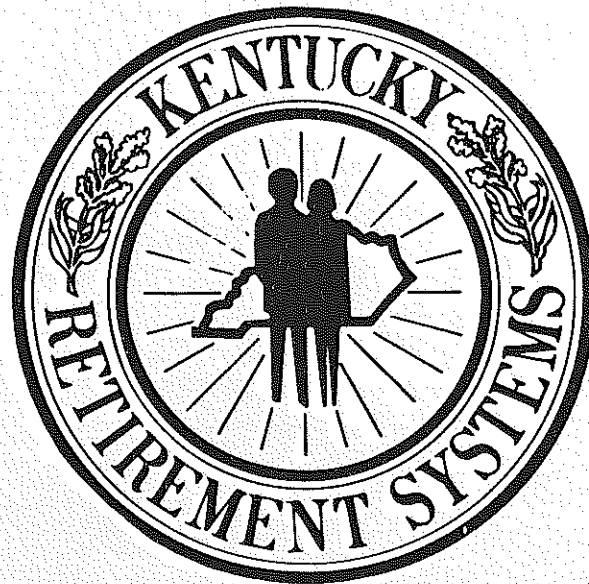


KENTUCKY RETIREMENT SYSTEMS

KENTUCKY EMPLOYEES RETIREMENT SYSTEM  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
STATE POLICE RETIREMENT SYSTEM



ANNUAL REPORT

JUNE 30, 1982

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal.....	1
Board of Trustees.....	2
Financial Section	
Introduction.....	3
Auditor's Certification.....	4
KERS Financial Statements.....	5
CERS Financial Statements.....	14
SPRS Financial Statements.....	23
KRS Insurance Fund Financial Statements.....	32
Actuarial Section	
Introduction.....	37
Actuary's Certification.....	38
KERS Actuarial Evaluation.....	39
CERS Actuarial Evaluation.....	44
SPRS Actuarial Evaluation.....	49
Investment Section	
Introduction.....	53
Portfolio Summary by System.....	57
Portfolio Detail - Stocks.....	61
Portfolio Detail - Fixed Income.....	62
Portfolio Detail - Insurance Fund.....	65
Statistical Section	
Introduction.....	66
Benefit Payments Analysis.....	69
Membership by System.....	74
Historical Statistics by System.....	75
Source & Use of Funds History.....	78
Administrative Expense Review.....	79



KENTUCKY RETIREMENT SYSTEMS  
226 West Second Street  
Frankfort, Kentucky 40601



Kentucky Employes Retirement System  
County Employes Retirement System  
State Police Retirement System

Charles L. Bratton  
General Manager  
Phone 502-564-4646

M E M O R A N D U M

TO: Members of the Board of Trustees  
John D. Robey, Chairman  
Vernon C. McGinty, Vice Chairman  
Mrs. Iris R. Barrett  
Frank W. Burke  
Robert L. Doris, Jr.  
John E. King  
Mrs. Dee Maynard  
Ms. Cattie Lou Miller  
Mrs. Nancy L. Ray

FROM: Charles L. Bratton

DATE: November 18, 1982

SUBJECT: Annual Report as of June 30, 1982

As directed by KRS 61.645, I am pleased to present the Annual Report for the fiscal year ended June 30, 1982. The four sections of the report provide financial information, actuarial information, investment information and other statistical information. Appropriate certifications from an independent accounting firm and from an independent actuarial firm are included.

Copies of this report will be made available to retirement system members by sending copies to each participating employer in the Kentucky Employes Retirement System, County Employes Retirement System and State Police Retirement System. Copies will also be distributed to appropriate legislative personnel as well as to other interested parties that may request such information.

The year ended June 30, 1982 was indeed a busy one. The legislative recommendations of the Board were adopted by the 1982 General Assembly whereby modest benefit improvements were adopted that will benefit contributing members as well as those retired. Administrative Regulations were updated to reflect the adoption of new actuarial assumptions and to raise the interest rate that is credited to the members account. These achievements coupled with increased member communication and the continuous effort to improve administrative procedures produce an environment that both members and trustees can look to with continued confidence and pride.

*Charles L. Bratton*

Charles L. Bratton  
General Manager

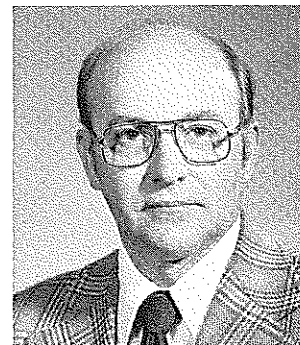
BOARD OF TRUSTEES



Iris R. Barrett  
Frankfort  
Elected by KERS Members  
Term Expires 3/31/86



Frank W. Burke  
Louisville  
Elected by CERS Members  
Term Expires 3/31/85



Robert L. Doris, Jr.  
Frankfort  
Appointed by the Governor  
Term Expires 3/31/84



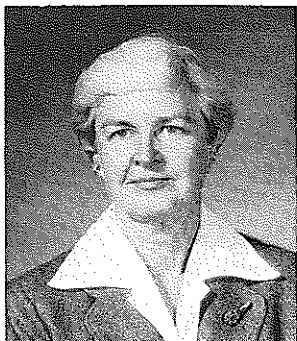
John E. King  
Lexington  
Elected by CERS Members  
Term Expires 3/31/85



Dee Maynard  
Simpsonville  
Ex Officio  
Commissioner of Personnel\*



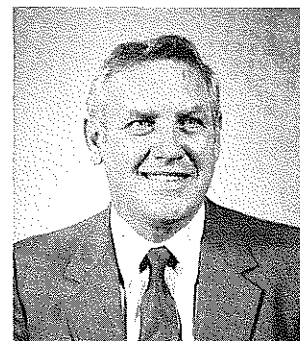
Vernon C. McGinty, Vice Chairman  
Louisville  
Appointed by the Governor  
Term Expires 3/31/83



Cattie Lou Miller  
Frankfort  
Elected by KERS Members  
Term Expires 3/31/86



Nancy L. Ray  
Crestwood  
Appointed by the Governor  
Term Expires 3/31/84



John D. Robey, Chairman  
Lawrenceburg  
Elected by SPRS Members  
Term Expires 3/31/83

\*Appointment was effective July 20, 1981.

FINANCIAL SECTION  
INTRODUCTION

The retirement systems' assets are held in trust for the purpose of paying retirement benefits many years in the future. It is important to the financial security of the members of the system, as well as those receiving retirement benefits that the assets and liabilities of the systems are subject to proper accounting and balancing procedures.

The Board of Trustees contracts for an annual audit by a Certified Public Accounting Firm for the purpose of an independent audit of the assets and liabilities of the systems. The firm of Ernst & Whinney was selected to perform the audit for the fiscal year ended June 30, 1982. The Accounting Firm presents to the Board of Trustees their "audit opinion" which is found on the following page. The audited financial statements of the three retirement systems and the related "Notes to Financial Statements" follow the audit opinion.

The audit and financial statement formats were completed in accordance with the requirements set forth in Statement 1 as adopted by the National Council on Governmental Accounting (NCGA). In summary, this statement requires that financial statements be presented on an "accrual basis" and also stipulates that certain disclosures must be included in the "Notes to Financial Statements" sections of the audit report. You will note that two years of financial data are included in the financial statements which provide the reader the opportunity to compare current year financial activity to the previous year.

In addition to the annual audit by a Certified Public Accounting Firm, proper financial controls are established to be sure the funds are safeguarded. For example, each year the CPA firm conducts a surprise audit of the securities held in each fund and there is a surprise audit by the internal auditor of the securities' custodian. Also, adequate bonding arrangements are in force for individuals who have access to securities and the General Manager of the retirement systems is under a special Fidelity bond.

The retirement systems have excellent financial strength as illustrated by the following statements. The combined assets of Kentucky Retirement Systems totalled \$962.6 million at June 30, 1982, an increase of more than 17% over the previous year. Adequate systems of control are in force to assure that these trust funds are safe and the accounts properly reported to the fund participants.

There were no party-in-interest transactions, no loans or leases in default and no "reportable" transactions during the fiscal year.

# Ernst & Whinney

1400 Commonwealth Building  
Louisville, Kentucky 40202

502/583-0251

Board of Trustees  
Kentucky Retirement Systems  
Frankfort, Kentucky

We have examined the balance sheets of the Kentucky Employes Retirement System, County Employes Retirement System, State Police Retirement System and Kentucky Retirement Systems Insurance Fund as of June 30, 1982 and 1981, and the related statements of revenues, expenses, and changes in members' contribution account and retirement allowance account and changes in financial position of the Kentucky Employes Retirement System, County Employes Retirement System, and the State Police Retirement System and the statements of revenues, expenses, and changes in fund balance and changes in financial position of the Kentucky Retirement Systems Insurance Fund for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Kentucky Employes Retirement System, County Employes Retirement System, State Police Retirement System and the Kentucky Retirement Systems Insurance Fund at June 30, 1982 and 1981, and the results of their operations, the changes in members' contribution account and retirement allowance account of the Kentucky Employes Retirement System, County Employes Retirement System, and State Police Retirement System, the changes in fund balance of the Kentucky Retirement Systems Insurance Fund, and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Ernst & Whinney*

Louisville, Kentucky  
September 17, 1982

KENTUCKY EMPLOYES RETIREMENT SYSTEM

BALANCE SHEETS

KENTUCKY EMPLOYES RETIREMENT SYSTEM

	June 30	
	1982	1981
<b>ASSETS</b>		
Investments--Notes A and D:		
United States government securities	\$196,815,511	\$184,206,564
Government National Mortgage Association and similar securities	57,599,953	35,141,904
Corporate bonds and notes	88,626,023	100,960,819
Common stocks	162,310,864	143,115,978
First mortgage real estate loans	8,037,061	8,571,335
Securities purchased under agreement to resell	<u>84,837,350</u>	<u>47,527,729</u>
	598,226,762	519,524,329
Cash on deposit with State Treasurer	22,808	
Member and employer contributions receivable	3,978,374	2,274,655
Accrued investment income	9,774,099	7,940,140
Prepaid member retirement benefits	2,444,855	
Receivable from sale of securities		<u>57,934</u>
	<u>\$614,446,898</u>	<u>\$529,797,058</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Amount due State Treasurer		\$ 79,900
Member refunds and investment expenses payable	<u>\$ 598,581</u>	<u>634,855</u>
	598,581	714,755
Fund balance--Note A:		
Members' contribution account	143,233,633	125,526,817
Retirement allowance account	<u>470,614,684</u>	<u>403,555,486</u>
	613,848,317	529,082,303
	<u>\$614,446,898</u>	<u>\$529,797,058</u>

See notes to financial statements.



STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN MEMBERS' CONTRIBUTION ACCOUNT

KENTUCKY EMPLOYEES RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
Revenues:		
Member contributions	\$ 22,603,164	\$ 21,392,237
Interest credited to members' balances transferred from Retirement Allowance Account	6,928,010	3,091,308
TOTAL REVENUES	29,531,174	24,483,545
Expenses:		
Refunds to former members	6,074,280	5,945,209
Retired members' balances transferred to Retirement Allowance Account	5,730,873	7,272,758
TOTAL EXPENSES	11,805,153	13,217,967
EXCESS OF REVENUES OVER EXPENSES	17,726,021	11,265,578
Members' contribution account at beginning of year	125,526,817	114,687,134
Transfer of assets to the Legislative Retirement Plan-- Note G	(19,205)	(425,895)
MEMBERS' CONTRIBUTION ACCOUNT AT END OF YEAR	<u>\$143,233,633</u>	<u>\$125,526,817</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN RETIREMENT ALLOWANCE ACCOUNT

KENTUCKY EMPLOYES RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
Revenues:		
Employer contributions	\$ 40,488,022	\$ 38,487,956
Investment income	51,929,647	39,594,168
Net realized gain on disposal of investments	4,168,159	4,096,875
Retired members' balances transferred from Members' Contribution Account	5,730,873	7,272,758
TOTAL REVENUES	102,316,701	89,451,757
Expenses:		
Retirement benefits for members	26,546,678	21,824,083
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	1,173,149	1,111,135
Interest credited to members' balances transferred to Members' Contribution Account	6,928,010	3,091,308
Administrative expenses	478,817	480,495
Investment expenses	86,481	79,655
TOTAL EXPENSES	35,213,135	26,586,676
EXCESS OF REVENUES OVER EXPENSES	67,103,566	62,865,081
Retirement allowance account at beginning of year	403,555,486	341,618,366
Transfer of assets to the Legislative Retirement Plan--Note G	(44,368)	(927,961)
RETIREMENT ALLOWANCE ACCOUNT AT END OF YEAR	\$470,614,684	\$403,555,486

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

KENTUCKY EMPLOYES RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
<b>SOURCE OF FUNDS</b>		
Excess of revenues over expenses	\$ 84,829,587	\$ 74,130,659
Deduct amortization of investment discount and premium, net, not providing funds	<u>852,284</u>	<u>432,968</u>
FUNDS PROVIDED FROM OPERATIONS	83,977,303	73,697,691
Proceeds from sale or maturity of investments, less net gain of \$4,168,159 in 1982 and \$4,096,875 in 1981, included above	38,810,657	34,892,696
Decrease in member and employer contributions receivable		247,611
Decrease in receivable from sale of securities	57,934	
Increase in member refunds and investment expenses payable		<u>396,761</u>
TOTAL FUNDS PROVIDED	122,845,894	109,234,759
<b>APPLICATION OF FUNDS</b>		
Investments purchased	116,660,806	106,373,676
Transfer of assets to the Legislative Retirement Plan	63,573	1,353,856
Increase in member and employer contributions receivable	1,703,719	
Increase in accrued investment income	1,833,959	1,748,196
Increase in prepaid member retirement benefits	2,444,855	
Increase in receivable from sale of securities		57,934
Decrease in member refunds and investment expenses payable	<u>36,274</u>	
TOTAL FUNDS USED	122,743,186	109,533,662
INCREASE (DECREASE) IN CASH	102,708	(298,903)
Cash on deposit with (amount due) State Treasurer at beginning of year	<u>(79,900)</u>	<u>219,003</u>
CASH ON DEPOSIT WITH (AMOUNT DUE) STATE TREASURER AT END OF YEAR	<u>\$ 22,808</u>	<u>\$ (79,900)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

KENTUCKY EMPLOYES RETIREMENT SYSTEM

June 30, 1982

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Kentucky Employes Retirement System (the System) are prepared on the accrual basis, and generally conform to the provisions of the National Council on Governmental Accounting's Statement 1.

Investments in bonds and first mortgage real estate loans are stated at amortized cost. Common stocks and securities purchased under agreement to resell are carried at cost. Investments include securities loaned under various lending programs.

Discount and premium are amortized using the straight-line method from the date of acquisition to stated or expected maturity.

Net realized gain or loss on investments represents the difference between the proceeds from sale or maturity and the average cost of investments sold or redeemed. Realized gains or losses are also recorded for exchanges of investments, based upon the difference at the time of the exchange between the carrying value and the market value of the investment exchanged.

Members' Contribution and Retirement Allowance Accounts are funded by contributions and investment income. The Members' Contribution Account represents the accumulation of active members' contributions plus interest credited to members' accounts. The Retirement Allowance Account is comprised of retired members' contribution balances including interest credited thereon and accumulated employer contributions plus the cumulative excess of revenues over expenses less interest credited to members' contribution accounts.

The System, County Employes Retirement System, and State Police Retirement System are collectively administered by Kentucky Retirement Systems. Administrative and investment expenses of Kentucky Retirement System are allocated in proportion to the number of members participating in each plan and the carrying value of plan investments, respectively.

NOTE B--DESCRIPTION OF THE PLAN

The Kentucky Employes Retirement System is a defined benefit plan which covers substantially all regular full-time employees of any state department, board, or agency directed by Executive Order to participate in the System. The Plan provides for retirement, disability, and death benefits.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

KENTUCKY EMPLOYES RETIREMENT SYSTEM

NOTE B--DESCRIPTION OF THE PLAN--CONTINUED

Participating employees generally contribute 4% of creditable compensation to the System. Members occupying hazardous positions, as defined by statute, contribute at the rate of 7% of creditable compensation. Employer contribution rates are intended to fund the System's normal cost on a current basis plus one percent (1%) of unfunded past service costs per annum plus interest at the actuarial assumed rate. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. For the years ended June 30, 1982 and 1981, participating employers contributed at 7-1/4% and 19-1/4% of members' non-hazardous and hazardous compensation, respectively.

Vesting in a retirement benefit begins immediately upon entry into the System. The participant has a fully vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1981 and 6% thereafter.

Further information regarding the plan agreement and the vesting and benefit provisions is contained in the pamphlet Plan Description. Copies of this pamphlet are available from the office of Kentucky Retirement Systems.

Legislation enacted by the 1980 Kentucky General Assembly provided for a 6% increase in benefits for all retirees, effective July 1, 1981. Legislation enacted by the 1982 Kentucky General Assembly provides for increases (from 1% to 15% effective July 1, 1982 and 1/2% to 9-1/2% effective July 1, 1983) in retirement benefits for all recipients based upon the length of period the recipient has been retired or disabled and an increase, from \$2,000 to \$2,500, in the death benefit paid to the estate of most former members. The change in death benefits became effective on July 15, 1982. In addition, effective July 1, 1982, the employer contribution rate changed to 18-1/4% of compensation for members occupying hazardous positions.

NOTE C--ACCUMULATED BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who are deceased, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' average compensation during their five highest paid years. Accumulated plan benefits for active employees are based on their compensation as of the valuation date. Benefits payable under all circumstances--retirement, death, and termination of employment--are included to the extent they are deemed attributable to employee service rendered to the valuation date.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

KENTUCKY EMPLOYES RETIREMENT SYSTEM

NOTE C--ACCUMULATED BENEFITS--CONTINUED

The System's consulting actuaries, Tillinghast, Nelson & Warren, Inc., estimate the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (taking into account mortality) between the valuation date and the expected date of payment.

Accumulated plan benefit information follows:

	June 30	
	1982	1981
Vested benefits:		
Participants currently receiving payments	\$249,296,605	\$203,295,925
Other participants	<u>271,484,412</u>	<u>243,317,481</u>
	<u>\$520,781,017</u>	<u>\$446,613,406</u>

Recognition of benefit increases enacted by the 1982 Kentucky General Assembly (see Note B) in the June 30, 1982 valuation increased accumulated plan benefits by approximately \$30,020,00.

The more significant assumptions underlying the actuarial computations, including those which enter only into the determination of funding levels (cost method, turnover, retirement age, and salary increase), are as follows:

Actuarial cost method	Entry age cost method.
Assumed rate of return on investments	7-1/2% per annum.
Mortality basis	1971 Group Annuity Tables.
Employee turnover	Declining from 35% through five years of service. Annual rates, varying by age, thereafter.
Retirement age	Based upon experience, with 25% weight, at age 55-64, to the earliest age at which an employee could retire with 100% of the accrued benefits.
Salary increase	7-1/2% per annum.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

KENTUCKY EMPLOYES RETIREMENT SYSTEM

NOTE D--INVESTMENTS

The market value of investments follows:

	June 30	
	1982	1981
United States government securities	\$159,651,127	\$147,718,953
Government National Mortgage Association and similar securities	53,263,851	32,053,884
Corporate bonds and notes	66,773,636	75,239,652
Common stocks	152,028,515	161,810,885
First mortgage real estate loans	5,576,353	4,924,232
Securities purchased under agreement to resell	<u>84,837,350</u>	<u>47,527,729</u>
	<u>\$522,130,832</u>	<u>\$469,275,335</u>

NOTE E--INCOME TAX STATUS

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax law.

NOTE F--TRANSFERS TO INSURANCE FUND

By action of the 1978 General Assembly, the Kentucky Retirement Systems Insurance Fund was established to provide a group hospital and medical insurance plan for recipients of a retirement allowance from the Kentucky Employes Retirement System. The insurance fund is funded by the transfer of a portion of employer contributions to the retirement system. The percentage of creditable compensation transferred to the Insurance Fund by the Kentucky Employes Retirement System was 0.21% for non-hazardous and 0.34% for hazardous positions for the years ended June 30, 1982 and 1981.

NOTE G--TRANSFER TO LEGISLATIVE RETIREMENT SYSTEM

Effective July 1, 1980, the assets and actuarial liabilities of electing General Assembly members were transferred to a separate Legislative Retirement System. The resulting deductions to the Member's Contribution and Retirement Allowance accounts included accumulated interest of \$4,537 and \$8,335 in 1982 and \$28,410 and \$211,171 in 1981, respectively.

