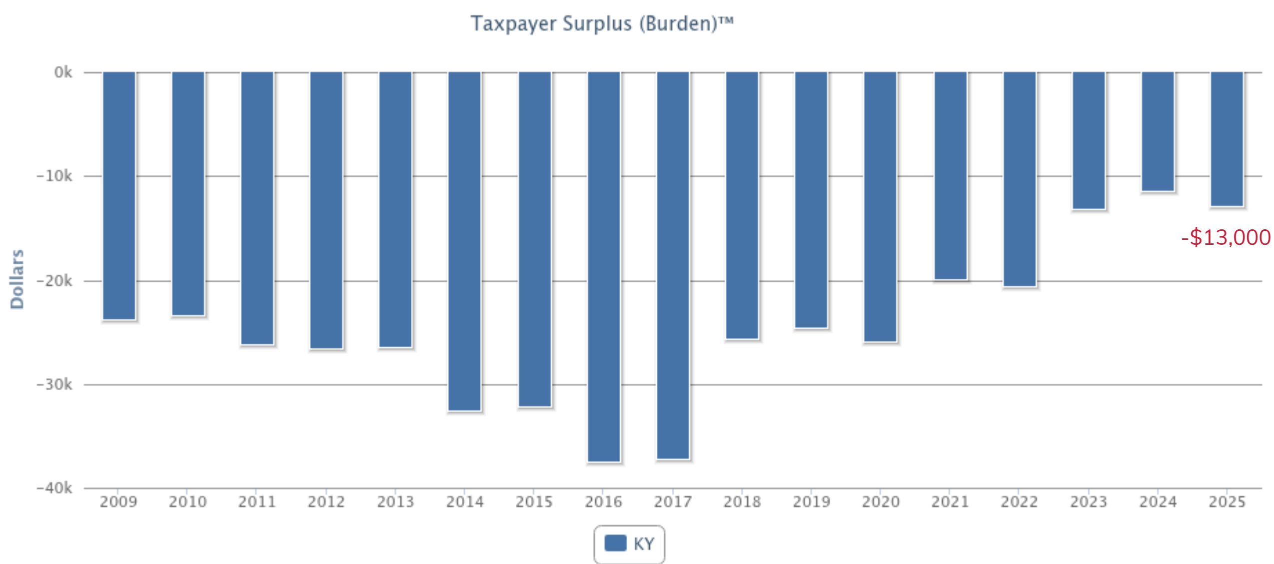
Financial State of Kentucky

Money Needed to Pay Bills	**$17.8 billion**
Taxpayer Burden™	**$13,000**
Grade	**D**

Kentucky’s obligations exceeded its available resources by $17.8 billion, resulting in a Taxpayer Burden of $13,000 and earning a “D” from Truth in Accounting.



The state’s money needed to pay bills increased primarily because of higher net investment in capital assets. While these assets may provide essential public services, they are not available to pay bills or meet financial obligations. As more resources are committed to infrastructure and other long-term assets, fewer resources remain available to satisfy existing commitments. While the state’s revenues exceeded expenses, its beginning net position was reduced by a $511.9 million accounting restatement primarily due to the recognizition of additional earned employee leave obligations.

Each year, the federal government mandates that entities receiving significant federal funds undergo a Single Audit. This comprehensive examination ensures the proper use of funds, compliance with laws and regulations, and the maintenance of reliable financial records. Kentucky’s new Department of Revenue Integrated System and Medicaid Management Information System enabled millions in duplicate tax credits and capitation payments. Individuals received multiple Medicaid IDs for extra benefits. Driver’s license logins shared across computers raised the risk of unauthorized access to driving privileges and other benefits.

The data in this report comes from Kentucky’s audited 2025 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 $26.6 billion available to pay $44.4 billion worth of bills.

FACT #2:
The outcome was a $17.8 billion shortfall, which breaks down to a burden of $13,000 per taxpayer.

FACT #3:
Auditors found security weaknesses in several key state computer systems, including those used for taxes, driver's licenses, payroll, and Medicaid. These issues increased the risk of unauthorized access to sensitive information.

The State's Bills Exceeded Its Assets

Total Assets		$80,733,511,000
Minus:	Capital Assets	-$41,845,336,000
	Restricted Assets	-$12,299,206,000
Assets Available to Pay Bills		$26,588,969,000
Minus:	Total Bills*	-$44,420,314,000
Money Needed to Pay Bills		$17,831,345,000
Each Taxpayer's Share of this Burden		$13,000

*Breakdown of Total Bills

Bonds		$11,053,821,000
Other Liabilities		$12,046,322,000
Minus:	Debt Related to Capital Assets	-$6,412,303,000
Unfunded Pension Benefits		$26,580,231,000
Unfunded Retiree Health Care Benefits		$1,152,243,000
Total Bills		$44,420,314,000

Grade:
D

Bottom line:
Kentucky would need $13,000 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.