,962
	1,739,913	1,712,136	1,692,801	1,680,011	1,681,642
	598,144	743,369	561,692	532,298	521,893
	954	—	174,235	408,125	705,465
	—	149	378	155	1,032
	2,534,190	2,640,098	2,602,049	2,791,521	3,092,219
\$	14,983,596	\$ 14,142,909	\$ 13,079,592	\$ 11,376,337	\$ 11,513,241
\$	4,544,453	\$ 2,557,827	\$ 2,840,370	\$ 3,333,535	\$ 3,002,882
	446,233	433,354	420,929	406,949	411,579
	122,430	110,041	112,067	112,296	132,078
	4,970,560	5,822,980	5,539,119	5,214,551	5,818,383
	12,088,721	11,098,078	10,000,356	7,618,717	7,623,348
	1,006,195	952,071	933,126	936,118	923,628
	190,919	190,532	192,059	229,245	221,822
	97,921	107,258	92,798	160,071	156,755
	1,602,621	1,819,570	2,127,851	1,720,513	1,496,753
	372,787	341,922	355,842	369,773	403,534
	25,442,840	23,433,633	22,614,517	20,101,768	20,190,762
	113,679	110,220	96,587	92,724	93,925
	—	—	—	—	—
	21,049	19,278	19,511	15,856	13,970
	189,476	116,723	86,063	93,876	38,081
	1,498,925	1,420,292	1,642,048	1,677,143	1,687,322
	343,857	340,223	1,092,231	1,287,408	1,193,572
	2,166,986	2,006,736	2,936,440	3,167,007	3,026,870
\$	27,609,826	\$ 25,440,369	\$ 25,550,957	\$ 23,268,775	\$ 23,217,632
\$	(12,993,434)	\$ (11,930,822)	\$ (12,136,974)	\$ (11,516,952)	\$ (11,769,740)
	367,204	633,362	(334,391)	(375,486)	65,349
\$	(12,626,230)	\$ (11,297,460)	\$ (12,471,365)	\$ (11,892,438)	\$ (11,704,391)

Continued

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

(Expressed in Thousands)

	2021	2020	2019	2018	2017
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Sales and gross receipt	\$ 7,349,827	\$ 6,827,433	\$ 6,543,315	\$ 6,062,029	\$ 5,905,042
Individual income	5,212,818	4,831,399	4,561,557	4,604,710	4,405,457
Corporate income	643,533	395,865	580,131	500,315	458,227
Property	707,461	654,791	648,739	628,810	596,752
License and privilege	68,291	29,257	54,022	38,001	29,310
Severance	106,550	109,176	149,852	142,095	145,487
Inheritance and estate	61,625	48,250	42,903	50,093	45,827
Miscellaneous taxes	270,035	216,749	194,494	208,344	202,836
Unrestricted grants and contributions	14,585	4,597	12,221	9,798	11,449
Unrestricted investment earnings	653	—	—	—	—
Gain on sale of capital assets	10,025	7,657	22,007	16,562	8,318
Miscellaneous general	814,992	741,366	548,567	505,243	522,299
Transfers	—	—	—	271,843	192,425
Total General Revenues and Transfers	<u>15,260,395</u>	<u>13,866,540</u>	<u>13,357,808</u>	<u>13,037,843</u>	<u>12,523,429</u>
Change in Net Position	5,742,482	3,610,679	2,563,819	(1,575,086)	(1,450,378)
Net Position at July 1, as Restated	<u>(11,517,078)</u>	<u>(15,132,565)</u>	<u>(17,693,603)</u>	<u>(16,119,502)</u>	<u>(15,063,893)</u>
Net Position at June 30	<u>\$ (5,774,596)</u>	<u>\$ (11,521,886)</u>	<u>\$ (15,129,784)</u>	<u>\$ (17,694,588)</u>	<u>\$ (16,514,271)</u>
Business-Type Activities:					
Unrestricted grants and contributions	\$ 2,725,486	\$ 2,744,933	\$ —	\$ —	\$ 5,534
Unrestricted investment earnings	22,254	49,769	54,938	20,086	(1,329)
Gain on sale of capital assets	89	44	—	—	—
Miscellaneous general	777	(7,221)	1,751	6,943	6,075
Transfers	30,996	(145,482)	(115,891)	(271,848)	(192,425)
Total General Revenues and Transfers	<u>2,779,602</u>	<u>2,642,043</u>	<u>(59,202)</u>	<u>(244,819)</u>	<u>(182,145)</u>
Change in Net Position	421,538	(907,246)	62,627	148,946	276,580
Net Position at July 1, as Restated	<u>(60,066)</u>	<u>907,449</u>	<u>844,822</u>	<u>696,861</u>	<u>473,017</u>
Net Position at June 30	<u>\$ 361,472</u>	<u>\$ 203</u>	<u>\$ 907,449</u>	<u>\$ 845,807</u>	<u>\$ 749,597</u>
Change in Net Position					
Governmental Activities	\$ 5,742,482	\$ 3,610,679	\$ 2,563,819	\$ (1,575,086)	\$ (1,450,378)
Business-Type Activities	<u>421,538</u>	<u>(907,246)</u>	<u>62,627</u>	<u>148,946</u>	<u>276,580</u>
Total Primary Government Changes in Net Position	<u>\$ 6,164,020</u>	<u>\$ 2,703,433</u>	<u>\$ 2,626,446</u>	<u>\$ (1,426,140)</u>	<u>\$ (1,173,798)</u>

