

KENTUCKY RETIREMENT SYSTEMS

KENTUCKY EMPLOYES RETIREMENT SYSTEM
COUNTY EMPLOYES RETIREMENT SYSTEM
STATE POLICE RETIREMENT SYSTEM



ANNUAL REPORT

JUNE 30, 1984

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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
Thomas C. Greenwell
John E. King
Ms. Lynda G. Lobb
Ms. Cattie Lou Miller
Mrs. Nancy L. Ray

FROM: Charles L. Bratton

DATE: November 15, 1984

SUBJECT: Annual Report as of June 30, 1984

As directed by KRS 61.645, I am pleased to present the Annual Report for the fiscal year ended June 30, 1984. 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 the State Police Retirement System. Copies will also be distributed to appropriate legislative personnel, as well as to other interested parties who may request such information.

Fiscal 1984 was another busy and productive year. Significant accomplishments include (1) the adoption of our legislative program by the Kentucky General Assembly which resulted in benefit enhancements for all member groups; (2) the restructuring of our asset management program to insure continued financial stability; and (3) the continued improvement of administrative procedures in response to the increasing demand for services from our members.

I want to thank the Board of Trustees for their leadership and continued support. Every member has benefited from the progress brought about by the Board this year.

Charles L. Bratton

Charles L. Bratton
General Manager

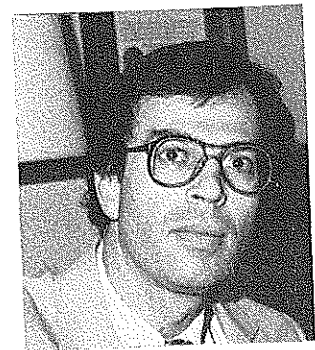
BOARD OF TRUSTEES



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



Thomas C. Greenwell
Frankfort
Ex Officio
Commissioner of Personnel



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



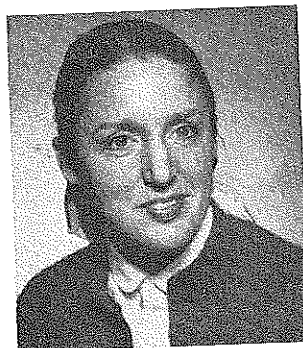
Lynda G. Lobb
Greensburg
Appointed by the Governor
Term Expires 3/31/88



Vernon C. McGinty, Vice Chairman
Louisville
Appointed by the Governor
Term Expires 3/31/87



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



Nancy L. Ray
Crestwood
Appointed by the Governor
Term Expires 3/31/88



John D. Robey, Chairman
Lawrenceburg
Elected by SPRS Members
Term Expires 3/31/87

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 to 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 Coopers & Lybrand was selected to perform the audit for the fiscal year ended June 30, 1984. 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 Government 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 to provide the reader an opportunity to compare current year financial activity with the previous year.

In addition to the annual audit by a Certified Public Accounting firm, other procedures are employed to insure the safety of the systems assets. For example, each year the CPA firm conducts a surprise audit of the securities held in each fund. An audit is also conducted by the internal auditor of the securities' custodian. 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 more than \$1.3 billion at June 30, 1984, an increase of 15% 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.

Board of Trustees
Kentucky Retirement Systems
Frankfort, Kentucky

We have examined the balance sheet of the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System and Kentucky Retirement Systems Insurance Fund as of June 30, 1984, 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 Employees Retirement System, County Employees 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 year then ended. Our examination was 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. The financial statements of the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System and Kentucky Retirement Systems Insurance Fund for the year ended June 30, 1983 were examined by other auditors whose report, dated September 28, 1983, expressed an unqualified opinion on those statements.

In our opinion, the 1984 financial statements referred to above present fairly the financial position of the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System and Kentucky Retirement Systems Insurance Fund at June 30, 1984, and the results of their operations, the changes in members' contribution account and retirement allowance account of the Kentucky Employees Retirement System, County Employees 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 year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Louisville, Kentucky
October 3, 1984

KENTUCKY EMPLOYES RETIREMENT SYSTEM

KENTUCKY EMPLOYES RETIREMENT SYSTEM

BALANCE SHEET

June 30, 1984 and 1983

ASSETS	<u>1984</u>	<u>1983</u>
Investments (Notes 1 and 4):		
United States Government securities	\$188,291,433	\$180,471,490
Government National Mortgage Association and similar securities	112,440,696	77,391,586
Corporate bonds and notes	130,990,766	123,002,047
Convertible bonds	-	7,000,000
Common stocks	266,786,825	190,581,114
First mortgage real estate loans	6,566,777	7,421,699
Securities purchased under agreement to resell	<u>95,228,731</u>	<u>109,626,405</u>
	800,305,228	695,494,341
Cash on deposit with State Treasurer	32,730	14,936
Member and employer contributions receivable	3,303,062	2,887,515
Accrued investment income	12,013,029	11,871,444
Other assets	<u>-</u>	<u>209,269</u>
	<u>\$815,654,049</u>	<u>\$710,477,505</u>
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	<u>\$ 1,100,226</u>	<u>\$ 381,627</u>
Fund balance (Note 1):		
Members' Contribution Account	189,421,153	164,526,192
Retirement Allowance Account	<u>625,132,670</u>	<u>545,569,686</u>
	<u>814,553,823</u>	<u>710,095,878</u>
	<u>\$815,654,049</u>	<u>\$710,477,505</u>

See notes to financial statements.

KENTUCKY EMPLOYES RETIREMENT SYSTEM
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN MEMBERS' CONTRIBUTION ACCOUNT
 for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Revenues:		
Member contributions	\$ 26,075,180	\$ 23,848,003
Interest credited to members' balances transferred from Retirement Allowance Account	<u>9,347,169</u>	<u>8,061,659</u>
Total revenues	<u>35,422,349</u>	<u>31,909,662</u>
Expenses:		
Refunds to former members	4,686,153	3,996,820
Retired members' balances transferred to Retirement Allowance Account	<u>5,841,235</u>	<u>6,620,283</u>
Total expenses	<u>10,527,388</u>	<u>10,617,103</u>
Excess of revenues over expenses	24,894,961	21,292,559
Members' Contribution Account at beginning of year	<u>164,526,192</u>	<u>143,233,633</u>
Members' Contribution Account at end of year	<u>\$189,421,153</u>	<u>\$164,526,192</u>

See notes to financial statements.

KENTUCKY EMPLOYES RETIREMENT SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETIREMENT ALLOWANCE ACCOUNT

for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Revenues:		
Employer contributions	\$ 46,925,821	\$ 42,808,503
Investment income	68,498,499	57,799,616
Net realized gain on disposal of investments	5,812,966	9,070,256
Retired members' balances transferred from Members' Contribution Account	<u>5,841,235</u>	<u>6,620,283</u>
Total revenues	<u>127,078,521</u>	<u>116,298,658</u>
Expenses:		
Retirement benefits for members	35,467,174	31,396,362
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	1,880,023	1,249,257
Interest credited to members' balances transferred to Mem- bers' Contribution Account	9,347,169	8,061,659
Administrative expenses	623,177	528,228
Investment expenses	<u>197,994</u>	<u>108,150</u>
Total expenses	<u>47,515,537</u>	<u>41,343,656</u>
Excess of revenues over expenses	79,562,984	74,955,002
Retirement Allowance Account at beginning of year	<u>545,569,686</u>	<u>470,614,684</u>
Retirement Allowance Account at end of year	<u>\$625,132,670</u>	<u>\$545,569,686</u>

See notes to financial statements.

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Source of funds:		
Excess of revenues over expenses	\$104,457,945	\$ 96,247,561
Deduct amortization of investment discount and premium, net, not providing funds	<u>5,053,228</u>	<u>881,896</u>
Funds provided from operations	99,404,717	95,365,665
Proceeds from sale, maturity or exchange of investments, less net gain of \$5,812,966 in 1984 and \$9,070,256 in 1983, included above	207,147,588	111,766,556
Decrease in member and employer contributions receivable	-	1,090,859
Decrease in prepaid member retirement benefits	-	2,444,855
Decrease in other assets	209,269	-
Increase in member refunds, insurance fund transfers and investment expenses payable	<u>718,599</u>	<u>-</u>
Total funds provided	<u>307,480,173</u>	<u>210,667,935</u>
Application of funds:		
Investments purchased or exchanged	306,905,247	208,152,239
Increase in member and employer contributions receivable	415,547	-
Increase in accrued investment income	141,585	2,097,345
Decrease in member refunds, insurance fund transfers and investment expenses payable	-	216,954
Increase in other assets	<u>-</u>	<u>209,269</u>
Total funds applied	<u>307,462,379</u>	<u>210,675,807</u>
Increase (decrease) in cash	17,794	(7,872)
Cash on deposit with State Treasurer at beginning of year	<u>14,936</u>	<u>22,808</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 32,730</u>	<u>\$ 14,936</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. 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 at June 30, 1983 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 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 Systems are allocated in proportion to the number of active members participating in each plan and the carrying value of plan investments, respectively.

2. 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.

Continued

2. 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, 1984 and 1983, participating employers contributed at 7 1/4% and 18 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 Summary Plan Description. Copies of this pamphlet are available from the office of Kentucky Retirement Systems.

3. 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.

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

3. Accumulated Benefits, continued:

The System's consulting actuaries, William M. Mercer - Meidinger, Inc. in 1984 and Tillinghast, Nelson & Warren, Inc. in 1983, 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,	
	<u>1984</u>	<u>1983</u>
Vested benefits:		
Participants currently receiving payments	\$265,501,215	\$259,584,355
Other participants	<u>320,973,723</u>	<u>290,421,806</u>
	<u>\$586,474,938</u>	<u>\$550,006,161</u>

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

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investments:

The approximate market value of investments follows:

	June 30,	
	<u>1984</u>	<u>1983</u>
United States Government securities	\$163,443,000	\$178,088,000
Government National Mortgage Association and similar securities	105,225,000	83,685,000
Corporate bonds and notes	112,240,000	118,801,000
Convertible bonds	-	9,450,000
Common stocks	297,977,000	255,293,000
First mortgage real estate loans	5,192,000	5,810,000
Securities purchased under agreement to resell	<u>95,229,000</u>	<u>109,626,000</u>
	<u>\$779,306,000</u>	<u>\$760,753,000</u>

5. 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.

6. 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 Employees 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 Employees Retirement System was 0.29% and 0.21% for non-hazardous and 0.78% and 0.59% for hazardous positions for the years ended June 30, 1984 and 1983, respectively.

COUNTY EMPLOYES RETIREMENT SYSTEM

COUNTY EMPLOYEES RETIREMENT SYSTEM

BALANCE SHEET

June 30, 1984 and 1983

ASSETS	<u>1984</u>	<u>1983</u>
Investments (Notes 1 and 4):		
United States Government securities	\$ 91,215,570	\$ 86,001,590
Government National Mortgage Association and similar securities	65,470,353	47,987,287
Corporate bonds and notes	58,669,642	53,235,128
Convertible bonds	-	1,800,000
Common stocks	125,054,834	88,540,069
First mortgage real estate loans	723,727	812,747
Securities purchased under agreement to resell	<u>52,461,573</u>	<u>52,475,460</u>
	393,595,699	330,852,281
Cash on deposit with State Treasurer	29,566	11,991
Member and employer contributions receivable	3,543,195	3,279,697
Past service credit contribution receivable (Note 1)	3,503,714	3,418,622
Accrued investment income	6,001,103	5,836,568
Other assets	-	167,416
	<u>\$406,673,277</u>	<u>\$343,566,575</u>
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	<u>\$ 485,846</u>	<u>\$ 410,806</u>
Fund balance (Note 1):		
Members' Contribution Account	94,569,487	79,957,740
Retirement Allowance Account	<u>311,617,944</u>	<u>263,198,029</u>
	406,187,431	343,155,769
	<u>\$406,673,277</u>	<u>\$343,566,575</u>

See notes to financial statements.

COUNTY EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN MEMBERS' CONTRIBUTION ACCOUNT
for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Revenues:		
Member contributions	\$16,040,197	\$15,032,535
Interest credited to members' balances transferred from Retirement Allowance Account	<u>4,505,236</u>	<u>3,754,156</u>
Total revenues	<u>20,545,433</u>	<u>18,786,691</u>
Expenses:		
Refunds to former members	3,331,153	2,791,345
Retired members' balances transferred to Retirement Allowance Account	<u>2,602,533</u>	<u>3,268,505</u>
Total expenses	<u>5,933,686</u>	<u>6,059,850</u>
Excess of revenues over expenses	14,611,747	12,726,841
Members' Contribution Account at beginning of year	<u>79,957,740</u>	<u>67,230,899</u>
Members' Contribution Account at end of year	<u>\$94,569,487</u>	<u>\$79,957,740</u>

See notes to financial statements.

COUNTY EMPLOYEES RETIREMENT SYSTEM
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETIREMENT ALLOWANCE ACCOUNT
 for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Revenues:		
Employer contributions	\$ 25,580,243	\$ 23,526,350
Investment income	35,005,604	28,254,250
Net realized gain on disposal of investments	4,127,955	6,732,167
Retired members' balances transferred from Members' Contribution Account	<u>2,602,533</u>	<u>3,268,505</u>
Total revenues	<u>67,316,335</u>	<u>61,781,272</u>
Expenses:		
Retirement benefits for members	13,066,260	11,522,297
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	667,073	594,128
Interest credited to members' balances transferred to Mem- bers' Contribution Account	4,505,236	3,754,156
Administrative expenses	561,747	477,437
Investment expenses	<u>96,104</u>	<u>50,696</u>
Total expenses	<u>18,896,420</u>	<u>16,398,714</u>
Excess of revenues over expenses	48,419,915	45,382,558
Retirement Allowance Account at beginning of year	<u>263,198,029</u>	<u>217,815,471</u>
Retirement Allowance Account at end of year	<u>\$311,617,944</u>	<u>\$263,198,029</u>

See notes to financial statements.

COUNTY EMPLOYEES RETIREMENT SYSTEM
 STATEMENT OF CHANGES IN FINANCIAL POSITION
 for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Source of funds:		
Excess of revenues over expenses	\$ 63,031,662	\$ 58,109,399
Deduct amortization of investment discount and premium, net, not providing funds	<u>3,266,352</u>	<u>593,603</u>
Funds provided from operations	59,765,310	57,515,796
Proceeds from sale, maturity or exchange of investments, less net gain of \$4,127,955 in 1984 and \$6,732,167 in 1983, included above	62,984,395	52,145,785
Decrease in past service credit contribution receivable	-	156,173
Decrease in prepaid member retirement benefits	-	862,274
Decrease in other assets	167,416	-
Increase in member refunds, insurance fund transfers and investment expenses payable	<u>75,040</u>	<u>-</u>
Total funds provided	<u>122,992,161</u>	<u>110,680,028</u>
Application of funds:		
Investments purchased or exchanged	122,461,461	108,892,596
Increase in member and employer contributions receivable	263,498	63,078
Increase in past service credit contribution receivable	85,092	-
Increase in accrued investment income	164,535	1,480,658
Increase in other assets	-	167,416
Decrease in member refunds, insurance fund transfers and investment expenses payable	<u>-</u>	<u>77,713</u>
Total funds applied	<u>122,974,586</u>	<u>110,681,461</u>
Increase (decrease) in cash	17,575	(1,433)
Cash on deposit with State Treasurer at beginning of year	<u>11,991</u>	<u>13,424</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 29,566</u>	<u>\$ 11,991</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. 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 at June 30, 1983 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 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 Systems are allocated in proportion to the number of active members participating in each plan and the carrying value of plan investments, respectively.

Continued

2. 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.

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. Participating-employers contributed at 6 1/4% and 14%, respectively, of members' non-hazardous and hazardous compensation for the year ended June 30, 1984, and 6 1/4% and 15%, respectively, for the year ended June 30, 1983.

