



# KENTUCKY FINANCES STILL IN PERIL

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## THE FINANCIAL STATE OF KENTUCKY

A new analysis of the latest available comprehensive annual financial report found Kentucky had a Taxpayer Burden™ of \$39,200, earning it an 'F' grade based on Truth in Accounting's grading scale.

Financial decisions made by the state's elected officials over the years have left Kentucky with a \$50.3 billion shortfall, which equates to \$39,200 for every taxpayer. Most of the state's overall debt comes from contractually protected pension benefits and retiree health care costs. The state has promised \$40.6 billion in pensions and \$6.5 billion in other post-employment benefits. However, it hasn't set aside enough money to adequately fund these obligations.

Kentucky's financial condition is not only concerning, but also misleading as government officials have failed to disclose significant amounts of retirement debt on the state's balance sheet. As a result, residents and taxpayers have been presented with an inaccurate and untruthful accounting of the state government's finances.

### Here's the truth:

**\$50.3**  
billion

Money needed to  
pay bills

**-\$39,200**

Taxpayer  
Burden

**F**

Financial grade

Data included in this report is derived from the state of Kentucky's 2017 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

# KENTUCKY FINANCIAL BREAKDOWN

## FAST FACTS

- + Kentucky has \$12 billion available in assets to pay \$62.3 billion worth of bills.
- + The outcome: A \$50.3 billion shortfall and a \$39,200 Taxpayer Burden.
- + Despite reporting all of its pension debt, the state continues to hide \$3.1 billion of its retiree health care debt.
- + Kentucky's reported net position is inflated by \$7.5 billion, largely because it has delayed recognizing changes to its net pension liability.

### THE STATE'S BILLS EXCEED ITS ASSETS

Assets	\$51,642,568,000
<i>Minus:</i> Capital assets	-\$33,650,003,000
Restricted assets	-\$6,008,620,000
Assets available to pay bills	\$11,983,945,000
<i>Minus:</i> Bills	-\$62,258,778,000
Money needed to pay bills	-\$50,274,833,000
<b>Each taxpayer's share of this debt</b>	<b>-\$39,200</b>

### BILLS THE STATE HAS ACCUMULATED

Bonds	\$11,458,769,000
Other liabilities	\$9,437,609,000
<i>Minus:</i> Debt related to capital assets	-\$5,724,736,000
Unfunded pension benefits	\$40,560,666,000
Unfunded retiree health care	\$6,526,470,000
<b>Bills</b>	<b>\$62,258,778,000</b>

## GRADE: F

Bottom line: Kentucky would need more than \$20,000 from each of its taxpayers to pay all of its bills, so it has received an 'F' for its finances from Truth in Accounting.

Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information. To be knowledgeable participants in their government and its budget process, citizens need truthful and transparent financial information.