

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 4, 2026

Book-Entry Only
New Issue – Not Bank Qualified

Rating: Moody's “___”
See “RATING” herein

In the opinion of Bond Counsel for the Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Corporation, and subject to the conditions and limitations set forth under the caption “TAX TREATMENT” herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In addition, interest on the Bonds is also exempt from Kentucky income tax, and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

\$23,870,000*

BUTLER COUNTY PROPERTIES CORPORATION

FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT), SERIES 2026

Dated: Date of Delivery

Due: June 1, as shown below

Interest on the above-referenced bonds (the “Bonds”) will be payable from their dated date, on June 1 and December 1 of each year, commencing June 1, 2027, and the Bonds will mature as to principal on each June 1, as shown below:

Year	Principal Amount*	Interest Rate	Price	Yield	CUSIP []	Year	Principal Amount*	Interest Rate	Price	Yield	CUSIP []
2027	\$985,000	%	%	%		2038	\$1,060,000	%	%	%	
2028	655,000					2039	1,100,000				
2029	690,000					2040	1,145,000				
2030	725,000					2041	1,195,000				
2031	760,000					2042	1,250,000				
2032	795,000					2043	1,310,000				
2033	835,000					2044	1,375,000				
2034	880,000					2045	1,440,000				
2035	925,000					2046	1,510,000				
2036	970,000					2047	1,585,000				
2037	1,015,000					2048	1,665,000				

The Bonds are being issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The principal of and interest on the Bonds are payable at the principal office of U.S. Bank Trust Company, National Association, as the Paying Agent, Registrar, and Trustee (the “Trustee”) for the Bonds. The Bonds will be initially issued in book-entry form, registered in the name of The Depository Trust Company (“DTC”) or its nominee. There will be no distribution of the Bonds to owners of book-entry interests. DTC will receive all payments of principal of and interest on the Bonds from the Trustee. DTC’s rules and procedures require it to remit such payments to its participants for subsequent disbursement to owners of book-entry interests. So long as DTC or its nominee is the registered owner of the Bonds, all references herein to the Bondholders or registered owners (other than under the captions “CONTINUING DISCLOSURE” and “TAX TREATMENT” herein) shall mean DTC or its nominee, and not the owners of book-entry interests in the Bonds.

The Bonds are subject to redemption before maturity as described herein.

The Bonds are special and limited obligations of the Butler County Properties Corporation (the “Corporation”), a nonprofit, no-stock, public and governmental corporation, and an agency, instrumentality, and constituted authority of the County of Butler, Kentucky (the “County”), issued at the request of the County, and do not constitute a debt, liability, or general obligation of the Corporation or of the County under the Constitution and laws of the Commonwealth of Kentucky, or a pledge of the full faith and credit or taxing power of the County. The Bonds are being issued for the purposes of (i) refunding and retiring its First Mortgage Revenue Bond Anticipation Note (Judicial Center Project), Series 2025, (ii) providing permanent financing for the costs of the acquisition, construction, installation, and equipping of new courthouse facilities in the County (the “Project”), (iii) paying the costs of any credit enhancement for the Bonds, and (iv) paying the costs of issuance of the Bonds.

The Corporation, the County, and the Commonwealth of Kentucky Administrative Office of the Courts (“AOC”) have entered into a Contract, Lease Agreement, and Option dated as of July 1, 2022, as so amended and supplemented by (a) a First Supplemental Contract, Lease Agreement, and Option dated as of May 1, 2024, (b) a Second Supplemental Contract, Lease Agreement, and Option dated as of October 1, 2025, and (c) a Third Supplemental Contract, Lease Agreement, and Option dated as of September 1, 2026 (collectively, the “Lease”), whereby AOC and the County will lease the Project and Project Site (as defined herein) from the Corporation, at agreed rentals, which rentals will be assigned by the Corporation to the Trustee under the Mortgage (as defined herein) and are anticipated to be adequate to pay no less than 100% of the principal of and interest on the Bonds. The Lease does not require the County to make any rental payments related to the Project; provided, however, that the County is obligated to provide for the operation, maintenance, insurance, and repair of the Project. See “THE LEASE” herein.

The Bonds are offered when, as, and if issued, subject to the approval of the legality and tax exemption thereof by Dinsmore & Shohl LLP, Louisville, Kentucky, as Bond Counsel. Certain legal matters have been passed upon for the Corporation by Dinsmore & Shohl LLP, Louisville, Kentucky, as Disclosure Counsel. The Bonds are expected to be available for delivery on or around September 30, 2026.

The Corporation deems this Preliminary Official Statement to be final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), except for certain information on the cover page hereof and certain pages herein that has been omitted in accordance with the Rule and will be provided with the final Official Statement.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

COMPASS MUNICIPAL ADVISORS, LLC

Dated September __, 2026

* Preliminary, subject to change.

BUTLER COUNTY PROPERTIES CORPORATION

Timothy Flener, Chair
Stevie Givens, Secretary
Eric Dillon Bryant, Director
Kevin Phelps, Director
Curtis Allen Smith, Director
David Whittinghill, Director

COUNTY OF BUTLER, KENTUCKY

Judge/Executive

Timothy Flener

Magistrates

Eric Dillon Bryant
Stevie Givens
Kevin Phelps
Curtis Allen Smith
David Whittinghill

County Attorney

Michele Duvall, Esq.

County Treasurer

Drema Hughes

Fiscal Court Clerk

Denise Tarrance

COMMONWEALTH OF KENTUCKY ADMINISTRATIVE OFFICE OF THE COURTS

Director

Zachary S. Ramsey

Director of Finance and Administration

Jenny Lafferty

Budget Director

Carole Henderson

BOND COUNSEL

Dinsmore & Shohl LLP
Louisville, Kentucky

MUNICIPAL ADVISOR

Compass Municipal Advisors, LLC
Lexington, Kentucky

TRUSTEE

U.S. Bank Trust Company, National Association
Louisville, Kentucky

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the Butler County Properties Corporation identified on the cover page hereof. No person has been authorized by the Corporation to give any information or make any representation other than that contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the Corporation. This Official Statement does not constitute an offer to sell, nor the solicitation of any offer to buy, the Bonds, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation since the date hereof.

Upon their issuance, the Bonds will not be registered by the Corporation under any federal or state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal, or other governmental entity or agency, except the Corporation and the County, will have, at the request of the Corporation, (i) passed upon the accuracy or adequacy of this Official Statement, or (ii) approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the Corporation, the County, and AOC from their respective records, except for any information expressly attributed to other sources. The presentation of this information is intended to show recent historic information and is not intended to indicate any future or continuing trends in the financial position or other affairs of the County, the Corporation, or AOC. No representation is made that the past experience of the Corporation, the County, or AOC, respectively, as is shown by the financial and other information presented in this Official Statement, will necessarily continue or be repeated in the future. Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such, and not as representations of fact or certainty, and no representation is made that any of such statements have been or will be realized. In addition, such statements should be regarded as suggesting independent investigation or consultation of other sources before making any investment decisions. Certain information in this Official Statement may not be current; provided, however, that attempts were made to date and document all sources of information. Neither this Official Statement nor any oral or written representations made by or on behalf of the Corporation, the County, or AOC preliminary to the sale of the Bonds should be regarded as part of the Corporation's contract with the successful bidder or the holders from time to time of the Bonds.

All references in this Official Statement to any provisions of Kentucky law, whether codified in the Kentucky Revised Statutes or uncodified, or to any provisions of the Kentucky Constitution or the resolutions of the Corporation, are references to such provisions as they presently exist. Any of these provisions may, from time to time, be amended, repealed, or supplemented.

As used herein, "debt service" means the principal of and premium, if any, and interest on the obligations referred to; "Corporation" means the Butler County Properties Corporation; "County" means the County of Butler, Kentucky; and "Commonwealth" or "Kentucky" means the Commonwealth of Kentucky.

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\$23,870,000*
BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the Appendices hereto, is to provide certain information concerning the \$23,870,000* aggregate principal amount of First Mortgage Revenue Bonds (Judicial Center Project), Series 2026 (the “Bonds”), issued by the Butler County Properties Corporation (the “Corporation”), as specified on the cover page hereof.

The Corporation was established by the County of Butler, Kentucky (the “County”), pursuant to Chapter 58 and Chapter 273 of the Kentucky Revised Statutes, for the purpose of acting as the agency, instrumentality, and constituted authority of the County in the acquisition, development, and financing of public improvements and public projects.

On September 4, 2026, the Board of Directors of the Corporation adopted a resolution authorizing the issuance of the Bonds for the purposes of (i) refunding and retiring its First Mortgage Revenue Bond Anticipation Note (Judicial Center Project), Series 2025 (the “Prior Note”); (ii) providing permanent financing for the costs of the acquisition, construction, installation, and equipping of new courthouse facilities located in the County (the “Project”); (iii) paying the costs of credit enhancement for the Bonds, if any; and (iv) paying the costs of issuance of the Bonds.

The Bonds are being issued under and in accordance with the terms of the Mortgage Deed of Trust dated as of July 1, 2022, as amended and supplemented by (i) a First Supplemental Mortgage Deed of Trust dated as of May 1, 2024, (ii) a Second Supplemental Mortgage Deed of Trust dated as of October 1, 2025, and (iii) a Third Supplemental Mortgage Deed of Trust dated as of September 1, 2026 (collectively, the “Mortgage”), each by and between the Corporation and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and are secured by (a) a foreclosable first mortgage lien on the Project and the Project Site, as more particularly defined in Exhibit A to the Mortgage, and (b) the Corporation’s assignment of its right, title, and interest in and to the Contract, Lease Agreement, and Option dated as of July 1, 2022, as so amended and supplemented by (1) the First Supplemental Contract, Lease Agreement, and Option dated as of May 1, 2024, (2) the Second Supplemental Contract, Lease Agreement, and Option dated as of October 1, 2025, and (3) the Third Supplemental Contract, Lease Agreement, and Option dated as of September 1, 2026 (collectively, the “Lease”), each by and among the Corporation, as lessor, and the County and the Commonwealth of Kentucky Administrative Office of the Courts (“AOC”), as lessees. For additional information regarding the Mortgage and Lease, see “THE MORTGAGE” and “THE LEASE” herein.

This Official Statement should be considered in its entirety, including the cover page hereof and the Appendices hereto, and no one subject discussed herein should be considered to be more or less important than any other subject by reason of its location in this Official Statement. Reference should be made to any laws, reports, or other documents referred to herein for more complete information regarding their contents. Before the issuance and delivery of the Bonds, copies of the Mortgage and the Lease may be obtained at the offices of Dinsmore & Shohl LLP, Louisville, Kentucky.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information that is contained in the entire Official Statement, including the cover page hereof, the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Corporation deems this Preliminary Official Statement to be final for purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”), except for certain information on the cover page hereof and certain pages herein that has been omitted in accordance with the Rule and will be provided with the final Official Statement.

THE COUNTY

The County of Butler, Kentucky, is a public body corporate and politic duly created and existing as a county and political subdivision of the Commonwealth of Kentucky (the “Commonwealth”).

* Preliminary, subject to change.

The County is governed by a Fiscal Court consisting of an elected Judge/Executive and five elected Magistrates. These six members comprise the Fiscal Court and are elected to four-year terms. There is no limitation for succession by any member of the Fiscal Court.

Certain demographic and financial data regarding the County is set forth in “APPENDIX C – Demographic and Financial Data for the County of Butler, Kentucky” hereto.

THE CORPORATION

The Butler County Properties Corporation is a non-profit, no-stock, public and governmental corporation duly organized and existing under the laws of the Commonwealth, including, particularly, Section 58.180 and Sections 273.161 to 273.390, inclusive, of the Kentucky Revised Statutes.

The principal purpose of the Corporation is to act as an agency, instrumentality, and constituted authority of the County in the planning, promotion, development, financing, and acquisition by the Corporation, for and on behalf of the County, of public improvements and public projects for the County, which improvements and projects are authorized to be undertaken by the County under the laws of the Commonwealth, including Chapter 58 of the Kentucky Revised Statutes.

Any bonds or other indebtedness issued or contracted by the Corporation for or on behalf of the County shall, before the issuance thereof or incurrence thereby, be specifically approved by the County, acting by and through its Fiscal Court, as its duly authorized and empowered governing body.

The Corporation is governed by its Board of Directors, comprised of the Judge/Executive of the County and the other members of the Fiscal Court of the County. The term of each Director shall expire when such Director ceases to hold office as the Judge/Executive or as a Magistrate of the Fiscal Court, as applicable. Any successor Magistrate of the Fiscal Court of the County or successor Judge/Executive of the County shall automatically replace their predecessor as a member of the Board of Directors of the Corporation upon assuming their respective public offices.

ADMINISTRATIVE OFFICE OF THE COURTS

The Court of Justice

In 1975, Kentucky voters approved an amendment to the Kentucky Constitution to unify the Commonwealth’s fragmented judicial system by providing for a four-tiered court system referred to as the Kentucky Court of Justice. The four-tiered court system in the Commonwealth consists of two appellate levels and two trial levels. The appellate courts include (i) the Supreme Court (the Commonwealth’s court of last resort and the final interpreter of state law), and (ii) the Court of Appeals (an intermediate appellate court). The trial courts are divided into the circuit courts (courts of general jurisdiction) and the district courts (courts with limited jurisdiction).

Supreme Court. The Supreme Court consists of seven justices that are elected from the seven appellate districts in the Commonwealth and serve eight-year terms. The members of the Supreme Court choose one justice to serve as the Chief Justice for a four-year term. The Chief Justice is the administrative head of the Commonwealth’s court system. In addition to hearing appeals, the Supreme Court is also responsible for establishing rules of practice and procedures for the Kentucky Court of Justice.

Court of Appeals. The Court of Appeals is made up of fourteen judges, with two judges elected from each of the seven appellate districts in the Commonwealth. Each member of the Court of Appeals serves for a term of eight years.

Circuit Court. The circuit courts are the courts of general jurisdiction and typically hear civil matters involving more than \$5,000.00, capital offenses and felonies, and cases involving divorce, adoption, termination of parental rights, land disputes, and contested probates of wills. The circuit courts have the power to issue injunctions, writs of prohibition, and writs of mandamus and to hear appeals from the district courts and administrative agencies in the Commonwealth. Currently, there are 95 circuit court judges serving Kentucky’s circuit court system. The circuit court judges serve eight-year terms and are assigned to one or more counties, depending upon population and caseload.

District Court. The district courts, often referred to as the “peoples’ court,” have limited jurisdiction and typically hear civil matters involving \$5,000.00 or less and small claims involving \$2,500.00 or less, arraignments, felony probable cause hearings, matters involving juvenile offenses, city and county ordinances, misdemeanors, violations, traffic offenses,

and the probate of wills, and cases involving guardianship, conservatorship, voluntary or involuntary mental commitment, domestic violence, and abuse. Currently, there are 115 district court judges serving Kentucky's district court system. The district court judges serve four-year terms and are assigned to one or more counties, depending on population and caseload.

Administrative Office of the Courts

AOC serves as the staff for the Kentucky Court of Justice, administered by the Chief Justice of the Supreme Court of Kentucky. AOC's primary duties involve:

- (a) Preparing biennial budgets and administering the funds and accounts of the Kentucky Court of Justice;
- (b) Maintaining data processing systems for the purposes of publishing statistical reports, evaluating special projects, and operating case management systems;
- (c) Dispersing and maintaining supplies and equipment;
- (d) Providing offices and court space for the entire court system;
- (e) Supervising the State Law Library; and
- (f) Overseeing the pretrial and juvenile services, drug court, and mediation programs.

The Kentucky Court of Justice is funded through state appropriations from the Kentucky General Assembly. The Court of Justice budget represents approximately 3.0% of the total of the General Fund of the Commonwealth for each biennium. With the exception of certain fees that are dedicated to specific uses and applications, all fines and other revenues collected by the Court of Justice are deposited into the General Fund of the Commonwealth. The Court of Justice is funded through four separate appropriations: (i) Court Operations and Administration, (ii) Judicial Retirement System, (iii) Local Facilities Fund, and (iv) Capital Projects. The Rental Payments to be made by AOC, under and as defined in the Lease, are budgeted each biennium in the Local Facilities Fund of the Court of Justice budget.

In accordance with Supreme Court Rule 1.050 and Sections 26A.090 to 26A.130, inclusive, of the Kentucky Revised Statutes, AOC procures office space and court facilities for the Court of Justice by compensating governmental units that provide space in their local court facilities to the Court of Justice through its "Use Allowance" and "Operating Cost Allowance."

The Use Allowance compensates the governmental unit operating the court facility for the capital costs of such facility based upon the formula set forth in Section 26A.090(2) of the Kentucky Revised Statutes. The application of the formula results in AOC being obligated for 100% of the debt service requirements for the Bonds.

The Operating Costs Allowance compensates the governmental unit for the annual expenses incurred by such governmental unit for utilities, janitorial services, insurance, and ordinary maintenance, repair, and upkeep of the court facility.

THE BONDS

General

The Bonds will be dated their date of delivery and will accrue interest from that date as described herein, at the rates set forth on the cover page hereof. The Bonds are being issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2027. The Bonds will mature on each June 1, in the years and in the principal amounts set forth on the cover page of this Official Statement.

Book-Entry Only System

The Bonds will initially be issued solely in book-entry form, to be held in the book-entry only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and the beneficial owners of the Bonds will not be, or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Mortgage. For additional information about DTC and the book-entry only system see "APPENDIX F – Book-Entry Only System" hereto.

THE INFORMATION SET FORTH IN THIS SECTION AND IN APPENDIX F HERETO CONCERNING DTC AND ITS BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THE CORPORATION, THE COUNTY, AND AOC BELIEVE TO BE RELIABLE, BUT THE CORPORATION, THE COUNTY, AND AOC TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

Registration, Payment, and Transfer

The Bonds will be registered as to both principal and interest upon the registration books to be maintained by the Trustee, acting as the Paying Agent and Registrar for the Bonds. No transfer of any Bond shall be valid unless made on the registration books kept by the Trustee, at the request of the registered owner of the Bond to be transferred, in person or by his or her attorney duly authorized in writing, and similarly noted on such Bond. Any Bond may be exchanged for one or more Bonds of other authorized denominations upon the surrender of the Bond to be exchanged to the Registrar, together with a written request for such exchange duly executed by the registered owner of the Bond to be exchanged or by his or her duly authorized attorney. The Trustee, as Registrar, shall not be required to transfer or exchange any Bond on any date after the first day of the month preceding any interest payment date, or during any period beginning fifteen days before the selection by the Trustee of the Bonds to be redeemed before maturity and ending on the date that notice of such redemption is mailed to the holders of the Bonds to be redeemed. The person in whose name a Bond is registered upon the books of the Corporation shall be deemed the registered owner thereof for all purposes.

The interest on each Bond shall be payable by check or draft mailed to the registered owner thereof as of the first date of the month immediately preceding the date for that payment of interest, at the address shown on the registration books maintained by the Trustee, as Registrar. The principal of and redemption premium, if any, on the Bonds shall be payable, without exchange or collection charges, in lawful money of the United States of America upon their presentation and surrender, as they respectively become due and payable, whether at maturity or by prior redemption, at the designated corporate trust office of the Trustee; provided, however, that surrender shall not be required for a regularly scheduled sinking fund payment that does not represent the final maturity of the Bonds.

Optional Redemption

The Bonds maturing on or after June 1, 2037 are subject to optional redemption before maturity on June 1, 2036 or any day thereafter, in whole or in part, in such order of maturity as may be selected by the Corporation and by lot within a maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

[Mandatory Sinking Fund Redemption]

The Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption before their maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest to the date of redemption, on the dates, in the years and in the principal amounts as follows:

<u>Maturing June 1, 20</u>		<u>Maturing June 1, 20</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
June 1, 20__	\$	June 1, 20__	\$
June 1, 20__	\$	June 1, 20__	\$
June 1, 20__*	\$	June 1, 20__*	\$
* Maturity		* Maturity	

Notice of Redemption

If less than all of the Bonds which, by their terms, are payable on the same date are to be called for redemption, the particular Bonds or portions of such Bonds payable on such date and to be redeemed shall be selected by lot, by the Trustee, in such manner as the Trustee, in its sole discretion, may determine; provided, however, that (i) the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof, and (ii) in selecting Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty days before the redemption date of any Bonds, the Trustee shall cause a notice of such redemption, signed by the Trustee, to be mailed, postage prepaid, to all registered owners of the Bonds to be redeemed in whole or in part, at their addresses shown on the registration books kept by the Trustee; provided that any failure to mail such notice

shall not affect the validity of the proceedings for the redemption. Each notice shall specify the date fixed for redemption, the redemption price to be paid and, if less than all Bonds being payable by their terms on a single date then outstanding are called for redemption, the distinctive numbers or letters, if any, of the Bonds to be redeemed, and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. With respect to any Bond to be redeemed in part only, the redemption notice for such Bond shall also state that on or after the redemption date, upon the surrender of such Bonds, a new Bond in a principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice thereof having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Trustee for the benefit of the holders of the Bonds or portions thereof to be redeemed, (i) the Bonds or portions thereof so called for redemption shall become and be due and payable, at the redemption price provided for the redemption of such Bonds or portions thereof on such date, (ii) interest on the Bonds or portions thereof called for redemption shall cease to accrue, and (iii) the holders or registered owners of the Bonds or portions thereof to be redeemed shall have no rights in respect thereof, except to receive payment of the redemption price thereof and to receive new Bonds for any unredeemed portions thereof.

If part but not all of any outstanding Bond shall be selected for redemption, the registered owner thereof, or his or her attorney or legal representative, shall present and surrender such Bond to the Trustee for the payment of the principal amount thereof called for redemption and the Corporation shall execute and the Trustee shall authenticate and deliver, to or upon the order of such registered owner or his or her legal representative, and without charge therefor, a new Bond for the unredeemed portion of the principal amount of the Bond so surrendered, and of the same series and maturity and bearing interest at the same rate as the Bond so surrendered.

Defeasance

The Corporation reserves the right, at all times during the term of the Lease, to make provision for the discharge of all of the Bonds by depositing in the Sinking Fund established under the Mortgage and administered by the Trustee (the "Sinking Fund"), moneys sufficient to pay all of the principal and interest requirements on the Bonds to and on the first or next redemption date, or to the maturity date, together with sufficient additional moneys to redeem and discharge all Bonds outstanding on such date, or by depositing in the Sinking Fund a principal amount of permissible Investment Obligations (as defined herein) as shall, together with the earnings thereon, produce the identical result.

PLAN OF FINANCE

The Corporation is issuing the Bonds for the purposes of (i) fully refunding and retiring the Prior Note at maturity; (ii) providing permanent financing for the costs of the acquisition, construction, installation, and equipping of the Project; (iii) paying the costs of credit enhancement for the Bonds, if any; and (iv) paying the costs of issuance of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table shows the estimated sources and uses of proceeds of the Bonds:

Sources:

Bond Proceeds	\$ _____
[Plus/Less] [Net] Original Issue [Premium/Discount]	_____
Total Sources	\$ _____

Uses:

Underwriter's Discount	\$ _____
Deposit to Construction Fund	_____
Refund the Prior Note	_____
Costs of Issuance	_____
Total Uses	\$ _____

SECURITY AND SOURCES OF PAYMENT

Security

Upon their issuance, the Bonds will be secured by a foreclosable first mortgage lien on the Project and the Project Site (as more particularly set forth in Exhibit A to the Mortgage and Exhibit A to the Lease). The Bonds will be further

secured by the assignment by the Corporation of its right, title, and interest in and to the Lease providing for the lease of the Project and Project Site to AOC and the County on an automatically renewable biennial and annual basis, respectively, at agreed upon Rental Payments adequate to meet the maturing principal and interest payments for the Bonds through the final maturity date of the Bonds. For additional information regarding the Rental Payments, see “THE LEASE” herein.

Sources of Payment

THE PRIMARY SOURCE OF PAYMENT FOR THE BONDS IS THE CORPORATION’S ASSIGNMENT TO THE TRUSTEE OF ALL OF THE CORPORATION’S RIGHT, TITLE, AND INTEREST IN AND TO THE BIENNIAL RENEWABLE LEASE WITH AOC, WHICH PROVIDES FOR RENTAL PAYMENTS IN AN AMOUNT ADEQUATE TO MEET THE MATURING PRINCIPAL AND INTEREST PAYMENTS FOR THE BONDS AS AND WHEN DUE.

THE ONLY SOURCE OF MONEYS EXPECTED BY THE CORPORATION TO MEET THE DEBT SERVICE FOR THE BONDS IS THE RENTAL PAYMENTS TO BE RECEIVED FROM AOC UNDER THE LEASE FOR ITS USE OF THE PROJECT. AOC is required to appropriate certain available revenues from its budget each biennium in an amount sufficient to meet the Rental Payments for its leasing of the Project under the Lease, which Rental Payments are then assigned to pay 100% of the net debt service of the Bonds. Although AOC is legally obligated only for the rental period ending on June 30 of each even numbered year as long as any Bonds remain outstanding, AOC has covenanted that it will request a biennial appropriation, in an amount at least equal to the hereinafter described Use Allowance and Operating Costs Allowance, from the Kentucky General Assembly in order to continue to pay the Rental Payments under the Lease and to pay for the insurance, utilities, repair, and upkeep of the Project and the Project Site.

The Bonds are special and limited obligations of the Corporation and do not constitute a pledge of the full faith and credit of the Corporation, the County, or any taxing authority or political subdivision thereof for the payment of the principal or interest thereon. The Corporation has no taxing authority. The Bonds are payable solely and only from, and are secured by, the receipts and revenues of the Corporation under the Lease. For additional information regarding such payments, see “THE LEASE” herein.

Use Allowance Payment

The County and the Corporation are acting as an agent for AOC in the management and maintenance of the Project. The Corporation and the County expect the annual Rentals for use of the Project (the “Use Allowance”) to be in an amount equal to cover the full amount of the principal and interest requirements on the Bonds for each year in which the Lease is renewed. The County and the Corporation have entered into the Lease in reliance upon the receipt of such Use Allowance to pay the debt service for the Bonds. Under the terms of the Lease, AOC has agreed to pay, directly to the Trustee, the Use Allowance in semiannual payments, as provided therein, subject to the constitutional restrictions limiting the commitment of state agencies to the then current biennial period; provided, however, that the Use Allowance will only be applied to the principal of and interest on the Bonds so long as AOC renews the Lease as provided therein. Further, under the Lease, the Corporation and County have pledged and assigned all Use Allowance payments received from AOC to the Trustee in order to secure the Bonds.

By its execution of the Lease, AOC will express its intention to continue to pay the full Use Allowance payment in each successive biennial budget period until June 30, 2046, but the terms of the Lease do not legally obligate AOC to do so. Instead, AOC will covenant that it intends to request funding from the Kentucky General Assembly each biennium and to use the proceeds of such funding, or its revenues from other sources, to pay such Use Allowance payment.

Operating Costs Allowance Payment

In addition to the Use Allowance payment, AOC will advance monies to the County each year to pay for the expenses attributable to the maintenance, operation, and insurance of the portion of the Project used by AOC. The County expects to receive such an operating cost allowance each year from AOC for insuring, maintaining, and operating the Project (the “Operating Costs Allowance”).

ADDITIONAL BONDS

The Corporation reserves the right and authority, but only upon the specific direction of the County, to issue additional bonds which shall rank on a basis of parity and equality as to security and source of payment with the Bonds,

but only for purposes of (i) completing the Project, (ii) making necessary repairs to the Project, or (iii) reconstructing the Project if insurance proceeds are insufficient to repair or reconstruct any portions of the Project that have been damaged.

The Corporation further reserves the right to issue additional bonds which may be on a parity as to security with the Bonds in order to refund a portion of the Bonds then outstanding under the Mortgage; provided, however, that any additional bonds for such purpose may only be issued (i) if the annual principal and interest payments on the Bonds after the issuance of the additional bonds would be no greater in any fiscal year than the annual principal and interest payments on the Bonds before the issuance of the additional bonds, and (ii) if the final maturity date of the Bonds, after the issuance of the additional bonds, would be no later than their original final maturity date of the Bonds.

Notwithstanding the foregoing, no additional bonds on a parity as to security with the Bonds and issued for the specific purposes set forth above may be issued unless, at the time of issuance of such additional bonds, the Corporation is in compliance with all of the provisions relating to the payment of the principal of and interest on the Bonds and with all of the covenants made by it in connection with the issuance of the Bonds. If any additional bonds are issued on a parity as to security with the Bonds, the Lease shall provide for increased Rentals sufficient to pay the principal of and interest on such additional parity bonds.

No other additional bonds which are secured by a pledge of the specific revenues of the Project may be issued by the Corporation at any time, except and unless such pledge is made subject and subordinate to the priority of the pledges made to secure the Bonds and the additional parity bonds authorized to be issued under the Mortgage.

STATE SUPERVISION

Budget Process

The Department for Local Government (the “DLG”) is an independent agency of the Commonwealth under the office of the Governor. A principal function of the DLG is to provide technical support, monitoring, and evaluation of local units of government in the Commonwealth, including cities, counties, and special districts.

The Division of County and Municipal Accounting of the DLG has established a uniform system of accounting that all counties in the Commonwealth must use in reporting their revenues and expenditures. In addition, all counties are required to prepare and submit an annual budget for each fiscal year.

Bond Issue Approval/Notice

Section 66.310 of the Kentucky Revised Statutes stipulates that if the total indebtedness of a county is in excess of 0.5% of the value of all of the taxable property therein, then such county may not lease a public facility that is to be financed at the county’s request through the issuance of bonds by another public body or a nonprofit corporation serving as an agency, instrumentality, and constituted authority of such county, without first securing the written approval of the State Local Debt Officer of the DLG. **NO SUCH APPROVAL WILL BE REQUESTED WITH RESPECT TO THE ISSUANCE OF THE BONDS BECAUSE THE OBLIGATION EVIDENCED BY THE BONDS IS NOT AN INDEBTEDNESS OF THE COUNTY OR THE CORPORATION UNDER AND WITHIN THE MEANING OF THE CONSTITUTION OF THE COMMONWEALTH.** Accordingly, only notice of the issuance of the Bonds will be provided to the DLG by the Corporation under Section 65.117 of the Kentucky Revised Statutes.

THE LEASE

The following is a summary of certain terms and provisions of the Lease. All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Lease. See “INTRODUCTION” herein as to availability of copies of the Lease.

Lease Term and Amount

The Lease provides that the County and AOC will lease the Project and the Project Site, together with all of the improvements thereon, from the Corporation at agreed and stipulated Rentals equal to (i) the aggregate total of the principal of and interest on the Bonds (and any additional bonds issued on a parity therewith) which will become due and payable during such biennial period, and (ii) the cost of operating, maintaining, and insuring the leased premises. Rental Payments will be wired approximately two days preceding any date on which a payment of principal or interest is due on the Bonds. The biennial obligations of AOC under the Lease will be for an initial term ending June 30, 2026.

Following the initial term of the Lease, nothing in the Lease will be construed as binding AOC for the payment of annual rentals beyond the Rental Payments for the current biennial period, but AOC has covenanted that it will, in each biennium, become indebted to the Corporation for the Rentals stipulated for such biennial period under the Lease, but only upon the exercise of AOC's option to renew the Lease, as more fully described herein.

Option to Renew

The Lease may be renewed by AOC at the end of each biennial period for another biennial period of two years and by the County at the end of each fiscal year for another fiscal year; provided, however, that if the Lease is so renewed, the Rentals for each period during which the Lease remains in effect shall be a sum equal to (i) the amount of the principal and interest payments which will become due and payable on the Bonds during such biennial period, and (ii) the cost of operating, maintaining, and insuring the Project and the Project Site, together with all of the improvements thereon. The option to renew the Lease will automatically be considered to have been affirmatively exercised for each biennial period by AOC and for each fiscal year by the County, unless written notice of the election not to exercise the option to renew the Lease for the succeeding period is given to the Corporation and the Trustee by AOC or County, as the case may be, at least sixty days before the applicable renewal date.

Intent to Renew

In the Lease, the County and AOC each express their present intention to renew the Lease in accordance with its terms and the options to renew as set forth therein, for each succeeding fiscal period or biennial period, as the case may be, until all of the Bonds issued by the Corporation at the direction of the County are fully paid, canceled, and retired, whether at maturity, by call for redemption, or otherwise, but such expression of intention will not be construed as a present election on either the part of the County or AOC to extend the Lease beyond the original term thereof.

Operation, Maintenance, and Repair

As provided by the Lease, the County has agreed (i) to maintain and repair, in good order, the Project and Project Site, and all improvements thereon, at its own expense, (ii) to keep all leased premises and improvements thereon in good repair, working order, and first-class condition, and (iii) to return the same in as good condition as it was when received by the County, ordinary wear and tear, accident, damage by fire or the elements, and other unavoidable casualties excepted.

Insurance

The Lease further provides that the County will, during the original term of the Lease and during each extended two year term thereof, apply such portion of the Operating Cost Allowance as may be necessary to provide that all of the insurable improvements presently existing, and all of the insurable improvements to be constructed, on the Project Site, are insured to the greater of the amount of (i) the outstanding Bonds, or (ii) the full insurable value thereof, against fire, flood, tornado, windstorm, and other casualties in good and solvent insurance companies (with standard comprehensive coverage endorsement, including rental interruption insurance, in an amount sufficient to pay the maximum principal of and interest coming due on the Bonds during any twenty-four month period upon damage or destruction to the Project which renders the Project unusable by AOC for its intended purposes during a maximum reconstruction or repair period of twenty-four months). The County will make such insurance policies payable to the County, AOC, the Corporation, and the Trustee, as their respective interests may appear, or will cause such policies to be endorsed in an appropriate manner so that upon loss, the proceeds of such insurance policies will be payable to the County, the Corporation, and the Trustee, as their interests may appear.

Rights of the County Survive Events of Default

If AOC fails to pay the stipulated Rentals due under the Lease, or due during any biennial period for which it is renewed, all rights of AOC and all future options granted to AOC or the County with respect to payments in whole of the Bonds will, in any event, remain in full force and effect; provided, however, that in accordance with the Mortgage, the Trustee will, upon the occurrence of an Event of Default under and as defined in the Mortgage, be entitled to take certain actions for the benefit of the holders of the Bonds, including, but not limited to, foreclosure of the mortgage lien on the Project and Project Site and decretal sale thereof, but no such decretal sale will result or give rise to a deficiency judgment of any type or in any amount against AOC, the County, or the Corporation, and until such decretal sale, AOC or the County may, at any time, by the discharge of the Bonds and the interest thereon, receive an unencumbered fee simple title to the Project Site and the Project.

Conveyance of the Project

In the Lease, the Corporation has covenanted and agreed (i) that if AOC and the County renew the Lease for each period and pay the Rentals for such period as provided in the Lease, then the Corporation will use such Rentals to fully pay and retire all of the Outstanding Bonds, (ii) that upon such payment in full and retirement of the Bonds, the Corporation will immediately procure the release, on the records of the clerk of the County, of the Mortgage securing the Bonds, and (iii) that upon such release of the Mortgage, the Corporation will convey the Project and the Project Site to the County free and clear of all liens and encumbrances created by and under the Mortgage, such steps to be taken at the expense of the County.

Assignment of Rights to Trustee

In order to secure the Bonds, the Corporation has assigned (i) all of its right, title, and interest arising under the Lease, (ii) AOC's proportionate share of the annual principal and interest costs under the Lease, and (iii) all right, title, and interest of the Corporation to (a) the proceeds of the Bonds (other than amounts deposited in the Note Payment Fund to retire the Prior Note), (b) the Project and the Project Site, and (c) the Pledged Receipts due from AOC to the Trustee for the benefit of the Bondholders. Under the Lease, AOC has agreed to make Rental Payments, in the amounts stipulated therein, directly to the Trustee for application in strict accordance with the terms and provisions of the Mortgage.

THE MORTGAGE

The following is a summary of certain terms and provisions of the Mortgage entered into by and between the Corporation, as Trustor, and the Trustee in order to secure the payment of the principal of and interest on the Bonds, by, among other things, imposing a foreclosable first mortgage lien on the Project and the Project Site. All capitalized words and terms used but not otherwise defined herein will have the meanings given to such words and terms in the Mortgage. See "INTRODUCTION" herein as to availability of copies of the Mortgage.

Funds and Accounts

Upon the delivery of the Bonds to the purchaser or purchasers thereof and receipt of the purchase price therefor, the purchase price will forthwith, in each case, be deposited with the Trustee as trust funds, and the Trustee will hold, treat, and disburse the same as follows:

Cost of Issuance Fund. There will be deposited in the Cost of Issuance Fund from the proceeds of the Bonds, the amount of moneys necessary to pay the Costs of Issuance of the Bonds, as specified and determined in the resolution of the Corporation authorizing the issuance of the Bonds or in the written instructions of an Authorized Officer of the Corporation delivered to the Trustee.

The Costs of Issuance of the Bonds shall be paid only from the moneys so credited to such Cost of Issuance Fund. Upon receipt of a Certificate of an Authorized Officer of the Corporation stating that the Costs of Issuance of the Bonds have been paid in full, or on the date which is one year from the date of issuance of the Bonds, whichever occurs first, the Trustee shall transfer all amounts remaining in the Cost of Issuance Fund to the Sinking Fund.

Note Payment Fund. A portion of the proceeds of the Bonds will be deposited in the Prior Note Account of the Note Payment Fund, in the amount necessary to refund and retire the Prior Note at maturity, as specified and determined in the written instructions of an Authorized Officer of the Corporation delivered to the Trustee.

Sinking Fund. In accordance with the Mortgage, the Trustee will establish and maintain a special fund to be designated as the "Sinking Fund," and upon the issuance of the Bonds, the Trustee will set aside into the Sinking Fund all sums received from the purchaser or purchaser of the Bonds as representing accrued interest from the date of issuance of the Bonds to the date of delivery and payment.

The Sinking Fund will be held and maintained by the Trustee as the primary source of payment of the principal of and interest on the Bonds. All moneys, from any source, at any time deposited into the Sinking Fund shall constitute Pledged Receipts for the benefit of the holders of the Bonds.

All moneys on deposit in the Sinking Fund from time to time will be continuously invested by the Trustee, at the written direction of the Corporation, in Investment Obligations, as more fully described herein under the heading "THE

MORTGAGE – Investment of Funds.” The Trustee will sell or present for redemption Investment Obligations purchased by it as an investment whenever such sale or redemption shall be necessary in order to provide moneys to effectuate the purposes of the Sinking Fund.

All Rentals at any time becoming due and payable to the Corporation by AOC under the Lease and all Pledged Receipts have been assigned by the Corporation to the Trustee, and so long as the Bonds are Outstanding, the Trustee will, upon receipt thereof, immediately deposit such Rentals and Pledged Receipts in the Sinking Fund and treat the same as Pledged Receipts, to be used and applied to the payment of the Bonds and interest thereon as and when such amounts become due and payable from time to time.

Rebate Fund. After the issuance of the Bonds, the Rebate Fund will be held and maintained by the Trustee as a trust fund. There will be deposited in the Rebate Fund such amounts as are required to be deposited therein under a federal tax certificate to be executed by the Corporation and the County at the time of the issuance and delivery of the Bonds (the “Federal Tax Certificate”). Subject to the transfer provisions set forth in Section 5.02 of the Mortgage, all money at any time deposited in the Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the Rebate Payments (as so defined in the Federal Tax Certificate), for payment to the federal government of the United States of America, and neither the Corporation nor the holder of any Bonds shall have any rights in or claim to such money.

Investment of Funds

All moneys in any of the aforementioned funds may be invested, until such moneys are required to be applied for the intended purposes of the fund in which they are held, by the Trustee, at the written direction of the Corporation, in one or more of the following “Investment Obligations:”

- (a) Obligations of the United States and its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of such obligations is taken either directly or through an authorized custodian. These particular investments may be accomplished via repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including, but not limited to:
 - (i) United States Treasury;
 - (ii) Export-Import Bank of the United States;
 - (iii) Farmers Home Administration;
 - (iv) Governmental National Mortgage corporation; and
 - (v) Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including, but not limited to:
 - (i) Federal Home Loan Mortgage Corporation;
 - (ii) Federal Farm Credit Banks;
 - (iii) Bank for Cooperatives;
 - (iv) Federal Intermediate Credit Banks;
 - (v) Federal Land Banks;
 - (vi) Federal Home Loan Banks;
 - (vii) Federal National Mortgage Association; and
 - (viii) Tennessee Valley Authority;
- (d) Certificates of deposit or other interest-bearing accounts issued through any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by Section 41.240(4) of the Kentucky Revised Statutes;
- (e) Uncollateralized certificates of deposit issued by a bank or savings and loan institution with a physical presence in Kentucky rated in one of the three highest categories by any competent rating agency;
- (f) Bankers’ acceptances for banks rated in one of the three highest categories by any competent rating agency;

- (g) Commercial paper rated in the highest category by a competent rating agency;
- (h) Bonds or certificates of indebtedness of the Commonwealth or its agencies or instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- (j) Shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company, registered under the Federal Investment Company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five years; and
 - (iii) All securities in the mutual fund shall be eligible investments under (a) through (l);
- (k) Individual equity securities, if the funds invested will be managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed 25% of the equity allocation; and
- (l) Individual high-quality corporate bonds that are managed by a professional investment manager and that:
 - (i) Are issued, assumed, or guaranteed by any solvent institution created and existing under the laws of the United States;
 - (ii) Have a standard maturity of no more than ten years; and
 - (iii) Are rated in the three highest rating categories by at least two competent credit rating agencies.

Additional Covenants

In the Mortgage, the Corporation, among other things, has covenanted as follows:

Payments. To punctually pay, from the sources pledged under the Mortgage, the principal of and interest on the Bonds when due, at the place and in the manner prescribed in the Mortgage. The Bonds and interest thereon are payable from the "Pledged Receipts" under the Mortgage, which means and includes:

- (i) all Rental Payments paid to or upon the order of the Corporation under the Lease, including both timely and delinquent payments with late charges, if any;
- (ii) all appropriations made to the Corporation by the County, AOC (except the Operating Cost Allowance), or any other governmental entity, to the extent that such appropriations are not otherwise required to be applied or otherwise committed and budgeted by the Corporation during any particular fiscal year of the Corporation;
- (iii) all interest earned or gains realized on Investment Obligations, unless the Mortgage specifically require that such interest earned or gains realized remain in or to be transferred to the Rebate Fund;
- (iv) all rights arising under the Lease, including, but not limited to, the obligation of the County to continuously construct, operate, maintain, insure, replace, and renew the Project during the term of the Lease and during any renewal terms thereof;
- (v) all amounts in all funds and accounts created under the Mortgage, including any amounts on deposit in such funds and accounts to pay capitalized interest; provided, however, that any amounts on deposit in the Rebate Fund shall not constitute Pledged Receipts; and
- (vi) any amounts realized from the foreclosure and decretal sale of the Project.

Maintenance and Operation Costs of the Project. In accordance with the Lease, the Corporation has covenanted in the Mortgage to cause the County, at all times during which the Lease is in effect, to keep and maintain the Project

in thorough repair, working order, and first class condition, and to cause the County to make all necessary repairs and replacements so that the use and operation of the Project shall be properly enjoyed at all times.

Tax Covenant. In the Mortgage, the Corporation covenants that it will not take any action, or fail to take any action, if such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103(a) of the Code. The Corporation will not, directly or indirectly, (i) use or permit the use of any proceeds of the Bonds or any other funds of the Corporation, or (ii) take or omit to take any action that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 103(b)(2) and Section 148 of the Code. To that end, the Corporation will comply with all requirements of Section 103(b)(2) and Section 148 of the Code to the extent applicable to the Bonds. If, at any time, the Corporation is of the opinion that, for purposes of the Mortgage, it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Mortgage, the Corporation will so instruct the Trustee in writing, and the Trustee will take such action as may be necessary in accordance with such instructions.

Insurance of Project. The Corporation further covenants and agrees in the Mortgage that it will, at all times from the issue date of the Bonds until the Bonds are fully paid, require the County (to the extent such insurance is obtainable) to keep all insurable improvements presently existing, and all insurable improvements to be constructed, and located upon the Project Site insured to the greater of the amount of (i) the Outstanding Bonds, or (ii) the full insurable value thereof, with standard comprehensive coverage endorsement, and the Corporation will cause all such insurance policies to be made payable, in case of loss, to the Trustee.

Accounts and Reports. In accordance with the Mortgage, the Corporation will keep, or cause to be kept, proper books of record and account in which complete and accurate entries will be made of all transactions relating to the Project and all Funds created by the Mortgage, which records will, at all reasonable times, be subject to inspection by the Trustee and the Holder of not less than 5% in aggregate principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

Enforcement of the Lease. In the Mortgage, the Corporation also covenants to enforce the Lease and all other contracts and agreements with respect to the Project to which the Corporation is or will be a party, to the fullest extent provided and permitted by law.

Release of Land

The Corporation and the Trustee have reserved the right, by mutual written consent, at any time and from time to time, to amend the Mortgage for the purpose of effectuating (i) the release of one or more parcels of or interests in land constituting a part of the Project Site, and (ii) the removal of such parcel or parcels of or interest or interests in land from the lien of the Mortgage, subject to the following conditions:

(a) the parcels of or interests in land so released and removed shall be used (i) to construct public improvements, (ii) for the granting of an easement or any other interest or title to a public utility, public or private carrier, or public body to provide or improve utility services or transportation facilities, or (iii) for the acquisition or construction of any “public project” within the meaning set forth in Section 58.010 of the Kentucky Revised Statutes; and

(b) there shall be filed with the Trustee a copy of the instrument providing for such release, together with (i) a Certificate of an Authorized Officer of the Corporation describing the improvements or other facilities that will be constructed thereon or the utility or other facilities and services that will be provided or improved thereby and stating that, in the opinion of the Authorized Officer, such parcels of land are not otherwise needed for the operation of the Project and that the release will not materially impair the efficiency or utilitarian value of the Project or the Project Site and will not materially impede the means of ingress thereto or egress therefrom, and (ii) a Certificate of an Authorized Officer of the Corporation stating that the value of the Project following such release shall not be less than the principal amount of Bonds then Outstanding.

In addition, the Corporation, at the written direction of the County, shall sell any portion of the Project Site not needed for any public purposes, as provided by law, so long as the Rentals payable under the Lease are not diminished by reason of such sale and release of such portion of the Project Site from the lien created under the Mortgage; provided, however, that before any such sale, the Corporation shall furnish the Trustee with a Certificate of an Authorized Officer of the Corporation stating that the value of the Project following such release will be not less than the principal amount of the Bonds then Outstanding.

Amendments

Notwithstanding any provisions of the Mortgage to the contrary, the Corporation and the Trustee may, at any time, and from time to time, supplement or make any amendment or change to the Mortgage:

- (a) to cure any formal defect or ambiguity in the Mortgage if, in the opinion of the Trustee, such supplement, amendment, or other change is not adverse to the interests of the Holders of the Bonds;
- (b) to grant to or confer upon the Trustee, for the benefit of the Holders of the Bonds, any additional rights, remedies, powers, authority, or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Mortgage;
- (c) to make necessary or advisable amendments in connection with the issuance of additional bonds in accordance with the terms of the Mortgage;
- (d) to permit the Trustee to comply with any obligations imposed on it by law;
- (e) to achieve compliance with any federal tax law; or
- (f) to provide for the release of land under and subject to the conditions specified in the Mortgage.

Any other amendment or change to the Mortgage will be subject to the written consent of the Holders of at least two-thirds in aggregate principal amount of the Bonds outstanding at the time such consent is given, or, in case less than all of the Bonds then outstanding are affected by such modifications or amendment, of the Holders of at least two-thirds in aggregate principal amount of the Bonds so affected.

Nothing will permit, however, or be construed as permitting, without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest or premium thereon, or (iii) a reduction in the aggregate principal amount of the Bonds required for consent to amendments or other modifications to the Mortgage.

An amended or supplemental Mortgage for the purposes described in the Mortgage will be effective upon the execution thereof by the Corporation and the Trustee and the delivery thereof to the Trustee, together with any necessary consent of the Holders of the Bonds.

Events and Remedies of Default

Events of Default. Each of the following events is an “Event of Default” under the Mortgage:

- (a) payment of the principal of a Bond is not made as and when due, whether at maturity, upon call for redemption, or otherwise, or default by AOC or the County in the payment of any Rentals related thereto;
- (b) payment of any installment of interest on a Bond is not made as and when due, or default by AOC or the County in the payment of any Rentals related thereto; or
- (c) the Corporation, the County, or AOC fail or refuse to comply with the provisions of the Act, or default in the performance or observance of any other covenants, agreements, or conditions on their part set out in the Mortgage, the Lease, any authorizing resolution of the Corporation, the County, or AOC, or the Bonds, which failure, refusal, or default continues for forty-five days after written notice thereof is given to the defaulting party by the Trustee or the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding.

Remedies. Upon the happening and continuance of any Event of Default described in paragraph (a) or (b) above or upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then Outstanding, the Trustee shall proceed, or upon the happening and continuance of any Event of Default described in paragraph (c) above, the Trustee may proceed, subject to the provisions of the Mortgage, to protect and enforce its rights and the rights of the Holders of the Bonds by such of the following remedies as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights:

- (a) by enforcement of the foreclosable mortgage lien upon the Project Site and the improvements granted under the Mortgage, and in such event, the Trustee will take over possession, custody, and control of the

Project Site and will, with due regard to state and federal law and the covenants contained in the Lease, operate or carry out a decretal sale of the Project Site for the benefit of the Holders of the Bonds; provided, however, that no such foreclosure sale will result in a deficiency judgment of any type or in any amount against AOC, the County, or the Corporation, and until such sale, the County may, at any time, by the discharge of the Bonds and the interest thereon, receive unencumbered fee simple title to the mortgaged facilities; provided, further, that upon any such enforcement of the lien by the Trustee, there will first be paid all expenses incident to any such enforcement, and thereafter, the Bonds then Outstanding will be paid and retired;

(b) by mandamus or other suit, action, or proceeding at law or in equity, to enforce the rights of the Holders of the Bonds, including the right of such Holders (i) to require the Corporation to fully enforce the provisions of the Lease, (ii) to charge, collect, and fully account for the Pledged Receipts, and (iii) to require the Corporation to carry out any other covenants or agreements with the Bondholders and to perform its duties under the Act;

(c) by bringing suit upon the Bonds;

(d) by action or suit in equity, require the Corporation to account as if it were the trustee of an express trust for the Holders of the Bonds;

(e) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(f) by declaring all Bonds due and payable, and if all defaults will be made good, then, with the written consent of the Holders of not less than 50% in aggregate principal amount of Bonds then Outstanding, by annulling such declaration and its consequences; and

(g) if all of the Bonds are declared due and payable, by selling the Investment Obligations of the Corporation (to the extent that such Investment Obligations are not required to be set aside for the redemption of any Bonds for which call for redemption has been made as provided herein), and enforcing all choses in action of the Corporation to the fullest legal extent in the name of the Corporation for the use and benefit of the Holders of the Bonds.

CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), and so long as the Bonds remain outstanding, the Corporation, the County, and AOC will agree, under a continuing disclosure agreement, in substantially the form set forth in “APPENDIX D – Form of Continuing Disclosure Agreement” hereto, to be dated as of the date of the issuance and delivery of the Bonds (the “Disclosure Undertaking”), to cause the following information to be provided:

(a) AOC shall provide to the Municipal Securities Rulemaking Board (the “MSRB”), or to any successor thereto for the purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system, as described in 1934 Act Release No. 59062, or any similar system acceptable to the SEC, for each fiscal year of the Commonwealth, the annual comprehensive financial report of the Commonwealth set forth in Appendix B attached hereto (the “Annual Financial Information”). The Annual Financial Information shall be provided within nine months following the end of each fiscal year ending June 30, commencing with the fiscal year ended on June 30, 2026; provided, however, that if the Annual Financial Information is not available by such date, then it will be made available immediately upon the delivery thereof to the Commonwealth by its auditors; and

(b) Except as otherwise provided below, each of the Corporation, the County, and AOC (each, an “Obligated Person” and, together, the “Obligated Persons”), to the extent applicable to each Obligated Person with respect to the Bonds, shall provide to the MSRB, through EMMA, in a timely manner, not in excess of ten business days after the occurrence of such event, notice of the occurrence of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;

- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or any other material events affecting the tax-exempt status of the security;
- (vii) Modifications to the rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of any property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or similar event of such Obligated Person (Note – This event shall be considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or other similar officer for such Obligated Person in any proceeding under the U.S. Bankruptcy Code or under any other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of such Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of such Obligated Person in possession of such assets or business, but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such Obligated Person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into any definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such action, other than under its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of any financial obligation of any Obligated Person, if material, or any agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or any other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

Notwithstanding the foregoing, to the extent a required notice relates directly to the Bonds and not a condition particular to the County or AOC, such notice shall be provided by the Corporation on behalf of each Obligated Person.

- (c) in a timely manner, to the MSRB through EMMA, notice of a failure (of which AOC has knowledge) of AOC to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

As used herein, “Financial Obligation” shall mean (a) any debt obligation, (b) any derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b) above. The term Financial Obligation shall not include any municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including the beneficial owners of the Bonds, with certain enforcement rights upon a failure by an Obligated Person to comply with the terms thereof; provided, however, that a default under the Disclosure Undertaking does not constitute an event of default under the Mortgage or the Lease. The

Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule, as more fully described therein.

For purposes of this transaction, with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds; and
- (c) there are no liquidity providers applicable to the Bonds.

AOC has previously entered into certain continuing disclosure undertakings under the Rule (the “Prior Disclosure Undertakings”). During the past five years, AOC, through the Office of Financial Management (“OFM”) of the Finance and Administration Cabinet of the Commonwealth, has materially complied with all of its continuing disclosure obligations under the Rule, and AOC (through OFM) intends to file all future Annual Financial Information and event notices within the time requirements specified in the Rule, the Prior Disclosure Undertakings, and the Disclosure Undertaking relating to the Bonds, and AOC and OFM have adopted policies and procedures to ensure the timely filing thereof, which policies and procedures are available to the public upon request.

During the past five years, the County has materially complied with its continuing disclosure obligations under the Rule. The County intends to file all future event notices within the time requirements specified in the Rule and in the Disclosure Undertaking relating to the Bonds, and the County has adopted policies and procedures to ensure the timely filing thereof, which policies and procedures are available to the public upon request.

During the past five years, the Corporation has materially complied with its continuing disclosure obligations under the Rule. The Corporation intends to file all future event notices within the time requirements specified in the Rule and the Disclosure Undertaking relating to the Bonds, and the Corporation has adopted policies and procedures to ensure the timely filing thereof, which policies and procedures are available to the public upon request.

LITIGATION

No litigation or administrative action or proceeding is pending or, to the best of the knowledge of the County or the Corporation, threatened (i) to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds or the collection or use of revenues to pay the debt service on the Bonds, (ii) to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued and delivered, or the validity of the Bonds, or (iii) to prevent or restrict the operations of the Corporation.

TAX TREATMENT

General

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, the interest on the Bonds will be excludible from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). In addition, Bond Counsel is also of the opinion that the interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals (for a discussion of the corporate alternative minimum tax, see “TAX TREATMENT – Corporate Alternative Minimum Tax” herein). Further, Bond Counsel is of the opinion that interest on the Bonds will be exempt from Kentucky income taxation and that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the approving legal opinion of Bond Counsel is set forth in “APPENDIX E – Form of Approving Legal Opinion of Bond Counsel” hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion of the interest on obligations, such as the Bonds, from gross income for federal income tax purposes. The Corporation has covenanted to comply with certain restrictions designed to ensure that the interest on the Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for federal income tax purposes, and such inclusion could be required retroactively to the date of issuance

of the Bonds. The approving legal opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or any events occurring (or not occurring) after the issue date of the Bonds may adversely affect the tax status of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bonds and any other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the tax status of the interest thereon if any such change occurs or any such action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel is of the opinion that the interest on the Bonds will be excludible from gross income for federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal, state, or local tax liabilities. The nature and extent of the other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any tax consequences other than what is set forth in its approving legal opinion for the Bonds, and each Bondholder or potential Bondholder is urged to consult with tax counsel regarding the effects of purchasing, holding, or disposing of the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code; (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code; (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Section 1362 and Section 1375 of the Code; (iv) increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code; and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. The ownership of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain taxpayers under Section 265 of the Code. In addition, residence of a holder of Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or any other income received from the Bonds.

Neither the Corporation nor the County has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

Original Issue Premium

"Acquisition Premium" is the excess of the cost of any bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are initially being offered and sold to the public at an Acquisition Premium (collectively, the "Premium Bonds"). For federal income tax purposes, the amount of the Acquisition Premium on each bond, the interest on which is excludable from the gross income of the holder thereof for federal income tax purposes (the "tax-exempt bonds"), must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on any tax-exempt bonds may be deducted in determining a bondholder's taxable income for federal income tax purposes. The amount of Acquisition Premium paid on the Premium Bonds, or any other Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually, with such amount amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

The Bonds with a yield that is higher than the interest rate (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount ("OID") from the amounts payable on such Bonds at their maturity (the "Discount Bonds"). OID is the excess of the stated redemption price of any bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers,

or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the bonds of the same maturity are sold in accordance with that initial offering. For federal income tax purposes, the OID on each bond will accrue over the term of such bond, and for the Discount Bonds, the amount of such accretion will be based on a single rate of interest, compounded semiannually (the “yield to maturity”). The amount of OID that accrues during each semiannual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of any Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

In addition to the foregoing, the OID that accrues in each year to an owner of any Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and could result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any of the Discount Bonds should be aware that the accrual of OID in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral federal income tax consequences even though the owner of such Discount Bond has not received cash attributable to such OID in such year.

The holders of any Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a corporate alternative minimum tax equal to 15% of the “adjusted financial statement income” of “applicable corporations,” both as defined in Section 59(k) of the Code. Generally, an applicable corporation includes any corporation (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) with an “average annual adjusted financial statement income” of more than \$1,000,000,000 over any preceding period of three tax years (ending with any tax year ending after December 31, 2021). The corporate alternative minimum tax applies for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, the interest on tax-exempt bonds, including the interest on the Bonds, is included (i) in computing “average annual adjusted financial statement income” for the purpose of determining whether a corporation qualifies as an “applicable corporation,” and (ii) in determining an applicable corporation’s “adjusted financial statement income” for the purpose of calculating the alternative minimum tax to be imposed on such applicable corporation under Section 55 of the Code, regardless of the issue date of such tax-exempt bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by [] (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$[] (reflecting the par amount of the Bonds, [plus/less] a [net] original issue [premium/discount] of \$[], and less the Underwriter’s discount of \$[]). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter, and the Underwriter may also offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page hereof.

MUNICIPAL ADVISOR

Prospective bidders for the Bonds are advised that Compass Municipal Advisors, LLC, Lexington, Kentucky (“Compass”), has been employed as Municipal Advisor (the “Municipal Advisor”) to the Corporation in connection with the issuance of the Bonds and will receive a fee, payable from the proceeds of the Bonds, for their services as Municipal Advisor, which fee shall be contingent upon the issuance and delivery of the Bonds. In its capacity as Municipal Advisor, Compass has compiled certain data relating to the Bonds, which is contained in this Official Statement. Compass is not obligated to undertake, and has not undertaken, to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Compass is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing securities. Compass is currently contracted by the Kentucky Association of Counties, Inc. (“KACo”), a Kentucky nonprofit corporation, to provide joint municipal advisory services for which KACo will be compensated.

RATING

The Bonds have been assigned a rating of “___” by Moody’s Investors Service, Inc. (“Moody’s”). Such rating reflects only the view of Moody’s. An explanation of the significance of the rating may only be obtained from Moody’s at 7 World Trade Center at 250 Greenwich Street, Public Finance Group – 23rd Floor, New York, New York 10007.

There can be no assurance that a rating, when assigned, will continue for a given period of time or that the rating will not be lowered or withdrawn entirely if, in the judgment of Moody’s, the circumstances so warrant. Any downward change in or withdrawal of a rating may have an adverse effect on the marketability or market price of the Bonds.

CONCLUDING STATEMENT

The Corporation has authorized, and caused, this Official Statement to be executed and delivered by its Chair. In preparing this Official Statement, the Corporation has relied upon information furnished to it by the County and AOC, and the Corporation does not assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement, except as to the copies of the documents denominated “Official Bid Form” and “Official Terms and Conditions of Bond Sale.” All of the financial information supplied by the County and AOC and reproduced herein is represented by the County and AOC, respectively, to be correct.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the County, AOC, or the Municipal Advisor to give any information or representations, other than those contained in this Official Statement, and if so given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell, nor the solicitation of an offer to buy, the Bonds by or to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. Except where indicated otherwise, the information contained herein has been obtained from the County and AOC and is believed to be reliable, provided that such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Municipal Advisor or Bond Counsel. The delivery of this Official Statement, at any time, does not imply that information herein is correct as of any time after the date hereof.

This Official Statement has been duly executed and delivered for and on behalf of the Butler County Properties Corporation by its Chair.

BUTLER COUNTY PROPERTIES CORPORATION

By: _____
Chair

Dated: September __, 2026

APPENDIX A

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Estimated Debt Service Requirements for the Bonds

ESTIMATED DEBT SERVICE REQUIREMENTS FOR THE BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Expenses</u>	<u>Fiscal Year Total</u>
06/01/2027	\$985,000.00	\$762,823.58	\$1,747,823.58	\$2,500.00	
06/30/2027					\$1,750,323.58
12/01/2027		\$545,118.75	\$545,118.75		
06/01/2028	\$655,000.00	\$545,118.75	\$1,200,118.75	\$2,500.00	
06/30/2028					\$1,747,737.50
12/01/2028		\$528,743.75	\$528,743.75		
06/01/2029	\$690,000.00	\$528,743.75	\$1,218,743.75	\$2,500.00	
06/30/2029					\$1,749,987.50
12/01/2029		\$511,493.75	\$511,493.75		
06/01/2030	\$725,000.00	\$511,493.75	\$1,236,493.75	\$2,500.00	
06/30/2030					\$1,750,487.50
12/01/2030		\$493,368.75	\$493,368.75		
06/01/2031	\$760,000.00	\$493,368.75	\$1,253,368.75	\$2,500.00	
06/30/2031					\$1,749,237.50
12/01/2031		\$474,368.75	\$474,368.75		
06/01/2032	\$795,000.00	\$474,368.75	\$1,269,368.75	\$2,500.00	
06/30/2032					\$1,746,237.50
12/01/2032		\$454,493.75	\$454,493.75		
06/01/2033	\$835,000.00	\$454,493.75	\$1,289,493.75	\$2,500.00	
06/30/2033					\$1,746,487.50
12/01/2033		\$433,618.75	\$433,618.75		
06/01/2034	\$880,000.00	\$433,618.75	\$1,313,618.75	\$2,500.00	
06/30/2034					\$1,749,737.50
12/01/2034		\$411,618.75	\$411,618.75		
06/01/2035	\$925,000.00	\$411,618.75	\$1,336,618.75	\$2,500.00	
06/30/2035					\$1,750,737.50
12/01/2035		\$388,493.75	\$388,493.75		
06/01/2036	\$970,000.00	\$388,493.75	\$1,358,493.75	\$2,500.00	
06/30/2036					\$1,749,487.50
12/01/2036		\$364,243.75	\$364,243.75		
06/01/2037	\$1,015,000.00	\$364,243.75	\$1,379,243.75	\$2,500.00	
06/30/2037					\$1,745,987.50
12/01/2037		\$343,943.75	\$343,943.75		
06/01/2038	\$1,060,000.00	\$343,943.75	\$1,403,943.75	\$2,500.00	
06/30/2038					\$1,750,387.50
12/01/2038		\$322,743.75	\$322,743.75		
06/01/2039	\$1,100,000.00	\$322,743.75	\$1,422,743.75	\$2,500.00	
06/30/2039					\$1,747,987.50
12/01/2039		\$299,368.75	\$299,368.75		
06/01/2040	\$1,145,000.00	\$299,368.75	\$1,444,368.75	\$2,500.00	
06/30/2040					\$1,746,237.50
12/01/2040		\$275,037.50	\$275,037.50		
06/01/2041	\$1,195,000.00	\$275,037.50	\$1,470,037.50	\$2,500.00	
06/30/2041					\$1,747,575.00
12/01/2041		\$246,656.25	\$246,656.25		
06/01/2042	\$1,250,000.00	\$246,656.25	\$1,496,656.25	\$2,500.00	
06/30/2042					\$1,745,812.50
12/01/2042		\$216,968.75	\$216,968.75		
06/01/2043	\$1,310,000.00	\$216,968.75	\$1,526,968.75	\$2,500.00	
06/30/2043					\$1,746,437.50
12/01/2043		\$185,856.25	\$185,856.25		
06/01/2044	\$1,375,000.00	\$185,856.25	\$1,560,856.25	\$2,500.00	
06/30/2044					\$1,749,212.50
12/01/2044		\$153,200.00	\$153,200.00		
06/01/2045	\$1,440,000.00	\$153,200.00	\$1,593,200.00	\$2,500.00	
06/30/2045					\$1,748,900.00
12/01/2045		\$119,000.00	\$119,000.00		
06/01/2046	\$1,510,000.00	\$119,000.00	\$1,629,000.00	\$2,500.00	
06/30/2046					\$1,750,500.00
12/01/2046		\$81,250.00	\$81,250.00		
06/01/2047	\$1,585,000.00	\$81,250.00	\$1,666,250.00	\$2,500.00	
06/30/2047					\$1,750,000.00

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Expenses</u>	<u>Fiscal Year Total</u>
12/01/2047		\$41,625.00	\$41,625.00		
06/01/2048	\$1,665,000.00	\$41,625.00	\$1,706,625.00		
06/30/2048					\$1,748,250.00
<u>Total</u>	\$23,870,000.00	\$14,545,248.58	\$38,415,248.58	\$52,500.00	\$38,467,748.58

APPENDIX B

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Annual Comprehensive Financial Report for the Commonwealth of Kentucky
for the Fiscal Year Ended June 30, 2025

Commonwealth of Kentucky

Annual Comprehensive Financial Report

for the Fiscal Year Ended June 30, 2025



Commonwealth of Kentucky Annual Comprehensive Financial
Report for the Fiscal Year Ended June 30, 2025

Andy Beshear, Governor

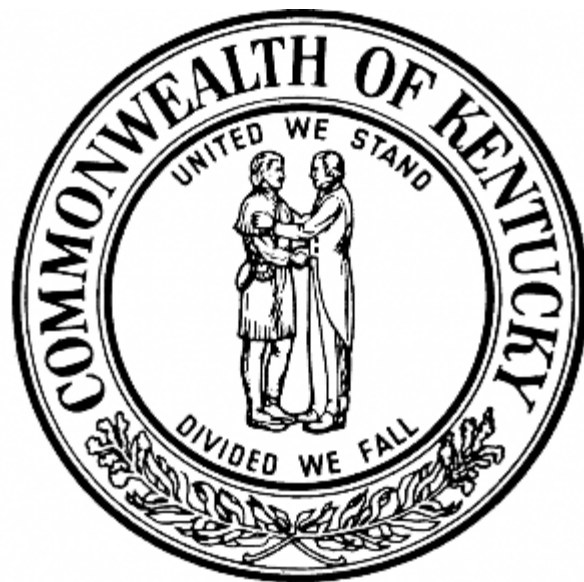


Prepared by:
Finance and Administration Cabinet
Holly M. Johnson, Secretary

Office of the Controller
L. Joe McDaniel, Controller



Andy Beshear
Governor



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INTRODUCTORY SECTION



FINANCE AND ADMINISTRATION CABINET OFFICE OF THE SECRETARY

Andy Beshear
Governor

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Holly M. Johnson
Secretary

February 27, 2026

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

INTRODUCTION

Under Kentucky Revised Statutes (KRS) Section 48.800 (3), the Finance and Administration Cabinet is required to submit a complete report of the financial transactions of the preceding year and of the financial condition of the Commonwealth as of the end of that fiscal year. In accordance with this statute, it is my pleasure to transmit to you the Annual Comprehensive Financial Report of the Commonwealth of Kentucky for the Fiscal Year Ended June 30, 2025.

This report is prepared by the Office of Statewide Accounting Services within the Finance and Administration Cabinet's Office of the Controller, which assumes responsibility for the accurate, complete, and fair presentation of the data contained herein. The information presented fully describes the Commonwealth's financial condition and results of operations of the primary government and component units for which it is financially accountable. All appropriate disclosures necessary for the reader to gain the maximum understanding of Kentucky's financial affairs are included.

The accompanying financial statements have been audited by the Office of the Auditor of Public Accounts of the Commonwealth of Kentucky. The audit was conducted in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The independent auditor concluded that the Commonwealth of Kentucky's financial statements for the year ended June 30, 2025, 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. The component units that are blended into the Commonwealth's primary government and function as actual parts of the Commonwealth are: the State Property and Buildings Commission, Kentucky Asset/Liability Commission, Turnpike Authority of Kentucky, Board of Agriculture, Kentucky Employees Retirement System, Judicial Form Retirement System, Kentucky Public Employees' Deferred Compensation Authority, Kentucky Tobacco Settlement Trust Corporation, Kentucky Teachers' Retirement System, Kentucky School Facilities Construction Commission, Kentucky Gas Pipeline Authority, and KentuckyWired Infrastructure Company, Inc.

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

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

The Commonwealth and Its Services

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

Budgetary Controls

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

ECONOMIC CONDITION AND OUTLOOK

National Economy

Both the National Outlook, based on the September 2025 IHS Markit, and Kentucky economic forecast (the forecast horizon) are prepared for the final three fiscal quarters of FY26, or the period between October 1, 2025, and June 30, 2026. Real gross domestic product (Real GDP) is expected to rise 1.9 percent, or \$458.1 billion, over the forecast horizon. This is an improvement over first quarter growth in FY26. This growth is expected to come primarily from two sources: real consumption and real imports.