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

2016	2015	2014	2013	2012
\$ 5,787,853	\$ 5,714,300	\$ 5,575,312	\$ 5,292,465	\$ 5,505,336
4,311,015	4,064,705	3,752,868	3,748,008	3,474,027
490,033	540,132	456,601	423,093	370,485
584,823	570,998	553,339	556,986	534,189
39,563	13,742	21,170	21,091	26,792
156,245	235,068	251,231	461,866	170,980
48,789	52,616	51,513	20,503	68,119
196,941	190,700	184,605	203,467	148,305
10,403	10,348	12,663	16,332	14,640
1,650	4,264	(37)	2,179	(21,439)
7,689	7,259	10,969	8,885	10,363
403,065	413,140	496,504	544,186	493,133
41,497	108,470	(4,214)	(22,093)	(12,293)
<u>12,079,566</u>	<u>11,925,742</u>	<u>11,362,524</u>	<u>11,276,968</u>	<u>10,782,637</u>
(913,868)	(5,080)	(774,450)	(239,984)	(987,103)
<u>(14,149,871)</u>	<u>(14,136,431)</u>	<u>11,047,559</u>	<u>11,287,532</u>	<u>12,352,067</u>
<u>\$ (15,063,739)</u>	<u>\$ (14,141,511)</u>	<u>\$ 10,273,109</u>	<u>\$ 11,047,548</u>	<u>\$ 11,364,964</u>
\$ —	\$ —	\$ —	\$ —	\$ —
29,381	14,971	13,546	(16,154)	—
—	—	32	—	55,123
5,176	5,693	648,434	501,411	—
<u>(41,497)</u>	<u>(108,470)</u>	<u>4,214</u>	<u>22,093</u>	<u>—</u>
<u>(6,940)</u>	<u>(87,806)</u>	<u>666,226</u>	<u>507,350</u>	<u>55,123</u>
360,264	545,556	331,835	131,864	192,756
112,243	(433,313)	(546,982)	(678,846)	(871,602)
<u>\$ 472,507</u>	<u>\$ 112,243</u>	<u>\$ (215,147)</u>	<u>\$ (546,982)</u>	<u>\$ (678,846)</u>
\$ (913,868)	\$ (5,080)	\$ (774,450)	\$ (239,984)	\$ (987,103)
<u>360,264</u>	<u>545,556</u>	<u>331,835</u>	<u>131,864</u>	<u>192,756</u>
<u>\$ (553,604)</u>	<u>\$ 540,476</u>	<u>\$ (442,615)</u>	<u>\$ (108,120)</u>	<u>\$ (794,347)</u>

