



Auditor of Public Accounts
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Auditor Harmon Releases Audit of Employer Allocations of the Pension and Other Post-Employment Benefit Funds of the Kentucky Retirement Systems for Fiscal Year 2018

Audits break down each employer's portion of the pension and post-employment liabilities, pension expense and other amounts

FRANKFORT, Ky. (May 2, 2019) – Mike Harmon, Kentucky's 47th Auditor of Public Accounts, has released audits by his office of the employer allocations of the pension and other post-employment benefit (OPEB) amounts for the Kentucky Retirement Systems (KRS) for Fiscal Year 2018.

"This audit is important to both stakeholders and taxpayers, as it breaks down the liability in dollars of each and every state agency, county government, and other organizations that are under the KRS retirement umbrella," said Auditor Harmon in releasing the report. "The audit shows the amount each employer contributes, and the burden each employer has for pensions and other benefits to Kentucky's main public pension system."

Of the \$13.6 billion in net pension liabilities related to the Kentucky Employees' Retirement System (KERS) non-hazardous system for Fiscal Year 2018, the top five employers with the largest pension liability by amount are:

1. **\$1.57 billion:** Kentucky Transportation Cabinet, Department of Highways
2. **\$1.5 billion:** Cabinet for Health and Family Services, Department for Community Based Services
3. **\$469.8 million:** Administrative Office of the Courts (AOC)
4. **\$445 million:** Kentucky Unified Prosecutorial System
5. **\$405.7 million:** Justice and Public Safety Cabinet, Department of Juvenile Justice

The six participating universities and the Kentucky Community and Technical College System (KCTCS) have a combined liability of more than \$1 billion in the KERS non-hazardous system alone.

More than \$505 million in pension liabilities were reported in the KERS' hazardous system for Fiscal Year 2018. Of that, \$424.7 million is allocated to the Department of Corrections. That equates to 84 percent of the total amount for FY18.

Auditor Harmon's audit report shows over \$6 billion in net pension liabilities in FY18 for the non-hazardous system for the County Employees' Retirement System (CERS). From that amount, the top five employers are:

1. **\$471.6 million:** Jefferson County Board of Education
2. **\$363 million:** Louisville/Jefferson County Metro Government
3. **\$189.7 million:** Lexington/Fayette County Urban Government
4. **\$142.8 million:** AOC
5. **\$137.8 million:** Fayette County Board of Education

More than \$2.4 billion in net pension liabilities for FY18 were reported in the CERS' hazardous system. The top five employers by amount in CERS hazardous are:

1. **\$670.5 million:** Louisville/Jefferson County Metro Government
2. **\$70.4 million:** City of Covington
3. **\$59.8 million:** City of Bowling Green
4. **\$58 million:** Lexington/Fayette County Urban Government
5. **\$45.6 million:** City of Owensboro

"This audit report gives every state and local government agency, and others in KRS an idea of what their share of the pension and other post-employment benefits liabilities are to the retirement systems," Auditor Harmon said. "This is essential in allowing agencies to prepare future budgets accordingly, and also gives the General Assembly a better idea about how pension and post-employment costs are impacting the individual participating state agencies, county governments, universities and other quasi-governmental agencies."

The allocations for the participating employers have been determined in accordance with requirements promulgated by GASB Statements No. 68 for pensions, and 75 for other post-employment benefits. The full audit on the employer allocations for pension amounts can be found [here](#), and the audit report on other post-employment benefit amounts can be found [here](#).

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