COUNTY EMPLOYES RETIREMENT SYSTEM



## BALANCE SHEETS

## COUNTY EMPLOYEES RETIREMENT SYSTEM

	June 30	
	1982	1981
ASSETS		
Investments--Notes A and D:		
United States government securities	\$ 82,882,984	\$ 69,717,638
Government National Mortgage Association and similar securities	35,561,402	17,432,233
Corporate bonds and notes	37,997,635	36,181,243
Common stocks	72,624,334	53,163,118
First mortgage real estate loans	887,312	937,105
Securities purchased under agreement to resell	43,558,200	47,609,891
	<u>273,511,867</u>	<u>225,041,228</u>
Cash on deposit with State Treasurer	13,424	27,393
Member and employer contributions receivable	3,216,619	2,869,717
Past service credit contribution receivable--Note A	3,574,795	3,669,875
Accrued investment income	4,355,910	3,238,334
Prepaid member retirement benefits	862,274	
Receivable from sale of securities		18,767
	<u>\$285,534,889</u>	<u>\$234,865,314</u>
LIABILITIES AND FUND BALANCE		
Member refunds and investment expenses payable	\$ 488,519	\$ 565,850
Fund balance--Note A:		
Members' Contribution Account	67,230,899	57,880,422
Retirement Allowance Account	217,815,471	176,419,042
	<u>285,046,370</u>	<u>234,299,464</u>
	<u>\$285,534,889</u>	<u>\$234,865,314</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN MEMBERS' CONTRIBUTION ACCOUNT

COUNTY EMPLOYEES RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
Revenues:		
Member contributions	\$13,674,737	\$13,060,180
Interest credited to members' balances transferred from Retirement Allowance Account	<u>3,101,298</u>	<u>1,344,716</u>
TOTAL REVENUES	16,776,035	14,404,896
Expenses:		
Refunds to former members	4,238,411	3,291,673
Retired members' balances transferred to Retirement Allowance Account	<u>3,187,147</u>	<u>2,066,603</u>
TOTAL EXPENSES	7,425,558	5,358,276
EXCESS OF REVENUES OVER EXPENSES	9,350,477	9,046,620
Members' contribution account at beginning of year	<u>57,880,422</u>	<u>48,833,802</u>
MEMBERS' CONTRIBUTION ACCOUNT AT END OF YEAR	<u>\$67,230,899</u>	<u>\$57,880,422</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN RETIREMENT ALLOWANCE ACCOUNT

COUNTY EMPLOYEES RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
Revenues:		
Employer contributions	\$ 24,962,508	\$ 23,664,308
Investment income	25,127,300	18,394,849
Net realized gain on disposal of investments	1,821,477	1,575,215
Retired members' balances transferred from Members' Contribution Account	<u>3,187,147</u>	<u>2,066,603</u>
TOTAL REVENUES	55,098,432	45,700,975
Expenses:		
Retirement benefits for members	9,689,924	7,797,643
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	488,173	464,964
Interest credited to members' balances transferred to Members' Contribution Account	3,101,298	1,344,716
Administrative expenses	383,054	339,660
Investment expenses	<u>39,554</u>	<u>33,366</u>
TOTAL EXPENSES	13,702,003	9,980,349
EXCESS OF REVENUES OVER EXPENSES	41,396,429	35,720,626
Retirement allowance account at beginning of year	<u>176,419,042</u>	<u>140,698,416</u>
RETIREMENT ALLOWANCE ACCOUNT AT END OF YEAR	<u>\$217,815,471</u>	<u>\$176,419,042</u>

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

COUNTY EMPLOYES RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
SOURCE OF FUNDS		
Excess of revenues over expenses	\$50,746,906	\$44,767,246
Deduct amortization of investment discount and premium, net, not providing funds	<u>433,998</u>	<u>146,811</u>
FUNDS PROVIDED FROM OPERATIONS	50,312,908	44,620,435
Proceeds from sale or maturity of investments, less net gain of \$1,821,477 in 1982 and \$1,575,215 in 1981, included above	20,510,119	6,960,866
Decrease in past service credit contribution receivable	95,080	200,865
Decrease in receivable from sale of securities	18,767	
Increase in member refunds and investment expenses		<u>75,989</u>
TOTAL FUNDS PROVIDED	70,936,874	51,858,155
APPLICATION OF FUNDS		
Investments purchased	68,546,760	50,714,762
Increase in member and employer contributions receivable	346,902	322,573
Increase in accrued investment income	1,117,576	857,607
Increase in prepaid member retirement benefits	862,274	
Increase in receivable from sale of securities		18,767
Decrease in member refunds and investment expenses payable	<u>77,331</u>	
TOTAL FUNDS USED	<u>70,950,843</u>	<u>51,913,709</u>
DECREASE IN CASH	13,969	55,554
Cash on deposit with State Treasurer at beginning of year	<u>27,393</u>	<u>82,947</u>
CASH ON DEPOSIT WITH STATE TREASURER AT END OF YEAR	<u>\$ 13,424</u>	<u>\$ 27,393</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

COUNTY EMPLOYEES RETIREMENT SYSTEM

June 30, 1982

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The financial statements of County Employees Retirement System (the System) are prepared on the accrual basis, and generally conform to the provisions of the National Council on Governmental Accounting's Statement 1.

Investments in bonds and first mortgage real estate loans are stated at amortized cost. Common stocks and securities purchased under agreement to resell are carried at cost. Investments include securities loaned under various lending programs.

Discount and premium are amortized using the straight-line method from the date of acquisition to stated or expected maturity.

Net realized gain or loss on investments represents the difference between the proceeds from sale or maturity and the average cost of investments sold or redeemed. Realized gains or losses are also recorded for exchanges of investments, based upon the difference at the time of the exchange between the carrying value and the market value of the investment exchanged.

Members' Contribution and Retirement Allowance Accounts are funded by contributions and investment income. The Members' Contribution Account represents the accumulation of active members' contributions plus interest credited to members' accounts. The Retirement Allowance Account is comprised of retired members' contribution balances including interest credited thereon and accumulated employer contributions plus the cumulative excess of revenues over expenses less interest credited to members' contribution accounts.

Employees are permitted to purchase credits for member service from the date of plan adoption to the participation date of the employer. Receivables for past service credits are amortized in amounts sufficient to fund the related cost plus interest thereon over a period not to exceed thirty years.

The System, Kentucky Employees Retirement System, and State Police Retirement System are collectively administered by Kentucky Retirement Systems. Administrative and investment expenses of Kentucky Retirement System are allocated in proportion to the number of members participating in each plan and the carrying value of plan investments, respectively.

NOTE B--DESCRIPTION OF THE PLAN

The County Employees Retirement System is a defined benefit plan which covers substantially all regular full-time employees of each county and school board, and any additional local agencies electing to participate in the System. The Plan provides for retirement, disability, and death benefits.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE B--DESCRIPTION OF THE PLAN--CONTINUED

Participating employees generally contribute 4% of creditable compensation to the System. Members occupying hazardous positions, as defined by statute, contribute at the rate of 7% of creditable compensation. Employer contribution rates are intended to fund the System's normal cost on a current basis and one percent (1%) of unfunded past service costs per annum plus interest at the actuarial assumed rate. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. For the years ended June 30, 1982 and 1981, participating employers contributed at 7-1/4% and 16% of members' non-hazardous and hazardous compensation, respectively.

Vesting in a retirement benefit begins immediately upon entry into the System. The participant has a fully vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1981 and 6% thereafter.

Further information regarding the plan agreement and the vesting and benefit provisions is contained in the pamphlet Plan Description. Copies of this pamphlet are available from the office of Kentucky Retirement Systems.

Legislation enacted by the 1980 Kentucky General Assembly provided for a 6% increase in benefits for all retirees, effective July 1, 1981. Legislation enacted by the 1982 Kentucky General Assembly provides for increases (from 1% to 15% effective July 1, 1982 and 1/2% to 9-1/2% effective July 1, 1983) in retirement benefits for all recipients based upon the length of period the recipient has been retired or disabled and an increase, from \$2,000 to \$2,500, in the death benefit paid to the estate of most former members. The change in death benefits became effective on July 15, 1982. In addition, effective July 1, 1982, the employer contribution rate changed to 6-1/4% and 15% of members' non-hazardous and hazardous compensation, respectively.

NOTE C--ACCUMULATED BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who are deceased, and (c) present employees or their beneficiaries.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE C--ACCUMULATED BENEFITS--CONTINUED

Benefits under the Plan are based on employees' average compensation during their five highest paid years. Accumulated plan benefits for active employees are based on their compensation as of the valuation date. Benefits payable under all circumstances--retirement, death, and termination of employment--are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The System's consulting actuaries, Tillinghast, Nelson & Warren, Inc., estimate the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (taking into account mortality) between the valuation date and the expected date of payment.

Accumulated plan benefit information follows:

	June 30	
	1982	1981
Vested benefits:		
Participants currently receiving payments	\$ 88,834,537	\$ 68,546,856
Other participants	<u>118,134,762</u>	<u>105,714,440</u>
	<u>\$206,969,299</u>	<u>\$174,261,296</u>

Recognition of benefit increases enacted by the 1982 Kentucky General Assembly (see Note B) in the June 30, 1982 valuation increased accumulated plan benefits by approximately \$9,266,000.

The more significant assumptions underlying the actuarial computations, including those which enter only into the determination of funding levels (cost method, turnover, retirement age, and salary increase), are as follows:

Actuarial cost method	Entry age cost method.
Assumed rate of return on investments	7-1/2% per annum.
Mortality basis	1979 Group Annuity Tables.
Employee turnover	Declining from 35% through five years of service. Annual rates, varying by age, thereafter.
Retirement age	Based upon experience with 25% weight, at age 55-64, to the earliest age at which an employee could retire with 100% of the accrued benefits.
Salary increase	7-1/2% per annum.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

COUNTY EMPLOYES RETIREMENT SYSTEM

NOTE D--INVESTMENTS

The market value of investments follows:

	June 30	
	1982	1981
United States government securities	\$ 68,530,797	\$ 55,793,374
Government National Mortgage Association and similar securities	33,448,953	16,118,373
Corporate bonds and notes	29,688,847	26,830,370
Common stocks	67,707,460	59,882,326
First mortgage real estate loans	617,427	538,367
Securities purchased under agreement to resell	<u>43,558,200</u>	<u>47,609,891</u>
	<u>\$243,551,684</u>	<u>\$206,772,701</u>

NOTE E--INCOME TAX STATUS

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax law.

NOTE F--TRANSFERS TO INSURANCE FUND

By action of the 1978 General Assembly, the Kentucky Retirement Systems Insurance Fund was established to provide a group hospital and medical insurance plan for recipients of a retirement allowance from the Kentucky Employes Retirement Systems. The insurance plan is funded by the transfer of a portion of employer contributions to the retirement system. The percentage of creditable compensation transferred to the Insurance Fund by the County Employes Retirement System was 0.21% for non-hazardous and 0.34% for hazardous positions for the years ended June 30, 1982 and 1981.



STATE POLICE RETIREMENT SYSTEM

BALANCE SHEETS

STATE POLICE RETIREMENT SYSTEM

	June 30	
	1982	1981
<b>ASSETS</b>		
Investments--Notes A and D:		
United States government securities	\$14,181,586	\$14,718,473
Government National Mortgage Association and similar securities	2,252,077	1,858,512
Corporate bonds and notes	6,311,870	8,188,783
Common stocks	10,088,461	10,374,824
First mortgage real estate loans	487,931	521,611
Securities purchased under agreement to resell	<u>22,530,450</u>	<u>11,552,380</u>
	55,852,375	47,214,583
Cash on deposit with State Treasurer	5,124	
Member and employer contributions receivable	477,724	482,711
Accrued investment income	802,178	709,803
Prepaid member retirement benefits	192,729	
Receivable from sale of securities		<u>4,896</u>
	<u>\$57,330,130</u>	<u>\$48,411,993</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Amount due State Treasurer		\$ 23,166
Member refunds and investment expenses payable	<u>\$ 24,271</u>	<u>33,348</u>
	24,271	56,514
Fund balance--Note A:		
Members' Contribution Account	12,479,299	11,157,224
Retirement Allowance Account	<u>44,826,560</u>	<u>37,198,255</u>
	57,305,859	48,355,479
	<u>\$57,330,130</u>	<u>\$48,411,993</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN MEMBERS' CONTRIBUTION ACCOUNT

STATE POLICE RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
Revenues:		
Member contributions	\$ 1,546,361	\$ 1,508,222
Interest credited to members' balances transferred from Retirement Allowance Account	<u>622,999</u>	<u>284,451</u>
TOTAL REVENUES	2,169,360	1,792,673
Expenses:		
Refunds to former members	245,402	139,305
Retired members' balances transferred to Retirement Allowance Account	<u>601,883</u>	<u>658,958</u>
TOTAL EXPENSES	847,285	798,263
EXCESS OF REVENUES OVER EXPENSES	1,322,075	994,410
Members' contribution account at beginning of year	<u>11,157,224</u>	<u>10,162,814</u>
MEMBERS' CONTRIBUTION ACCOUNT AT END OF YEAR	<u>\$12,479,299</u>	<u>\$11,157,224</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN RETIREMENT ALLOWANCE ACCOUNT

STATE POLICE RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
Revenues:		
Employer contributions	\$ 4,056,874	\$ 3,653,649
Investment income	5,347,761	3,925,112
Net realized gain on disposal of investments	241,275	285,245
Retired members' balances transferred from Members' Contribution Account	601,883	658,958
TOTAL REVENUES	10,247,793	8,522,964
Expenses:		
Retirement benefits for members	1,953,405	1,428,170
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	26,333	25,373
Interest credited to members' balances transferred to Members' Contribution Account	622,999	284,451
Administrative expenses	8,706	8,284
Investment expenses	8,045	7,214
TOTAL EXPENSES	2,619,488	1,753,492
EXCESS OF REVENUES OVER EXPENSES	7,628,305	6,769,472
Retirement allowance account at beginning of year	37,198,255	30,428,783
RETIREMENT ALLOWANCE ACCOUNT AT END OF YEAR	\$44,826,560	\$37,198,255

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

STATE POLICE RETIREMENT SYSTEM

	Year Ended June 30	
	1982	1981
<b>SOURCE OF FUNDS</b>		
Excess of revenues over expenses	\$8,950,380	\$7,763,882
Deduct amortization of investment discount and premium, net, not providing funds	<u>39,317</u>	<u>28,071</u>
FUNDS PROVIDED FROM OPERATIONS	8,911,063	7,735,811
Proceeds from sale or maturity of investments, less net gain of \$241,275 in 1982 and \$285,245 in 1981, included above	2,923,225	1,317,795
Decrease in member and employer contributions receivable	4,987	
Decrease in receivable from sale of securities	4,896	
Increase in members' refunds and investment expenses payable		<u>31,711</u>
TOTAL FUNDS PROVIDED	11,844,171	9,085,317
<b>APPLICATION OF FUNDS</b>		
Investments purchased	11,521,700	8,658,352
Increase in member and employer contributions receivable		271,962
Increase in accrued investment income	92,375	187,835
Increase in prepaid member retirement benefits	192,729	
Increase in receivable from sale of securities		4,896
Decrease in member refunds and investment expenses payable	<u>9,077</u>	
TOTAL FUNDS USED	11,815,881	9,123,045
INCREASE (DECREASE) IN CASH	28,290	(37,728)
Cash on deposit with (amount due) State Treasurer at beginning of year	<u>(23,166)</u>	<u>14,562</u>
CASH ON DEPOSIT WITH (AMOUNT DUE) STATE TREASURER AT END OF YEAR	<u>\$ 5,124</u>	<u>\$ (23,166)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

STATE POLICE RETIREMENT SYSTEM

June 30, 1982

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The financial statements of State Police Retirement System (the System) are prepared on the accrual basis, and generally conform to the provisions of the National Council on Governmental Accounting's Statement 1.

Investments in bonds and first mortgage real estate loans are stated at amortized cost. Common stocks and securities purchased under agreement to resell are carried at cost. Investments include securities loaned under various lending programs.

Discount and premium are amortized using the straight-line method from the date of acquisition to stated or expected maturity.

Net realized gain or loss on investments represents the difference between the proceeds from sale or maturity and the average cost of investments sold or redeemed. Realized gains or losses are also recorded for exchanges of investments, based upon the difference at the time of the exchange between the carrying value and the market value of the investment exchanged.

Members' Contribution and Retirement Allowance Accounts are funded by contributions and investment income. The Members' Contribution Account represents the accumulation of active members' contributions plus interest credited to member accounts. The Retirement Allowance Account is comprised of retired members' contribution balances including interest credited thereon and accumulated employer contributions plus the cumulative excess of revenues over expenses less interest credited to members' contribution accounts.

The System, Kentucky Employees Retirement System, and County Employees Retirement System are collectively administered by Kentucky Retirement Systems. Administrative and investment expenses of Kentucky Retirement Systems are allocated in proportion to the number of members participating in each plan, and the carrying value of plan investments, respectively.

NOTE B--DESCRIPTION OF THE PLAN

The State Police Retirement System is a defined benefit plan which covers substantially all regular full-time officers of the Kentucky State Police. The Plan provides for retirement, disability, and death benefits.

Employer contribution rates are intended to fund the System's normal cost on a current basis and one percent (1%) of unfunded past service costs per annum plus interest at the actuarial assumed rate. Such contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems each biennium. For the years ended June 30, 1982 and 1981, the employer contributed at 18-1/2% and 17-1/4% of members' compensation, respectively.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

STATE POLICE RETIREMENT SYSTEM

NOTE B--DESCRIPTION OF THE PLAN--CONTINUED

Vesting in a retirement benefit begins immediately upon entry into the System. The participant has a fully vested interest after the completion of sixty months of service, twelve of which are current service. At a minimum, terminated employees are refunded their contributions with credited interest at 3% compounded annually through June 30, 1981 and 6% thereafter.

Further information regarding the plan agreement and the vesting and benefit provisions is contained in the pamphlet Plan Description. Copies of this pamphlet are available from the office of Kentucky Retirement Systems.

Legislation enacted by the 1980 Kentucky General Assembly provided for a 6% increase in benefits for all retirees, effective July 1, 1981. Legislation enacted by the 1982 Kentucky General Assembly provides for increases (from 1% to 15% effective July 1, 1982 and 1/2% to 9-1/2% effective July 1, 1983) in retirement benefits for all recipients based upon the length of period the recipient has been retired or disabled and an increase, from \$2,000 to \$2,500, in the death benefit paid to the estate of most former members. The change in death benefits became effective on July 15, 1982.

NOTE C--ACCUMULATED BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who are deceased, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' average compensation during their five highest paid years. Accumulated plan benefits for active employees are based on their current compensation as of the valuation date. Benefits payable under all circumstances--retirement, death, and termination of employment--are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The System's consulting actuaries, Tillinghast, Nelson & Warren, Inc. estimate the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (taking into account mortality) between the valuation date and the expected date of payment.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

STATE POLICE RETIREMENT SYSTEM

NOTE C--ACCUMULATED BENEFITS--CONTINUED

Accumulated plan benefit information follows:

	June 30	
	1982	1981
Vested benefits:		
Participants currently receiving payments	\$18,614,789	\$13,149,973
Other participants	<u>30,239,139</u>	<u>28,453,862</u>
	<u>\$48,853,928</u>	<u>\$41,603,835</u>

Recognition of benefit increases enacted by the 1982 Kentucky General Assembly (see Note B) in the June 30, 1982 valuation increased accumulated plan benefits by approximately \$1,717,000.

The more significant assumptions underlying the actuarial computations, including those which enter only into the determination of funding levels (cost method, turnover, retirement age, and salary increases), are as follows:

Actuarial cost method	Entry age cost method
Assumed rate of return on investments	7-1/2% per annum
Mortality basis	1971 Group Annuity Tables
Employee turnover	Average rates varying by age, based upon experience.
Retirement age	50% retire upon completion of 25 years of service; all others retire upon completion of 25 years of service and attainment of age 50, or upon attainment of age 55.
Salary increase	7-1/2% per annum



NOTES TO FINANCIAL STATEMENTS--CONTINUED

STATE POLICE RETIREMENT SYSTEM

NOTE D--INVESTMENTS

The market value of investments follows:

	June 30	
	1982	1981
United States government securities	\$11,145,016	\$11,692,052
Federal National Mortgage Association and similar securities	1,974,537	1,621,253
Corporate bonds and notes	4,613,210	6,131,553
Common stocks	9,510,417	11,711,712
First mortgage real estate loans	339,501	299,666
Securities purchased under agreement to resell	22,530,450	11,552,380
	<u>\$50,113,131</u>	<u>\$43,008,616</u>

NOTE E--INCOME TAX STATUS

The Internal Revenue Service has ruled that the Plan qualifies under Section 401(a) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax law.

NOTE F--TRANSFERS TO INSURANCE FUND

By action of the 1978 General Assembly, the Kentucky Retirement Systems Insurance Fund was established to provide a group hospital and medical insurance plan for recipients of a retirement allowance from the State Police Retirement System. The insurance plan is funded by the transfer of a portion of employer contributions to the retirement system. The percentage of creditable compensation transferred to the Insurance Fund by the State Police Retirement System was 0.12% for the years ended June 30, 1982 and 1981.

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

BALANCE SHEETS

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

	June 30	
	<u>1982</u>	<u>1981</u>
ASSETS		
Cash on deposit with State Treasurer	\$ 322	\$ 87,229
Securities purchased under agreement to resell--at cost	4,753,000	4,442,000
Employer contributions receivable	379,472	184,647
Prepaid insurance premiums	<u>179,626</u>	<u>          </u>
	<u>\$5,312,420</u>	<u>\$4,713,876</u>
FUND BALANCE ALLOCATED TO		
Kentucky Employes Retirement System	\$3,274,809	\$2,966,564
County Employes Retirement System	1,970,840	1,677,376
State Police Retirement System	<u>66,771</u>	<u>69,936</u>
	<u>\$5,312,420</u>	<u>\$4,713,876</u>

See note to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

	Year Ended June 30	
	1982	1981
ALLOCATED TO KENTUCKY EMPLOYES RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from Kentucky Employes Retirement System	\$1,173,149	\$1,111,135
Investment income	465,713	337,353
TOTAL REVENUES	<u>1,638,862</u>	<u>1,448,488</u>
Expenses:		
Insurance premium payments	<u>1,330,617</u>	<u>846,998</u>
EXCESS OF REVENUES OVER EXPENSES	308,245	601,490
Fund balance at beginning of year	<u>2,966,564</u>	<u>2,365,074</u>
FUND BALANCE AT END OF YEAR	<u><u>\$3,274,809</u></u>	<u><u>\$2,966,564</u></u>
ALLOCATED TO COUNTY EMPLOYEES RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from County Employes Retirement System	\$ 488,173	\$ 464,964
Investment income	272,423	189,018
TOTAL REVENUES	<u>760,596</u>	<u>653,982</u>
Expenses:		
Insurance premium payments	<u>467,132</u>	<u>285,876</u>
EXCESS OF REVENUES OVER EXPENSES	293,464	368,106
Fund balance at beginning of year	<u>1,677,376</u>	<u>1,309,270</u>
FUND BALANCE AT END OF YEAR	<u><u>\$1,970,840</u></u>	<u><u>\$1,677,376</u></u>
ALLOCATED TO STATE POLICE RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from State Police Retirement System	\$ 26,333	\$ 25,373
Investment income	10,324	8,109
TOTAL REVENUES	<u>36,657</u>	<u>33,482</u>
Expenses:		
Insurance premium payments	<u>39,822</u>	<u>22,036</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(3,165)	11,446
Fund balance at beginnning of year	<u>69,936</u>	<u>58,490</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 66,771</u></u>	<u><u>\$ 69,936</u></u>

See note to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

	Year Ended June 30	
	1982	1981
SOURCE OF FUNDS		
Excess of revenues over expenses	\$598,544	\$981,042
	<hr/>	<hr/>
TOTAL FUNDS PROVIDED	598,544	981,042
APPLICATION OF FUNDS		
Increase in securities purchased under agreement to resell	311,000	889,000
Increase in employer contributions receivable	194,825	5,546
Increase in prepaid insurance premiums	179,626	
	<hr/>	<hr/>
TOTAL FUNDS USED	685,451	894,546
	<hr/>	<hr/>
DECREASE (INCREASE) IN CASH	86,907	(86,496)
Cash on deposit with State Treasurer at beginning of year	87,229	733
	<hr/>	<hr/>
CASH ON DEPOSIT WITH STATE TREASURER AT END OF YEAR	\$ 322	\$ 87,229
	<hr/>	<hr/>

See note to financial statements.