Real consumption is expected to rise 1.3 percent, or \$212.7 billion, over the forecast horizon. That is 46.4 percent of the net \$458.1 billion in gains of real GDP over the forecast horizon. Real imports are expected to fall 5.2 percent, or \$197.8 billion over the forecast horizon. The majority of the decline in real imports is due to the increased tariff rates. As tariff rates increase, it becomes impossible for foreign sellers to sell their goods in US markets and compete with domestic goods. As such, those firms do not ship the products at all. As real imports are a deduction from real GDP, this will result in an increase to real GDP. The \$197.8 billion gain is 43.2 percent of the \$458.1 billion in net gains of real GDP during the forecast horizon. Combined these two components make up 89.6 percent of the expected net gains during the forecast horizon.

Inflation, as measured by the change in the CPI for all goods, is expected to rise to 2.8 percent in the forecast horizon. This compares to 2.6 percent in the same period in FY25. Food and non-food non-energy items are the primary sources of the increase. Food inflation is expected to be 3.3 percent during the forecast horizon. Food inflation during the same period in FY25 was 2.6 percent, a significant increase. Meanwhile, energy prices continue to fall, albeit at a slower rate than in FY25. Energy inflation is expected to be -0.7 percent during the forecast horizon, compared to -2.0 percent during the same 3-quarter period in FY25. Core inflation represents those goods which are not energy goods nor food goods. Core inflation for the forecast period is expected to be 3.2 percent up slightly from the 3.1 percent in the same period of FY25.

The unemployment rate is expected to worsen during the final three quarters of FY26, rising to 4.4 percent compared to the 4.1 percent during the same three quarters in FY25. Most of the unemployed are expected to come from the goods-producing sectors. The goods-producing employment sectors are expected to lose 1.1 percent during the forecast horizon.

Non-farm employment is expected to rise 0.6 percent in the final three quarters of FY26. The fastest-growing sector is expected to be educational services employment, which will rise 3.1 percent, or 800,000 net jobs during the forecast horizon. The largest employment sector is trade, transportation, and utilities employment. It is expected to rise 0.6 percent, or 200,000 net jobs during the forecast horizon. Educational services employment makes up 17.4 percent of total non-farm employment, while trade, transportation, and utilities employment makes up 18.3 percent.

Five sectors are expected to lose jobs during the forecast period: construction, mining, manufacturing, business services, and government employment. The biggest loser in percentage terms is expected to be manufacturing employment with an anticipated 1.7 percent loss, or 200,000 net jobs decline during the forecast horizon. US manufacturing employment makes up 7.8 percent of total US non-farm employment.

US personal income is expected to rise 5.1 percent in the final three quarters of FY26. The fastest-growing personal income component is expected to be transfer receipts income with 6.5 percent growth over the three-quarter forecast horizon. The largest personal income component is wages and salaries, and it is expected to grow 4.7 percent during the forecast horizon. All five contributing components are expected to grow during the forecast horizon.

Kentucky Outlook

The Kentucky employment and income outlook is based on the September 2025 economic forecast from both IHS Markit and the Kentucky MAK model. Kentucky's MAK model uses variables from the national economic outlook to forecast Kentucky employment by super sectors and personal income by its components. Output from both models feeds into the revenue-estimating equations for the Kentucky General Fund and Road Fund.

Kentucky non-farm employment is expected to grow 0.6 percent during the forecast horizon. This is down slightly from the 0.7 percent annual growth in the first quarter of FY26. The fastest-growing sector is expected to be educational services employment with 2.7 percent growth, or an increase of 8,700 net jobs, during the forecast horizon.

The largest employment sector in Kentucky is trade, transportation, and utilities employment which is expected to grow 0.2 percent, or 1,000 net jobs, during the forecast horizon. Educational services employment makes up 15.9 percent of total Kentucky non-farm employment. Trade, transportation, and utilities employment makes up 20.8 percent of total Kentucky non-farm employment.

Five sectors are expected to lose net jobs during the forecast horizon: construction, mining, manufacturing, information services, and business services. The sector with the slowest growth is mining employment, which is expected to fall 3.3 percent, or 300 net jobs, during the forecast horizon. Mining employment is the smallest employment sector in Kentucky and makes up 0.4 percent of total Kentucky non-farm employment.

Kentucky personal income is expected to increase 4.6 percent, a net increase of \$12.5 billion, in the final three quarters of FY26. All five income-contributing components are expected to grow during the forecast horizon. The fastest-growing component is expected to be proprietors' income, which will grow 6.4 percent, a net increase of \$1.2 billion, in the forecast horizon compared to the same three quarters in FY25. See Table 5. The largest income component in Kentucky is wages and salaries. Wages and salaries makes up 47.6 percent of total Kentucky personal income. It is expected to grow 4.4 percent during the forecast horizon, a net increase of \$5.7 billion, compared to the same three quarters in FY25. Proprietors' income makes up 7.0 percent of total Kentucky personal income.

Long-Term Financial Planning

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

Debt Administration

The amount of net bonded debt, the ratio of this amount to governmental fund revenues, and the amount of net bonded debt per capita are useful indicators to citizens, investors, and management regarding the Commonwealth's debt position. The data for fiscal year 2025 are:

Net Bonded Debt (thousands)	Ratio of Net Bonded Debt to Governmental Funds Revenues	Net Bonded Debt Per Capita
\$ 5,849,345	13.46%	\$ 1,275

No general obligation bonds were authorized or outstanding as of June 30, 2025.

A detailed analysis of the Commonwealth's debt issuance during the fiscal year ended 2025 is presented in [Note 16](#).

Major Trends

The Commonwealth's fiscal health has been trending positively over the last several years. Fiscal year 2025 ended with a General Fund surplus of \$313 million. While modest compared to the three consecutive years of surpluses in excess of \$1 billion in fiscal years 2021-2023, it reflects continued positive fiscal health for Kentucky's state government. From the surplus, over \$250 million was deposited into the state's Rainy Day fund, the Budget Reserve Trust Fund. Kentucky's unobligated Rainy Day fund balance is over \$3.7 billion, or about 25 percent of General Fund revenues.

On the revenue side of the ledger, major business taxes far exceeded the official estimates offsetting lower than forecasted income and sales tax receipts. Strength in business taxes demonstrates that Kentucky businesses are producing at a profitable level.

Regarding Kentucky's economic progress, since the beginning of his administration, Governor Beshear has announced more than 1,200 private-sector new-location and expansion projects totaling \$44 billion in announced investments, creating 66,000 jobs. This is the highest investment figure secured during the tenure of any governor in the commonwealth's history and \$20 billion more than the next highest total.

Governor Beshear has announced some of the largest economic development projects in state history, which have solidified Kentucky as the electric vehicle battery production capital of the United States: Ford Motor Co. and SK On's transformative \$5.8 billion, 5,000-job BlueOval SK Battery Park in Hardin County; AESC's \$2 billion, 2,000-job gigafactory project in Warren County; Toyota's \$1.3 billion investment in Scott County; Ford Motor Co.'s \$2 billion commitment in Louisville; and Shelbyville Battery Manufacturing's \$712 million investment, creating 1,572 jobs in Shelby County, among others. In 2023, Kentucky recorded over 2 million jobs filled for the first time ever and has stayed above that number ever since.

Kentucky also secured rating increases from major credit rating agencies Fitch Ratings, S&P Global Ratings and Moody's Investors Service. Earlier this year, Site Selection magazine ranked Kentucky in the top five nationally and second in the South Central region for economic development projects per capita in its 2024 Governor's Cup rankings. Site Selection also placed Kentucky second in the South Central region and No. 6 nationally in its 2025 Prosperity Cup ranking, which recognizes state-level economic development agencies for their success in landing capital investment projects.

Road Fund revenues came in at \$1.86 billion, a slight decline from fiscal year 2024. The decrease was largely the result of a 7.6 percent drop in the gas tax. The motor vehicle usage tax, a tax on the purchase price of vehicles, set a record at \$719 million, and as a share of total Road Fund revenues.

In fiscal policy, the Governor signed another reduction in the state's income tax rate, a reduction in the individual income tax rate from 4.5 to 4 percent. Even with that eleven percent reduction, total General Fund revenues still rose by just under one percent.

The 2024-26 biennial budget included a number of increased spending items due to the strong revenue picture. The revenue estimates for the 2024-2026 biennium continued that momentum. The estimate called for \$1.4 billion more in General Fund revenues than budgeted in the current year. Even with a 20% reduction in income tax rates, from 5% to 4%, effective January 2024, the revenue estimate for fiscal year 2025 was approximately the same as the current year.

One of the most notable elements in the new 2024-26 biennial budget is the use of \$3.1 billion from the General Fund's Budget Reserve Trust Fund to support one-time appropriations. The budget also deposited \$2.9 billion into the Budget Reserve Trust Fund.

The budget added \$263 million to the public education budget more than the fiscal year 2024 amounts. Kentucky's formula funding program for elementary and secondary schools, the SEEK program, had a base per-pupil of \$ increase of 3% percent. The budget provided a 4 percent increase to each postsecondary education institution's base General Fund budget, equating to \$35.8 million in each year.

In public safety, the fiscal year 2025 budget funded two trooper cadet classes to increase the number of Kentucky State Police troopers and included another substantial phase of funding for the statewide emergency radio system replacement. In Kentucky's juvenile justice system, the budget continued the transition to a regional model for male detainees as required by legislation to separate violent and nonviolent offender who are in detention. With capital funding to improve and expand their facilities, in combination with the increased staffing enabled by raising correctional officer salaries, these resources will permit a safe return to a regional model for male offenders. Under Governor Beshear, Kentucky has achieved historically low recidivism rates with its adult inmate population. Nearly 70 percent of released individuals are not re-incarcerated within 24 months, attributed to enhanced reentry programs, education and job training.

In healthcare, the budget fully funds the Medicaid program, including Medicaid expansion. The budget addresses the return of Kentucky's higher portion of funding Medicaid due to the end of the COVID-related public health emergency and ensures that the health care provided for over 1.5 million Kentuckians continues. The budget also provided funding to expand Medicaid programs that serve Kentuckians with most severe disabilities.

In the area of economic development, a number of significant investments were supported in the budget. The budget included \$70 million for the Kentucky Product Development Initiative. This new program has been successful and the additional funding will support local governments and regional economic development organizations to finance site acquisition, due diligence studies, and site preparation and development improvements. The budget included \$130 million to support approved mega economic development projects. Projects for consideration must involve the creation of at least 250 jobs paying an average of at least thirty dollars an hour. The funding will be used to ensure sites and infrastructure are attractive to projects.

Infrastructure funding was a key element of the fiscal year 2025 budget. The budget included an historic investment of \$450 million for high-growth county transportation projects, and \$300 million for the I-69 Ohio River Crossing and the Mountain Parkway extension projects. Kentucky along with the state of Ohio obtained a \$1.6 billion federal grant for the Brent Spence Ohio River bridge corridor project. That project is underway.

Kentucky is making continued progress in paying down its public pension liabilities. The budget includes extra funding to pay down the pension liability of the Kentucky's pension plans: \$300 million for the Kentucky Employees Retirement non-hazardous plan, \$40 million for the Teachers' Retirement plan, and \$25 for the State Police Retirement plan. Kentucky ranks among the top-10 in states that have pre-funded their retiree health plans.

FINANCIAL INFORMATION

The Accounting System

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

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

Acknowledgments

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

Respectfully submitted,



Holly M. Johnson, Secretary
Finance and Administration Cabinet



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

Andy Beshear
Governor

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Holly M. Johnson
Secretary

L. Joe McDaniel
Controller

February 27, 2026

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

Dear Secretary Johnson:

Pursuant to Section 48.800 (3) of the Kentucky Revised Statutes, the Annual Comprehensive Financial Report (ACFR) of the Commonwealth of Kentucky for the fiscal year ended June 30, 2025, is submitted herewith. It contains all funds of the primary government and component units for which it is financially accountable, based on the criteria developed by the Governmental Accounting Standards Board (GASB).

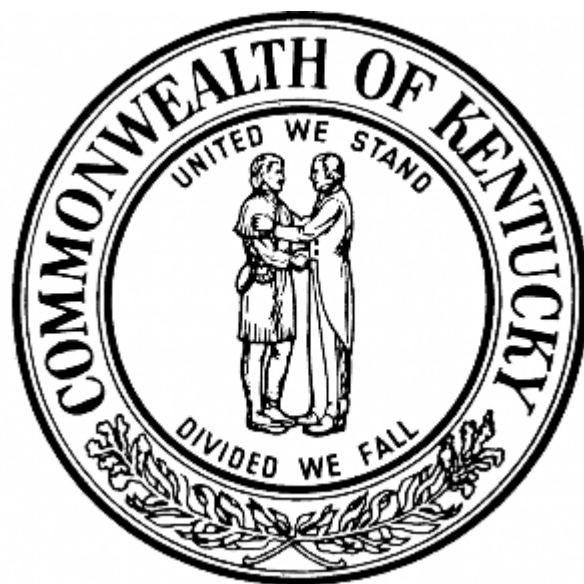
The basis of accounting upon which the report has been prepared complies with accounting principles generally accepted in the United States of America for state governments as prescribed by both GASB and the American Institute of Certified Public Accountants' (AICPA) publication Audits of State and Local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

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

Respectfully submitted,

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

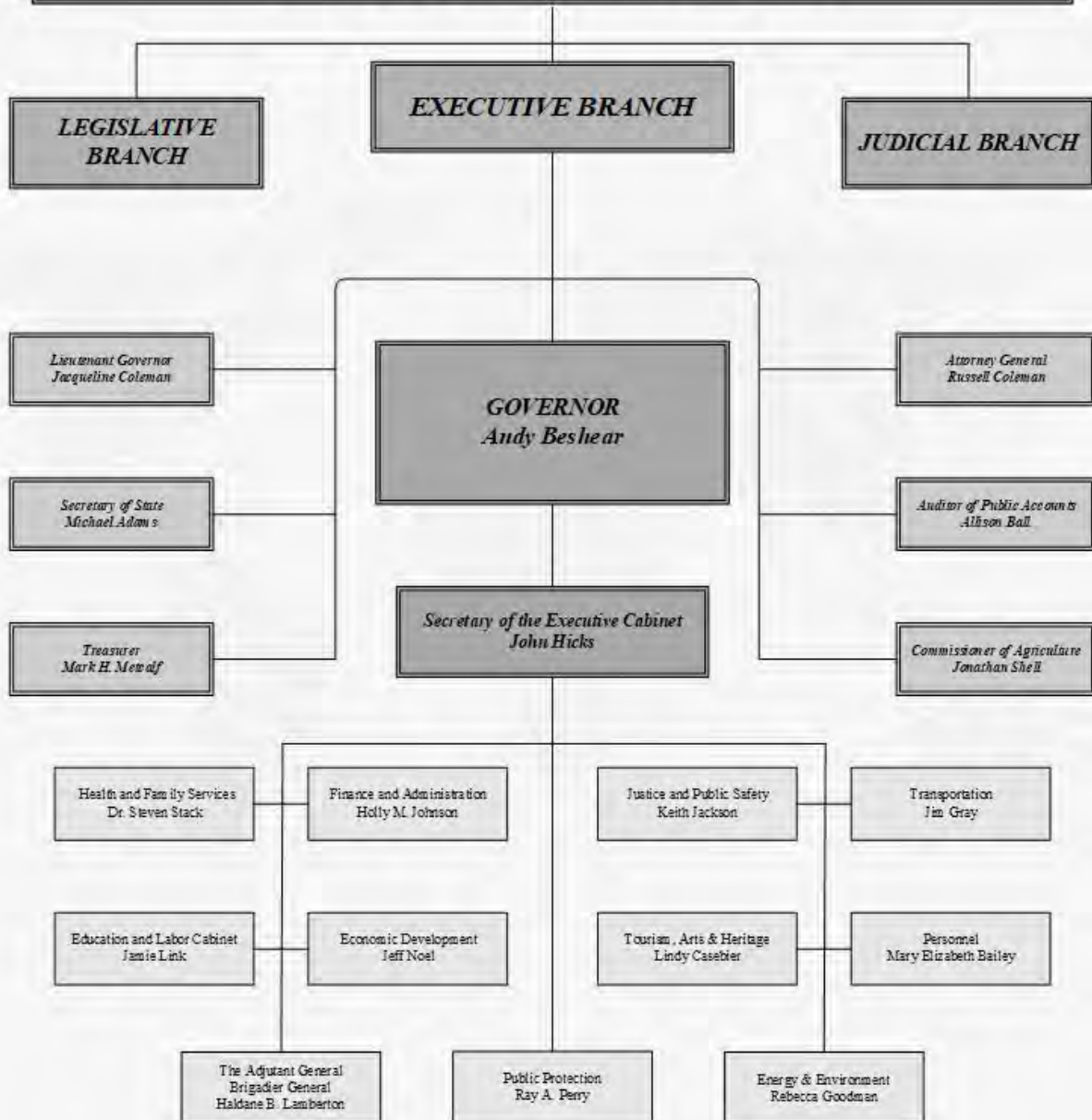
L. Joe McDaniel, Controller



COMMONWEALTH OF KENTUCKY

ELECTORATE OF KENTUCKY

"UNITED WE STAND, DIVIDED WE FALL"



*Principal Officials at June 30, 2025

FINANCIAL SECTION



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Kentucky, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commonwealth's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Kentucky, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Certain portions of the Governmental Funds including:

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

Certain portions of the Proprietary Funds including:

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

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AN EQUAL OPPORTUNITY EMPLOYER M/F/D



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

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

Certain Fiduciary Funds including:

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

Component Units including:

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

Component Units - Colleges and Universities and related entities:

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

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	0.38%	0.04%
Primary Government - Business-Type Activities	13.28%	3.92%
Component Units	95.01%	99.68%
Fund Financial Statements:	Percent of Assets	Percent of Revenues
Governmental Funds - Non-Major Funds	11.96%	2.06%
Proprietary Funds - Business-Type Activities - Enterprise Funds	13.28%	4.12%
Proprietary Funds - Governmental Activities - Internal Service Funds	0.04%	0.89%
Fiduciary Funds - Pension and Insurance Trust Funds	100.00%	100.00%

Basis for Opinions

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

Emphasis of Matter

Prior Period Adjustment

As discussed in Note 2 to the financial statements, the Commonwealth had restatements to the Net Position at July 1 for multiple opinion units due to the implementation of GASB 101 Compensated Absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commonwealth of Kentucky's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Kentucky's ability to continue as a going concern for a reasonable period of time.

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

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 165 through 181, information about infrastructure assets reported using the modified approach on pages 182 through 187, claims development information for entity risk pools on pages 188 and 189, Schedule of Contributions - Pensions on pages 190 through 201, Schedule of Changes in Net Pension Liability and Related Ratios on pages 202 through 205, Schedule of Commonwealth's Proportionate Share of the Net Pension Liability on pages 206 and 207, Schedule of Contributions - OPEB on pages 208 through 219, the Schedule of Changes in Net OPEB Liability and Related Ratios on pages 220 through 223, and the Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability on pages 224 and 225 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commonwealth of Kentucky's basic financial statements. The combining financial statements presented in this report on pages 229 through 283 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Report

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated February 27, 2026, on our consideration of the Commonwealth of Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commonwealth's internal control over financial reporting and compliance.

Respectfully Submitted,

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

Allison Ball
Auditor of Public Accounts
Frankfort, KY

February 27, 2026

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, 2025. It is supplementary information required by the Governmental Accounting Standards Board (GASB) and is intended to provide an easily readable explanation of the information in the basic financial statements. It should be read in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the Commonwealth's financial statements, which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:

The assets and deferred outflows of the Commonwealth's governmental activities exceeded its liabilities and deferred inflows for fiscal year ending June 30, 2025 by \$7.3 billion, resulting in an increase in net position of \$30.5 million related to current year activity. Total net position increased by \$0.2 billion to \$9.0 billion. The primary reasons for this increase were due to deferrals relating to pension and other post-employment benefits and bonds and notes payable. The Governmental Activities total Deferred Outflows were \$4.2 billion which were composed of \$2.1 billion for Deferred Loss on Refunding, \$3.1 billion for Pension Related Outflows, and \$1.1 billion for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$2.4 billion which were composed of \$6.0 million for Deferred Gain on Refunding, \$8.4 million of Lessor Contracts Inflows, \$798.4 million for Pension Related Inflows, and \$1.6 billion for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's business-type activities exceeded liabilities by \$1.7 billion, an increase in net position of \$173.6 million related to current year activity. Business-Type Activities total Deferred Outflows were \$40.3 million which were composed of \$30.8 million for Pension Related Outflows and \$9.5 million for Other Post-employment Benefit Outflows. Total Deferred Inflows were \$34.4 million which were composed of \$1.7 million of Lessor Contracts Inflows, \$8.0 million for Pension Related Inflows and \$24.7 million for Other Post-employment Benefit Inflows.

Assets of the Commonwealth's discretely presented component units exceeded liabilities at fiscal year ending June 30, 2025, by \$20.6 billion, an increase of \$2.5 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 2025, the Commonwealth's governmental funds reported combined ending fund balances of \$11.9 billion. There was a change in inventory of \$(8.4) million, for a combined net change of \$0.6 billion in comparison with the prior year. Approximately 41.1 percent or \$4.9 billion of the ending fund balance is restricted. There is unrestricted (committed, assigned, or unassigned) fund balance of \$6.9 billion available for spending either at the government's discretion or upon legislative approval.

Enterprise funds reported net position of \$1.7 billion, of which \$243 million was invested in capital assets, \$1.5 billion was restricted, and a balance of \$(16) million was unrestricted.

Long-Term Debt:

The Commonwealth's total long-term debt obligations (bonds and notes payable) increased by \$922.1 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	Balance Sheet	Statement of Fund Net Position	Statements of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources measurement focus	Accrual accounting and economic resources measurement focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial, and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow – Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year and expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position:

Net position may serve as a useful indicator of a government's financial position. The Commonwealth's combined net position (governmental and business-type activities) totaled \$9.0 billion at the end of fiscal year 2025, as compared to \$8.8 billion at the end of the previous year.

The largest portion of the Commonwealth's net position, \$27.5 billion, is net investment in capital assets (e.g. land, infrastructures, buildings and improvements and machinery and equipment), minus any related debt, which is still outstanding and used to acquire those assets. The Commonwealth uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending.

The second largest portion of the Commonwealth's net position, totaling \$5.2 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 \$(23.8) 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, 2025 and June 30, 2024 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	
	2025	2024	2025	2024	2025	2024
Current Assets	\$ 15,570,202	\$ 15,384,575	\$ 3,097,124	\$ 2,583,450	\$ 18,667,326	\$ 17,968,025
Capital Assets	28,804,677	28,293,123	257,100	245,475	29,061,777	28,538,598
Total Assets	44,374,879	43,677,698	3,354,224	2,828,925	47,729,103	46,506,623
Deferred outflows of resources	4,166,569	5,468,394	40,282	83,217	4,206,851	5,551,611
Non Current Liabilities	35,639,686	35,118,117	862,658	897,719	36,502,344	36,015,836
Other Liabilities	3,230,339	3,897,079	814,884	413,306	4,045,223	4,310,385
Total Liabilities	38,870,025	39,015,196	1,677,542	1,311,025	40,547,567	40,326,221
Deferred inflows of resources	2,395,405	2,885,362	34,369	92,089	2,429,774	2,977,451
Net investment in capital assets	27,289,703	25,219,782	243,211	230,625	27,532,914	25,450,407
Restricted	3,751,149	3,056,756	1,455,609	1,282,312	5,206,758	4,339,068
Unrestricted	(23,764,834)	(21,031,004)	(16,225)	(3,909)	(23,781,059)	(21,034,913)
Total Net Position	\$ 7,276,018	\$ 7,245,534	\$ 1,682,595	\$ 1,509,028	\$ 8,958,613	\$ 8,754,562

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 2025. The Commonwealth received program revenues of \$27.1 billion and general revenues (including transfers) of \$19.1 billion for total revenues of \$46.2 billion during fiscal year 2025. Expenses for the Commonwealth during fiscal year 2025 were \$46.0 billion, the total net position of the Commonwealth increased in the amount of \$0.2 billion, net of contributions, transfers and special items.

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

	2025	2024	2025	2024	2025	2024
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,972,868	\$ 1,708,577	\$ 3,201,956	\$ 2,883,823	\$ 5,174,824	\$ 4,592,400
Operating Grants and Contributions	20,896,747	20,035,068	—	—	20,896,747	20,035,068
Capital Grants and Contributions	1,028,190	1,136,806	—	—	1,028,190	1,136,806
General Revenues:						
Income Taxes	6,476,729	6,750,061	—	—	6,476,729	6,750,061
Sales Taxes	9,283,392	9,014,249	—	—	9,283,392	9,014,249
Property Taxes	842,997	811,696	—	—	842,997	811,696
Other Taxes	724,122	630,052	—	—	724,122	630,052
Investment Earnings	—	—	51,137	42,532	51,137	42,532
Other	1,747,282	1,755,734	(5,023)	(14)	1,742,259	1,755,720
Total Revenues	42,972,327	41,842,243	3,248,070	2,926,341	46,220,397	44,768,584
Expenses:						
Governmental Activities:						
General Government	5,885,360	5,309,750	—	—	5,885,360	5,309,750
Legislative and Judicial	518,193	430,368	—	—	518,193	430,368
Commerce	347,606	227,343	—	—	347,606	227,343
Education and Humanities	7,632,322	7,471,115	—	—	7,632,322	7,471,115
Human Resources	23,942,692	21,673,444	—	—	23,942,692	21,673,444
Justice	1,535,496	1,478,396	—	—	1,535,496	1,478,396
Natural Resources and Environmental Protection	261,558	238,845	—	—	261,558	238,845
Public Protection and Regulation	52,116	176,146	—	—	52,116	176,146
Transportation	2,413,874	2,486,683	—	—	2,413,874	2,486,683
Interest Expense	188,766	187,454	—	—	188,766	187,454
Business-type Activities:						
State Parks	—	—	135,365	124,468	135,365	124,468
Kentucky Horse Park	—	—	21,512	23,940	21,512	23,940
Kentucky Public Employees Health Plan	—	—	2,827,810	2,258,055	2,827,810	2,258,055
Insurance Administration	—	—	35,686	53,915	35,686	53,915
Unemployment Compensation	—	—	217,990	168,366	217,990	168,366
Total Expenses	42,777,983	39,679,544	3,238,363	2,628,744	46,016,346	42,308,288
Increase (Decrease) in Net Position Before Transfers	194,344	2,162,699	9,707	297,597	204,051	2,460,296
Transfers	(163,860)	(65,662)	163,860	65,662	—	—
Change in Net Position	30,484	2,097,037	173,567	363,259	204,051	2,460,296
Net Position at July 1	7,742,450	5,148,497	1,523,970	1,144,831	9,266,420	6,293,328
Restatements (Note 2)	(496,916)	—	(14,942)	938	(511,858)	938
Net Position, July 1, As Restated	7,245,534	5,148,497	1,509,028	1,145,769	8,754,562	6,294,266
Net Position, June 30	\$ 7,276,018	\$ 7,245,534	\$ 1,682,595	\$ 1,509,028	\$ 8,958,613	\$ 8,754,562

Governmental Activities:

The governmental activities created an increase in the Commonwealth's net position of \$30.5 million. The increase in governmental activities is largely the result of a \$5.1 billion decrease in deferred inflows of resources. Approximately 40.3 percent of the governmental activities' total revenue came from taxes, while 51.0 percent resulted from grants and contributions (including federal aid). Table 4 below (expressed in thousands) presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. Therefore, the net program expenses of these governmental activities were supported by general revenues, mainly taxes.

State Programs	Program Expenses	Program Revenues	Net Program (Expenses) Revenue
General Government	\$ 5,885,360	\$ 1,743,301	\$ (4,142,059)
Legislative and Judicial	518,193	45,646	(472,547)
Commerce	347,606	194,028	(153,578)
Education and Humanities	7,632,322	1,953,979	(5,678,343)
Human Resources	23,942,692	17,936,668	(6,006,024)
Justice	1,535,496	121,709	(1,413,787)
Natural Resources and Environmental Protection	261,558	250,282	(11,276)
Public Protection and Regulation	52,116	212,166	160,050
Transportation	2,413,874	1,440,026	(973,848)
Interest Expense	188,766	—	(188,766)
Totals	\$ 42,777,983	\$ 23,897,805	\$ (18,880,178)

Business-Type Activities:

Table 5 below (expressed in thousands) presents program expenses and revenues for business-type activities. The business-type activities resulted in an increase the Commonwealth's net position by \$173.6 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	\$ 135,365	\$ 51,479	\$ (83,886)
Kentucky Horse Park	21,512	14,599	(6,913)
Kentucky Public Employees Health Plan	2,827,810	2,596,147	(231,663)
Insurance Administration	35,686	113,407	77,721
Unemployment Compensation	217,990	426,324	208,334
Totals	\$ 3,238,363	\$ 3,201,956	\$ (36,407)

Overall Analysis

Financial highlights for the State as a whole during fiscal year ended June 30, 2025, include the following:

- The assets of the State's governmental activities exceeded liabilities (net position) at the close of the fiscal year by \$7.3 billion and the State's business-type activities have assets that exceed liabilities (net position) by \$1.7 billion.
- The State's total net position increased during the year by \$0.2 billion. Net position of governmental activities increased by \$0.0 billion, and net position of business-type activities increased by \$173.6 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, 2025, the Commonwealth's governmental funds reported combined ending fund balances of \$11.9 billion, a net increase of \$0.6 billion in comparison with the prior year. \$77.1 million is non-spendable and is composed of inventories, notes receivables, cash with fiscal agents, and restricted cash that must remain intact. The \$4.9 billion is restricted for certain purposes and is not available to fund current operations. The \$6.9 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, 2025, was \$6.4 billion. The balance reported reflects a decrease of \$274.5 million from the previously reported amount. Total revenues increased by \$85.01 million consisting of \$32.2 million in tax revenues. However, total expenditures increased by \$1.1 billion. Including increases in Education and Humanities by \$500 million to support KTRS contributions and \$398 million for General Government support. Transfers Out increased by \$501 million consisting of \$488 million to the Capital Projects Fund.

The fund balance is segregated into non-spendable and spendable amounts with the spendable amounts further segregated as restricted, committed, assigned, and unassigned. Inventory of \$6.5 million represents the non-spendable amount.

Major Special Revenue Funds:

The major special revenue funds experienced normal cyclical changes in revenues and expenditures. The revenues increased by \$1.4 billion from the previous year, a change of 5.4 percent. Expenditures increased by \$1.0 billion from the previous year, a change of 4.1 percent. The Transportation Fund experienced a slight decrease in revenues and an increase in expenditures, resulting in a decrease in fund balance of \$56.0 million.

Proprietary Funds:

The Commonwealth's proprietary funds reported net position of \$1.8 billion, which included \$1.7 billion in the enterprise funds and \$68.2 million in the internal service funds. This is a total increase in net position of \$315.8 million from the previous year. This change in net position involved mainly from one fund, the Unemployment Compensation which had an increase of \$185.7 million for the 2025 fiscal year. This change is due to an increase in unemployment insurance benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the official revenue forecast for the General Fund decreased. General Fund revenues, for the year, were more than the final budgetary estimates by approximately \$358.1 million. Actual expenditures for the year were approximately \$5.9 billion less than the final budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The Commonwealth's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$31.6 billion, with accumulated depreciation of \$2.5 billion, leaving a net book value of \$29.1 billion. This investment in capital assets includes land, improvements, buildings, equipment, and construction in progress, infrastructure and intangibles. Infrastructure assets are normally immovable and of value only to the Commonwealth, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the Commonwealth's investment in capital assets for the current fiscal year was about 4.6 percent in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$1.8 billion for the year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled \$157.9 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 64,259 lane miles of roads and approximately 9,054 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 increased by \$939.4 million to \$5.7 billion, a 19.6 percent increase during the current fiscal year. The major factors in this increase is a result of the refunding of old issues by the FY2025 new issues. The remaining liability on the retired bonds plus the FY2025 principal payments on the remaining bonds outstanding were greater than the FY2025 issues for new projects. No general obligation bonds were authorized or outstanding at June 30, 2025. 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 Aa2 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: Aa3 by Moody's; AA- by Fitch; A by Standard and Poor's; and A+ by Kroll.

ECONOMIC FACTORS

Kentucky Outlook

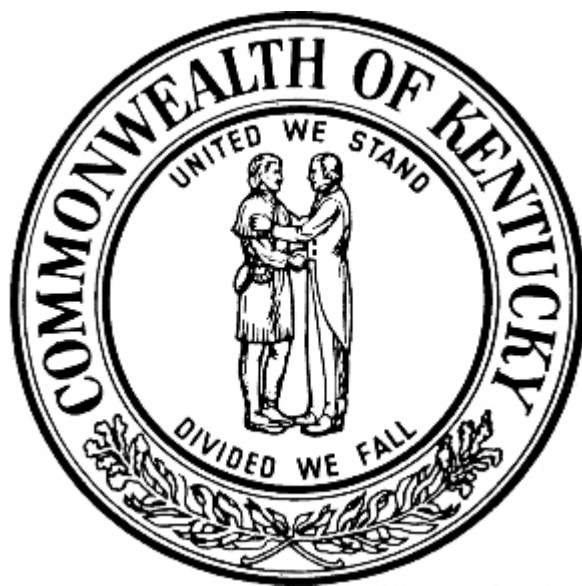
Kentucky non-farm employment is expected to grow 0.6 percent during the forecast horizon. This is down slightly from the 0.7 percent annual growth in the first quarter of FY26. The fastest-growing sector is expected to be educational services employment with 2.7 percent growth, or an increase of 8,700 net jobs, during the forecast horizon. The largest employment sector in Kentucky is trade, transportation, and utilities employment which is expected to grow 0.2 percent, or 1,000 net jobs, during the forecast horizon. Educational services employment makes up 15.9 percent of total Kentucky non-farm employment. Trade, transportation, and utilities employment makes up 20.8 percent of total Kentucky non-farm employment.

Five sectors are expected to lose net jobs during the forecast horizon: construction, mining, manufacturing, information services, and business services. The sector with the slowest growth is mining employment, which is expected to fall 3.3 percent, or 300 net jobs, during the forecast horizon. Mining employment is the smallest employment sector in Kentucky and makes up 0.4 percent of total Kentucky non-farm employment.

Kentucky personal income is expected to increase 4.6 percent, a net increase of \$12.5 billion, in the final three quarters of FY26. All five income-contributing components are expected to growth during the forecast horizon. The fastest-growing component is expected to be proprietors' income, which will grow 6.4 percent, a net increase of \$1.2 billion, in the forecast horizon compared to the same three quarters in FY25. The largest income component in Kentucky is wages and salaries. Wages and salaries makes up 47.6 percent of total Kentucky personal income. It is expected to grow 4.4 percent during the forecast horizon, a net increase of \$5.7 billion, compared to the same three quarters in FY25. Proprietors' income makes up 7.0 percent of total Kentucky personal income.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commonwealth of Kentucky's finances for all of Kentucky's citizens, taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Commonwealth's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Commonwealth of Kentucky, Finance and Administration Cabinet, Office of the Controller, 200 Mero Street, 5th Floor, Frankfort, KY 40622.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
June 30, 2025
(expressed in thousands)

	Primary Government				Component Units
	Governmental	Business-Type	Total		
	Activities	Activities			
Assets					
Cash and cash equivalents (Note 5)	\$ 3,264,812	\$ 633,334	\$ 3,898,146	\$ 4,053,054	
Cash on deposit with the federal Government (Note 5)	—	1,163,749	1,163,749	—	
Cash with fiscal agents (Note 5)	41,621	—	41,621	—	
Restricted cash (Note 5)	45,178	—	45,178	—	
Restricted investments (Note 5)	—	—	—	221,850	
Investments, net of amortization (Note 5)	8,493,379	643,618	9,136,997	4,235,486	
Receivables, net (Note 4)	3,455,649	652,526	4,108,175	4,593,563	
Notes receivable	112,031	—	112,031	—	
Lease receivable (Note 11)	8,367	1,708	10,075	1,479,725	
Internal balances (Note 7)	(357)	357	—	—	
Inventories	79,331	1,610	80,941	174,289	
Prepaid expenses	71,303	222	71,525	108,263	
Unamortized cost of issuance	(1,112)	—	(1,112)	—	
Restricted assets:					
Cash and cash equivalents (Note 5)	—	—	—	1,233,438	
Investments (Note 5)	—	—	—	3,224,484	
Capital assets (Note 6):					
Capital assets being depreciated, net	1,502,114	189,850	1,691,964	8,696,474	
Capital assets not being depreciated	25,085,861	24,926	25,110,787	1,833,701	
Lease assets, net of depreciation	168,457	1,920	170,377	752,051	
Subscription assets, net of amortization	197,860	2,332	200,192	74,584	
Construction in progress	1,850,385	38,072	1,888,457	1,426,749	
Total Capital Assets	28,804,677	257,100	29,061,777	12,783,559	
Other assets	—	—	—	896,697	
Total Assets	44,374,879	3,354,224	47,729,103	33,004,408	
Deferred outflows of resources (Note 16)	4,166,569	40,282	4,206,851	249,553	
Liabilities					
Accounts payable (Note 4)	1,327,890	390,017	1,717,907	1,343,048	
Tax refunds payable	505,597	—	505,597	—	
Unearned revenue	542,137	3,940	546,077	583,256	
Other liabilities	2,188	—	2,188	151,078	
Liabilities from restricted assets	—	—	—	18,332	
Noncurrent liabilities:					
Due within one year (Note 16)	852,527	420,927	1,273,454	987,347	
Due in more than one year (Note 16)	35,639,686	862,658	36,502,344	8,072,524	
Total Liabilities	38,870,025	1,677,542	40,547,567	11,155,585	
Deferred inflows of resources (Note 16)	2,395,405	34,369	2,429,774	1,488,670	
Net Position					
Net investment in capital assets	27,289,703	243,211	27,532,914	7,900,119	
Restricted for:					
Debt service	152,949	—	152,949	539,625	
Capital projects	2,942,175	—	2,942,175	1,194,358	
Highways	656,025	—	656,025	—	
Other purposes (Note 1)	—	1,455,609	1,455,609	5,358,465	
Unrestricted	(23,764,834)	(16,225)	(23,781,059)	5,617,139	
Total Net Position	\$ 7,276,018	\$ 1,682,595	\$ 8,958,613	\$ 20,609,706	

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, 2025
(expressed in thousands)

(Expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 5,885,360	\$ 695,316	\$ 1,047,985	\$ —
Legislative and Judicial	518,193	42,712	2,934	—
Commerce	347,606	59,375	130,934	3,719
Education and Humanities	7,632,322	93,449	1,850,294	10,236
Human Resources	23,942,692	429,310	17,505,557	1,801
Justice	1,535,496	37,314	83,444	951
Natural Resources and Environmental Protection	261,558	51,945	198,337	—
Public Protection and Regulation	52,116	149,289	62,877	—
Transportation	2,413,874	414,158	14,385	1,011,483
Interest expense	188,766	—	—	—
Total Governmental Activities	42,777,983	1,972,868	20,896,747	1,028,190
Business-Type Activities:				
State Parks	135,365	51,479	—	—
Kentucky Horse Park	21,512	14,599	—	—
Kentucky Public Employees Health Plan	2,827,810	2,596,147	—	—
Insurance Administration	35,686	113,407	—	—
Unemployment Compensation	217,990	426,324	—	—
Total Business-Type Activities	3,238,363	3,201,956	—	—
Total Primary Government	\$ 46,016,346	\$ 5,174,824	\$ 20,896,747	\$ 1,028,190
Component Units:				
Authorities:				
Kentucky Housing Corporation	\$ 384,770	\$ 113,937	\$ 303,936	\$ —
Kentucky Higher Education Student Loan Corporation	17,150	27,097	—	—
Kentucky Lottery Corporation	1,775,902	2,156,264	—	—
Kentucky Public Transportation Infrastructure Authority	25,850	79,638	—	—
Universities, Colleges, & Related Entities:				
University of Kentucky	6,891,297	6,033,367	666,809	250,964
University of Louisville	4,269,453	3,645,347	137,785	—
Kentucky Community and Technical College System	675,803	113,176	133,427	—
Other Component Units	2,156,089	912,030	745,595	27,027
Total Component Units	\$ 16,196,314	\$ 13,080,856	\$ 1,987,552	\$ 277,991
General Revenues (Note 1):				
Taxes:				
Sales and gross receipt tax				
Individual income tax				
Corporate income tax				
Property tax				
License and privilege tax				
Severance tax				
Inheritance and estate tax				
Miscellaneous taxes				
Unrestricted grants and contributions				
Unrestricted investment earnings				
Gain (or loss) on sale of capital assets				
Miscellaneous general				
Special items (Note 1)				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position at July 1				
Restatements (Note 2)				
Net Position, July 1, As Restated				
Net Position at June 30				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Totals		
\$ (4,142,059)	\$ —	\$ (4,142,059)		
(472,547)	—	(472,547)		
(153,578)	—	(153,578)		
(5,678,343)	—	(5,678,343)		
(6,006,024)	—	(6,006,024)		
(1,413,787)	—	(1,413,787)		
(11,276)	—	(11,276)		
160,050	—	160,050		
(973,848)	—	(973,848)		
(188,766)	—	(188,766)		
(18,880,178)	—	(18,880,178)		
—	(83,886)	(83,886)		
—	(6,913)	(6,913)		
—	(231,663)	(231,663)		
—	77,721	77,721		
—	208,334	208,334		
—	(36,407)	(36,407)		
(18,880,178)	(36,407)	(18,916,585)		
—	—	—	\$	33,103
—	—	—		9,947
—	—	—		380,362
—	—	—		53,788
—	—	—		59,843
—	—	—		(486,321)
—	—	—		(429,200)
—	—	—		(471,437)
—	—	—		(849,915)
9,283,392	—	9,283,392		—
4,999,633	—	4,999,633		—
1,477,096	—	1,477,096		—
842,997	—	842,997		—
113,006	—	113,006		—
119,625	—	119,625		—
81,998	—	81,998		—
409,493	—	409,493		—
10,480	(5,333)	5,147		1,806,167
327,293	51,137	378,430		452,716
6,075	310	6,385		(11,914)
1,403,434	—	1,403,434		1,292,395
—	—	—		82,544
(163,860)	163,860	—		(296,100)
18,910,662	209,974	19,120,636		3,325,808
30,484	173,567	204,051		2,475,893
7,742,450	1,523,970	9,266,420		18,133,813
(496,916)	(14,942)	(511,858)		—
7,245,534	1,509,028	8,754,562		18,133,813
\$ 7,276,018	\$ 1,682,595	\$ 8,958,613	\$	20,609,706

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Major Funds

General Fund

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

Transportation Fund

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

Federal Fund

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

Agency Revenue Fund

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

Capital Projects Fund

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

Debt Service Fund

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

Non-Major Funds

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

COMMONWEALTH OF KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025
(expressed in thousands)

	<u>General</u>	<u>Transportation</u>	<u>Federal</u>	<u>Agency Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Cash and cash equivalents (Note 5)	\$ 1,628,562	\$ 90,080	\$ 253,387	\$ 331,901	\$ 258,854	\$ 9	\$ 671,381	\$ 3,234,174
Cash with fiscal agents (Note 5)	—	—	—	8,094	—	33,527	1,519	43,140
Restricted cash (Note 5)	—	—	45,178	—	—	—	—	45,178
Investments, net of amortization (Note 5)	4,779,097	483,335	—	1,044,568	1,389,220	23	727,182	8,423,425
Receivables, net (Note 4)	1,625,345	213,573	1,190,059	251,693	57,149	—	116,989	3,454,808
Notes receivable	—	—	—	3,126	—	108,405	500	112,031
Lease receivable	—	—	—	—	—	—	—	—
Interfund receivables (Note 7)	7,786	153	20,667	131,707	641	—	4,103	165,057
Interfund loans receivable (Note 7)	—	—	—	572	—	—	9,949	10,521
Inventories	6,485	66,213	22	4,343	—	—	—	77,063
Total Assets	<u>\$ 8,047,275</u>	<u>\$ 853,354</u>	<u>\$ 1,509,313</u>	<u>\$ 1,776,004</u>	<u>\$ 1,705,864</u>	<u>\$ 141,964</u>	<u>\$ 1,531,623</u>	<u>\$ 15,565,397</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts payable (Note 4)	\$ 500,953	\$ 127,669	\$ 425,457	\$ 96,716	\$ 47,650	\$ —	\$ 29,045	\$ 1,227,490
Tax refunds payable	505,597	—	—	—	—	—	—	505,597
Interfund payables (Note 7)	94,189	196	26,982	21,705	9	—	22,512	165,593
Interfund loans payable (Note 7)	879	—	—	1,741	—	—	3,655	6,275
Unearned revenue	—	—	533,242	8,172	—	—	87	541,501
Total Liabilities	<u>1,101,618</u>	<u>127,865</u>	<u>985,681</u>	<u>128,334</u>	<u>47,659</u>	<u>—</u>	<u>55,299</u>	<u>2,446,456</u>
Deferred inflows of resources Unavailable	<u>513,217</u>	<u>69,464</u>	<u>375,041</u>	<u>103,426</u>	<u>10,424</u>	<u>108,405</u>	<u>62,540</u>	<u>1,242,517</u>
Fund Balances:								
Nonspendable (Note 1)	6,485	66,213	22	4,343	—	—	—	77,063
Restricted for (Note 1)	—	589,812	185,943	1,337,247	1,647,781	33,559	1,084,428	4,878,770
Committed to (Note1)	—	—	—	133,155	—	—	301,484	434,639
Assigned to (Note1)	1,021,190	—	—	69,499	—	—	27,872	1,118,561
Unassigned (Note 1)	5,404,765	—	(37,374)	—	—	—	—	5,367,391
Total Fund Balances	<u>6,432,440</u>	<u>656,025</u>	<u>148,591</u>	<u>1,544,244</u>	<u>1,647,781</u>	<u>33,559</u>	<u>1,413,784</u>	<u>11,876,424</u>
Total Liabilities and Fund Balances	<u>\$ 8,047,275</u>	<u>\$ 853,354</u>	<u>\$ 1,509,313</u>	<u>\$ 1,776,004</u>	<u>\$ 1,705,864</u>	<u>\$ 141,964</u>	<u>\$ 1,531,623</u>	<u>\$ 15,565,397</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, 2025**

(expressed in thousands)

Total Fund Balances - Governmental Funds	\$	11,876,424
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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	\$	349,044	
Buildings, equipment, and other depreciable assets		2,725,273	
Subscription assets		235,756	
Infrastructure		24,716,968	
Accumulated depreciation		(1,494,175)	
Construction in progress		1,766,981	
Leased Buildings, equipment, and other depreciable assets		246,896	
Accumulated depreciation, Leased and Subscription Assets		(181,026)	28,365,717

Certain revenues are earned but not available, and therefore, are deferred in the funds.		1,242,517
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		50,695
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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.		68,191
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Lease obligations	\$	(159,342)	
Subscription liabilities		(134,411)	
Compensated absences		(898,618)	
Pollution remediation obligations		(36,969)	
Judgements and contingencies		(56,533)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations		(61,635)	
Net Pension/Other Postemployment Benefits liabilities and related deferred outflows/inflows		(26,115,419)	(27,462,927)

Long-term bonded debt is not due and payable in the current period and, therefore, is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds; however, these amounts are included in the Statement of Net Position. This is the net effect of these balances on the statement:

Bonds payable	\$	(6,035,776)	
Notes payable		(235,298)	
Unamortized premiums and discounts		(506,038)	
Less deferred amounts on refundings		(3,916)	
Accrued interest payable		(83,571)	(6,864,599)

Net Position of Governmental Activities	\$	7,276,018
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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, 2025
(expressed in thousands)

	General	Transportation	Federal	Agency Revenue	Capital Projects	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 14,732,339	\$ 1,642,893	\$ 5	\$ 630,726	\$ —	\$ —	\$ 209,028	\$ 17,214,991
Licenses, fees, and permits	26,864	172,947	223	312,049	—	—	15,977	528,060
Intergovernmental	7,131	55	21,189,487	94,917	59,400	—	22,348	21,373,338
Charges for services	357,453	12,444	2,884	676,382	501	62,171	423,385	1,535,220
Fines and forfeits	31,186	1	1,646	9,173	9	—	18,541	60,556
Interest and other investment income	147,501	13,942	(14,989)	28,629	115,468	608	26,172	317,331
Increase (decrease) in fair value of investments	185,073	4,891	21,768	9,400	37,184	5	18,490	276,811
Other revenues	54,128	8,789	130,819	1,633,972	5,391	146,095	163,413	2,142,607
Total Revenues	15,541,675	1,855,962	21,331,843	3,395,248	217,953	208,879	897,354	43,448,914
Expenditures								
Current:								
General Government	2,965,699	—	317,448	361,406	—	—	587,714	4,232,267
Legislative and Judicial	530,644	—	3,102	62,515	—	—	—	596,261
Commerce	75,208	—	95,885	74,148	—	—	4,536	249,777
Education and Humanities	5,646,652	—	1,799,077	56,714	—	—	127,142	7,629,585
Human Resources	3,847,789	—	17,391,219	2,739,347	—	—	41,758	24,020,113
Justice	1,246,183	—	80,458	140,397	—	—	3,451	1,470,489
Natural Resources and Environmental Protection	88,397	—	119,536	60,346	—	—	4,246	272,525
Public Protection and Regulation	22,483	—	59,874	93,599	—	—	1,458	177,414
Transportation	72,921	1,771,956	912,555	182,674	—	—	180,765	3,120,871
Debt service:								
Principal retirement	—	—	—	—	—	337,237	192,172	529,409
Interest and fiscal charges	—	—	—	—	—	152,482	59,129	211,611
Other expenditures	—	—	—	—	—	125,097	215	125,312
Capital outlay:								
Buildings	—	—	—	—	1,714,699	—	—	1,714,699
Total Expenditures	14,495,976	1,771,956	20,779,154	3,771,146	1,714,699	614,816	1,202,586	44,350,333
Excess (Deficiency) of Revenues over (under) Expenditures	1,045,699	84,006	552,689	(375,898)	(1,496,746)	(405,937)	(305,232)	(901,419)
Other Financing Sources (Uses)								
Transfers in	88,993	2,866	185	612,857	879,875	425,684	879,132	2,889,592
Transfers out	(1,423,705)	(155,716)	(234,518)	(426,053)	(169,672)	—	(671,362)	(3,081,026)
Leases and SBITA	14,649	12,830	10,192	12,542	—	—	691	50,904
Issuance of bonds:								
New issues	—	—	—	—	1,365,534	—	93,449	1,458,983
Refunding issues	—	—	—	—	—	150,258	162,314	312,572
Premiums	—	—	—	—	157,575	14,618	1,940	174,133
Discounts	—	—	—	—	—	—	(523)	(523)
Payments to refunded bond escrow agent	—	—	—	—	—	(163,950)	(160,908)	(324,858)
Total Other Financing Sources (Uses)	(1,320,063)	(140,020)	(224,141)	199,346	2,233,312	426,610	304,733	1,479,777
Net Change in Fund Balances	(274,364)	(56,014)	328,548	(176,552)	736,566	20,673	(499)	578,358
Fund Balances at July 1	6,706,934	718,351	(178,598)	1,843,439	911,215	12,886	1,414,304	11,428,531
Restatements (Note 2)	—	—	—	(122,003)	—	—	(21)	(122,024)
Fund Balances at July 1, as Restated	6,706,934	718,351	(178,598)	1,721,436	911,215	12,886	1,414,283	11,306,507
Increase (decrease) in inventories	(130)	(6,312)	(1,359)	(640)	—	—	—	(8,441)
Fund Balances at June 30	\$ 6,432,440	\$ 656,025	\$ 148,591	\$ 1,544,244	\$ 1,647,781	\$ 33,559	\$ 1,413,784	\$ 11,876,424

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, 2025
(expressed in thousands)**

Net Change in Fund Balances-Total Governmental Funds		\$ 578,358
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	\$ (59,013)	
Donated assets, acquisition value	—	
Buildings, equipment, and other depreciable assets	217,533	
Infrastructure	556,579	
Accumulated depreciation	(232,753)	482,346
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(187,925)
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	\$ 74,329	
Inventories	(11,161)	63,168
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.		
		142,216
Certain expenditures are reported in the funds; however, they either increase or decrease long-term liabilities reported on the Statement of Net Position and have been eliminated from the Statement of Activities.		
Lease payments	\$ 66,767	
Subscription payments	65,770	
Compensated absence payments	(183,668)	
Pollution remediation payments	(11,778)	
Litigation payments	(47,319)	
Lexington-Fayette Urban County Government Public Facilities Corporation (LFUCGPFC) - Memorandum of Understanding (MOU) obligations	(7,670)	
Excess contributions to pension funds	247,746	129,848
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bond and note proceeds and premiums received	\$ (1,969,123)	
Leases	(29,862)	
Subscription-based IT arrangements	(21,041)	
Repayment of bond principal	533,660	
Payment to refunded bond escrow agent	323,548	
Accrued interest	(26,069)	
Loss on refunding	12,661	
Unamortized issue costs	(1,301)	(1,177,527)
Change in Net Position of Governmental Activities		\$ 30,484

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.

Self Insurance Fund provides for workers' compensation claims of defunct self-insured employers whose security deposits were insufficient to cover liabilities for injuries occurring prior to March 1, 1997.

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

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

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

Kentucky Public Employees Health Insurance Fund

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

Unemployment Compensation Fund

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

Internal Service Funds

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

COMMONWEALTH OF KENTUCKY
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2025
(expresses in thousands)

	Business-Type Activities-		
	State Parks	Kentucky Horse Park	Insurance Administration
Assets			
Current assets:			
Cash and cash equivalents (Note 5)	\$ 20,372	\$ 3,957	\$ 125,226
Cash on deposit with the federal government (Note 5)	—	—	—
Investments, net of amortization (Note 5)	—	—	13,228
Receivables, net (Note 4)	5,416	7,148	17,220
Interfund receivable (Note 7)	127	—	369
Lease receivable (Note 11)	—	33	—
Inventories	1,290	320	—
Prepaid expenses	—	—	—
Total Current Assets	27,205	11,458	156,043
Noncurrent assets:			
Investments, net of amortization (Note 5)	91,666	14,827	400,060
Lease receivable (Note 11)	—	1,675	—
Capital assets (Note 6):			
Capital assets being depreciated, net	106,131	80,813	2,906
Capital assets not being depreciated	20,473	4,453	—
Lease assets, net of depreciation	335	—	1,585
Subscription assets, net of amortization	283	—	—
Construction in progress	33,594	4,478	—
Total Capital Assets	160,816	89,744	4,491
Total Noncurrent Assets	252,482	106,246	404,551
Total Assets	279,687	117,704	560,594
Deferred outflows of resources (Note 16)	20,385	2,779	15,262
Liabilities			
Current liabilities:			
Accounts payable (Note 4)	9,787	948	1,303
Interfund payable (Note 7)	34	7	98
Interfund loans payable (Note 7)	—	—	—
Claims liability (Note 16)	—	—	49,204
Claims adjustment liability (Note 16)	—	—	13,622
Lease obligations (Note 11) (Note 16)	106	—	406
Subscription liability (Note 11) (Note 16)	283	—	—
Notes payable (Note 16)	2,064	—	—
Pollution remediation (Note 16)	—	39	—
Compensated absences (Note 16)	10,027	1,324	1,285
Unearned revenue	2,830	1,110	—
Other liabilities (Note 16)	—	—	—
Total Current Liabilities	25,131	3,428	65,918
Noncurrent liabilities:			
Claims liability (Note 16)	—	—	403,128
Claims adjustment liability (Note 16)	—	—	54,136
Lease obligations (Note 11) (Note 16)	250	—	1,256
Subscription liability (Note 11) (Note 16)	—	—	—
Notes payable (Note 16)	7,244	—	—
Compensated absences (Note 16)	2,854	70	3,352
Net pension liability (Note 8) (Note 16)	180,054	19,374	93,424
Net OPEB liability (Note 9) (Note 16)	9,395	769	5,948
Other liabilities (Note 16)	—	—	—
Total Noncurrent Liabilities	199,797	20,213	561,244
Total Liabilities	224,928	23,641	627,162
Deferred inflows of resources (Note 16)	13,500	3,374	14,802
Net Position			
Net investment in capital assets	150,869	89,516	2,826
Restricted for:			
Other purposes (Note 1)	—	—	—
Unrestricted	(89,225)	3,952	(68,934)
Total Net Position	\$ 61,644	\$ 93,468	\$ (66,108)

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, 2025	Activities- Internal Service Funds	
\$ 465,511	\$ 18,268	\$ 633,334	\$ 29,118	
—	1,163,749	1,163,749	—	
—	—	13,228	—	
240,330	382,412	652,526	841	
—	—	496	181	
—	—	33	—	
—	—	1,610	2,268	
222	—	222	20,269	
706,063	1,564,429	2,465,198	52,677	
123,837	—	630,390	69,954	
—	—	1,675	—	
—	—	189,850	271,017	
—	—	24,926	19,849	
—	—	1,920	1,500	
2,049	—	2,332	63,189	
—	—	38,072	83,405	
2,049	—	257,100	438,960	
125,886	—	889,165	508,914	
831,949	1,564,429	3,354,363	561,591	
1,856	—	40,282	16,144	
329,660	48,319	390,017	21,540	
—	—	139	2	
—	—	—	4,246	
143,286	—	192,490	36,379	
—	—	13,622	711	
—	—	512	81	
269	—	552	38,799	
—	—	2,064	386	
—	—	39	—	
312	—	12,948	2,890	
—	—	3,940	636	
198,700	—	198,700	—	
672,227	48,319	815,023	105,670	
—	—	403,128	179,722	
—	—	54,136	5,449	
—	—	1,506	1,458	
1,912	—	1,912	6,163	
—	—	7,244	395	
372	—	6,648	10,968	
17,582	—	310,434	168,478	
1,037	—	17,149	10,003	
—	60,501	60,501	—	
20,903	60,501	862,658	382,636	
693,130	108,820	1,677,681	488,306	
2,693	—	34,369	21,238	
—	—	243,211	393,241	
—	1,455,609	1,455,609	—	
137,982	—	(16,225)	(325,050)	
\$ 137,982	\$ 1,455,609	\$ 1,682,595	\$ 68,191	

COMMONWEALTH OF KENTUCKY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(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	\$ 50,964	\$ —	\$ —
Horse park admissions and sales	—	14,139	—
Insurance receipts	—	—	113,407
Unemployment insurance receipts	—	—	—
Internal service fund receipts	—	—	—
Other services	515	460	—
Total Operating Revenues	<u>51,479</u>	<u>14,599</u>	<u>113,407</u>
Operating Expenses:			
Personal services	57,005	7,181	19,465
Utilities, rental, and other services	26,801	5,208	3,670
Commodities and supplies	38,670	4,080	831
Grants and subsidies	—	—	—
Depreciation and amortization	12,338	5,034	1,040
Travel	253	9	211
Claims expense	(113)	—	10,342
Claims adjustment expense	—	—	(285)
Other expenses	(94)	—	24
Total Operating Expenses	<u>134,860</u>	<u>21,512</u>	<u>35,298</u>
Operating Income (Loss)	<u>(83,381)</u>	<u>(6,913)</u>	<u>78,109</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	584	(274)	—
Interest and other investment income	—	62	21,960
Increase (decrease) in fair value of investments	—	—	8,980
Interest expense	(505)	—	(88)
Intergovernmental	8	4,387	(9,728)
Other revenues (expenses)	—	—	(300)
Total Nonoperating Revenues (Expenses)	<u>87</u>	<u>4,175</u>	<u>20,824</u>
Income (Loss) before Capital Contributions and Transfers	(83,294)	(2,738)	98,933
Capital contributions			
Transfers in	175,590	23,666	2,054
Transfers out	(2,160)	(161)	(12,677)
Change in Net Position	<u>90,136</u>	<u>20,767</u>	<u>88,310</u>
Net Position at July 1	(20,899)	73,453	(148,056)
Restatements (Note 2)	(7,593)	(752)	(6,362)
Net Position at July 1, as Restated	<u>(28,492)</u>	<u>72,701</u>	<u>(154,418)</u>
Net Position at June 30	<u>\$ 61,644</u>	<u>\$ 93,468</u>	<u>\$ (66,108)</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, 2025	Activities- Internal Service Funds
\$ —	\$ —	\$ 50,964	\$ —
—	—	14,139	—
2,596,147	—	2,709,554	—
—	426,324	426,324	—
—	—	—	282,776
—	—	975	89,259
2,596,147	426,324	3,201,956	372,035
5,474	—	89,125	35,336
1,754	42	37,475	77,061
869	—	44,450	33,309
—	217,948	217,948	532
—	—	18,412	69,828
1	—	474	80
2,585,632	—	2,595,861	33,897
133,500	—	133,215	(373)
100,469	—	100,399	—
2,827,699	217,990	3,237,359	249,670
(231,552)	208,334	(35,403)	122,365
—	—	310	500
20,135	—	42,157	392
—	—	8,980	583
(111)	—	(704)	(9,190)
—	—	(5,333)	—
—	—	(300)	(8)
20,024	—	45,110	(7,723)
(211,528)	208,334	9,707	114,642
152	—	201,462	41,125
—	(22,604)	(37,602)	(13,551)
(211,376)	185,730	173,567	142,216
349,593	1,269,879	1,523,970	(47,952)
(235)	—	(14,942)	(26,073)
349,358	1,269,879	1,509,028	(74,025)
\$ 137,982	\$ 1,455,609	\$ 1,682,595	\$ 68,191

COMMONWEALTH OF KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Business-Type Activities -		
	State Parks	Kentucky Horse Park	Insurance Administration
Cash Flows from Operating Activities			
Cash received from customers - public	\$ 46,950	\$ 8,749	\$ 115,854
Cash received from customers - state	1,221	165	1,230
Cash payments to suppliers for goods and services	(62,085)	(12,305)	(4,656)
Cash payments for employee salaries and benefits	(74,758)	(11,743)	(28,553)
Cash payments for claims expense	113	—	(43,711)
Cash payments from other sources	515	—	478
Cash payments to other sources	91	2,833	(11,179)
Net Cash Provided (Used) by Operating Activities	(87,953)	(12,301)	29,463
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	175,590	23,666	2,054
Transfers to other funds	(2,160)	(161)	(12,677)
Intergovernmental	9	4,387	(296)
Net Cash Provided (Used) by Noncapital Financing Activities	173,439	27,892	(10,919)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(22,476)	(5,036)	(628)
Principal paid on revenue bond maturities and equipment contracts	(2,771)	—	(447)
Interest paid on revenue bonds and equipment contracts	326	—	(88)
Proceeds from the sale of capital assets	1	38	—
Net Cash Provided (Used) for Capital and Related Financing Activities	(24,920)	(4,998)	(1,163)
Cash Flows from Investing Activities			
Purchase of investment securities	(51,630)	(8,773)	(40,656)
Proceeds from the sale of investment securities	—	—	35,160
Interest and dividends on investments	(505)	61	21,678
Net Cash Provided (Used) in Investing Activities	(52,135)	(8,712)	16,182
Net Increase (Decrease) in Cash and Cash Equivalents	8,431	1,881	33,563
Cash and Cash Equivalents at July 1, As Restated	11,941	2,076	91,663
Cash and Cash Equivalents at June 30	<u>\$ 20,372</u>	<u>\$ 3,957</u>	<u>\$ 125,226</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ (83,381)	\$ (6,913)	\$ 78,109
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	12,338	5,034	1,040
Miscellaneous nonoperating income (expense)	—	—	(11,129)
Change in assets and liabilities:			
(Increase) decrease in assets:			
Receivables, net	(1,321)	(2,851)	3,679
Interfund receivables	(16)	—	(529)
Inventories	212	(81)	—
Prepaid expenses	166	—	—
(Increase) decrease in deferred outflows	1,643	(348)	41,265
Increase (decrease) in liabilities:			
Accounts payable	3,381	(2,829)	(1)
Interfund payables	(374)	(33)	—
Claims liability	—	—	(35,340)
Claims adjustment liability	—	—	1,646
Compensated absences	(816)	(41)	1,231
Unearned revenue	(1,458)	(1)	—
Pension liability	(5,328)	46	(10,171)
OPEB liability	(591)	(5)	(356)
Other liabilities	—	(65)	—
Increase (decrease) in deferred inflows	(12,408)	(4,214)	(39,981)
Net Cash Provided (Used) by Operating Activities	<u>\$ (87,953)</u>	<u>\$ (12,301)</u>	<u>\$ 29,463</u>
Noncash Investing, Capital, and Financing Activities			
Change in fair value of investments	\$ —	\$ —	\$ 8,980
Contributions of capital assets	—	—	—
Capital assets acquired through leases	—	11,882	—
Right of use asset obtained in exchange for new lease liability	—	—	—
Capital asset acquisition in accounts payable	—	—	—
Total Noncash Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ 11,882</u>	<u>\$ 8,980</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, 2025		
\$ 309,484	\$ 415,157	\$ 896,194	\$ 134,228	
1,891,746	—	1,894,362	239,747	
(6,757)	(46)	(85,849)	(146,782)	
(4,688)	—	(119,742)	(68,281)	
(2,406,445)	—	(2,450,043)	(39,985)	
338,965	—	339,958	1,048	
—	(216,517)	(224,772)	(525)	
122,305	198,594	250,108	119,450	
152	—	201,462	41,125	
—	(22,604)	(37,602)	(13,551)	
—	620	4,720	(8)	
152	(21,984)	168,580	27,566	
—	—	(28,140)	(55,625)	
(257)	—	(3,475)	(49,249)	
(110)	—	128	(5)	
—	—	39	655	
(367)	—	(31,448)	(104,224)	
37,633	—	(63,426)	(21,753)	
—	—	35,160	5,226	
19,883	—	41,117	(8,210)	
57,516	—	12,851	(24,737)	
179,606	176,610	400,091	18,055	
285,905	1,005,407	1,396,992	11,063	
\$ 465,511	\$ 1,182,017	\$ 1,797,083	\$ 29,118	
\$ (231,552)	\$ 208,334	\$ (35,403)	\$ 122,365	
—	—	18,412	69,828	
293	—	(10,836)	—	
(55,989)	(11,167)	(67,649)	(99)	
—	—	(545)	2,579	
—	—	131	257	
250	—	416	(16,925)	
(1,116)	—	41,444	5,885	
280,071	1,431	282,053	(11,541)	
—	(4)	(411)	(6,801)	
(627)	—	(35,967)	(7,342)	
—	—	1,646	(373)	
89	—	463	1,492	
—	—	(1,459)	624	
(2,784)	—	(18,237)	(16,730)	
(205)	—	(1,157)	(2,824)	
133,500	—	133,435	—	
375	—	(56,228)	(20,945)	
\$ 122,305	\$ 198,594	\$ 250,108	\$ 119,450	
\$ —	\$ —	\$ 8,980	\$ 583	
—	—	—	(37,837)	
—	—	11,882	—	
—	—	—	—	
—	—	—	—	
\$ —	\$ —	\$ 20,862	\$ (37,254)	

FIDUCIARY FUNDS FINANCIAL STATEMENTS

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

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

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

Specific activities listed under the Private Purpose Trust Funds are:

Special Deposit Trust Fund
Commonwealth Choice Program

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

Specific activities listed under Custodial Funds are:

County Fees Trust Fund

Private Purpose Trust Funds and Custodial Funds

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

COMMONWEALTH OF KENTUCKY
STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS
June 30, 2025
(expressed in thousands)

	Pension (and Other Post Employment Benefit)			Private Purpose	Custodial
	Trust Funds	Trust Funds		Trust Funds	Funds
Assets					
Cash and cash equivalents (Note 5)	\$ 6,751,215	\$ 218,810	\$	—	—
Investments, net of amortization (Note 5)	—	1,087,405		—	—
Pension trust fund investments (Note 5):					
Corporate and government bonds	9,116,675	—		—	—
Common stocks	35,532,729	—		—	—
Specialty Credit	6,057,723	—		—	—
Alternatives	2,583,241	—		—	—
Derivatives	35	—		—	—
Real estate	3,457,961	—		—	—
Other	4,274,897	—		—	—
Invested security collateral	731,368	—		—	—
Receivables, net	937,642	12,004		22,189	—
Prepaid expenses	14	—		—	—
Capital assets, net	4,317	—		—	—
Total Assets	69,447,817	1,318,219		22,189	—
Liabilities					
Investments - accounts payable	603,739	—		—	—
Accounts payable	69,544	505,846		834	—
Obligations under securities lending	731,368	—		—	—
Total Liabilities	1,404,651	505,846		834	—
Net Position					
Restricted for:					
Pensions	55,131,200	—		—	—
Other postemployment Benefits	12,911,966	—		—	—
Individuals , Organizations, and other Governments	—	812,373		21,355	—
Total Net Position	\$ 68,043,166	\$ 812,373	\$	21,355	—

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, 2025
(expressed in thousands)

	Pension (and Other Post Employment Benefit) Trust Funds	Private Purpose Trust Funds	Custodial Funds
Additions			
Contributions:			
Employer	\$ 3,841,096	\$ —	\$ —
Member	1,183,382	—	—
Non-Employer	—	—	—
Total Contributions	5,024,478	—	—
Other Contributions:			
Participant fees	6,637	—	—
Other receipts	325,004	585,833	219,663
Total Other Contributions	331,641	585,833	219,663
Investment income:			
Net increase (decrease) in fair value of investments	5,970,800	—	—
Interest	1,257,889	—	—
Dividends	266,660	—	—
Real estate operating income, net	26,126	—	—
Securities lending income, net	85,172	(3,712)	—
Total Investment Income	7,606,647	(3,712)	—
Less: Investment expense	299,923	—	—
Less: Securities lending expense	111,233	—	—
Net Investment Income	7,195,491	(3,712)	—
Total Additions	12,551,610	582,121	219,663
Deductions			
Benefit payments	5,471,509	40,829	—
Refunds	82,623	—	—
Administrative expenses	71,316	117	—
Self funding insurance costs	—	—	—
Healthcare premiums subsidies	389,113	—	—
Other deductions, net	173,066	414,279	223,766
Total Deductions	6,187,627	455,225	223,766
Change in Net Position	6,363,983	126,896	(4,103)
Net Position			
Restricted for:			
Pensions	55,131,200	—	—
Other Postemployment Benefits	12,911,966	—	—
Individuals , Organizations, and other Governments	—	812,373	21,355
Net Position at July 1	61,679,183	685,477	25,458
Net Position at June 30	\$ 68,043,166	\$ 812,373	\$ 21,355