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 Summary Plan Description. Copies of this pamphlet are available from the office of Kentucky Retirement Systems.

3. 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.

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

3. 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, William M. Mercer - Meidinger, Inc. in 1984 and Tillinghast, Nelson & Warren, Inc. in 1983, 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:

	<u>June 30,</u>	
	<u>1984</u>	<u>1983</u>
Vested benefits:		
Participants currently receiving payments	\$110,580,118	\$ 93,003,343
Other participants	<u>124,762,993</u>	<u>132,662,402</u>
	<u>\$235,343,111</u>	<u>\$225,665,745</u>

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

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

3. Accumulated Benefits, continued:

- | | |
|-------------------|---|
| 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 |

4. Investments:

The approximate market value of investments follows:

	June 30,	
	1984	1983
United States Government securities	\$ 80,292,000	\$ 87,366,000
Government National Mortgage Association and similar securities	62,129,000	52,606,000
Corporate bonds and notes	51,192,000	52,123,000
Convertible bonds	-	2,430,000
Common stocks	138,840,000	119,585,000
First mortgage real estate loans	569,000	639,000
Securities purchased under agreement to resell	52,462,000	52,475,000
	\$385,484,000	\$367,224,000

5. 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.

Continued

6. 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 County Employes Retirement System was 0.15% for non-hazardous positions for both years and 0.78% and 0.54% for hazardous positions for the years ended June 30, 1984 and 1983, respectively.

STATE POLICE RETIREMENT SYSTEM

STATE POLICE RETIREMENT SYSTEM

BALANCE SHEET

June 30, 1984 and 1983

ASSETS	<u>1984</u>	<u>1983</u>
Investments (Notes 1 and 4):		
United States Government securities	\$14,859,863	\$13,941,158
Government National Mortgage Association and similar securities	9,374,768	5,270,523
Corporate bonds and notes	15,063,568	15,105,989
Convertible bonds	-	1,200,000
Common stocks	24,486,570	14,944,951
First mortgage real estate loans	376,587	440,297
Securities purchased under agreement to resell	<u>9,419,569</u>	<u>13,399,407</u>
	73,580,925	64,302,325
Cash on deposit with State Treasurer	940	272
Member and employer contributions receivable	230,711	229,876
Accrued investment income	1,221,067	1,246,091
Other assets	<u>-</u>	<u>3,805</u>
	<u>\$75,033,643</u>	<u>\$65,782,369</u>
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	<u>\$ 53,126</u>	<u>\$ 25,283</u>
Fund balance (Note 1):		
Members' Contribution Account	15,902,376	13,783,222
Retirement Allowance Account	<u>59,078,141</u>	<u>51,973,864</u>
	<u>74,980,517</u>	<u>65,757,086</u>
	<u>\$75,033,643</u>	<u>\$65,782,369</u>

See notes to financial statements.

STATE POLICE RETIREMENT SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN MEMBERS' CONTRIBUTION ACCOUNT
for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Revenues:		
Member contributions	\$ 1,695,919	\$ 1,585,904
Interest credited to members' balances transferred from Retirement Allowance Account	<u>806,670</u>	<u>694,200</u>
Total revenues	<u>2,502,589</u>	<u>2,280,104</u>
Expenses:		
Refunds to former members	117,414	56,809
Retired members' balances transferred to Retirement Allowance Account	<u>266,021</u>	<u>919,372</u>
Total expenses	<u>383,435</u>	<u>976,181</u>
Excess of revenues over expenses	2,119,154	1,303,923
Members' Contribution Account at beginning of year	<u>13,783,222</u>	<u>12,479,299</u>
Members' Contribution Account at end of year	<u>\$15,902,376</u>	<u>\$13,783,222</u>

See notes to financial statements.

STATE POLICE RETIREMENT SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETIREMENT ALLOWANCE ACCOUNT
for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Revenues:		
Employer contributions	\$ 4,446,090	\$ 4,178,214
Investment income	6,260,996	5,438,066
Net realized gain on disposal of investments	91,813	154,653
Retired members' balances transferred from Members' Contribution Account	<u>266,021</u>	<u>919,372</u>
Total revenues	<u>11,064,920</u>	<u>10,690,305</u>
Expenses:		
Retirement benefits for members	2,890,091	2,642,581
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	233,140	185,923
Interest credited to members' balances transferred to Mem- bers' Contribution Account	806,670	694,200
Administrative expenses	11,969	10,158
Investment expenses	<u>18,773</u>	<u>10,139</u>
Total expenses	<u>3,960,643</u>	<u>3,543,001</u>
Excess of revenues over expenses	7,104,277	7,147,304
Retirement Allowance Account at beginning of year	<u>51,973,864</u>	<u>44,826,560</u>
Retirement Allowance Account at end of year	<u>\$59,078,141</u>	<u>\$51,973,864</u>

See notes to financial statements.

STATE POLICE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Source of funds:		
Excess of revenues over expenses	\$ 9,223,431	\$ 8,451,227
Deduct amortization of investment discount and premium, net, not providing funds	<u>437,767</u>	<u>30,753</u>
Funds provided from operations	8,785,664	8,420,474
Proceeds from sale, maturity or exchange of investments, less net gain of \$91,813 in 1984 and \$154,653 in 1983, included above	15,600,084	17,841,469
Decrease in member and employer contributions receivable	-	247,848
Decrease in accrued investment income	25,024	-
Decrease in prepaid member retirement benefits	-	192,729
Decrease in other assets	3,805	-
Increase in member refunds, insurance fund transfers and investment expenses payable	<u>27,843</u>	<u>1,012</u>
Total funds provided	<u>24,442,420</u>	<u>26,703,532</u>
Application of funds:		
Investments purchased or exchanged	24,440,917	26,260,666
Increase in member and employer contributions receivable	835	-
Increase in accrued investment income	-	443,913
Increase in other assets	-	<u>3,805</u>
Total funds applied	<u>24,441,752</u>	<u>26,708,384</u>
Increase (decrease) in cash	668	(4,852)
Cash on deposit with State Treasurer at beginning of year	<u>272</u>	<u>5,124</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 940</u>	<u>\$ 272</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. 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 at June 30, 1983 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 cumulative excess of revenues over expenses less interest credited to members' contribution accounts.

The System, Kentucky Employes Retirement System, and County Employes 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 active members participating in each plan and the carrying value of plan investments, respectively.

Continued

2. 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, 1984 and 1983, the employer contributed at 18 1/2% of members' compensation.

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 Summary Plan Description. Copies of this pamphlet are available from the office of Kentucky Retirement Systems.

3. 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 employees service rendered to the valuation date.

Continued

3. Accumulated Benefits, continued:

The System's consulting actuaries, William M. Mercer - Meidinger, Inc. in 1984 and Tillinghast, Nelson & Warren, Inc. in 1983, 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:

	<u>June 30,</u>	
	<u>1984</u>	<u>1983</u>
Vested benefits:		
Participants currently receiving payments	\$26,459,102	\$22,202,772
Other participants	<u>25,487,230</u>	<u>29,303,216</u>
	<u>\$51,946,332</u>	<u>\$51,505,988</u>

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	-	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

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

4. Investments:

The approximate market value of investments follows:

	June 30,	
	1984	1983
United States Government securities	\$12,500,000	\$13,376,000
Government National Mortgage Association and similar securities	8,451,000	5,483,000
Corporate bonds and notes	12,872,000	14,748,000
Convertible bonds	-	1,620,000
Common stocks	26,059,000	19,088,000
First mortgage real estate loans	296,000	346,000
Securities purchased under agreement to resell	9,420,000	13,399,000
	\$69,598,000	\$68,060,000

5. 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.

6. 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 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 State Police Retirement System was 0.97% for the year ended June 30, 1984, and 0.82% for the year ended June 30, 1983.

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

BALANCE SHEET

June 30, 1984 and 1983

ASSETS	<u>1984</u>	<u>1983</u>
Securities purchased under agreement to resell, at cost	\$3,636,627	\$4,691,128
Cash on deposit with State Treasurer	3	59
Employer contributions receivable	<u>966,574</u>	<u>261,934</u>
	<u>\$4,603,204</u>	<u>\$4,953,121</u>
FUND BALANCE ALLOCATED TO		
Kentucky Employes Retirement System	\$2,560,524	\$2,863,024
County Employes Retirement System	1,880,195	1,983,437
State Police Retirement System	<u>162,485</u>	<u>106,660</u>
	<u>\$4,603,204</u>	<u>\$4,953,121</u>

See note to financial statements.

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE

for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
ALLOCATED TO KENTUCKY EMPLOYEES RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from Kentucky Employes Retirement System	\$1,880,023	\$1,249,257
Investment income	<u>219,938</u>	<u>268,269</u>
Total revenues	2,099,961	1,517,526
Expenses:		
Insurance premium payments	<u>2,402,461</u>	<u>1,929,311</u>
Deficiency of revenues over expenses	(302,500)	(411,785)
Fund balance at beginning of year	<u>2,863,024</u>	<u>3,274,809</u>
Fund balance at end of year	<u>\$2,560,524</u>	<u>\$2,863,024</u>
ALLOCATED TO COUNTY EMPLOYEES RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from County Employes Retirement System	\$ 667,073	\$ 594,128
Investment income	<u>176,228</u>	<u>174,352</u>
Total revenues	843,301	768,480
Expenses:		
Insurance premium payments	<u>946,543</u>	<u>755,883</u>
Excess (deficiency) of revenues over expenses	(103,242)	12,597
Fund balance at beginning of year	<u>1,983,437</u>	<u>1,970,840</u>
Fund balance at end of year	<u>\$1,880,195</u>	<u>\$1,983,437</u>
ALLOCATED TO STATE POLICE RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from State Police Retirement System	\$ 233,140	\$ 185,923
Investment income	<u>8,685</u>	<u>4,962</u>
Total revenues	241,825	190,885
Expenses:		
Insurance premium payments	<u>186,000</u>	<u>150,996</u>
Excess of revenues over expenses	55,825	39,889
Fund balance at beginning of year	<u>106,660</u>	<u>66,771</u>
Fund balance at end of year	<u>\$ 162,485</u>	<u>\$ 106,660</u>

See note to financial statements.

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND
 STATEMENT OF CHANGES IN FINANCIAL POSITION
 for the years ended June 30, 1984 and 1983

	<u>1984</u>	<u>1983</u>
Source of funds:		
Decrease in securities purchased under agreement to resell	\$1,054,501	\$ 61,872
Decrease in employer contributions receivable	-	117,538
Decrease in prepaid insurance premiums	<u>-</u>	<u>179,626</u>
Total funds provided	<u>1,054,501</u>	<u>359,036</u>
Application of funds:		
Deficiency of revenues over expenses	349,917	359,299
Increase in employer contributions receivable	<u>704,640</u>	<u>-</u>
Total funds applied	<u>1,054,557</u>	<u>359,299</u>
Decrease in cash	(56)	(263)
Cash on deposit with State Treasurer at beginning of year	<u>59</u>	<u>322</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 3</u>	<u>\$ 59</u>

See note to financial statements.

NOTE TO FINANCIAL STATEMENTS

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 \$2,239,000 and \$1,816,000 for the Kentucky Employes Retirement System, \$1,060,000 and \$819,000 for the County Employes Retirement System, and \$2,000 and \$6,000 for the State Police Retirement System in 1984 and 1983, respectively. Effective August 1, 1982, the Retirement System began paying the same proportion of medical insurance premiums for the spouse or beneficiary and dependents of retired hazardous members or hazardous employees killed in the line of duty. 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 percentages of employer contributions to the Systems which are in turn transferred to the Fund are as follows:

	<u>June 30,</u>	
	<u>1984</u>	<u>1983</u>
<u>Non-Hazardous</u>		
Kentucky Employes Retirement System	0.29%	0.21%
County Employes Retirement System	0.15%	0.15%
<u>Hazardous</u>		
Kentucky Employes Retirement System	0.78%	0.59%
County Employes Retirement System	0.78%	0.54%
State Police Retirement System	0.97%	0.82%

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.

The Board of Trustees elected to engage the services of a different actuarial firm this year to obtain insight and analysis from a new perspective. The firm of William M. Mercer-Meidinger, Inc., based in Louisville, was engaged to perform the 1983-84 actuarial valuation. A reproduction of the certification made by that firm for each of the three retirement systems is found on the next page. The results of the 1984 actuarial valuations as prepared by the firm 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 reflect more accurately the actual experience of the separate systems and to recognize changing economic trends. The assumptions used for the 1983-84 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 \$.85 or more of 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.

October 26, 1984

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

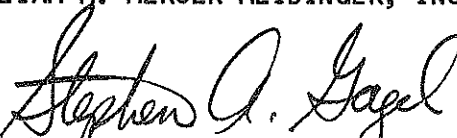
Gentlemen:

The twenty-eighth annual actuarial valuation of the Kentucky Employes Retirement System, the twenty-fifth annual actuarial valuation of the County Employes Retirement System, and the twenty-sixth 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, 1984.

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 actuarial 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,
WILLIAM M. MERCER-MEIDINGER, INC.

By 
Stephen A. Gagel, F.S.A.
Actuary

SAG/cjb

KENTUCKY EMPLOYES RETIREMENT SYSTEM
RESULTS OF THE 1984 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the Kentucky Employees Retirement System as of June 30, 1984. The "actuarial balance sheet" of the retirement system displays the fundamental relationship between actual assets, future contributions, and future benefits. The asset side of the balance sheet is comprised of actual fund assets plus the actuarial present value of future contributions on behalf of current members. The actuarial present values of all projected benefit payments to present active and inactive members make up the balance sheet liabilities.

Determination of Contribution Rate

The rate of contribution by the State required to provide 8 1/2% 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, 1984.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1984 are described on page K-2. 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. A breakdown of costs between Hazardous and Non-Hazardous position employes appears in Table III.

Accountant's Information

Table IV contains a calculation of the accumulated value of plan benefits as specified under FASB Statement No. 35. Under this calculation, the present value of future benefits payable and attributable to the employe's present accrued benefit is computed. The probabilities of termination, disability, mortality and retirement are the same for this calculation as those used in the regular valuation calculations. However, future increases in earnings and additional benefit accruals are not projected beyond the current valuation date.

TABLE I
KENTUCKY EMPLOYES RETIREMENT SYSTEM
ACTUARIAL BALANCE SHEET-JUNE 30, 1984

ACTUARIAL ASSETS

Fund Assets at Book Value*		\$ 814,553,823
Actuarial Present Value of Future Member Contributions		290,957,681
Actuarial Present Value of Future Employer Contributions		
For Normal Costs	\$231,899,726	
For Unfunded Actuarial Accrued Liability	<u>201,535,007</u>	
Total		<u>\$ 433,434,733</u>
Total Actuarial Assets		\$1,538,946,237

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Benefits		
Inactive Members:		
Retired Members and Beneficiaries	\$309,580,919	
Vested Retirement	8,677,654	
Vested Membership	<u>2,715,150</u>	
Total - Inactive		\$ 320,973,723
Active Members:		
Retirement Benefits	\$935,325,406	
Disability Benefits	84,016,025	
Withdrawal Benefits (Vested and Refund of Contributions)	128,486,016	
Survivor Benefits	<u>69,044,841</u>	
Total - Active		\$1,216,872,288
Refunds and Expenses Payable		<u>\$ 1,100,226</u>
Total Actuarial Liabilities		\$1,538,946,237

ACCRUED BENEFIT LIABILITY **

Vested Benefits	\$ 588,815,460
Non-Vested Benefits	\$ 29,991,130

* The market value of assets as of June 30, 1984 is \$779,306,285.
The actuarial value of assets as of June 30, 1984 is \$814,553,823 (book value of assets less refunds and expenses payable).
The Members' Contribution Account as of June 30, 1984 is \$189,421,153.