NOTE TO FINANCIAL STATEMENTS

KENTUCKY EMPLOYES RETIREMENT INSURANCE FUND

June 30, 1982

NOTE A--SIGNIFICANT ACCOUNTING POLICY AND DESCRIPTION OF PLAN

The financial statements of the Fund are prepared on the accrual basis.

The Fund was established in 1978 to provide accident and health insurance for members receiving benefits from the Kentucky Employes Retirement System, County Employes Retirement System, and State Police Retirement System (Systems). The Fund and members receiving benefits pay prescribed portions of the aggregate premiums paid to an insurance company for coverage. Insurance premium payments included in the accompanying financial statements represent that portion of premiums paid by the Fund. Insurance premiums withheld from benefit payments to members of the Systems approximated \$1,267,000 and \$749,000 for the Kentucky Employes Retirement System, \$542,000 and \$304,000 for the County Employes Retirement System, and \$38,000 and \$19,000 for the State Police Retirement System in 1982 and 1981, respectively. The allocation of the insurance premiums paid by the Fund and amounts withheld from members' benefits is based on the years of service with the Systems, as follows:

<u>Years of Service</u>	<u>Percent Paid by Insurance Fund</u>	<u>Percent Paid by Member through Payroll Deduction</u>
20	100%	0%
15	75%	25%
10	50%	50%
4	25%	75%

The percentage of employer contributions to the Systems which are in turn transferred to the Fund are as follows:

Non-hazardous

Kentucky Employes Retirement System	0.21%
County Employes Retirement System	0.15%

Hazardous

Kentucky Employes Retirement System	0.34%
County Employes Retirement System	0.13%
State Police Retirement System	0.12%

ACTUARIAL SECTION  
INTRODUCTION

Annually an actuarial valuation is prepared for each of the three retirement systems. An actuarial valuation is the mathematical means by which contingent liabilities and contribution rates of a retirement system are determined. It is a means of keeping a check on the financial status of the fund to assure the members that adequate monies will be on hand in the future to meet the obligations of the retirement systems.

The actuarial valuation is prepared for the purpose of determining the present value of the liability or cost of all future benefit payments. This represents the true liability of a retirement system, and this liability is used to determine how much should be paid into the fund each year in order to have sufficient funds available in the future to meet retirement benefit payments.

A reproduction of the certification made by the consulting actuarial firm, Tillinghast, Nelson & Warren, Inc., for each of the three retirement systems is found on the next page. The results of the 1982 actuarial valuations as prepared by Tillinghast, Nelson & Warren, Inc., follow. The last item in each section is the Actuarial Assumptions used for preparation of the valuations. Actuarial Assumptions are modified on a periodic basis to more accurately reflect the actual experience of the separate systems and to recognize changing economic trends. The assumptions used for the 1981-82 actuarial valuation were adopted in August of 1981 following a comprehensive actuarial experience study.

These reports indicate that every dollar of future liabilities is backed by \$.80 or more in assets. The remaining unfunded liabilities are being funded annually in accordance with the statutory requirement of 1% of the outstanding principal and payment of all accrued interest. The Kentucky Retirement Systems are actuarially sound and existing law assures the continuance of an actuarially sound system.

Tillinghast, Nelson & Warren, Inc.  
CONSULTANTS • ACTUARIES

222 South Central Avenue  
St. Louis, Missouri 63105  
(314) 862-7611

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October 21, 1982

Board of Trustees  
Kentucky Retirement Systems  
226 West Second Street  
Frankfort, Kentucky 40601

Gentlemen:

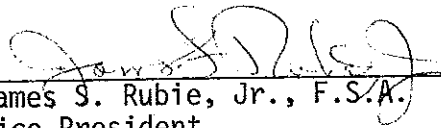
The twenty-sixth annual actuarial valuation of the Kentucky Employes Retirement System, the twenty-third annual actuarial valuation of the County Employes Retirement System, and the twenty-four annual actuarial valuation of the State Police Retirement System have been completed and the reports prepared. The valuations were made on the basis of data provided by the Retirement System as of June 30, 1982.

On the basis of the assumptions as stated in each report and the data furnished us by the Administration of the Retirement Systems, it is certified that the valuations have been made by the use of generally accepted principles and that, if the recommendations of the reports are followed, adequate provision will be made for the funding of future benefits.

The three Retirement Systems are actuarially sound. The Actuarial Accrued Liabilities of the Kentucky Employes Retirement System, the County Employes Retirement System and the State Police Retirement System are being funded as required by the Kentucky Revised Statutes.

Respectfully submitted,  
TILLINGHAST, NELSON & WARREN, INC.

By

  
James S. Rubie, Jr., F.S.A.  
Vice President

JSR/jjn  
3385:C1:A1.82



KENTUCKY EMPLOYES RETIREMENT SYSTEM  
RESULTS OF THE 1982 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the Kentucky Employees Retirement System as of June 30, 1982. The total Actuarial Accrued Liabilities are classified according to type of benefit. On the asset side appear the existing assets constituting the Member's Contribution and Retirement Allowance accounts, and the balancing item, the Unfunded Actuarial Accrued Liability. This latter item is an account receivable item and represents the actuarial present value of future payments by the State to fully fund the Actuarial Accrued Liability. A breakdown of the Actuarial Accrued Liability between the Hazardous and Non-Hazardous position employees appears in Table III.

Determination of Contribution Rate

The rate of contribution by the State required to provide 8½% of the Unfunded Actuarial Accrued Liability, the employer share of the Normal Cost, medical insurance and the expenses of administration, is shown in Table II. The required contribution is expressed both in dollars and as a percentage of the estimated annual State payroll as of June 30, 1982.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1982 are described above. These costs are classified by type of benefit. The Normal Cost contribution rate of the State is determined by reducing the total Normal Cost by the expected employee contributions. A breakdown of costs as between Hazardous and Non-Hazardous position employees appears in Table III.

KENTUCKY EMPLOYES RETIREMENT SYSTEM  
ACTUARIAL BALANCE SHEET JUNE 30, 1982

ASSETS

Member's Contribution Account	\$143,233,633	
Retirement Allowance Account	<u>471,213,265</u>	
Total Assets in Trust Fund at Book Value		\$614,446,898
Unfunded Actuarial Accrued Liability		<u>195,803,691</u>
Total Assets		\$810,250,589

ACTUARIAL ACCRUED LIABILITY

Inactive Members:		
Retired Members	\$249,296,605	
Vested Retirement	12,062,344	
Vested Membership	2,102,653	
Reciprocities	878,591	
Total - Inactive		<u>\$264,340,193</u>
Active Members:		
Normal Retirement Benefits	\$457,499,994	
Disability Benefits	27,740,770	
Withdrawal Benefits (Vested and Refund of Contributions)	33,403,752	
Survivor Benefits	27,265,880	
Total - Active		<u>\$545,910,396</u>
Total Actuarial Accrued Liability		\$810,250,589

VESTED ACCRUED BENEFIT LIABILITY \$520,781,017

The Market Value of Assets as of June 30, 1982 is \$538,350,968.

KENTUCKY EMPLOYES RETIREMENT SYSTEM  
DETERMINATION OF CONTRIBUTION RATE JUNE 30, 1982

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liability	\$810,250,589	145.50%
Less: Assets at Book Value	614,446,898	<u>110.34%</u>
Unfunded Actuarial Accrued Liability	<u>\$195,803,691</u>	35.16%
 Contribution - 8½% of Unfunded Actuarial Accrued Liability	 \$ 16,643,313	 2.99%
 <u>NORMAL COST</u>		
Normal Retirement Benefits	\$ 29,438,008	5.29%
Disability Benefits	2,744,944	0.49%
Withdrawal Benefits (Vested and Refund of Contributions)	8,634,935	1.55%
Survivor Benefits	1,995,417	<u>0.36%</u>
Total Normal Cost	<u>\$ 42,813,304</u>	7.69%
Less: Employee Contributions	<u>22,351,286</u>	<u>4.01%</u>
 Normal Cost - State	 \$ 20,462,018	 3.68%
 <u>TOTAL ANNUAL EMPLOYER COST</u>		
<u>Non-Hazardous Duty Cost</u>		
Normal Cost	\$ 20,258,508	3.65%**
8½% of Unfunded Actuarial Accrued Liability	16,471,600	2.97%**
Administrative Expenses	473,287	0.09%**
Group Hospital and Medical Insurance Premium	1,164,004	<u>0.21%**</u>
Total Annual Cost	<u>\$ 38,367,399</u>	6.92%**
 <u>Hazardous Duty Cost</u>		
Normal Cost	\$ 203,510	7.92%***
8½% of Unfunded Actuarial Accrued Liability	171,713	6.69%***
Administrative Expense	5,530	0.22%***
Group Hospital and Medical Insurance Premium	15,153	<u>0.59%***</u>
Total Annual Cost	<u>\$ 395,906</u>	15.42%***

\*Based on estimated annual salaries of \$556,855,896.

\*\*Based on estimated annual salaries of \$554,287,572 for Non-Hazardous  
Position Employees.

\*\*\*Based on estimated annual salaries of \$2,568,324 for Hazardous  
Position Employees.

KENTUCKY EMPLOYEES RETIREMENT SYSTEM

CLASSIFICATION OF ACTUARIAL LIABILITIES AND COSTS JUNE 30, 1982

<u>ACTUARIAL ACCRUED LIABILITY</u>	<u>Non-Hazardous Position Employees</u>	<u>Hazardous Position Employees</u>	<u>Total</u>
<u>Active Members</u>			
Normal Retirement Benefits	\$451,891,819	\$ 5,608,175	\$457,499,994
Disability Benefits	27,490,027	250,743	27,740,770
Withdrawal Benefits (Vested and Refund of Contributions)	33,430,263	( 26,511)	33,403,752
Survivor Benefits	<u>27,049,537</u>	<u>216,343</u>	<u>27,265,880</u>
Actuarial Accrued Liability - Actives	\$539,861,646	\$ 6,048,750	\$545,910,396
<u>Inactive Members</u>			
Retired Members	\$246,286,761	\$ 3,009,844	\$249,296,605
Vested Retirement	12,038,627	23,717	12,062,344
Vested Membership	2,096,880	5,773	2,102,653
Reciprocities	<u>878,591</u>	<u>0</u>	<u>878,591</u>
Actuarial Accrued Liability - Inactives	\$261,300,859	\$ 3,039,334	\$264,340,193
Total Actuarial Accrued Liability	\$801,162,505	\$ 9,038,084	\$810,250,589
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>			
Total Actuarial Accrued Liability Less Assets	\$801,162,505 <u>607,378,971</u>	\$ 9,088,084 <u>7,067,927</u>	\$810,250,589 <u>614,446,398</u>
Unfunded Actuarial Accrued Liability	\$193,783,534	\$ 2,020,157	\$195,803,691
<u>NORMAL COSTS</u>			
Normal Retirement Benefits	\$ 29,129,783	\$ 308,225	\$ 29,438,008
Disability Benefits	2,716,362	28,582	2,744,944
Withdrawal Benefits (Vested and Refund of Contributions)	8,612,990	21,945	8,634,935
Survivor Benefits	<u>1,970,876</u>	<u>24,541</u>	<u>1,995,417</u>
Total Normal Cost	\$ 42,430,011	\$ 383,293	\$ 42,813,304
Less Employee Contributions	<u>22,171,503</u>	<u>179,783</u>	<u>22,351,286</u>
Total Normal Cost - State	\$ 20,258,508	\$ 203,510	\$ 20,462,018
<u>VESTED ACCRUED BENEFIT LIABILITY</u>	\$513,313,757	\$ 7,467,260	\$520,781,017

KENTUCKY EMPLOYEES RETIREMENT SYSTEM  
ACTUARIAL ASSUMPTIONS

- Interest - 7 1/2%.
- Valuation of Assets - Book Value.
- Mortality - Pre-retirement - 1971 Group Annuity Mortality Table, plus a duty death rate of 5 deaths per 10,000 per year for hazardous duty employes.  
 Post-retirement - Same as pre-retirement.  
 Mortality for members receiving disability allowances - Social Security Administration Disability Mortality Rates - Actuarial Study No. 75.
- Turnover - First 5 Years:

Turnover  
Rate

0 to 1 Year of Service - All Ages	.350
1 to 2 Years of Service - All Ages	.100
2 to 3 Years of Service - All Ages	.080
3 to 4 Years of Service - All Ages	.065
4 to 5 Years of Service - All Ages	.050

Thereafter, annual turnover rates varying by age, as illustrated below.

- Disability - Annual rates varying by age, as illustrated below.

- Retirement Rates - Early Retirement:

Non-Hazardous

<u>Age</u>	<u>Retirement Rate</u>
55-61	.05
62	.25
63-64	.20
65	.70
66-67	.35
68	.45
69	.60
70 & Over	1.00

At age 55-64 in lieu of the age related rate, 25% are assumed to retire as soon as eligible for unreduced benefits.

Hazardous

Assumed that 50% will retire as soon as eligible for unreduced benefits and balance will continue to age 60.

Normal Retirement: As soon as eligible.

- Salary Increase - 7 1/2% Annually.

ANNUAL RATES OF DECREMENT

<u>Age</u>	<u>Disablement</u>	<u>Turnover Rate</u>
25	0.03%	6.00%
30	0.05%	6.00%
40	0.09%	5.00%
50	0.35%	4.00%
55	0.66%	3.00%
60	1.16%	0.50%

COUNTY EMPLOYEES RETIREMENT SYSTEM  
RESULTS OF THE 1982 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the County Employees Retirement System as of June 30, 1982. The total Actuarial Accrued Liabilities are classified according to type of benefit. On the asset side appear the existing assets constituting the Member's Contribution and Retirement Allowance accounts, and the balancing item, the Unfunded Actuarial Accrued Liability. This latter item is an account receivable item, and represents the actuarial present value of future payments by the participating Agencies to fully fund the Actuarial Accrued Liability. A breakdown of the Actuarial Accrued Liability between Hazardous and Non-Hazardous position employes appears in Table III.

Determination of Contribution Rate

The contribution rate of the participating Agencies required to provide 8 $\frac{1}{2}$ % of the Unfunded Actuarial Accrued Liability, the employer share of the annual Normal Cost, medical insurance, and the administrative costs of the System is shown in Table II. The required contribution is expressed both in dollars and as a percentage of the estimated payroll of the participating Agencies as of June 30, 1982.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1982 are described above. These costs are classified by type of benefit. The Normal Cost contribution rate of the participating Agencies is determined by reducing the total Normal Cost by the expected employe contributions. A breakdown of costs as between Hazardous and Non-Hazardous position employes appears in Table III.

COUNTY EMPLOYES RETIREMENT SYSTEM  
ACTUARIAL BALANCE SHEET JUNE 30, 1982

ASSETS

Member's Contribution Account	\$ 67,230,899	
Retirement Allowance Account	<u>218,303,990</u>	
Total Assets in Trust Fund at Book Value		\$285,534,889
Unfunded Actuarial Accrued Liability		<u>20,552,642</u>
Total Assets		\$306,087,531

ACTUARIAL ACCRUED LIABILITY

Inactive Members:		
Retired Members		\$ 88,834,537
Vested Retirement		9,507,726
Vested Membership		2,321,052
Reciprocities		<u>153,644</u>
Total - Inactive		\$100,816,959
Active Members:		
Normal Retirement Benefits		\$174,842,172
Disability Benefits		11,041,920
Withdrawal Benefits (Vested and Refund of Contributions)		10,456,035
Survivor Benefits		<u>8,930,445</u>
Total - Active		\$205,270,572
Total Actuarial Accrued Liability		\$306,087,531

VESTED ACCRUED BENEFIT LIABILITY \$206,969,299

The Market Value of assets as of June 30, 1982 is \$255,574,706.

COUNTY EMPLOYEES RETIREMENT SYSTEM

DETERMINATION OF CONTRIBUTION RATE JUNE 30, 1982

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liability	\$306,087,531	89.77%
Less: Assets at Book Value	285,534,889	<u>83.74%</u>
Unfunded Actuarial Accrued Liability	\$ 20,552,642	6.03%
Contribution - 8½% of Unfunded Actuarial Accrued Liability	\$ 1,746,975	0.51%
 <u>NORMAL COST</u>		
Normal Retirement Benefits	\$ 20,393,144	5.98%
Disability Benefits	1,836,223	0.54%
Withdrawal Benefits (Vested and Refund of Contributions)	4,684,202	1.38%
Survivor Benefits	1,270,064	<u>0.37%</u>
Total Normal Cost	\$ 28,183,633	8.27%
Less: Employee Contributions	<u>14,031,374</u>	<u>4.12%</u>
Normal Cost - County	\$ 14,152,259	4.15%
 <u>TOTAL ANNUAL EMPLOYER COST</u>		
<u>Non-Hazardous Duty Cost</u>		
Normal Cost	\$ 12,945,957	3.95%**
8½% of Unfunded Actuarial Accrued Liability	1,592,596	0.49%**
Administrative Expense	342,496	0.10%**
Group Hospital and Medical Insurance Premium	491,799	<u>0.15%**</u>
Total Annual Cost	\$ 15,372,848	4.69%**
 <u>Hazardous Duty Cost</u>		
Normal Cost	\$ 1,206,302	9.21%***
8½% of Unfunded Actuarial Accrued Liability	154,379	1.18%***
Administrative Expense	40,558	0.31%***
Group Hospital and Medical Insurance Premium	70,720	<u>0.54%***</u>
Total Annual Cost	\$ 1,471,959	11.24%***

\*Based on estimated annual salaries of \$340,962,180.

\*\*Based on estimated annual salaries of \$327,865,932 for Non-Hazardous Position Employees.

\*\*\*Based on estimated annual salaries of \$13,096,248 for Hazardous Position Employees.



COUNTY EMPLOYES RETIREMENT SYSTEM

CLASSIFICATION OF ACTUARIAL LIABILITIES AND COSTS JUNE 30, 1982

	<u>Non-Hazardous Position Emploees</u>	<u>Hazardous Position Emploees</u>	<u>Total</u>
<u>ACTUARIAL ACCRUED LIABILITY</u>			
<u>Active Members</u>			
Normal Retirement Benefits	\$150,893,345	\$23,948,827	\$174,842,172
Disability Benefits	10,364,400	677,520	11,041,920
Withdrawal Benefits (Vested and Refund of Contributions)	10,259,912	196,123	10,456,035
Survivor Benefits	<u>8,378,009</u>	<u>552,436</u>	<u>8,930,445</u>
Actuarial Accrued Liability - Actives	\$179,895,666	\$25,374,906	\$205,270,572
<u>Inactive Members</u>			
Retired Members	\$ 82,351,869	\$ 6,482,668	\$ 88,834,537
Vested Retirement	9,416,503	91,223	9,507,726
Vested Membership	2,312,395	8,657	2,321,052
Reciprocities	<u>153,644</u>	<u>0</u>	<u>153,644</u>
Actuarial Accrued Liability - Inactives	\$ 94,234,411	\$ 6,582,548	\$100,816,959
Total Actuarial Accrued Liability	\$274,130,077	\$31,957,454	\$306,087,531
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>			
Total Actuarial Accrued Liability	\$274,130,077	\$31,957,454	\$306,087,531
Less Assets	<u>255,393,661</u>	<u>30,141,228</u>	<u>285,534,889</u>
Unfunded Actuarial Accrued Liability	\$ 18,736,416	\$ 1,816,226	\$ 20,552,642
<u>NORMAL COSTS</u>			
Normal Retirement Benefits	\$ 18,604,520	\$ 1,788,624	\$ 20,393,144
Disability Benefits	1,737,296	98,927	1,836,223
Withdrawal Benefits (Vested and Refund of Contributions)	4,534,182	150,020	4,684,202
Survivor Benefits	<u>1,184,596</u>	<u>85,468</u>	<u>1,270,064</u>
Total Normal Cost	\$ 26,060,594	\$ 2,123,039	\$ 28,183,633
Less Employee Contributions	<u>13,114,637</u>	<u>916,737</u>	<u>14,031,374</u>
Total Normal Cost - County	\$ 12,945,957	\$ 1,206,302	\$ 14,152,259
<u>VESTED ACCRUED BENEFIT LIABILITY</u>	\$188,082,531	\$18,886,768	\$206,969,299

COUNTY EMPLOYEES RETIREMENT SYSTEM  
ACTUARIAL ASSUMPTIONS

- Interest - 7 1/2%.
- Valuation of Assets - Book Value.
- Mortality - Pre-retirement - 1971 Group Annuity Mortality Table, plus a duty death rate of 5 deaths per 10,000 per year for hazardous duty employes.
- Post-retirement - Same as pre-retirement. Mortality for members receiving disability allowances - Social Security Administration Disability Mortality Rates - Actuarial Study No. 75.
- Turnover - First 5 Years:

	Turnover Rate
0 to 1 Year of Service - All Ages	.350
1 to 2 Years of Service - All Ages	.100
2 to 3 Years of Service - All Ages	.080
3 to 4 Years of Service - All Ages	.065
4 to 5 Years of Service - All Ages	.050

Thereafter, annual turnover rates varying by age, as illustrated below.

- Disability - Annual rates varying by age, as illustrated below.