**COMMONWEALTH OF KENTUCKY
PERSONAL INCOME TAX INFORMATION
CALENDAR YEARS 2010 and 2019**

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

Ky Federal AGI (from Ky Form 740) Income Level	Calendar Year 2019			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
Resident Taxpayer				
Less than \$25,001	690,501	37.09 %	\$ 131,290,143	3.16 %
\$25,001-\$50,000	465,133	24.98 %	630,480,251	15.22 %
\$50,001-\$100,000	427,689	22.97 %	1,128,197,487	27.23 %
\$100,001-\$200,000	217,969	11.71 %	1,131,900,550	27.32 %
\$200,001-\$500,000	50,318	2.70 %	615,640,794	14.86 %
Greater than \$500,000	10,181	0.55 %	506,101,432	12.21 %
Total Resident	1,861,791	100.00 %	4,143,610,657	100.00 %
Non-Resident Taxpayer				
Less than \$25,001	61,746	32.26 %	8,428,192	3.83 %
\$25,001-\$50,000	36,017	18.82 %	20,488,894	9.34 %
\$50,001-\$100,000	36,050	18.84 %	33,359,463	15.21 %
\$100,001-\$200,000	25,640	13.40 %	37,592,382	17.14 %
\$200,001-\$500,000	15,952	8.33 %	36,273,412	16.54 %
Greater than \$500,000	15,991	8.35 %	83,221,250	37.94 %
Total Non-Resident	191,396	100.00 %	219,363,593	100.00 %
Totals	2,053,187		\$ 4,362,974,250	

Personal Income Tax Rates

Tax Years 2009 - 2017

Tax Rate	2.0%	3.0%	4.0%	5.0%
Income Bracket	\$0-3,000	\$3,001-4,000	\$4,001-5,000	\$5,001-8,000

Tax Year 2018-2019

Tax Rate Flat 5% Tax Rate

	2019		2010
Personal Income Tax Revenue	\$4,362,974,250	(A)	\$3,141,336,126
Personal Income	135,948,000	(B)	102,391,000
Average Effective Rate	3.1%		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 2010

<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
748,992	43.83 %	\$ 235,998,094	7.59 %
411,786	24.10 %	514,037,028	16.54 %
381,689	22.34 %	976,760,785	31.42 %
134,549	7.87 %	702,207,117	22.59 %
26,070	1.53 %	349,532,824	11.24 %
5,658	0.33 %	329,935,664	10.61 %
1,708,744	100.00 %	3,108,471,512	100.00 %
44,406	35.51 %	5,153,087	3.40 %
21,951	17.55 %	11,495,908	7.58 %
24,209	19.36 %	21,207,910	13.99 %
16,001	12.80 %	23,819,402	15.72 %
9,380	7.50 %	21,907,203	14.45 %
9,098	7.28 %	67,982,070	44.85 %
125,045	100.00 %	151,565,580	100.00 %
1,833,789		\$ 3,260,037,092	

5.8%
\$8,001 -75,000

6.0%
\$75,001 and Up



**COMMONWEALTH OF KENTUCKY
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 FOR CALENDAR YEARS 2011-2020**

(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	
2011	\$ 229,344,568	\$ 243,983,583	\$ 169,933,206	\$ 169,933,206	\$ 399,277,774	\$ 413,916,789	96.5%
2012	232,286,735	247,113,548	176,724,331	176,724,331	409,011,066	423,837,879	96.5%
2013	233,534,113	248,440,546	173,138,368	173,138,368	406,672,481	421,578,914	96.5%
2014	237,120,455	252,255,803	174,481,430	174,481,430	411,601,885	426,737,233	96.5%
2015	243,570,236	259,117,272	182,300,234	182,300,234	425,870,470	441,417,506	96.5%
2016	251,467,439	267,518,552	189,581,582	189,581,582	441,049,021	457,100,134	96.5%
2017	260,311,049	276,926,647	195,483,003	195,483,003	455,794,052	472,409,650	96.5%
2018	268,267,507	285,390,965	202,736,591	202,736,591	471,004,098	488,127,556	96.5%
2019	278,520,440	296,298,340	209,635,314	209,635,314	488,155,754	505,933,654	96.5%
2020	289,521,435	308,001,527	213,311,775	213,311,775	502,833,210	521,313,302	96.5%

SOURCE: Kentucky Department of Revenue

NOTE: Assessed values are established through the utilization of an annual ad valorem tax based on the fair value of property.