** Present value of accrued benefit deferred to normal retirement date.

TABLE II

KENTUCKY EMPLOYES RETIREMENT SYSTEM
DETERMINATION OF CONTRIBUTION RATE-JUNE 30, 1984

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liability	\$1,016,088,830	161.87%
Assets at Actuarial Value	814,553,823	129.76%
Unfunded Actuarial Accrued Liability	<u>\$ 201,535,007</u>	<u>32.11%</u>
Contribution - 8 1/2% of Unfunded Actuarial Accrued Liability	\$ 17,130,476	2.73%
 <u>NORMAL COST</u>		
Retirement Benefits	\$ 33,084,094	5.27%
Disability Benefits	3,787,874	0.60%
Withdrawal Benefits (Vested and Refund of Contributions)	7,310,613	1.16%
Survivor Benefits	2,546,532	0.41%
Total Normal Cost	<u>\$ 46,729,113</u>	<u>7.44%</u>
Less: Employee Contributions	<u>25,195,469</u>	<u>4.01%</u>
Normal Cost - State	\$ 21,533,644	3.43%
 <u>TOTAL ANNUAL EMPLOYER COST</u>		
<u>Non-Hazardous Duty Cost</u>		
Normal Cost	\$ 20,860,606	3.36%**
8 1/2% of Unfunded Actuarial Accrued Liability	17,040,512	2.75%**
Administrative Expenses	734,452	0.12%**
Group Hospital and Medical Insurance Premiums	2,855,499	0.46%**
Total Annual Cost	<u>\$ 41,491,069</u>	<u>6.69%**</u>
 <u>Hazardous Duty Cost</u>		
Normal Cost	\$ 673,038	9.66%***
8 1/2% of Unfunded Actuarial Accrued Liability	89,964	1.29%***
Administrative Expenses	8,212	0.12%***
Group Hospital and Medical Insurance Premiums	72,441	1.04%***
Total Annual Cost	<u>\$ 843,655</u>	<u>12.11%***</u>

*Based on estimated annual salaries of \$627,726,168.

**Based on estimated annual salaries of \$620,760,732 for Non-Hazardous Position Employees.

***Based on estimated annual salaries of \$6,965,436 for Hazardous Position Employees.

TABLE III

KENTUCKY EMPLOYES RETIREMENT SYSTEM

CLASSIFICATION OF ACTUARIAL LIABILITIES AND COSTS-JUNE 30, 1984

	<u>Non-Hazardous Position Employees</u>	<u>Hazardous Position Employees</u>	<u>Total</u>
<u>ACTUARIAL ACCRUED LIABILITY</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 563,764,206	\$ 6,609,269	\$ 570,373,475
Disability Benefits	41,717,210	448,177	42,165,387
Withdrawal Benefits (Vested and Refund of Contributions)	41,683,347	(108,201)	41,575,146
Survivor Benefits	40,627,161	373,938	41,001,099
Actuarial Accrued Liability - Actives	\$ 687,791,924	\$ 7,323,183	\$ 695,115,107
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$ 305,728,810	\$ 3,852,109	\$ 309,580,919
Vested Retirement	8,646,469	31,185	8,677,654
Vested Membership	2,686,664	28,486	2,715,150
Actuarial Accrued Liability - Inactives	\$ 317,061,943	\$ 3,911,780	\$ 320,973,723
Total Actuarial Accrued Liability	\$1,004,853,867	\$11,234,963	\$1,016,088,830
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>			
Total Actuarial Accrued Liability	\$1,004,853,867	\$11,234,963	\$1,016,088,830
Less Actuarial Value of Assets	804,377,261	10,176,562	814,553,823
Unfunded Actuarial Accrued Liability	\$ 200,476,606	\$ 1,058,401	\$ 201,535,007
<u>NORMAL COST</u>			
Retirement Benefits	\$ 32,173,390	\$ 910,704	\$ 33,084,094
Disability Benefits	3,693,789	94,085	3,787,874
Withdrawal Benefits (Vested and Refund of Contributions)	7,264,426	46,187	7,310,613
Survivor Benefits	2,467,518	79,014	2,546,532
Total Normal Cost	\$ 45,599,123	\$ 1,129,990	\$ 46,729,113
Less Employee Contributions	24,738,517	456,952	25,195,469
Total Normal Cost - State	\$ 20,860,606	\$ 673,038	\$ 21,533,644
<u>ACCRUED BENEFIT LIABILITY*</u>			
Vested Benefits	\$ 550,596,719	\$ 8,218,741	\$ 558,815,460
Non-Vested Benefits	26,983,696	3,007,434	29,991,130

*Present value of accrued benefit deferred to normal retirement date.

TABLE IV
KENTUCKY EMPLOYES RETIREMENT SYSTEM
ACCOUNTANT'S INFORMATION - JUNE 30, 1984

	<u>Non-Hazardous Position Employees</u>	<u>Hazardous Position Employees</u>	<u>Total</u>
<u>ACTUARIAL PRESENT VALUE OF VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$215,700,394	\$2,759,841	\$218,460,235
Disability Benefits	7,801,742	221,443	8,023,185
Withdrawal Benefits (Vested and Refund of Contributions)	38,874,070	143,725	39,017,795
Survivor Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Active Members	\$262,376,206	\$3,125,009	\$265,501,215
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$305,728,810	\$3,852,109	\$309,580,919
Vested Retirement	8,646,469	31,185	8,677,654
Vested Membership	<u>2,686,664</u>	<u>28,486</u>	<u>2,715,150</u>
Total-Inactive Members	\$317,061,943	\$3,911,780	\$320,973,723
Total Actuarial Present Value of Vested Accumulated Benefits	\$579,438,149	\$7,036,789	\$586,474,938
<u>ACTUARIAL PRESENT VALUE OF NON-VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 22,861,931	\$ 597,380	\$ 23,459,311
Disability Benefits	21,922,913	271,047	22,193,960
Withdrawal Benefits (Vested and Refund of Contributions)	3,579,892	20,187	3,600,079
Survivor Benefits	<u>19,174,465</u>	<u>314,197</u>	<u>19,488,662</u>
Total - Active Members	\$ 67,539,201	\$1,202,811	\$ 68,742,012
<u>Inactive Members</u>	\$ 0	\$ 0	\$ 0
Total Actuarial Present Value of Non-Vested Accumulated Benefits	\$ 67,539,201	\$1,202,811	\$ 68,742,012

NOTE: All calculations in this Table IV have been developed as specified under FASB Statement No. 35.

KENTUCKY EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL ASSUMPTIONS

A. STATEMENT OF ACTUARIAL ASSUMPTIONS

(1) Mortality:

(a) Active & retired lives

- 1971 Group Annuity Mortality Table, plus a duty death rate of .0005 per year for hazardous duty employees.

(b) Disabled lives

- Social Security Administration Disability Mortality Rates - Actuarial Study No. 75.

(2) Disablement

- Graduated rates.

(3) Termination of employment

- Graduated select and ultimate rates.

(4) 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.

(5) Marital status

(a) Percentage married

- 100%.

(b) Age difference

- Males are assumed to be 3 years older than their spouses.

(6) Investment return

- 7.50% per year, net of expenses, compounded annually.

(7) Compensation progression

- 7.50% per year, compounded annually.

COUNTY EMPLOYES RETIREMENT SYSTEM
RESULTS OF THE 1984 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the County Employes Retirement System as of June 30, 1984. The "actuarial balance sheet" of the retirement system displays the fundamental relationship between actual assets, future contributions, and future benefits. The asset side of the balance sheet is comprised of actual fund assets plus the actuarial present value of future contributions on behalf of current members. The actuarial present values of all projected benefit payments to present active and inactive members make up the balance sheet liabilities.

Determination of Contribution Rate

The rate of contribution by the participating Agencies required to provide 8 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, 1984.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1984 are described on page C-2. 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 between Hazardous and Non-Hazardous position employes appears in Table III.

Accountant's Information

Table IV contains a calculation of the accumulated value of plan benefits as specified under FASB Statement No. 35. Under this calculation, the present value of future benefits payable and attributable to the employe's present accrued benefit is computed. The probabilities of termination, disability, mortality and retirement are the same for this calculation as those used in the regular valuation calculations. However, future increases in earnings and additional benefit accruals are not projected beyond the current valuation date.

TABLE I
COUNTY EMPLOYES RETIREMENT SYSTEM
ACTUARIAL BALANCE SHEET-JUNE 30, 1984

ACTUARIAL ASSETS

Fund Assets at Book Value*		\$406,187,431
Actuarial Present Value of Future Member Contributions		185,739,420
Actuarial Present Value of Future Employer Contributions		
For Normal Costs	\$168,799,049	
For Unfunded Actuarial Accrued Liability	<u>15,148,838</u>	
Total		<u>\$183,947,887</u>
Total Actuarial Assets		\$775,874,738

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Benefits		
Inactive Members:		
Retired Members and Beneficiaries	\$114,814,914	
Vested Retirement	6,660,518	
Vested Membership	<u>3,287,561</u>	
Total - Inactive		\$124,762,993
Active Members:		
Retirement Benefits	\$503,777,959	
Disability Benefits	47,715,176	
Withdrawal Benefits (Vested and Refund of Contributions)	65,791,656	
Survivor Benefits	<u>33,341,108</u>	
Total - Active		\$650,625,899
Refunds and Expenses Payable		<u>\$ 485,846</u>
Total Actuarial Liabilities		\$775,874,738

ACCRUED BENEFIT LIABILITY **

Vested Benefits	\$228,730,812
Non-Vested Benefits	\$ 28,487,202

* The market value of assets as of June 30, 1984 is \$385,484,103.
The actuarial value of assets as of June 30, 1984 is \$406,187,431 (book value of assets less refunds and expenses payable).

The Members' Contribution Account as of June 30, 1984 is \$94,569,487

** Present value of accrued benefit deferred to normal retirement date.

TABLE II

COUNTY EMPLOYEES RETIREMENT SYSTEM

DETERMINATION OF CONTRIBUTION RATE-JUNE 30, 1984

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liability	\$ 421,336,269	104.43%
Assets at Actuarial Value	406,187,431	100.68%
Unfunded Actuarial Accrued Liability	\$ 15,148,838	3.75%
Contribution - 8 1/2% of Unfunded Actuarial Accrued Liability	\$ 1,287,651	0.32%
<u>NORMAL COST</u>		
Retirement Benefits	\$ 24,072,011	5.97%
Disability Benefits	2,605,489	0.65%
Withdrawal Benefits (Vested and Refund of Contributions)	4,270,778	1.06%
Survivor Benefits	1,654,644	0.41%
Total Normal Cost	\$ 32,602,922	8.09%
Less: Employe Contributions	16,439,390	4.08%
Normal Cost - State	\$ 16,163,532	4.01%
<u>TOTAL ANNUAL EMPLOYER COST</u>		
<u>Non-Hazardous Duty Cost</u>		
Normal Cost	\$ 14,765,673	3.80%**
8 1/2% of Unfunded Actuarial Accrued Liability	1,149,852	0.30%**
Administrative Expenses	601,306	0.15%**
Group Hospital and Medical Insurance Premiums	1,127,168	0.29%**
Total Annual Cost	\$ 17,643,999	4.54%**
<u>Hazardous Duty Cost</u>		
Normal Cost	\$ 1,397,859	9.46%***
8 1/2% of Unfunded Actuarial Accrued Liability	137,799	0.93%***
Administrative Expenses	69,948	0.47%***
Group Hospital and Medical Insurance Premiums	134,526	0.91%***
Total Annual Cost	\$ 1,740,132	11.77%***

*Based on estimated annual salaries of \$403,461,792.

**Based on estimated annual salaries of \$388,678,728 for Non-Hazardous Position Employes.

***Based on estimated annual salaries of \$14,783,064 for Hazardous Position Employes.

TABLE III

COUNTY EMPLOYES RETIREMENT SYSTEM

CLASSIFICATION OF ACTUARIAL LIABILITIES AND COSTS--JUNE 30, 1984

	<u>Non-Hazardous Position Emploees</u>	<u>Hazardous Position Emploees</u>	<u>Total</u>
ACTUARIAL ACCRUED LIABILITY			
<u>Active Members</u>			
Retirement Benefits	\$214,992,128	\$32,771,283	\$ 247,763,411
Disability Benefits	17,721,362	1,116,221	18,837,583
Withdrawal Benefits (Vested and Refund of Contributions)	14,814,414	181,736	14,996,150
Survivor Benefits	<u>13,986,091</u>	<u>990,041</u>	<u>14,976,132</u>
Actuarial Accrued Liability - Actives	\$261,513,995	\$35,059,281	\$ 296,573,276
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$106,547,814	\$ 8,267,100	\$ 114,814,914
Vested Retirement	6,100,992	559,526	6,660,518
Vested Membership	<u>3,267,899</u>	<u>19,662</u>	<u>3,287,561</u>
Actuarial Accrued Liability - Inactives	\$115,916,705	\$ 8,846,288	\$ 124,762,993
Total Actuarial Accrued Liability	\$377,430,700	\$43,905,569	\$ 421,336,269
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>			
Total Actuarial Accrued Liability	\$377,430,700	\$43,905,569	\$ 421,336,269
Less Actuarial Value of Assets	<u>363,903,027</u>	<u>42,284,404</u>	<u>406,187,431</u>
Unfunded Actuarial Accrued Liability	\$ 13,527,673	\$ 1,621,165	\$ 15,148,838
<u>NORMAL COST</u>			
Retirement Benefits	\$ 22,051,450	\$ 2,020,561	\$ 24,072,011
Disability Benefits	2,499,781	105,708	2,605,489
Withdrawal Benefits (Vested and Refund of Contributions)	4,117,745	153,033	4,270,778
Survivor Benefits	<u>1,546,785</u>	<u>107,859</u>	<u>1,654,644</u>
Total Normal Cost	\$ 30,215,761	\$ 2,387,161	\$ 32,602,922
Less Employee Contributions	<u>15,450,088</u>	<u>989,302</u>	<u>16,439,390</u>
Total Normal Cost - State	\$ 14,765,673	\$ 1,397,859	\$ 16,163,532
<u>ACCRUED BENEFIT LIABILITY*</u>			
Vested Benefits	\$205,368,308	\$23,362,504	\$ 228,730,812
Non-Vested Benefits	19,844,570	8,642,632	28,487,202

*Present value of accrued benefit deferred to normal retirement date.

TABLE IV
 COUNTY EMPLOYEES RETIREMENT SYSTEM
ACCOUNTANT'S INFORMATION - JUNE 30, 1984

	<u>Non-Hazardous Position Employees</u>	<u>Hazardous Position Employees</u>	<u>Total</u>
<u>ACTUARIAL PRESENT VALUE OF VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 79,314,717	\$13,010,698	\$ 92,325,415
Disability Benefits	2,959,295	404,913	3,364,208
Withdrawal Benefits (Vested and Refund of Contributions)	14,000,078	890,417	14,890,485
Survivor Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Active Members	\$ 96,274,090	\$14,306,028	\$110,580,118
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$106,547,814	\$ 8,267,100	\$114,814,914
Vested Retirement	6,100,992	559,526	6,660,518
Vested Membership	<u>3,267,899</u>	<u>19,662</u>	<u>3,287,561</u>
Total-Inactive Members	\$115,916,705	\$ 8,846,288	\$124,762,993
Total Actuarial Present Value of Vested Accumulated Benefits	\$212,190,795	\$23,152,316	\$235,343,111
<u>ACTUARIAL PRESENT VALUE OF NON-VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 13,495,898	\$ 3,384,034	\$ 16,879,932
Disability Benefits	10,849,625	583,524	11,433,149
Withdrawal Benefits (Vested and Refund of Contributions)	4,016,598	12,824	4,029,422
Survivor Benefits	<u>6,278,814</u>	<u>757,482</u>	<u>7,036,296</u>
Total - Active Members	\$ 34,640,935	\$ 4,737,864	\$ 39,378,799
<u>Inactive Members</u>	\$ 0	\$ 0	\$ 0
Total Actuarial Present Value of Non-Vested Accumulated Benefits	\$ 34,640,935	\$ 4,737,864	\$ 39,378,799

NOTE: All calculations in this Table IV have been developed as specified under FASB Statement No. 35.