- Retirement Rates - Early Retirement:

Non-Hazardous

Age	Retirement Rate
55-61	.05
62	.25
63-64	.20
65	.70
66-67	.35
68	.45
69	.60
70 & Over	1.00

At age 55-64 in lieu of the age related rate, 25% are assumed to retire as soon as eligible for unreduced benefits.

Hazardous

Assumed that 50% will retire as soon as eligible for unreduced benefits and balance will continue to age 55.

Normal Retirement: As soon as eligible.

- Salary Increase - 7 1/2% Annually.

ANNUAL RATES OF DECREMENT

Age	Disablement	Turnover Rate
25	0.03%	6.00%
30	0.05%	6.00%
40	0.09%	6.00%
50	0.35%	4.00%
55	0.66%	3.00%
60	1.16%	0.50%

STATE POLICE RETIREMENT SYSTEM  
RESULTS OF THE 1982 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the State Police Retirement System as of June 30, 1982. The total Actuarial Accrued Liabilities are classified according to type of benefit. On the asset side appear the existing assets constituting the Member's Contribution and Retirement Allowance accounts, and the balancing item, the Unfunded Actuarial Accrued Liability. This latter item is an account receivable item and represents the actuarial present value of future payments by the State to fully fund the Actuarial Accrued Liability.

Determination of Contribution Rate

The rate of contribution by the State required to provide 8½% of the Unfunded Actuarial Accrued Liability, the employer share of the Normal Cost, medical insurance, and the expenses of administration, is shown in Table II. The required contribution is expressed both in dollars and as a percentage of the estimated annual covered payroll as of June 30, 1982.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1982, are described above. These costs are classified by type of benefit. The Normal Cost contribution rate of the State is determined by reducing the total Normal Cost by the expected employe contributions.

STATE POLICE RETIREMENT SYSTEM  
ACTUARIAL BALANCE SHEET JUNE 30, 1982

ASSETS

Member's Contribution Account	\$12,479,299	
Retirement Allowance Account	<u>44,850,831</u>	
Total Assets in Fund at Book Value		\$57,330,130
Unfunded Actuarial Accrued Liability		<u>21,383,042</u>
Total Assets		\$78,713,172

ACTUARIAL ACCRUED LIABILITY

Inactive Members		
Retired and Disabled		\$18,614,789
Vested Retirements		553,700
Vested Membership		17,823
Reciprocities		<u>262,513</u>
Total - Inactive		\$19,448,825
Active Members		
Normal Retirement Benefits		\$57,138,437
Disability Benefits		851,776
Withdrawal Benefits (Vested and Refund of Contributions)		604,495
Survivor Benefits		<u>669,639</u>
Total - Active		\$59,264,347
Total Actuarial Accrued Liability		\$78,713,172

VESTED ACCRUED BENEFIT LIABILITY \$48,853,928

The Market Value of assets as of June 30, 1982 is \$51,590,886.

STATE POLICE RETIREMENT SYSTEM  
DETERMINATION OF CONTRIBUTION RATE JUNE 30, 1982

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liabilities	\$78,713,172	345.88%
Less: Assets at Book Value	57,330,130	<u>251.92%</u>
Unfunded Actuarial Accrued Liability	<u>\$21,383,042</u>	93.96%
 Contribution - 8½% of Unfunded Actuarial Accrued Liability	 \$ 1,817,559	 7.99%
 <u>NORMAL COST</u>		
Normal Retirement Benefits	\$ 3,035,513	13.34%
Disability Benefits	113,132	0.50%
Withdrawal Benefits (Vested and Refund of Contributions)	301,627	1.33%
Survivors Benefits	110,586	0.48%
Total Normal Cost	<u>\$ 3,560,858</u>	<u>15.65%</u>
Less: Employee Contributions	<u>1,593,035</u>	<u>7.00%</u>
 Normal Cost - State Police	 \$ 1,967,823	 8.65%
 <u>TOTAL ANNUAL COST - STATE POLICE</u>		
Normal Cost	\$ 1,967,823	8.65%
8½% of Unfunded Actuarial Accrued Liability	1,817,559	7.99%
Administrative Expense	8,706	0.04%
Group Hospital and Medical Insurance Premiums	186,613	0.82%
Total Annual Cost - State Police	<u>\$ 3,980,701</u>	<u>17.50%</u>

\*Based on estimated annual salaries of \$22,757,640.

STATE POLICE RETIREMENT SYSTEM  
ACTUARIAL ASSUMPTIONS

- Interest - 7 1/2%.
- Valuation of Assets - Book Value.
- Mortality - Pre-retirement - 1971 Group Annuity Mortality Table, plus a duty death rate of 5 deaths per 10,000 employes per year.
- Post-retirement - 1971 Group Annuity Mortality Table. Mortality of members receiving disability allowances - Social Security Administration Mortality Rates - Actuarial Study No. 75.
- Turnover - Annual rates varying by age, as illustrated below.
- Disability - Annual rates varying by age, as illustrated below.
- Retirement Rates - 50% retire upon completion of 25 years of service; all others retire upon completion of 25 years of service and attainment of age 50, or upon attainment of age 55.
- Salary Increase - 7 1/2% Annually.

ANNUAL RATES OF DECREMENT

<u>Age</u>	<u>Disablement</u>	<u>Turnover Rate</u>
25	0.03%	4.05%
30	0.03%	4.50%
40	0.09%	2.00%
50	0.35%	0.00%
55	0.66%	0.00%
60	1.16%	0.00%

INVESTMENT SECTION  
INTRODUCTION

The Kentucky Revised Statutes provide that the Board of Trustees shall be the trustee and shall have the fiduciary responsibility for the several funds administered by the Kentucky Retirement Systems. Consistent with this provision and because the management of the several funds demands current attention, the Board annually adopts a resolution directing its Chairman to appoint an Investment Committee with full power to act for the Board in the management of investment activities. The Investment Committee consists of three members of the Board of Trustees and regularly reports its activities to the full Board for review and approval.

In conjunction with the Investment Committee concept, the Board also adopts an "Investment Policy" which defines objectives and guidelines for the operation of the Investment Committee. This policy is reviewed and updated on a periodic basis. At June 30, 1982, the stated investment objective was as follows:

"To maximize long-range return commensurate with the goal of maintaining a high standard of quality in the investment portfolio. Diversification of assets among and within the different classes of securities will be sought in order to achieve a proper balance in investment opportunities."

An external investment counseling firm is employed on a contractual basis to provide specific investment advice to the Investment Committee. Since late 1979, this service has been provided by Capital Supervisors, Inc., of Chicago, Illinois. A letter from this firm is included in the following pages which summarize fiscal year 1982 investment activity.

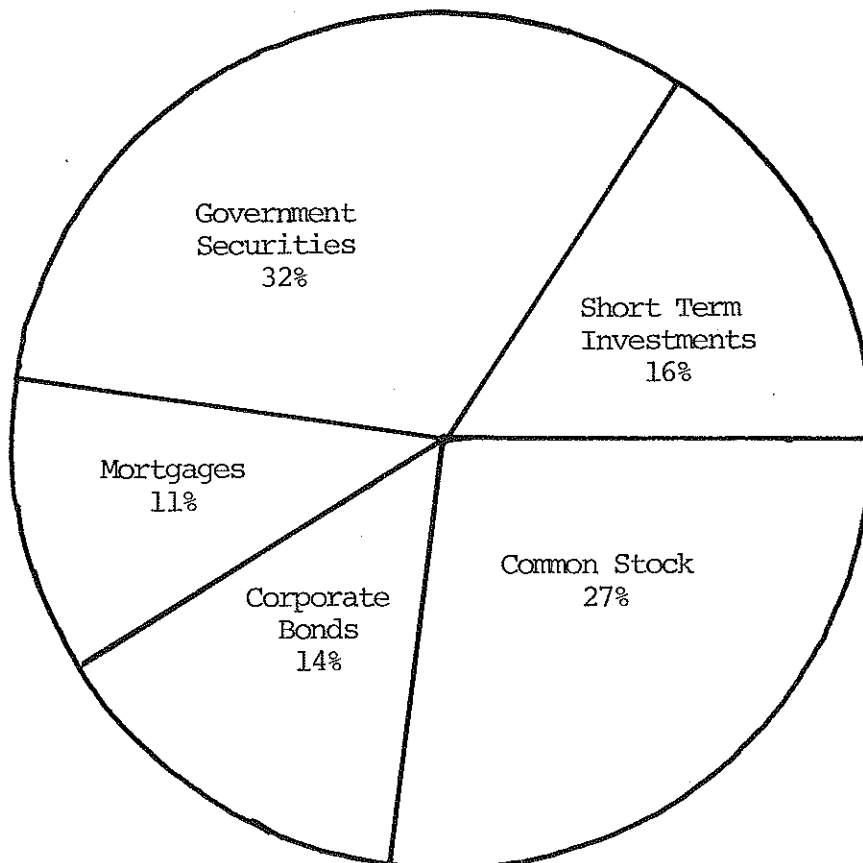
The bar graphs on page 56 reveal the substantial growth in portfolio and investment income that has been enjoyed by the separate retirement systems since 1965. The total book value of the three portfolios (KERS, CERS, SPRS) at June 30, 1982 was \$927.9 million, an increase from \$791.8 million one year ago. Investment income from the three systems combined totaled \$82.4 million for the year, an increase of more than \$20.5 million or 33% over the previous year.

A separate portfolio summary is provided on pages 57, 58, and 59 for each retirement system and a total portfolio summary of the three systems combined is found on page 60. Following these summaries is a detail listing of the common stock portfolio held by the combined systems (page 61) as of June 30, 1982 and then a detail listing of the bond portfolio held by the combined systems (pages 62-74) at June 30, 1982. The final Table in this section is a detail report of the securities held in the Insurance Fund at June 30, 1982.

At June 30, 1982, the indicated yield for the bond portfolio was 10.8% based on book value. This compares favorably with the indicated yield of 10.5% at June 30, 1981. The "total rate of return" (which is comprised of income earned plus realized and unrealized capital appreciation or loss) for the total portfolio for the year ended June 30, 1982 was 7%. This measure is largely a function of how the various securities markets performed during the period of time in question. During 1981-82, common stocks generally declined in value while bonds, although fluctuating dramatically throughout the year, closed the year down moderately in value from the previous year end. This decline in market values resulted in a "total return" somewhat lower than the current yield that was actually realized in terms of income received as a percentage of dollars invested. Portfolio performance is measured and analyzed on a quarterly basis by a major independent investment banking company.

For the 1981-82 fiscal year the Citizens Fidelity Bank in Louisville, Kentucky was employed on a contractual basis to serve as the Custodian of Securities for the retirement systems. All eligible securities were retained at the Depository Trust Company which facilitates the settlement of securities transactions and expedites the collection of investment income. Single family FHA and VA mortgages remain in the custody of the State Treasurer.

At June 30, 1982, the investments of the combined retirement systems were distributed as indicated below.



ASSET DISTRIBUTION  
BASED ON BOOK VALUE





Capital Supervisors, Inc. / 20 North Clark Street, Suite 700, Chicago, Illinois 60602 / Phone (312) 236-8271

August 16, 1982

Board of Trustees  
Kentucky Retirement System  
226 West Second Street  
Frankfort, Kentucky 40601

As investment advisors to the Board we submit the following summary of activities for the past fiscal year.

During the period we purchased \$61.3 million dollars in stocks and sold \$35.1 million. Stocks did not perform as well as the previous year, declining in value by 7.8%. However, this does compare favorably with the major market indices such as the Dow Jones Industrial Average which declined 11.2% and the Standard & Poor's 500 Stock Index which declined 11.5%.

In the just completed fiscal year we purchased \$90 million face value of new bonds at average yields in excess of 15%. During the same period \$25 million face value of bonds having average coupons of less than 8% matured, resulting in a substantial pickup in overall yield.

We also completed bond swaps moving \$25 million face value to better yields or quality. These changes were made while maintaining and, in fact, upgrading quality. Emphasis remained on intermediate maturities which enabled you to obtain attractive yields with good durability while avoiding excess risks.

As of June 30th, Cash Equivalents represented 19% of assets at market value, Stocks 28% and Bonds 53%, overall yield was 10.8%.

The total portfolio had a good year on an absolute basis with a 7.0% total return. Relative numbers were even better as we outperformed both bonds and stocks by wide margins. The environment still leaves much to be desired but shows signs of improvement. In any event, our cautious balanced approach should continue to stand Kentucky in good stead.

Respectfully submitted,

CAPITAL SUPERVISORS, INC.

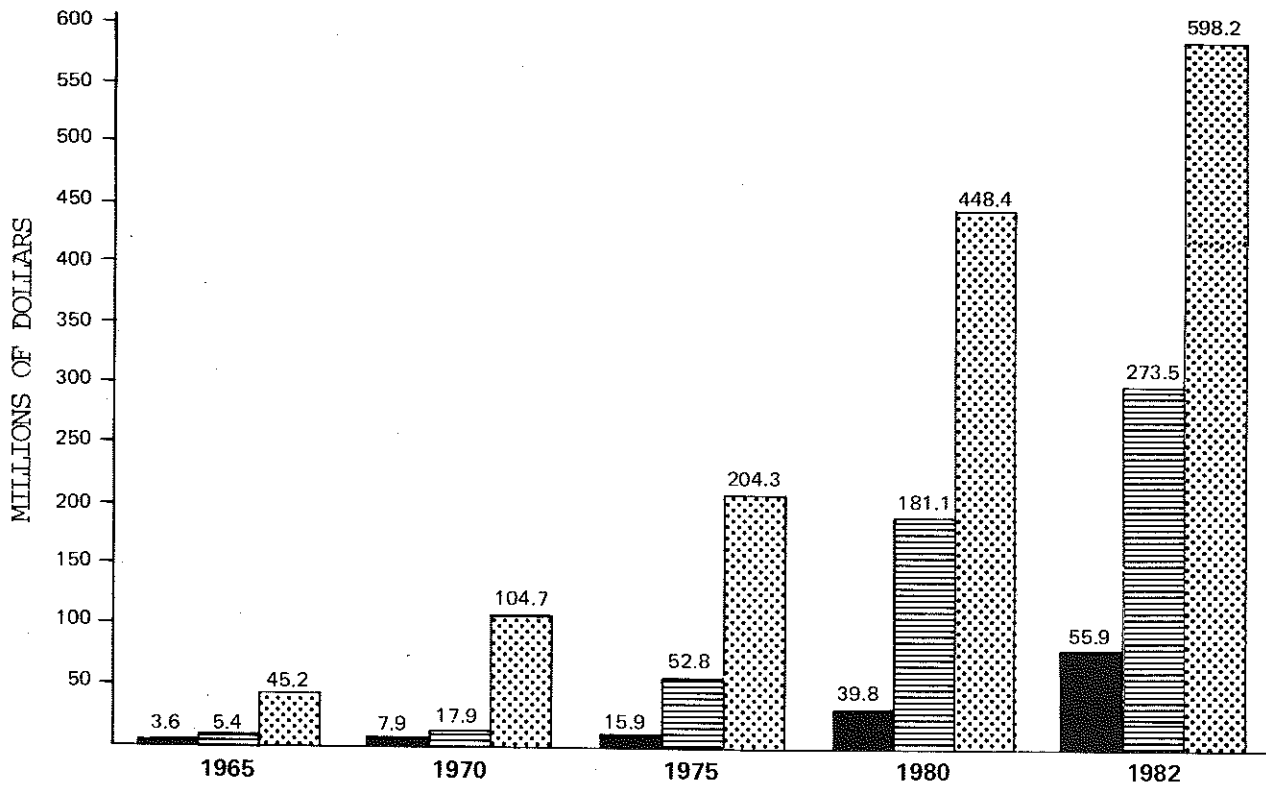
By: Lee Thurow

Lee Thurow  
President

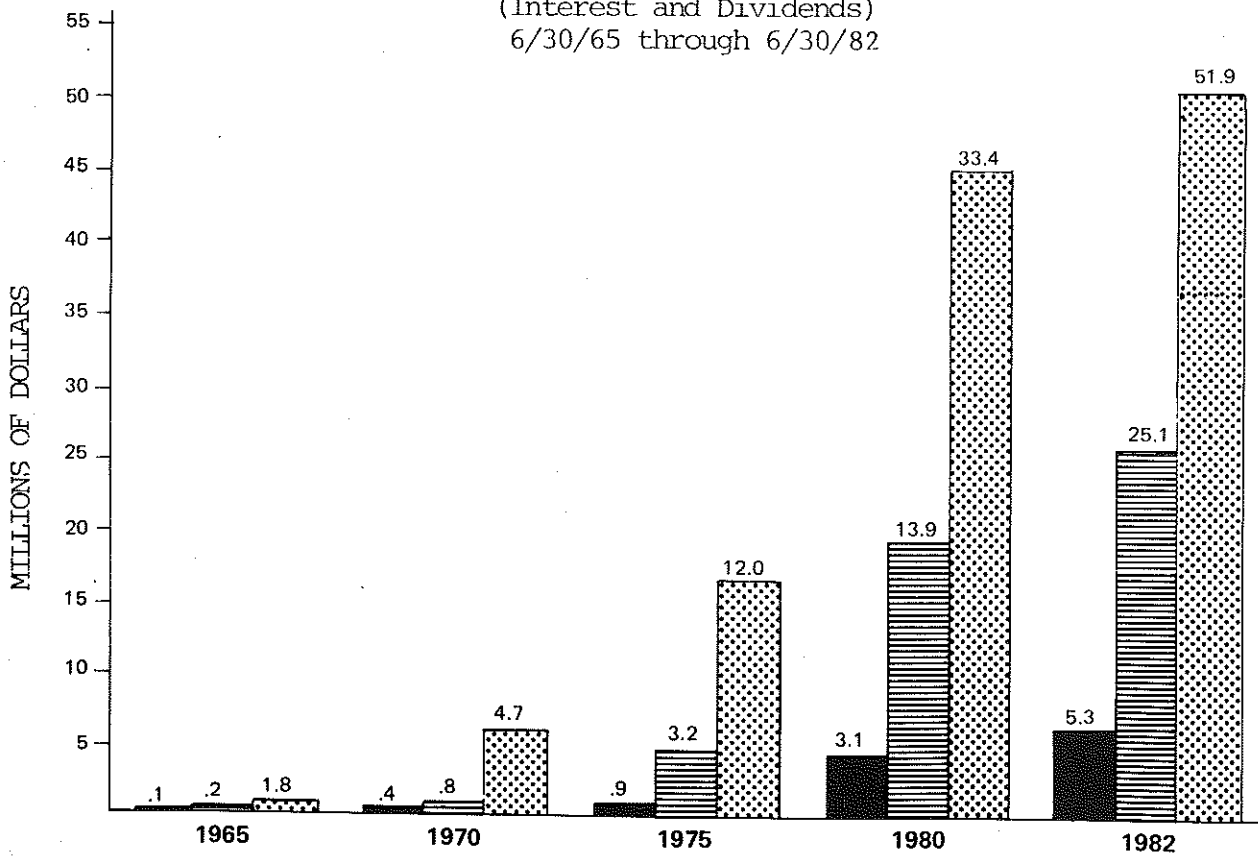
Theodore R. Tonneman

Theodore R. Tonneman  
Executive Vice President

PORTFOLIO GROWTH  
(at book value)  
6/30/65 through 6/30/82



PORTFOLIO INCOME GROWTH  
(Interest and Dividends)  
6/30/65 through 6/30/82



SPRS

CERS

KERS

KENTUCKY RETIREMENT SYSTEMS  
 PORTFOLIO SUMMARY: 06/30/82

STATE EMPLOYEES (KERS)

\*\*\*\*\* FIXED INCOME \*\*\*\*\*

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value % of Total Par Value	\$ 92,144,783.88 20%	\$199,402,184.17 44%	\$76,221,491.58 17%	\$84,837,350.00 19%	\$452,605,809.63 100%
Book Value % of Total Book Value	\$ 88,444,523.54 20%	\$196,997,011.11 45%	\$65,637,013.53 15%	\$84,837,350.00 19%	\$435,915,898.18 100%
Market Value % of Total Market Value	\$ 66,592,136.30 18%	\$159,832,626.87 43%	\$58,840,203.47 16%	\$84,837,350.00 23%	\$370,102,316.64 100%
Potential Gain (or Loss)	\$-21,852,387.24	\$-37,164,384.24	\$-6,796,810.06	.00	\$-65,813,581.84
Indicated Annual Income	\$ 8,710,781.57	\$ 17,828,361.35	\$ 8,065,313.91	\$11,431,566.88	\$46,036,023.71
Current Yield - Book Value - Market Value	9.85 13.08	9.05 11.15	12.29 13.71	13.47 13.47	10.56 12.44
Yield to Maturity - Mkt Value	15.24	14.47	15.07	13.47	14.54
Average Coupon	9.45	8.94	10.58	13.47	10.17
Average Maturity (Years)	12.30	6.70	24.70	.00	9.60

\*\*\*\*\* COMMON STOCK \*\*\*\*\*

NO. OF SHARES	BOOK VALUE/COST	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	CURRENT YIELD		INDICATED YIELD	
					ON COST	ON MARKET	ON BOOK	ON MARKET
4,633,230	\$162,310,863.62	\$152,028,515.41	\$-10,282,348.21	\$9,726,365.80	5.99	6.40	9.85	13.08
***** TOTAL PORTFOLIO *****								
TYPE	BOOK VALUE	MARKET VALUE	PERCENTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	ON MARKET	ON BOOK	ON MARKET
Corporates	\$ 88,444,523.54	\$ 66,592,136.30	15%	\$ 8,710,781.57	9.85	13.08	9.85	13.08
Governments	\$196,997,011.11	\$159,832,626.87	33%	\$17,828,361.35	9.05	11.15	9.05	11.15
Mortgages	\$ 65,637,013.53	\$ 58,840,203.47	11%	\$ 8,065,313.91	12.29	13.71	12.29	13.71
Short Term	\$ 84,837,350.00	\$ 84,837,350.00	14%	\$11,431,566.88	13.47	13.47	13.47	13.47
Common Stock	\$162,310,863.62	\$152,028,515.41	27%	\$ 9,726,365.80	5.99	6.40	5.99	6.40
TOTAL PORTFOLIO	\$598,226,761.80	\$522,130,832.05	100%	\$55,762,389.51	9.32	10.68	9.32	10.68