**COMMONWEALTH OF KENTUCKY
 PROPERTY TAX LEVIES AND COLLECTIONS
 FOR CALENDAR YEARS 2011-2020**

(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 **
2011	\$ 545,501	\$ 512,879	94.0 %	\$ 16,688	\$ 529,567	97.1%	66.27
2012	561,041	531,406	94.7 %	26,972	558,378	99.5%	66.01
2013	566,500	541,152	95.5 %	21,277	562,429	99.3%	64.98
2014	575,958	547,198	95.0 %	16,237	563,435	97.8%	64.37
2015	600,161	565,557	94.2 %	11,991	577,548	96.2%	64.32
2016	624,237	586,129	93.9 %	15,966	602,095	96.5%	65.71
2017	641,169	604,986	94.4 %	16,274	621,260	96.9%	64.10
2018	654,251	626,911	95.8 %	20,098	647,009	98.9%	63.95
2019	686,082	630,861	92.0 %	12,185	643,046	93.7%	63.51
2020	709,104	684,481	96.5 %	17,995	702,476	99.1%	64.33

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)

	2021	2020	2019	2018
Governmental Activities Debt				
Revenue Bonds (2)	\$ 5,112,908	\$ 5,510,743	\$ 5,820,641	\$ 6,310,244
Unamortized premiums (2) (3)	461,343	470,932	473,786	526,979
Unamortized discounts (2) (3)	(7,682)	(7,917)	(8,078)	(8,401)
Notes (2)	557,126	691,490	835,109	1,008,140
Capital Leases (2)	80,622	68,407	82,647	51,002
Certificate of Participation (2) (4)	170,885	174,485	175,735	176,940
KWIC (2) (5)	300,911	302,829	304,488	297,016
Total Government Activities Debt	<u>6,676,113</u>	<u>7,210,969</u>	<u>7,684,328</u>	<u>8,361,920</u>
Business-Type Activities Debt				
Notes (2)	—	—	—	—
Capital Leases (2)	17,519	19,644	21,766	23,881
Total Business-Type Activities Debt	<u>17,519</u>	<u>19,644</u>	<u>21,766</u>	<u>23,881</u>
Total Primary Government Debt	<u>\$ 6,693,632</u>	<u>\$ 7,230,613</u>	<u>\$ 7,706,094</u>	<u>\$ 8,385,801</u>
Total Debt Ratios				
Ratio of Total Debt to Personal Income	<u>4.92 %</u>	<u>5.41 %</u>	<u>5.96 %</u>	<u>6.73 %</u>
Total Debt Per Capita (1)	<u>\$ 1,495.03</u>	<u>\$ 1,618.43</u>	<u>\$ 1,724.57</u>	<u>\$ 1,882.68</u>
Net Bonded Debt				
Net General Bonded Debt	\$ 5,566,569	\$ 5,973,758	\$ 6,286,349	\$ 6,828,822
Less: Debt Service Funds	137,012	212,299	156,295	175,892
Net Bonded Debt	<u>\$ 5,429,557</u>	<u>\$ 5,761,459</u>	<u>\$ 6,130,054</u>	<u>\$ 6,652,930</u>
Net Bonded Debt Ratios				
Ratio of Net Bonded Debt to Governmental Funds Revenues	<u>15.70 %</u>	<u>19.91 %</u>	<u>22.63 %</u>	<u>25.92 %</u>
Net Bonded Debt Per Capita (1)	<u>\$ 1,212.70</u>	<u>\$ 1,289.59</u>	<u>\$ 1,371.87</u>	<u>\$ 1,493.63</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