COUNTY EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL ASSUMPTIONS

A. STATEMENT OF ACTUARIAL ASSUMPTIONS

(1) Mortality:

- (a) Active & retired lives - 1971 Group Annuity Mortality Table, plus a duty death rate of .0005 per year for pre-retirement hazardous duty employes.
- (b) Disabled lives - Social Security Administration Disability Mortality Rates - Actuarial Study No. 75.

(2) Disablement

- Graduated rates.

(3) Termination of employment

- Graduated select and ultimate rates.

(4) 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 55.

(5) Marital status

- (a) Percentage married - 100%.
- (b) Age difference - Males are assumed to be 3 years older than their spouses.

(6) Investment return

- 7.50% per year, net of expenses, compounded annually.

(7) Compensation progression

- 7.50% per year, compounded annually.

STATE POLICE RETIREMENT SYSTEM

RESULTS OF THE 1984 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the State Police Retirement System as of June 30, 1984. The "actuarial balance sheet" of the retirement system displays the fundamental relationship between actual assets, future contributions, and future benefits. The asset side of the balance sheet is comprised of actual fund assets plus the actuarial present value of future contributions on behalf of current members. The actuarial present values of all projected benefit payments to present active and inactive members make up the balance sheet liabilities.

Determination of Contribution Rate

The rate of contribution by the State required to provide 8 1/2% of the Unfunded Actuarial Accrued Liability, the employer share of the 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 annual covered payroll as of June 30, 1984.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1984 are described on page S-2. 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.

Accountant's Information

Table III contains a calculation of the accumulated value of plan benefits as specified under FASB Statement No. 35. Under this calculation, the present value of future benefits payable and attributable to the employe's present accrued benefit is computed. The probabilities of termination, disability, mortality and retirement are the same for this calculation as those used in the regular valuation calculations. However, future increases in earnings and additional benefit accruals are not projected beyond the current valuation date.

TABLE I
STATE POLICE RETIREMENT SYSTEM
ACTUARIAL BALANCE SHEET-JUNE 30, 1984

ACTUARIAL ASSETS

Fund Assets at Book Value*		\$ 74,980,517
Actuarial Present Value of Future Member Contributions		19,397,348
Actuarial Present Value of Future Employer Contributions		
For Normal Costs	\$26,110,226	
For Unfunded Actuarial Accrued Liability	<u>16,200,151</u>	
Total		<u>\$ 42,310,377</u>
Total Actuarial Assets		\$ 136,688,242

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Benefits		
Inactive Members:		
Retired Members and Beneficiaries	\$ 24,219,992	
Vested Retirement	1,232,283	
Vested Membership	<u>34,955</u>	
Total - Inactive		\$ 25,487,230
Active Members:		
Retirement Benefits	\$ 99,028,138	
Disability Benefits	4,250,739	
Withdrawal Benefits (Vested and Refund of Contributions)	3,508,601	
Survivor Benefits	<u>4,360,408</u>	
Total - Active		\$ 111,147,886
Refunds and Expenses Payable		<u>\$ 53,126</u>
Total Actuarial Liabilities		\$ 136,688,242

ACCRUED BENEFIT LIABILITY **

Vested Benefits	\$ 52,486,463
Non-Vested Benefits	\$ 15,427,178

* The market value of assets as of June 30, 1984 is \$69,597,388.
The actuarial value of assets as of June 30, 1984 is \$74,980,517 (book value of assets less refunds and expenses payable).
The Members' Contribution Account as of June 30, 1984 is \$15,902,376

** Present value of accrued benefit deferred to normal retirement date.

TABLE II

STATE POLICE RETIREMENT SYSTEM

DETERMINATION OF CONTRIBUTION RATE-JUNE 30, 1984

<u>ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
<u>Active Members</u>		
Retirement Benefits	\$61,163,261	257.88%
Disability Benefits	2,194,759	9.25%
Withdrawal Benefits (Vested and Refund of Contributions)	250,304	1.06%
Survivor Benefits	<u>2,085,114</u>	<u>8.79%</u>
Actuarial Accrued Liability - Active	\$65,693,438	276.98%
<u>Inactive Members</u>		
Retired Members and Beneficiaries	\$24,219,992	102.12%
Vested Retirement	1,232,283	5.19%
Vested Membership	<u>34,955</u>	<u>0.15%</u>
Actuarial Accrued Liability - Inactives	\$25,487,230	107.46%
Total Actuarial Accrued Liability	\$91,180,668	384.44%
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		
Total Actuarial Accrued Liability	\$91,180,668	384.44%
Assets at Actuarial Value	74,980,517	316.13%
Unfunded Actuarial Accrued Liability	<u>\$16,200,151</u>	<u>68.31%</u>
Contribution - 8 1/2% of Unfunded Actuarial Accrued Liability	\$ 1,377,013	5.81%
<u>NORMAL COST</u>		
Retirement Benefits	\$ 3,236,920	13.65%
Disability Benefits	174,814	0.74%
Withdrawal Benefits (Vested and Refund of Contributions)	281,129	1.18%
Survivor Benefits	193,433	0.82%
Total Normal Cost	<u>\$ 3,886,296</u>	<u>16.39%</u>
Less: Employee Contributions	<u>1,651,703</u>	<u>6.97%</u>
Normal Cost - State Police	\$ 2,234,593	9.42%

TOTAL ANNUAL EMPLOYER COST - STATE POLICE

Normal Cost	\$ 2,234,593	9.42%
8 1/2% of Unfunded Actuarial Accrued Liability	1,377,013	5.81%
Administrative Expenses	14,282	0.06%
Group Hospital and Medical Insurance Premiums	234,809	0.99%
Total Annual Cost	<u>\$ 3,860,697</u>	<u>16.28%</u>

*Based on estimated annual salaries of \$23,718,048.

TABLE III
STATE POLICE RETIREMENT SYSTEM
ACCOUNTANT'S INFORMATION - JUNE 30, 1984

ACTUARIAL PRESENT VALUE OF
VESTED ACCUMULATED BENEFITS

<u>Active Members</u>	
Retirement Benefits	\$23,993,955
Disability Benefits	797,161
Withdrawal Benefits (Vested and Refund of Contributions)	1,667,986
Survivor Benefits	<u>0</u>
Total Active Members	\$26,459,102
<u>Inactive Members</u>	
Retired Members and Beneficiaries	\$24,219,992
Vested Retirement	1,232,283
Vested Membership	<u>34,955</u>
Total-Inactive Members	\$25,487,230
Total Actuarial Present Value of Vested Accumulated Benefits	\$51,946,332

ACTUARIAL PRESENT VALUE OF
NON-VESTED ACCUMULATED BENEFITS

<u>Active Members</u>	
Retirement Benefits	\$ 5,171,190
Disability Benefits	1,026,798
Withdrawal Benefits (Vested and Refund of Contributions)	17,155
Survivor Benefits	<u>1,511,824</u>
Total - Active Members	\$ 7,726,967
<u>Inactive Members</u>	\$ 0
Total Actuarial Present Value of Non-Vested Accumulated Benefits	\$ 7,726,967

NOTE: All calculations in this Table III have been developed as specified under FASB Statement No. 35.

STATE POLICE RETIREMENT SYSTEM

ACTUARIAL ASSUMPTIONS

A. STATEMENT OF ACTUARIAL ASSUMPTIONS

(1) Mortality:

(a) Active & retired lives - 1971 Group Annuity Mortality Table, plus a pre-retirement duty death rate of .0005 per year.

(b) Disabled lives - Social Security Administration Disability Mortality Rates - Actuarial Study No. 75.

(2) Disablement - Graduated rates.

(3) Termination of employment - Graduated rates.

(4) Retirement - 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.

(5) Marital status

(a) Percentage married - 100%.

(b) Age difference - Males are assumed to be 3 years older than their spouses.

(6) Investment return - 7.50% per year, net of expenses, compounded annually.

(7) Compensation progression - 7.50% per year, compounded annually.

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 Chairperson 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, 1984, the investment philosophy as stated in the "Investment Policy" reads as follows:

"The Board of Trustees of the Kentucky Retirement Systems recognizes its fiduciary duty not only to invest the systems funds in formal compliance with the Prudent Man Rule but also to manage those funds in continued recognition of the basic long term nature of those systems. The Board of Trustees interprets this to mean, in addition to the specific guidelines and restrictions set forth in this document, that the assets of the three Systems shall be actively managed - that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Board of Trustees recognizes that, commensurate with its overall objective of maximizing long-range return while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Board of Trustees relies upon appropriate professional advice."

This year, the Board of Trustees undertook a major revamping of the investment management program. The purpose was to provide greater diversification, to increase the rate of return and to reduce volatility. Working with the assistance of William M. Mercer-Meidinger, Inc., an investment consulting firm, the Board adopted a more progressive policy for investing retirement funds.

The major new features of the investment management program include establishing an Active Bond Portfolio, an Index Equity Fund and an Opportunity Equity Fund. The Board also authorized real estate investments for the first time. Assets of the systems will be allocated among the various investment components as shown on the following page.

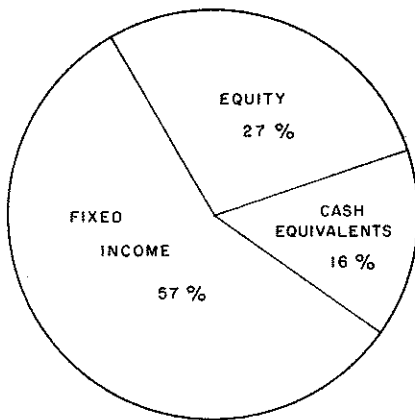
<u>ASSET COMPONENTS</u>	<u>% OF PORTFOLIO</u>	<u>ADVISOR</u>
Balanced Portfolio	65%	Capital Supervisors, Inc.
Active Bond Portfolio	18%	Loomis, Sayles & Co.
Index Equity Fund	10%	In-house
Real Estate Portfolio	5%	Heitman Advisory Corp.
Opportunity Equity Fund	2%	(1) 20th Century Growth Fund (2) Acorn Fund

In addition, the Board approved the creation of an Investment Section within the Kentucky Retirement Systems to closely monitor the various asset components.

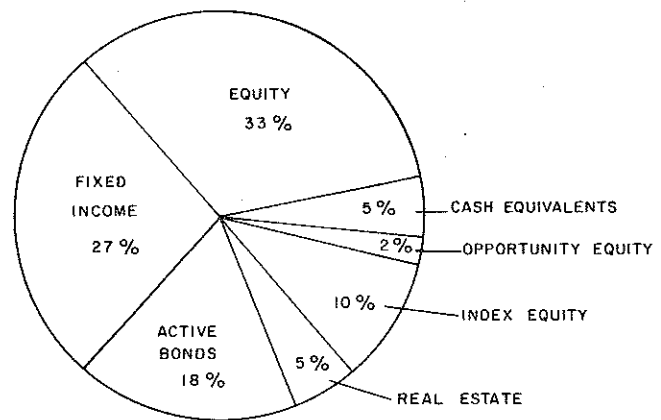
The following charts clearly illustrate the greater diversification that will be achieved when the new structure is fully implemented.

ASSET ALLOCATION GUIDELINES
(Book Value)

1983 (ACTUAL)



1984 (OBJECTIVE)



The total rate of return (income plus realized and unrealized capital appreciation or depreciation) for the entire portfolio for the year was a negative 1.5%. While this is considerably less impressive than 1983's return of plus 38.2%, it shows the strength of Kentucky Retirement Systems when compared to other performance indicators. The S&P 500 Stock Index was down 4.6% the Dow Jones Industrial Average was down 2.8% for the same period and the Lehman, Government-Corporate Index showed a slight gain of 1.8%.

An examination of the tables presented on pages 62 and 63 will indicate that the retirement systems are continuing to realize positive growth in both portfolio size and portfolio income.



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

August 14, 1984

A. Lee Thurow
President

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

During fiscal 1984 we purchased \$47.4 million in stocks. We sold \$46 million with a gain of \$8.2 million. Net for year we were neutral in common stock allocation. The market declined during the period so our posture of not being aggressive on stocks was warranted.

The fixed income segment of the portfolio remains active with purchases in excess of \$80 million face value at average yield just under 13%. During this same period maturities and repayments of about \$10 million occurred on coupons under 10%, thus continuing the trend of improving overall yield.

We also had bond swaps involving over \$65 million at face value that in all cases matched or improved yield to maturity. In the process of doing the swaps, we also slightly improved overall quality and marketability.

As of June 30, 1984, cash equivalents represented 6% of assets at market value, stocks 42%, and bonds 52%; overall yield on these assets was 9%.

Last year we talked about absolute gains with the portfolio increasing 38.2%. This year we have to emphasize relative performance. The total portfolio declined -1.7% this fiscal year. This compares with total returns of -4.6% for the Standard and Poor's 500, -2.8% for the Dow Jones Industrial, and -6.2% for Salomon Brothers Long Term, High Quality Bond Index.

June 30 this year was the wrong date for evaluation as both bonds and stocks were near their lows for the last 12 months. If we used today's prices for our evaluation, the portfolio would have positive numbers.

Respectfully submitted,

CAPITAL SUPERVISORS, INC.

By: *A. Lee Thurow*
Lee Thurow
President

Theodore R. Tonneman
Theodore R. Tonneman
Executive Vice President

LOOMIS - SAYLES - & COMPANY

INCORPORATED
INVESTMENT COUNSEL

BOSTON
CHICAGO
DETROIT
LOS ANGELES
MEMPHIS
MILWAUKEE
NEW YORK
PHILADELPHIA
SAN FRANCISCO
WASHINGTON

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DETROIT, MICHIGAN 48243
AREA CODE 313 567-3700

July 23, 1984

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

Dear Trustees:

During the nine months of your past fiscal that we have had the opportunity to work with a portion of your fixed assets, the bond markets have retraced a good portion of the strong gains achieved in 1982/1983 fiscal year. Below is a glimpse of the fixed markets during the past year:

	<u>Year Ago 6/30/83</u>	<u>4:p.m. Close 6/28/84</u>
90 Day Treas. Bills	8.75%	9.83%
Long Treasuries	11.19	13.63
AA Utilities	12.00	14.90
AAA Industrials	11.40	14.30

During this bond market decline we have focused our efforts on shorter, less vulnerable maturities in an attempt to increase yield while shortening the duration (volatility) of the portfolio. As shown below through May of this year the portfolio experienced a substantial increase in short maturities while yield-to-maturity and current yield have increased. Even though average maturity increased from 7.24 to 8.02, duration fell from 4.51 to 4.25 indicating a less volatile more defensive portfolio.