KENTUCKY RETIREMENT SYSTEMS  
 PORTFOLIO SUMMARY: 06/30/82

COUNTY EMPLOYES (CERS)

\*\*\*\*\* FIXED INCOME \*\*\*\*\*

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$41,006,451.13	\$ 83,957,911.63	\$43,608,015.27	\$43,558,200.00	\$212,130,578.03
% of Total Par Value	19%	40%	21%	21%	100%
Book Value	\$37,977,634.77	\$ 82,902,983.57	\$36,448,714.45	\$43,558,200.00	\$200,887,532.79
% of Total Book Value	19%	41%	18%	22%	100%
Market Value	\$29,668,847.71	\$ 68,550,796.77	\$34,066,380.17	\$43,558,200.00	\$175,844,224.65
% of Total Market Value	17%	39%	19%	25%	100%
Potential Gain (or Loss)	\$-8,308,787.06	\$-14,352,186.80	\$-2,382,334.28	.00	\$-25,043,308.14
Indicated Annual Income	\$ 3,903,706.03	\$ 7,997,581.66	\$ 4,833,360.47	\$ 5,905,907.70	\$ 22,640,555.86
Current Yield - Book Value	10.28	9.65	13.26	13.56	11.27
- Market Value	13.16	11.67	14.19	13.56	12.88
Yield to Maturity - Mkt Value	15.18	14.48	15.51	13.55	14.64
Average Coupon	9.52	9.53	11.08	13.56	10.67
Average Maturity (Years)	12.40	7.30	26.10	.10	10.60

\*\*\*\*\* COMMON STOCK \*\*\*\*\*

NO. OF SHARES	BOOK VALUE/COST	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
2,084,641	\$72,624,334.47	\$67,707,459.78	\$-4,916,874.69	\$4,177,354.34	5.75	6.17

\*\*\*\*\* TOTAL PORTFOLIO \*\*\*\*\*

TYPE	BOOK VALUE	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	INDICATED YIELD ON MARKET
Corporates	\$ 37,977,634.77	\$ 29,668,847.71	14%	\$ 3,903,706.03	10.28	13.16
Governments	\$ 82,902,983.57	\$ 68,550,796.77	30%	\$ 7,997,581.66	9.65	11.67
Mortgages	\$ 36,448,714.45	\$ 34,066,380.17	13%	\$ 4,833,360.47	13.26	14.19
Short Term	\$ 43,558,200.00	\$ 43,558,200.00	16%	\$ 5,905,907.70	13.56	13.56
Common Stock	\$ 72,624,334.47	\$ 67,707,459.78	27%	\$ 4,177,354.34	5.75	6.17
TOTAL PORTFOLIO	\$273,511,867.26	\$243,551,684.43	100%	\$26,817,910.20	9.81	11.01

KENTUCKY RETIREMENT SYSTEMS  
 PORTFOLIO SUMMARY: 06/30/82

STATE POLICE (SPRS)

\*\*\*\*\* FIXED INCOME \*\*\*\*\*

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$ 6,363,660.72	\$14,319,404.20	\$3,901,598.91	\$22,530,450.00	\$46,305,113.83
% of Total Par Value	14%	31%	7%	49%	100%
Book Value	\$ 6,301,870.28	\$14,191,585.74	\$2,740,007.38	\$22,530,450.00	\$45,763,913.40
% of Total Book Value	14%	31%	6%	49%	100%
Market Value	\$ 4,603,209.88	\$11,155,016.42	\$2,314,037.79	\$22,530,450.00	\$40,602,714.09
% of Total Market Value	11%	27%	6%	55%	100%
Potential Gain (or Loss)	\$-1,698,660.40	\$-3,036,569.32	\$-425,969.59	.00	\$-5,161,199.31
Indicated Annual Income	\$ 599,392.10	\$ 1,195,149.99	\$ 306,169.06	\$ 2,992,328.07	\$ 5,093,039.22
Current Yield - Book Value	9.51	8.42	11.17	13.28	11.13
- Market Value	13.02	10.71	13.23	13.28	12.54
Yield to Maturity - Mkt Value	15.18	14.46	14.70	13.28	14.00
Average Coupon	9.42	8.35	9.90	13.28	11.00
Average Maturity (Years)	11.90	6.90	24.00	.00	5.40

\*\*\*\*\* COMMON STOCK \*\*\*\*\*

NO. OF SHARES	BOOK VALUE/COST	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	CURRENT YIELD ON COST	CURRENT YIELD ON MARKET
284,181	\$10,088,461.08	\$9,510,416.51	\$-578,044.57	\$628,743.66	6.23	6.61

\*\*\*\*\* TOTAL PORTFOLIO \*\*\*\*\*

TYPE	BOOK VALUE	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	INDICATED YIELD ON BOOK	INDICATED YIELD ON MARKET
Corporates	\$ 6,301,870.28	\$ 4,603,209.88	11%	\$ 599,392.10	9.51	13.02
Governments	\$14,191,585.74	\$11,155,016.42	25%	\$1,195,149.99	8.42	10.71
Mortgages	\$ 2,740,007.38	\$ 2,314,037.79	5%	\$ 306,169.06	11.17	13.23
Short Term	\$22,530,450.00	\$22,530,450.00	40%	\$2,992,328.07	13.28	13.28
Common Stock	\$10,088,461.08	\$ 9,510,416.51	18%	\$ 628,743.66	6.23	6.61
TOTAL PORTFOLIO	\$55,852,374.48	\$50,113,130.60	100%	\$5,721,782.88	10.24	11.42

KENTUCKY RETIREMENT SYSTEMS  
 PORTFOLIO SUMMARY: 06/30/82

ALL SYSTEMS COMBINED

\*\*\*\*\* FIXED INCOME \*\*\*\*\*

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$139,514,895.73	\$297,679,500.00	\$122,921,105.76	\$150,926,000.00	\$711,041,501.49
% of Total Par Value	20%	42%	17%	21%	100%
Book Value	\$132,724,028.59	\$294,091,580.42	\$104,825,735.36	\$150,926,000.00	\$682,567,344.37
% of Total Book Value	19%	43%	15%	22%	100%
Market Value	\$100,864,193.89	\$239,538,440.06	\$95,220,621.43	\$150,926,000.00	\$586,549,255.38
% of Total Market Value	17%	41%	16%	26%	100%
Potential Gain (or Loss)	\$-31,859,834.70	\$-54,553,140.36	\$-9,605,113.93	.00	\$-96,018,088.99
Indicated Annual Income	\$ 13,213,879.70	\$ 27,021,093.00	\$ 13,204,843.44	\$ 20,329,802.65	\$ 73,769,618.79
Current Yield - Book Value	9.96	9.19	12.60	13.47	10.81
- Market Value	13.10	11.28	13.87	13.47	12.58
Yield to Maturity - Mkt Value	15.22	14.47	15.22	13.47	14.53
Average Coupon	9.47	9.08	10.74	13.47	10.37
Average Maturity (Years)	12.30	6.90	25.10	.00	9.60

\*\*\*\*\* COMMON STOCK \*\*\*\*\*

NO. OF SHARES	BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	CURRENT YIELD ON COST	CURRENT YIELD ON MARKET
7,002,052	\$245,023,659.17	\$-15,777,267.47	\$14,532,463.80	5.93	6.34

\*\*\*\*\* TOTAL PORTFOLIO \*\*\*\*\*

TYPE	BOOK VALUE	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	INDICATED YIELD ON BOOK	INDICATED YIELD ON MARKET
Corporates	\$132,724,028.59	\$100,864,193.89	12%	\$13,213,879.70	9.96	13.10
Government	\$294,091,580.42	\$239,538,440.06	29%	\$27,021,093.00	9.19	11.28
Mortgages	\$104,825,735.36	\$95,220,621.43	12%	\$13,204,843.44	12.60	13.87
Short Term	\$150,926,000.00	\$150,926,000.00	19%	\$20,329,802.65	13.47	13.47
Common Stock	\$245,023,659.17	\$229,246,391.70	28%	\$14,532,463.80	5.93	6.34
TOTAL PORTFOLIO	\$927,591,003.54	\$815,795,647.08	100%	\$88,302,082.59	9.52	10.82

KENTUCKY RETIREMENT SYSTEMS  
COMMON STOCK PORTFOLIO FOR THE PERIOD ENDED 6/30/82

NAME OF SECURITY	SHARES	COST	6/30/82 MARKET	TOTAL MARKET VALUE	POTENTIAL GAIN OR LOSS	EARNINGS PER SHARE		P/E RATIO		YIELD
						1980	1981	81	82	
ACF Industries	100,000	38	31	\$ 3,087,500	\$ 682,025-	\$ 5.03	\$ 5.23	5	5	8.9%
Allied Corporation	106,621	39	30	\$ 3,238,612	\$ 970,556-	\$ 8.59	\$ 9.03	3	4	7.9%
American Express	50,000	57	40	\$ 2,012,499	\$ 75,374	\$ 5.27	\$ 5.58	7	6	5.5%
American Tel. & Tel.	241,200	39	51	\$12,301,200	\$1,352,888-	\$ 8.19	\$ 8.55	6	5	10.6%
Atlantic Richfield	75,000	46	37	\$ 2,756,249	\$ 674,437-	\$ 6.64	\$ 6.66	5	5	6.5%
Baxter Travenol	150,000	27	36	\$ 5,456,249	\$2,396,820	\$ 1.86	\$ 2.16	16	14	2.2%
Beatrice Food	150,000	20	19	\$ 2,906,250	\$1,080,018-	\$ 4.08	\$ 4.38	16	4	10.8%
Borg-Warner	200,000	25	26	\$ 5,274,999	\$ 286,033	\$ 2.92	\$ 4.00	6	5	5.3%
Bristol Meyers	50,000	34	56	\$ 2,781,250	\$1,065,087	\$ 2.94	\$ 2.87	19	18	2.7%
Capital Holding	100,000	17	25	\$ 2,462,498	\$ 743,750	\$ 3.20	\$ 3.58	6	6	5.4%
Coca-Cola Company	100,000	52	34	\$ 3,387,499	\$1,837,153-	\$ 3.42	\$ 3.62	9	8	7.3%
CSX Corporation	132,400	40	39	\$ 5,147,050	\$ 127,950-	\$ 7.13	\$ 8.92	4	4	7.3%
Deere & Company	65,000	37	25	\$ 1,625,000	\$ 794,841-	\$ 3.72	\$ 3.79	6	11	8.0%
Delta Air Lines	15,000	31	34	\$ 510,000	\$ 803,112-	\$ 5.45	\$ 6.70	10	9	0.0%
Digital Equipment	75,000	81	70	\$ 5,240,624	\$ 803,112-	\$ 4.42	\$ 3.00	6	9	8.7%
Dow Chemical	150,000	35	21	\$ 3,112,500	\$2,113,950-	\$ 7.15	\$ 7.66	6	9	4.7%
Eastman Kodak	100,000	82	74	\$ 7,374,998	\$ 861,962-	\$ 4.52	\$ 4.93	11	10	4.5%
Eli Lilly	50,000	45	57	\$ 2,862,499	\$1,096,745	\$ 6.50	\$ 6.43	4	5	10.8%
Exxon	280,000	24	28	\$ 7,804,999	\$ 67,937-	\$ 2.81	\$ 3.17	6	4	6.4%
FWC Corporation	100,000	26	25	\$ 2,500,000	\$ 759,354	\$ 2.81	\$ 3.17	10	9	5.3%
Gannett	110,850	26	33	\$ 3,602,624	\$ 1,204,684	\$ 6.65	\$ 7.26	8	7	5.3%
General Electric	100,000	52	64	\$ 6,362,498	\$1,251,879	\$ 3.90	\$ 4.45	9	8	3.9%
General Mills	133,700	33	42	\$ 5,598,687	\$ 146,060	\$ 4.01	\$ 4.23	8	7	4.6%
General Signal	100,000	33	35	\$ 3,487,500	\$ 123,337-	\$ 6.16	\$ 5.85	5	5	6.2%
Great Northern Nekossa	100,000	34	33	\$ 3,250,000	\$ 486,174-	\$ 4.25	\$ 5.72	4	4	5.7%
Halliburton	100,000	33	28	\$ 2,812,498	\$ 614,649-	\$ 2.97	\$ 2.97	3	7	3.6%
Harris Corporation	65,000	34	25	\$ 1,600,624	\$ 571,085-	\$ 6.10	\$ 5.63	10	9	5.7%
Interntl Bus Machines	200,000	63	61	\$12,125,000	\$1,972,862-	\$ 2.07	\$ 1.75	4	6	9.7%
Internatl Minerals	100,000	40	27	\$ 2,675,000	\$1,352,212-	\$ 5.63	\$ 5.97	10	7	5.4%
K-Mart	150,000	31	18	\$ 2,756,249	\$1,906,141-	\$ 2.52	\$ 2.27	17	15	6.9%
Marsh & McLennan	100,000	32	32	\$ 3,200,000	\$ 23,665	\$ 3.12	\$ 3.27	9	8	1.2%
Medtronic	100,000	35	47	\$ 4,737,500	\$1,281,925	\$ 2.52	\$ 2.70	12	11	4.1%
Merck	84,800	73	68	\$ 5,724,000	\$ 469,130-	\$ 5.54	\$ 5.36	9	8	6.0%
Minnesota Min'g Mfg	100,000	54	53	\$ 5,324,999	\$ 53,212-	\$ 5.78	\$ 5.74	3	5	8.9%
Mobil Oil	144,000	15	22	\$ 3,221,999	\$1,001,255	\$ 6.63	\$ 5.72	4	4	4.9%
Morrison-Knudsen	100,000	38	18	\$ 1,800,000	\$1,972,862-	\$ 3.50	\$ 3.66	4	4	1.2%
N I Industries	100,000	32	21	\$ 2,050,000	\$1,117,321-	\$ 2.47	\$ 4.69	10	21	2.8%
Newmont Mining	50,000	51	32	\$ 1,618,750	\$ 921,775-	\$ 7.71	\$ 3.02	6	5	2.8%
Perkin Elmer	172,000	26	18	\$ 3,053,000	\$1,457,462-	\$ 1.67	\$ 1.81	9	10	4.7%
Phillip Morris	100,600	27	51	\$ 5,155,749	\$2,424,028	\$ 4.63	\$ 5.28	6	6	5.8%
Pillsbury Company	50,000	39	39	\$ 1,931,249	\$ 40,491-	\$ 5.22	\$ 5.95	6	6	5.8%
Proctor & Gamble	100,000	84	83	\$ 8,300,000	\$ 143,023-	\$ 7.78	\$ 8.08	10	8	5.1%
Public Service Colo	300,000	13	16	\$ 4,650,000	\$ 671,400	\$ 1.92	\$ 1.97	7	7	11.4%
Public Service Ind	196,803	24	23	\$ 4,575,668	\$ 98,939-	\$ 3.21	\$ 3.42	6	5	11.9%
Schering-Plough	100,000	37	29	\$ 2,937,500	\$ 796,000-	\$ 4.45	\$ 3.31	8	7	5.7%
Sears	300,000	26	19	\$ 5,812,499	\$2,045,662-	\$ 1.93	\$ 2.06	9	7	7.0%
Smithkline Beckman	50,000	65	64	\$ 3,218,749	\$ 34,937-	\$ 4.65	\$ 4.93	13	10	3.6%
Sonat Inc.	75,000	24	26	\$ 1,921,874	\$ 153,667	\$ 3.43	\$ 4.24	6	5	4.3%
Square D.	100,000	28	25	\$ 2,487,499	\$ 320,037-	\$ 3.29	\$ 3.82	6	6	7.4%
Stanley Works	200,000	17	14	\$ 2,824,999	\$ 674,175-	\$ 1.94	\$ 2.10	6	8	5.4%
Std Oil Indiana	92,200	25	40	\$ 3,722,573	\$1,378,660	\$ 6.54	\$ 6.56	6	6	6.9%
Tenneco	100,000	44	25	\$ 2,487,499	\$1,951,825-	\$ 5.95	\$ 6.01	4	4	10.3%
Texas Instruments	50,000	81	87	\$ 4,331,249	\$ 266,975	\$ 9.22	\$ 4.56	19	15	2.3%
Texas Utilities Co.	186,878	20	22	\$ 4,064,596	\$ 393,254	\$ 3.18	\$ 3.51	6	5	9.4%
Transamerica	150,000	22	19	\$ 2,868,749	\$ 375,525-	\$ 3.67	\$ 3.15	6	5	7.3%
Travelers Corp.	200,000	23	21	\$ 4,250,000	\$ 446,300-	\$ 3.67	\$ 4.22	5	4	7.7%
Warner Lambert	100,000	29	20	\$ 2,024,999	\$ 910,488-	\$ 2.41	\$ 1.80	11	7	6.9%
Xerox	150,000	51	32	\$ 4,837,500	\$2,804,075-	\$ 7.24	\$ 7.08	4	5	9.3%

Shares	Total Cost	Total Market Value	Potential G/L	Dividend Income	P/E 1981	P/E 1982	Yield
7,002,052	\$245,023,659	\$229,246,392	\$15,777,267-	\$14,532,464	7	6	6.3%

KENTUCKY RETIREMENT SYSTEMS  
 BOND PORTFOLIO FOR THE PERIOD ENDED 6/30/82

Security Name	Coupon	Maturity	Par Value KERS CERS	SPRS TOTAL	Yield	Price	S&P	Moody	Market	Gain-Loss	Annual Inc
American Comm Lines	8.000%	08/02	3214	1055	330	4600	14.500	AAA	2,662,250	1,937,750-	368,000
Atlantic Richfield	7.000%	12/91	4455	3564	81	8100	14.950	AAA	4,900,500	67,794-	567,000
Banks of Cooperative	7.750%	01/86	3727	992	280	5000	14.370	AAA	4,068,750	963,793-	387,500
Bell Steamship Titl	8.350%	04/01	4366	1093	323	5784	15.100	AAA	3,361,950	2,481,304-	482,964
Borden Inc	8.500%	04/04	745	199	56	1000	14.900	AAA	588,750	437,250-	85,000
Brooklyn Union Gas	4.375%	05/88	198	33	264	3300	15.320	A	154,440	109,560-	11,500
Bulk Food Carriers	7.800%	06/92	1299	655	126	2080	15.360	AAA	1,289,745	790,489-	162,258
Chrysler Corp	10.350%	06/90	7000	2600	400	10000	14.700	AAA	8,000,000	2,000,000-	1,035,000
Chrysler Corp	11.400%	07/90	9500	4300	1200	15000	15.000	AAA	12,525,000	2,286,628-	1,710,000
Continental Oil	8.875%	06/01	2872	1243	184	4300	14.700	AA	2,709,000	1,298,521-	381,625
Dow Chemical	7.625%	07/03	1650	1320	30	3000	14.700	AA	1,631,250	132,463-	228,750
Fed Farm Credit Ban	15.650%	10/89	2750	2200	50	5000	15.200	NR	5,056,250	56,250	782,500
Fed Farm Credit Con	8.050%	03/83	4464	2304	432	7200	14.930	AAA	6,885,000	321,300-	579,600
Fed Home Loan Bank	9.875%	03/09	1557	1245	28	2831	15.550	AAA	2,240,029	1,051,206-	628,000
Fed Home Loan GMC	10.250%	03/09	6146	4917	111	11175	15.490	AAA	9,009,844	13,969-	1,145,438
Fed Home Loan GMC	10.000%	09/09	6888	5511	125	12525	16.360	AAA	9,785,156	373,431-	1,252,500
Fed Inter Cr Bk	6.950%	01/87	7546	2784	668	11000	14.490	AAA	8,291,250	2,601,804-	764,500
Federal Home Loan	7.650%	05/87	10323	4741	935	16000	14.630	AAA	12,060,000	3,940,000-	1,224,000
Federal Home Loan	7.875%	02/97	5624	1864	510	8000	14.320	AAA	4,740,000	3,349,567-	630,000
Federal Home Loan	7.375%	02/85	3422	1210	367	5000	14.640	AAA	4,162,500	836,094-	368,750
Federal Land Bank	7.200%	01/83	4900	1750	350	7000	15.150	AAA	6,658,750	345,245-	504,000
Federal Land Bank	7.300%	10/83	1760	577	161	2500	14.650	AAA	2,275,000	219,234-	182,500
Federal Land Bank	8.100%	07/85	4368	1293	338	6000	14.540	AAA	4,987,500	1,009,387-	486,000
Federal Land Bank	7.950%	10/85	6445	2000	554	9000	14.370	AAA	7,391,250	1,675,226-	715,500
Federal Land Bank	7.600%	04/87	2980	1920	500	5000	14.290	AAA	3,818,750	1,181,250-	380,000
Federal Land Bank	7.250%	07/87	2559	2139	301	5000	14.410	AAA	3,662,500	1,337,500-	362,500
Federal Land Bank	7.850%	01/88	10859	4305	833	16000	14.320	AAA	11,880,000	4,205,836-	1,256,000
FHA Mortgages	4.86%	07/90	410	271	271	271	10.600	NR	189,700	82,331-	13,195
FHA Mortgages	4.98%	07/90	410	410	410	410	10.600	NR	287,474	124,228-	20,468
FHA Mortgages	5.016%	07/90	3967	3967	3967	3967	10.600	NR	2,777,431	1,213,148-	199,023
Ford Motor Credit	8.625%	06/86	3612	1133	254	5000	18.500	AAA	3,668,750	1,331,250-	431,250
Ford Motor Credits	8.700%	04/99	1490	398	112	2000	18.400	AAA	1,000,000	1,041,556-	174,000
General Elec Credit	4.625%	10/82	862	56	82	1000	17.940	A	960,000	27,687-	46,250
General Elec Credit	4.500%	03/84	563	81	6	650	17.330	A	529,750	89,323-	29,250
GMAC	8.125%	06/86	3569	2692	237	6500	15.330	AAA	5,151,250	644,162-	528,125
GMAC	7.000%	05/87	1375	1100	25	2500	15.760	AA	1,775,000	65,625-	175,000
GMAC	8.625%	05/88	1650	1320	30	3000	15.350	A	2,238,750	111,817-	258,750
GMAC	7.500%	01/07	448	203	49	701	14.590	AAA	433,057	202,464-	52,598
GMWA 14171	7.500%	05/07	427	193	46	667	14.590	AAA	412,263	198,974-	50,072
GMWA 15576	7.500%	05/07	425	294	54	774	14.590	AAA	478,254	224,312-	58,088
GMWA 15775	7.500%	05/07	791	546	100	1439	14.590	AAA	888,699	416,833-	107,939
GMWA 15952	7.500%	05/07	545	200	56	802	14.590	AAA	495,303	228,579-	60,158
GMWA 16188	11.500%	03/10	663	246	37	948	15.610	AAA	737,494	69,798-	109,083
GMWA 39313	11.500%	03/10	663	246	37	948	15.610	AAA	737,340	69,917-	109,060
GMWA 39478	13.500%	05/10	557	393	9	960	16.120	AAA	823,970	66,188-	129,721
GMWA 40093	11.500%	10/10	673	250	38	962	15.610	AAA	748,077	108,845-	110,648
GMWA 40366	11.500%	10/10	673	250	38	962	15.610	AAA	765,812	77,983-	113,271
GMWA 40645	11.500%	08/10	1228	604	116	1949	15.610	AAA	1,515,849	154,392-	224,209
GMWA 41401	11.500%	10/10	1379	512	78	1970	15.610	AAA	1,531,717	225,184-	226,556
GMWA 42195	11.500%	10/10	1377	511	78	1967	15.610	AAA	1,529,863	224,908-	226,282
GMWA 42199	11.500%	10/10	1374	510	78	1963	15.610	AAA	1,526,614	265,308-	225,801