	2017	2016	2015	2014	2013	2012
\$	6,276,003	\$ 6,227,678	\$ 6,154,942	\$ 6,291,646	\$ 6,427,591	\$ 6,555,730
	513,879	534,099	369,790	355,817	309,708	311,222
	(9,492)	(10,330)	(10,875)	(11,577)	(12,792)	(13,830)
	1,196,130	1,399,140	1,467,573	1,868,377	1,648,642	1,669,372
	46,256	58,064	71,493	55,444	58,311	46,069
	67,425	68,575	68,575	—	—	—
	283,870	267,494	—	—	—	—
	<u>8,374,071</u>	<u>8,544,720</u>	<u>8,121,498</u>	<u>8,559,707</u>	<u>8,431,460</u>	<u>8,568,563</u>
	—	—	—	—	—	1,172
	10,219	7,730	12,262	13,065	13,748	14,119
	<u>10,219</u>	<u>7,730</u>	<u>12,262</u>	<u>13,065</u>	<u>13,748</u>	<u>15,291</u>
\$	<u>8,384,290</u>	<u>8,552,450</u>	<u>8,133,760</u>	<u>8,572,772</u>	<u>8,445,208</u>	<u>8,583,854</u>
	<u>7.00 %</u>	<u>7.15 %</u>	<u>7.04 %</u>	<u>7.65 %</u>	<u>7.82 %</u>	<u>8.25 %</u>
\$	<u>1,889.64</u>	<u>1,932.50</u>	<u>1,842.95</u>	<u>1,950.44</u>	<u>1,927.95</u>	<u>1,964.56</u>
\$	6,780,390	\$ 6,751,447	\$ 6,513,857	\$ 6,635,886	\$ 6,724,507	\$ 6,853,122
	140,670	136,673	138,192	125,732	124,951	120,304
\$	<u>6,639,720</u>	<u>6,614,774</u>	<u>6,375,665</u>	<u>6,510,154</u>	<u>6,599,556</u>	<u>6,732,818</u>
	<u>29.76 %</u>	<u>26.55 %</u>	<u>26.80 %</u>	<u>29.18 %</u>	<u>32.61 %</u>	<u>34.32 %</u>
\$	<u>1,496.45</u>	<u>1,494.66</u>	<u>1,444.60</u>	<u>1,481.16</u>	<u>1,506.61</u>	<u>1,540.92</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	**		
2012	\$ 3,930,749	**	\$1,531,031	2.57
2013	4,031,429	**	1,485,309	2.71
2014	4,235,184	**	1,777,303	2.38
2015	4,598,823	**	1,958,552	2.35
2016	4,793,559	**	2,020,476	2.37
2017	4,913,519	**	2,003,912	2.45
2018	5,014,700	**	2,136,250	2.35
2019	5,249,807	**	2,031,070	2.58
2020	5,715,497	**	2,169,149	2.63
2021	6,076,514	**	2,301,921	2.64

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

* Calculated using net operating revenue and short-term bond liability

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

TOP 10 MANUFACTURERS/SUPPORTIVE SERVICE FIRMS

(Ranked by Number of Employees)

CURRENT YEAR AND NINE YEARS AGO

Company	2020			2011		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Ford Motor Company	13,120	1	0.70%	5,128	5	0.27%
United Parcel Service Inc	13,037	2	0.70%	13,085	1	0.68%
Amazon.com	10,920	3	0.58%	5,477	4	0.28%
Toyota Motor Corp	9,658	4	0.52%	9,482	3	0.49%
Humana Inc	8,657	5	0.46%	9,909	2	0.51%
Haier US Appliances Solutions Inc	6,910	6	0.37%			
Fidelity Investments Inc	3,488	7	0.19%			
Conduent, Inc.	3,304	8	0.18%			
Deutsche Post AG	3,188	9	0.17%			
Grupo Proza SA de CV	2,898	10	0.15%			
General Electric Co				4,953	6	0.26%
FMR LLC				3,900	7	0.20%
Xerox Corporation				3,284	8	0.17%
Berkshire Hathaway Inc.				3,092	9	0.16%
Delta Air Lines, Inc				2,700	10	0.14%
	75,180		4.02%	61,010		3.16%

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

**DEMOGRAPHIC STATISTICS
FOR CALENDAR YEARS 2011-2020**

For the Year Ended December 31	Estimated Population	Per Capita Income	Unemployment Rate
2011	4,369,356	\$ 33,667	9.4%
2012	4,380,415	35,041	8.2%
2013	4,395,295	36,214	8.0%
2014	4,413,457	37,654	6.5%
2015	4,425,592	39,181	5.4%
2016	4,436,974	38,926	5.1%
2017	4,454,189	40,597	4.9%
2018	4,468,402	42,458	4.4%
2019	4,467,673	43,770	4.3%
2020	4,477,251	47,339	5.6%

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

COMMONWEALTH OF KENTUCKY
SOURCES OF PERSONAL INCOME
FOR CALENDAR YEARS 2011-2020
(Expressed in Thousands, Except Percent Data)