KENTUCKY RETIREMENT SYSTEMS FIXED INCOME

	<u>10/31/83</u>	<u>5/31/84</u>	<u>6/30/84</u>
Total Fund Market	\$205,743,891	\$218,530,573	\$201,858,630
One Year Maturities	13.8%	9.8%	.07%
Short Term	22.5%	32.0%	37.09%
Medium Term	30.6%	27.9%	30.15%
Long Term	33.2%	30.3%	32.6%
Avg. Maturity (Yrs.)	7.24	8.02	8.65
Avg. Duration	4.51	4.25	4.62
Yield-to-Maturity	11.42%	13.54%	13.69%
Current Yield	8.97%	10.38%	10.66%
Governments	72.7%	63.8%	69.3%

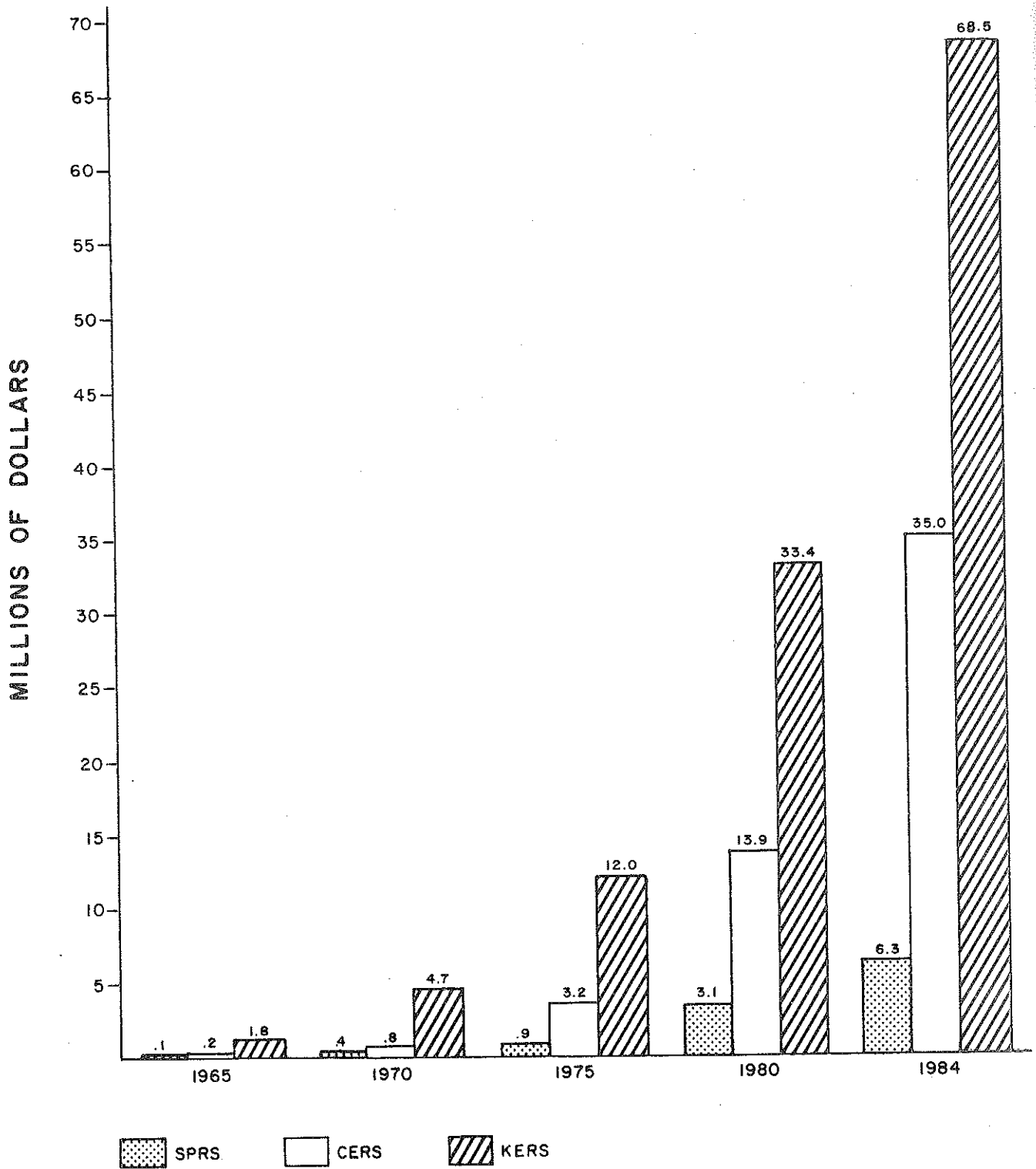
Portfolio 9 month total rate of return -.7%

Since May, our strategy continues to place an emphasis on shorter maturities with small cash reserves until better evidence is available that a sustainable decline in interest rates is at hand.

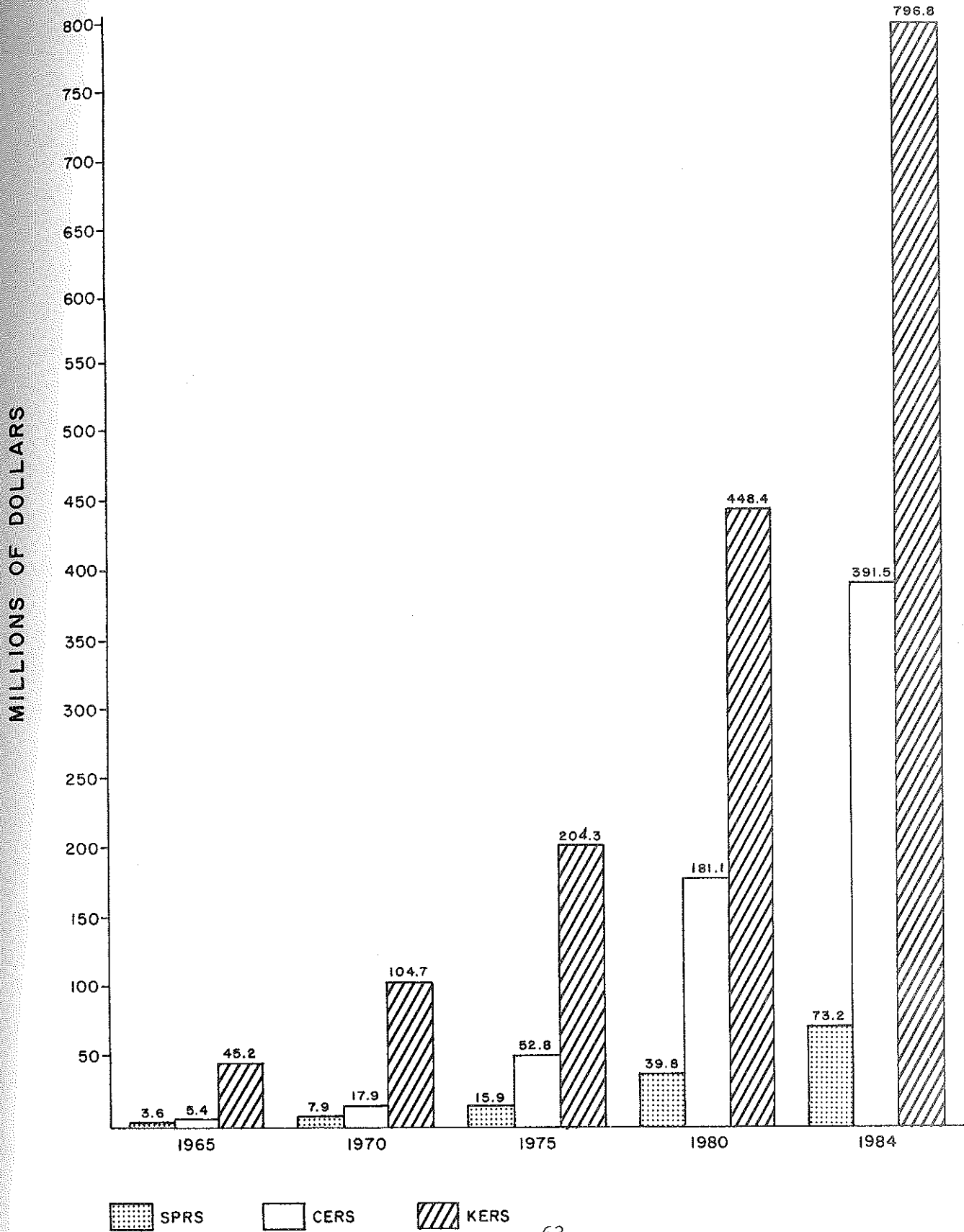
With best regards,


Lee Munder

PORTFOLIO INCOME GROWTH
(Interest and Dividends)
6/30/65 through 6/30/84



PORTFOLIO GROWTH
 (at book value)
 6/30/65 through 6/30/84



KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 6/30/84

STATE EMPLOYEES (KERS)

***** FIXED INCOME *****

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$133,409,438.15	\$218,113,159.27	\$133,374,821.87	\$ 95,228,730.89	\$580,126,150.18
% of Total Par Value	23%	38%	23%	16%	100%
Book Value	\$131,033,908.97	\$184,862,288.36	\$118,903,303.69	\$ 95,228,730.89	\$530,028,231.91
% of Total Book Value	25%	35%	22%	18%	100%
Market Value	\$112,240,693.85	\$163,549,784.01	\$110,310,328.76	\$ 95,228,730.89	\$481,329,537.51
% of Total Market Value	23%	34%	23%	20%	100%
Potential Gain (or Loss)	\$-18,793,215.12	\$-21,312,504.35	\$ -8,592,974.93	\$ 0.00	\$-48,698,694.40
Indicated Annual Income	\$ 14,802,405.29	\$ 18,428,679.94	\$ 14,219,079.38	\$ 11,006,281.63	\$ 58,456,446.24
Current Yield - Book Value	11.30	9.97	11.96	11.56	11.03
- Market Value	13.19	11.27	12.89	11.56	12.14
Yield to Maturity - Market Value	14.25	13.48	13.36	11.52	13.31
Average Coupon	11.10	8.45	10.66	11.56	10.08
Average Maturity (Years)	15.49	6.13	20.66	.10	10.63

***** 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
8,683,013	\$266,786,825.43	\$297,976,747.61	\$31,189,922.18	\$14,218,493.69	5.33	4.77

***** TOTAL PORTFOLIO *****

TYPE	BOOK VALUE	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	CURRENT YIELD ON COST	CURRENT YIELD ON MARKET
Corporates	\$131,033,908.97	\$112,240,693.85	\$18,793,215.12	\$14,802,405.29	11.30	13.19
Government	\$184,862,288.36	\$163,549,784.01	\$21,312,504.35	\$18,428,679.94	9.97	11.27
Mortgages	\$118,903,303.69	\$110,310,328.76	\$8,592,974.93	\$14,219,079.38	11.96	12.89
Short Term	\$ 95,228,730.89	\$ 95,228,730.89	\$ 0.00	\$11,006,281.63	11.56	11.56
Common Stock	\$266,786,825.43	\$297,976,747.61	\$31,189,922.18	\$14,218,493.69	5.33	4.77
TOTAL PORTFOLIO	\$796,815,057.34	\$779,306,285.12	\$18,793,215.12	\$72,674,939.93	9.12	9.33

KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 6/30/84

COUNTY EMPLOYEES (CEFS)

***** FIXED INCOME *****

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$60,462,443.52	\$107,415,299.43	\$75,934,629.95	\$52,461,572.77	\$296,273,945.67
% of Total Par Value	20%	36%	26%	18%	100%
Book Value	\$58,689,191.14	\$ 89,113,351.03	\$66,182,079.63	\$52,461,572.77	\$266,446,194.57
% of Total Book Value	22%	33%	25%	20%	100%
Market Value	\$51,192,259.69	\$ 80,303,910.30	\$62,686,143.63	\$52,461,572.77	\$246,643,886.39
% of Total Market Value	21%	33%	25%	21%	100%
Potential Gain (or Loss)	\$-7,496,931.45	\$ -8,809,440.73	\$-3,495,936.00	\$ 0.00	\$-19,802,308.18
Indicated Annual Income	\$ 6,745,690.38	\$ 9,268,704.49	\$ 8,208,126.64	\$ 6,080,262.17	\$ 30,302,783.68
Current Yield - Book Value	11.49	10.40	12.40	11.59	11.37
- Market Value	13.18	11.54	13.09	11.59	12.29
Yield to Maturity - Market Value	14.27	13.55	13.47	11.55	13.32
Average Coupon	11.16	8.63	10.81	11.59	10.23
Average Maturity (Years)	15.23	6.20	21.83	.11	10.97

***** COMMON STOCK *****

NO. OF SHARES	BOOK VALUE/COST	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
4,023,414	\$125,054,834.11	\$138,840,216.65	\$13,785,382.54	\$6,544,487.32	5.23	4.71

TYPE	BOOK VALUE	PCTAGE OF PORTFOLIO	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	INDICATED YIELD ON MARKET
Corporates	\$ 58,689,191.14	15%	\$ 51,192,259.69	13%	\$6,745,690.38	11.49	13.18
Governments	\$ 89,113,351.03	23%	\$ 80,303,910.30	21%	\$9,268,704.49	10.40	11.54
Mortgages	\$ 66,182,079.63	17%	\$ 62,686,143.63	16%	\$8,208,126.64	12.40	13.09
Short Term	\$ 52,461,572.77	13%	\$ 52,461,572.77	14%	\$6,080,262.17	11.59	11.59
Common Stock	\$125,054,834.11	32%	\$138,840,216.65	36%	\$6,544,487.32	5.23	4.71
TOTAL PORTFOLIO	\$391,501,028.68	100%	\$385,484,103.04	100%	\$36,847,271.00	9.41	9.56

***** TOTAL PORTFOLIO *****

KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 6/30/84

STATE POLICE (SPRS)

***** FIXED INCOME *****

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$15,277,617.90	\$17,935,916.30	\$10,767,479.50	\$9,419,568.96	\$53,400,582.66
% of Total Par Value	28%	34%	20%	18%	100%
Book Value	\$15,068,286.66	\$14,521,577.86	\$ 9,745,354.95	\$9,419,568.96	\$48,754,788.43
% of Total Book Value	31%	30%	20%	19%	100%
Market Value	\$12,871,976.67	\$12,506,367.06	\$ 8,740,954.75	\$9,419,568.96	\$43,538,867.44
% of Total Market Value	29%	29%	20%	22%	100%
Potential Gain (or Loss)	\$-2,196,309.99	\$-2,015,210.80	\$-1,004,400.20	\$ 0.00	\$-5,215,920.99
Indicated Annual Income	\$ 1,769,826.17	\$ 1,391,609.37	\$ 1,110,526.27	\$ 1,088,899.16	\$ 5,360,860.97
Current Yield - Book Value	11.75	9.58	11.40	11.56	11.00
- Market Value	13.75	11.13	12.70	11.56	12.31
Yield to Maturity - Market Value	14.41	13.51	13.20	11.49	13.35
Average Coupon	11.58	7.76	10.31	11.56	10.04
Average Maturity (Years)	20.22	6.56	19.90	.10	12.02

***** COMMON STOCK *****

NO. OF SHARES	BOOK VALUE/COST	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
790,331	\$24,486,570.47	\$26,058,520.15	\$1,571,949.68	\$1,214,390.61	4.96	4.66

***** TOTAL PORTFOLIO *****

TYPE	BOOK VALUE	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	ON BOOK	INDICATED YIELD ON MARKET
Corporates	\$15,068,286.66	\$12,871,976.67	18%	\$1,769,826.17	11.75	13.75
Governments	\$14,521,577.86	\$12,506,367.06	18%	\$1,391,609.37	9.58	11.13
Mortgages	\$ 9,745,354.95	\$ 8,740,954.75	13%	\$1,110,526.27	11.40	12.70
Short Term	\$ 9,419,568.96	\$ 9,419,568.96	14%	\$1,088,899.16	11.56	11.56
Common Stock	\$24,486,570.47	\$26,058,520.15	37%	\$1,214,390.61	4.96	4.66
TOTAL PORTFOLIO	\$73,241,358.90	\$69,597,387.59	100%	\$6,575,251.58	8.98	9.45

KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 6/30/84

ALL SYSTEMS COMBINED

***** FIXED INCOME *****

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$209,149,499.57	\$343,464,375.00	\$220,076,931.32	\$157,109,872.62	\$929,800,678.51
% of Total Par Value	22%	37%	24%	17%	100%
Book Value	\$204,791,386.77	\$288,497,217.25	\$194,830,738.27	\$157,109,872.62	\$845,229,214.91
% of Total Book Value	24%	34%	23%	19%	100%
Market Value	\$176,304,930.21	\$256,360,061.37	\$181,737,427.14	\$157,109,872.62	\$771,512,291.34
% of Total Market Value	23%	33%	24%	20%	100%
Potential Gain (or Loss)	\$-28,486,456.56	\$-32,137,155.88	\$-13,093,311.13	\$ 0.00	\$-73,716,923.57
Indicated Annual Income	\$ 23,317,921.84	\$ 29,088,993.80	\$ 23,537,732.29	\$ 18,175,442.96	\$ 94,120,090.89
Current Yield - Book Value	11.39	10.08	12.08	11.57	11.14
- Market Value	13.23	11.35	12.95	11.57	12.20
Yield to Maturity - Market Value	14.27	13.50	13.39	11.53	13.31
Average Coupon	11.15	8.47	10.70	11.57	10.12
Average Maturity (Years)	15.76	6.17	21.02	.10	10.82

