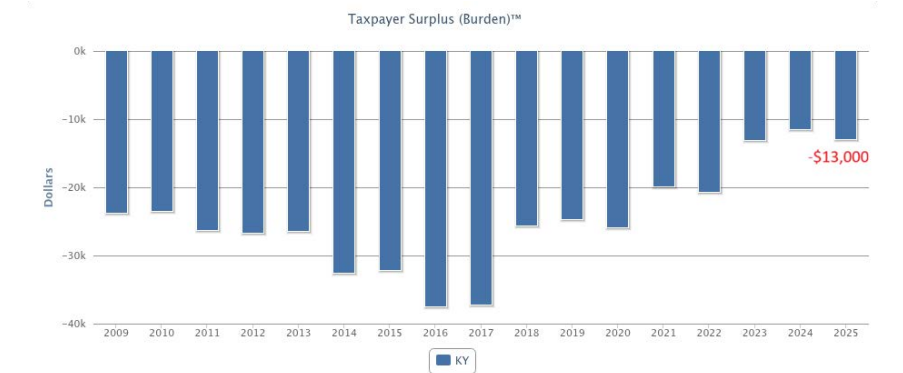


KENTUCKY'S FINANCIAL BREAKDOWN

Money Needed to Pay Bills	\$17.8 billion	Ranking (Out of 50)	45
Taxpayer Burden™	\$13,000	Financial Grade	D

Kentucky needed more money to pay its bills in 2025, with the shortfall rising to \$17.8 billion. This resulted in a Taxpayer Burden™ of \$13,000, which led to a “D” grade from Truth in Accounting.

The money needed to pay all its 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. The state’s reported financial position was reduced by \$511.9 million, primarily due to a new governmental accounting standard requiring recognition of earned employee leave obligations.



Kentucky received approximately \$24.2 billion in federal grants, which represented 37 percent of its revenue. The federal government mandates that entities receiving significant federal funds undergo a Single Audit. These audits are intended to be the taxpayers’ first line of defense against potential fraud and abuse. Auditors found problems with several Kentucky digital systems. Issues with the Department of Revenue and Medicaid systems led to millions of dollars in duplicate tax credits and Medicaid payments. The Medicaid system also allowed some people to receive multiple identification numbers, potentially giving them access to duplicate benefits. Auditors also found that driver’s license system logins were being used on multiple computers, increasing the risk of unauthorized access to driving privileges, age-restricted activities, and other benefits.

The data in this report is derived 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:**
Kentucky received 37 percent of its revenue from federal grants and was required to undergo a Single Audit, which identified potential fraud and abuse.

THE STATE'S BILLS EXCEEDED ITS ASSETS

\$80,733,511,000

→ Total Assets

- \$41,845,336,000

→ Minus: Capital Assets

- \$12,299,206,000

→ Minus: Restricted Assets

= \$26,588,969,000

→ Assets Available to Pay Bills

- \$44,420,314,000

→ Minus: Total Bills*

= \$17,831,345,000

→ Money Needed to Pay Bills

/ Divide by the estimated number of taxpayers

→

= \$13,000

→ Each Taxpayer's Share of This Burden

*BREAKDOWN OF TOTAL BILLS

\$11,053,821,000

→ Bonds

+ \$12,046,322,000

→ Other Liabilities

- \$6,412,303,000

→ Minus: Debt Related to Capital Assets

+ \$26,580,231,000

→ Unfunded Pension Benefits

+ \$1,152,243,000

→ Unfunded Retiree Health Care Benefits

= \$44,420,314,000

→ Total Bills



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.