



KENTUCKY'S FINANCES SEEMINGLY IMPROVED

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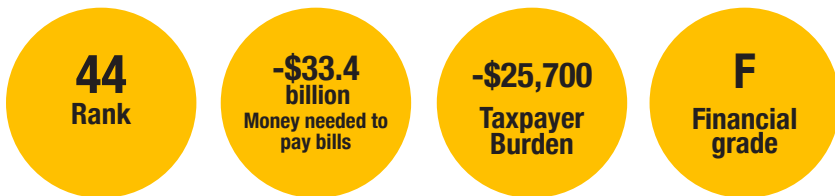
THE FINANCIAL STATE OF KENTUCKY

A new analysis of the latest available audited financial reports found Kentucky has a Taxpayer Burden™ of \$25,700, earning it an “F” grade from Truth in Accounting. Kentucky’s overall financial condition seemingly improved by 34 percent from the previous fiscal year.

Kentucky’s elected officials have made repeated financial decisions that have left the commonwealth with a debt burden of \$33.4 billion. That burden equates to \$25,700 for every commonwealth taxpayer. Kentucky’s financial problems stem mostly from unfunded retirement obligations that have accumulated over the years. Of the \$54.9 billion in retirement benefits promised, the commonwealth has not funded \$26.2 billion in pension and \$4.2 billion in retiree health care benefits.

Kentucky’s 2018-2020 budget provided additional funding for the state’s Teachers’ Retirement System (TRS). Based upon this level of funding and expected investment income, the TRS actuaries increased the percentage rate used to determine the current value of promised benefits. The result was a \$14.5 billion decline in this system’s estimated unfunded promises.

THE TRUTH:



KENTUCKY FINANCIAL BREAKDOWN

FAST FACTS

- Kentucky has \$11.5 billion available to pay \$44.9 billion worth of bills.
- The outcome is a \$33.4 billion shortfall, which breaks down to a burden of \$25,700 per taxpayer.
- Kentucky’s reported net position is inflated by \$5 billion, largely because the state defers recognizing losses incurred when the net pension liability increases.

THE COMMONWEALTH’S BILLS EXCEED ITS ASSETS

Total assets	\$52,684,772,000
<i>Minus:</i> Capital assets	-\$34,731,452,000
Restricted assets	-\$6,409,925,000
Assets available to pay bills	\$11,543,395,000
<i>Minus:</i> Total bills	-\$44,934,082,000
Money available (needed) to pay future bills	-\$33,390,687,000
Each taxpayer’s share of this debt	-\$25,700

BILLS THE COMMONWEALTH HAS ACCUMULATED

Bonds	\$11,631,341,000
Other liabilities	\$8,657,117,000
<i>Minus:</i> Debt related to capital assets	-\$5,714,118,000
Unfunded pension benefits	\$26,152,540,000
Unfunded retiree health care benefits	\$4,207,202,000
Total bills	\$44,934,082,000

GRADE: F

Bottom line: Kentucky would need \$25,700 from each of its taxpayers to pay all of its bills, so it has received an “F” for its finances. According to Truth in Accounting’s grading scale, any government with a Taxpayer Burden greater than \$20,000 receives an “F.”

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