***** COMMON STOCK *****

NO. OF SHARES	BOOK VALUE/COST	MARKET VALUE	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
13,496,758	\$416,328,230.01	\$462,875,484.41	\$46,547,254.40	\$21,977,371.62	5.28	4.75

***** TOTAL PORTFOLIO *****

TYPE	BOOK VALUE	PCTAGE OF PORTFOLIO	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	INDICATED YIELD	
						ON BOOK	ON MARKET
Corporates	\$ 204,791,386.77	16%	\$ 176,304,930.21	14%	\$ 23,317,921.84	11.39	13.23
Governments	\$ 288,497,217.25	23%	\$ 256,360,061.37	21%	\$ 29,088,993.80	10.08	11.35
Mortgages	\$ 194,830,738.27	15%	\$ 181,737,427.14	15%	\$ 23,537,732.29	12.08	12.95
Short Term	\$ 157,109,872.62	13%	\$ 157,109,872.62	13%	\$ 18,175,442.96	11.57	11.57
Common Stock	\$ 416,328,230.01	33%	\$ 462,875,484.41	37%	\$ 21,977,371.62	5.28	4.75
TOTAL PORTFOLIO	\$1,261,557,444.92	100%	\$1,234,387,775.75	100%	\$116,097,462.51	9.20	9.41

KENTUCKY RETIREMENT SYSTEMS
COMMON STOCK PORTFOLIO FOR THE PERIOD ENDED 6/30/84

NAME OF SECURITY	SHARES	COST	6/30/84 MARKET	TOTAL MARKET VALUE	POTENTIAL GAIN OR LOSS	EARNINGS PER SHARE		P/E RATIO	YIELD
						1982	1983		
Index Fund (summary*)	3,095,885	36	36	\$110,915,245	\$ 56,047	\$3.34	\$ 4.37E	10	8
ACF Industries	60,576	37	54	\$ 3,263,531	\$ 1,000,682	\$3.74	\$ 1.80E	44	29
Acorn Fund	267,641	28	28	\$ 7,360,126	\$ 139,872-	\$0.00	\$ 0.00E	44	29
Allied Corporation	169,285	26	32	\$ 5,353,637	\$ 886,949	\$4.15	\$ 5.15E	51	6
Allied Store Corp.	50,000	41	42	\$ 2,100,000	\$ 53,440	\$4.47	\$ 6.10E	7	6
American Broadcasting	39,000	46	63	\$ 2,447,249	\$ 662,055	\$5.54	\$ 6.75E	11	9
American Express	134,298	26	29	\$ 3,861,067	\$ 398,240	\$2.80	\$ 3.00E	11	9
American Intl. Group	67,300	67	59	\$ 3,937,050	\$ 598,969-	\$5.61	\$ 6.25E	9	9
Ameritech Corporation	18,721	59	65	\$ 1,214,524	\$ 116,006	\$0.00	\$ 9.45E	9	6
Archer-Daniels-Midland	200,800	19	18	\$ 3,539,099	\$ 251,478-	\$1.93	\$ 2.00E	17	8
American Tel & Tel	152,244	16	17	\$ 2,626,207	\$ 162,915	\$8.55	\$ 1.50E	2	11
Atlantic Richfield	73,500	43	46	\$ 3,344,250	\$ 164,025	\$6.16	\$ 6.65E	7	6
Baxter Travenol	280,100	10	15	\$ 4,271,524	\$ 1,415,037	\$1.31	\$ 1.50E	10	10
Beatrice Food	123,888	26	27	\$ 3,283,031	\$ 2,102	\$3.80	\$ 3.25E	8	8
Bell & Howell Company	50,000	24	26	\$ 1,300,000	\$ 97,500	\$0.26	\$ 2.50E	12	10
Bell Atlantic Corp.	15,028	60	68	\$ 1,016,266	\$ 119,468	\$0.00	\$ 9.95E	12	6
Bellsouth Corporation	44,165	26	28	\$ 1,220,058	\$ 65,434	\$0.00	\$ 4.10E	12	6
Black & Decker Mfg.	50,000	23	23	\$ 1,131,249	\$ 21,250-	\$2.23	\$ 2.20E	22	10
Boeing Company	85,000	38	44	\$ 3,718,750	\$ 446,600	\$1.94	\$ 3.80E	11	11
Borg-Warner	717,600	17	19	\$ 13,455,000	\$ 1,070,274	\$3.03	\$ 2.85E	9	6
Bristol Meyers	85,500	17	47	\$ 4,007,811	\$ 2,540,493	\$2.59	\$ 3.45E	15	13
Capital Holding	100,000	17	33	\$ 3,300,000	\$ 1,581,250	\$3.50	\$ 4.85E	7	6
Coca-Cola Company	186,100	51	58	\$ 10,724,010	\$ 1,306,153	\$3.95	\$ 4.10E	14	12
Consolidated Foods	192,500	17	29	\$ 5,558,436	\$ 2,230,521	\$2.73	\$ 3.20E	9	9
CSX Corporation	305,887	14	21	\$ 6,347,154	\$ 2,117,223	\$3.30	\$ 3.20E	10	6
Deere & Company	94,300	36	27	\$ 2,581,462	\$ 780,783-	\$0.78	\$ 3.20E	80	11
Delta Air Lines	94,800	32	31	\$ 2,915,100	\$ 154,405-	\$0.52	\$ 4.50E	14	6
Dow Chemical	179,200	32	28	\$ 5,039,999	\$ 764,813-	\$1.77	\$ 3.30E	18	8
Du Pont	50,000	39	46	\$ 2,281,250	\$ 310,537	\$3.75	\$ 6.05E	9	7
Eastman Kodak	132,400	83	69	\$ 9,168,699	\$ 1,829,431-	\$7.12	\$ 6.35E	20	10
Engelhard Corporation	75,000	36	25	\$ 1,893,749	\$ 819,587-	\$2.41	\$ 3.20E	9	7
Exxon	280,000	24	41	\$ 11,410,000	\$ 4,701,745	\$4.82	\$ 6.05E	7	6
FMC Corporation	95,300	26	49	\$ 4,633,961	\$ 2,186,718	\$4.56	\$ 5.75E	9	8
Gannett	94,600	12	42	\$ 3,949,549	\$ 2,827,917	\$2.26	\$ 2.85E	17	14
General Electric	151,800	26	53	\$ 7,988,473	\$ 4,073,717	\$4.01	\$ 5.25E	11	10
General Mills	95,500	33	53	\$ 5,058,724	\$ 1,940,795	\$4.46	\$ 5.25E	10	10
General Motors	66,500	42	66	\$ 4,364,061	\$ 1,556,756	\$3.09	\$16.50E	5	4
General Signal	95,800	33	44	\$ 4,191,250	\$ 1,023,555	\$3.85	\$ 4.20E	13	10
Goodyear Tire & Rubber	182,450	29	26	\$ 4,698,087	\$ 574,059-	\$3.35	\$ 4.35E	9	5
Halliburton	87,400	33	34	\$ 2,938,824	\$ 55,782	\$4.21	\$ 3.75E	14	9
Hosp. Corp. of America	90,100	48	40	\$ 3,592,736	\$ 736,781-	\$2.25	\$ 3.45E	14	11
I C Industries	195,500	39	46	\$ 8,919,687	\$ 1,295,187	\$2.03	\$ 5.80E	9	7
Intel Corporation	93,500	38	30	\$ 2,828,374	\$ 747,567-	\$0.32	\$ 1.90E	28	15
Interntl. Bus. Machin.	250,000	63	106	\$ 26,437,500	\$10,703,939	\$7.39	\$9.04E	11	10
Interntl. Minerals	100,000	40	36	\$ 3,600,000	\$ 427,212-	\$5.13	\$ 3.65E	11	9
J C Penney	92,100	54	51	\$ 4,674,074	\$ 277,451-	\$5.50	\$ 6.25E	9	8
Johnson & Johnson	29,700	39	30	\$ 887,286	\$ 269,226-	\$2.79	\$ 3.20E	11	9
K-Mart	136,800	31	31	\$ 4,206,599	\$ 45,500-	\$1.35	\$ 3.50E	13	8

* Index Fund (summary) -- This item is a summary of 304 common stock issues which represent a core investment in stocks. The Index Fund is structured to track the performance of the S & P 500 Stock Index.

index fund is structured to track the performance of the S & P 500 Stock Index.

NAME OF SECURITY	SHARES	COST	6/30/84 MARKET	TOTAL MARKET VALUE	POTENTIAL GAIN OR LOSS	EARNINGS PER SHARE		P/E RATIO		YIELD
						1982	1983	1984	1983	
Louisville Gas & Elec.	50,000	20	23	\$ 1,143,749	\$ 120,625	\$ 2.46	\$ 3.00E	7	7	10.3%
Marsh & McLennan	63,700	32	43	\$ 2,731,136	\$ 707,812	\$ 3.36	\$ 3.90E	12	11	5.1%
McDonalds Corporation	93,700	62	69	\$ 6,430,161	\$ 611,509	\$ 5.00	\$ 6.60E	12	10	1.7%
Minnesota Mining Mfg.	87,600	54	77	\$ 6,756,148	\$ 2,044,845	\$ 5.37	\$ 7.10E	13	10	4.4%
Mobil Oil	100,900	15	27	\$ 2,673,850	\$ 1,117,788	\$ 2.91	\$ 4.60E	7	5	8.3%
Morrison-Knudsen	100,000	38	28	\$ 2,812,499	\$ 960,362	\$ 3.86	\$ 3.75E	7	7	5.0%
N L Industries	86,000	32	13	\$ 1,150,250	\$ 1,573,638	\$ 2.90	\$ 0.80E	7	16	1.5%
NCR Corporation	165,500	15	25	\$ 4,054,749	\$ 1,517,382	\$ 2.20	\$ 3.20E	9	7	3.3%
Norfolk & Southern	46,900	55	51	\$ 2,391,900	\$ 207,813	\$ 7.37	\$ 7.10E	9	7	6.3%
Nynex Corporation	15,058	56	60	\$ 99,126	\$ 67,868	\$ 0.00	\$ 9.60E	9	6	9.9%
Pacific Gas & Electric	168,100	14	14	\$ 2,311,373	\$ 52,531	\$ 2.48	\$ 2.55E	6	5	12.5%
Pacific Telesis Group	15,042	50	54	\$ 817,907	\$ 58,786	\$ 0.00	\$ 7.90E	6	6	9.9%
Philip Morris	87,300	27	69	\$ 6,045,524	\$ 3,674,952	\$ 6.23	\$ 8.40E	9	8	4.9%
Proctor & Gamble	182,300	42	52	\$ 9,547,961	\$ 1,852,157	\$ 4.69	\$ 5.40E	10	9	4.6%
Public Service Colo.	364,852	14	18	\$ 6,384,909	\$ 1,352,906	\$ 2.13	\$ 2.15E	9	8	11.0%
Schering-Plough	94,300	37	39	\$ 3,654,124	\$ 133,434	\$ 3.39	\$ 3.75E	10	10	4.3%
Sears	262,400	26	32	\$ 8,298,399	\$ 1,425,097	\$ 2.46	\$ 4.55E	8	7	5.6%
Smithline Beckman	39,500	65	57	\$ 2,336,686	\$ 333,725	\$ 5.51	\$ 6.45E	9	8	4.9%
Southeast Airlines	125,000	27	21	\$ 2,656,249	\$ 658,875	\$ 1.20	\$ 2.25E	15	9	0.6%
Southwestern Bell Co.	15,038	54	56	\$ 836,488	\$ 26,030	\$ 0.00	\$ 9.00E	15	6	10.1%
Square D	100,000	28	33	\$ 3,324,998	\$ 517,462	\$ 2.61	\$ 3.30E	15	10	5.5%
State St. Boston Cor.	50,000	38	34	\$ 1,700,000	\$ 175,000	\$ 5.88	\$ 4.75E	7	7	2.8%
Standard Oil Indiana	61,200	25	57	\$ 3,496,049	\$ 1,940,217	\$ 6.45	\$ 7.15E	8	8	5.3%
Tandy Corporation	86,900	45	26	\$ 2,259,400	\$ 1,683,827	\$ 2.17	\$ 3.00E	9	8	0.0%
Temple Inland	75,000	33	27	\$ 1,987,500	\$ 488,649	\$ 1.82	\$ 4.50E	13	5	1.9%
Tenneco	86,854	43	37	\$ 3,246,167	\$ 486,346	\$ 5.74	\$ 6.00E	7	6	7.5%
Transamerica	142,200	22	23	\$ 3,217,274	\$ 141,702	\$ 2.86	\$ 3.30E	8	6	6.9%
Travelers Corporation	193,200	23	29	\$ 5,506,200	\$ 969,574	\$ 3.63	\$ 4.50E	7	6	6.7%
U S Gypsum	45,700	52	49	\$ 2,216,449	\$ 175,031	\$ 2.61	\$ 9.50E	10	5	5.4%
U S West Inc.	15,017	51	58	\$ 863,476	\$ 99,433	\$ 0.00	\$ 8.65E	10	6	9.4%
Walgreen Company	43,500	38	35	\$ 1,506,186	\$ 146,703	\$ 1.88	\$ 2.70E	15	12	2.1%
Warner Lambert	143,300	29	31	\$ 4,496,035	\$ 399,577	\$ 2.20	\$ 2.85E	12	11	4.7%
Weyerhaeuser	185,500	38	27	\$ 4,962,124	\$ 2,088,695	\$ 1.30	\$ 3.55E	19	7	4.9%
Xerox	139,900	51	38	\$ 5,368,661	\$ 1,758,379	\$ 5.00	\$ 5.15E	8	7	7.8%
20th Century Growth	637,129	12	12	\$ 7,326,983	\$ 173,016	\$ 0.00	\$ 0.00E	8	7	0.0%

SHARES	TOTAL COST	TOTAL MARKET VALUE	POTENTIAL G/L	DIVIDEND INCOME	P/E 1983	P/E 1984	YIELD
13,496,758	\$416,328,230.01	\$46,875,484.41	\$46,547,254.40	\$21,977,371.62	10	8	4.7%

Table with columns: SECURITY NAME, COUPON, MATURITY, PAR VALUE, SPERS, TOTAL, YIELD, PRICE, SEP, MOODY, MARKET, GAIN-LOSS, ANNUAL INC. The table contains 100 rows of financial data, including security identifiers like GNMA 39313 and various numerical values.