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

COMPONENT UNITS FINANCIAL STATEMENTS

Major Component Units

Kentucky Housing Corporation

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

Kentucky Higher Education Student Loan Corporation

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

Kentucky Lottery Corporation

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

Kentucky Public Transportation Infrastructure Authority (KPTIA)

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

Universities, Colleges, and Related Entities

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

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

Non-Major Component Units

The non-major component units are presented beginning on page 266

COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
COMPONENT UNITS
June 30, 2025
(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)	\$ 2,010,244	\$ 165,983	\$ 415,852	\$ 112,250
Restricted cash (Note 5)	—	36,416	—	—
Restricted investments (Note 5)	—	—	—	—
Investments, net of amortization (Note 5)	25,054	342,038	—	359,780
Accounts receivable, net	1,201,648	519,958	42,358	6,796
Interest receivable	3,443	—	52	—
Inventories	100,817	68,070	—	—
Prepaid expenses	57,799	33,701	—	—
Other current assets	2,963	265,155	2,044	67,981
Total Current Assets	3,401,968	1,431,321	460,306	546,807
Noncurrent assets:				
Restricted cash (Note 5)	336,960	4,178	175,057	—
Long-term investments (Note 5)	599,571	1,323,900	23,049	616,901
Restricted long-term investments (Note 5)	2,798,380	—	108,510	—
Long-term receivables, net	765,274	772,551	2,646	261,578
Long-term Lease receivables (Note 11)	—	—	—	—
Capital assets (Note 6):				
Capital assets being depreciated, net	3,772,200	1,352,998	692,824	3,377
Capital assets not being depreciated	350,899	216,714	31,479	1,089
Lease assets, net	75,408	611,943	7,506	—
Subscription assets, net	32,155	11,973	5,581	—
Construction in progress	986,218	306,018	134,315	—
Total capital assets	5,216,880	2,499,646	871,705	4,466
Other assets	22,087	166,625	42,880	4,757
Total Noncurrent Assets, Net	9,739,152	4,766,900	1,223,847	887,702
Total Assets	13,141,120	6,198,221	1,684,153	1,434,509
Deferred outflows of resources (Note 16)	30,191	23,098	17,390	—
Liabilities				
Current liabilities:				
Accounts payable and accruals	717,234	415,680	26,979	36,470
Current portion of long-term debt:				
Notes payable (Note 16)	3,430	3,218	7,939	—
Bonds payable (Note 16)	64,869	27,106	—	32,955
Lease obligations (Note 11)(Note 16)	27,028	46,920	2,936	—
Subscription liability (Note 11)(Note 16)	12,419	4,754	1,743	—
Compensated absences (Note 16)(Note 17)	830	100,984	2,049	—
Claims liability (Note 16)	—	48,355	—	—
Prize liability (Note 16)	—	—	—	—
Unearned revenues	126,379	53,613	13,967	53,041
Payable from restricted assets	—	—	—	—
Other current liabilities	43,357	49,469	2,313	19,199
Total Current Liabilities	995,546	750,099	57,926	141,665
Noncurrent liabilities:				
Notes payable (Note 16)	45,359	52,271	90,843	—
Bonds payable (Note 16)	1,228,583	664,936	—	761,851
Lease obligations (Note 11)(Note 16)	50,219	634,253	3,480	—
Subscription liability (Note 11)(Note 16)	13,989	6,815	4,525	—
Prize liability (Note 16)	—	—	—	—
Compensated absences (Note 16)(Note 17)	3,928	1,191	18,443	—
Net pension liability (Note 8) (Note 16)	2,668	—	142,013	—
Net OPEB liability (Note 9) (Note 16)	14,020	91,667	11,726	—
Other long-term liabilities	628,511	66,521	—	11,616
Total Noncurrent Liabilities	1,987,277	1,517,654	271,030	773,467
Total Liabilities	2,982,823	2,267,753	328,956	915,132
Deferred inflows of resources (Note 16)	499,692	668,333	33,507	—
Net Position				
Net investment in capital assets	2,941,153	1,791,186	759,268	4,466
Restricted for:				
Debt service	358	56,779	—	300,070
Capital projects	631,389	30,418	156,868	—
Other purposes (Note 1)	1,733,266	638,988	183,154	—
Unrestricted	4,382,630	767,862	239,790	214,841
Total Net Position	\$ 9,688,796	\$ 3,285,233	\$ 1,339,080	\$ 519,377

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

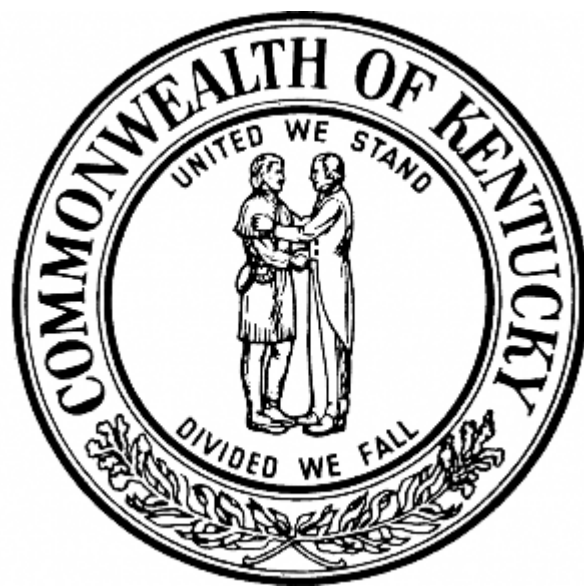
Authorities				
Kentucky Higher Education Student Loan Corporation	Kentucky Lottery Corporation	Kentucky Public Transportation Infrastructure Authority	Non-Major Component Units	All Component Units Totals June 30, 2025
\$ 40,808	\$ 40,710	\$ 10,013	\$ 1,257,194	\$ 4,053,054
—	—	—	172,432	208,848
—	—	—	221,850	221,850
—	1,256	181,800	40,376	950,304
58	77,885	25,889	273,795	2,148,387
21,882	—	—	1,167	26,544
—	—	—	5,402	174,289
582	—	—	16,181	108,263
83,100	1,162	—	117,548	539,953
146,430	121,013	217,702	2,105,945	8,431,492
139,494	—	—	368,901	1,024,590
10,111	6,353	—	705,297	3,285,182
—	—	—	317,594	3,224,484
572,650	—	—	43,933	2,418,632
—	—	—	1,479,725	1,479,725
322	4,113	66,572	2,804,068	8,696,474
—	423	1,051,970	181,127	1,833,701
761	1,712	—	54,721	752,051
—	—	—	24,875	74,584
198	—	—	—	1,426,749
1,281	6,248	1,118,542	3,064,791	12,783,559
—	4,583	4,710	111,102	356,744
723,536	17,184	1,123,252	6,091,343	24,572,916
869,966	138,197	1,340,954	8,197,288	33,004,408
8,602	—	19,143	151,129	249,553
1,561	10,797	27,125	107,202	1,343,048
—	—	1,149	35,109	50,845
15,435	—	215	388,430	529,010
416	1,712	—	28,776	107,788
—	—	—	10,106	29,022
2,968	1,695	—	26,715	135,241
—	—	—	—	48,355
—	87,086	—	—	87,086
—	12,873	—	323,383	583,256
—	—	—	18,332	18,332
1,546	—	—	35,194	151,078
21,926	114,163	28,489	973,247	3,083,061
—	—	441,501	7,648	637,622
681,326	—	336,080	849,741	4,522,517
397	—	—	84,175	772,524
—	—	—	18,079	43,408
—	6,986	—	—	6,986
—	482	—	15,556	39,600
54,424	—	—	893,788	1,092,893
3,723	—	—	75,616	196,752
1,328	—	—	52,246	760,222
741,198	7,468	777,581	1,996,849	8,072,524
763,124	121,631	806,070	2,970,096	11,155,585
13,750	—	—	273,388	1,488,670
520	—	452,055	1,951,471	7,900,119
—	4,536	171,664	6,218	539,625
92,185	—	—	283,498	1,194,358
5,166	—	—	2,797,891	5,358,465
3,823	12,030	(69,692)	65,855	5,617,139
\$ 101,694	\$ 16,566	\$ 554,027	\$ 5,104,933	\$ 20,609,706

COMMONWEALTH OF KENTUCKY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
June 30, 2025
(expressed in thousands)

	Universities, Colleges, and Related Entities			
	University of Kentucky	University of Louisville	Kentucky Community and Technical College System	Kentucky Housing Corporation
Expenses:				
Operating and other expenses	\$ 6,891,297	\$ 4,269,453	\$ 675,803	\$ 384,770
Total Expenses	6,891,297	4,269,453	675,803	384,770
Program Revenues:				
Charges for services	6,033,367	3,645,347	113,176	113,937
Operating grants and contributions	666,809	137,785	133,427	303,936
Capital grants and contributions	250,964	—	—	—
Total Program Revenues	6,951,140	3,783,132	246,603	417,873
Net Program (Expense) Revenue	59,843	(486,321)	(429,200)	33,103
General Revenues:				
Unrestricted grants and contributions	204,889	421,764	472,294	—
Unrestricted investment earnings	169,713	137,370	35,199	—
Gain on sale of capital assets	—	—	(11,154)	—
Miscellaneous general	658,263	407,592	5,655	—
Special items (Note 1)	—	—	—	—
Transfers	—	(69,635)	55,244	—
Total General Revenues	1,032,865	897,091	557,238	—
Change in Net Position	1,092,708	410,770	128,038	33,103
Net Position at July 1	8,596,088	3,073,805	1,221,320	486,274
Restatement (Note 2)	—	(199,342)	(10,278)	—
Net Position at July 1, As Restated	8,596,088	2,874,463	1,211,042	486,274
Net Position at June 30	\$ 9,688,796	\$ 3,285,233	\$ 1,339,080	\$ 519,377

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, 2025
\$ 17,150	\$ 1,775,902	\$ 25,850	\$ 2,156,089	\$ 16,196,314
17,150	1,775,902	25,850	2,156,089	16,196,314
27,097	2,156,264	79,638	912,030	13,080,856
—	—	—	745,595	1,987,552
—	—	—	27,027	277,991
27,097	2,156,264	79,638	1,684,652	15,346,399
9,947	380,362	53,788	(471,437)	(849,915)
—	—	108	707,112	1,806,167
—	2,283	(25,874)	134,025	452,716
—	(396)	—	(364)	(11,914)
—	246	—	220,639	1,292,395
—	—	—	82,544	82,544
—	(382,476)	—	100,767	(296,100)
—	(380,343)	(25,766)	1,244,723	3,325,808
9,947	19	28,022	773,286	2,475,893
91,747	16,547	526,005	4,345,965	18,357,751
—	—	—	(14,318)	(223,938)
91,747	16,547	526,005	4,331,647	18,133,813
\$ 101,694	\$ 16,566	\$ 554,027	\$ 5,104,933	\$ 20,609,706



NOTES TO FINANCIAL STATEMENTS

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Note 1

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

B. Financial Reporting Entity

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

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

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

Blended Component Units

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

Kentucky Public Pensions Authority (KPPA) (KRS 61.505)

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

Kentucky Teachers' Retirement System (KRS 161.220)

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

Judicial Form Retirement System (KRS 21.530)

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

Turnpike Authority of Kentucky (KRS 175.430)

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

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

The Kentucky Public Employees' Deferred Compensation Authority administers two deferred compensation plans as authorized by sections 457 and 401(k) of the United States Internal Revenue Code. The plans are defined contribution plans with more than 900 participating employers. Employees of the Commonwealth, agencies, public school systems, universities, and local governments, are eligible to contribute on a pre-tax basis through payroll deductions. In no event shall the 457, 401(k) or Deemed IRA Trust Funds be used for, or diverted to, purposes other than the exclusive benefit of the participants and beneficiaries or in the payment of the expenses of the Plans and Trust. The board includes three ex officio members and four members appointed by the Governor.

KentuckyWired Infrastructure Company, Incorporated

The KentuckyWired Infrastructure Company, Inc. (KWIC) is a nonprofit corporation that was formed to finance the "Next Generation Kentucky Information Highway" project. Its purpose is to provide reliable, high-speed internet access across Kentucky, connect key public sites, and promote economic development. The board consists of three members appointed by the Governor.

Kentucky School Facilities Construction Commission (KRS 157.617)

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

Administrative Entities

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

State Property and Buildings Commission (KRS 56.450)

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

Kentucky Asset/Liability Commission (KRS 56.861)

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

Kentucky Tobacco Settlement Trust Corporation (KRS 248.654)

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

Kentucky Gas Pipeline Authority (KRS 353.752)

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

Kentucky State Board of Agriculture (KRS 246.120)

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

Discretely Presented Component Units

The component unit column in the combined financial statements includes the financial information of the discretely presented component units. These component units are legally separate entities that have a financial interdependence with the primary government or for which the primary government controls operations or the selection of board members. Component units that are not material to the State's financial statements have been excluded. These component units are reported together in a separate column to reflect that they are legally separate, but their interdependence necessitates their inclusion in the reporting entity.

Kentucky Public Transportation Infrastructure Authority (KRS 175B.015)

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

Kentucky River Authority (KRS 151.710)

The Kentucky River Authority is legally separate from the Commonwealth. It is charged with developing comprehensive plans for the management of the Kentucky River Basin. The Governor appoints the twelve members of this authority. A financial benefit and burden exists between the Commonwealth and the authority.

Kentucky Housing Corporation (KRS 198A.030)

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

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

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

Bluegrass State Skills Corporation (KRS 154.12-205)

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

Kentucky State Fair Board (KRS 247.090)

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

Kentucky Center for the Arts Corporation (KRS 153.410)

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

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

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

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

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

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

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

Kentucky Council on Postsecondary Education (KRS 164.011)

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

Kentucky Infrastructure Authority (KRS 224A.030)

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

Kentucky Agricultural Finance Corporation (KAFC) (KRS 247.944)

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

Kentucky Grain Insurance Corporation (KGIC) (KRS 251.620)

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

Kentucky Local Correctional Facilities Construction Authority (KRS 441.615)

The Kentucky Local Correctional Facilities Construction Authority is a body corporate and politic created to provide an additional, alternative method of constructing, reconstructing, improving or repairing, and financing jails and appurtenant facilities for local governments in the Commonwealth. The membership consists of six ex-officio members and four members appointed by the Governor. The Commonwealth provides funds, staff assistants, facilities, and materials, creating a financial benefit and burden relationship.

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

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

Kentucky Lottery Corporation (KRS 154A.020)

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

Kentucky Horse Park Foundation, Incorporated

The Kentucky Horse Park Foundation, Inc., is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park (the Park). Although the Park does not control the timing or amount of receipts from the Foundation, the majority of resources and income that the foundation holds and invests is restricted by donors for Park activities. The foundation's fiscal year ended May 31, 2025, and amounts included are for the year then ended. The Commonwealth provides significant operating support to the foundation, creating a financial benefit and burden relationship.

Louisville Arena Authority, Incorporated

The Louisville Arena Authority, Inc., was created in 2005 and oversees the financial process of the KFC Yum! Center. The authority guided the development, financing, and construction of the \$238 million arena. The authority's fiscal year ended December 31, 2024, and amounts included are for the year then ended. The Governor appoints a majority of the board and the tax increment financing (TIF) arrangement creates a financial benefit and burden relationship with the Commonwealth.

Kentucky Horse Racing and Gaming Corporation (KRS 230.215)

The Kentucky Horse Racing and Gaming Corporation is an independent, de jure municipal corporation and political subdivision of the Commonwealth charged with regulating horse racing, parimutuel wagering, sports wagering, breed integrity and development, and charitable gaming. The Corporation is committed to protecting the health, safety, and welfare of the wagering public and all participants in activities under its jurisdiction. The Kentucky Horse Racing and Gaming Corporation disclosed a Special Item in the Corporation's financial report. The Corporation's financial report, that includes financial statements and required supplementary information, can be found at www.khrc.ky.gov.

Colleges, Universities, and Related Entities (KRS 164.350)

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

C. Government-Wide Financial Statements

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

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

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

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

When restricted and unrestricted assets are available for a particular purpose, the Commonwealth uses restricted assets first, since unrestricted funds may be used for any purpose and provide for more financial flexibility. If the rules governing restricted assets are met, restricted assets may be the only funds used. However, there may be instances in which restricted funds may only be spent in proportion to unrestricted funds.

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

Restricted Net Position For Other Purposes
(expressed in thousands)

	Business-Type Activities	Major Component Units
Loans	\$ —	\$ 26,976
Education	—	267,633
Instruction	—	201,290
Scholarships and Fellowships	—	851,012
Research	—	1,213,663
Insurance Administration Claims	—	—
Unemployment Benefits Claims	1,455,609	—
Total	\$ 1,455,609	\$ 2,560,574

A significant feature of the government-wide Statement of Activities is the presentation of each program's net cost. Net cost of a program indicates program sustainability and reveals the extent of reliance on other governmental units. Net cost is calculated by subtracting program expenses from program revenues. Program expenses are costs attributable to a particular function, including certain indirect costs. Generally accepted accounting principles permit direct and indirect program expenses to be presented together in an "Expenses" column, therefore, indirect expenses are not specifically identified with individual functions and activities. Program revenues are resources arising from program activities or from parties outside the government.

The **Statement of Activities** categorizes program revenues into three groups: charges for goods, services, and other benefits; operating grants and contributions; and capital grants and contributions. Revenues not considered program revenues are classified as general revenues. General revenues include all taxes regardless of type. Sales and gross receipts tax for governmental activities include various taxes that are computed using sales price or gross receipts of the reporting entity. For fiscal year 2025, total sales and gross receipts tax reported in the government-wide statements was \$9,283,392,000 and comprised:

Sales and Gross Receipts Tax
(expressed in thousands)

Sales and Use Tax	\$ 5,891,099
Motor Fuels Tax	718,340
Motor Vehicles Usage Tax	795,632
Healthcare Provider Tax	339,138
Tobacco Products Tax	261,293
Insurance Premiums Tax	260,484
Limited Liability Entity Tax	620,819
Alcoholic Beverage Tax	179,862
Telecommunications Tax	80,808
Parimutuel and Race Track Admission Tax	73,665
Sports Wagering Excise Tax	40,265
Transient Room Tax	21,407
Electric Vehicle Power Excise and Surtax	580
Total Sales and Gross Receipts Tax	\$ 9,283,392

D. Fund Financial Statements

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

Governmental Funds

Governmental funds are accounted for on the modified accrual basis of accounting and focus on the flow of current financial resources. Revenues are recognized when are measurable and available to finance expenditures of the fiscal period. Revenues are considered to be available when they are collected in the current period or when collection is expected shortly after the end of the current period in time to meet current liabilities. The Commonwealth includes those revenues to be received up to thirty days following the end of the fiscal year. Revenues expected to be collected more than thirty days after the end of the fiscal year are considered unavailable and are reported as deferred inflows. Unearned revenues are reported as amounts received but unearned as of June 30.

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

In governmental funds, where the focus is on the flow of current resources, expenditures are recorded at the time liabilities are incurred. Exceptions include inventories, prepayments, and acquisition of capital assets which are recorded at the time of acquisition; and principal and interest on long-term debt and compensated absences which are recorded as expenditures when paid.

A description of major governmental funds follows:

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

Special Revenue Funds – a category of governmental funds that accounts for the proceeds of specific revenue sources, other than major capital projects that are restricted or committed to expenditures for a specific purposes. The Commonwealth's Special Revenue Funds include the Transportation Fund, the Federal Fund, and the Agency Revenue Fund.

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

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

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

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

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

Proprietary Funds

Proprietary funds use the full accrual basis of accounting, recognizing revenues and expenses when they occur, regardless of the timing of the cash flows. On the statement of revenues, expenses, and changes in net position, the term expenses describes decreases in economic benefits and emphasizes the accrual basis of accounting. Proprietary funds categorize revenues and expenses as operating and nonoperating. Operating revenues and expenses are resources gained and consumed to produce and deliver goods and services that are central to the purpose of a fund. Other revenues and expenses are classified as nonoperating. Operating and nonoperating expenses are further characterized by object, such as personnel services, depreciation expense, and travel expense.

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

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

Kentucky Horse Park Fund – a major fund that accounts for the commercial operations of the Kentucky Horse Park.

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

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

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

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

Fiduciary Funds

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

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

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

Private Purpose Trust Funds - are those funds held in a qualifying trust (same definition as Investment trust funds) that are not required to be reported in Pension and Other Postemployment Benefit Funds or Investment Trust Funds. Specific activities in the Private Purpose Trust Funds include:

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

Custodial Funds - are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. Specific activities include County Fees Fund holding monies for Kentucky Counties with a population of 70,000 or more.

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

E. Presentation of Component Units

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

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

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

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

- Bluegrass State Skills Corporation
- Kentucky Agricultural Finance Corporation
- Kentucky Artisan Center at Berea
- Kentucky Center for the Arts Corporation
- Kentucky Economic Development Finance Authority
- Kentucky Educational Television Authority
- Kentucky Grain Insurance Corporation
- Kentucky Horse Park Foundation
- Kentucky Horse Racing and Gaming Corporation
- 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
- Morehead State University
- Murray State University
- Northern Kentucky University
- Western Kentucky University

The Commonwealth has significant transactions with its component units, primarily in providing operating funds to the universities from its general fund. During fiscal year 2025, the Commonwealth provided \$343,096,000 to the University of Kentucky, \$207,437,000 to the Kentucky Community and Technical College System, \$169,635,000 to the University of Louisville, and \$366,906,000 to the Kentucky Higher Education Assistance Authority. The Commonwealth contributed capital in the amount of \$4,931,000 to the Kentucky Public Transportation Infrastructure Authority. In addition, the Commonwealth received \$350,679,000 in proceeds from the Kentucky Lottery Corporation.

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts held in bank accounts, cash on hand, imprest cash, and short-term investments with an original maturity of ninety days or less. Cash equivalents are stated at cost which approximates market value. Cash equivalents included in the Deferred Compensation Plan are stated at fair value. Short-term investments classified as cash equivalents at June 30, 2025 are \$8,956,199,000.

G. Investments

Investments include long-term investments and investments held in the Deferred Compensation Plan. Investments are stated at fair value. See [Note 5](#) for investment details.

H. Receivables

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

I. Interfund Transactions

The Commonwealth has the following types of interfund transactions:

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

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

Transfers presented in the fund financial statements represent the flow of assets (such as goods or cash) without equivalent flow of assets in return or requirement of repayment. Transfers are recorded when a fund that received resources gives them to another fund that, in turn, expends the resources.

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

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

J. Inventories and Prepaid Expenses

Inventories in the governmental funds and similar trust funds consist of expendable supplies, the costs of which are recorded as an expenditure at the time of purchase. Prepaid expenses, including the prepayment of services to vendors (e.g., prepaid insurance), are recorded similarly in the governmental fund statements.

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

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

K. Capital Assets and Depreciation

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

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

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

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

Assets are depreciated using the straight-line method over their estimated useful lives. The table below shows the estimated useful life by asset type for the primary government. Infrastructure assets are not depreciated, as the Commonwealth uses the modified approach, as defined by GASB Statement No. 34. As a result, certain maintenance and preservation costs are expensed when incurred. Additions and improvements to infrastructure assets are capitalized when they effect an increase in capacity and efficiency of the asset.

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

L. Governmental Fund Equity

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

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

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

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

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

The spendable-unassigned category represents the residual fund balance of the general fund. In all other funds, the unassigned classification represents a deficit balance resulting from overspending for specific purposes for which amounts have been restricted.

The Commonwealth generally segregates restricted, committed, and assigned resources by account (sub-fund) within the governmental funds, other than the general fund. When resources with different spendable classifications are combined in one account the assumed order of spending is restricted first, committed second, and assigned third.

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

The functional categories are responsible for various activities described below:

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

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

Commerce – includes the Tourism, Arts and Heritage Cabinet and the Cabinet for Economic Development. The Commerce function focuses on tourism development, supporting arts and heritage, job development and retention, and new investment in the state.

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

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

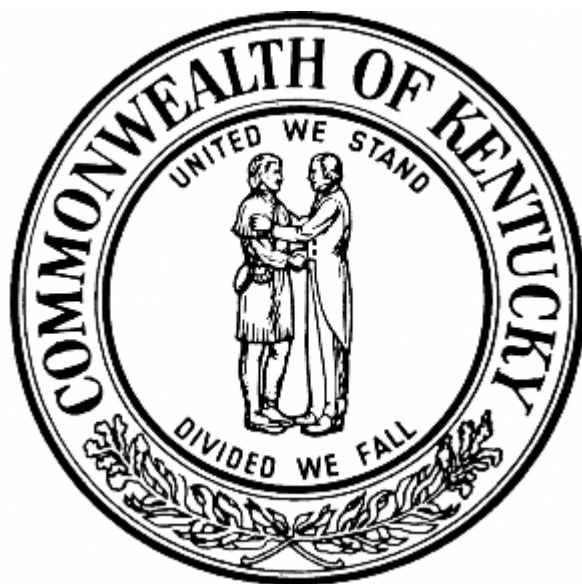
Justice – is responsible for criminal justice services. These services include law enforcement activities and training; prevention, education, and treatment of substance abuse; juvenile treatment and detention; adult incarceration; autopsies, death certifications, and toxicology analyses; special investigations;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

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

Public Protection and Regulation – is responsible for protecting and enhancing Kentucky’s environment. Their functions include ensuring that Kentucky has clean air and safe water, protecting human health by enhancing Kentucky’s land resources, ensuring environmental compliance, assisting in achieving environmental compliance, and facilitating environmental stewardship.

Transportation – is responsible for overseeing the development and maintenance of a safe, efficient multi-modal transportation system throughout the Commonwealth. Their functions include managing more than 27,714 miles of highways, including roughly 22,386 miles of secondary roads, 3,865 miles of primary roads, and more than 1,462 interstate and parkway miles; providing direction and financial assistance for 58 public-use general aviation airports; and overseeing motor vehicle and driver licensure for more than three million drivers in the Commonwealth.

Budget Reserve Trust Fund - KRS 48.705 established a budget reserve trust fund account within the general fund. Within thirty days of the Commonwealth’s fiscal year end, deposits are required to be made at the lesser of: (1) fifty percent (50%) of the general fund surplus or (2) the amount necessary to make the balance equal to five percent (5%) of the actual general fund receipts collected during the fiscal year just ended. Payments to the account are suspended for the current fiscal year when the account balance is equal to or greater than five percent (5%) of the actual general fund receipts collected during the fiscal year just ended. Funds in this account may be appropriated by the General Assembly. The budget reserve trust fund had a balance of \$4,560,189,000 on June 30, 2025.



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Constraints on Fund Balance

(expressed in thousands)

	Major Special Revenue Funds			
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund
Fund Balances:				
Nonspendable:				
Inventories	\$ 6,485	\$ 66,213	\$ 22	\$ 4,343
Restricted for:				
Government Administration	—	—	163,842	230,128
Legislative and Judicial	—	—	—	10,525
Commerce	—	—	276	145,221
Education	—	—	1,044	90,530
Health and Human Services	—	—	15,370	192,810
Environmental and Natural Resources	—	—	4,988	36,258
Justice	—	—	423	192,842
Public Protection	—	—	—	336,670
Transportation	—	589,812	—	102,263
Debt Service	—	—	—	—
Committed to:				
Government Administration	—	—	—	47,456
Legislative and Judicial	—	—	—	1,067
Education	—	—	—	2,544
Commerce	—	—	—	—
Environmental and Natural Resources	—	—	—	1,226
Justice	—	—	—	2,232
Health and Human Services	—	—	—	44,792
Public Protection	—	—	—	1,909
Transportation	—	—	—	31,929
Assigned to:				
Government Administration	107,100	—	—	11,645
Legislative and Judicial	55,371	—	—	36,789
Commerce	233,789	—	—	678
Education	39,318	—	—	4,858
Health and Human Services	14,781	—	—	1,902
Environmental and Natural Resources	—	—	—	852
Justice	2,066	—	—	5,049
Public Protection	1,688	—	—	7,720
Transportation	567,077	—	—	6
Unassigned	5,404,765	—	(37,374)	—
Total Fund Balances	\$ 6,432,440	\$ 656,025	\$ 148,591	\$ 1,544,244

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Capital Projects	Debt Service	
Fund	Fund	Total
\$ —	\$ —	\$ 77,063
1,057,180	—	1,451,150
72,999	—	83,524
332,740	—	478,237
48,368	—	139,942
14,388	—	222,568
33,691	—	74,937
—	—	193,265
2,456	—	339,126
85,959	—	778,034
—	33,559	33,559
—	—	47,456
—	—	1,067
—	—	2,544
—	—	—
—	—	1,226
—	—	2,232
—	—	44,792
—	—	1,909
—	—	31,929
—	—	118,745
—	—	92,160
—	—	234,467
—	—	44,176
—	—	16,683
—	—	852
—	—	7,115
—	—	9,408
—	—	567,083
—	—	5,367,391
\$ 1,647,781	\$ 33,559	\$ 10,462,640

M. Deferred Outflows and Deferred Inflows

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

N. Long-Term Obligations

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

1. Payments of principal on revenue bonds which are recorded as expenditures in the Debt Service Fund.
2. GASB Statement No. 101 was implemented during fiscal year 2025 which resulted in a change to accounting principles for Compensated Absences. The estimated liabilities for annual, sick, and compensatory leave are summarized in Note 17. The component units have varying policies for compensated absences that conform to GASB 101. Information regarding these policies is available in the audited financial statements of each component unit.
3. Lease obligations and subscription liabilities for governmental funds.
4. Judgments and contingent liabilities of governmental funds that will be paid with noncurrent resources.
5. Long-term liabilities of internal service funds generally exclude expenditures for compensated absences, judgments, contingencies, and employer pension contributions in the governmental funds since these amounts are liquidated with expendable available financial resources. Long-term liabilities of proprietary funds and pension trust funds are reported in their individual fund statements. Long-term liabilities of enterprise and internal service funds are presented in the government-wide statement of net position as a single total in the business-type activities and governmental activities columns, respectively. Long-term liabilities of fiduciary funds are not displayed on the government-wide statement of net position.

O. Conduit Debt

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

Since the Commonwealth is not legally, morally, or in any other way responsible for the repayment of conduit debt, this debt, and related assets, are not included in the financial statements of the Commonwealth, in accordance with generally accepted accounting principles. As of June 30, 2025, the Commonwealth had \$1,863,953,000 of conduit debt, which includes the outstanding bond balance of the Kentucky Economic Development Finance Authority of \$1,863,170,000 and the Kentucky Housing Corporation of \$783,000, the proceeds of which are used to promote the purposes set forth in KRS 103.200 and 103.210.

P. Pensions

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

Q. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the System's net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, fiduciary net position, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Future Changes in Accounting Standards

As of June 30, 2025, the Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the Commonwealth

1. Statement No. 103, "Financial Reporting Model Improvements." The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026).
2. Statement No. 104, "Disclosure of Certain Capital Assets." The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026).

Note 2

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

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

1. GASB Statement No. 101 - Compensated Absences.

This Statement enhances the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. It is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement requires that liabilities for compensated absences be recognized for leave that has not been used, and leave that has been used but not yet paid in cash or settled through noncash means.

2. GASB Statement No. 102 - Certain Risk Disclosures.

This Statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is a lack of diversity related to an aspect of significant inflow of resources or outflows of resources. A constraint is a limitation imposed of a government by an external party or by formal action of the government's highest level of decision making authority.

During fiscal year 2025, 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):

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Reporting Units Affected by Restatements to Beginning Balances	June 30, 2024 As Previously Reported	Changes to or within the Financial Reporting Entity	Change in Accounting Principle	Change in Accounting Estimate	Error Correction	June 30, 2024 As Restated	Footnote Reference
Government Wide							
Governmental Activities	\$ 7,742,450	\$ (122,024)	\$ (354,670)	\$ —	\$ (20,222)	\$ 7,245,534	1,2,3
Business-Type Activities	1,523,970	—	(9,586)	(5,356)	—	1,509,028	2,4
Total Primary Government	<u>\$ 9,266,420</u>	<u>\$ (122,024)</u>	<u>\$ (364,256)</u>	<u>\$ (5,356)</u>	<u>\$ (20,222)</u>	<u>\$ 8,754,562</u>	
Governmental Funds and Activities							
Major Funds:							
General	\$ 6,706,934	\$ —	\$ —	\$ —	\$ —	\$ 6,706,934	
Transportation	718,351	—	—	—	—	718,351	
Federal	(178,598)	—	—	—	—	(178,598)	
Agency Revenue	1,843,439	(122,003)	—	—	—	1,721,436	1
Capital Projects	911,215	—	—	—	—	911,215	
Debt Service	12,886	—	—	—	—	12,886	
Non-Major Funds	1,414,304	(21)	—	—	—	1,414,283	1
Total Governmental Funds	<u>\$ 11,428,531</u>	<u>\$ (122,024)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,306,507</u>	
Proprietary Funds and Business-Type Activities							
State Parks	\$ (20,899)	\$ —	\$ (7,593)	\$ —	\$ —	\$ (28,492)	2
Kentucky Horse Park	73,453	—	(752)	—	—	72,701	2
Insurance Administration	(148,056)	—	(1,006)	(5,356)	—	(154,418)	2,4
Kentucky Public Employees Health Plan	349,593	—	(235)	—	—	349,358	2
Unemployment Compensation	1,269,879	—	—	—	—	1,269,879	
Internal Service Funds	(47,952)	—	(5,851)	—	(20,222)	(74,025)	2,3
Total Business-Type Activities Being Restated	<u>\$ 1,476,018</u>	<u>\$ —</u>	<u>\$ (15,437)</u>	<u>\$ (5,356)</u>	<u>\$ (20,222)</u>	<u>\$ 1,435,003</u>	
Fiduciary Funds							
Pension and Other Post Employment Benefit Trust Funds	\$ 61,679,182	\$ —	\$ —	\$ —	\$ —	\$ 61,679,182	
Private Purpose Trust Funds	685,477	—	—	—	—	685,477	
Custodial Funds	25,458	—	—	—	—	25,458	
Total Fiduciary Funds Being Restated	<u>\$ 62,390,117</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 62,390,117</u>	
Component Units							
Major Component Units:							
University of Kentucky	\$ 8,596,088	\$ —	\$ —	\$ —	\$ —	\$ 8,596,088	
University of Louisville	3,073,805	(201,211)	1,869	—	—	2,874,463	2,5
Kentucky Community and Technical College System	1,221,320	—	(10,278)	—	—	1,211,042	2
Kentucky Housing Corporation	486,274	—	—	—	—	486,274	
Kentucky Higher Education Student Loan Corporation	91,747	—	—	—	—	91,747	
Kentucky Lottery Corporation	16,547	—	—	—	—	16,547	
Kentucky Public Transportation Infrastructure Authority	526,005	—	—	—	—	526,005	
Non-Major Component Units	4,345,965	—	(14,318)	—	—	4,331,647	2
Total Component Units Being Restated	<u>\$ 18,357,751</u>	<u>\$ (201,211)</u>	<u>\$ (22,727)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,133,813</u>	

1. The Kentucky Horse Racing and Gaming Corporation established by the General Assembly of the Commonwealth of Kentucky. Effective July 1, 2024, the Corporation assumed all responsibilities of the Kentucky Horse Racing Commission, which was abolished, and all personnel, equipment, and funding was transferred to the Corporation.
2. A prior period restatement was done due to the implementation of GASB Statement No. 101, Compensated Absences.
3. The Commonwealth Office of Technology corrected an error relating to prepaid expenses.

4. A prior period restatement was done due to a change in estimate of Department of Workers' Claims within the Self-Insurance Fund.
5. Reorganization within the University of Louisville Foundation, inc.

Note 3

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Enterprise Funds –

The Insurance Administration Fund has a net position deficit of \$66,108,000. The deficit is a result of accumulated claims liability estimated by actuarial methods for the risk pools, which will be funded in future periods.

B. Internal Service Funds –

The Computer Services Fund has a net position deficit of \$43,918,000. 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 \$3,474,000. 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 \$199,875,000. The deficit is the result of accumulated claims liabilities of the Commonwealth's self-insured workers' compensation programs, and is to be funded in future periods.

Note 4

DISAGGREGATION OF ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE

Accounts payable for the Commonwealth of Kentucky are amounts owed by the State as of June 30, 2025. Those liabilities that must be paid within one year are considered current. Amounts due after one year are deemed noncurrent accounts payable. Accounts receivable are amounts owed to the State. Similar to accounts payable, any amounts to be received within one year are classified as current. All other receivables are noncurrent. For Governmental Activities and Business-Type Activities, the line indicating "Accounts Payable" and "Net Receivables" are described below.

Amounts reported as "Taxes Receivable" are significant to the State. Taxes receivable include taxes owed to the Commonwealth of Kentucky that are uncollected as of June 30, 2025. All receivables are reported net of an Allowance for Uncollectibles to reflect the estimated collectible value of receivables. Fines, forfeitures, and license fees are recognized as revenue when received and, therefore, do not require the recognition of accounts receivable.

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.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Disaggregation of Payables and Receivables
(expressed in thousands)

	Governmental Activities			Total Governmental Activities	Business- Type Activities	Total Primary Government
	Major Funds	Non-major Funds	Internal Service Funds		Major Funds	
Current Payables						
Personal services	\$ 94,206	\$ 496	\$ 5,763	\$ 100,465	\$ 298,074	\$ 398,539
Utilities, rental, and other services	20,976	105	7,547	28,628	2,604	31,232
Commodities and supplies	10,176	301	2,017	12,494	15,882	28,376
Claims	44	—	2,728	2,772	586	3,358
Grants and subsidies	866,682	26,351	16	893,049	37	893,086
Capital outlay	48,023	—	—	48,023	1,347	49,370
Travel	1,024	19	6	1,049	26	1,075
Judgments	34	—	8	42	—	42
Interest Payable	83,584	1,738	414	85,736	48,342	134,078
Other	152,556	35	3,041	155,632	23,119	178,751
Total Current Payables	<u>\$ 1,277,305</u>	<u>\$ 29,045</u>	<u>\$ 21,540</u>	<u>\$ 1,327,890</u>	<u>\$ 390,017</u>	<u>\$ 1,717,907</u>
Current Receivables						
Charges for services	\$ 188,811	\$ 56,408	\$ 622	\$ 245,841	\$ 26,168	\$ 272,009
Taxes receivable	4,511,367	40,900	—	4,552,267	354	4,552,621
Investment receivable	141,235	12,329	2	153,566	3,320	156,886
Intergovernmental revenue	25,847	2,397	—	28,244	38,491	66,735
Other	1,420,178	25,318	217	1,445,713	619,665	2,065,378
Allowances for uncollectibles	(2,949,619)	(20,363)	—	(2,969,982)	(35,472)	(3,005,454)
Total Current Receivables	<u>\$ 3,337,819</u>	<u>\$ 116,989</u>	<u>\$ 841</u>	<u>\$ 3,455,649</u>	<u>\$ 652,526</u>	<u>\$ 4,108,175</u>

Taxes Receivable
(expressed in thousands)

	Governmental Activities		Business Type Activities	Total Primary Government
	Major Funds	Non-Major Funds	Major Funds	
Current Taxes Receivable				
Sales and gross receipts	\$ 2,362,057	\$ 364	\$ 353	\$ 2,362,774
Individual income	1,392,176	—	—	1,392,176
Corporate	418,099	—	—	418,099
Property	239,329	—	—	239,329
License and privilege	9,652	1,331	—	10,983
Coal severance	20,615	3,600	—	24,215
Inheritance and estate	23,060	—	—	23,060
Miscellaneous	46,379	35,605	1	81,985
Total Current Taxes Receivable	<u>\$ 4,511,367</u>	<u>\$ 40,900</u>	<u>\$ 354</u>	<u>\$ 4,552,621</u>

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

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

	Principal	Interest	Total
2026	\$ 7,180	\$ 4,660	\$ 11,840
2027	7,525	4,323	11,848
2028	7,865	3,977	11,842
2029	8,235	3,611	11,846
2030	8,595	3,250	11,845
2031-2035	47,760	10,199	57,959
2036-2040	21,245	1,193	22,438
Total notes receivable	<u>\$ 108,405</u>	<u>\$ 31,213</u>	<u>\$ 139,618</u>

Note 5

EQUITY IN POOLED CASH AND INVESTMENTS, CASH, AND INVESTMENTS

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

PRIMARY GOVERNMENT

Custodial Credit Risk-Deposits – The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the Commonwealth's deposits for the Primary Government, excluding pension and OPEB trust funds, was \$2,741,773,000 and the bank balance was \$2,741,773,000. The bank balance of the Primary Government administered by the State Treasurer was covered by Federal depository insurance or by collateral held by the Commonwealth or the Commonwealth's agent in the Commonwealth's name.

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

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

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

Options – The Commonwealth's investment strategy includes the use of derivatives as a tool in managing market risk and providing an opportunity for enhanced return. The Commonwealth selectively utilizes put and call options on United States Treasury securities. These options are on a covered basis, where the Commonwealth holds either cash or securities sufficient to meet the obligation, should the option be exercised. On June 30, 2025, 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, 2025, are presented on the next page. All investments are presented by investment type.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Cash And Investments By Type
Primary Government
(expressed in thousands)

I. Cash

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash	\$ 1,371,836	\$ 1,371,836
Cash with Fiscal Agents	206,188	206,188
Cash with Federal Government	1,163,749	1,163,749
Total Cash	<u>\$ 2,741,773</u>	<u>\$ 2,741,773</u>

Investments Managed Based Upon Duration

Debt Securities

	<u>Fair Value</u>	<u>Effective Duration</u>
Cash Equivalents	\$ 986,790	0.01
Fixed Income Mutual Funds	2,264,015	0.09
U.S. Government & Agency Obligations	8,951,931	0.38
Mortgage-Backed Securities	117,665	1.98
Corporate Obligations	249,483	1.14
Asset Backed Securities	218,807	1.06
Total Debt Securities	<u>12,788,691</u>	
Portfolio Effective Weighted Duration		<u>0.34</u>

Other Investments

Fixed Income Mutual Funds	61,161
Common Stock	309
Total Other Investments	<u>61,470</u>
Total Investments	<u>\$ 12,850,161</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, 2025, and the ratings are presented on the next page.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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	\$ —	\$ —	\$ 57,850	\$ —	\$ 928,940	\$ —	\$ 986,790
Fixed Income Mutual Funds	2,264,015	—	—	—	—	61,161	2,325,176
U.S. Government & Agency Obligations	—	8,951,931	—	—	—	—	8,951,931
Mortgage-Backed Securities	—	117,665	—	—	—	—	117,665
Corporate Obligations	19,161	53,765	176,557	—	—	—	249,483
Common Stock	—	—	—	—	—	309	309
Asset Backed Securities	218,807	—	—	—	—	—	218,807
	<u>\$ 2,501,983</u>	<u>\$ 9,123,361</u>	<u>\$ 234,407</u>	<u>\$ —</u>	<u>\$ 928,940</u>	<u>\$ 61,470</u>	<u>\$ 12,850,161</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, 2025, 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, 2025 and 2024, 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, 2025

The primary government's, excluding the pension and OPEB trust funds, has the following valuation measurements, by type, as of June 30, 2025.

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	\$	986,790	\$ 986,790	\$ —	\$ —	\$ —
U.S. Agencies/Treasuries		8,951,931	8,951,931	—	—	—
Fixed Income Mutual Funds		2,264,015	—	2,264,015	—	61,161
Mortgage Backed Securities		117,665	—	117,665	—	—
Corporate Debt		249,483	—	249,483	—	—
Asset Backed Securities		218,807	—	218,807	—	—
Common Stock		—	—	—	—	309
Total Investments	\$	<u>12,788,691</u>	<u>\$ 9,938,721</u>	<u>\$ 2,849,970</u>	<u>\$ —</u>	<u>\$ 61,470</u>

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 \$407,099,000 and the bank balance was \$433,099,000.

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 \$3,518,811,000 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, 2025, are presented on the following page. All investments are presented by investment type.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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

I. Cash

	Carrying Amount	Bank Balance
Cash	\$ 407,099	\$ 433,099
Total Cash	<u>\$ 407,099</u>	<u>\$ 433,099</u>

II. Investments:

Investments Managed Based On Maturities

Debt Securities	Fair Value	< 1 year	1-5 Years	6-15 Years	16-30 Years
U.S. Government & Agency Obligations	\$ 1,488,400	\$ 8,003	\$ 20,763	\$ 1,245,593	\$ 214,041
Corporate Obligations	1,851,388	38,019	94,798	1,718,571	—
Mortgage-Backed Securities	460,247	—	1,035	21,940	437,272
Asset-Backed Securities	79,211	—	—	—	79,211
Municipal Obligations	232,631	—	2,307	230,324	—
Total Debt Securities	<u>\$ 4,111,877</u>	<u>\$ 46,022</u>	<u>\$ 118,903</u>	<u>\$ 3,216,428</u>	<u>\$ 730,524</u>

Investments Managed Based Upon Duration

Debt Securities	Fair Value	Modified	Macaulay
Cash Equivalents	\$ 641,199	3.26	—
Fixed Income Mutual Funds	2,217	2.59	—
U.S. Government & Agency Obligations	1,305,225	7.53	—
Mortgage-Backed Securities	875,906	4.98	—
Corporate Obligations	1,861,533	4.33	—
Asset Backed Securities	194,421	2.41	—
Municipal Obligations	52,983	7.87	—
Mortgage Loans	55,695	2.30	—
Guaranteed Investment Contracts\Annuities	641,401	—	3.18
Other	5,469,577	0.03	—
Total Debt Securities	<u>\$ 11,100,157</u>		
Portfolio Weighted Modified Duration		<u>2.44</u>	
Portfolio Weighted Macaulay Duration			<u>3.18</u>

Other Investments

Cash Equivalents	\$ 1,834,104
Fixed Income Mutual Funds	6,743
Corporate Obligations	1,658,720
Common Stock	37,268,905
Pooled Investments	14,744
Limited Partnerships	3,101,706
Real Estate	3,457,961
Securities Lending	731,368
Other Investments	4,798,784
Total Other Investments	<u>\$ 52,873,035</u>

Total Investments	<u>\$ 68,085,069</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, 2025, 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	\$ 1,063,675
AA+	22,661
AA	1,126,791
AA-	30,283
A+	68,483
A	915,327
A-	182,306
BBB+	182,238
BBB	850,558
BBB-	221,529
BB+	184,771
BB	229,292
BB-	278,408
B+	192,983
B	295,676
B-	233,294
CCC+	81,734
CCC	34,228
CCC-	3,020
CC	960
D	7,215
NR	5,645,959
WR	851
Total Credit Risk Debt Securities	<u>\$ 11,852,242</u>
Cash Equivalents	\$ 1,834,104
U.S. Government & Agencies	3,359,792
Fixed Income Mutual Funds	6,743
Corporate Obligations	1,658,720
Common Stock	37,268,905
Limited Partnerships	3,116,450
Real Estate	3,457,961
Securities Lending	731,368
Other	4,798,784
Total Investments	<u>\$ 68,085,069</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, 2025.

<u>Asset Description</u>	<u>Amount</u>
Fixed Contract Fund	\$ 641,401
Vanguard Institutional Index fund	1,034,998
Fidelity Growth Co	746,224
T Rowe Price Mid C	396,876
Vanguard Wellington	346,559
Vanguard Ext Market	187,296

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, 2025, are presented on the following page.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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	\$ —	\$ 166,543	\$ —	\$ —	\$ 166,543
Argentine Peso	—	—	901	—	901
Australian Dollar	43,458	266,669	5,364	—	315,491
Bermudian Dollar	—	15,459	6,210	—	21,669
Brazilian Real	36,345	163,889	411	—	200,645
British Pound Sterling	(105,820)	1,142,786	31,829	—	1,068,795
Canadian Dollar	(885)	430,086	76,388	—	505,589
Cayman Islands Dollar	—	62,340	25,599	—	87,939
Chilean Peso	14,551	1,894	1,223	—	17,668
Chinese R Yuan HK	(47,359)	303,701	—	—	256,342
Columbian Peso	—	770	—	—	770
Czech Koruna	—	1,087	404	—	1,491
Danish Krone	19,764	197,031	48	—	216,843
Dodge & Cox International Stock Fund	—	131,601	—	—	131,601
Egyptian Pound	—	1,617	—	—	1,617
Euro	(125,436)	3,717,904	59,393	—	3,651,861
Gibraltar Pound	—	—	2,113	—	2,113
Guernsey Pound	—	27,706	—	—	27,706
Hong Kong Dollar	15,355	439,498	—	—	454,853
Hungarian Forint	—	23,554	—	—	23,554
Indian Rupee	2,790	305,327	—	—	308,117
Indonesian Rupiah	16,661	55,438	—	—	72,099
Israeli New Shekel	7,350	97,670	309	—	105,329
Japanese Yen	79,561	1,314,570	3,979	—	1,398,110
Jersey Pound	—	11,842	7,430	—	19,272
Korean Won	35,347	119,575	—	—	154,922
Kuwaiti Dinar	—	3,865	—	—	3,865
Liberian Dollar	—	44,692	872	—	45,564
Malaysian Ringgit	—	17,140	—	—	17,140
Mexican Peso	(19,706)	65,736	1,474	—	47,504
Netherlands Antillean Guilder	—	8,827	—	—	8,827
New Taiwan Dollar	—	151,634	—	—	151,634
New Zealand Dollar	3	10,744	—	—	10,747
Norwegian Krone	57,445	22,398	—	—	79,843
Panamanian Balboa	—	2,294	6,118	—	8,412
Philippine Peso	1,430	11,660	302	—	13,392
Polish Zloty	—	17,712	4,346	—	22,058
Qatari Rial	—	3,405	—	—	3,405
Romanian Leu	—	1,246	—	—	1,246
Saudi Riyal	13,693	16,128	—	—	29,821
Singapore Dollar	2,991	80,409	2,698	—	86,098
South African Rand	23,760	97,662	—	—	121,422
South Korean Won	—	138,563	—	—	138,563
Swedish Krona	31,345	162,339	—	—	193,684
Swiss Franc	(62,334)	636,323	1,833	—	575,822
Taiwan Dollar	(703)	268,830	—	—	268,127
Thai Bhat	4,629	35,183	—	—	39,812
Turkish Lira	—	16,035	800	—	16,835
UAE Dirham	—	11,003	—	—	11,003
Uzbekistani som	—	—	401	—	401
Various	2,347	100	—	—	2,447
Total Securities Subject To Foreign Currency Risk	46,582	10,822,485	240,445	—	11,109,512
USD (Securities Held By Intl Investment Mgrs)	—	—	—	—	—
Total International Investment Securities	\$ 46,582	\$ 10,822,485	\$ 240,445	\$ —	\$ 11,109,512

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, 2025, 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, 2025. 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, 2025. More detail on the valuation measurements may be found in the audited financial statements of each retirement system.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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

	Total Fair Value	Fair Value Measurement Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Amortized or Historical Cost
U.S. Agencies/Treasuries	\$ 3,543,546	\$ 2,445,656	\$ 1,097,890	\$ —	\$ —
Guaranteed investment contracts	—	—	—	—	641,401
Cash Equivalents	1,467,317	569,125	308,820	589,372	657,169
Mortgage Backed Securities	377,056	—	377,056	—	—
Corporate Debt	14,856,081	9,606,679	4,835,666	413,736	—
State and Municipal Obligations	363,592	—	363,592	—	—
Asset Backed Securities	250,789	—	250,789	—	—
Real Estate	458,489	68,954	—	389,535	1,492,444
Common Stock	29,328,107	26,296,291	3,031,816	—	2,968,422
Mortgages	75,750	—	75,750	—	—
Securities Lending	—	—	—	—	731,368
Other:	5,241,132	4,722,633	3,209	515,290	5,632,406
Total Investments	\$ 55,961,859	\$ 43,709,338	\$ 10,344,588	\$ 1,907,933	\$ 12,123,210

MAJOR DISCRETELY PRESENTED COMPONENT UNITS

Custodial Credit Risk-Deposits and Investments

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. At year end, the carrying amount of the major discretely presented component units' deposits was \$3,477,952,000 and bank balance was \$914,538,000.

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, 2025.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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;	\$	27,592
b) collateralized with securities held by the pledging financial institution; or		270,517
c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Commonwealth's name.		—

Total Deposits Subject To Custodial Credit Risk	\$	298,109
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II. Non-Current Cash And Investments:

Non-current cash and investments which are uninsured, are not registered in the name of the Commonwealth, and are held by either

(a) the counterparty or	\$	1,582,850
(b) the counterparty's trust department or agent but not in the Commonwealth's name.		78,814

Total Non-Current Cash And Investments Subject To Custodial Credit Risk	\$	1,661,664
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Investment Types:

	Type A (counterparty)	Type B (trust or agent)
Debt Securities		
Fixed Income Mutual Funds	\$ 265,908	\$ —
Limited Partnerships	672,159	—
Corporate Obligations	86,832	—
Asset-Backed Securities	13,458	—
U.S. Government & Agency Obligations	345,490	—
Municipal Obligations	51,225	—
Other	96,557	78,814
Total Debt Securities	\$ 1,531,629	\$ 78,814
Other Investments		
Common Stock	\$ 47,043	\$ —
Other Various	4,178	—
Total Other Investments	\$ 51,221	\$ —
Total Type A	\$ 1,582,850	Total Type B \$ 78,814
Total Non-Current Cash And Investments Subject To Custodial Credit Risk		\$ 1,661,664

Interest Rate Risk

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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The following table summarizes the investments held by the major discretely presented component units for the fiscal year ended June 30, 2025.

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

I. Cash

	Carrying Amount	Bank Balance
Cash	\$ 1,278,259	\$ 744,542
Money Market	409,286	171,023
Other	1,790,407	(1,027)
Total Cash	<u>\$ 3,477,952</u>	<u>\$ 914,538</u>

II. Investments

Investments Managed Based On Maturities

Debt Securities	Fair Value	< 1 year	1-5 Years	6-10 Years	> 10 Years
Cash Equivalents	\$ 269,015	\$ 269,015	\$ —	\$ —	\$ —
Fixed Income Mutual Funds	205,232	83,607	115,253	6,355	17
U.S. Government & Agency Obligations	121,740	59,891	54,782	7,067	—
Corporate Obligations	21,059	995	20,064	—	—
Guaranteed Investment Contracts/Annuities	622	—	622	—	—
Other	81,869	52,489	12,344	17,036	—
Total Debt Securities	<u>\$ 699,537</u>	<u>\$ 465,997</u>	<u>\$ 203,065</u>	<u>\$ 30,458</u>	<u>\$ 17</u>

Investments Managed Based Upon Duration

Debt Securities	Fair Value	Effective	Modified
Money Market Funds	\$ 259,367	—	—
Fixed Income Mutual Funds	828,826	3.23	—
U.S. Government & Agency Obligations	5,223	2.16	—
U.S. Government & Agency Obligations	132,152	0.19	—
Mortgage Backed Securities	1,135	13.14	—
Mortgage Backed Securities	585,162	3.08	—
Corporate Debt	3,753	3.05	—
Total Debt Securities	<u>\$ 1,815,618</u>		
Portfolio Effective Weighted Duration		<u>2.92</u>	
Portfolio Modified Weighted Duration			<u>—</u>

Other Investments

Cash Equivalents	\$ 9,978
Fixed Income Mutual Funds	2,005,524
Common Stock	117,263
Corporate Obligations	86,832
Limited Partnerships	672,159
Asset-Backed Securities	13,458
Alternatives	309,549
Real Estate	316,155
Funds Held In Trust By Others	78,814
Other	271,816
Total Other Investments	<u>\$ 3,881,548</u>
Total Investments	<u>\$ 6,396,703</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
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Credit Risk of Debt Securities

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

The major discretely presented component units, investments as of June 30, 2025, 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	\$ 241,857	\$ —	\$ —	\$ —	\$ —	\$ 796,910	\$ —	\$ 1,038,767
Fixed Income Mutual Funds	190,074	148,905	101,368	76,983	5,373	2,391,685	—	2,914,388
U.S. Government & Agency Obligations	137,375	—	—	—	—	345,490	7,067	489,932
Mortgage Backed Securities	586,297	—	—	—	—	—	—	586,297
Corporate Obligations	1,498	1,341	—	914	—	133,875	—	137,628
Asset-Backed Securities	—	—	—	—	—	13,458	—	13,458
Municipal Obligations	—	—	—	—	—	38,093	—	38,093
Guaranteed Investment Contracts/Annuities	—	622	—	—	—	672,159	—	672,781
Other	—	—	—	—	—	322,737	182,622	505,359
Total Investments	<u>\$1,157,101</u>	<u>\$ 150,868</u>	<u>\$ 101,368</u>	<u>\$ 77,897</u>	<u>\$ 5,373</u>	<u>\$4,714,407</u>	<u>\$ 189,689</u>	<u>\$ 6,396,703</u>

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 60%, 14%, and 26%, 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, 2025. The university has \$12,487,000 in a pooled private equity fund and \$10,125,000 in fixed income high quality/rate sensitive equity.

Fair Value Measurement Techniques

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

Note 6

CAPITAL ASSETS AND LEASE ASSETS

Capital, lease, and subscription asset activity for the year ended June 30, 2025 (expressed in thousands)

	Primary Government			Ending Balance
	Beginning Balance	Additions	Decreases	
Primary Government:				
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 273,573	\$ 8,398	\$ (16,639)	\$ 265,332
Construction in progress	2,126,781	679,707	(956,103)	1,850,385
Infrastructure	23,802,097	943,361	(28,490)	24,716,968
Easements and Other Intangibles	103,561	—	—	103,561
Total capital assets not being depreciated	26,306,012	1,631,466	(1,001,232)	26,936,246
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	50,661	1,107	(241)	51,527
Buildings	2,068,025	32,235	(2,389)	2,097,871
Machinery and Equipment	977,878	117,984	(44,583)	1,051,279
Easements and Other Intangibles	139,362	2,934	—	142,296
Total capital assets, being depreciated/amortized	3,235,926	154,260	(47,213)	3,342,973
<i>Less capital assets accumulated depreciation/amortization:</i>				
Improvements other than buildings	(20,685)	(1,784)	241	(22,228)
Buildings	(974,585)	(51,019)	1,698	(1,023,906)
Machinery and Equipment	(660,622)	(80,040)	31,209	(709,453)
Easements and Other Intangibles	(77,902)	(7,370)	—	(85,272)
Total capital assets accumulated depreciation	(1,733,794)	(140,213)	33,148	(1,840,859)
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	196,068	17,704	(33,832)	179,940
Machinery and Equipment	66,140	12,158	(7,079)	71,219
Total leased assets, being depreciated/amortized	262,208	29,862	(40,911)	251,159
<i>Less leased assets accumulated depreciation:</i>				
Buildings	(60,020)	(33,192)	32,076	(61,136)
Machinery and Equipment	(11,161)	(16,551)	6,146	(21,566)
Total leased assets accumulated depreciation	(71,181)	(49,743)	38,222	(82,702)
<i>Subscription assets, being amortized:</i>				
Subscription assets	365,414	65,003	(61,289)	369,128
Less accumulated amortization for subscription assets	(71,462)	(117,275)	17,469	(171,268)
Total subscriptions assets, net	293,952	(52,272)	(43,820)	197,860
Governmental activities capital assets, leased assets, and subscription assets, net	\$ 28,293,123	\$ 1,573,360	\$ (1,061,806)	\$ 28,804,677

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Business-type activities	Beginning Balance	Additions	Decreases	Ending Balance
<i>Capital assets, not being depreciated:</i>				
Land	\$ 24,943	\$ —	\$ (17)	\$ 24,926
Construction in progress	27,251	20,659	(9,838)	38,072
Other capital assets	2,276	—	—	2,276
Total capital assets, not being depreciated	54,470	20,659	(9,855)	65,274
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	156,554	1,144	(69)	157,629
Buildings	380,462	10,768	(1,708)	389,522
Machinery and Equipment	25,880	5,408	(421)	30,867
Easements and Other Intangibles	4,638	—	—	4,638
Total capital assets, being depreciated/amortized	567,534	17,320	(2,198)	582,656
<i>Less capital assets accumulated depreciation:</i>				
Improvements other than buildings	(112,851)	(4,393)	299	(116,945)
Buildings	(248,165)	(11,260)	1,676	(257,749)
Machinery and Equipment	(15,853)	(1,769)	635	(16,987)
Easements and Other Intangibles	(3,093)	(308)	—	(3,401)
Total capital assets accumulated depreciation	(379,962)	(17,730)	2,610	(395,082)
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	1,282	1,369	(253)	2,398
Machinery and Equipment	1,152	—	(294)	858
Total leased assets, being depreciated/amortized	2,434	1,369	(547)	3,256
<i>Less leased assets accumulated depreciation:</i>				
Buildings	(623)	(444)	253	(814)
Machinery and Equipment	(720)	(141)	339	(522)
Total leased assets accumulated depreciation	(1,343)	(585)	592	(1,336)
<i>Subscription assets, being amortized:</i>				
Subscription assets	2,927	578	—	3,505
Less accumulated amortization for subscription assets	(585)	(588)	—	(1,173)
Total subscriptions assets, net	2,342	(10)	—	2,332
 Business-type activities capital assets, leased assets, and subscription assets, net	 \$ 245,475	 \$ 21,023	 \$ (9,398)	 \$ 257,100

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

	Governmental Activities	Business-type Activities
General Government	\$ 28,045	\$ —
Legislative and Judicial	9,950	—
Commerce	6,187	—
Education and Humanities	15,394	—
Human Resources	66,007	—
Justice	41,843	—
Natural Resources and Environmental Protection	4,752	—
Public Protection and Regulation	1,314	—
Transportation	63,359	—
Capital assets held by government's internal service funds are charged to the various functions based on usage of the assets	70,380	—
State Parks	—	12,382
Horse Park	—	5,033
Insurance Administration	—	1,488
Total depreciation expense by activities	\$ 307,231	\$ 18,903

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Capital, lease, and subscription asset activity for the year ended June 30, 2025 (expressed in thousands)

	Component Units			
	Beginning Balance	Additions	Retirements	Ending Balance
Discretely Presented Major Component Units:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 471,081	\$ 43,204	\$ (1,425)	\$ 512,860
Construction in progress	565,276	1,164,734	(303,261)	1,426,749
Infrastructure	1,051,862	108	—	1,051,970
Other capital assets	86,839	905	—	87,744
Totals, capital assets not being depreciated	<u>2,175,058</u>	<u>1,208,951</u>	<u>(304,686)</u>	<u>3,079,323</u>
<i>Capital assets, being depreciated/amortized:</i>				
Improvements other than buildings	419,234	19,036	(778)	437,492
Buildings	8,048,636	412,406	(23,775)	8,437,267
Machinery and Equipment	2,270,999	189,459	(63,157)	2,397,301
Easements and Other Intangibles	366,776	2,963	(22,157)	347,582
Total capital assets, being depreciated/amortized	<u>11,105,645</u>	<u>623,864</u>	<u>(109,867)</u>	<u>11,619,642</u>
<i>Less capital assets accumulated depreciation for:</i>				
Improvements other than buildings	(320,135)	(35,790)	199	(355,726)
Buildings	(3,242,043)	(231,686)	40,575	(3,433,154)
Machinery and Equipment	(1,622,371)	(161,525)	51,237	(1,732,659)
Easements and Other Intangibles	(212,859)	(14,436)	21,598	(205,697)
Total capital assets accumulated depreciation	<u>(5,397,408)</u>	<u>(443,437)</u>	<u>113,609</u>	<u>(5,727,236)</u>
<i>Leased assets, being depreciated/amortized:</i>				
Buildings	70,150	14,967	(4,678)	80,439
Machinery and Equipment	848,078	31,679	(140,720)	739,037
Total leased assets, being depreciated/amortized	<u>918,228</u>	<u>46,646</u>	<u>(145,398)</u>	<u>819,476</u>
<i>Less leased assets accumulated depreciation for:</i>				
Buildings	(24,734)	(13,812)	3,677	(34,869)
Machinery and Equipment	(119,120)	(29,131)	60,974	(87,277)
Total leased assets accumulated depreciation	<u>(143,854)</u>	<u>(42,943)</u>	<u>64,651</u>	<u>(122,146)</u>
<i>Subscription assets, being amortized:</i>				
Subscription assets	85,521	29,220	(10,157)	104,584
Accumulated amortization	(39,281)	(24,091)	8,497	(54,875)
Total subscriptions assets, net	<u>46,240</u>	<u>5,129</u>	<u>(1,660)</u>	<u>49,709</u>
Component units capital assets, leased assets and subscription assets, net	<u>\$ 8,703,909</u>	<u>\$ 1,398,210</u>	<u>\$ (383,351)</u>	<u>\$ 9,718,768</u>

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

Kentucky Housing Corporation	\$ 425
Kentucky Higher Education Student Loan Corporation	569
University of Kentucky	321,245
University of Louisville	134,154
Kentucky Community and Technical College System	50,287
Kentucky Lottery Corporation	3,791
Total depreciation expense by functions/programs	<u>\$ 510,471</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Note 7

INTERFUND TRANSACTIONS

Interfund Transfers In and Out

The table below shows the interfund operating transfers for fiscal year 2025:
(expressed in thousands)

Transfers In	Transfers Out					
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund	Debt Service Fund
General Fund	\$ —	\$ —	\$ 83,517	\$ 5,248	\$ —	\$ —
Transportation Fund	—	—	—	839	2,027	—
Federal Fund	—	—	—	—	185	—
Agency Revenue Fund	74,456	290	40,934	—	10,358	—
Capital Projects Fund	777,343	20,154	13,614	58,662	—	—
Debt Service	320,332	1,177	69,164	2,111	810	—
Non-Major Governmental Funds	166,596	134,095	26,743	358,684	182	—
State Parks Fund	64,193	—	542	248	110,169	—
Kentucky Horse Park Fund	20,326	—	—	50	3,290	—
Kentucky Public Employees Health Plan	152	—	—	—	—	—
Insurance Administration Fund	—	—	4	—	2,050	—
Internal Service Funds	307	—	—	211	40,601	—
Fiduciary Funds	—	—	—	—	—	—
Total	<u>\$ 1,423,705</u>	<u>\$ 155,716</u>	<u>\$ 234,518</u>	<u>\$ 426,053</u>	<u>\$ 169,672</u>	<u>\$ —</u>

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 2025:
(expressed in thousands)

Interfund Receivables	Interfund Payables				
	General Fund	Transportation Fund	Federal Fund	Agency Revenue Fund	Capital Projects Fund
General Fund	\$ —	\$ 11	\$ 569	\$ 6,457	\$ 9
Transportation Fund	7	—	125	20	—
Federal Fund	6,160	—	—	13,879	—
Agency Revenue Fund	83,471	180	26,124	—	—
Capital Projects Fund	—	—	—	641	—
Non-Major Governmental Funds	4,967	—	75	2,378	—
State Parks Fund	31	5	88	3	—
Kentucky Public Employees Health Plan	—	—	—	—	—
Insurance Administration Fund	343	—	1	25	—
Unemployment Insurance Fund	—	—	—	—	—
Internal Service Funds	89	—	—	43	—
Total	<u>\$ 95,068</u>	<u>\$ 196</u>	<u>\$ 26,982</u>	<u>\$ 23,446</u>	<u>\$ 9</u>

Reasons for interfund payables and receivables:

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

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Notes to the Financial Statements
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Transfers Out								
Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Kentucky Public Employees Health Plan	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Fiduciary Funds	Total
\$ 228	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 88,993
—	—	—	—	—	—	—	—	2,866
—	—	—	—	—	—	—	—	185
452,696	—	—	—	8,466	22,604	3,053	—	612,857
3,019	—	98	—	4,211	—	2,774	—	879,875
22,149	2,160	63	—	—	—	7,718	—	425,684
192,832	—	—	—	—	—	—	—	879,132
438	—	—	—	—	—	—	—	175,590
—	—	—	—	—	—	—	—	23,666
—	—	—	—	—	—	—	—	152
—	—	—	—	—	—	—	—	2,054
—	—	—	—	—	—	6	—	41,125
—	—	—	—	—	—	—	—	—
<u>\$ 671,362</u>	<u>\$ 2,160</u>	<u>\$ 161</u>	<u>\$ —</u>	<u>\$ 12,677</u>	<u>\$ 22,604</u>	<u>\$ 13,551</u>	<u>\$ —</u>	<u>\$ 3,132,179</u>

Interfund Payables							
Non-Major Governmental Funds	State Parks Fund	Kentucky Horse Park Fund	Insurance Administration Fund	Unemployment Compensation Fund	Internal Service Funds	Total	
\$ 706	\$ 33	\$ —	\$ —	\$ —	\$ 1	\$ 7,786	
1	—	—	—	—	—	153	
624	—	—	4	—	—	20,667	
21,878	1	7	45	—	573	132,279	
—	—	—	—	—	—	641	
2,958	—	—	—	—	3,674	14,052	
—	—	—	—	—	—	127	
—	—	—	—	—	—	—	
—	—	—	—	—	—	369	
—	—	—	—	—	—	—	
—	—	—	49	—	—	181	
<u>\$ 26,167</u>	<u>\$ 34</u>	<u>\$ 7</u>	<u>\$ 98</u>	<u>\$ —</u>	<u>\$ 4,248</u>	<u>\$ 176,255</u>	

Note 8

PENSION PLANS

Kentucky Retirement Systems

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

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

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

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

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

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

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

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

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

Kentucky Judicial Form Retirement System

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

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

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

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

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

Kentucky Teachers' Retirement System

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

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

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

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

	Tier 1	Tier 2	Tier 3
	Participation Prior to 9/1/2008	Participation 9/1/2008 through 12/31/2013	Participation on or after 1/1/2014
Covered Employees:	Substantially all regular full-time members employed in non-hazardous positions of any state department, board, or any agency directed by Executive Order to participate in the system.		
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation:	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	Five complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor:	1.97% - Member does not have 13 months credit for January 1, 1998 - January 1, 1999 2.00% - Member has 13 months credit for January 1, 1998 - January 1, 1999	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA):	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit:	Any age with 27 years of service. Age 65 with 1 month of service. Money Purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No Money Purchase calculations.	
Reduced Retirement Benefit:	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 65 or has less than 27 years of service, whichever is smaller.	Reduced by 6.5% per year for the first 5 years and 4.5% per year for the next 5 years for each year the member is younger than age 65, or does not meet the rule of 87 (age plus service) and is younger than age 57, whichever is smaller.	No reduced retirement benefit

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

	Tier 1 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 COLAs have since been granted.			Any cost of living adjustment will be granted providing the following requirements are met: the funding level of Judicial Hybrid Cash Balance Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase and the Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.
Unreduced Retirement Benefit:	The benefit is payable in the full computed amount only if the retiree is at his/her normal retirement age (or over) at the commencement of retirement benefit payments, or the retiree has 27 years of total state governmental service credit. The normal retirement age is 65, except that it shall be reduced by one year, but no more than five years total, for each five years of service credit in the Plan, and each year of service credit the member has earned beyond that needed to receive a retirement benefit of 100% of final compensation.			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:	A retiree at an age below normal retirement age, or with less than 27 years of state governmental service credit may choose to be paid reduced benefits commencing at retirement, or at any age before reaching normal retirement age. In that event, the benefit will be reduced five percent per year for the lesser of the number of years between (a) the retiree's normal retirement age and the retiree's actual age at the time benefits commence, or (b) 27 years of service and the retiree's years of total governmental service.			With at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

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

	Tier 1	Tier 2	Tier 3	Tier 4
	Participation prior to 7/1/1978	Participation between 7/1/1978 and 6/30/1980	Participation between 7/1/1980 and 12/31/2013	Participation on or after 1/1/2014
Covered Employees:	Members of the General Assembly may elect to make monthly contributions within 30 (thirty) days of taking office, and thereby become eligible for membership in the plan. Individuals commencing participation on or after January 1, 2014, will participate in the hybrid plan.			
Benefit Formula:	Final Average Compensation X Benefit Factor X Years of Service			Cash Balance Plan
Final Compensation:	The average compensation for the highest 36 months of state salary.			No Final Compensation
Benefit Factor:	5.0% for all service that continues without interruption thereafter, not to exceed 100% of final average compensation; 2.75% for all other service.	4.15% for all service that continues without interruption thereafter not to exceed 100% of final average compensation; 2.75% for all other service.	3.5% for all service that continues without interruption, not to exceed 100% of final average compensation. Participation beginning after June 30, 1982 the rate is 2.75 for all services.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on the member's accumulated account balance.
Cost of Living Adjustment(COLA):	1.5% yearly on July 1 if the funding level is greater then 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for increase and the Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.			Any cost of living adjustment will be granted providing the following requirements are met: the funding level of Legislative Hybrid Cash Balance Plan is 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase and The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.
Unreduced Retirement Benefit:	Members who have attained age 65 and completed at least 5 years of legislative service or have service under other state authorized system when added to Legislative service will equal at least 8 years of service. The age 65 requirement shall be reduced by 1 year for each 5 years of service and 1 year for each year beyond the years of service needed to accrue a benefit of 100%. The age requirement will never be reduced below 60.			Members who have attained the age of 65 and have at least 5 years of active service credit in the Legislators Plan and any other state-supported retirement system; or at least age 57 and service with Legislators and other state-supported retirement systems of the Commonwealth plus age equals at least 87.
Reduced Retirement Benefit:	5% per year for each year under normal retirement age.			With at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Kentucky Teachers' Retirement System
Governance KRS 161.220 through KRS 161.716

Cost Sharing Multiple Employer Defined Benefit with Special Funding

	Tier 1	Tier 2	Tier 3	Tier 4
	Entry before 7/1/2002	Entry on or between 7/1/2002 and 6/30/2008	Entry on or between 7/1/2008 and 12/31/2021	Entry on or after 1/1/2022
Covered Employees:	Provides pension plan coverage for local school districts and other educational agencies in the state.			
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service			Service Credit x Multiplier x Final Average Salary = Annuity
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	Final average salary is the average of the highest five salaries. When calculating the final average salary, increases in compensation in the last five years prior to retirement are limited to the highest percentage increase generally available to a district's or agency's TRS-covered employees.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 for each year in excess of 30. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.	Non-University members is equal to: (a) 1.70% of final average salary for each year that is 10 years or less; (b) 2% of final average salary for each year that is greater than 10 years but less than 20 years; (c) 2.3% of final average salary for each year that is greater than 20 years but less than 26 years; (d) 2.5% of final average salary for each year that is greater than 26 years but less than 30 years; (e) 3% of final average salary for years greater than 30 years. University members is equal to: (a) 1.5% of final average salary for each year that is 10 years or less; (b) 1.7% of final average salary for each year that is greater than 10 years but less than 20 years; (c) 1.85% of final average salary for each year that is greater than 20 years but less than 27 years; (d) 2% of final average salary for each year that is greater than or equal to 27 years.	For all members, the career factor is 0.25% from 20 to 29.99 years of service or 0.5% at 30 or more years of service. For non-university members, the age factor is 1.70% from age 57 to 60 and then increases monthly to 1.9% at age 65. The maximum non-university multiplier is 2.4%. For university members, the age factor is 0.7% from age 57 to 60 and then increases monthly to 0.9% at age 65. The maximum university multiplier is 1.4%.