Security Name	Coupon	Maturity	Par Value (In \$000's)		Yield	Price	S&P	Moody	Market	Gain-Loss	Annual Inc
			KERS	CERS							
GNMA 42797	11.500%	10/10	674	250	15.610	\$ 77.750	AAA	AAA	748,658	108,947-	110,734
GNMA 42994	11.500%	10/10	1381	513	15.610	\$ 77.750	AAA	AAA	1,534,525	145,024-	226,971
GNMA 43250	11.500%	10/10	687	255	15.610	\$ 77.750	AAA	AAA	763,300	132,643-	112,900
GNMA 43596	11.500%	10/10	4814	1788	15.610	\$ 77.750	AAA	AAA	5,347,182	776,025-	790,901
GNMA 43599	11.500%	11/10	1383	513	15.610	\$ 77.750	AAA	AAA	1,536,416	223,551-	227,251
GNMA 43761	11.500%	10/10	690	256	15.610	\$ 77.750	AAA	AAA	766,492	111,767-	113,372
GNMA 43826	11.500%	10/10	625	307	15.610	\$ 77.750	AAA	AAA	772,428	78,633-	114,250
GNMA 44106	11.500%	10/10	1025	381	15.610	\$ 77.750	AAA	AAA	1,139,523	119,730-	168,547
GNMA 44255	11.500%	10/10	625	308	15.610	\$ 77.750	AAA	AAA	772,507	78,607-	114,261
GNMA 44305	13.000%	05/11	578	408	16.000	\$ 83.750	AAA	AAA	834,993	58,389-	129,611
GNMA 44423	11.500%	10/10	343	127	15.610	\$ 77.750	AAA	AAA	381,209	40,043-	56,385
GNMA 44880	11.500%	10/10	678	251	15.610	\$ 77.750	AAA	AAA	753,098	79,120-	111,391
GNMA 44993 (Mob Ham)	13.750%	05/96	280	198	15.460	\$ 90.250	AAA	AAA	437,231	33,402-	66,614
GNMA 45206	14.000%	06/11	548	439	16.240	\$ 87.750	AAA	AAA	875,620	34,583-	139,700
GNMA 45263	14.000%	06/11	545	436	16.240	\$ 87.750	AAA	AAA	869,696	34,343-	138,755
GNMA 45350	11.500%	10/10	1363	506	15.610	\$ 77.750	AAA	AAA	1,514,467	159,089-	224,005
GNMA 45499 (Mob Ham)	13.750%	05/96	372	263	15.460	\$ 90.250	AAA	AAA	580,393	18,452-	88,426
GNMA 45504 (Mob Ham)	14.750%	08/96	524	419	15.770	\$ 94.250	AAA	AAA	898,216	10,931-	140,570
GNMA 45636	13.500%	06/11	567	401	16.120	\$ 85.750	AAA	AAA	839,134	67,299-	132,109
GNMA 45825	11.500%	10/10	695	258	15.610	\$ 77.750	AAA	AAA	772,510	72,999-	114,262
GNMA 45943	13.000%	04/11	362	256	16.000	\$ 83.750	AAA	AAA	523,673	36,633-	81,286
GNMA 46119	13.000%	03/11	216	152	16.000	\$ 83.750	AAA	AAA	312,514	21,865-	48,510
GNMA 46120	13.500%	05/11	31	22	16.120	\$ 85.750	AAA	AAA	47,038	3,774-	7,405
GNMA 46332 (Mob Ham)	13.750%	06/96	848	599	15.460	\$ 90.250	AAA	AAA	1,319,743	41,943-	201,069
GNMA 46387	13.000%	04/11	28	20	16.000	\$ 83.750	AAA	AAA	41,051	2,871-	6,372
GNMA 46435 (Mob Ham)	13.750%	03/96	381	269	15.460	\$ 90.250	AAA	AAA	592,970	18,899-	90,342
GNMA 46438	11.500%	10/10	570	253	15.610	\$ 77.750	AAA	AAA	758,989	111,598-	112,262
GNMA 46473 (Mob Ham)	13.750%	06/96	680	403	15.460	\$ 90.250	AAA	AAA	887,835	67,798-	135,266
GNMA 46487 (Mob Ham)	14.750%	08/96	1619	1295	15.770	\$ 94.250	AAA	AAA	2,774,449	33,762-	434,198
GNMA 46517	13.500%	05/11	289	204	16.120	\$ 85.750	AAA	AAA	427,563	34,290-	67,313
GNMA 46727	13.000%	04/11	543	384	16.000	\$ 83.750	AAA	AAA	784,412	54,871-	121,759
GNMA 46866	13.000%	04/11	286	202	16.000	\$ 83.750	AAA	AAA	414,055	28,982-	64,271
GNMA 47004	13.500%	05/11	584	413	16.120	\$ 85.750	AAA	AAA	864,538	69,364-	136,108
GNMA 47110	13.000%	03/11	572	404	16.000	\$ 83.750	AAA	AAA	826,912	57,892-	128,357
GNMA 47200	13.000%	02/11	289	204	16.000	\$ 83.750	AAA	AAA	418,364	29,267-	64,940
GNMA 47625 (Mob Ham)	13.750%	06/96	565	399	15.460	\$ 90.250	AAA	AAA	879,428	67,159-	133,985
GNMA 47626 (Mob Ham)	13.750%	06/96	581	410	15.460	\$ 90.250	AAA	AAA	904,542	69,071-	137,811
GNMA 47775 (Mob Ham)	13.750%	06/96	287	203	15.460	\$ 90.250	AAA	AAA	447,902	34,204-	68,240
GNMA 47919	13.500%	05/11	518	366	16.120	\$ 85.750	AAA	AAA	767,278	61,567-	120,796
GNMA 48144	13.500%	05/11	281	198	16.120	\$ 85.750	AAA	AAA	415,755	33,351-	65,454
GNMA 48205 (Mob Ham)	13.750%	06/96	566	400	15.460	\$ 90.250	AAA	AAA	881,896	28,009-	134,361
GNMA 48208 (Mob Ham)	13.750%	04/96	312	220	15.460	\$ 90.250	AAA	AAA	485,969	15,467-	74,040
GNMA 48409 (Mob Ham)	13.750%	06/96	507	358	15.460	\$ 90.250	AAA	AAA	789,331	60,274-	120,258
GNMA 48534	14.000%	06/11	548	439	16.240	\$ 87.750	AAA	AAA	875,588	34,578-	139,695
GNMA 48573 (Mob Ham)	14.750%	08/96	536	429	15.770	\$ 94.250	AAA	AAA	919,845	11,187-	143,955
GNMA 48987	14.000%	07/11	541	432	16.240	\$ 87.750	AAA	AAA	863,187	34,096-	137,716
GNMA 49511 (Mob Ham)	13.750%	06/96	265	187	15.460	\$ 90.250	AAA	AAA	413,593	13,139-	63,013
GNMA 50376 (Mob Ham)	13.750%	10/96	2851	2280	15.460	\$ 90.250	AAA	AAA	4,678,635	322,847-	712,811
GNMA 7395	7.250%	06/05	914	336	14.530	\$ 60.750	AAA	AAA	817,199	386,400-	299,500
Intl Develop Corp	11.980%	06/10	1498	954	15.100	\$ 79.625	AAA	AAA	1,990,625	509,375-	10,575
K.I.D.F.A. Notes	5.000%	07/87	181	20	5.000	\$100.000	NR	NR	211,500		
Ky Mtg FHA Proj	7.500%	08/21	1120	896	14.932	\$ 54.500	AAA	AAA	1,110,517	19,267	152,823
Ky Mtg FHA Proj	7.500%	02/22	850	680	14.932	\$ 54.500	AAA	AAA	842,395	14,575	115,926

Security Name	Coupon	Maturity	Par Value (In \$000's)	Yield	Price	SEP	Moody	Market	Gain-Loss	Annual Inc
	KERS	CERS	SPRS	TOTAL						
Ky Mtg FHA Proj	7.500%	03/22	249	4	453	\$ 54.500	AAA	247,343	6,129	34,308
Ky Mtgs FHA Proj #1	7.500%	09/20	3668	2934	66	\$ 54.500	AAA	3,634,852	365,093	500,209
Ky Mtgs FHA Proj #2	7.500%	06/22	1054	843	19	\$ 54.500	AAA	1,045,310	6,739	143,850
Pacific Telephone	11.350%	07/90	7000	2600	400	\$ 82.250	AAA	8,225,000	1,775,000	1,135,000
Pennaroke Capital Co	11.500%	08/05	7000	2600	400	\$ 76.000	AAA	7,600,000	2,400,000	1,150,000
Philip Morris	8.500%	03/85	729	243	27	\$ 87.625	A	876,250	123,000	85,000
Repurchase Agreement	13.420%	07/82	14309	4000	1000	\$100.000	AAA	19,309,000		2,591,268
Repurchase Agreement	13.650%	07/82	1960	404	157	\$100.000	AAA	2,522,000		344,253
Repurchase Agreement	13.720%	07/82	1619	1522	28	\$100.000	AAA	3,169,000		434,787
Repurchase Agreement	12.770%	07/82	10000	2200	2133	\$100.000	AAA	19,333,000		2,468,824
Repurchase Agreement	13.420%	07/82	3701	1161	804	\$100.000	AAA	5,667,000		760,511
Repurchase Agreement	12.500%	07/82	1000	1000	1000	\$100.000	AAA	1,000,000		125,000
Repurchase Agreement	12.660%	07/82	1559	408	115	\$100.000	AAA	2,083,000		263,708
Repurchase Agreement	13.220%	07/82	11824	3610	6483	\$100.000	AAA	21,917,000		2,897,427
Repurchase Agreement	12.900%	07/82	320	320	321	\$100.000	AAA	321,000		41,409
Repurchase Agreement	13.180%	07/82	2727	842	6453	\$100.000	AAA	6,453,000		850,505
Repurchase Agreement	13.270%	07/82	7764	2068	4556	\$100.000	AAA	3,831,000		508,374
Repurchase Agreement	13.625%	07/82	13750	1000	250	\$100.000	AAA	14,389,000		1,960,501
Repurchase Agreement	13.875%	07/82	13750	1000	250	\$100.000	AAA	25,000,000		3,468,750
Repurchase Agreement	13.950%	08/82	2227	570	203	\$100.000	AAA	25,000,000		3,487,500
Sears Roebuck & Co	7.750%	03/85	780	645	75	\$ 86.375	AAA	2,591,250	408,750	232,500
South Central Bell	8.250%	03/17	948	49	1500	\$ 56.750	AAA	851,250	504,291	123,750
Southern Railway Co	4.625%	06/88	493	640	640	\$ 64.625	A	413,600	226,400	29,600
Trailer Train Co	11.875%	07/96	3358	1247	191	\$ 76.875	AAA	3,687,941	1,109,381	569,682
Treasury Bonds	9.125%	05/09	3250	1450	300	\$50.000	AAA	3,262,500	1,549,249	456,250
Treasury Bonds	13.625%	07/82	551	341	39	\$100.000	AAA	932,000		126,985
Tri Party Term	8.100%	02/02	5847	3003	577	\$ 59.250	AAA	5,586,090	3,841,910	763,668
U S Gov City Title X	7.875%	11/82	3734	989	277	\$ 97.125	AAA	4,856,250	147,602	393,750
U S Government	8.000%	08/86	20558	5989	1653	\$ 80.000	AAA	22,560,000	5,931,798	2,256,000
U S Government	8.750%	11/88	3500	200	5000	\$ 76.750	AAA	3,837,500	380,481	437,500
U S Treasury	8.750%	11/08	1650	1110	240	\$ 63.125	AAA	1,893,750	1,051,417	262,500
U S Treasury	11.750%	11/85	220	176	4	\$ 91.250	AAA	365,000	6,885	47,000
U S Treasury	7.625%	11/87	17872	5717	1409	\$ 75.250	AAA	18,812,500	6,121,029	1,906,250
U S Treasury	10.750%	11/89	17500	6500	1000	\$ 82.250	AAA	20,562,500	4,373,849	2,687,500
U S Treasury	14.875%	08/91	5500	4400	100	\$100.125	AAA	10,012,500	52,170	1,487,500
U S Treasury	14.625%	02/92	3927	3141	71	\$ 99.000	AAA	7,068,600	8,628	1,044,225
U S Treasury	7.875%	02/93	7000	2600	400	\$ 66.125	AAA	6,612,500	2,057,533	787,500
U S Treasury Bond	9.000%	02/94	4080	1500	420	\$ 70.375	AAA	4,222,500	1,740,758	540,000
U S Treasury Notes	9.875%	11/83	1650	1320	30	\$ 93.250	AAA	2,797,500	78,750	296,250
U S Treasury Notes	13.750%	05/92	8250	6600	150	\$ 94.250	AAA	14,137,500	624,219	2,062,500
Union Mechling Corp	8.000%	01/02	3333	1573	237	\$ 58.000	AAA	2,983,882	2,160,742	411,570
Union Oil Co of Cal	8.375%	12/82	1472	402	126	\$ 98.375	AAA	1,967,500	32,500	167,500
Union Tank Car Cert	15.875%	12/96	2750	2200	50	\$100.000	AA	5,000,000		793,750
US Gov City Moran IX	8.125%	01/98	3230	1650	311	\$ 62.125	AAA	3,225,644	1,866,540	415,375
US Gov City Ship Ror	7.700%	06/95	6826	1840	566	\$ 60.125	AAA	5,551,943	3,762,972	750,263
US Gov City Ship Zap	7.700%	09/94	1762	1061	175	\$ 58.375	AAA	1,751,250	1,248,750	231,000
US Gov Ship Bonds	7.950%	09/97	3729	1332	266	\$ 57.125	AAA	3,043,924	2,284,608	423,618
US Government	11.750%	11/85	7000	2600	400	\$ 91.250	AAA	9,125,000	809,140	1,175,000
US Government	7.875%	05/86	7000	2600	400	\$ 80.000	AAA	8,025,000	976,893	787,500
VA Mortgages	4.869%	07/90	471	214	10.600	\$ 70.000	NR	149,801	65,221	10,420
VA Mortgages	4.984%	07/90	3998	471	10.600	\$ 70.000	NR	329,953	144,052	23,493
VA Mortgages	5.016%	07/90	3998	471	10.600	\$ 70.000	NR	2,798,922	1,227,499	200,563
Weyerhaeuser	8.900%	11/04	745	199	56	\$ 62.000	AAA	620,000	432,098	89,000

Weighted Rating	Weighted Coupon	Weighted Maturity	Weighted Price	Weighted Yield	Par Value	Book Value	Market Value	Gain or Loss	Annual Income
2.86	10.375	9.695	82.492	14.539	\$711,041,501	\$682,567,344	\$586,549,255	\$96,018,089	\$73,769,619

KENTUCKY RETIREMENT SYSTEMS  
INSURANCE FUND PORTFOLIO FOR THE PERIOD ENDED 6/30/82

Kentucky Employes Retirement System

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Rating</u>	<u>Yield</u>
Repurchase Agreement	13.50%	07/14/82	\$2,859,400	\$2,859,400	AAA	13.50

County Employes Retirement System

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Rating</u>	<u>Yield</u>
Repurchase Agreement	13.50%	07/14/82	\$1,837,600	\$1,837,600	AAA	13.50

State Police Retirement System

<u>Security Name</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Rating</u>	<u>Yield</u>
Repurchase Agreement	13.50%	07/14/82	\$ 56,000	\$ 56,000	AAA	13.50
TOTAL INSURANCE FUND			\$4,753,000	\$4,753,000		13.50

STATISTICAL SECTION  
INTRODUCTION

Several statistical tables are presented in this section of the report to accommodate the reader that has more than a cursory interest in the operations of the retirement systems. All tables present a data analysis as of June 30, 1982 and in most cases, several years of historical data are available for comparison purposes.

Retirement Payments

The benefit payments as of July 1, 1982, by the three retirement systems are shown statistically in Tables 1 through 4. Legislation enacted in 1974 combined retirement accounts of the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System and Kentucky Teachers' Retirement System for purposes of determining eligibility and amount of benefits. For example, an employee with an account in the Kentucky Employees Retirement System and the County Employees Retirement System will have these accounts consolidated to determine the five high years of earnings and the total combined service, yet each system pays a separate benefit amount based on the period of service under each system and the benefit formula under each system.

This consolidation arrangement results in small payments being disbursed from one or more systems in situations where a worker has only a few months of service in a system. These small benefit allowances are important to total income of a retiree, however, they somewhat distort the statistical data presented in Tables 1 through 4. The payments illustrated by these tables represent the monthly payments from each retirement system and a recipient receiving a monthly payment from more than one system will be counted in each system from which a payment is disbursed.

Table 1 provides a graphic display of the number of recipients by system that receive a monthly benefit within specified amount ranges in \$100 increments.

Tables 2 through 4 reveal the retirement benefits by payment option selected. The data is further broken down for period certain and survivorship plans to reveal whether the recipient is the former worker or his beneficiary. If "(Memb)" is shown, the retired member is receiving the monthly payment as of June 30, 1982. If "(Bene)" is shown, the beneficiary is receiving the monthly payment as a result of the death of the retired member.

The several options available upon retirement enables the retiring public employee to select a plan which best suits his needs and those of his family after his retirement. Tables 2, 3 and 4 reveal that about 55% of the recipients select period certain or survivorship options with the remaining options payable in full during the recipient's lifetime.

The 1982 General Assembly enacted legislation which provided all recipients benefit increases on July 1, 1982 and July 1, 1983. The 1982 increases ranged from 1% to 15% depending on how long the recipient had been receiving benefits. The 1983 increases will range from .5% to 9 1/2%.

Table 5 provides a geographic distribution by county of the retirement payments that were made during the 1981-82 fiscal year.

#### Membership Statistics

Table 6 provides a graphic presentation of the membership in the three separate systems. Statistics are presented from 1965 to June 30, 1982 and each membership classification (active; inactive; and retired) is separately identified.

#### Financial and Actuarial Statistics

Statistical data for the last seven fiscal years is presented in Tables 7 through 9 to indicate the financial and actuarial progress attained by the three retirement systems.

The "Portfolio Time Weighted Rate of Return" is comprised of investment income earned plus realized and unrealized changes in the market value of the portfolio. The fluctuations of this measure are largely the result of constantly changing securities values as determined by the various securities markets. In fact, the actual cash income generated by the portfolio continues to increase annually as indicated by the "Portfolio Yield Rate" which is a measure of investment income.

A review of the actuarial data presented in these tables clearly demonstrate that the separate retirement systems remain financially sound. Funding levels are in accord with statutory provisions and all three systems have a positive rate margin.

#### Source and Use of Funds Since Inception

This statement (Table 10) indicates the value of a funded retirement system. Observe that since inception the employer contributions have provided about 50% of the funds with most of the remainder provided by member contributions and investment income.

Investment income has been sufficient to pay retirement payments in all three funds. These reports indicate that assets are being accumulated on behalf of members now earning service credit in order to finance their future benefits without deferring the cost to future generations. This policy of funding benefits provides financial security to members contributing to the system, as well as to retired recipients.

#### Administrative Expense

An itemized report on administrative expenses for the past seven years is shown in Table 11.

Administrative expenses for 1981-82 increased approximately 5% over the previous year while the number of member accounts actually declined modestly from the previous year. The combination of these two factors resulted in an increase (from \$7.05 to \$7.47) in the annual cost of administering a members account. The decrease in member accounts during 1981-82 is a first for the Kentucky Retirement Systems and can be attributed to the difficult economic environment experienced by all levels of government during 1981-82. When considering that the average account has a value of more than \$8,000, the administrative expense in fact is less than one-tenth of one percent of account value.

#### Contractual Arrangements

As provided in KRS 61.645, the Kentucky Retirement Systems had contracts in place during 1981-82 with the following firms or individuals to provide the services indicated.

Actuarial Services	- Tillinghast, Nelson & Warren, Inc. 222 South Central Avenue St. Louis, Missouri 63105
Legal Services	- Mr. John Ryan 309A West Main Street Frankfort, Kentucky 40601
Auditing Services	- Ernst & Whinney 1400 Commonwealth Building Louisville, Kentucky 40202
Investment Counseling Services	- Capital Supervisors, Inc. 20 North Clark Street Suite 700 Chicago, Illinois 60602
Custodian of Securities	- Citizens Fidelity Bank & Trust Company Citizens Plaza P.O. Box 1140 Louisville, Kentucky 40201
Medical Examiner Services	- Provided by a private physician

ANALYSIS OF  
MONTHLY RETIREMENT BENEFITS  
as of June 30, 1982

TABLE 1

Number of recipients by system receiving a monthly benefit payment in the dollar amount ranges indicated.