SECURITY NAME	COUPON	MAURITY	PAR VALUE (IN \$000'S)	YIELD	PRICE	S&P	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.
			KBRS	CEBS	SPRS	TOTAL				
GNMA 49511 (Mob Hom)	13.750%	06/96	240	169	4	413	AAA	405,523	16,140	56,897
GNMA 50376 (Mob Hom)	13.750%	10/96	2257	1814	39	4110	AAA	4,028,768	42,386	565,260
GNMA 58123 (Mob Hom)	10.750%	01/98	277	121	34	433	AAA	371,798	59,766	46,610
GNMA 58562 (Mob Hom)	10.750%	01/98	301	131	37	470	AAA	403,340	64,837	50,564
GNMA 63703 (Mob Hom)	10.750%	08/98	285	167	39	491	AAA	421,495	28,464	52,840
GNMA 64144 (Mob Hom)	10.750%	08/98	819	480	113	1413	AAA	1,211,968	82,580	151,937
GNMA 66414 (Mob Hom)	10.750%	06/98	633	277	79	989	AAA	848,697	132,955	106,396
GNMA 66691 (Mob Hom)	10.750%	06/98	284	166	39	490	AAA	420,181	28,621	52,675
GNMA 66702 (Mob Hom)	10.750%	06/98	260	152	35	449	AAA	385,272	26,265	48,299
GNMA 66706 (Mob Hom)	10.750%	06/98	116	52	10	179	AAA	14,479	14,479	19,281
GNMA 66706 (Mob Hom)	10.750%	08/98	276	162	38	477	AAA	217,862	27,862	51,281
GNMA 66706 (Mob Hom)	10.750%	08/98	186	83	17	286	AAA	245,423	23,092	30,767
GNMA 66706 (Mob Hom)	10.750%	08/98	281	165	38	485	AAA	416,604	28,380	52,227
GNMA 68689 (Mob Hom)	10.750%	08/98	618	270	77	966	AAA	828,538	129,797	103,869
GNMA 69055 (Mob Hom)	10.750%	06/98	620	276	57	954	AAA	818,826	77,032	102,651
GNMA 69885 (Mob Hom)	10.750%	08/98	284	166	39	491	AAA	421,274	28,456	52,812
GNMA 70018 (Mob Hom)	10.750%	07/98	280	164	38	482	AAA	414,105	28,207	51,914
GNMA 70069 (Mob Hom)	10.750%	08/98	286	168	39	494	AAA	423,786	28,623	53,127
GNMA 70070 (Mob Hom)	10.750%	08/98	269	157	37	464	AAA	398,354	27,129	49,939
GNMA 70137 (Mob Hom)	10.750%	08/98	575	337	79	991	AAA	850,386	57,958	106,608
GNMA 71190 (Mob Hom)	10.750%	07/98	552	323	76	951	AAA	816,256	55,607	102,329
GNMA 71480 (Mob Hom)	10.750%	08/98	830	305	85	1221	AAA	772,816	331,571	88,583
GNMA 7395	7.250%	06/05	6500	2900	600	10000	AAA	8,637,500	1,318,941	1,212,500
Guaranteed Mortgage	12.125%	08/02	2790	1395	465	4650	AAA	4,115,250	438,844	552,187
Guaranteed Mtg Cor	11.875%	07/96	1498	954	46	2500	AAA	2,028,125	471,875	299,500
Intl Develop Corp	11.980%	06/10	106	12	6	124	NR	124,900		6,245
K.I.D.F.A. Notes	5.000%	07/87	940	320	740	2000	A	1,340,000	327,841	192,500
Kentucky Utilities	9.625%	08/09	946	473	157	1577	AAA	883,160	256,626	118,280
Ky Mtg FHA Proj #1	7.500%	11/23	205	99	26	332	AAA	185,947	32,322	24,903
Ky Mtg FHA Proj #1	7.500%	02/23	224	108	28	361	AAA	202,448	35,773	27,113
Ky Mtg FHA Proj #1	7.500%	06/23	246	197	4	448	AAA	251,190	2,192	33,641
Ky Mtg FHA Proj #3	7.500%	03/22	842	673	15	1531	AAA	857,373	1,496	114,826
Ky Mtg FHA Proj #4	7.500%	02/22	1107	885	20	2013	AAA	1,127,343	1,303	150,983
Ky Mtg FHA Proj #5	7.500%	08/21	1705	1364	31	3101	AAA	1,736,873	72,624	232,616
Ky Mtg FHA Proj #6	7.500%	07/22	916	733	16	1666	AAA	933,303	39,245	124,995
Ky Mtg FHA Proj #7	7.500%	03/22	337	269	6	613	AAA	343,535	8,601	46,009
Ky Mtg FHA Proj #9	7.500%	06/22	1751	1057	496	3305	AAA	1,851,048	318,379	231,380
Ky Mtgs FHA Proj	7.000%	09/18	3632	2905	66	6603	AAA	3,698,238	285,099	495,299
Ky Mtgs FHA Proj	7.500%	09/20	1041	832	18	1893	AAA	1,060,179	20,992	141,988
Ky Mtgs FHA Proj	7.500%	06/22	2768	961	115	3844	AAA	3,460,037	384,448	480,560
Mellon Bk Mtg Note	12.500%	12/08	2600	1200	200	4000	AAA	4,070,000	372,944	615,000
Natural Gas Pipe	15.375%	06/92	12240	5400	2360	20000	A	20,600,000	1,690,592	3,125,000
New York Telephone	15.625%	07/21	5900	3300	800	10000	AAA	8,737,500	1,037,500	1,237,500
Norwest Mtg Cmo	12.375%	07/02	2750	2200	50	5000	AAA	4,600,000	400,000	612,500
Norwest Mtg Ins 2C	12.250%	10/96	1102	542	105	1750	AAA	1,855,000	173,818	271,250
Pacific Telephone	15.500%	03/20	7000	2600	400	10000	A	8,862,500	1,137,500	1,135,000
Pacific Telephone	11.350%	07/90	1950	810	240	3000	A	3,030,000	285,000	457,500
Panhandle Eastern	15.250%	08/97	9220	3110	670	13000	A	12,155,000	707,486	1,495,000
Pembroke Capital Co	11.500%	08/05	729	243	27	1000	AAA	970,000	29,750	85,000
Philip Morris	8.500%	03/85	12747	5916	1195	19859	A	19,859,393		2,224,251
Repurchase Agreement	11.200%	07/84	1	1	1	2	AAA	2,928		329
Repurchase Agreement	11.260%	07/84	17698	10293	2423	30416	AAA	30,416,100		3,595,183
Repurchase Agreement	11.820%	07/84	3500	1300	200	5000	AAA	5,000,000		517,500
Repurchase Agreement	10.350%	07/84	79	57	3	140	AAA	140,639		15,751
Repurchase Agreement	11.200%	07/84	100	51	13	165	AAA	165,000		18,579
Repurchase Agreement	11.260%	07/84					AAA			

19,579

165,000

AAA

AAA

SECURITY NAME	COUPON	MATURITY	PAR VALUE (IN \$000'S)	YIELD	PRICE	SEP	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.
			KBRS	CERS	SPRS	TOTAL				
Repurchase Agreement	11.660%	07/84	8146	4752	678	13577	AAA	13,577,660		1,583,155
Repurchase Agreement	10.660%	07/84	3000	2000	100	5100	AAA	5,100,000		543,660
Repurchase Agreement	11.200%	07/84	864	1187	431	2482	AAA	2,482,044		278,044
Repurchase Agreement	11.260%	07/84	2742	115	260	3118	AAA	3,118,966		351,195
Repurchase Agreement	11.660%	07/84	1500	875	125	2500	AAA	2,500,000		291,500
Repurchase Agreement	11.890%	08/84	1478	862	123	2463	AAA	2,463,800		292,945
Repurchase Agreement	11.660%	07/84	1500	875	125	2500	AAA	2,500,000		291,500
Repurchase Agreement	11.890%	08/84	1478	862	123	2463	AAA	2,463,800		292,945
Repurchase Agreement	11.260%	07/84					AAA	6		
Repurchase Agreement	11.660%	07/84	13391	7811	1115	22319	AAA	22,319,040		2,602,400
Repurchase Agreement	11.890%	08/84	24000	14000	2000	40000	AAA	40,000,000		4,756,000
Repurchase Agreement	16.000%	11/21	1200	400	400	2000	AAA	2,100,000	282,098-	320,000
Southern Bell	16.125%	09/21	1530	930	540	3000	AAA	3,153,750	359,820-	483,750
Southwestern Bell	8.250%	09/05	310	160	30	500	AA	298,750	124,166-	41,250
Southwestern Bell	8.250%	04/17	510	310	180	1000	AAA	575,000	140,100-	82,500
Southwestern Bell	11.875%	07/96	3150	1170	180	4501	AAA	3,212,830	1,288,508-	534,533
Trailer Train Co	10.410%		3000	1500	500	5000	AAA	5,000,000		520,500
Tri Party Overnight	7.875%	02/93	7000	2600	400	10000	AAA	7,025,000	1,886,845-	787,500
U S Treasury Bond	8.750%	11/08	1650	1110	240	3000	AAA	1,927,500	1,021,805-	262,500
U S Treasury Bond	9.125%	05/09	1950	870	180	3000	AAA	2,017,500	877,916-	273,750
U S Treasury Bond	9.000%	02/94	4080	1500	420	6000	AAA	4,455,000	1,514,382-	540,000
U S Tsy Corpus Strip		02/92	11000	8800	200	20000	AAA	7,150,000	908,714-	862,282
U S Treasury Coupons		10/88	2041	893	255	3190	AAA	1,794,551	147,384-	211,670
U S Treasury Coupons		02/89	912	470	88	1471	AAA	790,797	73,000-	94,153
U S Treasury Coupons		05/89	1882	971	182	3035	AAA	1,570,904	167,089-	189,441
U S Treasury Coupons		11/91	1438	641	132	2212	AAA	818,625	38,520-	101,143
U S Treasury Coupons		02/91	2299	1079	660	4039	AAA	1,656,028	175,831-	196,009
U S Treasury Coupons		08/91	2299	1079	660	4039	AAA	1,544,923	195,689-	186,248
U S Treasury Coupons		02/93	2736	995	414	4146	AAA	1,295,703	309,473-	176,569
U S Treasury Coupons		02/94	3411	673	403	4488	AAA	1,223,184	357,238-	170,685
U S Treasury Coupons	10.625%	08/85	4137	2135	400	6673	AAA	1,701,830	465,416-	231,895
U S Treasury Note	10.625%	01/86	3000	1750	250	5000	AAA	4,862,500	155,769-	531,250
U S Treasury Note	8.000%	08/86	5670	3150	180	9000	AAA	8,662,500	343,125-	956,250
U S Treasury Note	7.625%	11/87	7149	2287	563	10000	AAA	10,830,000	707,360-	960,000
U S Treasury Note	15.375%	10/88	1961	858	245	3065	AAA	8,500,000	1,483,080-	762,500
U S Treasury Note	10.750%	11/89	7000	2600	400	10000	AAA	3,225,912	312,723-	471,243
U S Treasury Note	11.750%	01/91	3200	1500	300	5000	AAA	8,825,000	1,307,869-	1,075,000
U S Treasury Note	12.375%	04/91	1550	750	200	2500	AAA	4,600,000	389,810-	587,500
U S Treasury Note	14.875%	08/91	5500	4400	100	10000	AAA	2,331,250	103,906-	309,375
U S Treasury Note	13.750%	05/92	8250	6600	150	15000	AAA	10,425,000	456,319	1,487,500
U S Treasury Note	11.875%	08/93	3100	1600	300	5000	AAA	14,868,750	61,055	2,062,500
U S Treasury Note	8.250%	08/85	3660	2160	180	6000	AAA	4,462,500	502,381-	593,750
U S Treasury Note	12.625%	05/86	7560	3960	480	12000	AAA	5,782,500	65,869-	495,000
U S Treasury Note	14.375%	11/87	10723	3430	845	15000	AAA	11,895,000	103,920-	1,515,000
U S Treasury Note	10.750%	11/89	10500	3900	600	15000	AAA	12,750,000	2,224,620-	1,143,750
U S Treasury Note	11.875%	10/88	4950	3960	90	9000	AAA	4,462,500	586,116-	593,750
U S Treasury Note	7.500%	12/06	1710	960	330	3000	AA	1,698,750	196,672	506,046
U S Treasury Note	15.875%	12/96	2750	2200	50	5000	A	5,150,000	368,563	368,563
Union Carbide Corp							AAA	2,890,000	181,360-	891,450
Union Tank Car Cor							AAA	7,393,316	161,354-	439,833

SECURITY NAME	COUPON	MATURITY	PAR VALUE (IN \$000's)	YIELD	PRICE	S&P	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.
			KBRS	CEBS	SPRS	TOTAL				
U S GID-American Co	8.000%	08/02	3214	1055	330	4600	AAA	2,771,500	1,828,500-	368,000
U S GID-Bell Stearns	8.350%	04/01	4245	1062	314	5623	AAA	3,739,295	1,935,131-	469,520
U S GID-Bulk Food C	7.800%	06/92	1124	567	109	1801	AAA	1,238,382	562,901-	140,500
U S GID-Moran Trade	8.000%	01/98	3230	1650	311	5192	AAA	3,251,605	1,940,579-	415,374
U S GID-Shipco 2296	8.100%	02/02	5847	3003	577	9428	AAA	5,786,435	3,641,565-	763,668
U S GID-Stuyvesant	7.950%	09/97	3461	1236	247	4945	AAA	3,146,678	1,798,985-	393,180
U S GID-Union Mech1	8.000%	01/02	3000	1416	213	4630	AAA	2,975,377	1,655,560-	370,475
U S GID-673 Leasing	8.125%	06/95	6826	1840	566	9234	AAA	6,152,152	3,150,314-	750,262
V A Mortgages	4.869%	07/90			153		NR	119,049	37,340-	7,491
V A Mortgages	4.984%	07/90		370		370	NR	286,395	89,527-	18,447
V A Mortgages	5.016%	07/90	3358			3358	NR	2,598,311	822,459-	168,441
Weyerhaeuser	8.900%	11/04	745	199	56	1000	AA	661,250	386,936-	89,000

WEIGHTED RATING	WEIGHTED COUPON	WEIGHTED MATURITY	WEIGHTED PRICE	WEIGHTED YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	GAIN OR LOSS	ANNUAL INCOME
2.67	10.123	10.819	82.976	13.313	\$929,800,678	\$845,229,215	\$771,512,291	\$73,716,924-	\$94,120,091

KENTUCKY RETIREMENT SYSTEMS
INSURANCE FUND PORTFOLIO FOR THE PERIOD ENDED 6/30/84

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	11.20%	07/05/84	\$ 400,765	\$ 400,765	AAA	11.20
Repurchase Agreement	10.66%	07/03/84	1,410,000	1,410,000	AAA	10.66
Repurchase Agreement	11.26%	07/05/84	276	276	AAA	11.26

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	11.20%	07/05/84	\$ 332,383	\$ 332,383	AAA	11.20
Repurchase Agreement	10.66%	07/03/84	1,400,000	1,400,000	AAA	10.66
Repurchase Agreement	11.26%	07/05/84	24	24	AAA	11.26

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	11.20%	07/05/84	\$ 3,180	\$ 3,180	AAA	11.20
Repurchase Agreement	10.66%	07/03/84	90,000	90,000	AAA	10.66

TOTAL INSURANCE FUND

\$3,636,628 \$3,636,628 10.77

STATISTICAL SECTION
INTRODUCTION

Several statistical tables are presented in this section of the report to accommodate the reader who has more than a cursory interest in the operations of the retirement systems. All tables present a data analysis as of June 30, 1984, and in most cases, several years of historical data are available for comparison purposes.

Retirement Payments

The benefit payments as of July 1, 1984, by the three retirement systems are shown statistically in Tables 1 through 4. Legislation enacted in 1974 combined retirement accounts of the Kentucky Employes Retirement System, County Employes 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 Employes Retirement System and the County Employes 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 service in a system. These small benefit allowances are important to the 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 average monthly retirement benefits received from each system based on the years of service for those receiving benefits as of June 30, 1984.

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 the beneficiary. If "Member" is shown, the retiree is receiving monthly payments. If "Beneficiary" is shown, the beneficiary is receiving the monthly payment as a result of the death of the member.

The several options available upon retirement enable the retiring public employee to select a plan that best suits his needs and those of his family after his retirement. Tables 2, 3 and 4 reveal that 57% of the recipients selected 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% and 1983 increases ranged from .5% to 9.5%, depending on how long the recipient had been receiving benefits.

Table 5 provides a geographic distribution by county of the retirement payments that were made during 1983-84 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, 1984, 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.