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

	Tier 1	Tier 2	Tier 3	Tier 4
	Entry before 7/1/2002	Entry on or between 7/1/2002 and 6/30/2008	Entry on or between 7/1/2008 and 12/31/2021	Entry on or after 1/1/2022
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.			A standard, statutory COLA of 1.5% is provided annually on July 1, subject to risk controls outlined separately, on a retired foundational benefit for retirees who have been retired for at least one year.
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.	Any age with 27 years , Age 60 with five years.	No penalty Age 57 with 30 years, age 60 with 10 years, age 65 with five years.
Reduced Retirement Benefit:	Reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	Reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.	Reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service. Penalty (up to 30%) Age 55 with 10 years.	The standard penalty is a reduction of 6% for the lesser of each year that the member's age is below 60 or that the service is less than 30 years with a maximum penalty of 18%. Early retirement penalty (up to 18%).

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Single Employer Defined Benefit Plans

Source of Changes in Net Pension Liability and Related Ratios

(expressed in thousands)

	Fiscal Year 2025		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators Retirement Plan
Total Pension Liability			
Service Costs	\$ 18,243	\$ 3,899	\$ 409
Interest	52,909	24,078	4,260
Differences between expected and actual experience	54,711	1,504	915
Changes in assumptions	—	—	—
Benefit payments/refunds	(64,044)	(28,081)	(5,460)
Other	—	—	—
Net change in total pension liability	61,819	1,400	124
Total pension liability at July 1	1,039,813	382,514	68,059
Total pension liability at June 30	<u>\$ 1,101,632</u>	<u>\$ 383,914</u>	<u>\$ 68,183</u>
Pension Plan Fiduciary Net Position			
Contributions - employer	\$ 61,998	\$ 5,306	\$ —
Contributions - member	5,703	1,427	225
Net investment income	56,933	80,975	16,979
State appropriation			
Benefit payments/refunds	(64,044)	(28,081)	(5,460)
Administrative expenses	(314)	(268)	(127)
Net change in plan fiduciary net position	60,276	59,359	11,617
Pension plan fiduciary net position at July 1	591,514	427,648	91,267
Pension plan fiduciary net position at June 30	<u>\$ 651,790</u>	<u>\$ 487,007</u>	<u>\$ 102,884</u>
Net Pension Liability at June 30	<u>\$ 449,842</u>	<u>\$ (103,093)</u>	<u>\$ (34,701)</u>
Pension plan fiduciary net position as a % of the total pension liability	59.17%	126.85 %	150.89 %
Covered-employee payroll	\$ 71,964	\$ 27,832	\$ 4,147
Net Pension liability as a % of covered employee payroll	625.09%	(370.41)%	(836.77)%

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	Kentucky Employees Retirement System		State Police Retirement System
	Non-Hazardous	Hazardous	
Employer Contribution	65.75%	32.20%	86.15%
State Contribution as a percentage of nonemployer special funding situation	—	—	—
Member Contribution	5.00%	8.00%	8.00%
Employer Contributions made in thousands	\$845,275	\$83,694	\$61,998
Special Funding Contributions made in thousands	\$—	\$—	\$—
As of the measurement date:			
Actuarial Valuation Date	June 30, 2023	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2024	June 30, 2024	June 30, 2024
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 (0% payroll growth assumed)
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%
Inflation Rate	2.30%	2.30%	2.50%
Payroll Growth Assumptions	0.00%	0.00%	0.00%
Projected salary increases	3.30% to 15.30%, varies by service	3.55% to 20.05% , varies by service	3.55% to 16.05%, varies by service
Mortality Tables	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Date of Experience Study	The period July 1, 2018 - June 30, 2022	The period July 1, 2018 - June 30, 2022	The period July 1, 2018 - June 30, 2022
Update procedures applied	Standard roll forward using generally accepted actuarial techniques.		
Change in Assumptions	Changes in assumptions from the prior year are reflected above.		

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Teachers' Retirement System
19.1%	—	28.47%
—	—	28.47%
Members entering the plan on or after September 1, 2008, must contribute 6%. Members entering the plan prior to September 1, 2008, contribute 5% of official salary. Once a member has a sufficient service credit to accrue benefits of 100% of final compensation, contributions shall cease.		University members contribute 7.625% of salary. Non-university members contribute 9.105 of salary.%
\$5,306	\$—	\$23,003
\$—	\$—	\$1,071,635
July 1, 2023	July 1, 2023	June 30, 2023
June 30, 2024	June 30, 2024	June 30, 2024
Entry age normal funding method	Entry age normal funding method	Entry age normal
Gains or losses 20 years closed, surplus assets, is 20-years open.	Gains or losses 20 years closed, surplus assets, is 20-years open.	Level percentage of payroll
Market Value adjusted for a 5-year smoothing method	Market Value adjusted for a 5-year smoothing method	Five-year smoothed Market
6.50%	6.50%	7.10%
2.50%	2.50%	2.50%
0.00%	0.00%	0.00%
1.0% for the next four years, 3.5% thereafter.	1.0% for the next three years, 3.5% thereafter.	3.00% to 7.50% including inflation. No change from prior year.
Based on the PUB-2010 Table for General Employees with projected mortality improvements under Projected Scale MP-2020.		Mortality rates were based on Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.
The period 2013 - 2019	The period 2013 - 2019	The period July 1, 2016 - June 30, 2020
Standard roll forward using generally accepted actuarial techniques.		Standard roll forward using generally accepted actuarial techniques.
There have been no actuarial or plan provision changes.		Changes in assumptions from the prior year are reflected above.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Membership Information	Retirees and beneficiaries receiving benefits	Inactive members	Active plan members	Total	Participating Employers
Kentucky Employees Retirement System:					
Non-Hazardous	48,409	55,980	31,383	135,772	305
Hazardous	4,887	8,577	3,886	17,350	20
State Police Retirement System	1,697	714	868	3,279	1
Judicial Retirement Plan	405	12	201	618	1
Legislators Retirement Plan	259	45	96	400	1
Kentucky Teachers' Retirement System	60,358	65,416	76,014	201,788	206

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

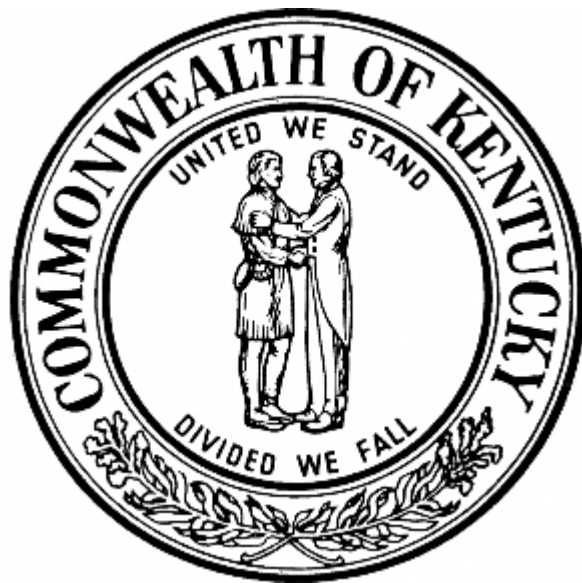
The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the following table. The current long term inflation assumption is 2.30% per annum. (See the discussion of KERS investment policy in [Note 5](#)).

Kentucky Judicial Retirement System and Kentucky Legislators Retirement System

The long-term expected rate of return on the Judicial Retirement Plan and Legislators Retirement Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial Retirement Plan's target asset allocation as of June 30, 2022. (See the discussion of the Judicial Plan's investment policy in [Note 5](#)).

Kentucky Teachers' Retirement System

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



COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS Non-Hazardous		KERS Hazardous		KSPRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:						
U.S. Equity						
US Large Cap	— %	— %	— %	— %	— %	— %
US Mid Cap	— %	— %	— %	— %	— %	— %
US Small Cap	— %	— %	— %	— %	— %	— %
Non US Equity						
International Developed	— %	— %	— %	— %	— %	— %
Equity	— %	— %	— %	— %	— %	— %
Emerging Markets	— %	— %	— %	— %	— %	— %
Core Bonds	27.00 %	2.85 %	10.00 %	2.85 %	27.00 %	2.85 %
Credit Fixed						
Fixed income	—%	—%	—%	—%	—%	—%
High Yield Bonds	—%	—%	—%	—%	—%	—%
Specialty Credit/High Yield	20.00 %	3.82 %	25.00 %	3.82 %	20.00 %	3.82 %
Other	— %	— %	— %	— %	— %	— %
Public Equity	30.00 %	4.15 %	40.00 %	4.15 %	30.00 %	4.15 %
Private Equity	6.00 %	9.10 %	8.00 %	9.10 %	6.00 %	9.10 %
Real Estate	5.00 %	4.90 %	7.00 %	4.90 %	5.00 %	4.90 %
Opportunistic	— %	— %	— %	— %	— %	— %
Real return	10.00 %	5.35 %	8.00 %	5.35 %	10.00 %	5.35 %
Cash	2.00 %	1.70 %	2.00 %	1.70 %	2.00 %	1.70 %
Total	100.00 %		100.00 %		100.00 %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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
— %	— %	— %	— %	35.40 %	5.00 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	2.60 %	5.50 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	15.70 %	5.50 %
70.00 %	— %	70.00 %	— %	— %	— %
— %	— %	— %	— %	5.30 %	6.10 %
— %	— %	— %	— %	— %	— %
30.00 %	— %	30.00 %	— %	15.00 %	1.90 %
— %	— %	— %	— %	2.00 %	3.80 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	8.00 %	3.60 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	7.00 %	8.00 %
— %	— %	— %	— %	7.00 %	3.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	2.00 %	1.60 %
100.00 %		100.00 %		100.00 %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS		KSPRS
	Non-Hazardous	Hazardous	
Discount Rate	5.25%	6.25%	5.25%
Change in Discount Rate			
Prior Valuation	—%	—%	—%
Plan Cash Flow Assumption	The projection of cash flow used to determine the single discount rate assumed that employers would contribute the actuary determined contribution rate in all future years in accordance with the current funding policy.		
Rates Incorporated in the			
Discount Rate:			
Long-Term Rate of Return	5.25%	6.25%	5.25%
Period Applied	All Periods	All Periods	All Periods
Municipal Bond Rate	NA	NA	NA
Sensitivity of the Net			
Pension Liability to Changes			
in the Discount Rate			
(expressed in thousands):			
Net Pension Liability	\$ 9,682,240	\$ 367,502	\$ 449,842
Net Pension Liability			
Assuming a Decrease			
of 1% in the Discount Rate	\$ 11,209,193	\$ 532,668	\$ 587,851
Net Pension Liability/ (Asset)			
Assuming an Increase			
of 1% in the Discount Rate	\$ 8,419,334	\$ 234,569	\$ 336,576
Commonwealth's Proportionate Share of the Net			
Pension Liability (Asset)	80.58%	98.33%	100.00%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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

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

6.50%	6.50%	7.10%	7.10%
All Periods	All Periods	All Periods	All Periods
NA	NA	NA	NA
\$ (103,093)	\$ (34,701)	\$ 331,694	\$ 16,460,512
\$ (67,460)	\$ (24,595)	\$ 180,306	\$ 21,711,577
\$ (133,718)	\$ (39,929)	\$ 108,121	\$ 12,455,636
100.00%	100.00%	2.14%	96.02%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS		KSPRS	KJRS
	Non- Hazardous	Hazardous		
(expressed in thousands)				
Pension Expense (Income)	\$ 375,563	\$ 35,396	\$ 38,414	\$ (20,467)
Deferred Outflow of Resources				
Differences between expected and actual experience	\$ 183,619	\$ 20,667	\$ 42,294	\$ 1,156
Changes in assumptions	—	—	—	—
Net difference between projected and actual earnings on investments	—	—	—	—
Change in proportionate share	169,675	4,571	—	—
Contributions subsequent to the measurement date	772,118	64,399	50,410	660
	<u>\$ 1,125,412</u>	<u>\$ 89,637</u>	<u>\$ 92,704</u>	<u>\$ 1,816</u>

Deferred Inflow of Resources

Differences between expected and actual experience	\$ —	\$ —	\$ —	\$ —
Changes in assumptions	—	—	12,595	5
Net difference between projected and actual earnings on investments	81,702	34,232	18,347	54,252
Change in proportionate share	160,851	5,945	—	—
	<u>\$ 242,553</u>	<u>\$ 40,177</u>	<u>\$ 30,942</u>	<u>\$ 54,257</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, 2026. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

Future Amortization

Year ended June 30:

2025	\$ 149,146	\$ 670	\$ 2,778	\$ (22,751)
2026	19,378	6,927	16,119	(2,536)
2027	(32,870)	(13,786)	(2,387)	(17,135)
2028	(24,913)	(8,750)	(5,158)	(10,756)
2029	—	—	—	20
Thereafter	—	—	—	57
Total	<u>\$ 110,741</u>	<u>\$ (14,939)</u>	<u>\$ 11,352</u>	<u>\$ (53,101)</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (6,930)	\$ 46,143	\$ 2,006,669	\$ 2,474,788	\$ 2,466,294	\$ 8,494	\$ 9,392
\$ 447	\$ 2,896	\$ 336,185	\$ 587,264	\$ 581,291	\$ 5,973	\$ 2,919
—	603	72,714	73,317	73,317	—	189
—	—	—	—	—	—	—
—	33,665	17,811	225,722	225,405	317	10,067
—	9,958	1,311,423	2,208,968	2,184,488	24,480	7,907
<u>\$ 447</u>	<u>\$ 47,122</u>	<u>\$ 1,738,133</u>	<u>\$ 3,095,271</u>	<u>\$ 3,064,501</u>	<u>\$ 30,770</u>	<u>\$ 21,082</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,850
1	—	—	12,601	12,601	—	152
11,417	3,060	368,698	571,708	568,893	2,815	1,801
—	8,343	46,894	222,033	216,866	5,167	8,199
<u>\$ 11,418</u>	<u>\$ 11,403</u>	<u>\$ 415,592</u>	<u>\$ 806,342</u>	<u>\$ 798,360</u>	<u>\$ 7,982</u>	<u>\$ 12,002</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, 2026. Other amounts reported as deferred outflows and deferred inflows related to pensions will be amortized and recognized as pension expense/(income) in future years.

\$ (4,572)	\$ (105,203)	\$ (45,402)	\$ (25,334)	\$ (24,961)	\$ (373)	\$ (387)
(596)	585,772	252,800	877,864	877,204	660	5,224
(3,568)	(263,401)	(113,675)	(446,822)	(445,689)	(1,133)	(2,570)
(2,240)	(191,407)	(82,605)	(325,829)	(324,983)	(846)	(1,094)
3	—	—	23	23	—	—
2	—	—	59	59	—	—
<u>\$ (10,971)</u>	<u>\$ 25,761</u>	<u>\$ 11,118</u>	<u>\$ 79,961</u>	<u>\$ 81,653</u>	<u>\$ (1,692)</u>	<u>\$ 1,173</u>

Note 9

OTHER POSTEMPLOYMENT BENEFITS

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

Kentucky Retirement Systems

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

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

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

Kentucky Judicial Form Retirement System and Kentucky Legislators Retirement System

The Judicial Form Retirement System OPEB Plan is governed by KRS 21.427 and KRS 6.577 which requires the plan to provide health benefits to retired participants and eligible dependents of the Judicial Form Retirement Plan and the Legislative Retirement Plan.

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

Kentucky Teachers' Retirement System

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

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

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

Membership:

Retirees and beneficiaries receiving benefits	29,590
Inactive members	16,541
Active plan members	31,187
Total	<u>77,318</u>

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

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

Membership:	
Retirees and beneficiaries receiving benefits	2,553
Inactive members	929
Active plan members	3,866
Total	<u>7,348</u>

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

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

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

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

Covered Employees: Members of KRS currently receiving benefits.

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

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

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

Membership:	
Retirees and beneficiaries receiving benefits	1,384
Inactive members	102
Active plan members	868
Total	2,354

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

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

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

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

Covered Employees: Members of KJFRS currently receiving benefits.

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

Contribution Rate:	Contribution rates for the employer are actuarially determined. No member contribution.	Contribution rates for the employer are actuarially determined. Member contribution of 1% of salary.
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Cost of Living Adjustment (COLA): Members participating after 2013 receive 1.5% increase annually.

Employer Contribution:

Membership:

Retirees and beneficiaries receiving benefits	320
Inactive members	9
Active plan members	201
Total	530

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

**Governance KRS 6.500 to 6.577
Single Employer Defined Benefit
Legislators Retirement Plan**

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

Covered Employees: Members of KJFRS currently receiving benefits.

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

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

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

Employer Contribution:

Membership:

Retirees and beneficiaries receiving benefits	156
Inactive members	36
Active plan members	96
Total	288

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: **Percentage of System Contribution Rate Provided to Retirees***

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

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

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

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

Cost of Living Adjustment (COLA): Does not apply

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

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

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

Membership:	Medical	Life Insurance
Retirees and beneficiaries receiving benefits	42,142	53,379
Inactive members	7,917	11,216
Active plan members	71,005	70,528
Total	121,064	135,123

Membership at Valuation date, June 30, 2023

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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

	Fiscal Year 2025		
	State Police Retirement System	Kentucky Judicial Retirement System	Kentucky Legislators Retirement System
Total OPEB Liability			
Service Costs	\$ 4,115	\$ 862	\$ 144
Interest	15,508	3,151	1,149
Differences between expected and actual experience	1,360	2,728	665
Changes in assumptions	4,394	—	
Benefit payments/refunds	(11,668)	(2,448)	(1,023)
Net change in total OPEB liability	13,709	4,293	935
Total OPEB liability at July 1	263,450	49,266	18,115
Total OPEB liability at June 30	<u>\$ 277,159</u>	<u>\$ 53,559</u>	<u>\$ 19,050</u>
OPEB Plan Fiduciary Net Position			
Contributions - employer	\$ 9,788	\$ —	\$ —
Contributions - member	396	96	30
Net investment income	26,963	26,463	13,963
Benefit payments/refunds	(11,668)	(2,448)	(1,023)
Administrative expenses	(71)	(88)	(105)
Net change in plan fiduciary net position	25,408	24,023	12,865
OPEB plan fiduciary net position at July 1	248,109	135,129	71,739
OPEB plan fiduciary net position at June 30	<u>\$ 273,517</u>	<u>\$ 159,152</u>	<u>\$ 84,604</u>
Net OPEB liability at June 30	<u>\$ 3,642</u>	<u>\$ (105,593)</u>	<u>\$ (65,554)</u>
Plan fiduciary net position as a % of the total OPEB liability	98.69%	297.15 %	444.12 %
Covered-employee payroll	\$ 71,992	\$ 27,800	\$ 4,147
Net OPEB liability as a % of covered employee payroll	5.06%	(379.83)%	(1580.76)%

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS		KSPRS
	Non-Hazardous	Hazardous	
Employer Contribution	7.10%	0.68%	
Member Contribution	1.00%	1.02%	1.00%
State Contribution as a percentage of nonemployer special funding situation	0.00%	0.00%	0.00%
Contributions	\$131,529	\$2,679	\$9,788
Experience Study	June 30, 2019-June 30, 2023	June 30, 2019-June 30, 2023	June 30, 2019-June 30, 2023
Actuarial Valuation Date	June 30, 2023	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2024	June 30, 2024	June 30, 2024
Inflation	2.3%, prior year 2.5%	2.3%, prior year 2.5%	2.30%, prior year 2.5%
Salary Increases	3.30% to 15.30%, varies by service, no change from prior year.	3.55% to 20.05%, varies by service, no change from prior year.	3.55% to 16.05%, varies by service, no change from prior year.
Investment rate of return	6.25% , prior year 6.5%	6.25%, no change from prior year.	6.5%, no change from prior year
Health cost trend rates	Fiscal Year 2023 used the pre-65 rate starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement. Post-65 Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement. Prior Year- Healthcare Trend Rates: Pre- 65: Initial trend starting at 6.40% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Post-age 65 Initial trend starting at 6.25% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.		
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	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. Prior Year: System -specific mortality table based on mortality experience from 2013 to 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.		

Update procedures applied

Standard roll forward methods using generally accepted actuarial techniques.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

KJRS	KLRS	KTRS
Members participating on or after January 2014 contribute 1%	Members participating on or after January 2014 contribute 1%	Active members contribute between 2.78% and 3.75%
0.00%	0.00%	46.66%
\$—		\$101,013,302
2013-2019	2013-2019	
July 1, 2023	July 1, 2023	June 30, 2023
June 30, 2024	June 30, 2024	
2.30%, prior year 2.5%	2.5%, no change from prior year	2.50%
1% for the next 3-year and 3.5% thereafter.	1% for the next 3-year and 3.5% thereafter.	3.00%-7.50% including wage inflation. No change from prior year.
6.5%. No change from the prior year.	6.5%. No change from the prior year.	7.10% Health, 7.10% Life. No change from prior year.
6.25 grading to 5.75% over 2 years and following the Getzen model until reaching an ultimate rate of 4.04% in 2075 The prior year 6.25% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2027.	6.25 grading to 5.75% over 2 years and following the Getzen model until reaching an ultimate rate of 4.04% in 2075 The prior year 6.25% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2027.	Under Age 65, 6.75% for FYE 2023 decreasing to a rate of 4.50% by FYE 2032. For 65 and older 1.55% for FYE 2023 decreasing to 4.50 % by 2034. The prior year used Under Age 65, 7.00% for FYE 2022 decreasing to a rate of 4.50% by FYE 2032. For 65 and older 5.125% for FYE 2022 decreasing to 4.50 % by 2025. Medicare part B premiums 6.97% for FYE 2022 with an ultimate of 4.5% by FYE 2034.
Entry age normal	Entry age normal	Entry age normal
Market value, 5 year smoothing	Market value, 5 year smoothing	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.5%, no change from last year	6.5%, no change from last year	7.10%, no change from prior year.
Pub-2010 (above median) Table for General Employees (headcount weighted) with projected mortality improvements under Projection Scale MP2020. Prior year Mortality rates were PubG-2010 (A) with Pre and Post Commencement Rates with projected improvements after year 2010 under Projected Scale MP-2020. (male and females scale). The headcount weighted version of the table was used.	Mortality rates were PubG-2010 (A) with Pre and Post Commencement Rates with projected improvements after year 2010 under Projected Scale MP-2020. (male and females scale). The headcount weighted version of the table was used. No pre-retirement mortality is assumed for the Hybrid Plan. No change from the prior year.	Mortality rates were based on PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2022 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. No change from prior year

Standard roll forward methods using generally accepted actuarial techniques.

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

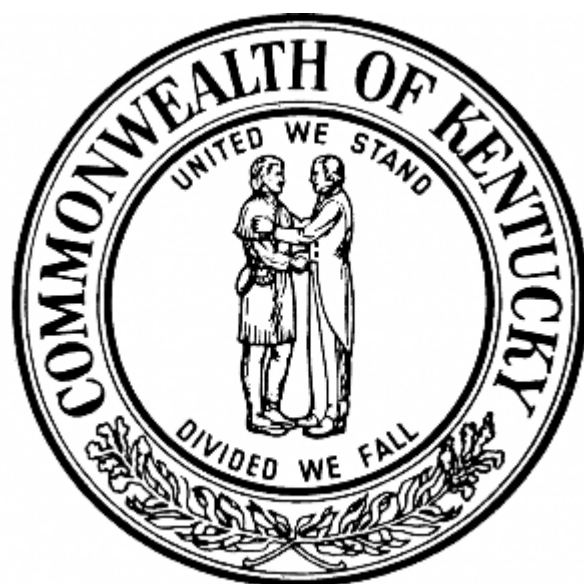
The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.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

Kentucky Judicial Retirement Plan and Kentucky Legislators Retirement Plan

The long-term expected rate of return on Judicial and Legislators' OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial and Legislators' OPEB Plan's target asset allocation as of June 30, 2022 (see the discussion of the Judicial and Legislators Plan's investment policy in [Note 5](#)).

Kentucky Teachers' Retirement System

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



COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS Non- Hazardous, Hazardous, and KSPRS		KJRS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:				
U.S. Equity	— %	— %	— %	4.50 %
US Large Cap	— %	— %	— %	— %
US Small Cap	— %	— %	— %	— %
Non US Equity	— %	— %	— %	— %
International	— %	— %	— %	2.50 %
Emerging Markets	— %	— %	— %	— %
High Yield Bonds	— %	— %	— %	— %
Credit Fixed	— %	— %	— %	1.25 %
Specialty Credit/ High Yield	25.00 %	3.82 %	— %	— %
Public Equity	40.00 %	4.15 %	— %	— %
Private Equity	8.00 %	9.10 %	— %	— %
Real Estate	7.00 %	4.90 %	— %	— %
Core Bonds	10.00 %	2.85 %	— %	— %
Real return	8.00 %	5.35 %	— %	— %
Cash	2.00 %	1.70 %	— %	(2.00) %
Additional Categories	— %	— %	— %	— %
Total	100.00 %		— %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

KLRS		KTRS Medical Insurance Fund		KTRS Life Insurance Fund	
Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
— %	4.50 %	— %	— %	40.00 %	5.20 %
— %	— %	35.40 %	5.00 %	— %	— %
— %	— %	2.60 %	5.50 %	— %	— %
— %	— %	— %	— %	— %	— %
— %	2.50 %	15.00 %	5.50 %	15.00 %	5.50 %
— %	— %	5.00 %	6.10 %	5.00 %	6.10 %
— %	— %	8.00 %	3.80 %	— %	— %
— %	1.25 %	9.00 %	1.90 %	21.00 %	1.90 %
— %	— %	— %	— %	— %	— %
— %	— %	8.50 %	8.00 %	— %	— %
— %	— %	— %	— %	5.00 %	8.00 %
— %	— %	6.50 %	3.20 %	7.00 %	3.20 %
— %	— %	— %	— %	— %	— %
— %	— %	— %	— %	— %	— %
— %	(2.00) %	1.00 %	1.60 %	2.00 %	1.60 %
— %	— %	9.00 %	3.70 %	5.00 %	4.00 %
— %		100.00 %		100.00 %	

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS		KSPRS	KJRS
	Non-Hazardous	Hazardous		
Discount Rate	6.00%	5.99%	6.08%	6.50%
Change in Discount Rate from Prior Valuation	0.06%	0.05%	0.00%	—%

Rates Incorporated in the Discount Rate:

Long-Term Rate of Return	6.50%	6.50%	6.50%	6.50%
Period Applied	All periods	All periods	All periods	All periods
Municipal Bond Rate	3.97%	3.97%	3.90%	NA

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

(expressed in thousands):

Net OPEB Liability (Asset)	\$	577,662	\$	(231,193)	\$	3,642	\$	(105,593)
Net OPEB Liability Assuming a Decrease of 1% in the Discount Rate	\$	788,565	\$	(181,350)	\$	34,067	\$	(99,554)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Discount Rate	\$	386,569	\$	(279,694)	\$	(21,916)	\$	(110,655)

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

(expressed in thousands):

Net OPEB Liability	\$	577,662	\$	(231,193)	\$	3,642	\$	(105,593)
Net OPEB Liability Assuming a Decrease of 1% in the Healthcare Cost Trend Rate	\$	423,327	\$	(266,478)	\$	(18,176)	\$	(111,470)
Net OPEB Liability/ (Asset) Assuming an Increase of 1% in the Healthcare Cost Trend Rate	\$	741,427	\$	(195,180)	\$	29,059	\$	(97,438)

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

79.95 %	98.32 %	100.00 %	100.00 %
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Plan Cash Flow assumption:

- KERS Non-Hazardous, Hazardous, & State Police:** The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contribution will be at the actuarial contribution rate, as established in Statue. The municipal bond rate is based on Fidelity Index's "20-Year Municipal GO AA Index."
- KJRS and KLRs:** The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current rate and that employer contribution will be at the current statutory contribution rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefits.
- KTRS:** The discount used to measure the total liability was 7.1% for MIF and 7.1% for LIF. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. Per KRS 161.550 (5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system's actuary, the statutory contribution are to decrease, suspended, or eliminated. The employer will pay the actuarial determined contribution for LIF, active members do not explicitly contribute to the plan.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

KLRS	KTRS - Medical Insurance Fund		KTRS - Life Insurance Fund	
	Employer	Special Funding Situation	Employer	Special Funding Situation
6.50%	7.10%	7.10%	7.10%	7.10%
—%	—%	—%	—%	—%
6.50%	7.10%	7.10%	7.10%	7.10%
All periods	All periods	All periods	All periods	All periods
NA	NA	NA	NA	NA

\$	(65,554)	\$	28,569	\$	1,025,291	\$	471	\$	22,727
\$	(63,390)	\$	25,090	\$	1,374,954	\$	810	\$	38,978
\$	(67,354)	\$	13,746	\$	753,194	\$	198	\$	9,575

\$	(65,554)	\$	28,569	\$	1,025,291	\$	471	\$	22,727
\$	(67,568)	\$	12,758	\$	699,112	\$	—	\$	—
\$	(62,739)	\$	26,502	\$	1,452,274	\$	—	\$	—

100.00 %	1.26 %	45.34 %	0.03 %	1.32 %
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COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

	KERS		KSPRS	KJRS
	Non- Hazardous	Hazardous		
(expressed in thousands)				
OPEB Expense (Income)	\$ (315,266)	\$ (62,048)	\$ (21,447)	\$ (8,600)

Deferred Outflow of Resources

Differences between expected and actual experience	\$ 45,340	\$ 5,925	\$ 1,065	\$ 4,761
Changes in assumptions	35,241	12,336	4,557	1
Net difference between projected and actual earnings on investments	—	—	—	—
Change in proportionate share	92,147	222	—	—
Contributions subsequent to the measurement date	46,620	491	2,311	—
	<u>\$ 219,348</u>	<u>\$ 18,974</u>	<u>\$ 7,933</u>	<u>\$ 4,762</u>

Deferred Inflow of Resources

Differences between expected and actual experience	\$ 477,237	\$ 115,322	\$ 57,361	\$ —
Changes in assumptions	21,128	17,250	5,767	302
Net difference between projected and actual earnings on investments	42,859	25,170	10,148	17,741
Change in proportionate share	91,097	3,209	—	—
	<u>\$ 632,321</u>	<u>\$ 160,951</u>	<u>\$ 73,276</u>	<u>\$ 18,043</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, 2026. 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:

2026	\$ (350,576)	\$ (63,135)	\$ (32,289)	\$ (4,007)
2027	(91,191)	(45,403)	(18,978)	(479)
2028	(6,405)	(28,643)	(14,971)	(5,251)
2029	(11,267)	(5,287)	(1,416)	(3,550)
2030	(154)	—	—	2
Thereafter	—	—	—	4
Total	<u>\$ (459,593)</u>	<u>\$ (142,468)</u>	<u>\$ (67,654)</u>	<u>\$ (13,281)</u>

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

KLRS	KTRS		TOTAL	Primary Government		Major Component Units
	Employer	Special Funding Situation		Governmental Activities	Business-Type Activities	
\$ (6,090)	\$ (1,483)	\$ (26,111)	\$ (441,045)	\$ (429,805)	\$ (11,240)	\$ 30,306
\$ 1,228	\$ 12	\$ 515	\$ 58,846	\$ 57,380	\$ 1,466	\$ 13,588
1	4,810	263,594	320,540	319,352	1,188	17,491
—	—	—	—	—	—	747
—	10,353	467,403	570,125	564,584	5,541	3,580
—	2,929	107,656	160,007	158,690	1,317	20,252
<u>\$ 1,229</u>	<u>\$ 18,104</u>	<u>\$ 839,168</u>	<u>\$ 1,109,518</u>	<u>\$ 1,100,006</u>	<u>\$ 9,512</u>	<u>\$ 55,658</u>

\$ —	\$ 5,719	\$ 313,059	\$ 968,698	\$ 952,939	\$ 15,759	\$ 30,340
106	45	2,174	46,772	45,997	775	20,911
9,350	581	32,097	137,946	136,437	1,509	6,865
—	15,505	344,151	453,962	447,327	6,635	29,972
<u>\$ 9,456</u>	<u>\$ 21,850</u>	<u>\$ 691,481</u>	<u>\$ 1,607,378</u>	<u>\$ 1,582,700</u>	<u>\$ 24,678</u>	<u>\$ 88,088</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, 2026. Other amounts reported as deferred outflows and deferred inflows related to OPEB will be amortized and recognized as OPEB expenses/(income) in future years.

\$ (2,896)	\$ (2,273)	\$ (79,136)	\$ (534,312)	\$ (522,174)	\$ (12,138)	\$ (37,867)
(546)	(656)	6,244	(151,009)	(147,543)	(3,466)	(3,418)
(2,921)	(824)	(10,641)	(69,656)	(69,170)	(486)	(8,779)
(1,865)	(1,848)	51,173	25,940	26,178	(238)	(4,590)
1	(1,355)	68,137	66,631	66,786	(155)	428
—	281	4,254	4,539	4,539	—	1,544
<u>\$ (8,227)</u>	<u>\$ (6,675)</u>	<u>\$ 40,031</u>	<u>\$ (657,867)</u>	<u>\$ (641,384)</u>	<u>\$ (16,483)</u>	<u>\$ (52,682)</u>

Note 10

EMPLOYEE BENEFIT PLAN

Kentucky Public Employees' Deferred Compensation Plan:

Employees of the Commonwealth, its cities, counties, and local school districts are eligible to participate in two deferred compensation plans as authorized by the United States Internal Revenue Code. These plans, labeled 457 and 401(k), after sections of the Code, are administered by the Personnel Cabinet and an independent Plan administrator. The Commonwealth, through a board of trustees as defined in KRS 18A.245, selects the administrator to oversee the daily operations and technical compliance of the Plans with applicable sections of the Internal Revenue Code. The Commonwealth's responsibilities consist of withholding payroll deductions for its employees, collecting employee withholding of the cities, counties, and local school districts, and remitting those withholding 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, 2025 Plan Assets are as follows:

	(expressed in thousands)	
	457 Plan	401(k) Plan
Commonwealth	\$ 724,962	\$ 1,125,333
Other Participating Jurisdictions	995,996	1,730,354
Total	<u>\$ 1,720,958</u>	<u>\$ 2,855,687</u>

Note 11

LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

LEASES

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

Under GASB Statement No. 87 "Leases", a lessee is required to recognize a lease liability and an intangible right to use lease asset and a lessor should recognize a lease receivable and a deferred inflow of resources.

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

Changes in leases payable for the year ended June 30, 2025, are summarized in [Note 16](#), Changes in Long-Term Obligations. The amount of lease assets are classified by their underlying asset types in [Note 6](#), Capital Assets and Lease Assets.

Commonwealth as a Lessee:

As a lessee, the Commonwealth has entered into multiple lease agreements related to governmental activities and business-type activities for buildings, office space, and equipment with lease terms ranging from one to 30 years. Many of the current real property leases are past their initial terms and were previously renewed or extended. A portion of the lease liability for the major component units is applicable to leases with the Commonwealth.

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

**Future minimum lease payments under lease agreements as of
June 30, 2025, are as follows (expressed in thousands):**

Year ended June 30:	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2026	\$ 39,083	\$ 8,686	\$ 512	\$ 85	\$ 79,012	\$ 28,550
2027	33,788	6,746	469	61	62,705	24,711
2028	28,698	5,368	412	40	52,039	25,085
2029	24,035	3,211	185	24	41,267	22,848
2030	17,282	1,882	155	16	34,083	23,004
2031-2035	13,916	1,448	285	18	123,782	99,563
2036-2040	1,387	367	—	—	101,679	76,288
2041-2045	570	168	—	—	108,472	47,613
2046-2050	404	51	—	—	109,645	23,945
2051-2055	—	—	—	—	54,677	2,289
Present value of future minimum lease payments	<u>\$ 159,163</u>	<u>\$ 27,927</u>	<u>\$ 2,018</u>	<u>\$ 244</u>	<u>\$ 767,361</u>	<u>\$ 373,896</u>

Commonwealth as a Lessor:

The Commonwealth is a lessor under multiple lease agreements for buildings and land related to both governmental and business-type activities. The terms of these leases range from one to 146 years. For governmental activities, the Commonwealth recognized \$940,000 and \$241,000 for lease principal and interest revenue, respectively, for the fiscal year ended June 30, 2025. Lease revenue from principal and interest payments received for business-type activities was \$32,000 and \$44,000 during fiscal year 2025.

**The future lease payments included in the measurement of the lease receivable related to
the primary government as of June 30, 2025, are as follows (expressed in thousands):**

Year ended June 30:	Primary Government				Component Units - Major	
	Governmental		Business-Type		Principal	Interest
	Principal	Interest	Principal	Interest		
2026	\$ 966	\$ 215	\$ 33	\$ 42	\$ —	\$ —
2027	992	189	35	41	—	—
2028	1,020	162	36	39	—	—
2029	427	139	17	38	—	—
2030	229	132	18	38	—	—
2031-2035	1,077	565	99	183	—	—
2036-2040	939	431	113	172	—	—
2041-2045	1,035	298	129	160	—	—
2046-2050	1,184	150	46	150	—	—
2051-2055	498	14	26	151	—	—
2056-2060	—	—	29	151	—	—
2061-2065	—	—	33	151	—	—
2066-2070	—	—	39	151	—	—
2071-2075	—	—	44	151	—	—
2076-2080	—	—	50	150	—	—
2081-2085	—	—	58	148	—	—
2086-2090	—	—	66	145	—	—
2091-2095	—	—	76	142	—	—
2096-2171	—	—	761	2,226	—	—
Present value of future minimum lease payments	<u>\$ 8,367</u>	<u>\$ 2,295</u>	<u>\$ 1,708</u>	<u>\$ 4,429</u>	<u>\$ —</u>	<u>\$ —</u>

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SUBSCRIPTION-BASED IT ARRANGEMENTS

The Commonwealth has noncancellable subscription-based information technology arrangements (SBITAs) for the right to use IT vendors' information technology software reportable under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which was implemented in fiscal year 2025. For SBITAs, the Commonwealth recognizes a subscription liability and a subscription asset on the government-wide and proprietary fund financial statements. On the governmental fund statements, the initial capital outlay and other financing sources are record at the commencement of the subscription term.

The total subscription payments made during fiscal year 2025 for governmental and business-type activities were \$113,859,000 and \$552,000, respectively.

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

**Future minimum subscription payments under subscription agreements as of
June 30, 2025, are as follows (expressed in thousands):**

Year ended June 30:	Primary Government				Component Units - Major	
	Governmental		Business-Type			
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 93,115	\$ 11,716	\$ 552	\$ 96	\$ 18,916	\$ 1,272
2027	29,124	3,930	282	71	13,601	727
2028	15,993	2,510	296	57	7,102	333
2029	8,917	1,776	310	41	3,969	129
2030	6,479	1,367	325	42	534	5
2031-2035	15,456	3,600	699	35	123	5
2036-2040	6,085	1,462	—	—	—	—
2041-2045	3,733	280	—	—	—	—
Present value of future minimum subscription payments	<u>\$ 178,902</u>	<u>\$ 26,641</u>	<u>\$ 2,464</u>	<u>\$ 342</u>	<u>\$ 44,245</u>	<u>\$ 2,471</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 \$19,247,000 reported in the Program at June 30, 2025, 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 2025 and 2024 were:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 20,561	\$ 15,036
Incurred claims	20,256	24,531
Claims payments	(21,570)	(19,006)
Balance at Fiscal Year End	<u>\$ 19,247</u>	<u>\$ 20,561</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 \$183,770,000 reported in the Program at June 30, 2025, 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 2025 and 2024 were:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 191,491	\$ 206,745
Claims and claims adjustments incurred	10,324	1,476
Claims and claims adjustment payments	(18,045)	(16,730)
Balance at Fiscal Year End	<u>\$ 183,770</u>	<u>\$ 191,491</u>

Transportation Cabinet Workers' Compensation:

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

The claims liability of \$19,244,000 reported in the Program at June 30, 2025, 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 2025 and 2024 were:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 17,925	\$ 19,322
Claims and claims adjustments incurred	3,866	3,378
Changes in estimates	—	(2,592)
Claims and claims adjustments payment	(2,547)	(2,183)
Balance at Fiscal Year End	<u>\$ 19,244</u>	<u>\$ 17,925</u>

Note 13

RISK POOLS

The Commonwealth's risk pools are the Insurance Administration Fund and Kentucky Public Employees Health Insurance Fund (enterprise funds) and the Grain Insurance Corporation (component unit). The Insurance Administration Fund includes the operations of five risk pools as follows: Workers' Compensation Insurance, Self Insurance Fund, Petroleum Storage Tank Assurance, Kentucky Reclamation Guaranty, 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. Following the enactment of House Bill No. 1 on December 1996, the Fund stopped accepting new claims and is mandated to be fully funded by the end of 2029.

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 \$349,800,000 as reported in the financial statements, is the present value of the aggregate actuarially determined claims liability of \$455,710,000 discounted at 3.00 percent, and net of the estimated realizable value of reimbursements. The claims adjusted liability of \$12,303,000 as reported in the financial statements is the present value of the aggregate actuarially determined liability of \$15,989,000 discounted at 3.00 percent and net of the estimated realizable value of reimbursements. Changes in the Program's claims liability amount in Fiscal Years 2025 and 2024 were:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 514,723	\$ 549,476
Claims and claims adjustments incurred	6,996	7,107
Changes in estimates	(17,555)	(20,439)
Claims and claims adjustment payments	(32,464)	(21,421)
Balance at Fiscal Year End	<u>\$ 471,700</u>	<u>\$ 514,723</u>

Self Insurance Fund:

The Self-Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. These estimates exclude any provision for future defunct employers. The claims liability of \$9,725,000, as reported in the financial statements, is the present value of the aggregate claims liability of \$11,404,000 discounted at 3.00% and net of the estimated realizable value of reimbursements. The claims adjustment liability of \$748,000 as reported in the combined financial statements is the present value of the aggregate liability of \$855,000 discounted at 3.00%. Changes in the Program's claims liability amount in Fiscal Years 2025 and 2024 were:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 13,366	\$ —
Claims and claims adjustments incurred	—	13,366
Changes in estimates	—	—
Claims and claims adjustment payments	(1,107)	—
Balance at Fiscal Year End	<u>\$ 12,259</u>	<u>\$ 13,366</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

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\$1,000 per occurrence for owners or operators of five or less tanks, and at \$5,000 for owners or operators of six to ten tanks, and at \$25,000 for owners of more than ten tanks.

The Program establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The claims liability of \$147,019,000 that was reported in the financial statements is the aggregate actuarially determined claims liability and is not discounted.

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

(expressed in thousands)	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>
Beginning of fiscal year liability	\$ 147,892	\$ 156,243
Claims and claims adjustments incurred	9,218	4,580
Changes in estimates	(1,746)	(2,032)
Claims and claims adjustment payments	<u>(8,345)</u>	<u>(10,899)</u>
Balance at Fiscal Year End	<u>\$ 147,019</u>	<u>\$ 147,892</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 \$495,000 as reported in the financial statements is the aggregate actuarially determined claims liability.

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 982	\$ 1,387
Changes in estimates	(487)	(405)
Balance at Fiscal Year End	<u>\$ 495</u>	<u>\$ 982</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, 2025. Changes in the Program's aggregate liabilities for the claims and claims adjustments for the past two years were:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ —	\$ —
Claims and claims adjustments incurred	420	—
Claims and claims adjustment payments	(420)	—
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 \$143,286,000 that was reported in the financial statements is the aggregate actuarially determined claims liability. Changes in the aggregate liabilities for claims and claims adjustment expenses for the past two years are as follows:

(expressed in thousands)	Fiscal Year 2025	Fiscal Year 2024
Beginning of fiscal year liability	\$ 143,914	\$ 127,036
Claims and claims adjustments incurred	2,571,160	2,188,395
Changes in estimates	14,471	10,786
Claims and claims adjustment payments	(2,586,259)	(2,182,303)
Balance at Fiscal Year End	<u>\$ 143,286</u>	<u>\$ 143,914</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 2025 or 2024; and, there was not a claims liability for FY 2025 or FY 2024.

Note 14

DEFEASANCE OF LONG-TERM DEBT

School Facilities Construction Commission

The School Facilities Construction Commission issues revenue bonds on behalf of local school districts to finance construction of new facilities or the major renovation of existing facilities. The Commission participates in the payment of debt service for qualifying districts. By statute, the Commission's portion of the savings from refunding issues goes to the school district. Therefore, the Commission's participation remains unchanged and the Commission does not experience an economic gain or loss on these transactions. Proceeds from the issues are placed in escrow accounts to pay the future debt service of the issue(s) being refunded. During the fiscal year ended June 30, 2025, the School Facilities Construction Commission issued the following revenue refunding bonds:

Revenue refunding bonds dated June 10, 2025, were issued for the Fayette County School District Finance Corporation 2015A & 2015D Refunding. The Commission's portion of the refunding issue was \$3,901,000 maturing February 1, 2026 to February 1, 2036, and carrying interest rates from 2.950% to 3.580%. Issuing the bonds will reduce the prior debt service amounts by a total of \$6,323,000 and a net present value savings of \$6,887,000.

State Property and Buildings Commission

During the fiscal year ended June 30, 2025, the State Property and Buildings Commission issued \$128,090,000 of revenue refunding bonds.

Revenue refunding bonds Project No. 132 Series B \$128,090,000 dated May 5, 2025 were issued to refund Project Nos. 108A and 110. The serial bonds have a maturity from April 1, 2027 through April 1, 2036, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$9,928,000 and a net present value savings of \$11,214,000.

Kentucky Asset Liability Commission

During the fiscal year ended June 30, 2025, the Kentucky Asset Liability Commission issued \$21,720,000 of Project Refunding Notes Federal Highway Trust Fund Series 2025A Bonds dated June 3, 2025. The serial bonds have a maturity from September 1, 2025 through September 1, 2027 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$571,000 and a net present value savings of \$552,000.

The Turnpike Authority of Kentucky

During the fiscal year ended June 30, 2025, the Turnpike Authority of Kentucky issued \$148,415,000 of revenue refunding bonds.

Revenue refunding bonds 2024 Series A Revenue Refunding Bonds \$108,985,000 dated July 9, 2024 were issued to refund 2010 Series B bonds. The serial bonds have a maturity from July 1, 2025 through July 1, 2030, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$984,000 and a net present value savings of \$870,000.

Revenue refunding bonds 2025 Series A Revenue Refunding Bonds \$39,430,000 dated April 2, 2025 were issued to refund 2015 Series A bonds. The serial bonds have a maturity from July 1, 2026 through July 1, 2035, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$3,879,000 and a net present value savings of \$3,349,000.

Component Units

Western Kentucky University

During the fiscal year ended June 30, 2025, the University issued 2024 Series B General Receipts Refunding Bonds of \$6,245,000 on December 19, 2024 to partially refund 2012 Series A. The serial bonds have a maturity from September 1, 2029 through September 1, 2031 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$811,000 and a net present value savings of \$547,000.

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, 2025.

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

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

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

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During the fiscal year ended June 30, 2025 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 \$1,500,000,000 in revenue fund bonds as follows:

Revenue Bonds Project No. 131 \$600,000,000 dated October 24, 2024 were issued. The serial bonds have a maturity from October 1, 2025 through October 1, 2044 and carrying an interest rate of 4.000% - 5.000%.

Revenue Bonds Project No. 132 Series A \$771,910,000 dated March 27, 2025 were issued. The serial bonds have a maturity from April 1, 2026 through April 1, 2045 with carrying interest rates of 4.000% - 5.000%.

Revenue refunding bonds Project No. 132 Series B \$128,090,000 dated May 5, 2025 were issued to refund Project Nos. 108A and 110. The serial bonds have a maturity from April 1, 2027 through April 1, 2036, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$9,928,000 and a net present value savings of \$11,214,000.

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.

During the fiscal year ended June 30, 2025, the Turnpike Authority of Kentucky issued \$148,415,000 of revenue refunding bonds.

Revenue refunding bonds 2024 Series A Revenue Refunding Bonds \$108,985,000 dated July 9, 2024 were issued to refund 2010 Series B bonds. The serial bonds have a maturity from July 1, 2025 through July 1, 2030, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$984,000 and a net present value savings of \$870,000.

Revenue refunding bonds 2025 Series A Revenue Refunding Bonds \$39,430,000 dated April 2, 2025 were issued to refund 2015 Series A bonds. The serial bonds have a maturity from July 1, 2026 through July 1, 2035, and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$3,879,000 and a net present value savings of \$3,349,000.

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

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

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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 2025.

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.

University of Louisville issued \$32,385,000 of 2025 Series A General Receipts Bonds of \$32,385,000 on May 7, 2025. The serial bonds have a maturity from September 1, 2026 through September 1, 2045 and carry an interest rate of 5.000%.

Western Kentucky University issued 2024 Series A General Receipts Bonds of \$31,115,000 on December 19, 2024. The serial bonds have a maturity from September 1, 2025 through September 1, 2044 and carry an interest rate of 4.000% to 5.000%. \$6,245,000 2024 Series B General Receipts Refunding Bonds were issued on December 19, 2024 to partially refund 2012 Series A. The serial bonds have a maturity from September 1, 2029 through September 1, 2031 and carry an interest rate of 5.000%. Issuing the bonds reduced the prior debt service amounts by a total of \$811,000 and a net present value savings of \$547,000.

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

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

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

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

During fiscal year 2025, the Corporation incurred line of credit borrowings and principal repayments in the amount of \$229.4 million. The Corporation also issued \$277.1 million of bonds payable. Total bond principal repayments were \$27.2 million and the change in net unamortized bond premium was \$0.6 million. As a result of this activity, bonds outstanding increased \$249.3 million and the lines of credit balance remained at zero.

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 2025.

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

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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 2025.

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.

During fiscal year 2025, the Corporation issued Student Loan Revenue Bonds of \$95,300,000. 2025 Senior Series A-1 (Tax-Exempt AMT Fixed Rate Bonds) \$27,920,000 with an interest rate of 5.000% maturing June 1, 2028 through June 1, 2035. 2025 Senior Series A-2 (Taxable Fixed Rate Bonds) \$67,380,000 with interest rates of 5.255% - 6.045% maturing June 1, 2028 through June 1, 2035.

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 2025.

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 2025.

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 succession 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, 2025, the Commission issued bonds having aggregate state participation of \$97,350,000 maturing through April 1, 2046, and carry interest rates of 2.510% to 6.000%. Due to the length of the listing, the reader is referred to the detail Schedule of Bonds Outstanding at June 30, 2025, which is contained in the publication titled *Kentucky Supplemental Information to the Annual Comprehensive Financial Report* for the Fiscal Year Ended June 30, 2025. Copies of this report are available from the Division of Statewide Accounting, Financial Reporting Branch, 200 Mero Street, 5th Floor, Frankfort, Kentucky 40601.

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

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

The Corporation issued no bonds during fiscal year 2025.

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 2025.

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

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

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

The KentuckyWired Infrastructure Company, Inc.

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

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

The Corporation issued no bonds during fiscal year 2025.

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

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

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

**The agencies and authorities that issue debt, net of discounts and defeased bonds,
at June 30, 2025, are as follows (expressed in thousands):**

Long-Term Obligations	Principal Outstanding	Interest Rate	Annual Maturity To
Agency:			
State Property and Buildings Commission	\$ 3,921,645	0.255%-8.250%	2045
Kentucky School Facilities Construction Commission	901,701	0.250%-6.000%	2046
Turnpike Authority of Kentucky	672,910	0.166%-5.720%	2042
Total	<u>\$ 5,496,256</u>		

**Future revenue bond debt service requirements at
June 30, 2025, are as follows (expressed in thousands):**

Year Ending June 30	Principal	Interest	Totals
2026	\$ 517,444	\$ 241,394	\$ 758,838
2027	493,252	219,545	712,797
2028	475,660	197,739	673,399
2029	451,536	177,016	628,552
2030	382,468	158,088	540,556
2031-2035	1,428,243	582,996	2,011,239
2036-2040	1,031,557	297,730	1,329,287
2041-2045	716,020	92,114	808,134
2046-2050	76	2	78
Total	<u>\$ 5,496,256</u>	<u>\$ 1,966,624</u>	<u>\$ 7,462,880</u>

Future debt service requirements for aggregated Next Generation Kentucky Information Highway Project at June 30, 2025, are as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 4,438	\$ 14,664	\$ 19,102
2027	5,143	14,432	19,575
2028	5,859	14,166	20,025
2029	6,617	13,873	20,490
2030	7,391	13,574	20,965
2031-2035	51,193	61,623	112,816
2036-2040	80,141	46,487	126,628
2041-2045	128,017	21,554	149,571
Total	<u><u>\$ 288,799</u></u>	<u><u>\$ 200,373</u></u>	<u><u>\$ 489,172</u></u>

Future debt service requirements for Kentucky Communications Network Authority Project at June 30, 2025, are as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Direct Placements</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 1,960	\$ 4,709	\$ 6,669
2027	2,060	4,609	6,669
2028	2,165	4,503	6,668
2029	2,275	4,392	6,667
2030	2,395	4,275	6,670
2031-2035	13,935	19,405	33,340
2036-2040	17,895	15,446	33,341
2041-2045	22,975	10,363	33,338
2046-2050	29,505	3,837	33,342
Total	<u><u>\$ 95,165</u></u>	<u><u>\$ 71,539</u></u>	<u><u>\$ 166,704</u></u>

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Component Unit Revenue Bonds Payable as of June 30, 2025, are as follows (expressed in thousands):

Component Unit Revenue Bonds Payable	Principal Outstanding	Interest Rate	Annual Maturity To
Kentucky Housing Corporation*	\$ 778,060	1.250%-6.750%	2056
Kentucky Infrastructure Authority*	94,730	2.000%-5.000%	2032
Kentucky Higher Education Student Loan Corporation	694,613	1.410%-7.310%	2051
Kentucky Public Transportation Infrastructure Authority	336,080	1.150%-6.875%	2052
University of Kentucky*	1,293,452	1.030%-4.440%	2052
University of Louisville*	669,776	1.500%-5.500%	2051
Louisville Arena Authority	329,120	2.967%-5.000%	2047
Eastern Kentucky University	117,765	2.000%-5.000%	2052
Western Kentucky University*	229,932	2.000%-5.000%	2045
Murray State University*	72,305	1.000%-5.000%	2044
Morehead State University	87,715	1.000%-5.000%	2054
Northern Kentucky University*	268,510	1.350%-5.000%	2051
Total	\$ 4,972,058		

* Amounts reflect original issue

Future revenue bond debt service requirements for bonds issued by the Commonwealth's Component Units at June 30, 2025, are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Totals
2026	\$ 217,148	\$ 208,238	\$ 425,386
2027	212,181	203,354	415,535
2028	237,040	194,286	431,326
2029	199,697	185,496	385,193
2030	229,490	182,368	411,858
2031-2035	917,695	744,378	1,662,073
2036-2040	911,714	563,744	1,475,458
2041-2045	810,165	374,371	1,184,536
2046-2050	592,555	281,959	874,514
2051-2055	635,823	55,641	691,464
2056-2060	8,550	348	8,898
Thereafter	—	—	—
Total	\$ 4,972,058	\$ 2,994,183	\$ 7,966,241

NOTES PAYABLE

At June 30, 2025, 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 \$21,720,000 of Project Refunding Notes Federal Highway Trust Fund Series 2025A Bonds dated June 3, 2025. The serial bonds have a maturity from September 1, 2025 through September 1, 2027 and carry an interest rate of 5.000%. Issuing the bonds will reduce the prior debt service amounts by a total of \$571,000 and a net present value savings of \$552,000.

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

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

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

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

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

No bonds were issued in fiscal year 2025.

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, 2025, are as follows (expressed in thousands):**

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 7,885	\$ 1,926	\$ 9,811
2027	8,100	1,707	9,807
2028	8,325	1,483	9,808
2029	8,555	1,252	9,807
2030	8,790	1,015	9,805
2031-2033	27,865	1,558	29,423
Total	<u><u>\$ 69,520</u></u>	<u><u>\$ 8,941</u></u>	<u><u>\$ 78,461</u></u>

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

A debt payment of \$3,995,000 was made on those Certificates in 2025. The remaining debt service requirement, including the trustee fees and management and maintenance fees under the lease agreement, are shown below.

**Future debt service requirements for Certificates of Participation June 30, 2025, are as follows
(expressed in thousands):**

Year Ending June 30	Principal	Interest	Operations & Maintenance	Totals
2026	\$ 4,135	\$ 6,419	\$ 1,468	\$ 12,022
2027	4,235	6,270	1,512	12,017
2028	4,350	6,115	1,557	12,022
2029	4,465	5,954	1,603	12,022
2030	4,590	5,785	1,652	12,027
2031-2035	24,990	26,097	9,028	60,115
2036-2040	29,900	19,788	10,458	60,146
2041-2045	34,895	13,140	12,119	60,154
2046-2050	40,885	5,724	12,205	58,814
2051	3,110	127	1,167	4,404
Total	\$ 155,555	\$ 95,419	\$ 52,769	\$ 303,743

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, 2025, are as follows
(expressed in thousands):**

	Governmental Activities	Business-Type Activities	Major Component Units
Deferred Outflow of Resources			
Deferred Loss on Refunding	\$ 2,062	\$ —	\$ 21,684
Pension Related Outflows	3,064,501	30,770	21,082
OPEB Related Outflows	1,100,006	9,512	55,658
Total	\$ 4,166,569	\$ 40,282	\$ 98,424
Deferred Inflow of Resources			
Deferred Gain on Refunding	\$ 5,978	\$ —	\$ 8,006
External Trusts	—	—	20,607
Forward Delivery Agreement	—	—	1,714
Lessor Contracts	8,367	1,709	635,591
Service Concession Arrangement	—	—	449,274
Pension Related Inflows	798,360	7,982	12,002
OPEB Related Inflows	1,582,700	24,678	88,088
Total	\$ 2,395,405	\$ 34,369	\$ 1,215,282

**Future debt service requirements for aggregated Notes Payable for the Primary
Government at June 30, 2025, are as follows (expressed in thousands):**

Year Ending June 30	Principal	Interest	Totals
2026	\$ 91,699	\$ 7,543	\$ 99,242
2027	79,416	3,763	83,179
2028	22,635	1,399	24,034
2029	5,078	876	5,954
2030	4,996	781	5,777
2031-2035	11,923	3,831	15,754
2036-2040	6,334	2,325	8,659
2041-2045	7,056	1,415	8,471
2046-2050	4,229	660	4,889
2051-2055	2,714	110	2,824
Total	\$ 236,080	\$ 22,703	\$ 258,783

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Future debt service requirements for aggregated Notes Payable for the Component Units at June 30, 2025, are as follows (expressed in thousands):

Year Ending June 30	Principal	Interest	Direct Borrowings		Direct Placements		Totals
			Principal	Interest	Principal	Interest	
2026	\$ 2,132	\$ 514	\$ 3,228	\$ 18,628	\$ 3,147	\$ 1,967	\$ 29,616
2027	1,977	440	3,476	31,336	3,088	1,847	42,164
2028	1,921	374	3,752	18,334	3,194	1,723	29,298
2029	1,937	309	5,770	18,220	3,127	1,592	30,955
2030	1,999	242	5,748	17,986	2,661	1,489	30,125
2031-2035	5,056	368	51,904	84,615	13,048	6,089	161,080
2036-2040	53	24	96,333	69,387	14,592	3,476	183,865
2041-2045	61	16	111,020	49,092	7,719	1,826	169,734
2046-2050	85	7	134,449	25,331	4,627	1,156	165,655
2051-2055	—	—	61,403	2,395	5,203	579	69,580
2056-2060	—	—	—	—	1,686	59	1,745
Total	\$ 15,221	\$ 2,294	\$ 477,083	\$ 335,324	\$ 62,092	\$ 21,803	\$ 913,817

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Changes in long-term liabilities for the fiscal year ended June 30, 2025, are summarized as follows (expressed in thousands):

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due In One Year	Due Thereafter
Governmental Activities						
Compensated absences	\$ 711,987	\$ 189,521	\$ —	\$ 901,508	\$ 2,890	\$ 898,618
Lease obligations	172,594	42,186	(55,616)	159,164	39,083	120,081
Subscription liabilities	251,251	85,145	(157,494)	178,902	93,115	85,787
Claims liabilities	229,977	34,447	(42,162)	222,262	37,090	185,172
Notes payable	326,619	22,879	(113,418)	236,080	91,699	144,381
Certificate of Participation	159,550	—	(3,995)	155,555	4,135	151,420
KCNA - Direct Placements	97,030	—	(1,865)	95,165	1,960	93,205
KWIC	292,571	—	(3,772)	288,799	4,438	284,361
Bonds payable	4,466,350	1,606,185	(576,279)	5,496,256	517,444	4,978,812
Unamortized premiums	400,969	184,866	(73,345)	512,490	46,404	466,086
Unamortized discounts	(6,612)	(523)	683	(6,452)	(643)	(5,809)
Judgments and contingent liabilities	17,721	60,713	(18,492)	59,942	3,409	56,533
LFUCGPFC MOU obligations	77,190	—	(7,670)	69,520	7,886	61,634
Pollution remediation liabilities	26,325	14,789	(528)	40,586	3,617	36,969
Net OPEB liabilities	1,414,194	—	(175,321)	1,238,873	—	1,238,873
Net pension liabilities	27,774,538	—	(930,975)	26,843,563	—	26,843,563
Total Governmental Activities	36,412,254	2,240,208	(2,160,249)	36,492,213	852,527	35,639,686
Business-Type Activities						
Compensated absences	9,547	10,049	—	19,596	12,948	6,648
Lease obligations	1,190	968	(140)	2,018	512	1,506
Subscription liabilities	2,438	319	(293)	2,464	552	1,912
Notes payable	11,318	—	(2,010)	9,308	2,064	7,244
Claims and claims adjustment liability	686,329	2,585,631	(2,608,584)	663,376	206,112	457,264
Pollution remediation liabilities	104	—	(65)	39	39	—
Net OPEB liabilities	18,306	—	(1,157)	17,149	—	17,149
Net pension liabilities	328,670	46	(18,282)	310,434	—	310,434
Other liabilities	125,081	134,120	—	259,201	198,700	60,501
Total Business-Type Activities	1,182,983	2,731,133	(2,630,531)	1,283,585	420,927	862,658
Total Primary Government	\$ 37,595,237	\$ 4,971,341	\$ (4,790,780)	\$ 37,775,798	\$ 1,273,454	\$ 36,502,344
Major Component Units						
Compensated absences	\$ 110,524	\$ 30,136	\$ (8,090)	\$ 132,570	\$ 108,526	\$ 24,044
Lease obligations	744,643	105,190	(82,472)	767,361	79,012	688,349
Subscription liabilities	41,879	27,411	(25,045)	44,245	18,916	25,329
Notes payable	563,660	3,415	(461,429)	105,646	9,362	96,284
Direct borrowings	55,107	460,317	(37,451)	477,973	3,227	474,746
Direct placements	36,718	28,852	(3,479)	62,091	3,147	58,944
Bonds payable	3,607,221	400,290	(194,155)	3,813,356	140,580	3,672,776
Claims liabilities	—	48,355	—	48,355	48,355	—
Prize liabilities	100,086	396	(6,410)	94,072	87,086	6,986
Net pension obligations	214,365	3,440	(18,700)	199,105	—	199,105
Net OPEB liabilities	124,546	46,453	(49,863)	121,136	—	121,136
Other liabilities:	626,808	641,804	(444,752)	823,860	115,884	707,976
Total Major Component Units	\$ 6,225,557	\$ 1,796,059	\$ (1,331,846)	\$ 6,689,770	\$ 614,095	\$ 6,075,675

Note 17

Commitments and Contingencies

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

In addition, the Commonwealth and its component units are involved in certain other legal proceedings for which adverse rulings may impair future revenue sources or require material expenditures for services, capital facilities, or refunds of prior collections. It is not possible to determine the outcome of these proceedings or to estimate the effect that adverse decisions may have on future expenditures or revenue sources of the Commonwealth.