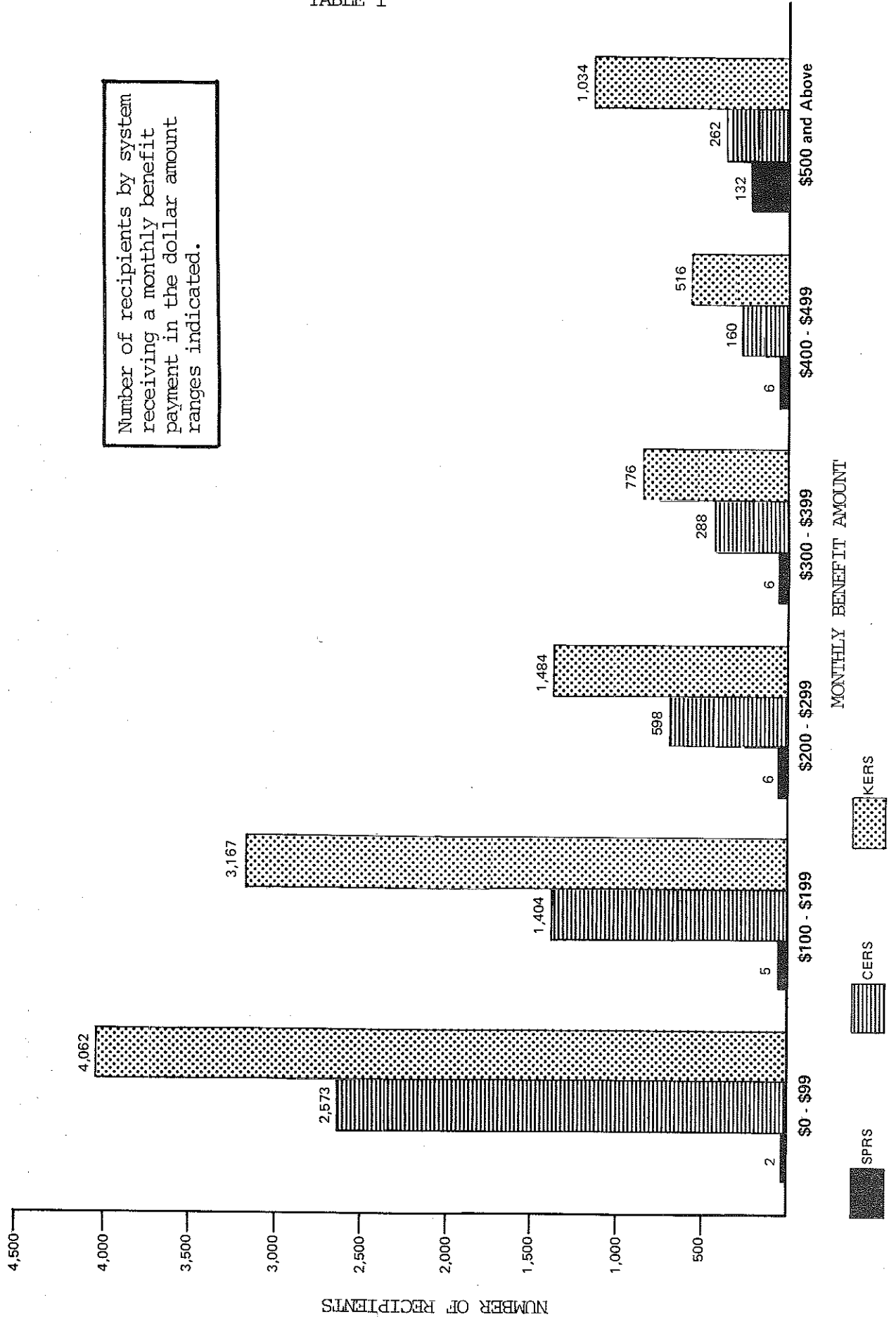


TABLE 2

KENTUCKY EMPLOYEES RETIREMENT SYSTEM  
RETIREMENT BENEFITS BY PLAN  
JUNE 30, 1982

	Number Of Cases	Total	Monthly Benefits		
			Average	Low	High
<b>NORMAL</b>					
Basic.....	2,426	\$ 467,822.01	\$ 192.83	\$ 1.59	\$1,861.03
Life-10 Years Certain (Mem.).....	531	107,013.18	201.53	2.23	1,626.58
Life-10 Years Certain (Bene).....	46	8,275.05	179.89	20.16	724.07
10 Years Certain (Mem.).....	11	11,775.53	1,070.50	534.98	1,657.21
10 Years Certain (Bene).....	2	1,519.79	1,759.89	69.12	1,450.67
Straight Life Annuity.....	18	2,627.31	145.96	70.85	500.84
Survivorship 100% (Mem.).....	649	101,902.52	157.01	.52	1,127.28
Survivorship 100% (Bene).....	245	36,474.26	148.87	15.69	963.20
Survivorship 66 2/3% (Mem.).....	106	33,023.74	311.54	4.09	1,179.59
Survivorship 66 2/3% (Bene).....	7	1,006.51	143.78	27.85	374.09
Survivorship 50% (Mem.).....	345	117,430.51	340.37	5.99	1,272.80
Survivorship 50% (Bene).....	110	17,682.48	160.74	11.70	608.22
Totals and Averages.....	4,496	\$ 906,552.89	\$ 201.63	\$ .52	\$1,861.03
<b>EARLY</b>					
Basic.....	2,251	\$ 448,299.27	\$ 199.15	\$ .70	\$1,325.97
Life-10 Years Certain (Mem.).....	689	139,913.43	203.06	2.94	1,544.34
Life-10 Years Certain (Bene).....	41	6,530.52	159.28	32.48	925.44
10 Years Certain (Mem.).....	1	424.91	424.91	424.91	424.91
Survivorship 100% (Mem.).....	847	146,325.11	172.75	2.60	1,467.88
Survivorship 100% (Bene).....	160	24,905.27	155.65	13.02	1,092.26
Survivorship 66 2/3% (Mem.).....	170	68,380.13	402.23	7.60	1,518.84
Survivorship 66 2/3% (Bene).....	12	1,377.97	114.83	44.19	310.37
Survivorship 50% (Mem.).....	354	121,932.09	344.44	12.41	1,271.35
Survivorship 50% (Bene).....	70	8,257.98	117.97	11.82	455.14
Soc Sec - Basic (Under 62).....	56	40,839.39	729.27	41.27	1,596.03
Soc Sec - Basic (Over 62).....	28	6,997.25	249.90	6.38	862.82
Soc Sec - Surv (Under 62).....	83	60,153.40	724.73	27.25	1,861.40
Soc Sec - Surv (Over 62).....	30	5,913.47	197.11	9.37	881.21
Soc Sec - Basic (Over 65).....	1	105.86	105.86	105.86	105.86
Totals and Averages.....	4,793	\$1,080,356.05	\$ 225.40	\$ .70	\$1,861.40
<b>DISABILITY</b>					
Basic.....	338	\$ 82,112.24	\$ 229.36	\$ 13.18	\$ 706.91
Life-10 Years Certain (Mem.).....	177	37,483.47	211.77	28.14	950.77
Life-10 Years Certain (Bene).....	64	14,160.89	221.26	24.62	614.60
10 Years Certain (Mem.).....	2	2,241.13	1,120.56	648.88	1,592.25
Survivorship 100% (Mem.).....	192	34,201.29	178.13	2.06	1,772.49
Survivorship 100% (Bene).....	172	28,622.06	166.40	38.73	819.33
Survivorship 66 2/3% (Mem.).....	28	6,647.02	237.39	4.58	927.66
Survivorship 66 2/3% (Bene).....	9	1,216.23	135.13	67.38	298.08
Survivorship 50% (Mem.).....	90	22,009.32	244.54	49.22	1,019.16
Survivorship 50% (Bene).....	36	4,411.67	122.54	24.16	494.19
Soc Sec - Basic (Under 62).....	4	2,412.67	603.16	438.83	850.57
Soc Sec - Basic (Over 62).....	2	106.74	53.37	47.56	59.18
Soc Sec - Surv (Over 62).....	1	262.89	262.89	262.89	262.89
Totals and Averages.....	1,135	\$ 235,887.62	\$ 207.83	\$ 2.06	\$1,592.25
<b>DEATH BEFORE RETIREMENT</b>					
10 Years Certain (Bene).....	297	\$ 74,452.74	\$ 250.68	\$ 2.83	\$1,844.82
Survivorship 100% (Bene).....	296	64,061.10	216.42	17.50	1,088.03
Survivorship 50% (Bene).....	1	162.02	162.02	162.02	162.02
Soc Sec - Basic (Under 62).....	2	329.69	164.84	136.24	193.45
Dependent Child.....	1	150.61	150.61	150.61	150.61
Soc Sec - Surv (Under 60).....	13	6,382.60	490.96	38.59	977.98
Soc Sec - Surv (Over 60).....	5	640.49	128.09	15.17	306.82
Totals and Averages.....	615	\$ 146,179.25	\$ 237.68	\$ 2.83	\$1,844.82
<b>GRAND TOTALS AND AVERAGES.....</b>					
	11,039	\$2,368,975.81	\$ 214.60	\$ .52	\$1,861.40



TABLE 3  
 COUNTY EMPLOYEES RETIREMENT SYSTEM  
 RETIREMENT BENEFITS BY PLAN  
 JUNE 30, 1982

	Number Of Cases	Total	Monthly Benefits		
			Average	Low	High
<b>NORMAL</b>					
Basic.....	1,191	\$173,819.79	\$ 145.94	\$ 7.86	\$1,207.21
Life-10 Years Certain (Memb).....	348	46,214.57	132.80	12.03	927.72
Life-10 Years Certain (Bene).....	44	5,363.59	121.89	89.00	552.80
10 Years Certain (Memb).....	17	13,451.96	791.29	53.96	1,536.96
Straight Life Annuity.....	5	722.95	144.59	80	217.97
Survivorship 100% (Memb).....	419	47,779.99	114.03	8.14	1,162.60
Survivorship 100% (Bene).....	131	14,356.32	109.59	28.09	555.79
Survivorship 66 2/3% (Memb).....	52	12,881.29	247.71	31.65	1,191.81
Survivorship 66 2/3% (Bene).....	5	506.48	101.29	1.36	158.45
Survivorship 50% (Memb).....	150	32,309.68	215.39	34	1,070.45
Survivorship 50% (Bene).....	50	4,612.56	92.25	697.22	296.67
Soc Sec - Basic (Over 62).....	1	6,572.22	697.22	712.59	697.22
Soc Sec - Surv (Under 62).....	6	6,456.93	1,076.15	355.09	1,866.34
Soc Sec - Surv (Over 62).....	5	2,094.42	418.88		502.68
Totals and Averages.....	2,424	\$361,267.75	\$ 149.03	\$ .34	\$1,566.34
<b>EARLY</b>					
Basic.....	937	\$137,585.44	\$ 146.84	\$ 1.67	\$1,106.79
Life-10 Years Certain (Memb).....	401	60,239.86	150.22	4.64	1,497.30
Life-10 Years Certain (Bene).....	21	3,297.20	157.00	2.76	792.54
10 Years Certain (Memb).....	2	4,958.60	2,479.30	857.69	4,100.91
Survivorship 100% (Memb).....	412	57,344.85	139.18	2.24	1,462.52
Survivorship 100% (Bene).....	66	9,249.09	140.13	3.45	597.37
Survivorship 66 2/3% (Memb).....	59	13,190.74	223.57	13.38	843.13
Survivorship 66 2/3% (Bene).....	1	62.09	62.09	62.09	62.09
Survivorship 50% (Memb).....	118	32,795.06	277.92	5.57	986.77
Survivorship 50% (Bene).....	15	1,720.73	114.71	1.79	431.58
Soc Sec - Basic (Under 62).....	6	3,671.38	611.89	40.74	1,066.95
Soc Sec - Basic (Over 62).....	5	526.08	105.21	34.94	189.57
Soc Sec - Surv (Under 62).....	22	13,450.16	611.37	53.11	1,410.23
Soc Sec - Surv (Over 62).....	3	946.84	118.33	31.39	342.32
Soc Sec - Basic (Over 65).....	8	245.78	81.92	57.53	110.71
Totals and Averages.....	2,076	\$339,293.70	\$ 163.43	\$ 1.67	\$4,100.91
<b>DISABILITY</b>					
Basic.....	142	\$ 29,287.59	\$ 206.25	\$ 22.47	\$ 762.67
Life-10 Years Certain (Memb).....	93	18,073.56	194.33	3.10	693.45
Life-10 Years Certain (Bene).....	26	3,994.75	153.64	17.20	635.15
10 Years Certain (Memb).....	3	2,176.45	725.48	375.14	1,153.28
Survivorship 100% (Memb).....	78	13,302.86	170.54	16.90	772.20
Survivorship 100% (Bene).....	53	7,880.88	148.69	18.39	345.50
Survivorship 66 2/3% (Memb).....	13	2,478.90	190.68	2.99	566.45
Survivorship 66 2/3% (Bene).....	2	153.81	76.90	70.59	83.22
Survivorship 50% (Memb).....	39	8,850.24	226.92	50.08	668.06
Survivorship 50% (Bene).....	17	1,804.90	106.17	24.35	202.88
Soc Sec - Surv (Under 62).....	1	713.72	713.72	713.72	713.72
Dependent Child.....	2	1,012.25	506.12	467.24	545.01
Totals and Averages.....	469	\$ 89,729.91	\$ 191.32	\$ 2.99	\$1,153.28
<b>DEATH BEFORE RETIREMENT</b>					
10 Years Certain (Bene).....	182	\$ 34,060.68	\$ 187.14	\$ 5.87	\$ 893.20
Survivorship 100% (Bene).....	129	18,826.49	145.94	3.57	848.88
Soc Sec - Basic (Under 62).....	1	275.45	275.45	275.45	275.45
Dependent Child.....	2	1,138.02	569.01	271.89	866.13
Soc Sec - Surv (Under 60).....	2	613.14	306.57	63.00	350.14
Totals and Averages.....	316	\$ 54,913.78	\$ 173.77	\$ 3.57	\$ 893.20
<b>GRAND TOTALS AND AVERAGES.....</b>					
	5,285	\$845,205.14	\$ 159.92	\$ .34	\$4,100.91

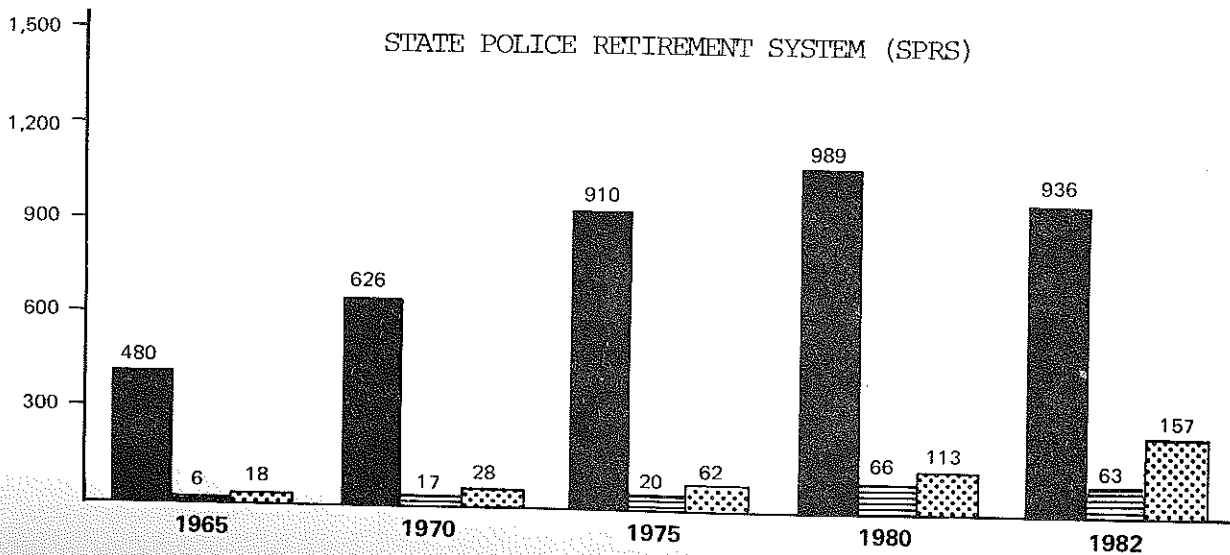
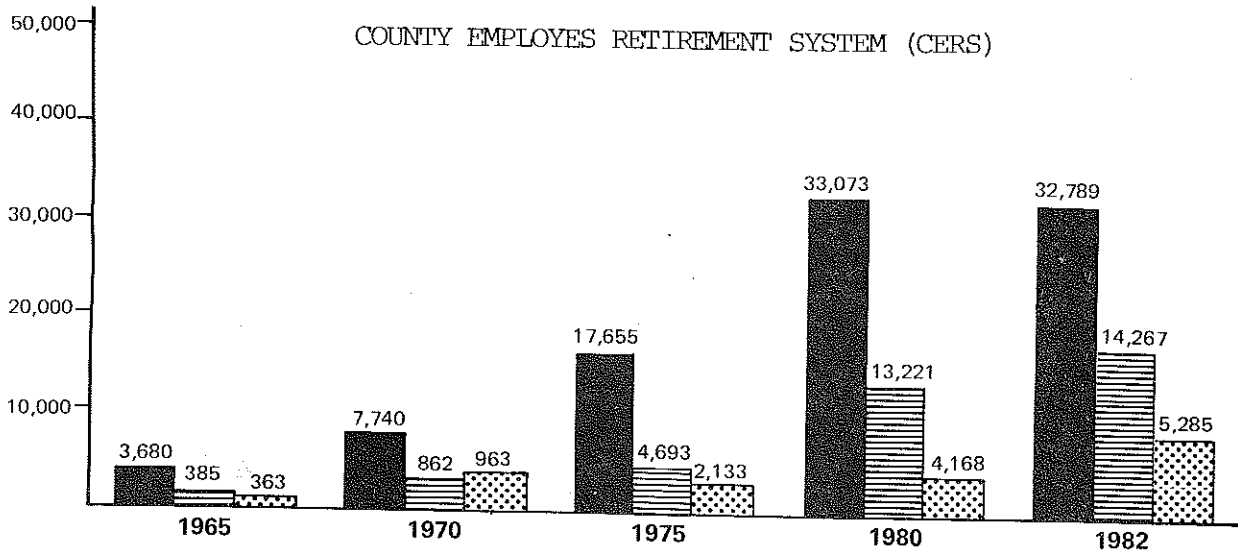
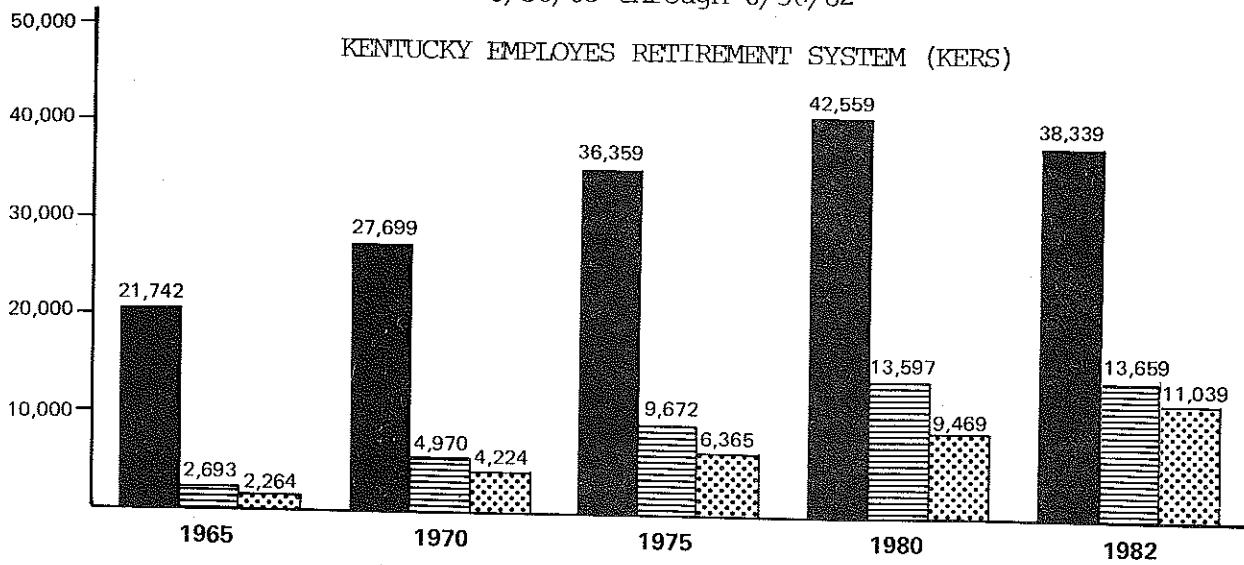
TABLE 4