Source	2011*		2012*		2013*		2014*		2015**	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 811,000	0.7%	\$ 1,062,000	0.9%	\$ 1,954,000	1.7%	\$ 1,790,000	1.5%	\$ 1,490,000	1.2%
Agriculture services, forestry, fisheries and others	280,000	0.3%	330,000	0.3%	346,000	0.3%	399,000	0.3%	397,000	0.3%
Mining	2,256,000	2.0%	2,224,000	1.9%	1,853,000	1.7%	1,809,000	1.6%	1,570,000	1.3%
Manufacturing	12,563,000	11.2%	15,736,000	13.6%	15,937,000	14.2%	16,682,000	14.4%	17,371,000	13.9%
Construction	5,101,000	4.6%	5,568,000	4.8%	5,938,000	5.3%	6,662,000	5.8%	6,864,000	5.5%
Wholesale and retail trade	12,021,000	10.7%	12,306,000	10.7%	12,328,000	11.0%	12,727,000	11.0%	13,181,000	10.6%
Finance, insurance and real estate	6,507,000	5.8%	6,931,000	6.0%	7,269,000	6.5%	7,567,000	6.6%	10,020,000	8.0%
Transportation and public utilities	6,199,000	5.5%	6,529,000	5.7%	6,402,000	5.7%	6,745,000	5.8%	7,220,000	5.8%
Services	34,521,000	31.6%	34,471,000	32.1%	36,784,000	32.8%	38,138,000	33.0%	38,121,000	30.6%
Government and government enterprises	23,727,000	21.2%	22,879,000	19.8%	23,180,000	20.8%	22,994,000	20.0%	23,432,000	18.8%
Earnings by Place of Work	<u>\$103,986,000</u>	<u>100.0%</u>	<u>\$108,036,000</u>	<u>100.0%</u>	<u>\$111,991,000</u>	<u>100.0%</u>	<u>\$115,513,000</u>	<u>100.0%</u>	<u>\$119,666,000</u>	<u>100.0%</u>
Source	2016**		2017**		2018***		2019***		2020***	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 106,000	0.1%	\$ 1,049,000	0.8%	\$ 1,153,000	0.9%	\$ 1,097,000	0.8%	\$ 1,833,000	1.3%
Agriculture services, forestry, fisheries and others	525,000	0.4%	504,000	0.4%	542,000	0.4%	545,000	0.4%	555,000	0.4%
Mining	698,000	0.6%	531,000	0.4%	791,000	0.6%	931,000	0.7%	677,000	0.5%
Manufacturing	18,019,000	15.1%	18,397,000	14.8%	19,236,000	14.9%	19,782,000	14.8%	19,273,000	14.2%
Construction	7,062,000	5.9%	7,432,000	6.0%	7,668,000	5.9%	8,029,000	6.0%	8,367,000	6.2%
Wholesale and retail trade	13,271,000	11.1%	13,436,000	10.8%	13,760,000	10.6%	14,216,000	10.6%	14,727,000	10.8%
Finance, insurance and real estate	10,009,000	8.4%	10,802,000	8.7%	11,072,000	8.6%	11,475,000	8.6%	12,224,000	9.0%
Transportation and public utilities	7,847,000	6.6%	8,387,000	6.7%	8,923,000	6.9%	9,425,000	7.1%	9,788,000	7.2%
Services	39,312,000	32.8%	41,157,000	33.0%	43,013,000	33.3%	44,747,000	33.5%	44,775,000	32.9%
Government and government enterprises	22,856,000	19.1%	22,856,000	18.4%	23,078,000	17.9%	23,432,000	17.5%	23,729,000	17.5%
Earnings by Place of Work	<u>\$119,705,000</u>	<u>100.1%</u>	<u>\$124,551,000</u>	<u>100.0%</u>	<u>\$129,236,000</u>	<u>100.0%</u>	<u>\$133,679,000</u>	<u>100.0%</u>	<u>\$135,948,000</u>	<u>100.0%</u>