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

The General Fund, Agency Revenue Fund, Transportation Fund, and State Parks Fund generally incur claims and judgments. Amounts reported include claims made and judgments rendered against the Commonwealth before June 30, 2025. Claims that are payable by June 30, 2026 are reported as a current liability while those payable after June 30, 2026 are reported as non-current.

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

Compensated Absences – Compensated absences include accumulated, unpaid vacation, sick, 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, sick, 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. Sick leave is accumulated at amounts ranging from 7.5-8.0 hours per month. At the end of each year, if the employee has annual leave that exceeds the maximum carry forward amount, that excess amount will be converted to sick leave. 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, 2025, the estimated liability for annual, sick, and compensatory leave was \$901,508,000 for the governmental activities, and \$19,596,000 in the business-type activities.

Compensated absence liabilities for the major component units totaled \$132,570,000 at June 30, 2025.

Construction Projects – The Transportation Cabinet had contractual commitments of approximately \$716,774,000 for the construction, maintenance, and operation of the highway system at June 30, 2025. It is anticipated that these projects will be funded with approximately 29% State funds, 63% Federal funds, and the remaining 8% with proceeds from the sale of revenue bonds.

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

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

TAX ABATEMENTS

A tax abatement, as defined by the Governmental Accounting Standards Board (GASB), is an agreement between a government and an individual or entity whereby (a) the government promises to forgo tax revenue and (b) the individual or entity promises to take a specific action that contributes to economic development or benefits the government or its citizens. Tax abatements do not include tax credits or deductions given by the Kentucky Tax Code. KRS 131.190 prohibits the disclosure of taxpayer information, therefore, tax abatements are aggregated by program. Tax abatements for the year ended June 30, 2025 are summarized in the following table:

(expressed in thousands)	Sales and Use	Property	Income	
Program Name	Tax	Tax	Tax	Total
Kentucky Business Investment	\$ —	\$ —	\$ 38,322	\$ 38,322
Tax Increment Financing	32,544	1,828	35,764	70,136
Kentucky Tourism Development Act	10,132	—	—	10,132
Kentucky Film Industry Tax Credit	—	—	47,373	47,373
Other Economic Incentives	—	—	40,773	40,773
Total	<u>\$ 42,676</u>	<u>\$ 1,828</u>	<u>\$ 162,232</u>	<u>\$ 206,736</u>

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

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

Kentucky Tourism Development Act - This program provides sales tax incentives for the creation of new tourism attractions and for the expansion of existing tourism attractions in the Commonwealth. Incentives may be granted to an approved company based on the Kentucky sales tax imposed on sales generated or arising at a tourism development project over a period of ten years, with an additional two-year extension available for entertainment destination centers meeting certain conditions.

The incentive shall not exceed the lesser of the total amount of the sales tax liability of the approved company and its lessees or a percentage of the approved costs as specified by the agreement. Approved Tourism Attraction Projects include cultural or historic sites, recreation or entertainment facilities, areas of scenic beauty or distinctive natural phenomena, entertainment destination centers, Kentucky crafts and product centers, or theme restaurant destinations. A Tourism Attraction Project would not include facilities primarily devoted to the retail sale of goods unless the sale of goods is secondary and a subordinate component of the attraction. The approved company seeking incentives shall execute information-sharing agreements prescribed by the Department of Revenue with its lessees and other related parties to verify the amount of sales tax eligible for the sales tax refund under KRS 139.536. The approved company shall have no obligation to refund or otherwise return any amount of the sales tax refund to the persons who originally collected the tax and remitted to the Commonwealth. KRS 148.853, KRS 139.536

Kentucky Film Industry Tax Credit - The purpose of this program is to encourage the film and entertainment industry to choose locations in the Commonwealth for filming and production of motion picture or entertainment productions. Qualifying applicants not based in Kentucky must invest at least \$250,000 to produce feature films or television shows. Commercials are eligible with required expenditures of \$100,000. Kentucky-based applicants may qualify with at least \$125,000 in expenditures to produce feature length films or television shows, \$20,000 for Broadway productions and \$10,000 for documentaries. The incentive provides qualifying applicants the ability to take advantage of a refundable income tax credit of 30% of approved expenditures or 35% of approved expenditures in an enhanced incentive county. Beginning in calendar year 2018 and any calendar year thereafter approved tax incentives shall be limited to \$100 million. KRS 141.383, KRS 148.544

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

Non-Reported Tax Abatements - At this time, there are no provisions for recapturing abated taxes or documenting the type of commitments other than taxes. The Commonwealth had additional tax abatement programs, which did not meet its reporting threshold of \$5 million. In aggregate, the total was less than \$156 thousand for the year ending June 30, 2025. Among those not reported are Kentucky Rural Economic Development Act, Kentucky Historic Preservation, Incentives for Energy Independence Act, Local Issued Industrial Revenue Bonds, Kentucky Angel Investment Tax Credit, Skills Training Investment Credit, Kentucky Reinvestment Act, Kentucky Industrial Development Act, Kentucky Industrial Revitalization Act, Kentucky Jobs Development Act, and Kentucky Investment Fund Act. For more information on the programs, see thinkkentucky.com.

Note 18

SUBSEQUENT EVENTS

The following entities of the Commonwealth issued or agreed to administer State participation in financial obligations incurred after June 30, 2025, and prior to or on February 27, 2026, as described below.

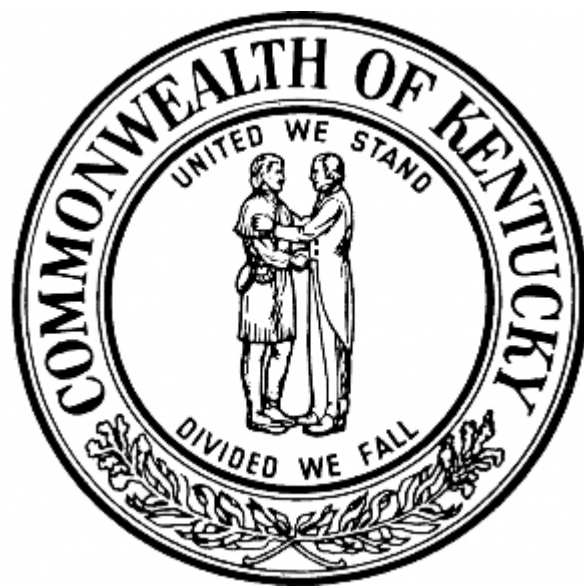
The Kentucky State Property and Buildings Commission issued \$940,430,000 subsequent to June 30, 2025. \$775,000,000 Revenue Bonds, project 133 Series A and maturing as to principal through 2045 at interest rates of 4.125% to 5.000%. \$165,430,000 Revenue Refunding Bonds, project Series B and maturing as to principal through 2035 at an interest rate of 5.000%. Refunding Savings was \$12,380,671 with a present value of \$9,338,351 at 3.421%.

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, 2025, and maturing as to principal through 2045 at interest rates of 2.500% to 5.080% as displayed in the table on the following page.

Western Kentucky University issued \$7,775,000 in General Receipt Bonds, 2025 Series A (Construct, Renovate, and Improve Athletic Facilities Additional Reauthorization) subsequent to June 30, 2025, and maturing as to principal on September 1, 2026 through September 1, 2045 at interest rates of 4.000% to 5.000%.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

School District	Delivery Date	Principal at Issue	State Share	Interest Rates (%)
Erlanger-Elsmere Independent Schools	07/15/25	\$ 28,710,000	\$ 1,513,187	2.920% - 4.900%
Meade County Schools	08/06/25	50,845,000	73,002	3.050% - 4.780%
Russell Independent Schools	08/20/25	4,125,000	473,009	3.250% - 4.750%
McCracken County Schools	08/12/25	19,720,000	1,187,272	5.000%
Harlan County Schools	08/21/25	615,000	615,000	3.050% - 5.080%
Simpson County Schools	09/03/25	11,725,000	583,573	3.500% - 4.850%
Ludlow Independent Schools	09/24/25	5,000,000	5,000,000	2.650% - 4.500%
Pike County Schools	09/25/25	820,000	820,000	2.700% - 4.500%
Mason County Schools	10/01/25	1,350,000	723,039	2.750% - 4.230%
Washington County Schools	10/15/25	7,520,000	287,699	2.700% - 4.150%
Lincoln County Schools	10/16/25	850,000	850,000	2.500% - 4.050%
Knott County Schools	10/30/25	585,000	585,000	2.800% - 4.200%
Jefferson County Schools	11/13/25	9,290,000	9,290,000	5.000%
Knox County Schools	11/19/25	975,000	975,000	2.800% - 4.200%
Whitley County Schools	11/26/25	450,000	450,000	3.000% - 4.510%
Wayne County Schools	12/03/25	15,085,000	1,217,019	2.800% - 4.250%
Spencer County Schools	12/10/25	33,200,000	867,997	3.000% - 4.375%
Danville Independent Schools	12/11/25	7,310,000	414,153	2.850% - 4.300%
Edmonson County Schools	12/16/25	24,705,000	998,806	4.125% - 5.000%
Allen County Schools	12/18/25	850,000	850,000	3.000% - 4.375%
Floyd County Schools	12/18/25	2,865,000	2,865,000	3.000% - 4.250%
Murray Independent Schools	12/18/25	600,000	600,000	3.000% - 4.375%
Jackson County Schools	01/13/26	300,000	300,000	3.500% - 4.625%
Augusta Independent Schools	01/15/26	4,575,000	454,773	3.000% - 4.400%
Monroe County Schools	01/28/26	12,175,000	530,748	3.300% - 4.200%
		\$ 244,245,000	\$ 32,524,277	



COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

Audited financial statements may be requested at the following addresses:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMONWEALTH OF KENTUCKY
Notes to the Financial Statements
June 30, 2025

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

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

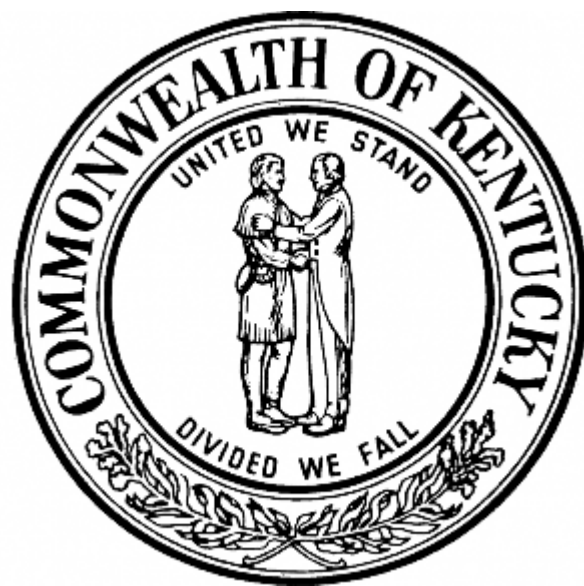
Kentucky Horse Park
4089 Iron Works Parkway
Lexington, Kentucky 40511
kyhorsepark.com

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

Kentucky Horse Racing and Gaming Corporation
4047 Iron Works Parkway
Lexington, Kentucky 40511
khrc.ky.gov



**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, 2025
(expressed in thousands)

	Original	Final	Actual	Variance
Revenues				
Budgeted:				
Taxes	\$ 14,788,881	\$ 14,820,581	\$ 14,885,719	\$ 65,138
Licenses, fees, and permits	27,139	27,139	26,863	(276)
Intergovernmental	20,895	20,895	7,098	(13,797)
Charges for services	4,065	4,065	6,444	2,379
Fines and forfeits	28,153	28,153	31,237	3,084
Interest and other investment income	219,000	219,000	322,996	103,996
Lottery proceeds	360,000	350,679	350,679	—
Other revenues	60,202	60,202	72,161	11,959
Tobacco Settlement	99,118	—	100,379	100,379
Subtotal of Budgeted Revenues	15,607,453	15,530,714	15,803,576	272,862
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	—	3,718	88,991	85,273
Total Budgeted Revenues	15,607,453	15,534,432	15,892,567	358,135
Total Revenues	15,607,453	15,534,432	15,892,567	358,135
Expenditures				
General Government:				
Executive Office of the Governor	6,728	6,728	6,728	—
Office of Homeland Security	5,646	5,646	5,592	(54)
Kentucky Infrastructure Authority	22,254	23,055	9,874	(13,181)
Commonwealth Council on Developmental Disabilities	—	190	190	—
Department of Veterans Affairs	46,058	46,058	38,716	(7,342)
Office of State Budget Director	3,976	3,986	3,723	(263)
Unified Prosecutorial System:				
Commonwealth Attorneys	77,365	77,365	73,971	(3,394)
County Attorneys	78,784	78,784	73,749	(5,035)
Department of Agriculture	21,701	21,725	21,050	(675)
Office of the Attorney General	25,047	29,818	28,459	(1,359)
Auditor of Public Accounts	14,435	15,185	13,627	(1,558)
Registry of Election Finance	1,798	1,798	1,566	(232)
Military Affairs	38,756	87,987	85,710	(2,277)
Governor's Office for Local Development	12,848	12,854	11,669	(1,185)
Local Government:				
Economic Assistance Fund	37,228	32,157	32,157	—
Economic Development Fund	42,689	33,574	33,574	—
Department of Treasury	3,710	3,537	2,959	(578)
Board of Elections	6,781	8,006	6,654	(1,352)
Personnel Board	255	255	59	(196)
School Facilities Construction Commission	117,390	117,390	117,390	—
Executive Branch Ethics Commission	682	682	682	—
Commission on Human Rights	2,065	2,065	2,065	—
Board of Emergency Medical Services	2,680	2,680	2,680	—
Council on Postsecondary Education	24,453	24,453	17,056	(7,397)
Kentucky Communications Network Authority	41,455	41,455	41,455	—
Budget Reserve Trust Fund	873,651	4,560,189	—	(4,560,189)
Personnel:				
State Salary and Compensation Fund	3,000	—	—	—
State Fixed Allocation Pension Pool	75,657	75,657	75,657	—

	Original	Final	Actual	Variance
Universities:				
Eastern Kentucky University	\$ 81,067	\$ 85,837	\$ 85,837	\$ —
Kentucky State University	32,651	32,651	32,651	—
Morehead State University	51,396	51,611	51,611	—
Murray State University	52,805	57,565	57,565	—
Northern Kentucky University	60,649	73,874	73,874	—
University of Kentucky	308,359	343,096	343,096	—
University of Louisville	150,883	169,635	169,635	—
Western Kentucky University	91,071	96,531	96,531	—
Kentucky Community and Technical College System	191,452	214,535	212,458	(2,077)
Postsecondary Education Performance Fund	105,000	19,911	19,900	(11)
Finance and Administration:				
General Administration and Support	15,528	20,528	20,528	—
Special Accounts - Capital Construction	3,450	1,109,716	1,109,716	—
Debt Service	379,897	379,897	281,527	(98,370)
Office of the Controller	7,568	7,568	7,568	—
Commonwealth Office of Technology	319	1,049	1,049	—
Department for Facilities and Support Services	17,097	17,097	17,097	—
Kentucky Retirement Systems	250,000	325,000	325,000	—
Kentucky Permanent Pension Fund	69,679	—	—	—
Kentucky Higher Education Assistance Authority	378,481	358,570	347,006	(11,564)
Special Accounts - Tobacco Settlement	99,118	101,697	100,379	(1,318)
Finance - County Costs	29,244	32,744	32,729	(15)
Department of Revenue:				
General Operations	117,665	117,766	117,766	—
Office of Property Valuation Administrators	67,672	67,672	66,305	(1,367)
Appropriations Not Otherwise Classified:				
Judgments	15,412	15,412	815	(14,597)
Board of Claims Award	245	195	167	(28)
Guardian Ad Litem	12,348	14,412	14,277	(135)
Prior Year Claims	253	—	—	—
Unredeemed Checks Refunded	2,462	3,212	3,152	(60)
Involuntary Commitments	63	128	127	(1)
Blanket Employee Bonds	39	37	37	—
Frankfort In Lieu of Taxes	200	200	200	—
Police and Firemen Life Insurance	691	1,693	1,692	(1)
Attorney General Expense	371	321	237	(84)
Medical Malpractice Liability Insurance Reimbursements	78	74	74	—
Total General Government	4,180,305	9,033,513	4,297,618	(4,735,895)
Legislative and Judicial:				
General Assembly	37,760	37,760	22,943	(14,817)
Legislative Research Commission	97,880	97,880	59,188	(38,692)
Judicial Retirement System	660	660	660	—
Court of Justice - Operation and Administration	317,530	317,530	317,200	(330)
Court of Justice - Local Facility Support	142,080	142,080	120,083	(21,997)
Judicial Branch Capital Construction	53,500	53,500	53,500	—
Total Legislative and Judicial	649,410	649,410	573,574	(75,836)

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, 2025
(expressed in thousands)

	Original	Final	Actual	Variance
Commerce:				
Economic Development:				
Economic Development	\$ 264,040	\$ 260,720	\$ 51,792	\$ (208,928)
New Business Development	—	3,321	3,120	(201)
Commerce Cabinet:				
Office of the Secretary	3,831	3,581	3,577	(4)
Kentucky State Fair Board	10,056	10,056	10,056	—
Kentucky Horse Park	2,389	2,389	2,389	—
Department of Parks	65,407	65,407	65,407	—
Department of Travel	3,625	3,585	3,519	(66)
Berea Artisans Center	1,239	1,529	1,529	—
Total Commerce	350,587	350,588	141,389	(209,199)
Education and Labor:				
Commission on the Deaf and Hard of Hearing	1,091	1,097	1,097	—
Kentucky Heritage Council	1,784	1,784	1,784	—
Kentucky Arts Council	1,834	1,834	1,834	—
Department of Education:				
Support Education Excellence In KY (SEEK)	3,261,951	3,276,658	3,275,328	(1,330)
Bureau of Support Services	69,963	69,996	66,278	(3,718)
Learning Results Services	1,416,935	1,373,055	1,332,210	(40,845)
Kentucky Educational Television	17,642	17,642	17,642	—
Kentucky Historical Society	10,310	10,310	9,229	(1,081)
Kentucky Center for the Arts	623	623	623	—
Libraries and Archives:				
Direct Local Aid	7,993	7,993	5,684	(2,309)
General Operations	6,778	6,778	6,778	—
Teachers' Retirement System	846,741	886,741	886,741	—
Workforce Investment:				
Office of the Blind	—	2,420	2,420	—
Employment and Training (Operations and Support)	—	499	499	—
Technical Education	—	23,504	22,021	(1,483)
Vocational Rehabilitation	44,510	18,088	18,088	—
Labor:				
Workplace Standards	1,831	1,831	1,831	—
General Administration & Support	17,131	17,134	17,134	—
Total Education and Labor	5,707,117	5,717,987	5,667,221	(50,766)
Human Resources:				
Health and Family Services:				
Administrative Services	15,443	6,733	6,296	(437)
Department for Community Based Services	740,902	748,588	745,687	(2,901)
Department for Family Resource Centers and Volunteer Services	26,578	75,467	75,467	—
Office of the Inspector General	—	8,728	8,728	—
Department for Aging and Independent Living	59,230	51,545	51,545	—
Department for Income Support	13,617	13,617	13,617	—
Department for Public Health	81,462	90,838	90,838	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	190,981	190,981	190,981	—
Medicaid Administration	67,047	67,056	67,056	—
Medicaid Services Benefits	2,501,030	2,563,030	2,563,030	—
Commission for Children With Special Health Care Needs	7,690	314	314	—
Total Human Resources	3,703,980	3,816,897	3,813,559	(3,338)

	Original	Final	Actual	Variance
Justice:				
Justice Administration	\$ 52,349	\$ 52,349	\$ 48,843	\$ (3,506)
Department of State Police	232,878	233,201	230,163	(3,038)
Department of Juvenile Justice	146,847	146,874	146,874	—
Department for Public Advocacy	96,179	96,193	96,193	—
Department of Criminal Justice Training	—	—	—	—
Department of Corrections:				
Management	20,213	20,213	20,213	—
Adult Institutions	449,187	456,428	453,067	(3,361)
Local Jail Allotment	16,789	17,289	17,289	—
Community Services and Local Facilities	251,867	244,167	242,434	(1,733)
Total Justice	<u>1,266,309</u>	<u>1,266,714</u>	<u>1,255,076</u>	<u>(11,638)</u>
Natural Resources and Environmental Protection:				
General Administration and Support	4,335	4,335	4,335	—
Department for Energy Development and Independence	1,741	1,741	1,741	—
Kentucky River Authority	398	398	398	—
Kentucky Nature Preserves Commission	1,669	1,678	1,678	—
Department for Environmental Protection	37,762	37,807	37,807	—
Department for Natural Resources	43,691	26,721	26,721	—
Mine Safety and Licensing	—	11,947	11,947	—
Surface Mining Reclamation and Enforcement	—	8,679	8,679	—
Total Natural Resources and Environmental Protection	<u>89,596</u>	<u>93,306</u>	<u>93,306</u>	<u>—</u>
Public Protection and Regulation:				
Board of Tax Appeals	2,216	2,216	2,132	(84)
Horse Racing Commission	3,667	3,667	3,667	—
Public Service Commission	15,521	15,522	14,349	(1,173)
Department of Housing, Buildings, and Construction	3,085	3,085	3,085	—
Total Public Protection and Regulation	<u>24,489</u>	<u>24,490</u>	<u>23,233</u>	<u>(1,257)</u>
Transportation:				
General Administration and Support	500	500	500	—
Public Transportation	42,006	52,606	28,410	(24,196)
Highways	541,797.18	791,797	36,841	(754,956)
Total Transportation	<u>584,303</u>	<u>844,903</u>	<u>65,751</u>	<u>(779,152)</u>
Total Expenditures	<u>16,556,096</u>	<u>21,797,808</u>	<u>15,930,727</u>	<u>(5,867,081)</u>
Excess of Revenues Over (Under) Expenditures	(948,643)	(6,263,376)	(38,160)	
Fund Balance at July 1			6,262,666	
Non-Budgeted Items			(1,763)	
Fund Balance at June 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,222,743</u>	<u>\$ —</u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Revenues				
Budgeted:				
Taxes	\$ 1,615,760	\$ 1,615,760	\$ 1,650,332	\$ 34,572
Licenses, fees, and permits	181,332	181,332	172,993	(8,339)
Intergovernmental	—	—	55	55
Charges for services	8,364	8,364	12,444	4,080
Fines and forfeits	6	6	1	(5)
Interest and other investment income	9,500	9,500	18,970	9,470
Other revenues	6,538	6,538	8,758	2,220
Subtotal of Budgeted Revenues	1,821,500	1,821,500	1,863,553	42,053
Other Budgeted Financial Resources:				
Transfers in (intrafund)	—	—	—	—
Transfers in (interfund)	—	839	2,866	2,027
Total Budgeted Revenues	1,821,500	1,822,339	1,866,419	44,080
Non-Budgeted:				
Taxes	—	—	—	—
Licenses, fees, and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for services	—	—	—	—
Fines and forfeits	—	—	—	—
Interest and other investment income	—	—	—	—
Employer contributions	—	—	—	—
Other revenues	—	—	—	—
Transfers in (interfund)	—	—	—	—
Transfers in (intrafund)	—	—	—	—
Total Non-Budgeted Revenue	—	—	—	—
Total Revenues	1,821,500	1,822,339	1,866,419	44,080
Expenditures				
General Government:				
Executive Office of the Governor	—	—	—	—
Office of Homeland Security	—	—	—	—
Kentucky Infrastructure Authority	—	—	—	—
Commonwealth Council on Developmental Disabilities	—	—	—	—
Kentucky Communications Network Authority	—	—	—	—
Office of State Budget Director	—	—	—	—
School Facilities Construction Commission	—	—	—	—
Executive Branch Ethics Commission	—	—	—	—
Department of Veterans Affairs	—	—	—	—
Unified Prosecutorial System:				
Commonwealth Attorneys	—	—	—	—
County Attorneys	—	—	—	—
Department of Agriculture	—	—	—	—
Office of the Attorney General	—	—	—	—
Auditor of Public Accounts	—	—	—	—
Military Affairs	—	—	—	—
Governor's Office of Agricultural Policy:				
Agricultural Development - Statewide Phase	—	—	—	—
Governor's Office for Local Development	—	—	—	—
Secretary of State	—	—	—	—
Department of Treasury	—	—	—	—
Board of:				
Accountancy	—	—	—	—
Alcohol and Drug Counselors	—	—	—	—
Auctioneers	—	—	—	—
Barbering	—	—	—	—
Chiropractic Examiners	—	—	—	—
Emergency Medical Services	—	—	—	—
Licensed Diabetes Educators	—	—	—	—
Medical Imaging and Radiation Therapy	—	—	—	—
Applied Behavior Analysis Licensing	—	—	—	—
Professional Counselors	—	—	—	—
Fee-Based Pastoral Counselors	—	—	—	—
Interpreters for Deaf & Hard of Hearing	—	—	—	—
Prosthetics, Orthotics and Pedorthics	—	—	—	—
Dentistry	—	—	—	—
Dietitians and Nutritionists	—	—	—	—

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) - BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

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

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 1,830	\$ 1,877	\$ 1,164	\$ (713)	\$ 148	\$ 148	\$ 40	\$ (108)
—	—	—	—	523	575	572	(3)
—	—	—	—	471	471	405	(66)
—	—	—	—	86	86	76	(10)
—	—	—	—	306	306	295	(11)
—	—	—	—	832	832	588	(244)
—	—	—	—	2,223	2,223	2,333	110
—	—	—	—	78	78	69	(9)
—	—	—	—	101	101	84	(17)
—	—	—	—	4,302	4,302	3,891	(411)
—	—	—	—	10,400	10,409	9,790	(619)
—	—	—	—	71	71	69	(2)
—	—	—	—	302	302	248	(54)
—	—	—	—	11	11	10	(1)
—	—	—	—	212	212	211	(1)
—	—	—	—	315	315	296	(19)
—	—	—	—	134	134	133	(1)
—	—	—	—	—	—	—	—
—	—	—	—	109	109	93	(16)
—	—	—	—	1,023	1,023	813	(210)
—	—	—	—	3,269	3,269	2,763	(506)
—	—	—	—	719	719	585	(134)
—	—	—	—	47	73	59	(14)
—	—	—	—	2,142	2,142	1,549	(593)
—	—	—	—	223	223	213	(10)
—	—	—	—	760	760	575	(185)
—	—	—	—	114	114	85	(29)
—	—	—	—	151	151	145	(6)
—	—	—	—	—	—	—	—
445	445	152	(293)	10	10	—	(10)
8,943	8,943	6,507	(2,436)	4,907	6,482	4,037	(2,445)
—	—	—	—	33,776	33,231	33,040	(191)
—	—	—	—	8,463	8,463	7,631	(832)
—	—	—	—	1,500	—	—	—
—	—	—	—	352,009	352,009	19,519	(332,490)
—	—	—	—	61,965	61,965	82,853	20,888
—	—	—	—	154,068	154,068	149,848	(4,220)
—	—	—	—	149,536	149,536	486,870	337,334
—	—	—	—	228,342	228,342	394,052	165,710
—	—	—	—	7,051,431	7,051,431	10,935,668	3,884,237
—	—	—	—	1,570,269	1,570,269	4,734	(1,565,535)
—	—	—	—	308,181	308,181	327,168	18,987
—	—	—	—	904,958	904,958	615,482	(289,476)
120	185	124	(61)	39,178	8,445	6,888	(1,557)
—	—	—	—	15,641	13,606	14,165	559
—	—	—	—	—	—	—	—
1,717	1,717	272	(1,445)	137,415	1,505	750	(755)
86	121	99	(22)	130,923	134,023	111,668	(22,355)
—	—	—	—	—	115	110	(5)
—	—	—	—	1,703	1,703	1,016	(687)
—	—	—	—	48,982	49,092	46,800	(2,292)
15	30	16	(14)	12,065	16,234	19,676	3,442
—	—	—	—	4,787	4,787	12	(4,775)
—	—	—	—	57,798	1,494	1,419	(75)
824,796	1,090,605	527,068	(563,537)	11,632,333	11,496,521	13,637,425	2,140,904

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, 2025
(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	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Commerce:				
Economic Development:				
Office of the Secretary	—	—	—	—
Financial Incentives	—	—	—	—
Business Development	—	—	—	—
Commerce:				
Office of the Secretary	—	—	—	—
Kentucky State Fair Board	—	—	—	—
Kentucky Horse Park	—	—	—	—
Department of Parks	—	—	—	—
Department of Travel	—	—	—	—
Berea Artisans Center	—	—	—	—
Department of Fish and Wildlife Resources	—	—	—	—
Total Commerce	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Education and Labor:				
Commission on the Deaf and Hard of Hearing	—	—	—	—
Environmental Education Council	—	—	—	—
Kentucky Heritage Council	—	—	—	—
Kentucky Arts Council	—	—	—	—
General Administration and Program Support	—	—	—	—
Department of Education:				
Support Education Excellence In KY (SEEK)	—	—	—	—
Learning Results Services	—	—	—	—
Bureau of Support Services	—	—	—	—
Kentucky Educational Television	—	—	—	—
Kentucky Historical Society	—	—	—	—
Commission on Proprietary Education	—	—	—	—
Disability Determination	—	—	—	—
Libraries and Archives:				
Direct Local Aid	—	—	—	—
General Operations	—	—	—	—
Kentucky Teachers' Retirement System	—	—	—	—
Workforce Investment:				
Office of the Blind	—	—	—	—
Employment and Training	—	—	—	—
Vocational Rehabilitation	—	—	—	—
Labor: Workplace Standards	—	—	—	—
General Administration & Support	—	—	—	—
Total Education and Labor	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ —	\$ —	\$ —	\$ 1,698	\$ 1,698	\$ —	\$ (1,698)
1	1	—	(1)	1,826	1,826	—	(1,826)
—	—	—	—	1,087	1,087	501	(586)
6,254	6,882	2,484	(4,398)	119,700	119,700	91,319	(28,381)
6,255	6,883	2,484	(4,399)	124,311	124,311	91,820	(32,491)
301	40,758	41,099	341	28,585	3,585	27,609	24,024
—	—	—	—	—	—	—	—
—	479	—	(479)	—	—	—	—
—	7,991	6,206	(1,785)	22,750	25,750	25,411	(339)
—	—	—	—	56,076	—	—	—
90	90	18	(72)	12,730	—	—	—
—	—	—	—	52,652	50	—	(50)
—	—	—	—	23	323	1	(322)
—	—	—	—	1,642	1,642	915	(727)
36,625	36,625	34,988	(1,637)	68,558	68,577	71,330	2,753
37,016	85,943	82,311	(3,632)	243,016	99,927	125,266	25,339
—	—	—	—	1,401	1,402	1,202	(200)
430	430	371	(59)	528	528	308	(220)
1,061	1,061	682	(379)	768	3,915	1,723	(2,192)
828	969	969	—	87	287	275	(12)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,383,403	1,383,403	1,025,264	(358,139)	27,991	27,994	22,468	(5,526)
465,580	565,580	532,572	(33,008)	23,586	23,596	36,425	12,829
—	—	—	—	2,037	2,037	1,757	(280)
170	170	—	(170)	351	351	153	(198)
—	—	—	—	542	542	295	(247)
—	64,108	61,862	(2,246)	—	824	627	(197)
—	—	—	—	1,257	1,257	1,252	(5)
3,057	3,057	3,037	(20)	1,412	2,052	1,936	(116)
—	—	—	—	20,819	20,819	24,401	3,582
482,861	3,081	2,806	(275)	13,023	586	453	(133)
—	104,538	94,054	(10,484)	—	3,503	2,561	(942)
—	98,294	97,019	(1,275)	—	3,835	2,863	(972)
4,061	4,061	4,061	—	8,895	—	—	—
18,557	55,550	46,630	(8,920)	201,961	23,195	16,135	(7,060)
2,360,008	2,284,302	1,869,327	(414,975)	304,658	116,723	114,834	(1,889)

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, 2025
(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	—	—	—	—
Office of Medical Cannabis	—	—	—	—
Office of Inspector General	—	—	—	—
Office of Health Policy	—	—	—	—
Department for Aging and Independent Living	—	—	—	—
Department of Income Support	—	—	—	—
Department for Public Health	—	—	—	—
Department for Behavioral Health, Developmental and Intellectual Disabilities	—	—	—	—
Medicaid Administration	—	—	—	—
Medicaid Services Benefits	—	—	—	—
Commission for Children with Special Health Care Needs	—	—	—	—
Department for Human Support Services Aging Services	—	—	—	—
Total Human Resources	—	—	—	—
Justice:				
Office of the Secretary	—	—	—	—
Department of State Police	56,290	56,290	56,290	—
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	56,290	56,290	56,290	—
Natural Resources and Environmental Protection:				
General Administration and Support	—	—	—	—
Department for Energy Development and Independence	—	—	—	—
Kentucky River Authority	—	—	—	—
Kentucky Nature Preserves Commission	—	—	—	—
Department for Environmental Protection	—	—	—	—
Department for Natural Resources	—	—	—	—
Mining Safety and Licensing	—	—	—	—
Surface Mining Reclamation and Enforcement	—	—	—	—
Abandoned Mine Lands Reclamation Projects	—	—	—	—
Total Natural Resources and Environmental Protection	—	—	—	—
Public Protection and Regulation:				
Office of the Commissioner	—	—	—	—
Board of Claims and Crime Victims Compensation	—	—	—	—
Horse Racing Commission	—	—	—	—
Kentucky Athletic Commission	—	—	—	—
Public Service Commission	—	—	—	—
Occupations and Professions	—	—	—	—
Mine Safety Review Commission	—	—	—	—
Department of Alcoholic Beverage Control	—	—	—	—
Department of Charitable Gaming	—	—	—	—
Department of Financial Institutions	—	—	—	—
Department of Housing, Buildings, and Construction	—	—	—	—
Department of Insurance	—	—	—	—
Total Public Protection and Regulation	—	—	—	—

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ 68,374	\$ 38,600	\$ 36,752	\$ (1,848)	\$ 79,418	\$ 71,537	\$ 68,933	\$ (2,604)
—	—	—	—	—	—	—	—
—	1,843	1,843	—	—	8	8	—
794,424	1,016,358	1,015,192	(1,166)	226,383	229,206	214,956	(14,250)
19,731	19,731	12,378	(7,353)	—	—	—	—
—	—	—	—	—	2,906	3,066	160
—	29,774	25,136	(4,638)	—	22,164	21,825	(339)
—	—	—	—	—	—	—	—
44,581	39,097	39,097	—	4,137	1,315	4,044	2,729
102,358	50,793	50,767	(26)	17,703	17,557	10,831	(6,726)
267,951	315,458	312,274	(3,184)	113,033	122,338	131,208	8,870
98,661	108,361	106,730	(1,631)	245,932	269,932	253,243	(16,689)
313,355	313,355	178,585	(134,770)	31,580	34,767	36,270	1,503
14,747,533	15,697,533	15,666,791	(30,742)	1,855,295	2,160,295	2,187,818	27,523
4,882	174	168	(6)	9,500	195	3,119	2,924
—	—	—	—	—	—	—	—
16,461,850	17,631,077	17,445,713	(185,364)	2,582,981	2,932,220	2,935,321	3,101
46,153	46,153	27,028	(19,125)	3,661	3,661	1,854	(1,807)
23,376	23,376	17,952	(5,424)	34,592	38,873	32,111	(6,762)
2,392	3,045	2,794	(251)	4,511	5,012	4,762	(250)
10,707	10,707	10,464	(243)	16,696	19,196	20,047	851
—	—	—	—	101,799	101,799	111,501	9,702
125	375	79	(296)	150	150	465	315
20,265	20,265	20,176	(89)	24,855	15,271	6,946	(8,325)
874	874	828	(46)	7,178	7,178	4,899	(2,279)
103,892	104,795	79,321	(25,474)	193,442	191,140	182,585	(8,555)
4,833	4,833	4,276	(557)	8,325	10,144	7,806	(2,338)
17,564	17,564	2,584	(14,980)	619	619	208	(411)
4	4	—	(4)	16,063	16,063	4,676	(11,387)
275	275	193	(82)	2,899	2,905	1,497	(1,408)
37,078	43,250	42,575	(675)	87,731	54,191	49,067	(5,124)
—	39,855	7,973	(31,882)	—	5,997	5,082	(915)
—	3,395	3,240	(155)	—	1,337	678	(659)
—	7,711	7,168	(543)	—	294	—	(294)
176,960	125,998	84,742	(41,256)	24,848	16,367	1,595	(14,772)
236,714	242,885	152,751	(90,134)	140,485	107,917	70,609	(37,308)
2	2	—	(2)	20,807	20,831	17,338	(3,493)
768	768	295	(473)	1,317	1,317	745	(572)
—	—	—	—	116,451	122,451	149,072	26,621
—	—	—	—	242	242	239	(3)
1,121	1,121	1,039	(82)	3,042	3,042	1,822	(1,220)
205	205	74	(131)	6,259	5,450	7,750	2,300
—	—	—	—	—	—	—	—
1,011	1,011	791	(220)	6,963	6,963	9,707	2,744
—	—	—	—	4,264	4,264	4,422	158
—	—	—	—	18,311	18,311	24,953	6,642
—	—	—	—	25,455	25,455	30,023	4,568
—	—	—	—	17,846	17,756	30,420	12,664
3,107	3,107	2,199	(908)	220,957	226,082	276,491	50,409

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, 2025
(expressed in thousands)

	Transportation			
	Original	Final	Actual	Variance
Transportation:				
Administration and Support	\$ 83,526	\$ 83,526	\$ 81,864	\$ (1,662)
Revenue Sharing	562,777	549,989	383,634	(166,355)
Air Transportation	839	839	838	(1)
Highways	1,493,266	1,503,062	1,151,762	(351,300)
Public Transportation	—	—	—	—
Vehicle Regulation	54,657	54,657	52,678	(1,979)
Debt Service	137,206	137,206	134,174	(3,032)
Transfers to Capital Projects	19,400	19,400	19,400	—
BRAC Economic Development Road Bonds	—	—	—	—
GARVEE Western KY Bridges Project	—	—	—	—
2005 Ed Bond Series	—	—	—	—
Total Transportation	<u>2,351,671</u>	<u>2,348,679</u>	<u>1,824,350</u>	<u>(524,329)</u>
Total Expenditures	<u>2,407,961</u>	<u>2,404,969</u>	<u>1,880,640</u>	<u>(524,329)</u>
Excess of Revenues over (under)				
Expenditures	<u>(586,461)</u>	<u>(582,630)</u>	<u>(14,221)</u>	<u>568,409</u>
Other Financing Sources (Uses)				
Proceeds from Trustees				
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess of Revenues and Other Financing				
Sources over (under) Expenditures and				
Other Financing Uses			(14,221)	
Fund Balances at July 1			589,796	
Non-Budgeted Items			(307)	
Fund Balances at June 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 575,268</u>	<u>\$ —</u>

Federal				Agency			
Original	Final	Actual	Variance	Original	Final	Actual	Variance
\$ —	\$ 20,000	\$ 991	\$ (19,009)	\$ 2,755	\$ 97	\$ 74	\$ (23)
—	—	—	—	—	—	—	—
3,102	3,102	1,434	(1,668)	58,783	58,783	23,657	(35,126)
2,021,676	2,021,676	955,770	(1,065,906)	483,339	377,286	163,916	(213,370)
237,738	237,738	40,771	(196,967)	2,200	2,200	2,199	(1)
4,627	4,627	3,334	(1,293)	26,963	26,963	26,825	(138)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	6,419	23	(6,396)
—	—	—	—	—	—	—	—
—	—	—	—	—	30,562	3,139	(27,423)
2,267,143	2,287,143	1,002,300	(1,284,843)	574,040	502,310	219,833	(282,477)
22,300,781	23,736,740	21,163,474	(2,573,266)	16,016,223	15,797,151	17,654,184	1,857,033
		(207,773)				509,305	
						597	
—	—	—	—	—	—	597	597
		(207,773)				509,902	
		811,050				3,874,524	
		(286)				(352,166)	
\$ —	\$ —	\$ 602,991	\$ —	\$ —	\$ —	\$ 4,032,260	\$ —

Budgetary Reporting

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

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

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

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

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

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

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

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

Budgetary Basis vs. GAAP

Accounting principles applied for the budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. A schedule reconciling the fund balance on a cash basis at June 30, 2025, 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, 2025				
Budgetary basis	\$ 6,222,743	\$ 575,268	\$ 602,991	\$ 4,032,260
Adjustments:				
Accrued revenues	659,273	137,962	(167,038)	155,554
Accrued expenditures	(377,929)	(123,346)	(189,684)	(69,436)
Accrued transfers (net)	—	—	—	—
Total Accruals (1)	281,344	14,616	(356,722)	86,118
Reclassifications and other adjustments:				
Inventory balances (1)	6,485	66,213	22	4,343
To reclassify financial and other resources into financial statement fund types (2)	71,100	(72)	(97,700)	(2,578,477)
To record financial resources available as non-budgeted funds (3)	(149,232)	—	—	—
Fund Balance				
June 30, 2025				
GAAP Basis	\$ 6,432,440	\$ 656,025	\$ 148,591	\$ 1,544,244

(1) Basis differences

(2) Perspective differences

(3) Entity differences

Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the Commonwealth has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Commonwealth expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include roads (approximately 64,259 lane miles) and bridges (approximately 9,054 bridges) that the Commonwealth is responsible to maintain.

To utilize the modified approach, the Commonwealth is required to:

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

Pavements

Measurement Scale

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

<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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Good	39.8%	42.5%	40.7%	37.0%	40.0%
Fair	30.6%	28.8%	29.2%	29.8%	33.7%
Poor	29.6%	28.7%	30.1%	33.2%	26.3%

Bridges

Measurement Scale

KYTC maintains information on its 9,054 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, 2025

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

Established Minimum Condition Level

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

Assessed Conditions

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

If any condition rating is below 7, but above 4, the bridge is classified as Fair. If any component condition rating is greater than or equal to 7, a bridge is classified as Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a classification used to implement the Highway Bridge Program that was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges by rating classification for the past five calendar years.

Condition	Calendar Year 2024	Calendar Year 2023	Calendar Year 2022	Calendar Year 2021	Calendar Year 2020
Good	26.5%	27.1%	25.1%	28.1%	29.9%
Fair	67.5%	67.9%	68.7%	67.2%	65.4%
Poor	6.0%	5.0%	6.2%	4.7%	4.6%

COMMONWEALTH OF KENTUCKY
Notes to Required Supplementary Information
June 30, 2025

Estimated and Actual Costs to Maintain

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

	<u>Roadways</u>	<u>Bridges</u>	<u>Total</u>
<u>Fiscal Year 2026:</u>			
Estimated	\$ 1,621.4	\$ 298.1	\$ 1,919.5
<u>Fiscal Year 2025:</u>			
Estimated	\$ 1,551.6	\$ 224.5	\$ 1,776.1
Actual	\$ 1,204.9	\$ 221.6	\$ 1,426.5
<u>Fiscal Year 2024:</u>			
Estimated	\$ 1,521.6	\$ 189.4	\$ 1,711.0
Actual	\$ 1,541.3	\$ 222.9	\$ 1,764.2
<u>Fiscal Year 2023:</u>			
Estimated	\$ 1,327.5	\$ 195.5	\$ 1,523.0
Actual	\$ 1,433.3	\$ 178.4	\$ 1,611.7
<u>Fiscal Year 2022:</u>			
Estimated	\$ 1,032.3	\$ 231.2	\$ 1,263.5
Actual	\$ 1,219.1	\$ 179.6	\$ 1,398.7
<u>Fiscal Year 2021:</u>			
Estimated	\$ 675.7	\$ 141.7	\$ 817.4
Actual	\$ 895.8	\$ 200.7	\$ 1,096.5
<u>Fiscal Year 2020:</u>			
Estimated	\$ 575.4	\$ 66.7	\$ 642.1
Actual	\$ 976.1	\$ 204.7	\$ 1,180.8

Kentucky Public Transportation Infrastructure Authority

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

To utilize the modified approach, the Authority is required to:

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

Pavements

Measurement Scale

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

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

Established Minimum Condition Level

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

Assessed Conditions

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

Condition	2024	2023	2022	2021	2020
Good	5.0%	5.0%	8.3%	19.0%	0.0%
Fair	33.7%	33.1%	90.4%	81.0%	100.0%
Poor	61.3%	61.9%	1.3%	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:

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

COMMONWEALTH OF KENTUCKY
Notes to Required Supplementary Information
June 30, 2025

Established Minimum Condition Level

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

Assessed Conditions

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

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

Condition	Calendar Year 2024	Calendar Year 2023	Calendar Year 2022	Calendar Year 2021	Calendar Year 2020
Good	46.7%	52.5%	82.3%	82.3%	82.3%
Fair	53.3%	47.5%	17.7%	17.7%	17.7%
Poor	0.0%	0.0%	0.0%	0.0%	0.0%

Estimated and Actual Costs to Maintain

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

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

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

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
ENTITY RISK POOLS
CLAIMS DEVELOPMENT INFORMATION
FOR THE LAST TEN YEARS

(expressed in thousands)

State Workers' Compensation Program

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Earned Premiums	\$ 21,074	\$ 25,870	\$ 23,892	\$ 21,880	\$ 21,733	\$ 20,331	\$ 20,331	\$ 21,774	\$ 21,566	\$ 21,728
Administrative Expense	976	914	927	918	887	940	940	947	859	840
Incurred Claims as Originally Estimated	22,185	23,536	24,915	21,556	19,014	22,115	22,115	23,562	18,874	20,793
Claims Paid (Cumulative) as of:										
End of Fiscal Year	5,386	6,082	5,829	5,181	3,613	6,200	6,200	5,297	4,369	4,990
One Year Later	8,160	9,098	8,704	7,461	7,223	7,754	7,754	7,556	6,623	
Two Years Later	9,855	11,036	10,115	8,851	8,838	8,939	9,979	9,258		
Three Years Later	10,636	12,007	11,080	9,784	9,421	9,973	11,091			
Four Years Later	10,936	12,592	11,382	10,300	9,823	10,692				
Five Years Later	11,197	13,096	11,653	10,869	10,186					
Six Years Later	11,423	13,295	11,808	11,223						
Seven Years Later	11,571	13,563	11,955							
Eight Years Later	11,754	13,769								
Nine Years Later	11,914									
Re-estimation of Incurred Claims:										
End of Fiscal Year	22,185	23,536	24,915	21,556	19,014	22,115	24,435	23,562	18,874	20,793
One Year Later	20,628	22,247	22,859	20,283	19,450	20,542	22,720	20,106	17,479	
Two Years Later	20,905	22,396	21,574	20,821	18,946	19,807	20,931	19,287		
Three Years Later	19,799	22,680	22,196	20,747	18,526	18,921	19,867			
Four Years Later	20,579	22,834	22,215	20,893	18,181	18,376				
Five Years Later	20,020	22,328	21,382	20,694	17,489					
Six Years Later	19,226	21,534	19,921	20,052						
Seven Years Later	18,481	20,244	18,981							
Eight Years Later	17,975	19,797								
Nine Years Later	17,689									
Increase (Decrease) in Estimated Incurred Claims From the Original Estimate Using Re-estimation at the End of the Most Recent Fiscal Year	(4,497)	(3,740)	(5,934)	(1,505)	(1,535)	(3,739)	(2,248)	(4,276)	(1,395)	—

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Earned Premiums	\$1,624,815	\$1,627,656	\$1,640,342	\$1,639,533	\$1,641,278	\$1,651,453	\$1,678,482	\$1,760,246	\$1,982,302	\$2,140,825
Administrative Expense	73,177	75,515	77,296	76,671	78,105	73,454	75,015	85,089	88,732	100,470
Incurred Claims as										
Originally Estimated	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280	1,726,480	1,843,954	1,945,536	2,166,043	2,494,811
Claims Paid (Cumulative) as of:										
End of Fiscal Year	1,230,810	1,326,155	1,390,162	1,509,462	1,534,110	1,616,850	1,668,256	1,823,387	2,028,386	2,357,905
One Year Later	1,339,032	1,397,381	1,470,797	1,592,883	1,631,554	1,755,702	1,845,632	1,950,157	2,175,931	
Two Years Later	1,327,946	1,396,642	1,460,934	1,592,570	1,635,082	1,758,074	1,851,947	1,954,654		
Three Years Later	1,327,946	1,396,642	1,461,579	1,592,574	1,635,083	1,758,073	1,851,946			
Four Years Later	1,327,946	1,396,642	1,461,579	1,592,574	1,635,083	1,758,073				
Five Years Later	1,327,946	1,396,642	1,461,579	1,592,574	1,635,083					
Six Years Later	1,327,946	1,396,642	1,461,579	1,592,574						
Seven Years Later	1,327,946	1,396,642	1,461,579							
Eight Years Later	1,327,946	1,396,642								
Nine Years Later	1,327,946									
Re-estimation of Incurred Claims:										
End of Fiscal Year	1,348,429	1,402,632	1,479,373	1,593,888	1,624,280	1,726,480	1,843,954	1,945,536	2,166,043	2,494,811
One Year Later	1,339,032	1,396,808	1,469,261	1,591,761	1,631,081	1,757,483	1,848,955	1,953,266	2,179,402	
Two Years Later	1,338,945	1,392,505	1,461,169	1,592,570	1,635,264	1,758,451	1,852,494	1,954,757		
Three Years Later	1,338,945	1,392,505	1,461,579	1,592,574	1,635,165	1,758,450	1,852,493			
Four Years Later	1,338,945	1,392,505	1,461,579	1,592,574	1,635,083	1,758,073				
Five Years Later	1,338,945	1,392,505	1,461,579	1,592,574	1,635,083					
Six Years Later	1,338,945	1,392,505	1,461,579	1,592,574						
Seven Years Later	1,338,945	1,392,505	1,461,579							
Eight Years Later	1,338,945	1,392,505								
Nine Years Later	1,338,945									
Increase (Decrease) in Estimated										
Incurred Claims From the										
Original Estimate Using										
Re-estimation at the End of the										
Most Recent Fiscal Year	(9,484)	(10,127)	(17,794)	(1,313,240)	10,802,820	31,592,607	8,539,126	9,221,469	13,358,762	—

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

	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 660	\$ 5,306	\$ 4,959	\$ 7,900
Contributions in relation to the actuarially determined contribution	660	5,306	4,959	7,148
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 752</u>
Covered payroll	\$ 29,950	\$ 27,800	\$ 27,737	\$ 29,800
Contributions as a percentage of covered payroll	2.20%	19.09%	17.88%	23.99%

Notes to Schedule as of the Measurement Date:

Valuation date	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020
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Methods and assumptions used to determine contributions :

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Gains and losses, over 20 years, closed. Surplus assets, 20 years open window.	Gains and losses, over 20 years, closed. Surplus assets, 20 years open window.	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market value, adjusted for 5-year smoothing method.	Market value, adjusted for 5-year smoothing method.	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	3.00%	3.00%
Projected Salary Increase	1% for next 3 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 3 years 3.5% thereafter	1% for next 3 years 3.5% thereafter

Mortality Rate FY: 2025

Pub-2010 (above median) Table for General Employees with projected mortality improvements under Projection Scale MP-2020.

Mortality Rate FY: 2024, 2023 and 2022

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

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

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projected Scale AA (male and female scales).

Mortality Rates FY 2015 and Prior

Mortality rates were based on IRS2008 Mortality Tables without collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after 2000 under Projection Scale AA (male and female scales). Prior to July 1, 2011, RP-2000 Mortality Tables projected 2009 without collar adjustment for male and female lives was used.

2021	2020	2019	2018	2017	2016
\$ 6,743	\$ 9,800	\$ 10,185	\$ 11,954	\$ 11,884	\$ 15,171
6,476	8,733	8,732	11,954	11,884	15,171
<u>\$ 267</u>	<u>\$ 1,067</u>	<u>\$ 1,453</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 29,537	\$ 25,600	\$ 25,400	\$ 27,900	\$ 27,590	\$ 31,936
21.93%	34.11%	34.38%	42.85%	43.07%	47.50%
July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2015
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
6.50%	6.50%	6.24%	6.24%	6.41%	6.41%
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

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

Kentucky Legislators' Retirement Plan

	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 4,500	\$ 4,147	\$ 4,117	\$ 4,200
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule as of the Measurement Date:

Valuation date	July 1, 2021	July 1, 2021	July 1, 2021	July 1, 2020
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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 Dollar	Gains and losses, over 20 years, closed. Surplus assets, 20 years open window.	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market 5 Year Smooth	Market value, adjusted for 5-year smoothing method.	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	3.00%	3.00%
Projected Salary Increase	Increases 1% for the next 3 years and 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 2025

Pub-2010 (above median) Table for General Employees with projected mortality improvements under Projection Scale MP-2020

Mortality Rates FY 2024, 2023 and 2022

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality.

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

Mortality rates were based on RP-2000 Mortality Tables with white-collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projected Scale AA (male and female scales).

Mortality Rates FY 2015 and Prior

Mortality rates were based on IRS 2008 Mortality Tables without collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after 2000 under Projection Scale AA (male and female scales). Prior to July 1, 2011, RP-2000 Mortality Tables projected 2009 without collar adjustment for male and female lives was used.

2021	2020	2019	2018	2017	2016
\$ 359	\$ 1,235	\$ 4,430	\$ 2,400	\$ 2,384	\$ 3,415
—	—	—	2,400	2,384	3,415
\$ 359	\$ 1,235	\$ 4,430	\$ —	\$ —	\$ —
\$ 4,201	\$ 4,347	\$ 4,324	\$ 4,407	\$ 4,400	\$ 4,919
0.00%	0.00%	0.0%	54.46%	54.18%	69.42%
July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2015	July 1, 2013
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
6.50%	6.50%	6.45%	6.45%	6.45%	6.85%
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter	1% for next 5 years 3.5% thereafter

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

State Police Retirement System

	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 49,950	\$ 63,178	\$ 56,069	\$ 62,341
Contributions in relation to the actuarially determined contribution	50,410	63,178	56,069	62,341
Contribution deficiency (excess)	<u>\$ (460)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 75,923	\$ 74,048	\$ 65,655	\$ 48,061
Contributions as a percentage of covered payroll	66.40%	85.32%	85.40%	129.71%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019
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Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Amortization Period	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.	30 year, closed period at June 30, 2019. Gain/losses incurring after 2019 are amortized over a separate closed 20 years base.
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	5.25%	5.25%	5.25%	5.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 16.05%	3.55% to 16.05%	3.55% to 16.05%	3.55% to 16.05%

Mortality Rate FY 2025, 2024, 2023, 2022 and 2021

System specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base of year 2019.

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

2021	2020	2019	2018	2017	2016
\$ 59,263	\$ 58,358	\$ 58,948	\$ 36,033	\$ 35,937	\$ 25,723
59,650	59,453	60,048	46,877	63,240	25,822
<u>\$ (387)</u>	<u>\$ (1,095)</u>	<u>\$ (1,100)</u>	<u>\$ (10,844)</u>	<u>\$ (27,303)</u>	<u>\$ (99)</u>
\$ 47,873	\$ 49,019	\$ 49,515	\$ 50,346	\$ 54,065	\$ 46,685
124.60%	121.29%	121.27%	93.11%	116.97%	55.31%
June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2015
Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
26 years, closed	26 years, closed	27 years, closed	28 years, closed	Reset as of July 1, 2013, to a closed 30 year period, with 27 years remaining.	
20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is	Five-year smoothed market
5.25%	5.25%	6.75%	6.75%	7.50%	6.75%
2.30%	2.30%	3.25%	3.25%	3.25%	3.25%
3.05% to 15.55%	3.05% to 15.55%	4.00%	4.00%	4.00%	4.00%

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

Kentucky Employees' Retirement Plan

Non-Hazardous	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 777,913	\$ 893,102	\$ 830,297	\$ 846,204
Contributions in relation to the actuarially determined contribution	777,913	893,102	881,324	901,072
Contribution deficiency (excess)	\$ —	\$ —	\$ (51,027)	\$ (54,868)
Covered payroll	\$ 1,648,364	\$ 1,513,219	\$ 1,262,642	\$ 1,156,089
Contributions as a percentage of covered payroll	47.19%	59.02%	69.80%	77.94%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019
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Methods and assumptions used to determine contributions :

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	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%	5.52%	5.25%	5.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.3% to 15.3%, varies by service	3.3% to 15.30%, varies by service	3.3% to 15.30%, varies by service	3.3% to 15.30%, varies by service

Mortality Rate FY: 2025, 2024, 2023 and 2022:

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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

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

Mortality Rate FY: 2015

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

2021	2020	2019	2018	2017	2016
\$ 852,134	\$ 781,953	\$ 785,852	\$ 432,329	\$ 361,024	\$ 362,122
915,080	691,003	771,005	470,021	361,316	362,639
<u>\$ (62,946)</u>	<u>\$ 90,950</u>	<u>\$ 14,847</u>	<u>\$ (37,692)</u>	<u>\$ (292)</u>	<u>\$ (517)</u>
\$ 1,162,847	\$ 1,100,878	\$ 1,106,367	\$ 1,029,846	\$ 1,148,574	\$ 1,073,430
78.69%	62.77%	69.69%	45.64%	31.46%	33.78%
June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2015
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	Five-year smoothed market
5.25%	5.25%	6.75%	7.50%	6.75%	7.50%
2.30%	2.30%	3.25%	3.25%	3.25%	3.25%
3.55% to 15.55%, varies by service	3.55% to 15.55%, varies by service	4.0%, average	4.0%, average	4.0%, average, including inflation	4.0%, average, including inflation

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

Kentucky Employees' Retirement Plan

Hazardous	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution	\$ 64,399	\$ 82,973	\$ 66,960	\$ 57,672
Contributions in relation to the actuarially determined contribution	64,399	82,973	66,960	57,675
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ (3)
Covered payroll	\$ 270,785	\$ 260,736	\$ 210,433	\$ 184,241
Contributions as a percentage of covered payroll	23.78%	31.82%	31.82%	31.30%
Notes to Schedule as of the Measurement Date:				
Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019
Methods and assumptions used to determine contributions :				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 20.05% varies by service	3.55% to 20.05% varies by service	3.55% to 20.05% varies by service	3.55% to 20.05% varies by service

Mortality Rate FY: 2025, 2024, 2023 and 2022:

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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

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

Mortality Rate FY: 2015

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

2021	2020	2019	2018	2017	2016
\$ 69,306	\$ 57,594	\$ 55,230	\$ 31,321	\$ 23,690	\$ 27,770
64,454	58,788	55,259	43,661	23,759	27,929
<u>\$ 4,852</u>	<u>\$ (1,194)</u>	<u>\$ (29)</u>	<u>\$ (12,340)</u>	<u>\$ (69)</u>	<u>\$ (159)</u>
\$ 179,039	\$ 167,473	\$ 160,600	\$ 152,936	\$ 158,828	\$ 125,942
36.00%	35.10%	34.41%	28.55%	14.96%	22.18%
June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016	June 30, 2016	June 30, 2015
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	Five-year smoothed market
6.25%	6.25%	7.50%	7.50%	7.50%	7.50%
2.30%	2.30%	3.25%	3.25%	3.25%	3.25%
3.55% to 19.55 varies by service	3.55% to 19.55 varies by service	4.0%, average	4.0%, average	4.0%, average, including inflation	4.0%, average, including inflation

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

Kentucky Teachers' Retirement System

	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution				
Employer	\$ 9,958	\$ 9,438	\$ 8,125	\$ 18,216
Nonemployer special funding	1,311,423	1,085,042	1,042,434	1,152,851
Contributions in relation to the actuarially determined contribution				
Employer	9,958	9,438	8,125	25,488
Nonemployer special funding	1,311,423	1,085,042	1,042,434	1,613,077
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (467,498)</u>
Covered payroll	\$ 4,140,446	\$ 4,197,200	\$ 3,651,579	\$ 3,781,812
Contributions as a percentage of covered payroll	31.91%	26.08%	28.77%	43.33%

Notes to Schedule as of the Measurement Date:

Valuation date	June 30, 2023	June 30, 2020	June 30, 2020	June 30, 2020
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Methods and assumptions used to determine contributions :

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Asset Valuation Method	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
Investment Return	7.1% including inflation	7.5% including inflation	7.5% including inflation	7.5% including inflation
Inflation	2.50%	3.00%	3.00%	3.00%
Projected Salary Increase	3.00%-7.30%	3%	3.50%-7.30%	3.50%-7.30%

Mortality Rate FY 2025, 2024, 2023, 2022 and 2021

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

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

2021	2020	2019	2018	2017	2016
\$ 17,452	\$ 17,935	\$ 7,300	\$ 7,780	\$ 16,540	\$ 15,776
1,100,579	1,087,212	1,051,722	1,554,267	934,995	852,845
16,551	7,270	7,300	8,013	9,359	9,662
1,043,707	1,049,663	1,051,722	1,600,895	529,083	522,336
<u>\$ 57,773</u>	<u>\$ 48,214</u>	<u>\$ —</u>	<u>\$ (46,861)</u>	<u>\$ 413,093</u>	<u>\$ 336,623</u>
\$ 3,547,056	\$ 3,477,587	\$ 3,297,875	\$ 3,605,115	\$ 4,108,000	\$ 3,284,714
29.89%	30.39%	32.11%	44.63%	13.11%	16.20%
June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed	Level percentage of payroll closed
Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market	Five-year smoothed market
7.5% including inflation	7.5% including inflation	7.5% including inflation	7.5% including inflation	7.5%, net of pension plan investment expense, including inflation	7.5%, net of pension plan investment expense, including inflation
3.00%	3.00%	3.50%	3.00%	3.50%	3.50%
3.50%-7.30%	3.50%-7.30%	4.00%-8.2%	3.50%-7.30%	3.50%-7.30%	4.00%-8.20%

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE LAST TEN FISCAL YEARS
(expressed in thousands)

	2025			2024		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total Pension Liability						
Service Costs	\$ 18,243	\$ 3,899	\$ 409	\$ 13,229	\$ 4,270	\$ 558
Interest	52,909	24,078	4,260	53,853	23,962	4,497
Differences between expected and actual experience	54,711	1,504	915	10,204	4,412	(2,672)
Changes in assumptions	—	—	—	(31,255)	—	—
Benefit payments/refunds	(64,044)	(28,081)	(5,460)	(63,970)	(26,787)	(5,443)
Other	—	—	—	—	—	—
Net change in total pension liability	61,819	1,400	124	(17,939)	5,857	(3,060)
Total pension liability at July 1	1,039,813	382,514	68,059	1,057,752	376,657	71,119
Total pension liability at June 30	<u>\$ 1,101,632</u>	<u>\$ 383,914</u>	<u>\$ 68,183</u>	<u>\$1,039,813</u>	<u>\$ 382,514</u>	<u>\$ 68,059</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 61,998	\$ 5,306	\$ —	\$ 58,120	\$ 4,983	\$ —
Contributions - member	5,703	1,427	225	5,250	2,008	195
Net investment income	56,933	80,975	16,979	40,708	56,554	11,911
Benefit payments/refunds	(64,044)	(28,081)	(5,460)	(63,970)	(26,787)	(5,443)
Administrative expenses	(314)	(268)	(128)	(293)	—	—
Other	—	—	—	—	—	—
Net change in plan fiduciary net position	60,276	59,359	11,616	39,815	36,758	6,663
Pension plan fiduciary net position at July 1	591,514	427,648	91,267	551,699	390,889	84,604
Pension plan fiduciary net position at June 30	<u>\$ 651,790</u>	<u>\$ 487,007</u>	<u>\$ 102,883</u>	<u>\$ 591,514</u>	<u>\$ 427,647</u>	<u>\$ 91,267</u>
Net pension liability at June 30	<u>\$ 449,842</u>	<u>\$ (103,093)</u>	<u>\$ (34,700)</u>	<u>\$ 448,299</u>	<u>\$ (45,133)</u>	<u>\$ (23,208)</u>
Pension plan fiduciary net position as a % of the total pension liability	59.17%	126.85 %	150.89 %	56.89 %	111.80 %	134.10 %
Covered payroll	\$ 71,964	\$ 27,832	\$ 4,147	\$ 65,693	\$ 27,723	\$ 4,100
Net Pension liability as a % of covered payroll	625.09%	(370.41)%	(836.75)%	682.42 %	(162.80)%	(566.05)%

*Kentucky General Fund Appropriation.