STATE POLICE RETIREMENT SYSTEM  
RETIREMENT BENEFITS BY PLAN  
JUNE 30, 1982

	Number Of Cases	Total	Monthly Benefits		
			Average	Low	High
<b>NORMAL</b>					
Basic.....	11	\$ 6,993.86	\$ 635.80	\$ 48.49	\$2,025.51
Life-10 Years Certain (Memb).....	7	9,282.77	1,326.11	454.59	1,796.73
10 Years Certain (Memb).....	35	59,757.97	1,707.37	160.43	3,385.66
10 Years Certain (Bene).....	4	6,652.81	1,663.20	1,178.78	2,521.77
Survivorship 100% (Memb).....	11	7,198.19	654.38	144.91	1,588.01
Survivorship 100% (Bene).....	1	452.09	452.09	452.09	452.09
Survivorship 66 2/3% (Memb).....	4	5,632.96	1,408.24	877.20	1,669.87
Survivorship 50% (Memb).....	11	12,449.52	1,131.77	703.30	1,701.87
Soc Sec - Surv (Under 62).....	7	9,783.01	1,397.57	1,120.67	1,495.53
Totals and Averages.....	91	\$118,203.18	\$1,298.93	\$ 48.49	\$3,385.66
<b>EARLY</b>					
Basic.....	1	1,366.74	1,366.74	1,366.74	1,366.74
Life-10 Years Certain (Memb).....	4	6,777.61	1,694.40	1,335.44	1,973.22
10 Years Certain (Memb).....	9	17,212.30	1,912.47	593.56	3,027.96
10 Years Certain (Bene).....	1	1,325.82	1,325.82	1,325.82	1,325.82
Survivorship 100% (Memb).....	8	9,014.06	1,126.75	293.57	1,798.31
Survivorship 66 2/3% (Memb).....	2	3,085.62	1,542.81	1,337.68	1,747.94
Survivorship 50% (Memb).....	4	4,849.40	1,212.35	1,098.40	1,292.00
Soc Sec - Surv (Under 62).....	4	5,147.65	1,286.91	581.71	1,966.68
Totals and Averages.....	33	\$ 48,779.20	\$1,478.15	\$ 293.57	\$3,027.96
<b>DISABILITY</b>					
Life-10 Years Certain (Memb).....	1	676.59	676.59	676.59	676.59
10 Years Certain (Memb).....	4	5,340.80	1,335.20	789.73	2,354.94
10 Years Certain (Bene).....	2	1,870.05	935.02	860.55	1,009.50
Survivorship 100% (Memb).....	2	1,696.03	848.01	583.86	1,112.17
Survivorship 100% (Bene).....	1	571.51	571.51	571.51	571.51
Dependent Child.....	5	1,013.57	202.71	154.45	260.28
Totals and Averages.....	15	\$ 11,168.55	\$ 744.57	\$ 154.45	\$2,354.94
<b>DEATH BEFORE RETIREMENT</b>					
10 Years Certain (Bene).....	4	2,871.49	717.87	332.04	\$1,111.87
Survivorship 100% (Bene).....	7	5,938.32	848.33	390.38	1,484.04
Dependent Child.....	4	1,177.56	294.39	86.24	737.78
Totals and Averages.....	15	\$ 9,987.37	\$ 665.82	\$ 86.24	\$1,484.04
<b>DEFERRED</b>					
10 Years Certain (Memb).....	2	3,312.91	\$1,656.45	\$1,424.67	\$1,888.24
Survivorship 50% (Memb).....	1	1,617.81	1,617.81	1,617.81	1,617.81
Totals and Averages.....	3	\$ 4,930.72	\$1,643.57	\$1,424.67	\$1,888.24
GRAND TOTALS AND AVERAGES.....	157	\$193,069.02	\$1,229.73	\$ 48.49	\$3,385.66



TABLE 6  
MEMBERSHIP GROWTH  
6/30/65 through 6/30/82



ACTIVE      INACTIVE      RETIRED -74-

TABLE 7

KENTUCKY EMPLOYEES RETIREMENT SYSTEM  
FINANCIAL AND ACTUARIAL STATISTICS

	6/30/76	6/30/77	6/30/78	6/30/79	6/30/80	6/30/81	6/30/82
<u>Financial Statistics:</u>							
Total Assets	\$251,372,505	\$291,739,621	\$333,822,714	\$389,418,451	\$460,355,868	\$529,797,058	\$614,446,898
Investment Income	\$ 13,941,411	\$ 16,239,109	\$ 19,307,538	\$ 25,415,903	\$ 33,356,149	\$ 39,594,168	\$ 51,929,647
Total Retirement Payments	\$ 9,506,210	\$ 12,115,318	\$ 13,829,823	\$ 15,205,181	\$ 17,501,338	\$ 21,824,083	\$ 26,564,678
Average Retirement Payment	\$ 130.55*	\$ 137.45**	\$ 140.39	\$ 151.22***	\$ 169.84****	\$ 194.88*****	\$ 207.83*****
Total Refund Payments	\$ 2,884,355	\$ 3,385,233	\$ 3,893,254	\$ 4,055,068	\$ 4,996,158	\$ 5,945,209	\$ 6,074,280
Portfolio Time-Weighted Rate of Return	10.10%	4.95%	-1.51%	7.90%	8.34%	2.61%	6.80%
Portfolio Yield Rate	5.94%	5.99%	7.28%	8.17%	8.36%	8.83%	9.32%
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities Unfunded Past Service Liabilities	\$387,214,910	\$446,255,236	\$507,324,915	\$592,095,113	\$710,126,703	\$692,160,395	\$810,250,589
Percent Unfunded	33.8%	33.5%	33.2%	34.2%	35.2%	23.8%	24.2%
Vested Accrued Benefit Liability	n/a	n/a	n/a	\$385,849,203	\$470,642,643	\$446,613,406	\$520,781,017
Estimated Annual Salaries Contribution for Unfunded Past Service Liability	\$320,222,352	\$343,683,684	\$393,236,856	\$463,439,488	\$504,835,968	\$531,789,552	\$556,855,896
	\$ 9,158,668	\$ 10,465,793	\$ 11,794,854	\$ 14,187,366	\$ 17,483,958	\$ 14,002,486	\$ 16,643,313
<u>Actuarial Costs:</u>							
Normal	7.43%	7.39%	7.40%	7.36%	7.27%	7.54%	7.69%
Past Service	2.86%	3.04%	3.00%	3.06%	3.46%	2.63%	2.99%
Administrative	.11%	.12%	.11%	.10%	.08%	.09%	.09%
Group Hospital and Medical Insurance	n/a	n/a	n/a	.21%	.21%	.21%	.21%
Total Cost	10.40% <sup>+</sup>	10.55%	10.51%	10.73%	11.02%	10.47% <sup>+</sup>	10.98%
<u>Contribution Rates:</u>							
Member	4.02%	4.02%	4.02%	4.01%	4.01%	4.01%	4.01%
Employer	7.30%	7.22%	7.30%	7.31%	7.30%	7.30%	7.30%
Total Rates	11.32%	11.24%	11.32%	11.32%	11.31%	11.31%	11.31%
Rate Margin:	.92%	.69%	.81%	.59%	.29%	.84%	.33%

\*Benefits to retirees increased 7/1/76 by 2% for each year retired but not more than 20%, excluding early retirees not yet age 60.

\*\*Benefits to retirees increased 7/1/77 by 1/12 of 2% for each month retired but not more than 2%, excluding early retirees not yet age 60.

\*\*\*Benefits to retirees increased 7/1/79 by 2% for each year retired but not more than 5%, excluding early retirees not yet age 60.

\*\*\*\*Benefits to retirees increased 7/1/80 by 6%.

\*\*\*\*\*Benefits to retirees increased 7/1/81 by 6%.

+Actuarial assumptions revised.

COUNTY EMPLOYEES RETIREMENT SYSTEM  
FINANCIAL AND ACTUARIAL STATISTICS

	<u>6/30/76</u>	<u>6/30/77</u>	<u>6/30/78</u>	<u>6/30/79</u>	<u>6/30/80</u>	<u>6/30/81</u>	<u>6/30/82</u>
<u>Financial Statistics:</u>							
Total Assets	\$ 77,757,068	\$ 99,448,038	\$123,822,400	\$153,091,905	\$190,230,941	\$234,865,314	\$285,534,889
Investment Income	\$ 4,055,976	\$ 5,108,313	\$ 6,806,685	\$ 9,734,995	\$ 13,948,084	\$ 18,994,849	\$ 25,127,300
Total Retirement Payments	\$ 3,084,798	\$ 3,852,861	\$ 4,569,674	\$ 5,443,712	\$ 6,401,655	\$ 7,797,643	\$ 9,689,924
Average Retirement Payment	\$ 116.73*	\$ 120.28**	\$ 120.55	\$ 126.63***	\$ 136.74****	\$ 146.90*****	\$ 191.32*****
Total Refund Payments	\$ 1,121,807	\$ 1,500,630	\$ 2,254,683	\$ 3,313,137	\$ 3,032,440	\$ 3,291,673	\$ 4,238,411
Portfolio Time-Weighted Rate of Return	10.02%	4.01%	-1.88%	7.78%	8.45%	3.80%	6.52%
Portfolio Yield Rate	5.85%	5.92%	7.34%	8.33%	8.35%	10.06%	9.81%
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$128,824,236	\$152,900,347	\$175,194,867	\$213,834,377	\$266,018,621	\$260,872,162	\$306,087,531
Unfunded Past Service Liabilities	\$ 50,089,614	\$ 52,474,756	\$ 50,394,913	\$ 60,742,472	\$ 75,787,680	\$ 27,101,917	\$ 20,552,642
Percent Unfunded Vested Accrued Benefit Liability	38.9%	34.3%	28.7%	28.4%	28.5%	10.4%	6.7%
Estimated Annual Salaries	n/a	n/a	n/a	\$144,441,025	\$178,669,194	\$174,261,296	\$206,969,299
Contribution for Unfunded Past Service Liability	\$ 150,237,048	\$191,802,844	\$191,368,852	\$241,359,696	\$295,607,664	\$321,238,452	\$340,962,180
	\$ 3,506,273	\$ 3,673,232	\$ 3,527,644	\$ 4,251,973	\$ 5,305,138	\$ 2,303,663	\$ 1,746,975
<u>Actuarial Costs:</u>							
Normal	8.43%	8.49%	8.33%	8.40%	8.26%	8.26%	8.27%
Past Service	2.33%	1.92%	1.84%	1.76%	1.79%	.72%	.51%
Administrative	.09%	.08%	.08%	.07%	.09%	.10%	.11%
Group Hospital and Medical Insurance	n/a	n/a	n/a	.15%	.15%	.15%	.16%
Total Cost	10.85%+	10.49%	10.25%	10.38%	10.29%	9.23%+	9.05%
<u>Contribution Rates:</u>							
Member	4.13%	4.11%	4.14%	4.13%	4.11%	4.11%	4.12%
Employer	7.62%	7.59%	7.67%	7.62%	7.58%	7.57%	7.59%
Total Rates	11.75%	11.70%	11.81%	11.75%	11.69%	11.68%	11.71%
<u>Rate Margin:</u>							
	.90%	1.21%	1.56%	1.37%	1.40%	2.45%	2.66%

\*Benefits to retirees increased 7/1/76 by 2% for each year retired but not more than 20%, excluding early retirees not yet age 60.  
 \*\*Benefits to retirees increased 7/1/77 by 1/12 of 2% for each month retired but not more than 2%, excluding early retirees not yet age 60.  
 \*\*\*Benefits to retirees increased 7/1/79 by 2% for each year retired but not more than 5%, excluding early retirees not yet age 60.  
 \*\*\*\*Benefits to retirees increased 7/1/80 by 6%.  
 \*\*\*\*\*Benefits to retirees increased 7/1/81 by 6%.  
 +Actuarial assumptions revised.

TABLE 9

STATE POLICE RETIREMENT SYSTEM  
FINANCIAL AND ACTUARIAL STATISTICS

	<u>6/30/76</u>	<u>6/30/77</u>	<u>6/30/78</u>	<u>6/30/79</u>	<u>6/30/80</u>	<u>6/30/81</u>	<u>6/30/82</u>
<u>Financial Statistics:</u>							
Total Assets	\$20,061,717	\$23,725,208	\$28,109,100	\$33,903,221	\$40,917,165	\$48,411,993	\$57,330,130
Investment Income	\$ 1,094,803	\$ 1,307,240	\$ 1,595,816	\$ 2,200,472	\$ 3,060,037	\$ 3,925,112	\$ 5,347,761
Total Retirement Payments	\$ 360,823	\$ 469,703	\$ 584,752	\$ 683,821	\$ 1,030,786	\$ 1,428,170	\$ 1,953,405
Average Retirement Payment	\$ 473.66*	\$ 584.54**	\$ 599.07	\$ 725.82***	\$ 904.01****	\$ 1,092.58*****	\$ 665.82*****
Total Refund Payments	\$ 29,866	\$ 71,562	\$ 116,981	\$ 85,730	\$ 68,111	\$ 139,305	\$ 245,402
Portfolio Time-Weighted Rate of Return	10.31%	4.82%	-1.58%	7.96%	8.48%	3.71%	9.35%
Portfolio Yield Rate	5.93%	5.98%	7.32%	8.28%	8.38%	10.15%	10.24%
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$28,693,129	\$34,561,413	\$49,950,102	\$55,391,206	\$67,580,562	\$71,526,728	\$78,713,172
Unfunded Past Service Liabilities	\$ 9,231,367	\$10,436,161	\$21,440,957	\$21,487,985	\$26,663,397	\$23,296,425	\$21,383,042
Percent Unfunded	28.7%	30.2%	42.9%	38.8%	39.5%	32.6%	27.2%
Vested Accrued Benefit Liability	n/a	n/a	n/a	\$35,945,254	\$43,887,675	\$41,603,835	\$48,853,928
Estimated Annual Salaries Contribution for Unfunded Past Service Liability	\$13,606,104	\$13,519,536	\$18,764,268	\$18,944,220	\$20,180,148	\$23,297,280	\$22,757,640
	\$ 576,196	\$ 730,531	\$ 1,500,867	\$ 1,504,159	\$ 1,866,438	\$ 1,980,196	\$ 1,817,559
<u>Actuarial Costs:</u>							
Normal	16.03%	15.85%	15.76%	15.76%	16.04%	15.67%	15.65%
Past Service	4.23%	5.40%	8.00%	7.94%	9.25%	8.50%	7.99%
Administrative	.16%	.17%	.13%	.13%	.03%	.04%	.04%
Group Hospital and Medical Insurance	n/a	n/a	n/a	.12%	.12%	.12%	.82%
Total Cost	<u>20.42%+</u>	<u>21.42%</u>	<u>23.89%</u>	<u>23.95%</u>	<u>25.44%</u>	<u>24.33%+</u>	<u>24.50%</u>
<u>Contribution Rates:</u>							
Member	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Employer	13.50%	13.50%	13.50%	16.50%	17.25%	18.50%	18.50%
Total Rates	20.50%	20.50%	20.50%	23.50%	24.25%	25.50%	25.50%
Rate Margin:	.08%	-.92%	-3.39%	-.45%	-1.19%	1.17%	1.00%

\*Benefits to retirees increased 7/1/76 by 2% for each year retired but not more than 20%, excluding early retirees not yet age 50.  
 \*\*Benefits to retirees increased 7/1/77 by 1/12 of 2% for each month retired but not more than 2%, excluding early retirees not yet age 50.  
 \*\*\*Benefits to retirees increased 7/1/79 by 2% for each year retired but not more than 5%, excluding early retirees not yet age 50.  
 \*\*\*\*Benefits to retirees increased 7/1/80 by 6%.  
 \*\*\*\*\*Benefits to retirees increased 7/1/81 by 6%.  
 +Actuarial assumptions revised.

TABLE 10

KENTUCKY RETIREMENT SYSTEMS  
STATEMENT OF SOURCE AND USE OF FUNDS  
BY SYSTEM SINCE INCEPTION THROUGH JUNE 30, 1982

Breakdown Per Dollar		Source of Funds			Total Amounts	
KERS	CERS	SPRS	KERS	CERS	SPRS	
27.8¢	28.5¢	24.1¢	\$245,168,762	\$106,895,457	\$16,915,905	Member Contributions
42.2¢	45.9¢	41.6¢	373,124,586	171,863,557	29,208,897	Employer Contributions
29.7¢	24.7¢	33.2¢	262,556,050	92,632,449	23,330,012	Investment Income
.2¢	.2¢	.7¢	1,894,897	515,204	506,100	Special Appropriation
-	.6¢	-	9,251	2,226,861	-	Alternate & Term. Participation
.1¢	.1¢	.4¢	692,538	411,932	298,884	Other Receipts
\$1.00	\$1.00	\$1.00	\$883,446,084	\$374,545,460	\$70,259,798	Total Sources
Breakdown Per Dollar		Use of Funds			Total Amounts	
KERS	CERS	SPRS	KERS	CERS	SPRS	
68.9¢	75.6¢	81.1¢	\$608,730,490	\$283,035,536	\$56,946,217	Invested Assets
19.8¢	14.5¢	11.8¢	175,138,346	54,262,611	8,266,370	Retirement Payments
6.4¢	6.3¢	2.2¢	56,900,039	23,764,549	1,561,509	Refunds
3.4¢	2.7¢	3.8¢	30,148,491	10,087,127	2,649,074	Interest to Members
.8¢	.8¢	.5¢	7,094,010	3,070,530	382,643	Admin. & Prof. Services
.7¢	.1¢	.6¢	5,434,708	325,107	453,985	Other Disbursements
\$1.00	\$1.00	\$1.00	\$883,446,084	\$374,545,460	\$70,259,798	Total Uses



TABLE II

KENTUCKY RETIREMENT SYSTEMS  
ADMINISTRATIVE EXPENSE  
BY FISCAL YEAR

	75-76	76-77	77-78	78-79	79-80	80-81	81-82
Personnel Cost:							
Personal Service	\$301,306.73	\$336,658.01	\$327,779.92	\$380,501.41	\$440,961.26	\$472,328.40	\$547,882.35
Contractual Service							
Auditor	9,300.00	9,000.00	11,275.00	11,500.00	13,800.00	13,800.00	10,000.00
Actuary	9,000.00	16,975.00	14,250.00	14,200.00	14,200.00	16,000.00	26,500.00
Data Processing	1,344.33	1,584.16	4,172.83	.00	.00	.00	.00
Janitorial	.00	229.80	2,775.83	3,817.70	5,052.40	6,631.62	5,539.10
Legal	11.40	.00	.00	1,109.43	281.39	179.61	220.00
Medical	2,421.00	4,308.92	2,851.40	3,602.00	3,627.20	5,628.50	4,712.00
Miscellaneous	1,344.18	898.21	300.00	1,162.38	4,885.17	1,779.03	556.26
TOTAL	\$324,727.64	\$369,654.10	\$363,404.98	\$415,892.92	\$482,807.42	\$516,347.16	\$595,409.71
Operating Expenses:							
Postage & Freight	\$ 55,297.45	\$ 72,186.88	\$ 65,106.02	\$ 40,122.50	\$ 582.31	\$ 98,466.96	\$ 43,558.59
Utilities	4,133.92	3,972.72	4,286.03	4,526.52	5,299.55	8,930.67	8,689.70
Telephone	7,546.73	7,934.66	8,535.96	9,912.47	16,164.40	15,959.03	5,247.38
Travel	11,227.56	8,662.80	8,995.89	9,612.15	7,222.31	6,371.49	7,442.26
Printing & Duplicating	18,389.80	21,646.69	13,447.60	21,003.95	40,629.09	22,144.38	34,581.14
Maintenance - Equipment	2,990.12	2,841.60	3,850.81	5,177.48	7,155.95	7,807.16	15,693.96
Maintenance - Bldg. & Grds.	179.42	385.63	1,920.50	536.97	441.39	557.99	412.18
Laundry	343.17	324.52	284.94	257.00	298.02	692.80	279.10
Assessed Car Rental	.00	1,520.82	1,689.73	1,900.50	1,951.71	2,672.44	1,856.19
Supplies - Office	5,600.80	7,903.37	9,563.19	7,533.02	6,057.00	10,426.60	27,525.82
Supplies - Data Processing	5,528.46	5,621.03	10,335.17	6,017.43	4,260.55	4,149.87	6,479.99
Supplies - Janitorial	489.12	460.11	322.13	249.57	261.57	308.40	311.02
Motor Fuels	193.74	.00	.00	.00	.00	.00	.00
Rental - Building	13,266.24	13,266.24	13,266.24	13,266.24	20,515.78	26,650.01	26,650.01
Rental - Data Processing	53,874.89	58,386.20	29,189.29	59,392.82	46,893.00	60,453.42	49,357.67
Rental - Office Equipment	1,500.00	1,879.51	24,207.16	23,326.47	31,479.37	33,529.22	22,193.57
Insurance	1,371.50	1,397.26	1,323.65	2,315.44	3,360.97	2,684.36	2,934.63
Bonds	1,575.00	1,575.00	1,575.00	2,851.00	.00	1,750.00	1,750.00
Due	35.00	35.00	255.00	140.00	140.00	140.00	140.00
Subscriptions	819.50	827.15	1,005.06	1,005.06	818.97	1,029.05	928.56
Employee Training Expense	658.00	490.00	956.90	434.50	1,201.95	1,113.90	696.85
Miscellaneous	.00	330.60	133.91	141.26	.00	113.61	137.15
Photo Supplies	.00	.00	56.90	15.90	2.25	.00	219.66
Furniture Office Equipment	2,640.28	660.90	1,317.17	1,408.09	462.04	1,005.99	1,188.27
Computer Payroll Cost	.00	.00	.00	.00	.00	.00	287.04
Files & Court Fees	.00	.00	.00	.00	.00	.00	10.00
Lease Purchase of Off. Equip.	.00	.00	.00	.00	.00	.00	.00
TOTAL	\$187,660.70	\$212,308.69	\$201,559.40	\$211,146.34	\$195,198.18	\$306,957.35	\$271,309.46
Capital Outlay	\$ 12,258.39	\$ 3,514.81	\$ 44,589.66	\$ 3,203.86	\$ 484.53	\$ 5,532.60	\$ 3,857.66
TOTAL ADMINISTRATIVE EXPENSE	\$524,646.73	\$585,477.60	\$609,554.04	\$630,243.12	\$678,490.13	\$828,837.11	\$870,576.83
DISTRIBUTION OF COST BY RETIREMENT SYSTEM							
Kentucky Employees Ret. System	\$367,252.71	\$409,834.32	\$426,687.83	\$441,170.18	\$393,524.28	\$480,725.52	\$478,817.25
County Employees Ret. System	136,408.15	152,224.18	158,484.05	163,863.21	278,180.95	339,823.22	383,053.81
State Police Ret. System	20,985.87	23,419.10	24,382.16	25,209.73	6,784.90	8,288.37	8,703.77
	\$524,646.73	\$585,477.60	\$609,554.04	\$630,243.12	\$678,490.13	\$828,837.11	\$870,576.83
Number of Accounts	84,398	93,204	103,860	112,143	117,255	117,604	116,534
Adm. Expense Per Account	\$ 6.22	\$ 6.28	\$ 5.87	\$ 5.62	\$ 5.79	\$ 7.05	\$ 7.47