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**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Personnel										
Number of Full Time Employees-										
Executive Branch	27,523	27,623	28,913	30,216	31,104	31,977	32,547	31,819	31,961	32,270
Health Insurance Expenditures -										
Percentage Increase/(decrease)	1.25%	0.00%	0.00%	0.42%	1.1%	2.0%	2.5%	2.0%	7.4%	(3.5%)
Education										
K-12 Enrollment	638,236	647,987	669,449	671,899	655,475	679,686	680,519	678,884	677,394	647,827
K-12 Attendance Rate	NA – COVID 19	NA – COVID 19	94.20%	94.40%	94.50%	94.50%	94.50%	94.60%	94.52%	94.05%
K-12 Graduation Rate	91.30%	91.10%	90.60%	89.70%	89.50%	88.60%	87.90%	87.40%	86.10%	76.68%
Average ACT Score	19.2	19.5	19.8	20.2	20.1	20	20	19.9	19.6	19.8
GED Graduates	2,080	2,834	3,332	3,404	3,299	3,091	1,663	7,083	8,890	9,469
College Going Rate for 9th Graders	NA	NA	NA	NA	NA	NA	NA	46.9%	38.9%	42%
Postsecondary Education Enrollment	193,837	201,963	202,076	204,506	207,671	208,251	215,509	220,963	225,415	235,833
Bachelor's and Higher Degrees Awarded	40,155	40,521	37,621	35,880	34,326	34,110	32,706	32,374	32,237	30,034
Justice and Public Safety										
Incarcerated Population-Daily Average	18,876	23,061	23,888	23,585	23,168	22,012	21,106	20,446	21,542	21,471
Probation and Parole Population - Daily Average	48,879	49,839	49,421	47,540	46,046	45,956	46,008	45,755	43,196	41,790
Health and Family Services										
Medicaid Enrollment-Average	1,631,834	1,385,259	1,383,929	1,427,523	1,404,625	1,375,071	1,243,432	997,556	829,826	825,648
Food Stamp Recipients-Monthly Average	612,325	531,773	515,918	631,686	685,771	686,773	788,485	843,164	869,035	843,939
Temporary Assistance for Needy										
Families (TANF)-Monthly Average	30,576	35,070	38,047	41,298	45,874	38,823	42,995	47,996	49,148	48,817
Children with substantiated incidences	15,205	18,578	21,752	24,783	22,526	20,031	19,858	15,193	17,884	15,699
Environmental and Public Protection										
Air Pollution Source Inspections	2,842	3,919	3,270	3,647	3,724	3,652	3,448	3,939	3,919	3,355
Waste Management Inspections	7,457	6,263	6,706	7,178	6,394	6,761	6,866	6,484	6,239	6,062
Acres of Land Reforested	2,327	1,138	8,748	1,565	6,081	2,626	5,472	3,573	8,309	10,396
Mine Permits Issued	201	230	334	317	170	381	446	515	606	719
Mine Reclamation and Enforcement										
Inspections	18,058	19,498	17,988	16,803	16,682	18,551	20,011	21,450	23,003	26,942
Mine Safety-Completed Inspections	751	1,033	514	509	924	1,529	2,651	3,023	3,546	3,203
Transportation										
Percentage of Total Road System										
Needing Improvement	26.30%	26.50%	25.10%	19.6%	17%	17%	17%	19%	19%	19%
Statewide Road Maintainance										
Rating (Target Score = 80)	81.8	81.4	81.0	84.5	82.6	84	83.7	82.5	80.5	80.1
Daily Miles Traveled-Percentage										
Changed (as compared to 2005 Data)	(4.00)%	2.61%	4.46%	3.90%	3.82%	1.52%	(0.31%)	(2.09%)	(1.98%)	0.17%
State-Maintained Lane Miles-										
Annual Percent Change	0.19%	0.03%	0.07%	0.25%	0.25%	0.08%	0.13%	0.33%	0.03%	0.10%
Kentucky Road Construction Cost										
Index-Percent Increase (1987 Base Year)	52.7%	82.2%	81.3%	64.0%	47.9%	49.5%	45.4%	43.6%	34.9%	10.7%

Source: Kentucky Office of the State Budget Director

* First graduating class in which all students were required to take the ACT. A reduction was expected.