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

2023			2022			2021		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 12,158	\$ 4,270	\$ 558	\$ 12,530	\$ 3,563	\$ 525	\$ 13,192	\$ 3,563	\$ 526
53,740	23,751	4,500	53,417	23,734	4,559	52,697	23,353	4,535
(2,700)	—	—	4,127	(5262)	(1975)	10,859	—	—
—	(5,908)	(1,271)	—	9130	2619	—	—	—
(64,400)	(24,990)	(5,236)	(63,522)	(24,371)	(5,129)	(62,511)	(24,402)	(5,033)
3,130	—	—	35	—	1	—	—	—
1,928	(2,877)	(1,449)	6,587	6,794	600	14,237	2,514	28
1,055,824	379,534	72,568	1,049,237	372,740	71,968	1,035,000	370,226	71,940
<u>\$ 1,057,752</u>	<u>\$ 376,657</u>	<u>\$ 71,119</u>	<u>\$ 1,055,824</u>	<u>\$ 379,534</u>	<u>\$ 72,568</u>	<u>\$ 1,049,237</u>	<u>\$ 372,740</u>	<u>\$ 71,968</u>
\$ 62,341	\$ 7,063	\$ —	\$ 59,650	\$ 6,771	\$ —	\$ 59,453	\$ 8,730	\$ —
4,773	2,394	231	4,752	1,944	267	4,767	1,753	216
(22,088)	(42,019)	(8,683)	61,729	122,790	26,743	6,341	19,513	4,308
(64,400)	(24,990)	(5,235)	(63,522)	(24,371)	(5,129)	(62,511)	(24,402)	(5,033)
(273)	—	—	(212)	—	—	(266)	—	—
215,000	1	—	—	2	1	—	—	—
195,353	(57,551)	(13,687)	62,397	107,136	21,882	7,784	5,594	(509)
356,346	448,440	98,291	293,949	341,304	76,409	286,165	335,710	76,918
<u>\$ 551,699</u>	<u>\$ 390,889</u>	<u>\$ 84,604</u>	<u>\$ 356,346</u>	<u>\$ 448,440</u>	<u>\$ 98,291</u>	<u>\$ 293,949</u>	<u>\$ 341,304</u>	<u>\$ 76,409</u>
<u>\$ 506,053</u>	<u>\$ (14,232)</u>	<u>\$ (13,485)</u>	<u>\$ 699,478</u>	<u>\$ (68,906)</u>	<u>\$ (25,723)</u>	<u>\$ 755,288</u>	<u>\$ 31,436</u>	<u>\$ (4,441)</u>
52.16%	103.78 %	118.96 %	33.75%	118.16 %	135.45 %	28.02%	91.57%	106.17 %
\$ 48,061	\$ 29,870	\$ 4,201	\$ 47,873	\$ 29,500	\$ 4,201	\$ 49,019	\$ 30,857	\$ 4,360
1,052.94%	(47.65)%	(321.00)%	1,461.11%	(233.58)%	(612.31)%	1,540.81%	101.88%	(101.86)%

Continued

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

	2020			2019		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total Pension Liability						
Service Costs	\$ 11,726	\$ 4,126	\$ 698	\$ 11,890	\$ 4,127	\$ 698
Interest	49,301	22,950	4,696	47,978	22,699	4,639
Differences between expected and actual experience	20,952	(71)	(2,788)	25,126	—	—
Changes in assumptions	44,510	(7,653)	(310)	—	—	—
Benefit payments/refunds	(60,949)	(24,263)	(4,729)	(58,805)	(23,194)	(4,529)
Other	(163)	—	(1)	162	—	—
Net change in total pension liability	65,377	(4,911)	(2,434)	26,351	3,632	808
Total pension liability at July 1	969,623	375,137	74,374	943,272	371,505	73,566
Total pension liability at June 30	<u>\$ 1,035,000</u>	<u>\$ 370,226</u>	<u>\$ 71,940</u>	<u>\$ 969,623</u>	<u>\$ 375,137</u>	<u>\$ 74,374</u>
Pension Plan Fiduciary Net Position						
Contributions - employer	\$ 60,048	\$ 8,732	\$ —	\$ 46,877	\$ 12,529	\$ 2,400
Contributions - member	5,062	1,550	198	5,522	1,977	232
Net investment income	14,816	38,593	8,701	18,437	27,067	6,271
Benefit payments/refunds	(61,112)	(24,262)	(4,729)	(58,805)	(23,194)	(4,528)
Administrative expenses	(225)	—	—	(194)	—	—
Other	3	—	1	(1)	—	—
Net change in plan fiduciary net position	18,592	24,613	4,171	11,836	18,379	4,375
Pension plan fiduciary net position at July 1	267,573	311,097	72,747	255,737	292,718	68,372
Pension plan fiduciary net position at June 30	<u>\$ 286,165</u>	<u>\$ 335,710</u>	<u>\$ 76,918</u>	<u>\$ 267,573</u>	<u>\$ 311,097</u>	<u>\$ 72,747</u>
Net pension liability at June 30	<u>\$ 748,835</u>	<u>\$ 34,516</u>	<u>\$ (4,978)</u>	<u>\$ 702,050</u>	<u>\$ 64,040</u>	<u>\$ 1,627</u>
Pension plan fiduciary net position as a % of the total pension liability	27.65%	90.68%	106.92 %	27.60%	82.93%	97.81%
Covered payroll	\$ 49,515	\$ 30,605	\$ 4,328	\$ 50,346	\$ 30,900	\$ 4,413
Net Pension liability as a % of covered payroll	1,512.34%	112.78%	(115.02)%	1,394.45%	207.25%	36.87%

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

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

2018			2017			2016		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 8,297	\$ 4,912	\$ 701	\$ 8,402	\$ 4,913	\$ 967	\$ 7,696	\$ 4,952	\$ 1,046
51,768	23,780	5,280	52,951	23,436	5,161	50,660	22,205	5,077
8,143	(8,857)	(6,362)	—	—	—	9,331	4,401	(3,421)
136,602	(2,090)	(160)	56,191	—	—	40,202	(4,401)	(1,547)
(56,960)	(23,011)	(4,257)	(56,279)	(22,868)	(3,999)	(54,851)	(22,243)	(3,690)
—	—	—	—	85	22	—	—	—
147,850	(5,266)	(4,798)	61,265	5,566	2,151	53,038	4,914	(2,535)
795,422	376,771	78,364	734,157	371,205	76,213	681,119	366,291	78,748
<u>\$ 943,272</u>	<u>\$ 371,505</u>	<u>\$ 73,566</u>	<u>\$ 795,422</u>	<u>\$ 376,771</u>	<u>\$ 78,364</u>	<u>\$ 734,157</u>	<u>\$ 371,205</u>	<u>\$ 76,213</u>
\$ 63,240	\$ 11,954	\$ 2,401	\$ 25,822	\$ 15,294	\$ 3,380	\$ 31,990	\$ 15,362	\$ 3,367
5,348	1,607	311	5,262	1,737	335	5,244	1,863	217
26,795	34,713	7,936	(3,841)	8,734	2,067	3,427	25,614	5,550
(56,960)	(23,011)	(4,257)	(56,279)	(22,867)	(3,999)	(54,851)	(22,243)	(3,690)
(182)	—	—	(180)	—	—	(201)	—	—
(517)	—	87	—	91	22	646	—	—
37,724	25,263	6,478	(29,216)	2,989	1,805	(13,745)	20,596	5,444
218,013	267,455	61,894	247,229	264,466	60,089	260,974	243,870	54,645
<u>\$ 255,737</u>	<u>\$ 292,718</u>	<u>\$ 68,372</u>	<u>\$ 218,013</u>	<u>\$ 267,455</u>	<u>\$ 61,894</u>	<u>\$ 247,229</u>	<u>\$ 264,466</u>	<u>\$ 60,089</u>
<u>\$ 687,535</u>	<u>\$ 78,787</u>	<u>\$ 5,194</u>	<u>\$ 577,409</u>	<u>\$ 109,316</u>	<u>\$ 16,470</u>	<u>\$ 486,928</u>	<u>\$ 106,739</u>	<u>\$ 16,124</u>
27.11%	78.79%	92.94%	27.41%	70.99%	78.98%	33.68%	71.25%	78.84%
\$ 54,065	\$ 30,287	\$ 4,404	\$ 46,685	\$ 30,000	\$ 4,500	\$ 45,765	\$ 30,000	\$ 4,500
1,271.68%	260.13%	117.94%	1,236.82%	364.39%	366.00%	1,063.97%	355.80%	358.31%

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

	2025			2024		
	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Commonwealth's proportionate share of the net pension liability (asset)	80.58%	98.32%	98.16%	78.85%	97.70%	97.99%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 9,682,240	\$ 367,502	\$ 16,792,206	\$ 9,824,652	\$ 414,488	\$ 17,410,274
Other employers' proportionate share of the collective net pension liability (asset)	2,367,426	6,259	351,062	2,494,075	8,499	375,106
Total collective net pension liability	<u>\$ 12,049,666</u>	<u>\$ 373,761</u>	<u>\$ 17,143,268</u>	<u>\$ 12,318,727</u>	<u>\$ 422,987</u>	<u>\$ 17,785,380</u>
Commonwealth's covered payroll	\$ 1,648,364	\$ 270,785	\$ 4,064,348	\$ 1,262,642	\$ 210,433	\$ 3,897,337
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	587.38%	135.72%	413.16%	778.10%	196.97%	446.72%
Pension plan fiduciary net position as a percentage of the total pension liability	25.96%	73.18%	60.36%	22.32%	67.87%	57.68%
	2020			2019		
	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Commonwealth's proportionate share of the net pension liability (asset)	75.09%	97.46%	97.62%	74.06%	97.46%	97.11%
Commonwealth's proportionate share of the collective net pension liability (asset)	\$ 10,605,519	\$ 532,409	\$ 13,954,479	\$ 10,074,599	\$ 492,281	\$ 13,329,602
Other employers' proportionate share of the collective net pension liability (asset)	3,517,483	13,885	340,406	3,529,176	12,844	397,320
Total collective net pension liability	<u>\$ 14,123,002</u>	<u>\$ 546,294</u>	<u>\$ 14,294,885</u>	<u>\$ 13,603,775</u>	<u>\$ 505,125</u>	<u>\$ 13,726,922</u>
Commonwealth's covered payroll	\$ 1,108,111	\$ 156,518	\$ 3,477,587	\$ 1,124,380	\$ 149,047	\$ 3,355,637
Commonwealth's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	957.08%	340.16%	401.27%	896.01%	330.29%	397.23%
Pension plan fiduciary net position as a percentage of the total pension liability	13.66%	55.49%	58.76%	12.84%	56.10%	59.30%

2023			2022			2021		
Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
80.23%	97.71%	98.12%	80.67%	97.68%	97.73%	76.25%	97.68%	97.64%
\$ 10,644,166	\$ 495,882	\$ 17,366,965	\$ 10,696,634	\$ 435,217	\$ 13,297,878	\$ 10,800,381	\$ 547,675	\$ 14,485,108
2,623,176	11,634	331,370	2,620,363	10,410	307,910	3,364,271	13,002	349,932
\$ 13,267,342	\$ 507,516	\$ 17,698,335	\$ 13,316,997	\$ 445,627	\$ 13,605,788	\$ 14,164,652	\$ 560,677	\$ 14,835,040
\$ 1,262,642	\$ 210,433	\$ 3,651,579	\$ 1,157,732	\$ 168,689	\$ 3,556,533	\$ 1,125,864	\$ 167,853	\$ 3,485,070
843.01%	235.65%	475.60%	923.93%	258.00%	373.90%	959.30%	326.28%	415.63%
18.51%	61.51%	56.41%	18.48%	66.03%	65.60%	14.01%	55.18%	58.30%
2018			2017			2016		
Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System	Kentucky Employees' Retirement System		Kentucky Teachers' Retirement System
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
74.01%	97.69%	94.92%	71.45%	98.04%	95.22%	69.51%	97.87%	94.02%
\$ 9,908,707	\$ 485,618	\$ 27,474,647	\$ 8,027,502	\$ 383,971	\$ 29,446,825	\$ 6,973,383	\$ 335,667	\$ 23,223,555
3,479,629	11,483	1,468,941	3,207,893	7,667	1,476,601	3,058,508	7,298	1,476,601
\$ 13,388,336	\$ 497,101	\$ 28,943,588	\$ 11,235,395	\$ 391,638	\$ 30,923,426	\$ 10,031,891	\$ 342,965	\$ 24,700,156
\$ 1,185,969	\$ 174,387	\$ 3,263,192	\$ 1,165,367	\$ 155,715	\$ 3,252,174	\$ 1,073,428	\$ 125,939	\$ 3,284,714
835.49%	278.47%	841.96%	688.84%	246.59%	905.45%	649.64%	266.53%	707.02%
13.30%	54.80%	39.80%	14.80%	57.41%	35.20%	18.83%	61.70%	42.49%

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

Kentucky Judicial Retirement Plan

	2025	2024	2023	2022
<i><u>As of the most recent fiscal year end:</u></i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 29,950	\$ 27,834	\$ 27,737	\$ 29,500
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule as of the Measure Date

Valuation date	July 1, 2021	July 1, 2021	July 1, 2021	July 1, 2020
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Method and Assumptions Used to Determine Contributions:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Gains and losses over 20 years closed	Gains and losses over 20 years closed	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method	Market adjusted for a 5 year smoothing method	Market adjusted for a 5 year smoothing method	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	2.50%	2.50%
Projected Salary Increase	1% for the next 3 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

Mortality Table for 2025, 2024, 2023, 2022 and 2021

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

Mortality Table for 2020, 2019, 2018, 2017 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.

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

2021	2020	2019	2018
\$ —	\$ —	\$ —	\$ 1,218
—	—	—	1,218
\$ —	\$ —	\$ —	\$ —
\$ 29,536	\$ 30,857	\$ 30,605	\$ 27,900
0.00%	0.00%	0.00%	4.37%
July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2017
Entry Age Normal Interest + 1% Unfunded Past Liability	Entry Age Normal Interest + 1% Unfunded Past Liability	Entry Age Normal Interest + 1% Unfunded Past Liability	Entry Age Normal Interest + 1% Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value
6.50%	6.50%	6.24%	6.24%
2.50%	3.00%	3.00%	3.00%
1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

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

(expressed in thousands)

Kentucky Legislators' Retirement Plan

	2025	2024	2023	2022
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	—	—	—	—
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 4,500	\$ 4,147	\$ 4,118	\$ 4,201
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%

Notes to Schedule as of the Measure Date

Valuation date	July 1, 2021	July 1, 2021	July 1, 2021	July 1, 2020
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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
	Level Dollar			
Asset Valuation Method	5 year smooth market	Market Value	Market Value	Market Value
Investment Return	6.50%	6.50%	6.50%	6.50%
Inflation	2.50%	2.50%	3.00%	3.00%
Projected Salary Increase	1% for the next 3 years and 3.5% thereafter	1% for the next 3 years and 3.5% thereafter	1% for the next 3 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

Mortality Table 2025, 2024, 2023, 2022 and 2021

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

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

Mortality rates were based on IRS 2008 Mortality Tables without collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after 2000 under Projection Scale AA (male and female scales). Prior to July 1, 2011, RP-2000 Mortality Tables projected 2009 without collar adjustment for male and female lives was used.

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

2021	2020	2019	2018
\$ 25	\$ 12	\$ 12	\$ 2,400
—	—	—	2,400
\$ 25	\$ 12	\$ 12	\$ —
\$ 4,201	\$ 4,347	\$ 4,328	\$ 4,407
0.0%	0.0%	0.0%	54.5%
July 1, 2019	July 1, 2019	July 1, 2018	July 1, 2017
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Interest + 1%	Interest + 1%	Interest + 1%	Interest + 1%
Unfunded Past Liability	Unfunded Past Liability	Unfunded Past Liability	Unfunded Past Liability
Market Value	Market Value	Market Value	Market Value
6.50%	6.50%	6.45%	6.45%
3.00%	3.00%	3.00%	3.00%
1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter	1% for the next 5 years and 3.5% thereafter

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

State Police Retirement System				
	2025	2024	2023	2022
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 1,753	\$ 5,249	\$ 9,264	\$ 8,782
Contributions in relation to the actuarially determined contribution	2,309	10,447	10,212	8,782
Contribution deficiency (excess)	<u>\$ (556)</u>	<u>\$ (5,198)</u>	<u>\$ (948)</u>	<u>\$ —</u>
Covered payroll	\$ 75,923	\$ 71,964	\$ 65,655	\$ 48,600
Contributions as a percentage of covered payroll	3.04%	14.52%	15.55%	18.07%
Notes to Schedule as of the Measure Date				
Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019
Method and Assumptions Used to Determine Contributions:				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	30-years closed,at June 30, 2019. 20-years for gains/losses after 2019 will be amortized over a separate 20 year-year amortization bases	30-years closed,at June 30, 2019. 20-years for gains/losses after 2019 will be amortized over a separate 20 year-year amortization bases	30-years closed,at June 30, 2019. 20-years for gains/losses after 2019 will be amortized over a separate 20 year-year amortization bases	30-years closed, at June 30, 2019; 20 years for gains/losses after 2019
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 16.05% varies by service	3.55% to 16.05% varies by service	3.55% to 16.05% varies by service	3.05% to 16.05% varies by service

Mortality Table for 2025, 2024, 2023, 2022 and 2021

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

Mortality Table for 2020, 2019, 2018 and 2017

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

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

2021	2020	2019	2018
\$ 9,803	\$ 13,113	\$ 13,283	\$ 9,062
9,258	13,155	13,288	9,397
\$ 545	\$ (42)	\$ (5)	\$ (335)
\$ 47,016	\$ 48,231	\$ 48,780	\$ 50,064
19.69%	27.27%	27.24%	18.77%
June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
26 Years, Closed	26 Years, Closed	27 Years, Closed	27 Years, Closed
20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.25%	6.25%	7.50%	6.25%
2.30%	2.30%	3.25%	2.30%
3.05% to 15.55% varies by service	3.05% to 15.55% varies by service	4.00%, average	0.00%, average

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

(expressed in thousands)

Kentucky Employees Retirement Plan				
Non-Hazardous	2025	2024	2023	2022
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ 25,355	\$ 127,461	\$ 133,266	\$ 140,688
Contributions in relation to the actuarially determined contribution	25,355	127,461	149,270	145,013
Contribution deficiency (excess)	\$ —	\$ —	\$ (16,004)	\$ (4,325)
Covered payroll	\$ 1,635,788	\$ 1,782,671	\$ 1,912,526	\$ 1,481,235
Contributions as a percentage of covered payroll	1.55%	7.15%	7.80%	9.79%
Notes to Schedule as of the Measure Date				
Valuation date	June 1, 2021	June 1, 2021	June 30, 2020	June 30, 2019
Method and Assumptions Used to Determine Contributions:				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	30 year closed period at June, 2019	30 year closed period at June, 2019	30 year closed period at June, 2019	30 year closed period at June, 2019
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.30% to 15.30%, varies by service	3.30% to 15.30%, varies by service	3.30% to 15.30%, varies by service	3.30% to 15.30%, varies by service

Mortality Table for 2025, 2024 and 2023

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

Mortality Table for 2022

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2012 mortality improvement scale using a base year of 2019

Mortality Table for 2021, 2020, 2019, 2018 and 2017

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

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

2021	2020	2019	2018
\$ 133,422	\$ 136,136	\$ 187,978	\$ 132,365
123,611	156,939	178,964	136,419
\$ 9,811	\$ (20,803)	\$ 9,014	\$ (4,054)
\$ 1,108,618	\$ 1,097,874	\$ 1,515,953	\$ 1,573,898
11.15%	14.29%	11.81%	8.67%
June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
26 Years, Closed	26 Years, Closed	26 Years, Closed	26 Years, Closed
20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
5.25%	6.25%	7.50%	6.25%
2.30%	2.30%	3.25%	2.30%
3.55% to 15.55%, varies by service	3.55% to 15.55%, varies by service	0.00%	0.00%

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

(expressed in thousands)

Kentucky Employees Retirement Plan				
Hazardous	2025	2024	2023	2022
<i>As of the most recent fiscal year end:</i>				
Actuarially determined contribution	\$ —	\$ —	\$ —	\$ —
Contributions in relation to the actuarially determined contribution	801	653	3,429	2,639
Contribution deficiency (excess)	<u>\$ (801)</u>	<u>\$ (653)</u>	<u>\$ (3,429)</u>	<u>\$ (2,639)</u>
Covered payroll	\$ 270,785	\$ 262,995	\$ 210,433	\$ 184,309
Contributions as a percentage of covered payroll	0.30%	0.25%	1.63%	1.43%
Notes to Schedule as of the Measure Date				
Valuation date	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019
Method and Assumptions Used to Determine Contributions:				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period	30 year closed period at June, 2019. Gains and losses after June 2019 will be amortized over 20 years	30 year closed period at June, 2019. Gains and losses after June 2019 will be amortized over 20 years	30 year closed period at June, 2019. Gains and losses after June 2019 will be amortized over 20 years	30 year closed period at June, 2019
Asset Valuation Method	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
Investment Return	6.25%	6.25%	6.25%	6.25%
Inflation	2.30%	2.30%	2.30%	2.30%
Projected Salary Increase	3.55% to 20.05%, varies by service	3.55% to 20.05%, varies by service	3.55% to 20.05%, varies by service	3.55% to 20.05%, varies by service

Mortality Table for 2025, 2024 and 2023

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

Mortality Table for 2022

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2012 mortality improvement scale using a base year of 2019

Mortality Table for 2021, 2020, 2019, 2018 and 2017

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

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

2021	2020	2019	2018
\$ —	\$ 4,368	\$ 3,631	\$ 2,550
—	5,504	4,843	5,288
\$ —	\$ (1,136)	\$ (1,212)	\$ (2,738)
\$ 179,039	\$ 177,586	\$ 147,586	\$ 190,317
0.00%	3.10%	3.28%	2.78%
June 30, 2017	June 30, 2017	June 30, 2016	June 30, 2016
Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
26 Years, Closed	26 Years, Closed	27 Years, Closed	27 Years, Closed
20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized	20 % of the difference between the market value of assets and the expected actuarial value of assets is recognized
6.25%	6.25%	7.50%	6.25%
2.30%	2.30%	3.25%	2.30%
3.55% to 19.55%, varies by service	3.55% to 19.55%, varies by service	4.00%, average	0.00%

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

Kentucky Teachers' Retirement System				
	2025	2024	2023	2022
As of the most recent fiscal year end:				
Actuarially determined contribution *				
Employer	\$ 2,890	\$ 1,817	\$ 1,503	\$ 2,954
Nonemployer Special Funding	104,474	99,196	90,126	89,780
Contributions in relation to the actuarially determined contribution				
Employer	2,929	1,817	1,467	2,251
Nonemployer Special Funding	107,656	99,196	87,928	68,738
Contribution deficiency (excess)	<u>\$ (3,221)</u>	<u>\$ —</u>	<u>\$ 2,234</u>	<u>\$ 21,745</u>
Covered payroll	\$ 1,985,482	\$ 2,030,362	\$ 1,117,440	\$ 1,747,078
Contributions as a percentage of covered payroll	5.57%	5.00%	8.00%	4.06%
Notes to Schedule as of the Measure Date				
Valuation date				
Health	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Life	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2018
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	23 years	24 years, close	25 years, close	26 years, close
Asset Valuation Method				
Health	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Life	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Investment Return				
Health	7.10%	7.10%	7.10%	7.10%
Life	7.10%	7.10%	7.10%	7.10%
Inflation				
Health	2.50%	3.00%	3.00%	3.00%
Life	2.50%	3.00%	3.00%	3.00%
Projected Salary Increase				
Health	3.0% - 7.50%	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%
Life	3.0% - 7.50%	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%

Mortality Table for 2025, 2024, 2023 and 2022

Mortality rates were based on PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2022 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. No change from prior year.

Mortality Table for 2021

PUB 2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives.

Mortality Table for 2020, 2019 and 2018

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.

2021	2020	2019	2018
\$ 2,476	\$ 700	\$ 1,253	\$ 30,012
73,742	19,852	35,395	795,264
2,476	1,829	2,974	1,342
73,742	78,717	82,899	81,856
\$ —	\$ (59,994)	\$ (49,225)	\$ 742,078
\$ 1,500,354	\$ 1,603,312	\$ 1,627,143	\$ 1,607,809
5.08%	5.02%	5.28%	5.17%
June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Entry Age Normal Level Percent of Pay 21 years, Closed	Entry Age Normal Level Percent of Pay 22 years, Closed	Entry Age Normal Level Percent of Pay 26 Years, Closed	Entry Age Normal Level Percent of Pay 26 Years, Closed
Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued
Five-year smoothed valued	Five-year smoothed valued	Five-year smoothed valued	Market value
8.00%	8.00%	8.00%	8.00%
7.50%	7.50%	7.50%	7.50%
3.00%	3.00%	3.00%	3.00%
3.00%	3.00%	3.50%	4.00%
3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%	3.50% - 7.20%
3.50% - 7.20%	3.50% - 7.45%	4.00% - 8.10%	4.00% - 8.10%

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

	2025			2024		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total OPEB Liability						
Service Costs	\$ 4,115	\$ 862	\$ 144	\$ 4,092	\$ 703	\$ 110
Interest	15,508	3,151	1,149	19,608	2,546	976
Changes in benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	1,360	2,728	665	(98,425)	8,459	2,438
Changes in assumptions	4,394	—	—	404	(907)	(319)
Benefit payments/refunds	(11,668)	(2,448)	(1,023)	(13,682)	(2,154)	(947)
Net change in total OPEB liability	13,709	4,293	935	(88,003)	8,647	2,258
Total OPEB liability at July 1	263,450	49,266	18,115	351,453	40,619	15,857
Total OPEB liability at June 30	<u>\$ 277,159</u>	<u>\$ 53,559</u>	<u>19,050</u>	<u>\$ 263,450</u>	<u>\$ 49,266</u>	<u>\$ 18,115</u>
OPEB Plan Fiduciary Net Position						
Contributions - employer	\$ 9,788	\$ —	\$ —	\$ 8,755	\$ —	\$ —
Contributions - member	396	96	30	348	78	23
Transfer in payments	26,963	26,463	13,963	—	—	—
Net investment income	(11,668)	(2,448)	(1,023)	21,520	17,870	9,362
Benefit payments/refunds	(71)	(88)	(105)	(13,682)	(2,154)	(947)
Administrative expenses	—	—	—	(74)	—	—
Other	—	—	—	—	—	—
Net change in plan fiduciary net position	25,408	24,023	12,865	16,867	15,794	8,438
OPEB plan fiduciary net position at July 1	248,109	135,129	71,739	231,242	119,335	63,301
OPEB plan fiduciary net position at June 30	<u>\$ 273,517</u>	<u>\$ 159,152</u>	<u>84,604</u>	<u>\$ 248,109</u>	<u>\$ 135,129</u>	<u>\$ 71,739</u>
Net OPEB liability at June 30	<u>\$ 3,642</u>	<u>\$ (105,593)</u>	<u>\$ (65,554)</u>	<u>\$ 15,341</u>	<u>\$ (85,863)</u>	<u>\$ (53,624)</u>
Plan fiduciary net position as a % of the total OPEB liability	98.69%	297.15 %	444.12 %	94.18 %	274.28 %	396.02 %
Covered payroll	\$ 71,992	\$ 27,800	\$ 4,147	\$ 65,830	\$ 26,700	\$ 4,118
Net OPEB liability as a % of covered payroll	5.06 %	(379.83)%	(1580.76)%	23.30 %	(321.58)%	(1302.19)%

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

2023			2022			2021		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 5,605	\$ 651	\$ 109	\$ 5,218	\$ 702	\$ 158	\$ 5,389	\$ 702	\$ 158
18,592	2,479	968	17,984	3,174	1,301	17,600	2,986	1,232
4,975	—	—	101	—	—	—	—	—
(5,952)	—	—	(6,318)	(9,283)	(4,799)	13,810	—	—
(21,937)	—	—	21,784	(2,341)	(402)	4,578	—	—
(14,729)	(1,900)	(887)	(13,812)	(1,845)	(835)	(13,988)	(1,987)	(811)
(13,446)	1,230	190	24,957	(9,593)	(4,577)	27,389	1,701	579
364,899	39,389	15,667	339,942	48,982	20,244	312,553	47,282	19,665
<u>\$ 351,453</u>	<u>\$ 40,619</u>	<u>\$ 15,857</u>	<u>\$ 364,899</u>	<u>\$ 39,389</u>	<u>\$ 15,667</u>	<u>\$ 339,942</u>	<u>\$ 48,983</u>	<u>\$ 20,244</u>
\$ 9,343	\$ 84	\$ —	\$ 9,381	\$ —	\$ —	\$ 12,873	\$ —	\$ —
230	64	24	209	53	21	196	46	18
(10,847)	—	—	—	—	—	—	—	—
(14,729)	(12,828)	(6,497)	50,289	36,668	19,226	1,124	5,656	2,942
(73)	(1,900)	(887)	(13,812)	(1,845)	(835)	(13,988)	(1,987)	(811)
—	—	—	(89)	—	—	(71)	—	—
—	—	—	—	—	—	—	—	—
(16,076)	(14,580)	(7,360)	45,978	34,876	18,412	134	3,715	2,149
247,318	133,915	70,661	201,340	99,039	52,249	201,206	95,326	50,100
<u>\$ 231,242</u>	<u>\$ 119,335</u>	<u>\$ 63,301</u>	<u>\$ 247,318</u>	<u>\$ 133,915</u>	<u>\$ 70,661</u>	<u>\$ 201,340</u>	<u>\$ 99,041</u>	<u>\$ 52,249</u>
<u>\$ 120,211</u>	<u>\$ (78,716)</u>	<u>\$ (47,444)</u>	<u>\$ 117,581</u>	<u>\$ (94,526)</u>	<u>\$ (54,994)</u>	<u>\$ 138,602</u>	<u>\$ (50,058)</u>	<u>\$ (32,005)</u>
65.80%	293.79 %	399.20 %	67.78%	339.98 %	451.02 %	59.23%	202.19 %	258.10 %
\$ 48,600	\$ 29,800	\$ 4,200	\$ 47,155	\$ 29,500	\$ 4,201	\$ 48,231	\$ 55,858	\$ 4,343
247.3%	(264.1)%	(1129.6)%	249.4%	(320.4)%	(1309.1)%	287.4%	(89.6)%	(736.9)%

Continued

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

	2020			2019		
	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan	State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
Total OPEB Liability						
Service Costs	\$ 4,816	\$ 927	\$ 290	\$ 6,087	\$ 927	\$ 290
Interest	17,724	3,535	1,490	18,432	3,319	1,403
Changes in benefit terms	—	—	—	34	—	—
Differences between expected and actual experience	(14,295)	(9,712)	(4,390)	(23,320)	—	—
Changes in assumptions	16,483	103	22	(358)	—	—
Benefit payments/refunds	(13,187)	(1,966)	(767)	(13,097)	(1,962)	(758)
Net change in total OPEB liability	11,541	(7,113)	(3,355)	(12,222)	2,284	935
Total OPEB liability at July 1	301,012	54,395	23,020	313,234	52,111	22,085
Total OPEB liability at June 30	<u>\$ 312,553</u>	<u>\$ 47,282</u>	<u>\$ 19,665</u>	<u>\$ 301,012</u>	<u>\$ 54,395</u>	<u>\$ 23,020</u>
OPEB Plan Fiduciary Net Position						
Contributions - employer	\$ 12,623	\$ —	\$ —	\$ 8,535	\$ 1,218	\$ 5
Contributions - member	176	43	13	155	218	9
Transfer in payments	—	—	—	—	7,610	3,896
Net investment income	10,815	10,965	5,672	16,470	(1,962)	(758)
Benefit payments/refunds	(13,187)	(1,966)	(767)	(13,097)	—	—
Administrative expenses	(69)	—	—	(62)	—	—
Other	1	—	—	8	59	—
Net change in plan fiduciary net position	10,359	9,042	4,918	12,009	7,143	3,152
OPEB plan fiduciary net position at July 1	190,847	86,284	45,182	178,838	79,141	42,030
OPEB plan fiduciary net position at June 30	<u>\$ 201,206</u>	<u>\$ 95,326</u>	<u>\$ 50,100</u>	<u>\$ 190,847</u>	<u>\$ 86,284</u>	<u>\$ 45,182</u>
Net OPEB liability at June 30	<u>\$ 111,347</u>	<u>\$ (48,044)</u>	<u>\$ (30,435)</u>	<u>\$ 110,165</u>	<u>\$ (31,889)</u>	<u>\$ (22,162)</u>
Plan fiduciary net position as a % of the total OPEB liability	64.38%	201.61 %	254.77 %	63.40%	158.62 %	196.27 %
Covered payroll	\$ 48,780	\$ 30,605	\$ 4,334	\$ 50,064	\$ 30,624	\$ 4,407
Net OPEB liability as a % of covered payroll	228.3%	(157.0)%	(702.2)%	220.0%	(104.1)%	(502.9)%

2018		
State Police Retirement System	Kentucky Judicial Retirement Plan	Kentucky Legislators' Retirement Plan
\$ 4,147	\$ 1,221	\$ 452
17,993	4,552	2,012
—	—	—
(572)	(22,068)	(10,568)
57,312	5,640	2,272
(12,123)	(1,943)	(709)
66,757	(12,598)	(6,541)
246,477	64,709	28,626
<u>\$ 313,234</u>	<u>\$ 52,111</u>	<u>\$ 22,085</u>
\$ 7,862	\$ 1,218	\$ 6
131	176	7
—	—	—
21,627	9,385	4,933
(12,123)	(1,943)	(709)
(66)	—	—
—	4	—
17,431	8,840	4,237
161,407	70,301	37,793
<u>\$ 178,838</u>	<u>\$ 79,141</u>	<u>\$ 42,030</u>
<u>\$ 134,396</u>	<u>\$ (27,030)</u>	<u>\$ (19,945)</u>
57.09%	151.87 %	190.31 %
\$ 48,873	\$ 30,297	\$ 4,398
275.0%	(89.2)%	(453.5)%

COMMONWEALTH OF KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF COMMONWEALTH'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE CURRENT FISCAL YEAR

Schedule of Commonwealth's Proportionate Share of the Net OPEB Liability

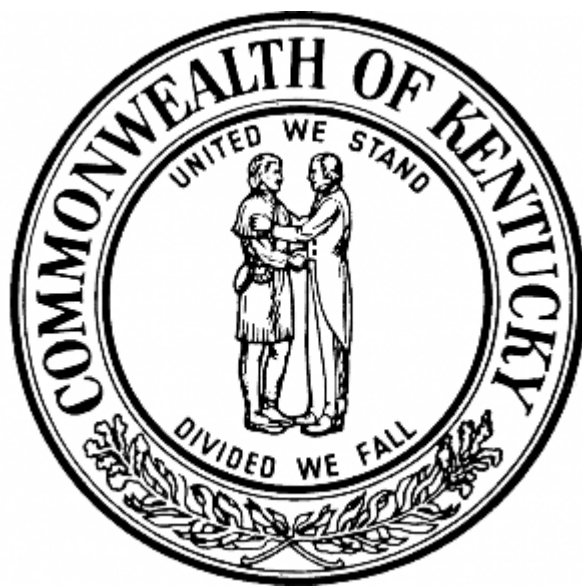
(expressed in thousands)

	Fiscal Year 2025			Fiscal Year 2024		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Fiscal year (measurement date)						
Commonwealth's proportionate share of the net OPEB liability (asset)	79.97 %	98.32 %	47.95%	78.45 %	97.99 %	46.49%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	\$ 578,200	\$ (231,193)	\$ 1,077,058	\$ 619,218	\$ (203,815)	\$ 1,141,675
Other employers' proportionate share of the collective net OPEB liability (asset)	144,849	(3,938)	1,176,437	165,373	(4,180)	1,322,185
Total collective net OPEB liability	<u>\$ 723,049</u>	<u>\$ (235,131)</u>	<u>\$ 2,253,495</u>	<u>\$ 784,591</u>	<u>\$ (207,995)</u>	<u>\$ 2,463,860</u>
Commonwealth's covered payroll	\$ 1,635,852	\$ 270,785	\$ 1,985,482	\$ 1,912,526	\$ 261,841	\$ 1,849,037
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	35.35 %	(85.38)%	54.25%	32.38 %	(77.84)%	61.74%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	70.95 %	153.10 %	59.81%	66.14 %	149.84 %	53.52%

	Fiscal Year 2020			Fiscal Year 2019		
	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
	Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
Fiscal year (measurement date)						
Commonwealth's proportionate share of the net OPEB liability (asset)	74.97%	97.46 %	45.44%	74.48%	97.46 %	46.90%
Commonwealth's proportionate share of the collective net OPEB liability (asset)	\$ 1,666,411	\$ (26,168)	\$ 1,343,974	\$ 1,765,855	\$ (32,325)	\$ 1,640,667
Other employers' proportionate share of the collective net OPEB liability (asset)	556,485	(681)	1,613,885	605,057	(843)	1,857,246
Total collective net OPEB liability	<u>\$ 2,222,896</u>	<u>\$ (26,849)</u>	<u>\$ 2,957,859</u>	<u>\$ 2,370,912</u>	<u>\$ (33,168)</u>	<u>\$ 3,497,913</u>
Commonwealth's covered payroll	\$ 1,136,446	\$ 147,601	\$ 1,621,873	\$ 1,124,614	\$ 185,483	\$ 1,620,705
Commonwealth's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	146.63%	(17.73)%	82.87%	157.02%	(17.43)%	101.23%
OPEB plan fiduciary net position as a percentage of the total OPEB liability	30.92%	105.29 %	32.56%	27.32%	106.83 %	18.09%

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

Fiscal Year 2023			Fiscal Year 2022			Fiscal Year 2021		
Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan	Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan
Non-Hazardous	Hazardous		Non-Hazardous	Hazardous		Non-Hazardous	Hazardous	
79.27 %	97.71 %	26.25%	80.09 %	97.67 %	45.37%	76.25 %	97.68 %	45.39%
\$ 1,753,608	\$ 7,452	\$ 659,920	\$ 1,825,608	\$ (11,256)	\$ 979,337	\$ 1,935,945	\$ 41,777	\$ 1,161,185
458,502	175	1,853,713	453,719	(269)	1,179,448	602,963	992	1,397,277
<u>\$ 2,212,110</u>	<u>\$ 7,627</u>	<u>\$ 2,513,633</u>	<u>\$ 2,279,327</u>	<u>\$ (11,525)</u>	<u>\$ 2,158,785</u>	<u>\$ 2,538,908</u>	<u>\$ 42,769</u>	<u>\$ 2,558,462</u>
\$ 1,135,951	\$ 184,327	\$ 1,017,597	\$ 1,168,121	\$ 171,807	\$ 1,621,694	\$ 1,087,164	\$ 177,984	\$ 1,612,586
154.37 %	4.04 %	64.85%	156.29 %	(6.55)%	60.39%	178.07 %	23.47 %	72.01%
18.51 %	61.51 %	56.40%	38.15 %	98.72 %	52.73%	29.47 %	92.42 %	39.10%
Fiscal Year 2018								
Kentucky Employees' OPEB Plan		Kentucky Teachers' OPEB Plan						
Non-Hazardous	Hazardous							
72.38 %	97.63 %	45.49%						
\$ 1,835,540	\$ 5,888	\$ 1,632,050						
700,422	143	1,955,691						
<u>\$ 2,535,962</u>	<u>\$ 6,031</u>	<u>\$ 3,587,741</u>						
\$ 1,153,084	\$ 167,032	\$ 1,639,967						
159.19 %	3.53 %	99.52%						
24.40 %	98.80 %	22.58%						



OTHER SUPPLEMENTARY INFORMATION

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

NON-MAJOR GOVERNMENTAL FUNDS

Debt Service Funds

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

Kentucky School Facilities Construction Commission - accounts for and reports financial resources that are restricted, committed, or assigned for the payment of the Commonwealth's portion of principal, interest, and administrative fees due on debt issued by local school districts for school construction.

Special Revenue Funds

Other Special Revenue Fund - accounts for and reports specific taxes, fees, and charges that are restricted or committed to expenditures for a particular function or activity, but not usually appropriated by the General Assembly.

Turnpike Authority of Kentucky – accounts for and reports specific resources that are restricted, committed, or assigned. The Authority was created to issue debt, which is used to acquire infrastructure, which is then leased to the Transportation Cabinet of the Commonwealth.

Kentucky School Facilities Construction Commission - accounts for and reports specific resources that are restricted, committed, or assigned. This fund was established to assist local school districts in meeting the school construction needs of the Commonwealth in a manner that ensures an equitable distribution of funds based upon unmet needs.

KentuckyWired Infrastructure Company, Inc. – accounts for and reports specific resources that are restricted, committed, or assigned. The company was formed to finance the “Next Generation Kentucky Information Highway” project which will provide reliable, high-speed internet across Kentucky.

Special Benefits Fund - accounts for other fiduciary monies that will be expended for designated operations.

COMMONWEALTH OF KENTUCKY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2025
(expressed in thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Assets			
Cash and cash equivalents	\$ 119,390	\$ —	\$ 194,317
Cash with fiscal agents	—	—	—
Investments, net of amortization	—	—	524,052
Receivables, net	—	—	47,507
Notes receivable	—	—	500
Interfund receivables	—	—	185
Interfund loan receivable	—	—	9,949
Total Assets	<u>\$ 119,390</u>	<u>\$ —</u>	<u>\$ 776,510</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ —	\$ —	\$ 13,065
Interfund payables	—	—	2,598
Interfund loan payable	—	—	697
Unearned revenue	—	—	87
Total Liabilities	<u>—</u>	<u>—</u>	<u>16,447</u>
Deferred inflows of resources			
Unavailable	<u>—</u>	<u>—</u>	<u>12,486</u>
Fund Balances:			
Restricted for:			
General Government	—	—	130,661
Legislative and Judicial	—	—	—
Commerce	—	—	1,332
Education and Humanities	—	—	115,956
Human Resources	—	—	322,569
Justice	—	—	102
Natural Resources and Environmental Protection	—	—	12,194
Public Protection and Regulation	—	—	—
Transportation	119,390	—	917
Debt service	—	—	—
Committed to:			
General Government	—	—	115,083
Education and Humanities	—	—	123
Human Resources	—	—	32,752
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	—
Assigned to:			
General Government	—	—	4,006
Education and Humanities	—	—	—
Justice	—	—	—
Transportation	—	—	11,882
Total Fund Balances	<u>119,390</u>	<u>—</u>	<u>747,577</u>
Total Liabilities and Fund Balances	<u>\$ 119,390</u>	<u>\$ —</u>	<u>\$ 776,510</u>

Special Revenue Funds					
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds	
\$ 5,915	\$ 17,997	\$ 19,895	\$ 313,867	\$ 671,381	
1,519	—	—	—	1,519	
29,908	7,898	—	165,324	727,182	
—	3,052	6,550	59,880	116,989	
—	—	—	—	500	
—	—	—	3,918	4,103	
—	—	—	—	9,949	
<u>\$ 37,342</u>	<u>\$ 28,947</u>	<u>\$ 26,445</u>	<u>\$ 542,989</u>	<u>\$ 1,531,623</u>	
\$ —	\$ 33	\$ 1,738	\$ 14,209	\$ 29,045	
—	—	—	19,914	22,512	
—	—	—	2,958	3,655	
—	—	—	—	87	
<u>—</u>	<u>33</u>	<u>1,738</u>	<u>37,081</u>	<u>55,299</u>	
—	—	—	50,054	62,540	
—	28,914	24,707	154,813	339,095	
—	—	—	1	1	
—	—	—	699	2,031	
—	—	—	3,736	119,692	
—	—	—	3,961	326,530	
—	—	—	106	208	
—	—	—	124,830	137,024	
—	—	—	2,198	2,198	
37,342	—	—	—	157,649	
—	—	—	—	—	
—	—	—	116,378	231,461	
—	—	—	7,360	7,483	
—	—	—	8,437	41,189	
—	—	—	1,450	1,450	
—	—	—	19,901	19,901	
—	—	—	—	4,006	
—	—	—	5	5	
—	—	—	104	104	
—	—	—	11,875	23,757	
<u>37,342</u>	<u>28,914</u>	<u>24,707</u>	<u>455,854</u>	<u>1,413,784</u>	
<u>\$ 37,342</u>	<u>\$ 28,947</u>	<u>\$ 26,445</u>	<u>\$ 542,989</u>	<u>\$ 1,531,623</u>	

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Debt Service Funds		
	Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	Other Special Revenue
Revenues			
Taxes	\$ —	\$ 12	\$ 175,432
Licenses, fees, and permits	—	—	725
Intergovernmental Revenues	—	—	2
Charges for services	—	—	104,435
Fines and forfeits	—	—	17,262
Interest and other investment income	44	—	6,745
Increase (decrease) in fair value of investments	—	—	6,568
Other revenues	—	—	8,054
Total Revenues	44	12	319,223
Expenditures			
Current:			
General Government	—	94,519	332,396
Commerce	—	—	536
Education and Humanities	—	—	68,192
Human Resources	—	—	13,338
Justice	—	—	—
Natural Resources and Environmental Protection	—	—	609
Public Protection and Regulation	—	—	—
Transportation	—	—	—
Debt service:			
Principal retirement	101,115	87,286	—
Interest and fiscal charges	32,372	26,757	—
Other expenditures	—	215	—
Securities lending expense	—	—	—
Total Expenditures	133,487	208,777	415,071
Excess (Deficiency) of Revenues over (under) Expenditures	(133,443)	(208,765)	(95,848)
Other Financing Sources (Uses)			
Transfers in	133,899	114,031	413,764
Transfers out	—	—	(399,869)
Capitalized leases	—	—	—
Issuance of bonds:			
New issues	—	93,449	—
Refunding issues	—	3,901	—
Premiums	—	1,940	—
Discounts	—	(523)	—
Other Expense of Issue	—	—	—
Payments to refunded bond escrow agent	—	(4,033)	—
Total Other Financing Sources (Uses)	133,899	208,765	13,895
Net Change in Fund Balances	456	—	(81,953)
Fund Balances at July 1	118,934	—	829,551
Restatements (Note 2)	—	—	(21)
Fund Balances at July 1, as Restated	118,934	—	829,530
Fund Balances at June 30	\$ 119,390	\$ —	\$ 747,577

Special Revenue Funds					
Turnpike Authority of Kentucky	Kentucky School Facilities Construction Commission	KentuckyWired Infrastructure Company, Inc.	Special Benefits	Total Non-Major Governmental Funds	
\$ —	\$ —	\$ —	\$ 33,584	\$ 209,028	
—	—	—	15,252	15,977	
—	—	—	22,346	22,348	
—	—	—	318,950	423,385	
—	—	—	1,279	18,541	
1,856	488	735	16,304	26,172	
—	727	—	11,195	18,490	
—	1	15,888	139,470	163,413	
1,856	1,216	16,623	558,380	897,354	
—	—	10,665	150,134	587,714	
—	—	—	4,000	4,536	
—	47,561	—	11,389	127,142	
—	—	—	28,420	41,758	
—	—	—	3,451	3,451	
—	—	—	3,637	4,246	
—	—	—	1,458	1,458	
3,368	—	—	177,397	180,765	
—	—	3,771	—	192,172	
—	—	—	—	59,129	
—	—	—	—	215	
—	—	—	—	—	
3,368	47,561	14,436	379,886	1,202,586	
(1,512)	(46,345)	2,187	178,494	(305,232)	
134,094	44,283	—	39,061	879,132	
(133,899)	(5)	—	(137,589)	(671,362)	
—	—	—	691	691	
—	—	—	—	93,449	
158,413	—	—	—	162,314	
—	—	—	—	1,940	
—	—	—	—	(523)	
—	—	—	—	—	
(156,875)	—	—	—	(160,908)	
1,733	44,278	—	(97,837)	304,733	
221	(2,067)	2,187	80,657	(499)	
37,121	30,981	22,520	375,197	1,414,304	
—	—	—	—	(21)	
37,121	30,981	22,520	375,197	1,414,283	
\$ 37,342	\$ 28,914	\$ 24,707	\$ 455,854	\$ 1,413,784	

SCHEDULE OF FUND ACTIVITIES

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	June 30, 2025
Revenues by Source	
Taxes:	
Sales and gross receipts	\$ 7,386,325
Income:	
Individual	4,867,379
Corporations	1,461,574
Property	834,685
Coal severance	66,702
Licenses and privileges	456
Inheritance and estate	80,610
Miscellaneous	34,608
Total Taxes	<u>14,732,339</u>
Licenses, fees, and permits	26,864
Intergovernmental	7,131
Charges for services	357,453
Fines and forfeits	31,186
Interest and other investment income	147,501
Increase (decrease) in fair value of investments	185,073
Other revenues	54,128
Total Revenues by Source	<u><u>\$ 15,541,675</u></u>

COMMONWEALTH OF KENTUCKY
SCHEDULE OF EXPENDITURES BY FUNCTION, CABINET, AND OBJECT
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	June 30, 2025
General Government:	
Personal services	\$ 421,803
Utilities, rentals, and other services	117,661
Commodities and supplies	56,225
Grants and subsidies	2,349,354
Capital outlay	10,707
Claims	276
Travel	3,651
Judgments and contingent liabilities	2,942
Other	3,080
Total General Government	<u>2,965,699</u>
Legislative and Judicial:	
Personal services	346,143
Utilities, rentals, and other services	148,693
Commodities and supplies	27,274
Grants and subsidies	500
Capital outlay	4,101
Travel	3,933
Total Legislative and Judicial	<u>530,644</u>
Commerce:	
Personal services	16,485
Utilities, rentals, and other services	2,299
Commodities and supplies	942
Grants and subsidies	55,267
Capital Outlay	—
Claims	—
Travel	211
Judgments and contingent liabilities	4
Total Commerce	<u>75,208</u>
Education and Humanities:	
Personal services	138,735
Utilities, rentals, and other services	29,038
Commodities and supplies	14,777
Grants and subsidies	5,462,683
Capital outlay	—
Claims	1
Travel	1,418
Judgments and contingent liabilities	—
Total Education and Humanities	<u>5,646,652</u>
Human Resources:	
Personal services	489,168
Utilities, rentals, and other services	46,070
Commodities and supplies	6,377
Grants and subsidies	3,294,649
Capital Outlay	5,103
Claims	4
Travel	6,418
Judgments and contingent liabilities	—
Total Human Resources	<u>\$ 3,847,789</u>

	June 30, 2025
Justice:	
Personal services	\$ 764,229
Utilities, rentals, and other services	93,626
Commodities and supplies	66,093
Grants and subsidies	309,860
Capital outlay	8,848
Claims	—
Travel	3,527
Total Justice	1,246,183
Natural Resources and Environmental Protection:	
Personal services	75,725
Utilities, rentals, and other services	6,585
Commodities and supplies	3,172
Grants and subsidies	436
Capital outlay	2,075
Travel	404
Judgments and contingent liabilities	—
Total Natural Resources and Environmental Protection	88,397
Public Protection and Regulation:	
Personal services	15,314
Utilities, rentals, and other services	1,831
Commodities and supplies	213
Grants and subsidies	3,892
Capital outlay	126
Claims	17
Travel	104
Judgments and contingent liabilities	986
Total Public Protection and Regulation	22,483
Transportation:	
Personal services	14,919
Utilities, rentals, and other services	182
Commodities and supplies	126
Grants and subsidies	29,077
Capital outlay	28,617
Travel	—
Total Transportation	72,921
Total Expenditures	\$ 14,495,976

COMMONWEALTH OF KENTUCKY
SCHEDULE OF REVENUES AND EXPENDITURES BY TYPE
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	<u>June 30, 2025</u>
Revenues:	
Taxes	\$ 1,642,893
Licenses, fees and permits	172,947
Intergovernmental	55
Charges for services	12,444
Fines and forfeits	1
Interest and other investment income	13,942
Increase (decrease) in fair value of investments	4,891
Other revenues	<u>8,789</u>
Total Revenues	<u>1,855,962</u>
Expenditures:	
Transportation:	
General administration and support	308
Motor vehicle regulation	53,452
Justice - state police	56,106
Highways	1,149,923
Aviation	—
Other	<u>512,167</u>
Total Expenditures	<u>\$ 1,771,956</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, 2025
(expressed in thousands)

	Fleet Management	Computer Services	Prison Industries
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,390	\$ 5,011	\$ 1,341
Receivables, net	5	259	94
Interfund receivables	—	—	131
Inventories	17	77	2,074
Prepaid expenses	—	19,845	—
Total Current Assets	1,412	25,192	3,640
Noncurrent assets:			
Investments, net	4,076	15,864	3,741
Capital assets being depreciated, net	33,650	12,926	4,121
Capital assets not being depreciated	—	—	657
Lease assets, net of depreciation	—	1,500	—
Subscription assets, net of amortization	269	62,920	—
Construction in progress	—	—	633
Total capital, lease, and subscription assets	33,919	77,346	5,411
Total Noncurrent Assets, Net	37,995	93,210	9,152
Total Assets	39,407	118,402	12,792
Deferred outflows of resources	990	10,146	143
Liabilities			
Current liabilities:			
Accounts payable	1,597	2,991	213
Interfund payables	—	—	—
Interfund loans payable	—	—	—
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Lease obligations	—	81	—
Subscription liability	103	38,696	—
Notes Payable	—	—	—
Compensated absences	120	1,203	166
Unearned revenue	—	—	636
Total Current Liabilities	1,820	42,971	1,015
Noncurrent liabilities:			
Claims liability	—	—	—
Claims adjustment liability	—	—	—
Lease obligations	—	1,458	—
Subscription liability	108	6,055	—
Notes payable	—	—	—
Compensated absences	355	7,007	1,049
Net pension liability	7,494	95,076	1,314
Net OPEB liability	531	5,336	81
Total Noncurrent Liabilities	8,488	114,932	2,444
Total Liabilities	10,308	157,903	3,459
Deferred inflows of resources	817	14,563	139
Net Position			
Net investment in capital assets	33,709	31,056	5,411
Unrestricted	(4,437)	(74,974)	3,926
Total Net Position	\$ 29,272	\$ (43,918)	\$ 9,337

Central Printing		Property Management		Risk Management		Totals June 30, 2025	
\$	1	\$	4,610	\$	16,765	\$	29,118
	—		191		292		841
	—		1		49		181
	100		—		—		2,268
	—		13		411		20,269
	101		4,815		17,517		52,677
	—		19,156		27,117		69,954
	174		220,146		—		271,017
	—		19,192		—		19,849
	—		—		—		1,500
	—		—		—		63,189
	—		82,772		—		83,405
	174		322,110		—		438,960
	174		341,266		27,117		508,914
	275		346,081		44,634		561,591
	335		3,691		839		16,144
	29		3,241		13,469		21,540
	1		1		—		2
	572		3,674		—		4,246
	—		—		36,379		36,379
	—		—		711		711
	—		—		—		81
	—		—		—		38,799
	—		386		—		386
	71		1,056		274		2,890
	—		—		—		636
	673		8,358		50,833		105,670
	—		—		179,722		179,722
	—		—		5,449		5,449
	—		—		—		1,458
	—		—		—		6,163
	—		395		—		395
	84		2,303		170		10,968
	2,979		53,932		7,683		168,478
	155		3,383		517		10,003
	3,218		60,013		193,541		382,636
	3,891		68,371		244,374		488,306
	193		4,552		974		21,238
	174		322,891		—		393,241
	(3,648)		(46,042)		(199,875)		(325,050)
\$	(3,474)	\$	276,849	\$	(199,875)	\$	68,191

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Fleet Management	Computer Services	Prison Industries
Operating Revenues:			
Charges for services	\$ 32,428	\$ 137,780	\$ 11,350
Other revenues	172	4	434
Total Operating Revenues	32,600	137,784	11,784
Operating Expenses:			
Personal services	2,258	14,007	2,394
Utilities, rentals, and other services	5,313	7,549	1,305
Commodities and supplies	7,292	11,612	2,596
Grants and subsidies	—	7	525
Depreciation and amortization	5,432	52,570	392
Travel	6	32	10
Claims expense	—	—	—
Claims adjustment expense	—	—	—
Total Operating Expenses	20,301	85,777	7,222
Operating Income (Loss)	12,299	52,007	4,562
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of capital assets	823	3	(238)
Interest and other investment income	—	—	—
Increase (decrease) in fair value of investments	—	—	—
Interest expense	(5)	(2,797)	—
Other revenues (expenses)	(103)	—	—
Total Nonoperating Revenues and Expenses	715	(2,794)	(238)
Income (Loss) before Transfers	13,014	49,213	4,324
Transfers in	—	2,341	—
Transfers out	(247)	(4,574)	(20)
Change in Net Position	12,767	46,980	4,304
Net Position at July 1	16,735	(67,763)	5,454
Restatements (Note 2)	(230)	(23,135)	(421)
Net Position at July 1, as Restated	16,505	(90,898)	5,033
Net Position at June 30	\$ 29,272	\$ (43,918)	\$ 9,337

Central Printing	Property Management	Risk Management	Totals June 30, 2025
\$ 1,398	\$ 65,595	\$ 34,225	\$ 282,776
—	553	88,096	89,259
1,398	66,148	122,321	372,035
516	13,868	2,293	35,336
1	21,653	41,240	77,061
236	11,490	83	33,309
—	—	—	532
4	11,430	—	69,828
—	5	27	80
—	—	33,897	33,897
—	—	(373)	(373)
757	58,446	77,167	249,670
641	7,702	45,154	122,365
—	(88)	—	500
—	—	392	392
—	—	583	583
—	(6,388)	—	(9,190)
—	—	95	(8)
—	(6,476)	1,070	(7,723)
641	1,226	46,224	114,642
—	38,784	—	41,125
—	(8,475)	(235)	(13,551)
641	31,535	45,989	142,216
(4,095)	247,408	(245,691)	(47,952)
(20)	(2,094)	(173)	(26,073)
(4,115)	245,314	(245,864)	(74,025)
\$ (3,474)	\$ 276,849	\$ (199,875)	\$ 68,191

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expresses in thousands)

	Fleet Management	Computer Services
Cash Flows from Operating Activities		
Cash received from customers - public	\$ 32,435	\$ 849
Cash received from customers - state	—	136,795
Cash payments to suppliers for goods and services	(12,568)	(41,943)
Cash payments for employee salaries and benefits	(2,946)	(37,730)
Cash payments for claims expense	—	—
Cash payments from other sources	172	4
Cash payments to other sources	—	—
Net Cash Provided (Used) by Operating Activities	17,093	57,975
Cash Flows from Noncapital Financing Activities		
Transfers from other funds	—	2,341
Transfers to other funds	(247)	(4,574)
Intergovernmental	(103)	—
Net Cash Provided (Used) by Noncapital Financing Activities	(350)	(2,233)
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(14,896)	(1,332)
Principal paid on revenue bond maturities and equipment contracts	—	(48,872)
Interest paid on revenue bonds and equipment contracts	(5)	—
Proceeds from the sale of capital assets	665	(10)
Net Cash Provided (Used) for Capital and Related Financing Activities	(14,236)	(50,214)
Cash Flows from Investing Activities		
Purchase of investment securities	(1,988)	(2,349)
Proceeds from the sale of investment securities	—	—
Interest and dividends on investments	—	(2,797)
Net Cash Provided (Used) in Investing Activities	(1,988)	(5,146)
Net Increase (Decrease) in Cash and Cash Equivalents	519	382
Cash and Cash Equivalents at July 1	871	4,629
Cash and Cash Equivalents at June 30	\$ 1,390	\$ 5,011
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ 12,299	\$ 52,007
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	5,432	52,570
Change in assets and liabilities:		
(Increase) Decrease in assets:		
Receivables, net	7	(136)
Interfund receivables	—	—
Inventories	(13)	300
Prepaid expenses	1	(17,107)
(Increase) decrease in deferred outflows	320	1,606
Increase (decrease) in liabilities:		
Accounts payable	49	(5,968)
Interfund payables	—	—
Claims liability	—	—
Claims adjustment liability	—	—
Compensated absences	36	1,644
Unearned revenue	—	—
Pension liability	(852)	(13,143)
OPEB liability	3	(960)
Increase (decrease) in deferred inflows	(189)	(12,838)
Net Cash Provided by Operating Activities	\$ 17,093	\$ 57,975
Noncash Investing, Capital, and Financing Activities		
Change in fair value of investments	—	—
Contributions of capital assets	—	—
Total Noncash Investing, Capital, and Financing Activities	\$ —	\$ —

Prison Industries	Central Printing	Property Management	Risk Management	Totals June 30, 2025
\$ 2,930	\$ 1,398	\$ 8,520	\$ 88,096	\$ 134,228
9,043	—	59,774	34,135	239,747
(3,869)	(561)	(38,668)	(49,173)	(146,782)
(2,502)	(704)	(20,527)	(3,872)	(68,281)
—	—	—	(39,985)	(39,985)
435	—	553	(116)	1,048
(525)	—	—	—	(525)
5,512	133	9,652	29,085	119,450
—	—	38,784	—	41,125
(20)	—	(8,475)	(235)	(13,551)
—	—	—	95	(8)
(20)	—	30,309	(140)	27,566
(1,425)	(135)	(37,837)	—	(55,625)
—	—	(377)	—	(49,249)
—	—	—	—	(5)
—	—	—	—	655
(1,425)	(135)	(38,214)	—	(104,224)
(3,201)	—	—	(14,215)	(21,753)
—	—	5,226	—	5,226
—	—	(6,388)	975	(8,210)
(3,201)	—	(1,162)	(13,240)	(24,737)
866	(2)	585	15,705	18,055
475	3	4,025	1,060	11,063
\$ 1,341	\$ 1	\$ 4,610	\$ 16,765	\$ 29,118
\$ 4,562	\$ 641	\$ 7,702	\$ 45,154	\$ 122,365
392	4	11,430	—	69,828
45	—	75	(90)	(99)
(45)	—	2,624	—	2,579
(26)	(4)	—	—	257
32	—	(5)	154	(16,925)
27	196	3,486	250	5,885
27	(7)	(4,806)	(836)	(11,541)
(1)	(313)	(714)	(5,773)	(6,801)
—	—	—	(7,342)	(7,342)
—	—	—	(373)	(373)
266	72	(536)	10	1,492
624	—	—	—	624
(293)	(135)	(1,225)	(1,082)	(16,730)
(18)	(58)	(1,547)	(244)	(2,824)
(80)	(263)	(6,832)	(743)	(20,945)
\$ 5,512	\$ 133	\$ 9,652	\$ 29,085	\$ 119,450
—	—	—	583	583
—	—	(37,837)	—	(37,837)
\$ —	\$ —	\$ (37,837)	\$ —	\$ (37,254)

CAPITAL ASSETS

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2025

(expressed in thousands)

	June 30, 2025
Governmental Funds Capital Assets	
Land	\$ 245,483
Improvements other than buildings	47,427
Buildings	1,631,468
Machinery and equipment	905,757
Software/other intangibles	139,387
Easements	104,795
Construction in progress	1,766,980
Infrastructure	24,716,968
Total Governmental Funds Capital Assets	<u>\$ 29,558,265</u>
 Investments in Governmental Funds Capital Assets by Source	
General Fund	\$ 218,478
Special Revenue Funds	961,249
Donations	191,959
Other	1,676,029
Capital Projects Fund:	
State appropriations	93,208
Revenue bonds	850,630
Federal grants	415,063
Other	268,231
Infrastructure (A)	24,716,968
Capital assets acquired prior to July 1, 1984 (A)	139,523
Capital assets acquired after July 1, 1984 (A)	26,927
Total Governmental Funds Capital Assets by Source	<u>\$ 29,558,265</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, 2025
(expressed in thousands)

	Land	Improvements Other Than Buildings	Buildings
General Government	\$ 36,099	\$ 21,036	\$ 467,247
Legislative & Judicial	4,205	—	64,628
Commerce	132,044	7,404	20,484
Education & Humanities	1,101	823	46,166
Human Resources	3,086	4,630	226,332
Justice	5,510	13,047	551,455
Natural Resources and Environmental Protection	43,942	487	5,042
Public Protection and Regulation	—	—	—
Transportation	19,496	—	250,114
Total Governmental Funds Capital Assets by Function	<u>\$ 245,483</u>	<u>\$ 47,427</u>	<u>\$ 1,631,468</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, 2025
\$ 62,489	\$ 48,873	\$ 62,931	\$ 150,836	\$ —	\$ 849,511
38,007	2,346	—	—	—	109,186
42,734	—	8,361	6,195	—	217,222
33,017	—	12,474	16,260	—	109,841
23,310	82,941	—	74,238	—	414,537
203,900	5,227	—	161,465	—	940,604
64,252	—	21,029	374	—	135,126
8,164	—	—	—	—	8,164
429,884	—	—	1,357,612	24,716,968	26,774,074
<u>\$ 905,757</u>	<u>\$ 139,387</u>	<u>\$ 104,795</u>	<u>\$ 1,766,980</u>	<u>\$ 24,716,968</u>	<u>\$ 29,558,265</u>

COMMONWEALTH OF KENTUCKY
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
General Government	\$ 810,715	\$ 44,530	\$ (5,734)	\$ 849,511
Legislative & Judicial	116,758	5,467	(13,039)	109,186
Commerce	209,947	14,090	(6,815)	217,222
Education & Humanities	105,180	7,073	(2,412)	109,841
Human Resources	365,866	51,914	(3,243)	414,537
Justice	857,775	87,596	(4,767)	940,604
Natural Resources and Environmental Protection	125,563	12,184	(2,621)	135,126
Public Protection and Regulation	8,028	873	(737)	8,164
Transportation	26,263,923	1,502,413	(992,262)	26,774,074
Total Governmental Funds Capital Assets by Function	<u>\$ 28,863,755</u>	<u>\$ 1,726,140</u>	<u>\$ (1,031,630)</u>	<u>\$ 29,558,265</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, 2025
(expressed in thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2025
Assets			
Cash and Short-Term Investments:			
Cash	\$ 269,531	\$ 151,244	\$ 420,775
Short-term investments	5,880,655	449,785	6,330,440
Total Cash and Short-Term Investments	<u>6,150,186</u>	<u>601,029</u>	<u>6,751,215</u>
Receivables:			
Investments - accounts receivable	384,063	109,211	493,274
Interest receivable	47,728	7,489	55,217
Accounts receivable	315,231	73,920	389,151
Total Receivables	<u>747,022</u>	<u>190,620</u>	<u>937,642</u>
Investments at Fair Value:			
Corporate and government bonds	7,452,059	1,664,616	9,116,675
Common stocks	28,491,224	7,041,505	35,532,729
Specialty Credit	4,222,581	1,835,142	6,057,723
Alternatives	2,300,693	282,548	2,583,241
Derivatives	1	34	35
Real estate	2,790,453	667,508	3,457,961
Other	3,451,343	823,554	4,274,897
Total Investments at Fair Value	<u>48,708,354</u>	<u>12,314,907</u>	<u>61,023,261</u>
Invested security collateral	548,165	183,203	731,368
Capital assets, net	4,317	—	4,317
Prepaid expenses	14	—	14
Total Assets	<u>56,158,058</u>	<u>13,289,759</u>	<u>69,447,817</u>
Liabilities			
Investments - accounts payable	461,236	142,503	603,739
Accounts payable	17,457	52,087	69,544
Obligations under securities lending	548,165	183,203	731,368
Total Liabilities	<u>1,026,858</u>	<u>377,793</u>	<u>1,404,651</u>
Net Position Restricted for Pensions and Other Post Employment Benefits	<u>\$ 55,131,200</u>	<u>\$ 12,911,966</u>	<u>\$ 68,043,166</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, 2025
(expressed in thousands)

	Pension Funds	Insurance Funds	Totals June 30, 2025
Additions			
Contributions:			
Employer	\$ 3,521,929	\$ 319,167	\$ 3,841,096
Member	978,591	204,791	1,183,382
Non-Employer	—	—	—
Total Contributions	4,500,520	523,958	5,024,478
Other Contributions:			
Participant fees	6,637	—	6,637
Other receipts	325,000	4	325,004
Total Other Contributions	331,637	4	331,641
Investment Income:			
Net increase (decrease) in fair value of investments	4,883,251	1,087,549	5,970,800
Interest	933,763	324,126	1,257,889
Dividends	242,324	24,336	266,660
Real estate operating income, net	26,126	—	26,126
Securities lending income, net	74,611	10,561	85,172
Total Investment Income	6,160,075	1,446,572	7,606,647
Less: Investment expense	208,127	91,796	299,923
Less: Securities lending expense	111,233	—	111,233
Net Investment Income	5,840,715	1,354,776	7,195,491
Total Additions	10,672,872	1,878,738	12,551,610
Deductions			
Benefit payments	5,461,418	10,091	5,471,509
Refunds	82,623	—	82,623
Administrative expenses	66,577	4,739	71,316
Self funding insurance cost	—	—	—
Healthcare premium subsidies	—	389,113	389,113
Other deductions, net	—	173,066	173,066
Total Deductions	5,610,618	577,009	6,187,627
Change in Net Position	5,062,254	1,301,729	6,363,983
Net Position - Restricted for Pension and Other Post Employment Benefits			
Net Position at July 1	50,068,946	11,610,237	61,679,183
Net Position at June 30	\$ 55,131,200	\$ 12,911,966	\$ 68,043,166

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - PENSION FUNDS
June 30, 2025
(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	\$ 28	\$ 347	\$ 27
Short-term investments	221,007	59,712	456,987	199,753
Total Cash and Short-Term Investments	221,270	59,740	457,334	199,780
Receivables:				
Investments - accounts receivable	100,502	15,366	109,279	40,795
Interest receivable	—	—	—	—
Contributions/Accounts receivable	89,217	4,019	82,169	24,683
Total Receivables	189,719	19,385	191,448	65,478
Investments at Fair Value:				
Corporate and government bonds	1,321,111	108,938	1,308,686	477,687
Common stocks	1,839,206	553,160	5,636,961	2,019,404
Specialty Credit	1,007,415	279,612	2,059,130	734,922
Alternative	—	—	—	—
Derivatives	17	(2)	(5)	(10)
Real estate	234,554	63,267	543,195	172,873
Other	468,629	85,420	575,879	205,995
Total Investments at Fair Value	4,870,932	1,090,395	10,123,846	3,610,871
Invested security collateral	129,611	29,538	272,127	97,816
Capital assets, net	—	—	—	—
Prepaid expenses	—	—	—	—
Total Assets	5,411,532	1,199,058	11,044,755	3,973,945
Liabilities				
Investments - accounts payable	133,975	19,574	140,354	52,768
Accounts payable	4,662	1,276	6,699	1,310
Obligations under securities lending	129,611	29,538	272,127	97,816
Total Liabilities	268,248	50,388	419,180	151,894
Net Position Restricted for Pensions and Other Post Employment Benefits	\$ 5,143,284	\$ 1,148,670	\$ 10,625,575	\$ 3,822,051

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2025
\$ 26	\$ 225,264	\$ 9,742	\$ 1,771	\$ 32,063	\$ 269,531
38,383	408,477	—	—	4,496,336	5,880,655
38,409	633,741	9,742	1,771	4,528,399	6,150,186
15,179	102,706	197	39	—	384,063
—	—	1,458	329	45,941	47,728
2,995	109,843	—	—	2,305	315,231
18,174	212,549	1,655	368	48,246	747,022
192,126	3,872,054	141,380	30,077	—	7,452,059
268,123	17,683,622	405,246	85,502	—	28,491,224
141,502	—	—	—	—	4,222,581
—	2,300,693	—	—	—	2,300,693
1	—	—	—	—	1
35,441	1,741,123	—	—	—	2,790,453
69,012	2,046,204	114	90	—	3,451,343
706,205	27,643,696	546,740	115,669	—	48,708,354
19,073	—	—	—	—	548,165
—	4,317	—	—	—	4,317
—	14	—	—	—	14
781,861	28,494,317	558,137	117,808	4,576,645	56,158,058
19,699	94,866	—	—	—	461,236
236	3,274	—	—	—	17,457
19,073	—	—	—	—	548,165
39,008	98,140	—	—	—	1,026,858
\$ 742,853	\$ 28,396,177	\$ 558,137	\$ 117,808	\$ 4,576,645	\$ 55,131,200

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, 2025
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Additions				
Contributions:				
Employer	\$ 1,018,931	\$ 70,768	\$ 677,429	\$ 306,031
Member	104,830	22,096	167,083	65,788
Total Contributions	1,123,761	92,864	844,512	371,819
Other Contributions:				
Participant fees	—	—	—	—
Other receipts	300,000	—	—	—
Total Other Contributions	300,000	—	—	—
Investment Income:				
Net increase (decrease) in fair value of investments	363,949	92,561	872,213	311,368
Interest	161,500	37,396	321,416	115,259
Dividends	—	—	—	—
Real estate operating income, net	—	—	—	—
Securities lending income, net	6,775	1,655	12,932	4,839
Total Investment Income	532,224	131,612	1,206,561	431,466
Less: Investment expense	23,822	6,541	64,089	22,005
Less: Securities lending expense	15,115	3,727	35,460	12,474
Net Investment Income	493,287	121,344	1,107,012	396,987
Total Additions	1,917,048	214,208	1,951,524	768,806
Deductions				
Benefit payments	1,046,018	87,620	993,357	376,348
Refunds	11,154	6,212	24,377	8,005
Administrative expenses	14,163	1,627	25,841	2,263
Total Deductions	1,071,335	95,459	1,043,575	386,616
Change in Net Position	845,713	118,749	907,949	382,190
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1	4,297,571	1,029,921	9,717,626	3,439,861
Net Position at June 30	\$ 5,143,284	\$ 1,148,670	\$ 10,625,575	\$ 3,822,051

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators Retirement Plan	Kentucky Public Employees' Deferred Compensation Authority	Totals June 30, 2025
\$ 52,975	\$ 1,395,135	\$ 660	\$ —	\$ —	\$ 3,521,929
6,006	404,154	1,559	313	206,762	978,591
58,981	1,799,289	2,219	313	206,762	4,500,520
—	—	—	—	6,637	6,637
25,000	—	—	—	—	325,000
25,000	—	—	—	6,637	331,637
52,053	2,626,039	86,723	18,192	460,153	4,883,251
24,259	247,151	5,774	1,195	19,813	933,763
—	234,242	4,754	998	2,330	242,324
—	26,126	—	—	—	26,126
1,119	47,291	—	—	—	74,611
77,431	3,180,849	97,251	20,385	482,296	6,160,075
3,341	81,387	412	87	6,443	208,127
2,084	42,373	—	—	—	111,233
72,006	3,057,089	96,839	20,298	475,853	5,840,715
155,987	4,856,378	99,058	20,611	689,252	10,672,872
65,696	2,522,586	27,702	5,501	336,590	5,461,418
346	32,449	—	80	—	82,623
308	14,664	227	106	7,378	66,577
66,350	2,569,699	27,929	5,687	343,968	5,610,618
89,637	2,286,679	71,129	14,924	345,284	5,062,254
653,216	26,109,498	487,008	102,884	4,231,361	50,068,946
\$ 742,853	\$ 28,396,177	\$ 558,137	\$ 117,808	\$ 4,576,645	\$ 55,131,200

