



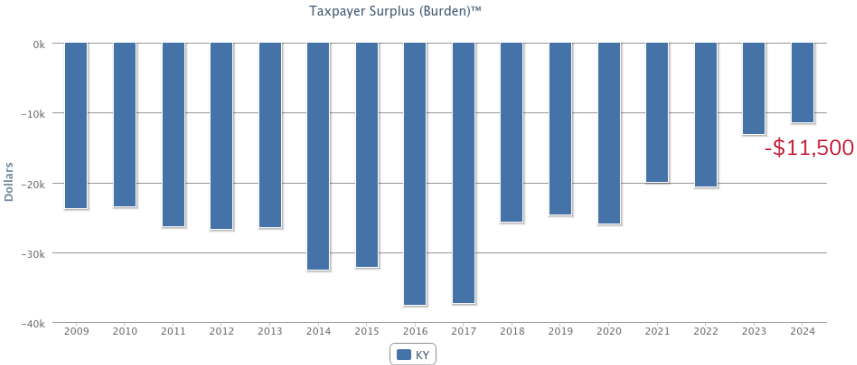


Kentucky's Financial Breakdown

Money Needed to Pay Bills	\$15.7 billion	
Taxpayer Burden	\$11,500	
Ranking (Out of 50)	42	
Financial Grade	D	

In 2024, Kentucky experienced an improvement in its financial situation, similar to that of many other states. But it still didn't have enough money to pay all of its bills and needed \$15.7 billion to fill the gap. That means each taxpayer would have to contribute \$11,500 to help pay off the commonwealth's debt. As a result, Kentucky earned a "D" grade from Truth in Accounting.

A key factor in the commonwealth's financial improvement was another year in which reported revenues exceeded expenses, aided by a significant \$1.2 billion reduction in net pension liability driven by strong investment performance. For example, Kentucky's Teachers' Retirement System generated an 11.91 percent return. While that helped bolster the commonwealth's fiscal outlook, it also underscores the inherent volatility of relying on market gains to fund long-term retirement obligations.



Kentucky has received substantial temporary federal aid since 2020 in response to the COVID-19 crisis. This additional funding contributed to improvements in the commonwealth's financial condition and increased its available resources to pay bills. However, as this aid declines and national budget tightening continues, future funding may return to more typical levels. This analysis models a return to 2019 federal grants and contributions, adjusted only for inflation. If that occurs, Kentucky could see a \$7.3 billion reduction in federal funding, which represents around 16 percent of projected expenses for the commonwealth's primary government and may present challenges for maintaining services and balancing the budget.

The data in this report is derived from Kentucky's audited 2024 Annual Comprehensive Financial Report and its retirement systems' reports. To explore prior years or compare financial, demographic, and economic data across other states and cities, visit Data-Z.org.

Kentucky's Financial Facts

- FACT #1:**
Kentucky had \$25.9 billion available to pay \$41.6 billion worth of bills.
- FACT #2:**
The outcome was a \$15.7 billion shortfall, which breaks down to a burden of \$11,500 per taxpayer.
- FACT #3:**
Kentucky may lose \$7.3 billion in federal funding (16 percent of expenses) if allocations return to 2019 levels, adjusted only for inflation.

The Commonwealth's Bills Exceeded Its Assets

Total Assets	\$76,856,979,000
Minus: Capital Assets	-\$40,210,268,000
Restricted Assets	-\$10,763,781,000
Assets Available to Pay Bills	\$25,882,930,000
Minus: Total Bills*	-\$41,591,166,000
Money Needed to Pay Bills	\$15,708,236,000
Each Taxpayer's Share of this Burden	\$11,500

*Breakdown of Total Bills

Bonds	\$9,791,416,000
Other Liabilities	\$10,917,159,000
Minus: Debt Related to Capital Assets	-\$8,223,179,000
Unfunded Pension Benefits	\$27,807,770,000
Unfunded Retiree Health Care Benefits	\$1,298,000,000
Total Bills	\$41,591,166,000

Grade:
D

Bottom line:
Kentucky would need \$11,500 from each of its taxpayers to pay all of its outstanding bills and received a "D" grade for its finances. According to Truth in Accounting's grading scale, any government with a Taxpayer Burden between \$5,000 and \$20,000 is given a "D" grade.



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