**First year using Average Freshman Graduation Rate

NA Information is not available

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>General Government</u>										
Number of Buildings	340	321	313	367	367	324	312	312	313	310
Number of Vehicles	350	368	328	295	321	341	299	303	305	377
Land (Acres)	15,294	15,304	15,304	15,313	15,307	15,307	15,264	15,263	15,251	15,041
<u>Commerce</u>										
Number of Resort Parks	17	17	17	17	17	17	17	17	17	17
Number of Recreation Parks	22	22	23	23	23	23	23	21	21	21
Number of Historic Sites	8	8	8	11	11	11	11	11	11	9
Area of State Parks (Acres)	46,685	46,685	45,370	45,464	45,426	45,409	45,409	45,180	45,180	45,180
<u>Education and Humanities</u>										
Number of Buildings	50	60	60	61	77	64	65	65	65	65
Number of Vehicles	41	46	56	56	58	65	64	68	83	89
Land (Acres)	510	383	383	384	385	385	385	387	387	387
<u>Human Resources</u>										
Number of Buildings	134	133	136	139	163	167	160	182	182	182
Number of Vehicles	28	19	19	19	17	17	19	18	24	23
Land (Acres)	948	948	1,166	1,167	1,192	1,206	1,206	1,206	1,206	1,206
<u>Justice</u>										
Number of Buildings	443	445	438	443	517	455	447	449	452	459
Number of Vehicles	2,060	2,056	1,937	1,878	1,760	1,803	1,720	1,715	1,753	2,043
Land (Acres)	8,735	8,735	8,735	8,735	8,735	8,735	8,735	8,735	8,735	8,685
<u>Natural Resources and Environmental Protection</u>										
Number of Buildings	48	45	25	25	30	30	22	20	20	20
Number of Vehicles	843	848	840	815	825	832	807	797	793	847
Land (Acres)	68,715	67,641	67,142	66,473	66,401	66,187	66,187	65,609	64,585	62,661
<u>Public Protection and Regulation</u>										
Number of Buildings	8	—	—	—	—	—	—	—	—	—
Number of Vehicles	228	228	220	183	179	157	146	140	149	132
Land (Acres)	20	—	—	—	—	—	—	—	—	—
<u>Transportation</u>										
Number of Lane Miles -State										
Maintained Highways	63,983	63,854	63,836	63,836	63,753	63,586	64,187	63,407	63,196	63,175
Number of State maintained Bridges	9,022	9,048	9,033	9,027	8,928	9,016	9,011	9,000	8,976	8,972
Land (Acres)	1,665	1,665	1,665	1,656	1,656	1,656	1,656	1,700	1,653	1,653

Source: Kentucky Finance and Administration Cabinet, Office of the Controller.

**COMMONWEALTH OF KENTUCKY
OPERATING INFORMATION
STATE GOVERNMENT EMPLOYEES BY FUNCTION
FOR THE LAST TEN FISCAL YEARS**

	2021	2020	2019	2018
<u>FULL-TIME EMPLOYEES</u>				
FUNCTION				
General Government	4,164	4,321	4,552	4,771
Legislative and Judicial	3,590	3,594	3,651	4,038
Commerce	1,330	1,402	1,478	1,684
Education and Humanities	1,781	1,783	1,910	2,192
Human Resources	6,292	6,377	6,389	7,142
Justice	6,962	7,397	7,457	7,755
Natural Resources and Environmental Protection	1,201	1,240	1,225	1,329
Public Protection and Regulation	964	958	947	982
Transportation	4,110	4,145	4,153	4,528
Total full-time employees	30,394	31,217	31,762	34,421
<u>PART-TIME and TEMPORARY EMPLOYEES</u>				
FUNCTION				
General Government	658	626	683	657
Legislative and Judicial	356	348	379	542
Commerce	531	371	645	578
Education and Humanities	354	256	191	154
Human Resources	425	405	401	138
Justice	95	67	61	30
Natural Resources and Environmental Protection	138	149	169	18
Public Protection and Regulation	40	33	29	24
Transportation	64	113	71	104
Total part-time and temporary employees	2,661	2,368	2,629	2,245
Total Employees	33,055	33,585	34,391	36,666

2017	2016	2015	2014	2013	2012
4,565	4,570	4,671	4,775	5,089	4,669
3,772	3,553	3,578	3,540	4,159	3,503
1,685	1,696	1,633	1,699	1,520	1,914
2,392	2,363	2,613	2,671	2,671	2,701
7,197	7,176	7,466	7,523	7,470	7,481
7,784	7,735	7,832	7,896	8,054	8,070
1,396	1,383	1,387	1,445	1,608	1,614
1,019	1,005	1,124	1,120	1,034	1,097
4,571	4,551	4,629	4,650	4,690	4,682
<u>34,381</u>	<u>34,032</u>	<u>34,933</u>	<u>35,319</u>	<u>36,295</u>	<u>35,731</u>
666	665	650	662	649	663
422	404	421	445	426	484
518	538	479	494	488	498
153	156	200	212	211	227
158	197	123	137	126	119
12	13	16	19	21	24
15	14	13	13	18	26
15	16	17	14	18	20
124	138	77	68	88	40
<u>2,083</u>	<u>2,141</u>	<u>1,996</u>	<u>2,064</u>	<u>2,045</u>	<u>2,101</u>
<u><u>36,464</u></u>	<u><u>36,173</u></u>	<u><u>36,929</u></u>	<u><u>37,383</u></u>	<u><u>38,340</u></u>	<u><u>37,832</u></u>

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