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER POST EMPLOYMENT BENEFIT TRUST FUNDS - INSURANCE FUNDS
June 30, 2025
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Assets				
Cash and Short-Term Investments:				
Cash	\$ 101	\$ 16	\$ 102	\$ 14
Short-term investments	71,358	28,082	130,051	50,742
Total Cash and Short-Term Investments	71,459	28,098	130,153	50,756
Receivables:				
Investments - accounts receivable	22,680	8,027	38,699	17,025
Interest receivable	—	—	4,848	1,866
Contributions/Accounts receivable	5,631	444	—	—
Total Receivables	28,311	8,471	43,547	18,891
Investments at Fair Value:				
Corporate and government bonds	185,737	71,714	487,232	221,756
Common stocks	889,296	353,339	2,083,848	998,261
Specialty Credit	450,538	173,745	776,100	362,496
Alternative	—	—	—	—
Derivatives	—	11	9	16
Real estate	102,488	45,389	196,756	107,976
Other	139,103	53,375	209,520	99,364
Total Investments at Fair Value	1,767,162	697,573	3,753,465	1,789,869
Invested security collateral	39,153	15,518	82,942	39,382
Total Assets	1,906,085	749,660	4,010,107	1,898,898
Liabilities				
Investments - accounts payable	33,057	10,039	51,302	23,076
Accounts payable	3	—	15	—
Obligations under securities lending	39,153	15,518	82,942	39,382
Total Liabilities	72,213	25,557	134,259	62,458
Net Position Restricted for Pensions and Other Post Employment Benefits	\$ 1,833,872	\$ 724,103	\$ 3,875,848	\$ 1,836,440

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2025
\$ 12	\$ 146,187	\$ 3,299	\$ 1,513	\$ 151,244
8,904	160,648	—	—	449,785
8,916	306,835	3,299	1,513	601,029
2,972	19,708	67	33	109,211
—	—	494	281	7,489
220	67,625	—	—	73,920
3,192	87,333	561	314	190,620
26,046	598,564	47,874	25,693	1,664,616
144,013	2,362,486	137,227	73,035	7,041,505
72,263	—	—	—	1,835,142
—	282,548	—	—	282,548
(2)	—	—	—	34
17,333	197,566	—	—	667,508
21,664	300,412	39	77	823,554
281,317	3,741,576	185,140	98,805	12,314,907
6,208	—	—	—	183,203
299,633	4,135,744	189,000	100,632	13,289,759
3,953	21,076	—	—	142,503
—	52,069	—	—	52,087
6,208	—	—	—	183,203
10,161	73,145	—	—	377,793
\$ 289,472	\$ 4,062,599	\$ 189,000	\$ 100,632	\$ 12,911,966

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, 2025
(expressed in thousands)

	Kentucky Employees' Retirement System		County Employees' Retirement System	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
Additions				
Contributions:				
Employer	\$ 40,723	\$ 2,159	\$ 12,842	\$ 19,950
Member	12,295	2,176	22,847	5,495
Non-Employer	—	—	—	—
Total Contributions	53,018	4,335	35,689	25,445
Other Contributions:				
Other Receipts	4	—	—	—
Total Other Contributions	4	—	—	—
Investment Income:				
Net increase (decrease) in fair value of investments	147,310	56,744	310,970	148,062
Interest	61,373	23,284	118,334	55,730
Dividends	—	—	—	—
Securities lending income, net	2,535	766	4,298	1,749
Total Investment Income	211,218	80,794	433,602	205,541
Less: Investment expense	16,148	7,181	36,336	18,304
Net Investment Income	195,070	73,613	397,266	187,237
Total Additions	248,092	77,948	432,955	212,682
Deductions				
Benefit payments	—	—	—	—
Administrative expenses	687	116	917	524
Self funding insurance cost	—	—	—	—
Healthcare Premiums Subsidies	105,627	21,646	142,084	105,122
Other deductions, net	—	—	—	—
Total Deductions	106,314	21,762	143,001	105,646
Change in Net Position	141,778	56,186	289,954	107,036
Net Position - Restricted for Pension and Other Post Employment Benefits				
Net Position at July 1	1,692,094	667,917	3,585,894	1,729,404
Net Position at June 30	\$ 1,833,872	\$ 724,103	\$ 3,875,848	\$ 1,836,440

State Police Retirement System	Kentucky Teachers' Retirement System	Judicial Retirement Plan	Legislators' Retirement Plan	Totals June 30, 2025
\$ 1,888	\$ 241,605	\$ —	\$ —	\$ 319,167
418	161,425	105	30	204,791
—	—	—	—	—
2,306	403,030	105	30	523,958
—	—	—	—	4
—	—	—	—	4
22,884	356,463	29,549	15,567	1,087,549
9,436	52,979	1,967	1,023	324,126
—	21,862	1,620	854	24,336
345	868	—	—	10,561
32,665	432,172	33,136	17,444	1,446,572
2,885	10,726	141	75	91,796
29,780	421,446	32,995	17,369	1,354,776
32,086	824,476	33,100	17,399	1,878,738
—	5,825	3,004	1,262	10,091
71	2,256	77	91	4,739
—	—	—	—	—
14,634	—	—	—	389,113
—	173,066	—	—	173,066
14,705	181,147	3,081	1,353	577,009
17,381	643,329	30,019	16,046	1,301,729
272,091	3,419,270	158,981	84,586	11,610,237
\$ 289,472	\$ 4,062,599	\$ 189,000	\$ 100,632	\$ 12,911,966

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, 2025
(expressed in thousands)

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Totals June 30, 2025	County Fees Trust Fund
Assets				
Cash and cash equivalents	\$ 218,810	\$ —	\$ 218,810	\$ —
Investments, net of amortization	1,087,405	—	1,087,405	—
Receivables, net	7,338	4,666	12,004	22,189
Total Assets	1,313,553	4,666	1,318,219	22,189
Liabilities				
Accounts payable	501,180	4,666	505,846	834
Total Liabilities	501,180	4,666	505,846	834
Net Position				
Restricted for:				
Individuals , Organizations, and other Governments	812,373	—	812,373	21,355
Total Net Position	\$ 812,373	\$ —	\$ 812,373	\$ 21,355

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Private Purpose Trust Funds			Custodial Funds
	Special Deposit Trust Fund	Commonwealth Choice Program	Total June 30, 2025	County Fees Trust Fund
Additions				
Contributions:	\$ 211,325	\$ 40,829	\$ 252,154	\$ —
Total Contributions	211,325	40,829	252,154	—
Investment Income:				
Net increase (decrease) in fair value of investments	—	—	—	—
Interest and Investment Income	(3,712)	—	(3,712)	—
Total Investment Income	(3,712)	—	(3,712)	—
Less: Investment expense	—	—	—	—
Less: Securities lending expense	—	—	—	—
Net Investment Income	(3,712)	—	(3,712)	—
Collections for other Governments	4,939	—	4,939	219,654
Miscellaneous	328,740	—	328,740	9
Total Additions	541,292	40,829	582,121	219,663
Deductions				
Administrative expenses	117	—	117	—
Payments to other Governments	338,701	—	338,701	223,766
Beneficiary Payments to individuals	—	40,829	40,829	—
Other deductions, net	75,578	—	75,578	—
Total Deductions	414,396	40,829	455,225	223,766
Change in Net Position	126,896	—	126,896	(4,103)
Net Position at July 1	685,477	—	685,477	25,458
Net Position at June 30	\$ 812,373	\$ —	\$ 812,373	\$ 21,355

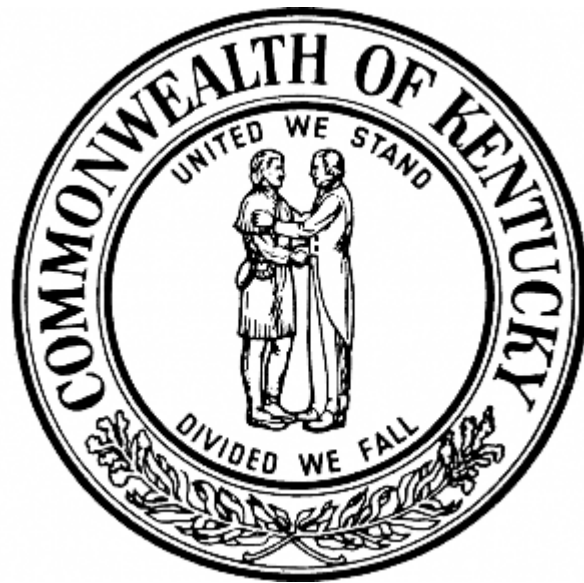
NON-MAJOR COMPONENT UNITS - COMBINING

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2025
Assets			
Current assets:			
Cash and cash equivalents	\$ 819,556	\$ 437,638	\$ 1,257,194
Restricted cash	128,653	43,779	172,432
Restricted investments	221,850	—	221,850
Investments, net of amortization	40,376	—	40,376
Accounts receivable, net	155,268	118,527	273,795
Interest receivable	340	827	1,167
Inventories	593	4,809	5,402
Prepaid expenses	2,590	13,591	16,181
Other current assets	111,460	6,088	117,548
Total Current Assets	1,480,686	625,259	2,105,945
Noncurrent assets:			
Restricted cash	206,499	162,402	368,901
Long-term investments	44,982	660,315	705,297
Restricted long-term investments	148,019	169,575	317,594
Long-term receivables, net	20,373	23,560	43,933
Capital assets being depreciated, net	797,233	2,006,835	2,804,068
Capital assets not being depreciated	98,295	82,832	181,127
Lease assets, net	1,551	53,170	54,721
Subscription assets, net	39	24,836	24,875
Construction in progress	—	—	—
Total capital assets	897,118	2,167,673	3,064,791
Other assets	58,119	52,983	111,102
Total Noncurrent Assets	2,854,835	3,236,508	6,091,343
Total Assets	4,335,521	3,861,767	8,197,288
Deferred outflows of resources	26,912	124,217	151,129
Liabilities			
Current liabilities:			
Accounts payable and accruals	13,552	93,650	107,202
Current portion of long-term debt:			
Notes payable	34,609	500	35,109
Bonds payable	333,448	54,982	388,430
Lease obligations	24,301	4,475	28,776
Subscription liability	—	10,106	10,106
Compensated absences	4,332	22,383	26,715
Unearned revenues	242,938	80,445	323,383
Payable from restricted assets	—	18,332	18,332
Other current liabilities	25,440	9,754	35,194
Total Current Liabilities	678,620	294,627	973,247
Noncurrent liabilities:			
Notes payable	3,818	3,830	7,648
Bonds payable	114,316	735,425	849,741
Lease obligations	12,921	71,254	84,175
Subscription liability	—	18,079	18,079
Compensated absences	5,432	10,124	15,556
Net pension liability	187,966	705,822	893,788
Net OPEB liability	11,459	64,157	75,616
Other long-term liabilities	—	52,246	52,246
Total Noncurrent Liabilities	335,912	1,660,937	1,996,849
Total Liabilities	1,014,532	1,955,564	2,970,096
Deferred inflows of resources	103,434	169,954	273,388
Net Position			
Net investment in capital assets	557,463	1,394,008	1,951,471
Restricted for:			
Debt service	—	6,218	6,218
Capital projects	251,499	31,999	283,498
Other purposes	1,895,373	902,518	2,797,891
Unrestricted	540,132	(474,277)	65,855
Total Net Position	\$ 3,244,467	\$ 1,860,466	\$ 5,104,933

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Non-Major Component Units - Authorities	Non-Major Component Units - Universities	Totals June 30, 2025
Expenses:			
Operating and other expenses	\$ 792,936	\$ 1,363,153	\$ 2,156,089
Total expenses	792,936	1,363,153	2,156,089
Program Revenues:			
Charges for services	327,249	584,781	912,030
Operating grants and contributions	638,982	106,613	745,595
Capital grants and contributions	—	27,027	27,027
Total Program Revenues	966,231	718,421	1,684,652
Net Program (Expense) Revenue	173,295	(644,732)	(471,437)
General Revenues:			
Unrestricted grants and contributions	54,154	652,958	707,112
Unrestricted investment earnings	45,020	89,005	134,025
Gain on sale of capital assets	—	(364)	(364)
Miscellaneous general	(4,677)	225,316	220,639
Special items (Note 1)	82,544	—	82,544
Transfers	100,767	—	100,767
Total General Revenues	277,808	966,915	1,244,723
Change in Net Position	451,103	322,183	773,286
Net Position at July 1	2,796,740	1,549,225	4,345,965
Restatement (Note 2)	(3,376)	(10,942)	(14,318)
Net Position at July 1, As Restated	2,793,364	1,538,283	4,331,647
Net Position at June 30	\$ 3,244,467	\$ 1,860,466	\$ 5,104,933



NON-MAJOR COMPONENT UNITS - AUTHORITIES

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

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

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

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

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

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

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

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

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

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

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

Louisville Arena Authority - created in 2005 and oversees the financial process of the KFC Yum! Center. The Arena Authority guided the development, financing and construction process of the \$238 million arena. It also selected the financing, construction, design and management partners, which includes AEG Facilities as the current managing and operating entity.

Kentucky Horse Park Foundation - is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park.

Kentucky Horse Racing & Gaming Corporation (KHRG) - an independent, de jure municipal corporation and political subdivision of the Commonwealth, is charged with regulating horse racing, parimutuel wagering, sports wagering, breed integrity and development, and charitable gaming in Kentucky.

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
June 30, 2025
(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	\$ 925	\$ 78,633	\$ —	\$ 6,032
Restricted cash	14,557	—	—	—
Restricted investments	—	4,306	—	—
Investments, net of amortization	3,797	—	—	—
Accounts receivable, net	1,811	13,340	—	3,595
Interest receivable	—	—	—	—
Inventories	—	—	—	—
Prepaid expenses	—	—	—	1,448
Other current assets	53	3,828	343	774
Total Current Assets	21,143	100,107	343	11,849
Noncurrent assets:				
Restricted cash	—	—	—	118,474
Long-term investments	4	—	—	—
Restricted long-term investments	1,969	130,272	—	—
Long-term receivables, net	—	—	—	—
Long-term lease receivables	—	7,979	—	—
Capital assets being depreciated, net	78,041	3,963	—	467,867
Capital assets not being depreciated	—	—	—	—
Lease assets, net	—	—	—	—
Subscription assets, net	—	—	—	—
Construction in progress	—	—	—	—
Total capital assets	78,041	3,963	—	467,867
Other assets	—	—	—	57,674
Total Noncurrent Assets, Net	80,014	142,214	—	644,015
Total Assets	101,157	242,321	343	655,864
Deferred outflows of resources	306	263	—	9,968
Liabilities				
Current liabilities:				
Accounts payable and accruals	175	1,503	343	3,120
Current portion of long-term debt:				
Notes payable	—	—	—	—
Bonds payable	2,520	—	—	—
Lease obligations	—	—	—	2,280
Subscription liability	—	—	—	—
Compensated absences	75	—	—	2,148
Unearned revenues	—	—	—	5,866
Other current liabilities	27	—	—	174
Total Current Liabilities	2,797	1,503	343	13,588
Noncurrent liabilities:				
Notes payable	—	—	—	—
Bonds payable	30,851	—	—	—
Lease obligations	—	—	—	8,121
Subscription liability	—	—	—	—
Compensated absences	189	—	—	1,803
Net pension liability	2,632	2,481	—	76,544
Net OPEB liability	154	146	—	4,513
Other long-term liabilities	—	—	—	—
Total Noncurrent Liabilities	33,826	2,627	—	90,981
Total Liabilities	36,623	4,130	343	104,569
Deferred inflows of resources	1,560	1,096	—	78,663
Net Position				
Net investment in capital assets	44,671	—	—	457,467
Restricted for:				
Capital projects	20,079	3,963	—	118,474
Other purposes	—	233,395	—	—
Unrestricted	(1,470)	—	—	(93,341)
Total Net Position	\$ 63,280	\$ 237,358	\$ —	\$ 482,600

Kentucky Center for the Arts Corporation	Kentucky Authority for Educational Television	Kentucky Economic Development Finance Authority	Kentucky Artisan Center	Kentucky Infrastructure Authority
\$ 7,574	\$ 11,729	\$ 74,824	\$ 224	\$ 578,688
282	—	—	—	—
—	—	—	—	192,784
—	33,386	—	1,080	—
395	1,425	1	14	3,337
—	—	336	—	—
—	—	—	593	—
388	477	—	—	—
—	238	3,760	—	101,571
8,639	47,255	78,921	1,911	876,380
—	1,577	—	—	—
19,542	—	266	—	—
—	15,778	—	—	—
—	8,693	11,680	—	—
2,118	—	358,235	—	1,111,393
26,522	25,753	—	4,951	—
4,544	978	—	1,167	—
—	1,551	—	—	—
—	—	—	—	—
—	—	—	—	—
31,066	28,282	—	6,118	—
235	180	—	—	—
52,961	54,510	370,181	6,118	1,111,393
61,600	101,765	449,102	8,029	1,987,773
—	7,428	1,183	609	2,301
1,908	1,359	156	76	1,903
169	40	—	—	21,312
—	—	—	—	—
989	119	—	—	—
—	—	—	—	—
—	1,131	180	136	—
1,941	1,707	—	—	230,803
283	—	—	—	24,956
5,290	4,356	336	212	278,974
3,818	—	—	—	—
—	—	—	—	83,465
3,306	1,494	—	—	—
—	—	—	—	—
—	2,709	88	23	—
—	60,669	9,341	4,956	7,647
—	3,956	550	292	451
—	—	—	—	—
7,124	68,828	9,979	5,271	91,563
12,414	73,184	10,315	5,483	370,537
796	17,408	816	553	487
22,226	26,629	—	6,117	—
—	4,835	—	—	—
6,324	4,053	28,855	—	1,619,050
19,840	(16,916)	410,299	(3,515)	—
\$ 48,390	\$ 18,601	\$ 439,154	\$ 2,602	\$ 1,619,050

Continued

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF NET POSITION
NON-MAJOR COMPONENT UNITS - AUTHORITIES
June 30, 2025
(expressed in thousands)

	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.
Assets				
Current assets:				
Cash and cash equivalents	\$ 42,460	\$ 4,589	\$ 9,299	\$ 306
Restricted cash	—	—	—	—
Restricted investments	—	—	—	—
Investments, net of amortization	—	—	—	—
Accounts receivable, net	128,916	—	994	9
Interest receivable	—	—	—	4
Inventories	—	—	—	—
Prepaid expenses	—	—	274	3
Other current assets	—	—	—	—
Total Current Assets	171,376	4,589	10,567	322
Noncurrent assets:				
Restricted cash	—	—	86,438	10
Long-term investments	11,219	1,213	—	12,738
Restricted long-term investments	—	—	—	—
Long-term receivables, net	—	—	—	—
Long-term lease receivables	—	—	—	—
Capital assets being depreciated, net	—	—	188,545	1,237
Capital assets not being depreciated	—	—	91,606	—
Lease assets, net	—	—	—	—
Subscription assets, net	—	—	—	39
Construction in progress	—	—	—	—
Total capital assets	—	—	280,151	1,276
Other assets	—	—	—	30
Total Noncurrent Assets, Net	11,219	1,213	366,589	14,054
Total Assets	182,595	5,802	377,156	14,376
Deferred outflows of resources	—	—	—	—
Liabilities				
Current liabilities:				
Accounts payable and accruals	—	—	2,586	422
Current portion of long-term debt:				
Notes payable	—	—	1,000	—
Bonds payable	—	—	330,541	—
Lease obligations	—	—	—	—
Subscription liability	—	—	—	—
Compensated absences	—	—	—	—
Unearned revenues	—	—	2,599	22
Other current liabilities	—	—	—	—
Total Current Liabilities	—	—	336,726	444
Noncurrent liabilities:				
Notes payable	—	—	—	—
Bonds payable	—	—	—	—
Lease obligations	—	—	—	—
Subscription liability	—	—	—	—
Compensated absences	—	—	—	—
Net pension liability	—	—	—	—
Net OPEB liability	—	—	—	—
Other long-term liabilities	—	—	—	—
Total Noncurrent Liabilities	—	—	—	—
Total Liabilities	—	—	336,726	444
Deferred inflows of resources	—	—	—	—
Net Position				
Net investment in capital assets	—	—	—	—
Restricted for:				
Capital projects	—	—	—	—
Other purposes	—	—	—	3,696
Unrestricted	182,595	5,802	40,430	10,236
Total Net Position	\$ 182,595	\$ 5,802	\$ 40,430	\$ 13,932

Kentucky Horse Racing and Gaming Corporation		Totals June 30, 2025	
\$	4,273	\$	819,556
	113,814		128,653
	24,760		221,850
	2,113		40,376
	1,431		155,268
	—		340
	—		593
	—		2,590
	893		111,460
	147,284		1,480,686
	—		206,499
	—		44,982
	—		148,019
	—		20,373
	—		1,479,725
	354		797,233
	—		98,295
	—		1,551
	—		39
	—		—
	354		897,118
	—		58,119
	354		2,854,835
	147,638		4,335,521
	4,854		26,912
	1		13,552
	12,088		34,609
	387		333,448
	20,913		24,301
	—		—
	662		4,332
	—		242,938
	—		25,440
	34,051		678,620
	—		3,818
	—		114,316
	—		12,921
	—		—
	620		5,432
	23,696		187,966
	1,397		11,459
	—		—
	25,713		335,912
	59,764		1,014,532
	2,055		103,434
	353		557,463
	104,148		251,499
	—		1,895,373
	(13,828)		540,132
\$	90,673	\$	3,244,467

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Kentucky River Authority	Kentucky Higher Education Assistance Authority	Bluegrass State Skills Corporation	Kentucky State Fair Board
Expenses:				
Operating and other expenses	\$ 3,778	\$ 477,866	\$ 6,834	\$ 83,244
Total expenses	<u>3,778</u>	<u>477,866</u>	<u>6,834</u>	<u>83,244</u>
Program Revenues:				
Charges for services	7,469	27,987	—	55,863
Operating grants and contributions	398	483,559	—	—
Total Program Revenues	<u>7,867</u>	<u>511,546</u>	<u>—</u>	<u>55,863</u>
Net Program (Expense) Revenue	<u>4,089</u>	<u>33,680</u>	<u>(6,834)</u>	<u>(27,381)</u>
General Revenues:				
Unrestricted grants and contributions	—	—	—	—
Unrestricted investment earnings	(331)	—	—	2,181
Miscellaneous general	—	—	6,834	—
Special items (Note 1)	—	—	—	—
Transfers	—	—	—	137,444
Total General Revenues	<u>(331)</u>	<u>—</u>	<u>6,834</u>	<u>139,625</u>
Change in Net Position	<u>3,758</u>	<u>33,680</u>	<u>—</u>	<u>112,244</u>
Net Position at July 1	59,785	203,678	—	371,689
Restatement (Note 2)	(263)	—	—	(1,333)
Net Position at July 1, As Restated	<u>59,522</u>	<u>203,678</u>	<u>—</u>	<u>370,356</u>
Net Position at June 30	<u>\$ 63,280</u>	<u>\$ 237,358</u>	<u>\$ —</u>	<u>\$ 482,600</u>

Kentucky Center for the Arts Corporation	Kentucky Authority for Educational Television	Kentucky Economic Development Finance Authority	Kentucky Artisan Center	Kentucky Infrastructure Authority
\$ 28,586	\$ 29,577	\$ 6,529	\$ 2,688	\$ 23,741
28,586	29,577	6,529	2,688	23,741
15,405	2,076	1,214	1,092	17,542
1,730	13,637	—	—	90,087
17,135	15,713	1,214	1,092	107,629
(11,451)	(13,864)	(5,315)	(1,596)	83,888
6,931	20,640	—	2,119	24,183
2,398	5,378	4,574	—	23,290
—	694	2,853	—	—
—	—	—	—	—
—	—	—	—	—
9,329	26,712	7,427	2,119	47,473
(2,122)	12,848	2,112	523	131,361
50,512	7,505	437,042	2,107	1,487,689
—	(1,752)	—	(28)	—
50,512	5,753	437,042	2,079	1,487,689
\$ 48,390	\$ 18,601	\$ 439,154	\$ 2,602	\$ 1,619,050

Continued

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Louisville Arena Authority, Inc.	The Kentucky Horse Park Foundation, Inc.
Expenses:				
Operating and other expenses	\$ 35	\$ —	\$ 12,985	\$ 2,969
Total expenses	35	—	12,985	2,969
Program Revenues:				
Charges for services	—	—	41,281	1,219
Operating grants and contributions	48,234	—	—	1,337
Total Program Revenues	48,234	—	41,281	2,556
Net Program (Expense) Revenue	48,199	—	28,296	(413)
General Revenues:				
Unrestricted grants and contributions	—	—	281	—
Unrestricted investment earnings	—	262	3,690	780
Miscellaneous general	—	—	(15,069)	—
Special items	—	—	—	—
Transfers	—	—	—	—
Total General Revenues	—	262	(11,098)	780
Change in Net Position	48,199	262	17,198	367
Net Position at July 1	134,396	5,540	23,232	13,565
Restatement (Note 2)	—	—	—	—
Net Position at July 1, As Restated	134,396	5,540	23,232	13,565
Net Position at June 30	\$ 182,595	\$ 5,802	\$ 40,430	\$ 13,932

Kentucky Horse Racing and Gaming Corporation	Totals June 30, 2025
\$ 114,104	\$ 792,936
114,104	792,936
156,101	327,249
—	638,982
156,101	966,231
41,997	173,295
—	54,154
2,798	45,020
11	(4,677)
82,544	82,544
(36,677)	100,767
48,676	277,808
90,673	451,103
—	2,796,740
—	(3,376)
—	2,793,364
\$ 90,673	\$ 3,244,467

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR COMPONENT UNITS-AUTHORITIES
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Kentucky Agricultural Finance Corporation	Kentucky Grain Insurance Corporation	Totals June 30, 2025
Cash Flows from Operating Activities			
Cash payments to suppliers for goods and services	\$ (23)	\$ —	\$ (23)
Cash payments for employee salaries and benefits	(12)	—	(12)
Cash payments to other sources	(19,919)	—	(19,919)
Cash payments from other sources	48,234	—	48,234
Net Cash Provided (Used) by Operating Activities	28,280	—	28,280
Cash Flows from Investing Activities			
Proceeds from the sale of investment securities	(2,098)	777	(1,321)
Interest and dividends on investments	—	261	261
Net Cash Provided (Used) in Investing Activities	(2,098)	1,038	(1,060)
Net Increase (Decrease) in Cash and Cash Equivalents	26,182	1,038	27,220
Cash and Cash Equivalents at July 1	16,278	3,551	19,829
Cash and Cash Equivalents at June 30	42,460	4,589	47,049
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	48,199	—	48,199
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in assets and liabilities:			
(Increase) Decrease in assets:			
Receivables, net	(19,919)	—	(19,919)
Net Cash Provided (Used) by Operating Activities	\$ 28,280	\$ —	\$ 28,280

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 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, 2025
(expressed in thousands)

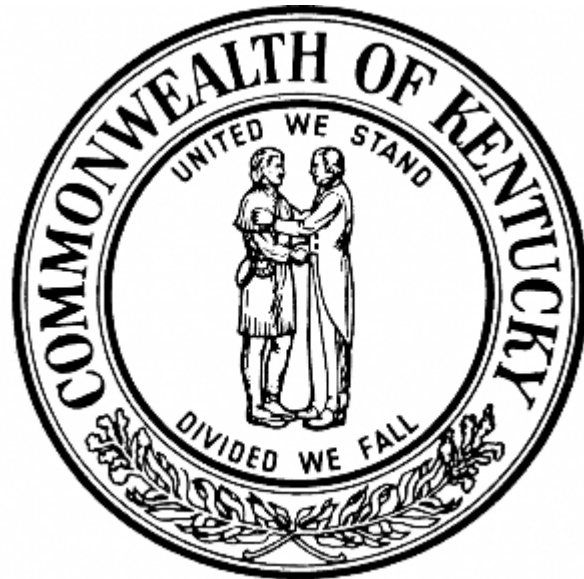
	Eastern Kentucky University	Western Kentucky University	Morehead State University
Assets			
Current assets:			
Cash and cash equivalents	\$ 62,648	\$ 120,199	\$ 59,567
Restricted cash	—	—	36,256
Accounts receivable, net	28,499	33,968	9,085
Interest receivable	—	—	—
Inventories	838	41	614
Prepaid expenses	1,643	2,450	114
Other current assets	322	649	1,506
Total Current Assets	93,950	157,307	107,142
Noncurrent assets:			
Restricted cash	23,640	54,917	—
Long-term investments	134,406	217,534	85,917
Restricted long-term investments	1,203	28,526	1,423
Long-term receivables, net	—	2,353	—
Capital assets being depreciated, net	416,282	455,255	261,505
Capital assets not being depreciated	149,040	167,986	—
Lease assets, net	21,291	26,275	1,383
Subscription assets, net	3,353	2,049	2,255
Construction in progress	—	—	—
Total capital assets	589,966	651,565	265,143
Other assets	570	27,026	7,178
Total Noncurrent Assets, Net	749,785	981,921	359,661
Total Assets	843,735	1,139,228	466,803
Deferred outflows of resources	42,377	32,780	21,928
Liabilities			
Current liabilities:			
Accounts payable and accruals	17,216	40,944	4,812
Current portion of long-term debt:			
Notes payable	—	15	—
Bonds payable	7,376	21,410	4,548
Lease obligations	1,271	1,254	1,130
Subscription liability	2,154	844	929
Compensated absences	3,409	5,293	1,863
Unearned revenues	13,766	42,794	2,438
Payable from restricted assets	—	1,787	107
Other current liabilities	3,840	—	356
Total Current Liabilities	49,032	114,341	16,183
Noncurrent liabilities:			
Notes payable	—	—	—
Bonds payable	113,796	213,489	85,021
Lease obligations	27,308	27,348	14,469
Subscription liability	2,540	811	2,009
Compensated absences	—	7,065	—
Net pension liability	238,004	192,268	123,765
Net OPEB liability	20,127	19,191	11,426
Other long-term liabilities	41,334	—	1,428
Total Noncurrent Liabilities	443,109	460,172	238,118
Total Liabilities	492,141	574,513	254,301
Deferred inflows of resources	87,593	29,246	17,232
Net Position			
Net investment in capital assets	361,711	402,103	156,148
Restricted for:			
Debt service	—	215	—
Capital projects	28,359	—	—
Other purposes	121,615	278,719	130,929
Unrestricted	(205,307)	(112,788)	(69,879)
Total Net Position	\$ 306,378	\$ 568,249	\$ 217,198

Murray State University	Northern Kentucky University	Kentucky Council on Postsecondary Education	Totals June 30, 2025
\$ 95,532	\$ 98,743	\$ 949	\$ 437,638
—	7,523	—	43,779
20,228	25,725	1,022	118,527
—	78	749	827
2,795	521	—	4,809
2,188	6,403	793	13,591
3,611	—	—	6,088
124,354	138,993	3,513	625,259
59,861	5,423	18,561	162,402
197,640	22,911	1,907	660,315
—	131,954	6,469	169,575
8,031	13,176	—	23,560
559,050	314,678	65	2,006,835
(290,014)	55,820	—	82,832
3,478	743	—	53,170
2,046	15,133	—	24,836
—	—	—	—
274,560	386,374	65	2,167,673
1,119	13,973	3,117	52,983
541,211	573,811	30,119	3,236,508
665,565	712,804	33,632	3,861,767
24,533	1,084	1,515	124,217
13,169	16,165	1,344	93,650
485	—	—	500
5,479	16,169	—	54,982
559	261	—	4,475
620	2,183	3,376	10,106
6,029	4,933	856	22,383
5,979	13,088	2,380	80,445
—	16,438	—	18,332
4,447	1,111	—	9,754
36,767	70,348	7,956	294,627
3,830	—	—	3,830
65,703	257,416	—	735,425
1,692	437	—	71,254
239	12,480	—	18,079
—	2,002	1,057	10,124
135,108	1,206	15,471	705,822
12,501	—	912	64,157
5,948	3,536	—	52,246
225,021	277,077	17,440	1,660,937
261,788	347,425	25,396	1,955,564
20,596	13,012	2,275	169,954
196,014	278,226	(194)	1,394,008
375	5,628	—	6,218
3,640	—	—	31,999
181,527	166,137	23,591	902,518
26,158	(96,540)	(15,921)	(474,277)
\$ 407,714	\$ 353,451	\$ 7,476	\$ 1,860,466

COMMONWEALTH OF KENTUCKY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - UNIVERSITIES, COLLEGES, AND RELATED ENTITIES
FOR THE YEAR ENDED JUNE 30, 2025
(expressed in thousands)

	Eastern Kentucky University	Western Kentucky University	Morehead State University
Expenses:			
Operating and other expenses	\$ 326,554	\$ 381,212	\$ 148,068
Total Expenses	326,554	381,212	148,068
Program Revenues:			
Charges for services	143,472	161,929	46,555
Operating grants and contributions	32,586	11,035	32,585
Capital grants and contributions	—	25,648	—
Total Program Revenues	176,058	198,612	79,140
Net Program (Expense) Revenue	(150,496)	(182,600)	(68,928)
General Revenues:			
Unrestricted grants and contributions	161,814	247,728	30,119
Unrestricted investment earnings	3,656	38,552	3,464
Gain on sale of capital assets	—	(808)	(7)
Miscellaneous general	69,234	3,292	75,353
Total General Revenues	234,704	288,764	108,929
Change in Net Position	84,208	106,164	40,001
Net Position at July 1	222,170	468,334	177,197
Restatement (Note 2)	—	(6,249)	—
Net Position at July 1, As Restated	222,170	462,085	177,197
Net Position at June 30	\$ 306,378	\$ 568,249	\$ 217,198

Murray State University	Northern Kentucky University	Kentucky Council on Postsecondary Education	Totals June 30, 2025
\$ 209,952	\$ 265,670	\$ 31,697	\$ 1,363,153
209,952	265,670	31,697	1,363,153
101,081	127,077	4,667	584,781
6,777	14,910	8,720	106,613
—	950	429	27,027
107,858	142,937	13,816	718,421
(102,094)	(122,733)	(17,881)	(644,732)
57,565	141,675	14,057	652,958
36,409	5,874	1,050	89,005
(88)	539	—	(364)
62,228	14,983	226	225,316
156,114	163,071	15,333	966,915
54,020	40,338	(2,548)	322,183
353,694	316,997	10,833	1,549,225
—	(3,884)	(809)	(10,942)
353,694	313,113	10,024	1,538,283
\$ 407,714	\$ 353,451	\$ 7,476	\$ 1,860,466



STATISTICAL SECTION

This part of the Commonwealth of Kentucky's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Financial Trends

The schedules presented in this section contain trend information to help the reader understand how the Commonwealth's financial performance and fiscal health has changed over time. Fund perspective statements are presented for the last ten fiscal years, except where noted.

Revenue Capacity

The schedules presented in this section contain information to help the reader assess the Commonwealth's most significant revenue source, which is personal income tax.

Debt Capacity

The schedules presented in this section contain information to help the reader assess the affordability of the Commonwealth's current levels of outstanding debt, and the Commonwealth's ability to issue additional debt in the future.

Demographic Information

The schedules presented in this section offer demographic and economic indicators to help the reader understand the environment within the Commonwealth, and the financial impact of those activities.

Operating Information

The schedules presented in this section offer operating data to help the reader understand how the information in the Commonwealth's financial report relates to services provided and activities performed by state agencies.

COMMONWEALTH OF KENTUCKY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE LAST TEN FISCAL YEARS
(expressed in thousands)

	2025	2024	2023	2022
General Fund				
Nonspendable:				
Inventories	\$ 6,485	\$ 6,615	\$ 7,888	\$ 7,033
Assigned	1,021,190	750,032	634,794	115,611
Unassigned	5,404,765	5,950,287	4,753,733	4,298,660
Total General Fund	6,432,440	6,706,934	5,396,415	4,421,304
All Other Governmental Funds				
Nonspendable:				
Inventories	70,578	78,889	74,827	63,721
Cash with Fiscal Agents	—	—	—	—
Restricted	4,878,770	3,276,308	3,981,368	3,474,705
Committed	434,639	590,522	432,427	319,350
Assigned	97,371	955,857	64,118	46,419
Unassigned	(37,374)	(179,979)	(284,397)	(271,897)
Total All Other Governmental Funds	5,443,984	4,721,597	4,268,343	3,632,298
 Total Fund Balances - Governmental Funds	 \$ 11,876,424	 \$ 11,428,531	 \$ 9,664,758	 \$ 8,053,602

2021	2020	2019	2018	2017	2016
\$ 8,446	\$ 5,375	\$ 7,373	\$ 5,769	\$ 6,219	\$ 5,465
71,815	93,764	74,258	—	55	30,765
2,411,469	511,169	151,129	(64,909)	—	318,790
2,491,730	610,308	232,760	(59,140)	6,274	355,020
65,049	—	64,767	59,340	75,234	75,254
—	—	—	47,367	15,576	16,136
2,775,617	2,330,905	1,924,119	2,218,345	1,901,478	1,822,185
152,581	134,037	140,030	177,916	74,876	133,075
41,079	30,817	95,113	21,442	17,039	18,014
(127,260)	(101,018)	(33,102)	(50,026)	(765)	(98,045)
2,907,066	2,394,741	2,190,927	2,474,384	2,083,438	1,966,619
\$ 5,398,796	\$ 3,005,049	\$ 2,423,687	\$ 2,415,244	\$ 2,089,712	\$ 2,321,639

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

(expressed in thousands)

	2025	2024	2023	2022
Revenues				
Taxes	\$ 17,214,991	\$ 17,199,864	\$ 16,866,582	\$ 16,276,878
Licenses, fees, and permits	528,060	479,489	493,646	469,695
Intergovernmental	21,373,338	20,656,381	19,478,804	19,087,665
Charges for services	1,535,220	1,446,497	1,458,758	1,320,601
Fines and forfeits	60,556	62,242	71,647	54,871
Interest and other investment income	317,331	233,897	207,207	38,981
Increase (decrease) in fair value of investments	276,811	310,147	83,856	(74,441)
Securities lending income	—	—	—	—
Other revenues	2,142,607	2,009,890	1,203,260	1,397,553
Total Revenues	43,448,914	42,398,407	39,863,760	38,571,803
Expenditures				
Current:				
General government	4,232,267	3,477,590	3,591,930	3,383,335
Legislative and judicial	596,261	589,880	534,628	486,618
Commerce	249,777	229,102	657,865	155,676
Education and humanities	7,629,585	7,496,567	7,893,248	7,799,095
Human resources	24,020,113	22,436,654	19,844,791	18,106,571
Justice	1,470,489	1,472,047	1,418,492	1,234,408
Natural resources and environmental protection	272,525	263,347	230,712	203,946
Public protection and regulation	177,414	206,189	300,895	240,403
Transportation	3,120,871	3,191,221	3,155,050	2,753,252
Debt Service:				
Principal retirement	529,409	788,004	579,214	711,570
Interest and fiscal charges	211,611	223,226	237,752	255,835
Other expenditures	125,312	303,638	5,330	(3,787)
Securities lending expense	—	—	—	—
Capital outlay:				
Buildings	1,714,699	625,334	298,252	187,784
Total Expenditures	44,350,333	41,302,799	38,748,159	35,514,706
Excess (Deficiency) of Revenues over (under) Expenditures	(901,419)	1,095,608	1,115,601	3,057,097
Other Financing Sources (Uses)				
Transfers in	2,889,592	2,434,990	2,794,584	2,147,744
Transfers out	(3,081,026)	(2,519,875)	(2,914,594)	(2,950,747)
Capitalized leases	50,904	311,358	259,563	209,787
Issuance of bonds:				
New issues	1,458,983	408,138	318,750	165,395
Refunding issues	312,572	569,780	54,840	314,627
Premiums	174,133	59,702	26,974	39,091
Discounts	(523)	(702)	(344)	(414)
Certificates of participation	—	—	—	—
Premiums	—	—	—	—
Issuance of notes:				
New issues	—	—	—	—
Refunding issues	—	—	—	—
Payments to refunded bond escrow agent	(324,858)	(598,016)	(56,183)	(325,034)
Total Other Financing Sources (Uses)	1,479,777	665,375	483,590	(399,551)
Net Change in Fund Balances	\$ 578,358	\$ 1,760,983	\$ 1,599,191	\$ 2,657,546
Debt service as a percentage of noncapital expenditures	2.41%	3.86%	3.02%	4.05%

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

2021	2020	2019	2018	2017	2016
\$ 14,535,649	\$ 13,181,585	\$ 12,888,613	\$ 12,345,610	\$ 11,888,139	\$ 11,730,500
462,701	420,578	444,403	391,615	382,398	380,075
17,243,597	13,060,301	11,592,569	11,004,224	10,792,470	10,824,674
1,345,365	1,276,407	1,343,980	1,257,259	1,272,133	1,302,541
41,318	49,642	58,366	54,469	52,338	61,660
3,196	61,285	43,378	32,557	21,463	31,501
10,570	4,939	17,550	(13,980)	(6,037)	(6,140)
—	3,595	10,540	11,158	6,616	3,470
937,057	884,506	692,070	609,703	634,834	584,782
34,579,453	28,942,838	27,091,469	25,692,615	25,044,354	24,913,063
2,685,781	2,782,509	2,263,964	2,269,763	2,341,583	2,263,041
137,596	495,212	480,405	445,112	442,646	444,087
116,366	115,467	106,165	93,765	111,080	110,490
6,154,345	6,029,475	6,183,644	6,020,339	6,016,531	5,558,814
17,332,009	14,497,837	13,043,316	12,506,650	12,227,415	12,095,613
1,096,985	1,134,711	1,089,196	1,009,506	967,790	874,867
213,209	215,681	195,068	170,995	181,889	182,296
912,062	144,515	129,569	110,748	106,215	101,590
2,445,657	2,542,904	2,395,765	2,290,599	2,339,776	2,566,675
701,232	694,576	739,455	726,825	611,066	616,543
297,471	304,750	350,972	313,291	330,631	336,567
59,668	(6,585)	(4,683)	6,242	6,672	14,683
—	3,071	9,710	9,359	4,792	2,421
207,776	323,072	289,598	338,373	353,165	477,916
32,360,157	29,277,195	27,272,144	26,311,567	26,041,251	25,645,603
2,219,296	(334,357)	(180,675)	(618,952)	(996,897)	(732,540)
1,954,450	2,191,088	2,213,843	2,263,303	2,120,376	1,922,969
(1,983,386)	(2,055,429)	(2,096,464)	(2,075,678)	(1,912,607)	(1,907,707)
1,640	1,703	2,132	17,311	1,861	2,634
161,155	902,631	80,354	644,402	513,545	826,325
198,766	6,076	6,556	301,786	56,689	988,677
49,189	45,120	(725)	112,180	36,078	231,610
(944)	(2,038)	(536)	—	(1,161)	(2,420)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	106,850
—	—	—	—	—	—
(211,779)	(176,354)	(21,162)	(306,257)	(50,494)	(1,116,316)
169,091	912,797	183,998	957,047	764,287	1,052,622
\$ 2,388,387	\$ 578,440	\$ 3,323	\$ 338,095	\$ (232,610)	\$ 320,082
4.39%	4.83%	4.05%	3.94%	3.71%	3.71%

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

	2025	2024	2023	2022
Governmental Activities:				
Net investment in capital assets	\$ 27,289,703	\$ 25,219,782	\$ 24,499,797	\$ 25,573,127
Restricted	3,751,149	3,056,756	2,703,626	2,499,727
Unrestricted	(23,764,834)	(20,534,088)	(22,054,926)	(26,551,501)
Total Governmental Activities Net Position	<u>7,276,018</u>	<u>7,742,450</u>	<u>5,148,497</u>	<u>1,521,353</u>
Business-Type Activities:				
Net investment in capital assets	243,211	230,625	227,031	227,926
Restricted	1,455,609	1,282,312	1,133,849	914,976
Unrestricted	(16,225)	11,033	(216,049)	(248,988)
Total Business-Type Activities Net Position	<u>1,682,595</u>	<u>1,523,970</u>	<u>1,144,831</u>	<u>893,914</u>
Primary Government:				
Net investment in capital assets	27,532,914	25,450,407	24,726,828	25,801,053
Restricted	5,206,758	4,339,068	3,837,475	3,414,703
Unrestricted	(23,781,059)	(20,523,055)	(22,270,975)	(26,800,489)
Total Primary Government Net Position	<u>\$ 8,958,613</u>	<u>\$ 9,266,420</u>	<u>\$ 6,293,328</u>	<u>\$ 2,415,267</u>

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

2021	2020	2019	2018	2017	2016
\$ 24,744,234	\$ 24,168,762	\$ 23,433,119	\$ 23,354,312	\$ 22,688,638	\$ 21,955,878
2,081,872	1,626,862	1,487,313	1,208,350	954,449	847,543
(32,600,702)	(37,317,510)	(40,050,216)	(42,257,250)	(40,157,358)	(37,867,160)
(5,774,596)	(11,521,886)	(15,129,784)	(17,694,588)	(16,514,271)	(15,063,739)
240,670	253,466	261,109	274,521	287,610	293,958
286,882	—	779,736	688,144	562,392	369,431
(166,080)	(253,263)	(133,396)	(116,858)	(100,405)	(190,882)
361,472	203	907,449	845,807	749,597	472,507
24,984,904	24,422,228	23,694,228	23,628,833	22,976,248	22,249,836
2,368,754	1,626,862	2,267,049	1,896,494	1,516,841	1,216,974
(32,766,782)	(37,569,773)	(40,183,612)	(42,374,108)	(40,257,763)	(38,058,042)
\$ (5,413,124)	\$ (11,520,683)	\$ (14,222,335)	\$ (16,848,781)	\$ (15,764,674)	\$ (14,591,232)

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

(expressed in thousands)

	2025	2024	2023	2022	2021
Function/Program Revenues					
Primary Government:					
Governmental Activities:					
Charges for Services:					
General Government	\$ 695,316	\$ 738,608	\$ 655,988	\$ 645,619	\$ 785,061
Legislative and Judicial	42,712	44,542	44,889	45,633	45,868
Commerce	59,375	60,805	61,719	79,589	62,480
Education and Humanities	93,449	110,007	95,857	78,880	64,098
Human Resources	429,310	160,770	431,413	195,555	231,518
Justice	37,314	37,790	48,133	35,526	27,104
Natural Resources and					
Environmental Protection	51,945	50,215	49,303	46,142	46,092
Public Protection and Regulation	149,289	142,830	158,920	187,429	118,062
Transportation	414,158	363,010	401,577	359,729	345,067
Operating Grants and Contributions	20,896,747	20,035,068	18,702,399	17,974,786	16,331,955
Capital Grants and Contributions	1,028,190	1,136,806	1,040,155	1,028,150	1,033,962
Total Governmental Activities	23,897,805	22,880,451	21,690,353	20,677,038	19,091,267
Business-Type Activities:					
Charges for Services:					
State Parks	51,479	70,794	52,849	48,250	45,415
Kentucky Horse Park	14,599	14,087	11,685	11,833	7,543
Insurance Administration	113,407	128,367	119,486	123,004	108,934
Kentucky Public Employees' Health Plan	2,596,147	2,335,723	2,056,285	1,940,035	1,866,925
Unemployment Compensation	426,324	334,852	381,465	439,675	395,332
Operating Grants and Contributions	—	—	—	—	—
Capital Grants and Contributions	—	—	—	—	—
Total Business-Type Activities	3,201,956	2,883,823	2,621,770	2,562,797	2,424,149
Total Primary Government	\$ 27,099,761	\$ 25,764,274	\$ 24,312,123	\$ 23,239,835	\$ 21,515,416
Expenses					
Primary Government:					
Governmental Activities:					
General government	\$ 5,885,360	\$ 5,253,878	\$ 3,891,581	\$ 1,574,029	\$ 1,652,327
Legislative and Judicial	518,193	405,349	395,581	424,171	520,801
Commerce	347,606	214,704	649,845	165,551	139,689
Education and Humanities	7,632,322	7,452,285	7,432,964	6,065,729	5,027,799
Human Resources	23,942,692	21,618,042	19,334,359	17,809,920	17,077,977
Justice	1,535,496	1,343,685	1,225,599	1,287,731	1,292,316
Natural Resources and					
Environmental Protection	261,558	226,119	219,004	210,835	253,474
Public Protection and Regulation	52,116	169,198	460,597	275,685	563,091
Transportation	2,413,874	2,433,938	2,448,529	2,109,058	1,914,599
Interest expense	188,766	187,454	191,105	202,051	136,111
Total Governmental Activities	42,777,983	39,304,652	36,249,164	30,124,760	28,578,184
Business-Type Activities:					
State Parks	135,365	116,875	117,960	107,211	111,231
Kentucky Lottery Corporation	—	—	—	—	—
Kentucky Horse Park	21,512	23,188	17,654	17,095	15,246
Insurance Administration	35,686	47,553	135,343	118,337	43,278
Kentucky Public Employees' Health Plan	2,827,810	2,257,820	2,063,040	2,000,400	1,892,458
Unemployment Compensation	217,990	168,366	162,367	570,842	2,720,000
Total Business-Type Activities	3,238,363	2,613,802	2,496,364	2,813,885	4,782,213
Total Primary Government	\$ 46,016,346	\$ 41,918,454	\$ 38,745,528	\$ 32,938,645	\$ 33,360,397
Net (Expense)/Revenue					
Governmental Activities	\$ (18,880,178)	\$ (16,424,201)	\$ (14,558,811)	\$ (9,447,722)	\$ (9,486,917)
Business-Type Activities	(36,407)	270,021	125,406	(251,088)	(2,358,064)
Total Primary Government Net Expense	\$ (18,916,585)	\$ (16,154,180)	\$ (14,433,405)	\$ (9,698,810)	\$ (11,844,981)

2020	2019	2018	2017	2016
\$ 692,112	\$ 770,183	\$ 799,460	\$ 805,329	\$ 818,313
42,633	46,607	27,852	28,079	27,802
58,587	83,983	73,820	52,894	51,991
57,848	53,789	59,137	58,831	59,712
195,329	199,566	221,671	166,820	208,967
29,395	28,603	27,348	26,185	30,880
46,378	44,249	40,587	38,673	41,941
106,120	97,604	93,860	92,734	92,908
294,743	313,715	297,202	283,545	288,126
12,125,363	10,704,976	10,211,396	9,956,021	9,956,639
994,683	914,965	825,730	837,491	872,127
14,643,191	13,258,240	12,678,063	12,346,602	12,449,406
40,574	52,503	53,320	52,526	51,424
7,297	11,488	9,542	12,416	12,930
114,048	118,189	116,676	125,299	130,825
1,851,183	1,822,296	1,795,381	1,759,562	1,739,913
348,610	359,080	395,464	545,335	598,144
—	13,106	9,946	5,578.00	954
—	—	—	—	—
2,361,712	2,376,662	2,380,329	2,500,716	2,534,190
\$ 17,004,903	\$ 15,634,902	\$ 15,058,392	\$ 14,847,318	\$ 14,983,596
\$ 405,039	\$ 363,782	\$ 3,112,212	\$ 2,771,326	\$ 4,544,453
526,102	468,775	489,661	489,343	446,233
175,902	152,031	151,184	299,840	122,430
6,070,241	6,213,059	7,138,207	7,328,124	4,970,560
13,760,639	12,938,155	12,488,174	11,988,867	12,088,721
1,470,004	1,426,465	1,360,214	1,216,143	1,006,195
254,103	229,066	232,219	191,666	190,919
167,030	155,311	148,967	150,344	97,921
1,938,390	1,932,570	1,864,030	1,674,300	1,602,621
277,084	287,577	306,124	210,456	372,787
25,044,534	24,166,791	27,290,992	26,320,409	25,442,840
122,723	140,307	153,913	124,685	113,679
—	—	—	—	—
16,993	19,538	20,310	21,143	21,049
41,317	(6,593)	(85,034)	39,370	189,476
1,839,500	1,812,826	1,614,792	1,510,884	1,498,925
3,890,468	288,755	282,583	345,909	343,857
5,911,001	2,254,833	1,986,564	2,041,991	2,166,986
\$ 30,955,535	\$ 26,421,624	\$ 29,277,556	\$ 28,362,400	\$ 27,609,826
\$ (10,401,343)	\$ (10,908,551)	\$ (14,612,929)	\$ (13,973,807)	\$ (12,993,434)
(3,549,289)	121,829	393,765	458,725	367,204
\$ (13,950,632)	\$ (10,786,722)	\$ (14,219,164)	\$ (13,515,082)	\$ (12,626,230)

Continued

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

	2025	2024	2023	2022	2021
General Revenues and					
Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Sales and gross receipt	\$ 9,283,392	\$ 9,014,249	\$ 8,539,951	\$ 7,951,621	\$ 7,349,827
Individual income	4,999,633	4,885,571	6,037,886	6,180,726	5,212,818
Corporate income	1,477,096	1,864,490	999,287	911,952	643,533
Property	842,997	811,696	790,911	725,415	707,461
License and privilege	113,006	109,873	96,644	90,658	68,291
Severance	119,625	140,776	177,686	141,329	106,550
Inheritance and estate	81,998	82,437	70,629	82,953	61,625
Miscellaneous taxes	409,493	296,966	281,994	267,068	270,035
Unrestricted grants and contributions	10,480	15,443	17,549	11,987	14,585
Unrestricted investment earnings	327,293	297,214	153,730	2,593	653
Gain on sale of capital assets	6,075	9,786	12,869	14,003	10,025
Miscellaneous general	1,403,434	1,555,315	1,070,370	1,202,841	814,992
Transfers	—	—	—	—	—
Total General Revenues and Transfers	19,074,522	19,083,816	18,249,506	17,583,146	15,260,395
Change in Net Position	30,484	2,593,953	3,588,957	7,342,483	5,742,482
Net Position at July 1, as Restated	7,742,450	5,148,497	1,559,540	(5,821,130)	(11,517,078)
Net Position at June 30	\$ 7,772,934	\$ 7,742,450	\$ 5,148,497	\$ 1,521,353	\$ (5,774,596)
Business-Type Activities:					
Unrestricted grants and contributions	\$ (5,333)	\$ —	\$ 135	\$ 360,420	\$ 2,725,486
Unrestricted investment earnings	51,137	42,532	18,933	(37,699)	22,254
Gain on sale of capital assets	310	(21)	(52)	20	89
Miscellaneous general	—	7	4,757	217	777
Transfers	163,860	65,662	101,738	792,941	30,996
Total General Revenues and Transfers	209,974	108,180	125,511	1,115,899	2,779,602
Change in Net Position	173,567	378,201	250,917	864,811	421,538
Net Position at July 1, as Restated	1,523,970	1,145,769	893,914	29,103	(60,066)
Net Position at June 30	\$ 1,697,537	\$ 1,523,970	\$ 1,144,831	\$ 893,914	\$ 361,472
Change in Net Position					
Governmental Activities	\$ 30,484	\$ 2,593,953	\$ 3,588,957	\$ 7,342,483	\$ 5,742,482
Business-Type Activities	173,567	378,201	250,917	864,811	421,538
Total Primary Government Changes					
in Net Position	\$ 204,051	\$ 2,972,154	\$ 3,839,874	\$ 8,207,294	\$ 6,164,020

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

2020	2019	2018	2017	2016
\$ 6,827,433	\$ 6,543,315	\$ 6,062,029	\$ 5,905,042	\$ 5,787,853
4,831,399	4,561,557	4,604,710	4,405,457	4,311,015
395,865	580,131	500,315	458,227	490,033
654,791	648,739	628,810	596,752	584,823
29,257	54,022	38,001	29,310	39,563
109,176	149,852	142,095	145,487	156,245
48,250	42,903	50,093	45,827	48,789
216,749	194,494	208,344	202,836	196,941
4,597	12,221	9,798	11,449	10,403
—	—	—	—	1,650
7,657	22,007	16,562	8,318	7,689
741,366	548,567	505,243	522,299	403,065
—	—	271,843	192,425	41,497
<u>13,866,540</u>	<u>13,357,808</u>	<u>13,037,843</u>	<u>12,523,429</u>	<u>12,079,566</u>
3,610,679	2,563,819	(1,575,086)	(1,450,378)	(913,868)
(15,132,565)	(17,693,603)	(16,119,502)	(15,063,893)	(14,149,871)
<u>\$ (11,521,886)</u>	<u>\$ (15,129,784)</u>	<u>\$ (17,694,588)</u>	<u>\$ (16,514,271)</u>	<u>\$ (15,063,739)</u>
\$ 2,744,933	\$ —	\$ —	\$ 5,534	\$ —
49,769	54,938	20,086	(1,329)	29,381
44	—	—	—	—
(7,221)	1,751	6,943	6,075	5,176
<u>(145,482)</u>	<u>(115,891)</u>	<u>(271,848)</u>	<u>(192,425)</u>	<u>(41,497)</u>
<u>2,642,043</u>	<u>(59,202)</u>	<u>(244,819)</u>	<u>(182,145)</u>	<u>(6,940)</u>
(907,246)	62,627	148,946	276,580	360,264
907,449	844,822	696,861	473,017	112,243
<u>\$ 203</u>	<u>\$ 907,449</u>	<u>\$ 845,807</u>	<u>\$ 749,597</u>	<u>\$ 472,507</u>
\$ 3,610,679	\$ 2,563,819	\$ (1,575,086)	\$ (1,450,378)	\$ (913,868)
<u>(907,246)</u>	<u>62,627</u>	<u>148,946</u>	<u>276,580</u>	<u>360,264</u>
<u>\$ 2,703,433</u>	<u>\$ 2,626,446</u>	<u>\$ (1,426,140)</u>	<u>\$ (1,173,798)</u>	<u>\$ (553,604)</u>

**COMMONWEALTH OF KENTUCKY
PERSONAL INCOME TAX INFORMATION
CALENDAR YEARS 2014 and 2023**

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

Ky Federal AGI (from Ky Form 740) Income Level	Calendar Year 2023			
	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
Resident Taxpayer				
Less than \$25,001	539,849	28.85 %	\$ 75,129,252	1.54 %
\$25,001-\$50,000	459,827	24.57 %	561,034,679	11.48 %
\$50,001-\$100,000	477,057	25.49 %	1,149,156,116	23.52 %
\$100,001-\$200,000	296,832	15.86 %	1,421,217,273	29.09 %
\$200,001-\$500,000	81,007	4.33 %	887,665,973	18.17 %
Greater than \$500,000	16,794	0.90 %	791,691,588	16.20 %
Total Resident	1,871,366	100.00 %	4,885,894,881	100.00 %
Non-Resident Taxpayer				
Less than \$25,001	45,993	22.19 %	7,468,367	2.61 %
\$25,001-\$50,000	36,358	17.55 %	19,241,494	6.76 %
\$50,001-\$100,000	42,295	20.41 %	38,157,766	13.41 %
\$100,001-\$200,000	33,425	16.13 %	44,961,015	15.80 %
\$200,001-\$500,000	23,010	11.10 %	43,682,051	15.35 %
Greater than \$500,000	26,144	12.62 %	131,122,187	46.07 %
Total Non-Resident	207,225	100.00 %	284,632,880	100.00 %
Totals	2,078,591		\$ 5,170,527,761	

Personal Income Tax Rates

Tax Years 2014 - 2017

Tax Rate	2.0%	3.0%	4.0%	5.0%
Income Bracket	\$0-3,000	\$3,001-4,000	\$4,001-5,000	\$5,001-8,000

Tax Year 2018-2022

Tax Rate Flat 5% Tax Rate

	2023		2014
Personal Income Tax Revenue	\$5,170,527,761	(A)	\$3,955,400,597
Personal Income	175,487,000	(B)	115,513,000
Average Effective Rate	3.4%		2.9%

Source of Tax Information:

(A) Kentucky Department of Revenue

(B) See Schedule of Personal Income

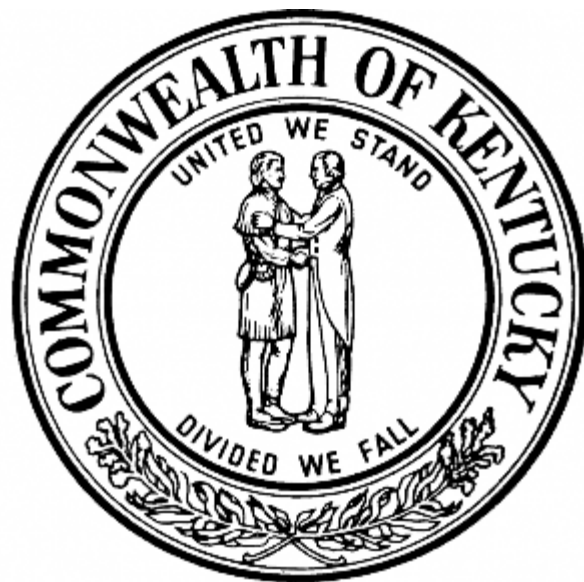
(C) This information is presented on a cash basis.

Calendar Year 2014

Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
725,541	41.18 %	\$ 233,285,168	6.33 %
424,863	24.11 %	561,045,031	15.20 %
395,896	22.47 %	1,039,555,499	28.17 %
171,672	9.74 %	916,822,870	24.84 %
36,327	2.06 %	495,435,614	13.42 %
7,670	0.44 %	444,796,906	12.04 %
1,761,969	100.00 %	3,690,941,088	100.00 %
63,356	36.72 %	7,238,197	2.73 %
30,555	17.71 %	15,926,688	6.02 %
32,377	18.76 %	29,958,715	11.33 %
21,267	12.32 %	33,285,137	12.59 %
12,492	7.24 %	30,776,361	11.64 %
12,519	7.25 %	147,274,411	55.69 %
172,566	100.00 %	264,459,509	100.00 %
1,934,535		\$ 3,955,400,597	

5.8%
\$8,001 -75,000

6.0%
\$75,001 and Up



COMMONWEALTH OF KENTUCKY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN CALENDAR YEARS
(Expressed in Thousands, Except Ratio Data)

For the Year Ended December 31							Ratio of Total
	Real Property		Personal Property		Totals		Assessed to Total
	Estimated		Estimated		Estimated		Estimated
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Actual Value
2015	\$ 243,570,236	\$ 259,117,272	\$ 182,300,234	\$ 182,300,234	\$ 425,870,470	\$ 441,417,506	96.5%
2016	251,467,439	267,518,552	189,581,582	189,581,582	441,049,021	457,100,134	96.5%
2017	260,311,049	276,926,647	195,483,003	195,483,003	455,794,052	472,409,650	96.5%
2018	268,267,507	285,390,965	202,736,591	202,736,591	471,004,098	488,127,556	96.5%
2019	278,520,440	296,298,340	209,635,314	209,635,314	488,155,754	505,933,654	96.5%
2020	289,521,435	308,001,527	213,311,775	213,311,775	502,833,210	521,313,302	96.5%
2021	305,565,282	325,069,449	227,192,434	227,192,434	532,757,716	552,261,883	96.5%
2022	329,486,604	350,517,664	247,163,908	247,163,908	576,650,512	597,681,572	96.5%
2023	350,600,730	372,979,500	262,080,711	262,080,711	612,681,441	635,060,211	96.5%
2024	379,244,998	403,452,125	258,967,608	258,967,608	638,212,606	662,419,733	96.3%

SOURCE: Kentucky Department of Revenue

NOTE: Assessed values are established through the utilization of an annual ad valorem tax based on the fair value of property.

COMMONWEALTH OF KENTUCKY
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN CALENDAR YEARS
(Expressed in Thousands, Except Percentages)

For the Year Ended December 31	Total Levied	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Weighted Average State Rate **
2015	\$ 600,161	\$ 565,557	94.2 %	\$ 11,991	\$ 577,548	96.2%	64.32
2016	624,237	586,129	93.9 %	15,966	602,095	96.5%	65.71
2017	641,169	604,986	94.4 %	16,274	621,260	96.9%	64.10
2018	654,251	626,911	95.8 %	20,098	647,009	98.9%	63.95
2019	686,082	630,861	92.0 %	12,185	643,046	93.7%	63.51
2020	709,104	684,481	96.5 %	17,995	702,476	99.1%	64.33
2021	721,756	705,862	97.8 %	17,995	723,857	100.3%	67.02
2022	768,282	757,160	98.6 %	17,215	774,375	100.8%	68.94
2023	830,625	787,364	94.8 %	20,798	808,162	97.3%	69.96
2024	852,177	822,807	96.6 %	16,501	839,308	98.5%	71.14

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)

	2025	2024	2023	2022
Governmental Activities Debt				
Revenue Bonds (2)	\$ 5,496,256	\$ 4,466,350	\$ 4,547,028	\$ 4,691,276
Unamortized premiums (2) (3)	512,490	400,969	394,637	422,756
Unamortized discounts (2) (3)	(6,452)	(6,612)	(6,615)	(7,182)
Notes (2)	236,080	326,619	422,328	534,718
Leases (2)	159,164	172,594	174,727	192,163
Certificate of Participation (2) (4)	155,555	159,550	163,435	167,210
KWIC (2) (5)	288,799	292,571	295,816	298,620
Total Government Activities Debt	<u>6,841,892</u>	<u>5,812,041</u>	<u>5,991,356</u>	<u>6,299,561</u>
Business-Type Activities Debt				
Notes (2)	—	—	—	—
Leases (2)	2,018	1,190	1,354	1,600
Total Business-Type Activities Debt	<u>2,018</u>	<u>1,190</u>	<u>1,354</u>	<u>1,600</u>
Total Primary Government Debt	<u>\$ 6,843,910</u>	<u>\$ 5,813,231</u>	<u>\$ 5,992,710</u>	<u>\$ 6,301,161</u>
Total Debt Ratios				
Ratio of Total Debt to Personal Income	<u>3.90 %</u>	<u>3.44 %</u>	<u>3.80 %</u>	<u>4.28 %</u>
Total Debt Per Capita (1)	<u>\$ 1,491.58</u>	<u>\$ 1,284.36</u>	<u>\$ 1,328.08</u>	<u>\$ 1,397.34</u>
Net Bonded Debt				
Net General Bonded Debt	\$ 6,002,294	\$ 4,860,707	\$ 4,935,050	\$ 5,106,850
Less: Debt Service Funds	152,949	131,820	133,086	129,539
Net Bonded Debt	<u>\$ 5,849,345</u>	<u>\$ 4,728,887</u>	<u>\$ 4,801,964</u>	<u>\$ 4,977,311</u>
Net Bonded Debt Ratios				
Ratio of Net Bonded Debt to Governmental Funds Revenues	<u>13.46 %</u>	<u>11.15 %</u>	<u>12.05 %</u>	<u>12.90 %</u>
Net Bonded Debt Per Capita (1)	<u>\$ 1,274.82</u>	<u>\$ 1,044.79</u>	<u>\$ 1,064.19</u>	<u>\$ 1,103.76</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

2021	2020	2019	2018	2017	2016
\$ 5,112,908	\$ 5,510,743	\$ 5,820,641	\$ 6,310,244	\$ 6,276,003	\$ 6,227,678
461,343	470,932	473,786	526,979	513,879	534,099
(7,682)	(7,917)	(8,078)	(8,401)	(9,492)	(10,330)
557,126	691,490	835,109	1,008,140	1,196,130	1,399,140
80,622	68,407	82,647	51,002	46,256	58,064
170,885	174,485	175,735	176,940	67,425	68,575
300,911	302,829	304,488	297,016	283,870	267,494
6,676,113	7,210,969	7,684,328	8,361,920	8,374,071	8,544,720
—	—	—	—	—	—
17,519	19,644	21,766	23,881	10,219	7,730
17,519	19,644	21,766	23,881	10,219	7,730
\$ 6,693,632	\$ 7,230,613	\$ 7,706,094	\$ 8,385,801	\$ 8,384,290	\$ 8,552,450
4.92 %	5.41 %	5.96 %	6.73 %	7.00 %	7.15 %
\$ 1,495.03	\$ 1,618.43	\$ 1,724.57	\$ 1,882.68	\$ 1,889.64	\$ 1,932.50
\$ 5,566,569	\$ 5,973,758	\$ 6,286,349	\$ 6,828,822	\$ 6,780,390	\$ 6,751,447
137,012	212,299	156,295	175,892	140,670	136,673
\$ 5,429,557	\$ 5,761,459	\$ 6,130,054	\$ 6,652,930	\$ 6,639,720	\$ 6,614,774
15.70 %	19.91 %	22.63 %	25.92 %	29.76 %	26.55 %
\$ 1,212.70	\$ 1,289.59	\$ 1,371.87	\$ 1,493.63	\$ 1,496.45	\$ 1,494.66

**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			
2016	\$	4,793,559	*	\$ 2,020,476	2.37
2017		4,913,519	*	2,003,912	2.45
2018		5,014,700	*	2,136,250	2.35
2019		5,249,807	*	2,031,070	2.58
2020		5,715,497	*	2,169,149	2.63
2021		6,076,514	*	2,301,921	2.64
2022		6,734,507	*	2,646,352	2.54
2023		7,864,006	*	2,840,696	2.77
2024		8,558,721	*	3,655,363	2.34
2025		9,241,245	*	3,573,604	2.59

SOURCE: Commonwealth of Kentucky Annual Comprehensive
Financial Reports; State Universities' audited financial statements
* Calculated using Gross revenue stream, state appropriation, current and long-term bond and lease liabilities

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

(Ranked by Number of Employees)

Company	2024			2015		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Amazon.com	13,616	1	0.68%	7,232	5	0.39%
Ford Motor Company	12,920	3	0.65%	8,491	4	0.45%
United Parcel Service, Inc	13,046	2	0.65%	12,961	1	0.69%
Toyota Motor Corp	12,527	4	0.63%	11,078	3	0.59%
Haier US Appliances Solutions Inc	6,910	6	0.35%			
Deutsche Post AG (DHL)	4,738	7	0.24%			
Fidelity Investments Inc	4,500	8	0.23%			
Conduent, Inc.	3,289	9	0.17%			
Grupo Proeza SA de CV (Metalsa)	2,891	10	0.15%			
Humana Inc	8,656	5	0.43%	11,464	2	0.61%
General Electric Co				6,843	6	0.36%
FMR LLC				3,900	7	0.21%
Xerox Corporation				3,837	8	0.20%
Citigroup				3,099	9	0.17%
Berkshire Hathaway Inc				2,620	10	0.14%
	83,093		4.18%	71,525		3.81%

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

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

For the Year Ended December 31	Estimated Population	Per Capita Income	Unemployment Rate
2015	4,425,592	39,181	5.4%
2016	4,436,974	38,926	5.1%
2017	4,454,189	40,597	4.9%
2018	4,468,402	42,458	4.4%
2019	4,467,673	43,770	4.3%
2020	4,477,251	47,339	5.6%
2021	4,509,394	50,699	4.6%
2022	4,512,310	51,921	3.9%
2023	4,526,154	54,326	4.3%
2024	4,588,372	51,708	5.3%

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

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

Source	2015*		2016*		2017*		2018**		2019**	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 1,490,000	1.2%	\$ 106,000	0.1%	\$ 1,049,000	0.8%	\$ 1,153,000	0.9%	\$ 1,097,000	0.8%
Agriculture services, forestry, fisheries and others	397,000	0.3%	525,000	0.4%	504,000	0.4%	542,000	0.4%	545,000	0.4%
Mining	1,570,000	1.3%	698,000	0.6%	531,000	0.4%	791,000	0.6%	931,000	0.7%
Manufacturing	17,371,000	14.5%	18,019,000	15.1%	18,397,000	14.8%	19,236,000	14.9%	19,782,000	14.8%
Construction	6,864,000	5.7%	7,062,000	5.9%	7,432,000	6.0%	7,668,000	5.9%	8,029,000	6.0%
Wholesale and retail trade	13,181,000	11.0%	13,271,000	11.1%	13,436,000	10.8%	13,760,000	10.6%	14,216,000	10.6%
Finance, insurance and real estate	10,020,000	8.4%	10,009,000	8.4%	10,802,000	8.7%	11,072,000	8.6%	11,475,000	8.6%
Transportation and public utilities	7,220,000	6.0%	7,847,000	6.6%	8,387,000	6.7%	8,923,000	6.9%	9,425,000	7.1%
Services	38,121,000	31.9%	39,312,000	32.8%	41,157,000	33.0%	43,013,000	33.3%	44,747,000	33.5%
Government and government enterprises	23,432,000	19.7%	22,856,000	19.1%	22,856,000	18.4%	23,078,000	17.9%	23,432,000	17.5%
Earnings by Place of Work	<u>\$119,666,000</u>	<u>100.0%</u>	<u>\$119,705,000</u>	<u>100.0%</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>
Source	2020**		2021**		2022**		2023**		2024**	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Farm	\$ 1,833,000	1.3%	\$ 1,918,000	1.3%	\$ 2,005,000	1.3%	\$ 1,754,000	1.0%	\$ 1,193,000	0.7%
Agriculture services, forestry, fisheries and others	555,000	0.4%	550,000	0.4%	534,000	0.2%	592,000	0.4%	583,000	0.3%
Mining	677,000	0.5%	765,000	0.5%	786,000	0.5%	873,000	0.5%	883,000	0.5%
Manufacturing	19,273,000	14.2%	20,154,000	13.7%	22,580,000	14.3%	24,016,000	14.2%	25,149,000	14.3%
Construction	8,367,000	6.2%	8,781,000	6.0%	9,160,000	5.8%	10,247,000	6.1%	11,275,000	6.4%
Wholesale and retail trade	14,727,000	10.8%	15,963,000	10.8%	16,881,000	10.7%	17,973,000	10.6%	18,605,000	10.6%
Finance, insurance and real estate	12,224,000	9.0%	13,556,000	9.2%	14,394,000	9.1%	14,811,000	8.8%	15,780,000	9.0%
Transportation and public utilities	9,788,000	7.2%	10,811,000	7.3%	12,113,000	7.7%	12,796,000	7.6%	12,694,000	7.2%
Services	44,775,000	32.9%	49,748,000	33.8%	54,077,000	34.3%	58,638,000	34.7%	60,754,000	34.6%
Government and government enterprises	23,729,000	17.5%	25,060,000	17.0%	25,351,000	16.1%	27,114,000	16.1%	28,571,000	16.3%
Earnings by Place of Work	<u>\$135,948,000</u>	<u>100.0%</u>	<u>\$147,306,000</u>	<u>100.0%</u>	<u>\$157,881,000</u>	<u>100.0%</u>	<u>\$168,814,000</u>	<u>100.0%</u>	<u>\$175,487,000</u>	<u>99.9%</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.

* 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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Personnel										
Number of Full Time Employees-										
Executive Branch	31,141	30,191	27,536	27,582	27,523	27,623	28,913	30,216	31,104	31,977
Health Insurance Expenditures -										
Percentage Increase/(decrease)	8.25%	12.98%	6.50%	3.00%	1.3%	0.0%	0.0%	0.4%	1.1%	2.0%
Education										
K-12 Enrollment	655,378	635,563	634,424	631,773	638,236	647,987	669,449	671,899	655,475	679,686
K-12 Attendance Rate	92.70%	92.30%	91.90%	NA – COVID 19	NA – COVID 19	NA – COVID 19	94.20%	94.40%	94.50%	94.50%
K-12 Graduation Rate	93.90%	92.80%	92.50%	91.00%	91.30%	91.10%	90.60%	89.70%	89.50%	88.60%
Average ACT Score	18.4	18.2	18.5	18.6	19.2	19.5	19.8	20.2	20.1	20
GED Graduates	3,108	3,052	2,548	2,679	2,080	2,834	3,332	3,404	3,299	3,091
College Going Rate for 9th Graders	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Postsecondary Education Enrollment	212,522	202,801	196,380	192,126	193,837	201,963	202,076	204,506	207,671	208,251
Bachelor's and Higher Degrees Awarded	46,275	44,045	41,935	38,325	40,155	40,521	37,621	35,880	34,326	34,110
Justice and Public Safety										
Incarcerated Population-Daily Average	19,097	19,421	19,742	18,708	18,876	23,061	23,888	23,585	23,168	22,012
Probation and Parole Population - Daily Average	47,935	49,378	48,814	47,777	48,879	49,839	49,421	47,540	46,046	45,956
Health and Family Services										
Medicaid Enrollment-Average	1,473,165	1,591,954	1,709,073	1,616,300	1,631,834	1,385,259	1,383,929	1,427,523	1,404,625	1,375,071
Food Stamp Recipients-Monthly Average	600,934	581,157	553,872	541,469	612,325	531,773	515,918	631,686	685,771	686,773
Temporary Assistance for Needy Families (TANF)-Monthly Average	36,410	30,601	21,908	27,757	30,576	35,070	38,047	41,298	45,874	38,823
Children with substantiated incidences	10,068	8,277	9,447	14,064	15,205	18,578	21,752	24,783	22,526	20,031
Environmental and Public Protection										
Air Pollution Source Inspections	2,776	2,547	2,935	4,163	2,842	3,919	3,270	3,647	3,724	3,652
Waste Management Inspections	7,023	6,545	7,244	7,414	7,457	6,263	6,706	7,178	6,394	6,761
Acres of Land Reforested	1,641	1,137	1,473	1,475	2,327	1,138	8,748	1,565	6,081	2,626
Mine Permits Issued	122	157	177	165	201	230	334	317	170	381
Mine Reclamation and Enforcement Inspections	15,135	16,402	17,784	16,995	18,058	19,498	17,988	16,803	16,682	18,551
Mine Safety-Completed Inspections	967	1,082	719	863	751	1,033	514	509	924	1,529
Transportation										
Percentage of Total Road System										
Needing Improvement	28.7%	28.7%	30.0%	33.2%	26.3%	26.5%	25.1%	19.6%	17.0%	17.0%
Statewide Road Maintenance Rating (Target Score = 80)	82.4	80.6	80.4	84.0	81.8	81.4	81.0	84.5	82.6	84.0
Daily Miles Traveled-Percentage Changed (as compared to 2005 Data)	2.99%	2.87%	0.71%	0.93%	-4.00%	2.61%	4.46%	3.90%	3.82%	1.52%
State-Maintained Lane Miles-Annual Percent Change	0.06%	0.11%	0.07%	0.12%	0.19%	0.03%	0.07%	0.25%	0.25%	0.08%
Kentucky Road Construction Cost Index-Percent Increase (1987 Base Year)	216.9%	247.0%	227.3%	100.5%	52.7%	82.2%	81.3%	64.0%	47.9%	49.5%

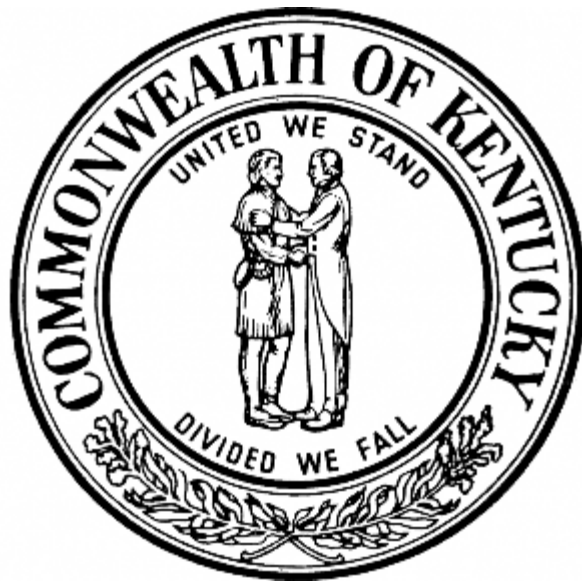
Source: Kentucky Office of the State Budget Director

NA - Information was not available

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>General Government</u>										
Number of Buildings	353	348	348	340	340	321	313	367	367	324
Number of Vehicles	405	380	364	343	350	368	328	295	321	341
Land (Acres)	15,326	15,326	15,326	15,321	15,294	15,304	15,304	15,313	15,307	15,307
<u>Commerce</u>										
Number of Resort Parks	17	17	17	17	17	17	17	17	17	17
Number of Recreation Parks	22	22	22	22	22	22	23	23	23	23
Number of Historic Sites	8	8	8	8	8	8	8	11	11	11
Area of State Parks (Acres)	47,476	47,476	46,685	46,685	46,685	46,685	45,370	45,464	45,426	45,409
<u>Education and Humanities</u>										
Number of Buildings	57	59	59	50	50	60	60	61	77	64
Number of Vehicles	30	45	42	41	41	46	56	56	58	65
Land (Acres)	510	510	510	510	510	383	383	384	385	385
<u>Human Resources</u>										
Number of Buildings	146	150	150	146	134	133	136	139	163	167
Number of Vehicles	24	26	27	28	28	19	19	19	17	17
Land (Acres)	1,865	1,865	1,865	1,514	948	948	1,166	1,167	1,192	1,206
<u>Justice</u>										
Number of Buildings	644	647	641	644	443	445	438	443	517	455
Number of Vehicles	2,401	2,233	2,219	2,099	2,060	2,056	1,937	1,878	1,760	1,803
Land (Acres)	8,750	8,750	8,740	8,740	8,735	8,735	8,735	8,735	8,735	8,735
<u>Natural Resources and Environmental Protection</u>										
Number of Buildings	50	48	48	48	48	45	25	25	30	30
Number of Vehicles	1013	913	898	837	843	848	840	815	825	832
Land (Acres)	69,856	69,856	69,856	69,854	68,715	67,641	67,142	66,473	66,401	66,187
<u>Public Protection and Regulation</u>										
Number of Buildings	—	—	—	8	8	—	—	—	—	—
Number of Vehicles	271	268	273	228	228	228	220	183	179	157
Land (Acres)	—	—	—	20	20	—	—	—	—	—
<u>Transportation</u>										
Number of Lane Miles -State										
Maintained Highways	64,259	64,230	64,101	64,004	63,983	63,854	63,836	63,836	63,753	63,586
Number of State maintained Bridges	9,054	9,047	9,039	9,039	9,022	9,048	9,033	9,027	8,928	9,016
Land (Acres)	84,737	84,737	84,737	84,737	1,665	1,665	1,665	1,656	1,656	1,656

Source: Kentucky Finance and Administration Cabinet, Office of the Controller.



**COMMONWEALTH OF KENTUCKY
OPERATING INFORMATION
STATE GOVERNMENT EMPLOYEES BY FUNCTION
FOR THE LAST TEN FISCAL YEARS**

	2025	2024	2023	2022
<u>FULL-TIME EMPLOYEES</u>				
FUNCTION				
General Government	4,777	4,393	4,090	3,953
Legislative and Judicial	3,639	3,603	3,533	3,409
Commerce	1,575	1,573	1,484	1,302
Education and Humanities	1,939	1,930	1,859	1,817
Human Resources	6,806	6,613	6,513	5,879
Justice	7,788	7,677	7,257	6,849
Natural Resources and Environmental Protection	1,276	1,233	1,224	1,200
Public Protection and Regulation	931	929	899	870
Transportation	4,495	4,311	4,207	3,988
Total full-time employees	33,226	32,262	31,066	29,267
<u>PART-TIME and TEMPORARY EMPLOYEES</u>				
FUNCTION				
General Government	684	687	689	650
Legislative and Judicial	328	319	145	152
Commerce	641	527	524	532
Education and Humanities	706	714	441	435
Human Resources	443	382	653	583
Justice	128	130	140	110
Natural Resources and Environmental Protection	194	229	224	183
Public Protection and Regulation	38	49	49	41
Transportation	37	40	48	58
Total part-time and temporary employees	3,199	3,077	2,913	2,744
Total Employees	36,425	35,339	33,979	32,011

2021	2020	2019	2018	2017	2016
4,164	4,321	4,552	4,771	4,565	4,570
3,590	3,594	3,651	4,038	3,772	3,553
1,330	1,402	1,478	1,684	1,685	1,696
1,781	1,783	1,910	2,192	2,392	2,363
6,292	6,377	6,389	7,142	7,197	7,176
6,962	7,397	7,457	7,755	7,784	7,735
1,201	1,240	1,225	1,329	1,396	1,383
964	958	947	982	1,019	1,005
4,110	4,145	4,153	4,528	4,571	4,551
30,394	31,217	31,762	34,421	34,381	34,032
658	626	683	657	666	665
356	348	379	542	422	404
531	371	645	578	518	538
354	256	191	154	153	156
425	405	401	138	158	197
95	67	61	30	12	13
138	149	169	18	15	14
40	33	29	24	15	16
64	113	71	104	124	138
2,661	2,368	2,629	2,245	2,083	2,141
33,055	33,585	34,391	36,666	36,464	36,173

ACKNOWLEDGMENTS

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

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Special acknowledgement goes to:

All fiscal and accounting personnel throughout Kentucky State Government, along with the Auditor of Public Accounts' staff, whose dedicated efforts and cooperation contributed to the compilation of financial information that appears in the report. Additionally, printing services were provided by the Kentucky Transportation Cabinet's Division of Graphic Design and Printing.

APPENDIX C

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Demographic and Financial Data for the County of Butler, Kentucky

COUNTY OF BUTLER, KENTUCKY

The County of Butler, Kentucky, named for Major General Richard Butler, was formed in 1810 from portions of Logan County and Ohio County, making it the 53rd county in the Commonwealth. The County is located along the Green River in south-central Kentucky in the Pennyroyal and Western Coal Field regions of the Commonwealth. The County covers a total area of 431 square miles, including 426 square miles of land and 5 square miles of water.

The County seat is Morgantown, which is located 87 miles north of Nashville, Tennessee, 26 miles northwest of Bowling Green, Kentucky, 106 miles southwest of Louisville, Kentucky, and 88 miles southeast of Evansville, Indiana.

Form of Government

The Kentucky Constitution of 1891 bestowed the name “Fiscal Court” to the governing body in each county. The Butler County Fiscal Court is composed of a Judge/Executive and five Magistrates. Each member of the Fiscal Court serves for a four-year term. The title “Judge/Executive” is a blending of the past and the present, going back to the time when the person elected to this position also presided over judicial proceedings. Although those responsibilities were transferred to Kentucky’s court system in 1978, the title remained. As the chief executive officer for the County, the Judge/Executive presides over both the legislative and executive branches of the County government. The Magistrates of the Fiscal Court each represent one of five districts in the County.

In addition to the members of the Fiscal Court, a number of other officials are elected and have very important roles in the functioning of the County’s government, including the County Attorney, the Sheriff, the Jailer, the County Clerk, and the Property Valuation Administrator.

The current members of the Fiscal Court are:

Timothy Flener	Judge/Executive
Stevie Givens	Magistrate – District 1
Kevin Phelps	Magistrate – District 2
Craig Allen Smith	Magistrate – District 3
David Whittinghill	Magistrate – District 4
Eric Dillon Bryant	Magistrate – District 5

Government Services

The Fiscal Court directs the operation of county government through its power to provide and finance government services. All counties must adopt administrative codes detailing procedures for administration of county government (KRS 68.005). The Judge/Executive is responsible for drafting, periodically reviewing, and recommending revisions to the administrative code (KRS 67.710). The Fiscal Court holds the power of final approval of the code and any amendments (KRS 68.005).

Kentucky law does not limit the areas that a county’s administrative code may cover, but KRS 68.005 lists several subjects that each county administrative code must include, including procedures and designation of responsibility for:

- General administration of county government
- Administration of fiscal affairs
- Administration of personnel
- Purchasing and the awarding of contracts
- Delivery of county services

The discretion of county officials in setting these administrative procedures is limited, as several of the areas covered in the administrative code are subject to some degree of direction or restraint imposed by Kentucky law.

Financial Matters

The County Treasurer is the fiscal officer of the County. The County Treasurer is responsible for the accounting, custody, and disbursement of the County’s funds. The County Treasurer serves as financial advisor to the Fiscal Court in connection with the County’s affairs and performs such other duties as the Fiscal Court requests.

The County’s fiscal year commences July 1 and ends the following June 30.

The administrative functions of the County are performed by or under the supervision of the following:

- Establishment of overall financial policy – Fiscal Court
- Planning and development – Fiscal Court
- Assessment of real and personal property – Property Valuation Administrator
- Financial control functions – County Treasurer
- Inspection and supervision of the accounts and reports – Auditor of Public Accounts/Independent CPA

Financial Management

The Fiscal Court is responsible for appropriating the funds used to support various County activities. The Fiscal Court exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each county in Kentucky is required to keep its accounting records and to render financial reports in such a manner as to: (a) determine compliance with statutory provisions; (b) determine fairly, and with full disclosure, the financial operations of consistent funds and account groups of the County, in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by the federal revenue sharing program.

The accounting systems of the County are required to be organized and operated on a fund basis. The County maintains its accounts and other fiscal records on an appropriation and modified accrual basis, in accordance with the procedures established and prescribed by the Kentucky Department for Local Government. As required by law, financial reports are prepared annually by the County and filed with the Kentucky Department for Local Government.

The accounting procedures prescribed by the Kentucky Department for Local Government are generally applicable to all counties in Kentucky and may be different from the generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication “Governmental Accounting Auditing and Financial Reporting,” and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled “Audits of State and Local Governmental Units.” Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds, and any debt service funds, and for a full accrual basis of accounting for all other funds, and additionally provide for the preparation, for each fund, of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for county budgeting, tax levies, and appropriations are set forth in the Kentucky Revised Statutes. Counties in Kentucky are statutorily required to operate under an annual budget ordinance, and no county may expend any money from a governmental or proprietary fund except in accordance with its budget. A budget proposal must be submitted to the fiscal court of the county no later than thirty days before the beginning of the fiscal year covered thereby. Upon the approval of the proposed budget, counties are required to submit their proposed budget to the State Local Debt Officer of the Commonwealth of Kentucky for approval. A proposed budget that has been approved by the State Local Debt Officer is required to be adopted by the fiscal court of the county no later than July 1 of each year or within ten days after receipt of the certified assessment from the Commonwealth of Kentucky, whichever is later. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year.

The full amount estimated to be required for debt service during each budget year must be appropriated. The State Local Debt Officer is authorized to initiate proceedings to compel compliance by county officials with the requirements imposed by Kentucky law on counties for the administration of their financial affairs.

Debt Limitation

Section 158 of the Kentucky Constitution provides that a county shall not incur indebtedness to an amount exceeding 2% of the value of all of the taxable property in the county, as estimated by the last assessment previous to the incurring of the indebtedness.

Nothing shall prevent the issue of any renewal bonds or bonds to fund the floating indebtedness of any county in Kentucky. Subject to the limits and conditions contained in Section 158 and elsewhere in the Kentucky Constitution, the Kentucky

General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by counties.

KRS 66.041 provides for the same limitations as are set forth in Section 158 of the Kentucky Constitution, except that the limitations in KRS 66.041 apply to “net indebtedness.” KRS 66.031 provides that certain obligations of a municipality are not to be considered in the calculation of “net indebtedness,” including self-supporting obligations, revenue bonds, special assessment debt, and other infrequently issued types of obligations, such as notes issued in anticipation of bonds.

Tax Limitation

Section 157 of the Kentucky Constitution indirectly imposes a debt limitation on general obligation indebtedness of counties by limiting the tax rate counties may impose on the value of all taxable property therein to \$0.50 on each \$100 of assessed valuation.

Section 159 of the Kentucky Constitution requires the collection of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not to exceed 40 years. The two constitutional provisions operate as a limit on general obligation indebtedness. Because the indirect debt limit results from tax limitations and the requirement to levy taxes to pay debt charges, it only applies to debts which are payable from taxes either initially if other pledged non-tax revenues prove to be insufficient, and does not apply where the type of debt being issued does not pledge the full faith and credit of the county or when the debt is payable only out of the revenues of non-tax sources, such as utility income.

State and Local Property Taxes

Although the Kentucky Constitution requires the state to tax all classes of taxable property, Kentucky law permits local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside a city’s limits may also be subject to that city’s property taxes. In Kentucky, property assessments are taxed at 100% of fair cash value and accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (such as fire protection districts, water districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of a community or county).

State Property Tax Rates Per \$100 Valuation, 2025

<u>Selected Class of Property</u>	<u>State Rate</u>	<u>Local Taxation Permitted</u>
Real Estate	\$0.1060	Yes
Manufacturing Machinery	\$0.1500	No
Pollution Control Equipment	\$0.1500	No
Inventories:		
Raw Materials	\$0.0500	No
Goods in Process	\$0.0500	No
Finished Goods	\$0.0500	Yes
Goods in Transit	Exempt	Limited
Motor Vehicles	\$0.4500	Yes
Other Tangible Personal Property	\$0.4500	Yes

Source: Kentucky Department of Revenue

Assessed Property Values

The table below lists the assessed valuation of taxable property in the County, as reported by the Kentucky Department of Revenue:

Year	Real Estate	Tangible Personal	Motor Vehicle	Documented Watercraft	Total
2022	\$498,635,836	\$65,387,995	\$115,108,481	\$3,227,790	\$682,360,102
2023	\$524,541,682	\$72,917,980	\$128,558,726	\$3,924,240	\$729,942,628
2024	\$544,340,084	\$92,668,654	\$123,794,806	\$3,863,971	\$764,667,515
2025	\$590,229,195	\$112,302,323	\$150,966,438	\$4,019,952	\$857,517,908
2026	\$610,173,192	\$127,978,417	\$170,573,378	\$3,952,755	\$912,677,742

Setting Real Property Tax Rates

Under KRS 132.027, the County is subject to restrictions in setting its ad valorem tax rates on real property. The County may impose the “compensating tax rate,” which is defined as the rate which, rounded to the next higher 1/10 of \$0.01 per \$100.00 of assessed value, and applied to the current year’s assessment of the property subject to taxation by any taxing district, excluding any new property and personal property, produces an amount of revenue approximately equal to that produced in the preceding year from real property. The “new property” to be excluded from the calculation is defined by statute as the net difference in taxable value between real property additions and deletions to the property tax roll for the current year. Real property additions consist of the following:

1. Property annexed or incorporated by the County;
2. Property, the ownership of which has been transferred from a tax-exempt entity to a non-tax-exempt entity;
3. The value of improvements to existing nonresidential property;
4. The value of new residential improvements to property;
5. The value of improvements to existing residential property when the improvement increases the assessed value of the property by 50% or more;
6. Property created by the subdivision of unimproved property, provided that when such property is reclassified from farm to subdivision by the property valuation administrator, the value of such property as a farm shall be a deletion from that category;
7. Property exempt from taxation, as an inducement for any industrial or business use, at the expiration of its tax-exempt status;
8. Property, the tax rate of which will change, under the provisions of KRS 82.085, to reflect any additional urban services to be provided by the County, provided, however, that any such property shall be considered “real property additions” only in proportion to the additional urban services to be provided to the property over the urban services previously provided; and
9. The value of improvements to any real property previously under assessment moratorium. “Real property deletions” is defined as the value of real property removed from, or reduced over the preceding year on, the property tax roll for the current year.

If the County attempts to levy a tax rate exceeding the compensating tax rate, it must hold a public hearing to hear comments from the public regarding the proposed tax rate. That portion of the tax rate levied which will produce revenue from real property, exclusive of revenue from new property, more than 4% over the amount of revenue produced by the compensating tax rate is subject to a recall vote or reconsideration by the County. Although excluded from the tax rate calculation, new property is subject to the newly enacted tax rate generating additional revenue for the County in that tax year.

Setting Tangible Personal Property Tax Rates

The County is not subject to the same restrictions in setting its tangible personal property tax rates as it is when setting its real property tax rates. However, the County is subject to the limitations imposed by KRS 132.029. Similar to the process of setting its real property tax rates, the County must perform a series of calculations to determine its personal property tax rates, exclusive of motor vehicles and watercraft. Those calculations can be summarized in four steps:

1. Determine the real property tax rate to be adopted (whether the compensating rate, the 4% rate, or any rate in excess of the 4% rate);
2. Apply the real property tax rate to the personal property tax roll;
3. Determine whether the revenue to be generated by applying the new real property tax rate to the new personal property tax roll exceeds the revenue from personal property obtained during the prior year. If so, determine the theoretical percentage increase in personal property tax revenue.
4. If such theoretical percentage increase in personal property tax revenue is less than the actual percentage increase in real property tax revenue to be obtained from the new real property tax rate, then the County may increase the personal property tax rate to allow the same percentage increase in personal property tax revenue as the percentage increase in real property tax revenue. If the real property rate is reduced as a result of any

voter recall or by an act of the County before a vote on the tax rate, then the personal property rate must be reduced, such that the increase in revenue produced by the personal property tax rate does not exceed the increase in revenue for that year produced by the real property tax rate.

Property Tax Rates

The following table lists historical tax rates of the County (per \$100.00 of Assessed Value), as reported by the Kentucky Department of Revenue:

Tax Year	Real Estate	Tangible Personal	Motor Vehicle
2021	7.9000	7.9000	10.8000
2022	7.8000	7.8000	10.8000
2023	7.7000	7.7000	10.8000
2024	7.5000	7.5000	10.8000
2025	7.3000	7.3000	10.8000

Tax Collection

The County mails real and tangible property tax bills to its taxpayers by October, which are due on December 31. Taxpayers receive a 2% discount on their bill if they pay the entire balance on or before the close of business on November 1. Any taxpayers who pay their bill between November 2 and December 31 receive no discount, any taxpayers who pay their bill between January 1 and January 31 must pay a penalty equal to 5% of the total tax bill, and any taxpayers who pay their bill after February 1 must pay a penalty equal to 10% of the total tax bill, plus the County Sheriff's fee of 11% of the total tax bill. In addition, after the close of business on April 15, any past due property tax bills will also accrue interest at 1% per month in accordance with KRS Chapter 134.

The County Clerk collects the County's ad valorem tax on motor vehicles in accordance with Kentucky law. Such taxes are due and payable on or before the last day of the month in which a vehicle's registration is renewed.

Ad valorem tax receipts are deposited by the County in its General Fund.

Tax Collection History

Tax Year	Taxes Due	Taxes Collected	Percent Collected
2019	\$354,253	\$354,170	99.98%
2020	\$367,260	\$360,871	98.26%
2021	\$389,022	\$388,902	99.97%
2022	\$399,093	\$395,848	99.19%
2023	\$436,411	\$436,310	99.98%

Source: Butler County Sheriff's Tax Settlement Reports

LABOR MARKET STATISTICS

Population

Description	2021	2022	2023	2024	2025
Butler County	12,304	12,383	12,427	12,480	12,520
City of Morgantown	2,477	2,485	2,487	2,501	2,512

Source: U.S. Census Bureau

Population Projections

Description	2030	2035	2040	2045	2050
Butler County	12,254	12,088	11,906	11,716	11,554

Source: Kentucky State Data Center, University of Louisville

Unemployment Rate

Description	2021	2022	2023	2024	2025
Butler County	4.4%	4.2%	4.7%	5.4%	5.1%
Kentucky	4.5%	4.0%	4.3%	4.8%	4.6%
U.S.	5.4%	3.7%	3.6%	4.0%	4.3%

Source: Kentucky Center for Statistics, U.S. Bureau of Labor Statistics

INDUSTRY

Total Employees by Major Industry

Description	Employees	Percentage (%)
Agricultural, Forestry, Fishing (SIC Range 01-09)	24	1.85%
Construction (SIC 15-17)	177	13.66%
Finance, Insurance, and Real Estate (SIC 60-69)	69	5.32%
Manufacturing (SIC 20-39)	26	2.01%
Mining (SIC 10-14)	3	0.23%
Public Administration (SIC 90-98)	124	9.57%
Retail Trade (SIC 52-59)	254	19.60%
Services (SIC 70-89)	523	40.35%
Transportation and Communications (SIC 40-49)	83	6.40%
Unclassified (SIC 99)	0	0.00%
Wholesale Trade (SIC 50-51)	13	1.00%

Source: Kentucky Cabinet for Economic Development, 2025

Total Employees by Occupation

Description	Employees	Percentage (%)
Architecture and Engineering	13	1.00%
Building and Grounds Maintenance	30	2.31%
Business and Financial Operations	48	3.70%
Community and Social Services	61	4.71%
Computer and Mathematical Occupations	15	1.16%
Construction and Extraction	113	8.72%
Education/Training/Library	156	12.04%
Executive, Managers, and Administrators	138	10.65%
Farming, Forestry, and Fishing	7	0.54%
Food Preparation/Serving	94	7.25%
Health Diagnosing and Treating Practitioners	45	3.47%
Health Technologists/Technicians	17	1.31%
Healthcare Support	22	1.70%
Installation/Maintenance and Repair Workers	51	3.94%
Legal	24	1.85%
Life/Physical/Social Science Occupations	11	0.85%
Material Moving	37	2.85%
Office and Administrative Support	138	10.65%
Personal Care and Service	20	1.54%
Production Workers	37	2.85%
Protective Services	40	3.09%
Sales	106	8.18%
Transportation Workers	55	4.24%

Source: Kentucky Cabinet for Economic Development, 2025

APPENDIX D

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT (this “Agreement”) is made, entered into, and effective as of September 30, 2026, by and among (i) the COMMONWEALTH OF KENTUCKY ADMINISTRATIVE OFFICE OF THE COURTS (“AOC”), a political agency of the Kentucky Supreme Court, working together with the Kentucky Office of Statewide Accounting Services; (ii) the COUNTY OF BUTLER, KENTUCKY, a county and political subdivision of the Commonwealth of Kentucky (the “County”); and (iii) the BUTLER COUNTY PROPERTIES CORPORATION, a nonprofit, no-stock, public and governmental corporation acting as an agency, instrumentality, and constituted authority of the County (the “Corporation”).

Section 1. Purpose of this Agreement. This Agreement is executed and delivered by AOC, the County, and the Corporation (each, an “Obligated Person” and collectively, the “Obligated Persons”) to provide for the disclosure of certain information concerning the Bonds (as defined herein) on an ongoing basis, as set forth herein, for the benefit of the Holders (as defined herein) of the Bonds, in accordance with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended from time to time (the “Rule”).

Section 2. Definitions. All capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Authorizing Legislation and the Bonds. In addition, the following capitalized terms shall have the following meanings:

“Annual Financial Information” means a copy of the annual comprehensive financial report prepared for the Commonwealth, which report shall include, if prepared, a balance sheet, a statement of revenues and expenditures, and a statement of changes in fund balances, generally consistent with the information set forth in Appendix B to the Offering Document. All such Annual Financial Information shall be prepared using generally accepted accounting principles as applied to governmental units; provided, however, that the Commonwealth may change the accounting principles used for the preparation of such Annual Financial Information so long as it includes, as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change, and explaining how to compare the financial information provided by the differing financial accounting principles. Any of the items listed above may be set forth in other documents that have been transmitted to the MSRB, including Offering Documents of debt issues of the Commonwealth or any related public entities, or may also be included by specific reference to any documents that are available to the public on the MSRB’s Electronic Municipal Market Access (EMMA) system or filed with the SEC. The Commonwealth or AOC shall clearly identify each such other document so incorporated by reference.

“Authorizing Legislation” means, collectively, (i) the resolution duly adopted by the Fiscal Court of the County on September 4, 2026, authorizing and directing the Corporation to issue the Bonds for the benefit of the County, and (ii) the resolution duly adopted by the Board of Directors of the Corporation on September 4, 2026, authorizing the issuance, sale, execution, and delivery of the Bonds.

“Beneficial Owner” means any person which has the power, directly or indirectly, to vote or consent with respect to or to dispose of ownership of any of the Bonds (including any persons holding the Bonds through nominees, depositories, or other intermediaries).

“Bonds” means the “Butler County Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series 2026,” dated September 30, 2026, issued in an original aggregate principal amount of \$23,870,000*.

“Commonwealth” means the Commonwealth of Kentucky.

“Disclosure Agent” initially means the Corporation and, subsequently, means any other disclosure agent appointed or otherwise engaged by the Corporation, and any such successor disclosure agent shall automatically succeed to all of the rights and duties of the Disclosure Agent hereunder, without any amendment hereto.

“Event,” with respect to the Bonds, means any of the following events:

- (i) Principal and interest payment delinquencies;

* Preliminary, subject to change.

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of any proposed or final determinations of taxability, any Notices of Proposed Issue (IRS Form 5701-TEB), or any other material notices or determinations regarding the tax status of the security, or any other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution, or sale of any property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership, or similar event of such Obligated Person (Note – This event shall be considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or other similar officer for such Obligated Person in any proceeding under the U.S. Bankruptcy Code or under any other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of such Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of such Obligated Person in possession of such assets or business, but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such Obligated Person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into any definitive agreement to undertake such an action, or the termination of any definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or any other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or any other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi), although some of such events may not be applicable to the Bonds or a particular Obligated Person.

“Financial Obligation” means (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include any municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holders” means any holder or Beneficial Owner of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board.

“Offering Document” means the Official Statement for the Bonds dated September 16, 2026.

“Operating Data” means an update of the operating data, if any, regarding AOC contained in the annual comprehensive financial report of the Commonwealth, generally consistent with the information contained in Appendix B to the Offering Document.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Obligations.

“SEC” means the Securities and Exchange Commission.

Section 3. Disclosure of Information.

(a) Information Provided to the Public by AOC. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 4 hereof, AOC shall make, or cause the Disclosure Agent to make, public all of the information set forth in subsections (i), (ii), and (iii) below:

(i) Annual Financial Information and Operating Data. The Annual Financial Information and the Operating Data of the Commonwealth, at least annually, within nine months after the end of the fiscal year ending the preceding June 30, commencing with the fiscal year ended June 30, 2026, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than AOC, then AOC shall provide the Annual Financial Information and Operating Data to the Disclosure Agent no later than fifteen business days before the disclosure date referenced above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided, however, that the audited financial statements of the Commonwealth may be submitted separately from the other Annual Financial Information.

(ii) Event Notices. Notice of the occurrence of any Event relating to AOC and impacting the Bonds (but not otherwise required to be disclosed by the Corporation under Section 3(b) hereof), in a timely manner, within ten business days after the occurrence of the Event.

(iii) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of AOC to provide the Annual Financial Information or the Operating Data by the disclosure date required by subsection (a)(ii) of this Section.

(b) Information Provided to the Public by the Corporation. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 4 hereof, the Corporation shall make, or cause the Disclosure Agent to make, public all notices of the occurrence of any Event relating to the Corporation or the Bonds, in a timely manner, within ten business days after the occurrence of the Event. For purposes of clarity, the Corporation shall be responsible to provide notice of Events relating to the payment, redemption, and administration of the Bonds so long as the Bonds are outstanding.

(c) Information Provided to the Public by the County. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 4 hereof, the County shall make, or cause the Disclosure Agent to make, public all notices of the occurrence of any Event relating to the County and impacting the Bonds (but not otherwise required to be disclosed by the Corporation under Section 3(b) hereof), in a timely manner, within ten business days after the occurrence of the Event.

(d) Dates Information is to be Provided to the Public. The Annual Financial Information and the Operating Data and, subject to the timing requirement set forth in subsection (a)(ii) of this Section, notices of all Event occurrences shall be made public on the same day as notice thereof is given to the Holders of the outstanding Bonds, if such notice is required under the terms of the Authorizing Legislation or the Bonds, and such information shall not be made public before the date of any such notice.

(e) Means of Making Information Public.

(i) Information shall be deemed to have been made public by an Obligated Person or the Disclosure Agent under this Agreement if such information is transmitted as provided in subsection (e)(ii) of this Section, by the following means:

(A) to the Holders of the outstanding Bonds, by first class mail, postage prepaid;

(B) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB; or

(C) to the SEC, by (1) electronic facsimile transmissions, confirmed by first class mail, postage prepaid, or (2) first class mail, postage prepaid; provided, however, that the applicable Obligated Person or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the applicable Obligated Person or the Disclosure Agent, as the case may be, and the SEC.

(ii) The following information shall be transmitted to the following parties:

(A) All of the information required to be provided to the public under and in accordance with subsections (a), (b), or (c) of this Section shall also be transmitted to the MSRB.

(B) All of the information required to be provided to the public under and in accordance with subsection (a) of this Section shall also be made available, upon request, to any Holder of the Bonds, but need not be transmitted to the Holders of the Bonds who do not so request.

(iii) To the extent AOC is obligated to file any Annual Financial Information and Operating Data with the MSRB under this Agreement, such Annual Financial Information and Operating Data may be set forth in the document or set of documents transmitted to the MSRB or may also be included by specific reference to documents available to the public on the MSRB's Electronic Municipal Market Access (EMMA) system or filed with the SEC.

(iv) An Obligated Person or the Disclosure Agent may require payment from the Holders of the Bonds in connection with a request from a Holder for periodic information regarding the finances or operational data of such Obligated Person or for information regarding the occurrence of any Event under and in accordance with subsection (e)(ii)(B) of this Section, by charging any Holder that makes such a request for (A) the reasonable costs incurred by such Obligated Person or the Disclosure Agent in duplicating and transmitting the requested information to such Holder, and (B) the reasonable administrative expenses incurred by such Obligated Person or the Disclosure Agent in providing the requested information to such Holder.

Section 4. Amendment or Modification. Notwithstanding any other provision of this Agreement to the contrary, the Obligated Persons may collectively amend this Agreement and waive any provision hereof, so long as such amendment or waiver is supported by an opinion of nationally recognized bond counsel with expertise in federal securities law, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in the Rule or the official interpretation thereof, as well as any change in circumstance.

Section 5. Miscellaneous.

(a) Termination. The obligations of the Obligated Persons and any Disclosure Agent under this Agreement shall terminate when all of the Bonds are, or are deemed to be, no longer outstanding by reason of redemption or legal defeasance or at maturity.

(b) Additional Information. Nothing in this Agreement shall be deemed to prevent the Obligated Persons from (i) disseminating any other information using the means of dissemination set forth in this Agreement or any other means of communication, or (ii) including any other information, in addition to the information required by this Agreement, in any Annual Financial Information, Operating Data, or notice of the occurrence of an Event provided hereunder. If any Obligated Person chooses to include any additional information in any Annual Financial Information, Operating Data, or notice of the occurrence of an Event in addition to that which is specifically required by this Agreement, such Obligated Person shall have no obligation under this Agreement to update such additional information or to include it in any future Annual Financial Information, Operating Data, or notice of the occurrence of an Event provided hereunder.

(c) Defaults; Remedies. If any Obligated Person or the Disclosure Agent fails to comply with any of the provisions of this Agreement, any Holder of the Bonds may take any such action as may be necessary and appropriate,

including seeking an action in mandamus or for specific performance, to cause such Obligated Person or the Disclosure Agent, as the case may be, to comply with its respective obligations hereunder. Any default under this Agreement shall not constitute a default on the Bonds, and the sole remedy available in any proceeding to enforce this Agreement shall be an action to compel specific performance.

(d) Beneficiaries. This Agreement shall inure solely to the benefit of the Obligated Persons, the Disclosure Agent, if any, the Participating Underwriter, and the Holders or Beneficial Owners of the Bonds and shall create no rights in any other person or entity.

Section 6. Additional Disclosure Obligations. The Obligated Persons acknowledge and understand that other state and federal laws, including, but not limited to, the Securities Act of 1933, the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, may apply to the Obligated Persons and that, under certain circumstances, their compliance with this Agreement, without additional disclosures or other action, may not fully discharge all of the duties and obligations of the Obligated Persons under such laws.

Section 7. Notices. Any notices or communications to an Obligated Person may be given as follows:

If to AOC: Administrative Office of the Courts
 1001 Vandalay Drive
 Frankfort, Kentucky 40601
 Attention: Director

If to the County: County of Butler, Kentucky
 110 North Main Street
 P.O. Box 626
 Morgantown, Kentucky 42261
 Attention: Judge/Executive

If to the Corporation: Butler County Properties Corporation
 110 North Main Street
 P.O. Box 626
 Morgantown, Kentucky 42261
 Attention: Chair

[Signature page to follow]

SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COMMONWEALTH OF KENTUCKY
ADMINISTRATIVE OFFICE OF THE COURTS

By: _____
Director

By: _____
Budget Director

COUNTY OF BUTLER, KENTUCKY

By: _____
Judge/Executive

Attest:

By: _____
Fiscal Court Clerk

BUTLER COUNTY PROPERTIES CORPORATION

By: _____
Chair

Attest:

By: _____
Secretary

APPENDIX E

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Form of Approving Legal Opinion Bond Counsel Opinion

The form of the legal approving opinion of Dinsmore & Shohl LLP, as Bond Counsel for the Bonds, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances, both factual and legal, at the time of such delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in such opinion after the date of such opinion.

[Date of Delivery]

Butler County Properties Corporation
Morgantown, Kentucky

County of Butler, Kentucky
Morgantown, Kentucky

Ladies and Gentlemen:

We have examined the transcript of proceedings for the issue of \$23,870,000* First Mortgage Revenue Bonds (Judicial Center Project), Series 2026, dated September 30, 2026 (the “Bonds”), issued by the Butler County Properties Corporation (the “Corporation”), acting as an agency, instrumentality, and constituted authority of the County of Butler, Kentucky (the “County”), bearing interest and maturing as provided by a Mortgage Deed of Trust dated as of July 1, 2022, as so amended and supplemented by (i) the First Supplemental Mortgage Deed of Trust dated as of May 1, 2024, (ii) the Second Supplemental Mortgage Deed of Trust dated as of October 1, 2025, and (iii) the Third Supplemental Mortgage Deed of Trust dated as of September 1, 2026, each by and between the Corporation and U.S. Bank Trust Company, National Association, as Trustee thereunder (collectively, the “Mortgage”).

The Bonds are authorized under and by virtue of the Constitution and laws of the Commonwealth of Kentucky, including, particularly, Sections 58.010 to 58.150, inclusive, of the Kentucky Revised Statutes, a resolution adopted by the Fiscal Court of the County on September 4, 2026, and a resolution adopted by the Board of Directors of the Corporation on September 4, 2026.

The facilities to be financed and refinanced with the proceeds of the Bonds (the “Project”) have been leased by the Corporation to the Commonwealth of Kentucky Administrative Office of the Courts (“AOC”) and the County under a Contract, Lease Agreement, and Option dated as of July 1, 2022, as amended and supplemented by (i) a First Supplemental Contract, Lease Agreement, and Option dated as of May 1, 2024, (ii) a Second Supplemental Contract, Lease Agreement, and Option dated as of October 1, 2025, and (iii) a Third Supplemental Contract, Lease Agreement, and Option dated as of September 1, 2026 (collectively, the “Lease”), each by and among the Corporation, the County, and AOC, which Lease provides for rental payments sufficient to pay the principal of and interest on the Bonds. The County and the Corporation are under no obligation to make payments on the Bonds except from the proceeds of the Bonds and the payments to be made by AOC under the Lease. The County has agreed to operate, maintain, insure, and repair the Project so long as any Bonds remain outstanding, but solely from payments to be made by AOC under the Lease.

The Bonds are secured by a mortgage lien created by the Mortgage and all receipts derived therefrom. The Lease has been assigned to the Trustee.

We have examined a specimen Bond of this issue and approve its form.

Based on the foregoing, we are of the opinion that:

1. The Corporation is a nonprofit no-stock corporation, organized, and duly organized and existing under the provisions of Chapter 58 and Chapter 273 of the Kentucky Revised Statutes to act as an agency, instrumentality, and constituted authority of the County.

2. The Bonds, the Lease, and the Mortgage have all been duly authorized, executed, and delivered by the Corporation and constitute valid, binding, and enforceable obligations of the Corporation, and the Lease has been duly authorized, executed, and delivered by AOC and constitutes a valid, binding, and enforceable obligation of AOC.

* Preliminary, subject to change.

3. The Bonds constitute special and limited obligations of the Corporation and the principal of and interest and any premium on the Bonds (collectively, the “debt service”), are payable solely from the revenues and other moneys pledged and assigned by the Mortgage to secure such payments. The Bonds and the payment of the debt service thereon are not secured by an obligation or pledge of any moneys raised by taxation and the Bonds do not represent or constitute an indebtedness of the County or AOC, nor a pledge of the full faith and credit or the taxing power of the County or the Commonwealth of Kentucky or any political subdivision thereof.

4. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Further, interest on the Bonds will not be treated as a specific item of tax preference in computing the federal alternative minimum tax imposed on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding, or disposing of the Bonds.

5. The interest on the Bonds is not subject to income taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or any political subdivision thereof.

Neither the Corporation nor the County has designated the Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

This opinion is based upon laws, regulations, rulings, and decisions in effect on the date hereof. In giving this opinion, we have relied upon covenants and certifications of facts, estimates, and expectations made by the Corporation, the County, AOC, and others, which we have not independently verified. It is to be understood that the enforceability of the Bonds, the Mortgage, and the Lease may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and to exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

APPENDIX F

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Book-Entry Only System

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity date of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of any Bonds under the DTC system must be made by or through the Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (each, a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of their transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into such transactions. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds, as DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and any other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to the Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of any significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, the Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners of the Bonds. In the alternative, the Beneficial Owners of the Bonds may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by any Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by the Participants to the Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or of the Trustee, the disbursement of such payments to Direct Participants will be the responsibility of DTC, and the disbursement of such payments to Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository for the Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or any successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information set forth in this Appendix F concerning DTC and DTC's book-entry system has been obtained from sources the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

APPENDIX G

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$23,870,000*

BUTLER COUNTY PROPERTIES CORPORATION FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT), SERIES 2026

Notice is hereby given that electronic bids will be received by the Butler County Properties Corporation (the “Corporation”), until 11:00 a.m. E.T. on September 16, 2026 (or at such later time and date announced at least 48 hours in advance via the BiDCOMP/PARITY® system), for the purchase of \$23,870,000* principal amount of its First Mortgage Revenue Bonds (Judicial Center Project), Series 2026 (the “Bonds”). Alternatively, written and sealed or facsimile bids submitted by the designated time will be received by the Judge/Executive of the County of Butler, Kentucky (the “County”) at 110 North Main Street, Morgantown, Kentucky 42261 (FAX: (270) 526-3958). Electronic bids must be submitted via the BiDCOMP/PARITY® system, as described herein, and bids submitted via any other provider of electronic bidding services will not be accepted. All bids received for the Bonds will be opened and acted upon on September 16, 2026.

STATUTORY AUTHORITY, PURPOSE OF ISSUE, AND SECURITY

The Bonds are authorized pursuant to the Constitution and laws of the Commonwealth of Kentucky, including, particularly, Sections 58.010 through 58.150, inclusive, of the Kentucky Revised Statutes, and a resolution adopted by the Fiscal Court of the County on September 4, 2026, and a resolution adopted by the Board of Directors of the Corporation on September 4, 2026. The Bonds will be secured by a foreclosable first mortgage lien on the Project (as defined herein) being financed by the Bonds. The Bonds will be also secured by the Corporation’s assignment of its right, title, and interest in and to a Contract, Lease, and Option dated as of July 1, 2022, as amended and supplemented by (i) a First Supplemental Contract, Lease Agreement, and Option dated as of May 1, 2024, (ii) a Second Supplemental Contract, Lease Agreement, and Option dated as of October 1, 2025, and (iii) a Third Supplemental Contract, Lease Agreement, and Option dated as of September 1, 2026 (collectively, the “Lease”), each by and among the Corporation, the County, and the Commonwealth of Kentucky Administrative Office of the Courts (“AOC”), providing for the lease of the Project and the Project Site (as defined therein) to AOC and the County on an automatically renewable biennial basis and annual basis, respectively, in exchange for rental payments in amounts adequate to meet the principal and interest payments for the Bonds as and when due.

The Bonds are being issued for the purposes of (i) refunding the Corporation’s First Mortgage Revenue Bond Anticipation Note (Judicial Center Project), Series 2025, (ii) providing permanent financing for the costs of the acquisition, construction, installation, and equipping of new courthouse facilities in the County (the “Project”), (ii) paying the costs of credit enhancement for the Bonds, if any, and (iii) paying the costs of issuance of the Bonds.

BOND MATURITIES, OPTIONAL REDEMPTION PROVISIONS, AND TRUSTEE

The Bonds will be dated their date of initial delivery, bearing interest from such date, payable on each June 1 and December 1, commencing June 1, 2027, and are scheduled to mature as follows:

Maturity Date	Principal Amount*	Maturity Date	Principal Amount*
June 1, 2027	\$985,000	June 1, 2038	\$1,060,000
June 1, 2028	\$655,000	June 1, 2039	\$1,100,000
June 1, 2029	\$690,000	June 1, 2040	\$1,145,000
June 1, 2030	\$725,000	June 1, 2041	\$1,195,000
June 1, 2031	\$760,000	June 1, 2042	\$1,250,000
June 1, 2032	\$795,000	June 1, 2043	\$1,310,000
June 1, 2033	\$835,000	June 1, 2044	\$1,375,000
June 1, 2034	\$880,000	June 1, 2045	\$1,440,000
June 1, 2035	\$925,000	June 1, 2046	\$1,510,000
June 1, 2036	\$970,000	June 1, 2047	\$1,585,000
June 1, 2037	\$1,015,000	June 1, 2048	\$1,665,000

The Bonds maturing on and after June 1, 2037 shall be subject to optional redemption prior to their maturity on June 1, 2036 or any day thereafter, in whole or in part, in such order of maturity as may be selected by the Corporation and

* Preliminary, subject to change.

by lot within a maturity, at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued interest thereon to the date of redemption.

U.S. Bank Trust Company, National Association, Louisville, Kentucky (the “Trustee”), has been appointed as the Trustee, Paying Agent, and Registrar for the Bonds under the Mortgage Deed of Trust dated as of July 1, 2022, as so amended and supplemented by (i) the First Supplemental Mortgage Deed of Trust dated as of May 1, 2024, (ii) the Second Supplemental Mortgage Deed of Trust dated as of October 1, 2025, and (iii) the Third Supplemental Mortgage Deed of Trust dated as of September 1, 2026, each by and between the Corporation and the Trustee (collectively, the “Mortgage”), governing the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

(A) All electronic bids for the Bonds must be submitted through the BiDCOMP/PARITY[®] system, and no other provider of electronic bidding services will be accepted. A subscription to the BiDCOMP/PARITY[®] Competitive Bidding System is required in order to submit an electronic bid for the Bonds. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time maintained by BiDCOMP/PARITY[®] shall constitute the official time with respect to all bids, whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP/PARITY[®] conflict with any of the terms of these Official Terms and Conditions of Bond Sale, these Official Terms and Conditions of Bond Sale shall prevail. All electronic bids made through the BiDCOMP/PARITY[®] facilities shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed, and written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP/PARITY[®]. Use of BiDCOMP/PARITY[®] facilities is at the sole risk of the prospective bidders. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Forms. Written and sealed bids (in a sealed envelope marked “Official Bid for the Bonds”) or facsimile bids for the Bonds delivered by the designated time will also be received by the Judge/Executive of the County at 110 North Main Street, Morgantown, Kentucky 42261 (FAX: (270) 526-2658). The Official Bid Form, together with a Preliminary Official Statement for the Bonds, may be obtained from the office of the Municipal Advisor to the County, Compass Municipal Advisors, 110 West Vine Street, Suite 240, Lexington, Kentucky 40507, Telephone: (859) 368-8052.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$23,392,600 (98.00% of par) (excluding original issue discount, if applicable), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the Bonds must be in multiples of 0.125% and/or 0.05%, which rates are not required to be on an ascending scale, in that the rate on the Bonds in any maturity may be more or less than the rate on the Bonds for any preceding maturity, and all Bonds of the same maturity shall bear the same, single interest rate from the date thereof to maturity. No interest rate for the Bonds may exceed 5.000%.

(D) The determination of the best bid for the Bonds will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal of and interest on the Bonds (compounded semiannually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds, as set forth in the Official Bid Form, for exactly \$23,870,000 principal amount of the Bonds offered for sale hereunder. Upon determination of the lowest true interest rate, the principal amounts of the Bonds shall be immediately adjusted by the Corporation to determine the maturities of its final bond issue. The successful bidder will be required to accept the final Bonds in the amounts so computed, whether the principal amount has been increased by up to \$1,130,000 or decreased by any amount (the “Permitted Adjustment”) and to pay the purchase price based upon the aggregate amount of the final issue.

The Corporation also has the right to adjust individual principal maturity amounts of the Bonds, even if the total amount of the Bonds does not change, in order to promote desired annual debt service levels. If the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each such maturity and the Underwriter’s Discount on the Bonds, as submitted by the successful bidder, shall be held constant. The Underwriter’s Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

The successful bidder for the Bonds will be notified by no later than 5:00 p.m. (Eastern Time) on the sale date of the exact revisions and/or adjustment required, if any.

(E) Bidders have the option of specifying that Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such years and be subject to mandatory sinking fund redemption, at par, in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.

(F) The successful purchaser will be required to pay the cost for obtaining CUSIP identification numbers for the Bonds. CUSIP identification numbers will be printed on the Bonds at the expense of the Corporation. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the accepted bid for the purchase of the Bonds.

(G) The Corporation will provide the successful purchaser with a final Official Statement in accordance with SEC Rule 15c2-12. The final Official Statement will be provided in electronic form to such purchaser, in sufficient time to meet the delivery requirements of the SEC and Municipal Securities Rulemaking Board. The successful bidder will be required to pay for the printing of the final Official Statement.

(H) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer, to the order of the Corporation, an amount equal to 2% of the amount of the final principal amount of Bonds awarded, by the close of business on the day following the award. The good faith amount will be forfeited as liquidated damages upon any failure of the successful bidder to take delivery of the Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within forty-five days from the date the bid is accepted.

(I) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). A fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (each, a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or any securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners of the Bonds will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except if use of the book-entry system for the Bonds shall be discontinued. The successful bidder may also elect to notify the Municipal Advisor within twenty-four hours of the award that standard bond certificates be issued. If certificated Bonds are to be issued at the election of a successful bidder, the costs of printing such bond certificates shall be borne by such bidder.

(J) The Corporation reserves the right to reject any and all bids, to waive any informality in any bid, or, upon twenty-four hours advance notice prior to the sale date given through BiDCOMP/PARITY®, to postpone the sale date of the Bonds. The Bonds are offered for sale subject to the principal and interest on the Bonds not being subject to federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, all in accordance with the final approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, as Bond Counsel for the Bonds, which opinion will be qualified in accordance with the section hereof entitled TAX TREATMENT.

(K) Bidders are advised that Compass Municipal Advisors, LLC, Lexington, Kentucky, has been employed as the Municipal Advisor in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

(L) The purchaser of the Bonds will be required to certify to the Corporation with respect to certain of its activities regarding any reoffering of the Bonds to the public, including reoffering prices for the Bonds. This information

from the purchaser of the Bonds shall also be made available to the Municipal Advisor immediately following the sale of the Bonds.

(M) Unless all bids for the Bonds are rejected, the Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid results in the lowest true interest cost for the Bonds, to be calculated as that rate (or yield) which, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semiannually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds, exclusive of any accrued interest. For purposes of calculating the true interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year for the Bonds. If more than one bidder offers to purchase the Bonds at the same lowest true interest cost, then the Chair of the Corporation, with the advice of the Municipal Advisor, shall determine (in his sole discretion) which of the bidders shall be awarded the Bonds.

(N) Additional information regarding the Bonds, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale, and the Official Bid Form, may be obtained at the office of the Municipal Advisor to the Corporation, Compass Municipal Advisors, LLC, at 110 West Vine Street, Suite 240, Lexington, Kentucky 40507, Telephone: (859) 368-8052, and any additional information with respect to BiDCOMP/PARITY[®] may be obtained from BiDCOMP/PARITY[®], at 1359 Broadway – 2nd Floor, New York, New York 10018, Telephone: (800) 850-7422.

(O) At the election and cost of the purchaser of the Bonds, all or any portion of the Bonds may be insured under a municipal bond insurance policy. In such event, the Corporation agrees to cooperate with the purchaser to qualify such Bonds for bond insurance; provided, however, that the Corporation will not assume any of the expenses incident to the issuance of any such bond insurance policy, other than the costs for securing the rating on the Bonds from Moody's Investors Services, Inc.

(P) The successful bidder for the Bonds shall assist the Corporation in establishing the issue price of the Bonds and shall execute and deliver to the Corporation, at closing, an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sale prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1 or A-2, as applicable, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Corporation, and Bond Counsel. All actions to be taken by the Corporation under these Official Terms and Conditions of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the Corporation by the Municipal Advisor identified herein and any notice or report to be provided to the Corporation shall be provided to the Municipal Advisor.

The Corporation intends that the provisions of Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (i) the Corporation will disseminate these Official Terms and Conditions of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Corporation may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the Corporation expects to award the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of Bond Sale.

Any bid submitted under these Official Terms and Conditions of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(Q) If the competitive sale requirements are not satisfied, the Corporation shall so advise the applicable winning bidder. The Corporation will treat the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation if the Corporation determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the Bonds shall assist the Corporation in establishing the issue price of the Bonds and shall execute and deliver to the Corporation at Closing an “issue price” or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be necessary or appropriate, in the reasonable judgment of the winning bidder, the Corporation, and Bond Counsel.

(R) The Corporation hereby acknowledges that, in making the representations set forth herein, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires; (ii) if a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires; and (iii) if an underwriter is a party to a retail distribution agreement employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Corporation further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(S) By submitting a bid, each bidder confirms that (i) any agreement among underwriters, any selling group agreement, and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or by such underwriter and as set forth in the related pricing wires.

CONTINUING DISCLOSURE

In accordance with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”), and so long as the Bonds are outstanding, the Corporation, the County, and AOC (each, an “Obligated Person”) will agree, under a continuing disclosure agreement to be dated as of the date of issuance and delivery of the Bonds (the “Disclosure Undertaking”), to cause the following information to be provided:

(i) AOC shall agree to provide to the Municipal Securities Rulemaking Board (the “MSRB”), or to any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB’s Electronic Municipal Market Access (“EMMA”) system, as so described in 1934 Act Release No. 59062, or any similar system acceptable to the SEC, for each fiscal year of the Commonwealth of Kentucky (the “Commonwealth”), the annual comprehensive financial report of the Commonwealth set forth in Appendix B to the Official Statement (the “Annual Financial Information”). Annual Financial Information shall be provided within nine months after the end of each fiscal year ending on June 30, commencing with the fiscal year ended June 30, 2026; provided, however, that if the Annual Financial Information is not available by such date, it will be made available immediately upon delivery thereof by the auditors for the Commonwealth; and

(ii) Except as otherwise provided below, each Obligated Person, to the extent applicable, shall agree to provide to the MSRB, through EMMA, in a timely manner, not in excess of ten business days after the occurrence thereof, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;

- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of any proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701-TEB), or other material notice or determination with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership, or similar event of such Obligated Person (Note – This event is considered to occur upon the occurrence of any of the following: The appointment of a receiver, fiscal agent, or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or any other state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession of such assets or business but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by any court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of such Obligated Person);
- (m) The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into any definitive agreement to undertake such an action, or the termination of any definitive agreement relating to any such action, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a financial obligation of an Obligated Person, if material, or any agreement to covenants, events of default, remedies, priority rights, or other similar terms of any financial obligation of an Obligated Person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or any other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

Notwithstanding the foregoing, to the extent a required notice relates directly to the Bonds and not a condition particular to the County or AOC, such notice shall be provided by the Corporation on behalf of each Obligated Person.

- (iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which AOC has knowledge) of AOC to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including any beneficial owners of the Bonds, with certain enforcement rights upon a failure by an Obligated Person to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Mortgage. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule, as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds; and
- (c) there are no liquidity providers applicable to the Bonds.

TAX TREATMENT

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, the interest on the Bonds will be excludible from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, Bond Counsel is of the opinion that interest on the Bonds is exempt from Kentucky income taxation and that the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion of the interest on obligations, such as the Bonds, from gross income for federal income tax purposes. The Corporation has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for federal income tax purposes, and such inclusion could be required retroactively to the issue date of the Bonds. The approving legal opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bonds and any other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the tax status of the interest thereon if any such change occurs or any such action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel is of the opinion that the interest on the Bonds will be excludible from gross income for federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’s federal, state, or local tax liabilities. The nature and extent of the other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinion regarding any tax consequences other than what is set forth in its approving legal opinion for the Bonds, and each Bondholder or potential Bondholder is urged to consult with tax counsel regarding the effects of purchasing, holding, or disposing of the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state, or local tax consequences for certain taxpayers. Such effects may include, without limitation, (i) increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code; (ii) increasing the federal tax liability of certain insurance companies under Section 832 of the Code; (iii) increasing the federal tax liability and affecting the status of certain S Corporations subject to Section 1362 and Section 1375 of the Code; (iv) increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code; and (v) limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. The ownership of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain taxpayers under Section 265 of the Code. In addition, residence of a holder of Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Neither the Corporation nor the County has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code.

/s/ Timothy Flener
Chair,
Butler County Properties Corporation

EXHIBIT A-1
TO
OFFICIAL TERMS AND CONDITIONS OF BOND SALE
FORM OF ISSUE PRICE CERTIFICATE
[In case of receipt of at least three qualified bids for the Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

Dated September 30, 2026

Re: \$23,870,000* Butler County Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series 2026, dated September 30, 2026

The undersigned, on behalf of [Name of Underwriter] (the “[Underwriter]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A attached hereto (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached hereto as Schedule B hereto is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds.

(b) The Underwriter was not given the opportunity to review other bids before submitting its bid.

(c) The bid submitted by the Underwriter constituted a firm offer to purchase the Bonds.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

3. Yield. It computed the yield on the Bonds, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds, is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

4. Weighted Average Maturity. The weighted average maturity of the Bonds has been calculated to be [WAM] years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account any mandatory redemptions), divided by the aggregate Expected Offering Prices of the Bonds as of the date hereof.

5. Defined Terms.

(a) “Issuer” means the Butler County Properties Corporation, in its capacity as an agency, instrumentality, and constituted authority of the County of Butler, Kentucky.

(b) “Maturity” means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party,” for purposes of this certificate, generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 16, 2026.

* Preliminary, subject to change.

(e) “Underwriter” means (i) any person that agrees, under a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate), to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees, under a written contract, directly or indirectly, with a person described in clause (i) of this paragraph, to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain representations set forth in the foregoing tax certificate for the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

By: _____
Name: _____

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE
EXPECTED OFFERING PRICES
(See attachment)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

COPY OF BID

(See attachment)

EXHIBIT A-2
TO
OFFICIAL TERMS AND CONDITIONS OF BOND SALE

FORM OF ISSUE PRICE CERTIFICATE
[In case of receipt of less than three qualified bids for the Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

Dated September 30, 2026

Re: \$23,870,000* Butler County Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series 2026, dated September 30, 2026

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”]), on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A attached hereto.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A hereto (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached hereto as Schedule B.

(b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Under such agreement, no Underwriter has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. CUSIP Number. The CUSIP number assigned to the final maturity of the Bonds is [CUSIP Number].

4. Yield. It computed the yield on the Bonds, [Yield]%, as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the Bonds, is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

5. Weighted Average Maturity. The weighted average maturity of the Bonds has been calculated to be [WAM] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account any mandatory redemptions), divided by the aggregate Initial Offering Prices of the Bonds as of the date hereof.

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

* Preliminary, subject to change.

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (September 23, 2026), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices which are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Issuer” means the Butler County Properties Corporation, in its capacity as an agency, instrumentality, and constituted authority of the County of Butler, Kentucky.

(e) “Maturity” means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 16, 2026.

(h) “Underwriter” means (i) any person that agrees, under a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate), to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees, under a written contract, directly or indirectly, with a person described in clause (i) of this paragraph, to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including, specifically, Section 103 and Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER][as Representative of
the Underwriter Group]

By: _____
Name: _____

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(See attachment)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE
PRICING WIRE OR EQUIVALENT COMMUNICATION
(See attachment)

APPENDIX H

**BUTLER COUNTY PROPERTIES CORPORATION
FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT),
SERIES 2026**

Official Bid Form

OFFICIAL BID FORM

BUTLER COUNTY PROPERTIES CORPORATION FIRST MORTGAGE REVENUE BONDS (JUDICIAL CENTER PROJECT), SERIES 2026

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$23,870,000* aggregate principal amount of the First Mortgage Revenue Bonds (Judicial Center Project), Series 2026, to be dated as of their date of initial issuance and delivery (the "Bonds"), being offered for sale by the Butler County Properties Corporation (the "Corporation") under and in accordance with the Preliminary Official Statement for the Bonds dated September 9, 2026, to which the undersigned hereby agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$23,870,000* principal amount of the Bonds, the total sum of \$_____ (not less than \$23,392,600) at the following annual rates, payable semiannually (rates are not required to be on an ascending scale, and the number of interest rates is unlimited):

Maturity (June 1)	Principal Amount*	Interest Rate	Maturity (June 1)	Principal Amount*	Interest Rate
2027	\$985,000	_____ %	2038	\$1,060,000	_____ %
2028	\$655,000	_____ %	2039	\$1,100,000	_____ %
2029	\$690,000	_____ %	2040	\$1,145,000	_____ %
2030	\$725,000	_____ %	2041	\$1,195,000	_____ %
2031	\$760,000	_____ %	2042	\$1,250,000	_____ %
2032	\$795,000	_____ %	2043	\$1,310,000	_____ %
2033	\$835,000	_____ %	2044	\$1,375,000	_____ %
2034	\$880,000	_____ %	2045	\$1,440,000	_____ %
2035	\$925,000	_____ %	2046	\$1,510,000	_____ %
2036	\$970,000	_____ %	2047	\$1,585,000	_____ %
2037	\$1,015,000	_____ %	2048	\$1,665,000	_____ %

Bids may be submitted electronically via PARITY® under this Notice until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may also be submitted until the appointed date and time (i) in a sealed envelope marked "Official Bid for the Bonds," or (ii) by facsimile transmission, and delivered to the office of the Judge/Executive of the County of Butler, Kentucky, at 110 North Main Street, Morgantown, Kentucky 42261 (FAX: (270) 526-2658). Neither the Corporation nor the Municipal Advisor assumes any responsibility whatsoever with respect to the receipt of bids, or that adequate personnel and/or equipment will be available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or otherwise delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered to be received by the appointed time. No bids will be received via telephone.

We understand that this bid may be accepted by the Corporation with variations in the maturing amounts at the same price per \$1,000 of the Bonds bid, with the variations in such amounts occurring in any maturity or in all maturities of the Bonds, which variations shall be determined by the Corporation at the time of its acceptance of the best bid for the Bonds.

It is understood that the Corporation will furnish the final approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, as Bond Counsel for the Bonds, concurrently with the delivery of the Bonds.

No certified check or bank cashier's check will be required to accompany the bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the day following the award. The good faith amount will be applied (without interest) to the purchase price of the Bonds when the Bonds are tendered for delivery.

* Preliminary, subject to change.

If we are the successful bidder, we agree to accept and make payment for the Bonds in federal funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

Telephone Number

By: _____
Signature

Total interest cost: Date of Delivery (estimated to be September 30, 2026) to Final Maturity \$ _____

(Less Premium) or Plus Discount, if any \$ _____

True interest cost \$ _____

True interest cost (%) _____ %

The above computation of true interest cost is submitted for information only and is not a part of this Bid.

Accepted by the Chair of the Butler County Properties Corporation for \$ _____ principal amount of the Bonds, at the price of \$ _____, as follows:

Maturity (June 1)	Principal Amount	Interest Rate	Maturity (June 1)	Principal Amount	Interest Rate
2027	\$ _____	_____ %	2038	\$ _____	_____ %
2028	\$ _____	_____ %	2039	\$ _____	_____ %
2029	\$ _____	_____ %	2040	\$ _____	_____ %
2030	\$ _____	_____ %	2041	\$ _____	_____ %
2031	\$ _____	_____ %	2042	\$ _____	_____ %
2032	\$ _____	_____ %	2043	\$ _____	_____ %
2033	\$ _____	_____ %	2044	\$ _____	_____ %
2034	\$ _____	_____ %	2045	\$ _____	_____ %
2035	\$ _____	_____ %	2046	\$ _____	_____ %
2036	\$ _____	_____ %	2047	\$ _____	_____ %
2037	\$ _____	_____ %	2048	\$ _____	_____ %

Chair,
Butler County Properties Corporation