A review of the actuarial data presented in these tables clearly demonstrates that the separate retirement systems remain financially sound. Funding levels are in accord with the 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, employer contributions account for 39% of revenues, and investment income accounts for nearly 32% of revenues.

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 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. The lower portion of this table indicates how administrative expenses were allocated to the three separate retirement systems. Administrative expense per account in 1984 was \$9.96. When considering that the average account has a value of more than \$10,800, the administrative expense per account is less than one-tenth of one percent of the average account value.

Contractual Arrangements

As provided in KRS 61.645, the Kentucky Retirement Systems had contracts in place during 1983-84 with the following firms or individuals to provide the services indicated.

Actuarial Services.....William M. Mercer-Meidinger, Inc.
2600 Meidinger Tower
Louisville, Kentucky 40202

Auditing Services.....Coopers & Lybrand
3500 First National Tower
Louisville, Kentucky 40202

Investment Counseling Services.....Capital Supervisors, Inc.
20 North Clark Street
Suite 700
Chicago, Illinois 60602

Loomis, Sayles & Co.
400 Renaissance Center
Suite 2770
Detroit, Michigan 48243

Heitman Advisory Corp.
1800 North LaSalle Street
Suite 3600
Chicago, Illinois 60601

Custodian of Securities.....Farmers Bank & Capital Trust Co.
Farmers Bank Plaza
Frankfort, Kentucky 40601

Asset Management
Consulting Services.....William M. Mercer-Meidinger, Inc.
400 Renaissance Center
Suite 800
Detroit, Michigan 48243

Medical Examiners.....Provided by private physicians

ANALYSIS OF
MONTHLY RETIREMENT BENEFITS
as of June 30, 1984

KERS

CERS

SPRS

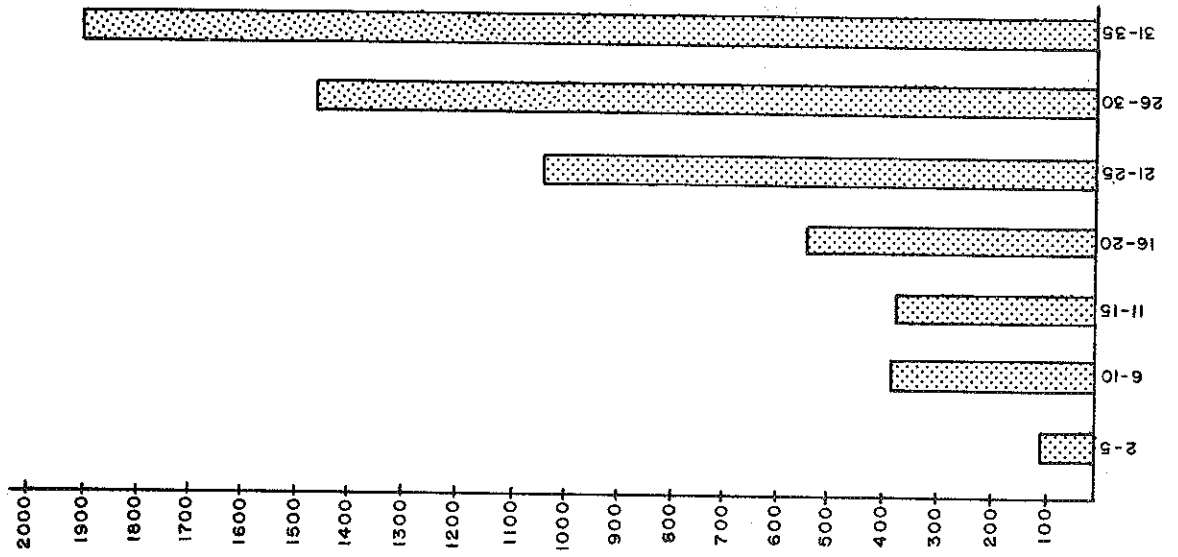
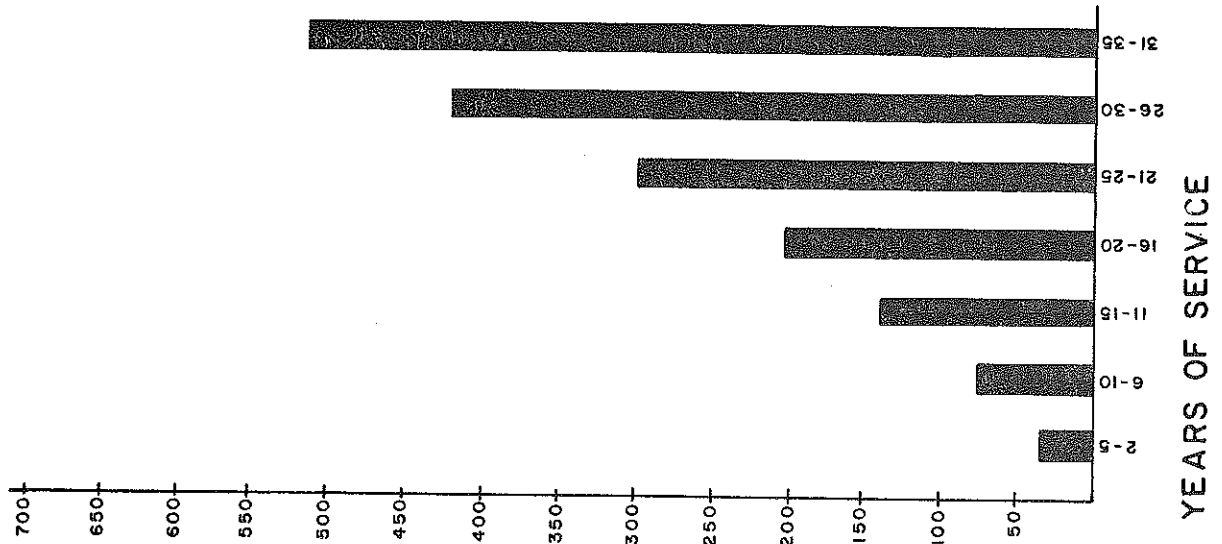
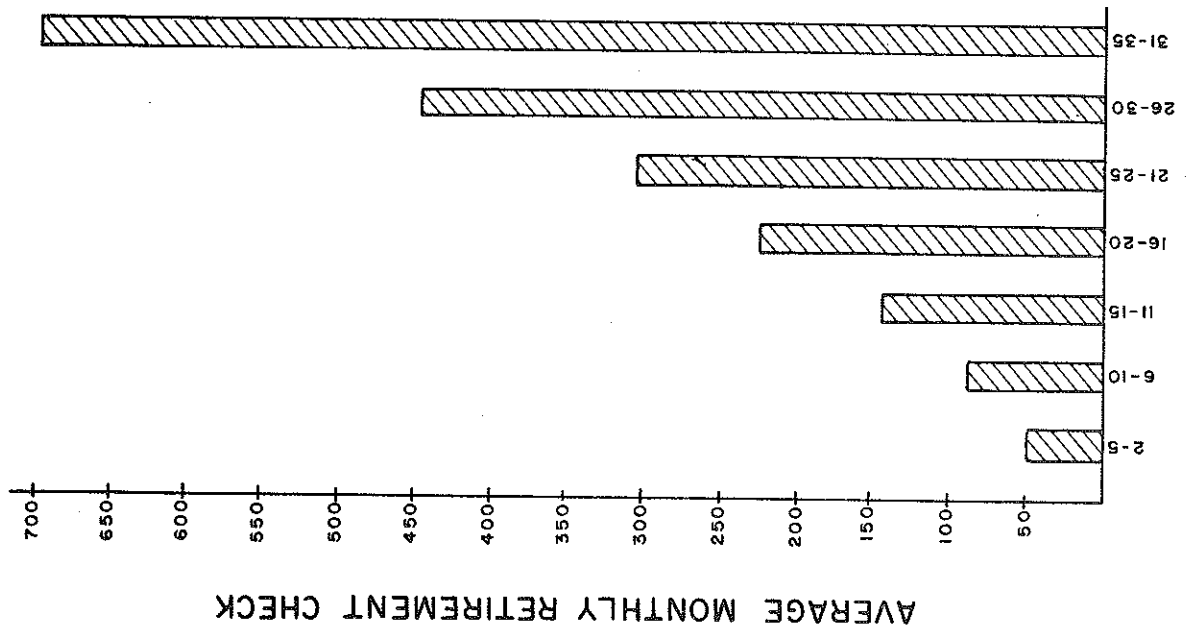


TABLE 1

TABLE 2

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
RETIREMENT BENEFITS BY PLAN
JUNE 30, 1984

	Number Of Cases	Monthly Benefits		
		Total	Average	Low High
NORMAL				
Basic.....	2,357	\$ 503,052.12	\$ 213.42	\$.01 \$1,888.95
Life-10 Years Certain (Member).....	597	130,460.37	218.52	1,650.98
Life-10 Years Certain (Beneficiary).....	81	14,888.30	183.80	2.29 758.46
10 Years Certain (Member).....	10	11,201.04	1,120.10	556.38 1,698.64
10 Years Certain (Beneficiary).....	4	3,531.68	882.92	70.50 1,508.70
Straight Life Annuity.....	11	2,124.07	193.09	77.58 548.42
Survivorship 100% (Member).....	679	122,833.64	180.90	1,157.39 1,049.78
Survivorship 100% (Beneficiary).....	284	44,037.44	155.06	17.18 1,225.94
Survivorship 66 2/3% (Member).....	129	2,570.20	314.43	4.25 495.00
Survivorship 66 2/3% (Beneficiary).....	372	134,394.19	361.24	1.52 1,903.83
Survivorship 50% (Member).....	124	22,984.34	185.35	12.66 666.00
Survivorship 50% (Beneficiary).....	1	1,253.28	1,253.28	1,253.28
Soc Sec - Surv (Under 62).....	4,666	\$1,033,882.49	\$ 221.57	\$.01 \$1,903.83
Totals and Averages.....				
Basic.....	2,482	\$ 551,357.91	\$ 222.14	\$.74 \$2,139.34
Life-10 Years Certain (Member).....	797	177,536.79	222.75	2.97 1,584.18
Life-10 Years Certain (Beneficiary).....	75	14,823.97	197.65	14.73 1,341.33
10 Years Certain (Member).....	1	448.28	448.28	448.28
Survivorship 100% (Member).....	947	180,575.36	190.68	1.06 1,551.60
Survivorship 100% (Beneficiary).....	191	32,111.39	168.43	13.64 1,114.11
Survivorship 66 2/3% (Member).....	223	97,326.22	436.44	7.68 1,549.50
Survivorship 66 2/3% (Beneficiary).....	19	2,583.15	135.95	7.41 585.37
Survivorship 50% (Member).....	400	148,610.12	371.52	2.01 1,614.16
Survivorship 50% (Beneficiary).....	92	13,352.56	145.24	8.85 627.93
Soc Sec - Basic (Under 62).....	50	41,695.66	833.91	234.45 1,619.97
Soc Sec - Basic (Over 62).....	71	29,689.61	418.16	4.64 1,620.39
Soc Sec - Surv (Under 62).....	105	87,665.88	834.91	27.66 1,898.63
Soc Sec - Surv (Over 62).....	46	12,341.02	268.28	1.94 1,316.45
Soc Sec - Basic (Over 65).....	1	115.92	115.92	115.92
Totals and Averages.....	5,500	\$1,390,303.84	\$ 252.78	\$.74 \$2,139.34
DISABILITY				
Basic.....	364	\$ 90,175.57	\$ 247.73	\$ 1.07 \$ 740.49
Life-10 Years Certain (Member).....	187	44,127.14	235.97	8.26 974.54
Life-10 Years Certain (Beneficiary).....	85	20,111.13	236.60	25.24 809.76
10 Years Certain (Member).....	1	1,655.94	1,655.94	1,655.94
10 Years Certain (Beneficiary).....	1	172.57	172.57	172.57
Survivorship 100% (Member).....	211	40,746.97	193.11	7.01 966.51
Survivorship 100% (Beneficiary).....	197	37,722.93	191.48	39.70 845.96
Survivorship 66 2/3% (Member).....	39	1,852.77	303.91	4.63 1,182.37
Survivorship 66 2/3% (Beneficiary).....	16	2,848.44	178.02	32.89 1,527.71
Survivorship 50% (Member).....	91	24,311.40	267.15	50.45 1,034.45
Survivorship 50% (Beneficiary).....	44	5,616.01	127.63	25.31 501.60
Soc Sec - Basic (Under 62).....	2	1,645.68	822.84	782.35 863.33
Soc Sec - Basic (Over 62).....	5	1,319.24	263.84	52.08 468.14
Soc Sec - Surv (Under 62).....	1	389.86	389.86	389.86
Soc Sec - Surv (Over 62).....	1	273.41	273.41	273.41
Dependent Child.....	2	257.66	128.83	128.83
Totals and Averages.....	1,247	\$ 283,226.72	\$ 227.12	\$ 1.07 \$1,855.94
DEATH BEFORE RETIREMENT				
10 Years Certain (Beneficiary).....	297	\$ 75,537.70	\$ 254.33	\$ 2.94 \$1,881.72
Survivorship 100% (Beneficiary).....	356	87,091.28	244.63	19.72 1,153.98
Survivorship 50% (Beneficiary).....	1	167.29	167.29	167.29
Soc Sec - Basic (Under 62).....	3	1,314.21	438.07	138.96 977.93
Dependent Child.....	2	160.40	80.20	80.20
Soc Sec - Surv (Under 60).....	12	4,991.03	415.91	39.55 888.90
Soc Sec - Surv (Over 60).....	8	1,677.60	209.70	15.66 612.12
Totals and Averages.....	679	\$ 170,939.51	\$ 251.75	\$ 2.94 \$1,881.72
GRAND TOTALS AND AVERAGES	12,092	\$2,879,352.56	\$ 238.03	\$.01 \$2,139.34

TABLE 3
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 RETIREMENT BENEFITS BY PLAN
 JUNE 30, 1984

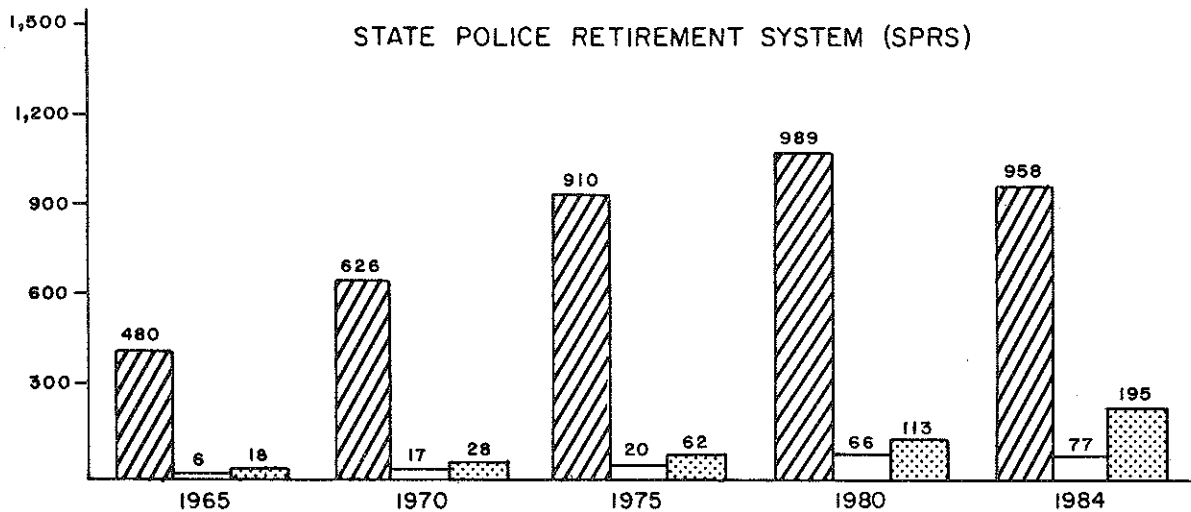
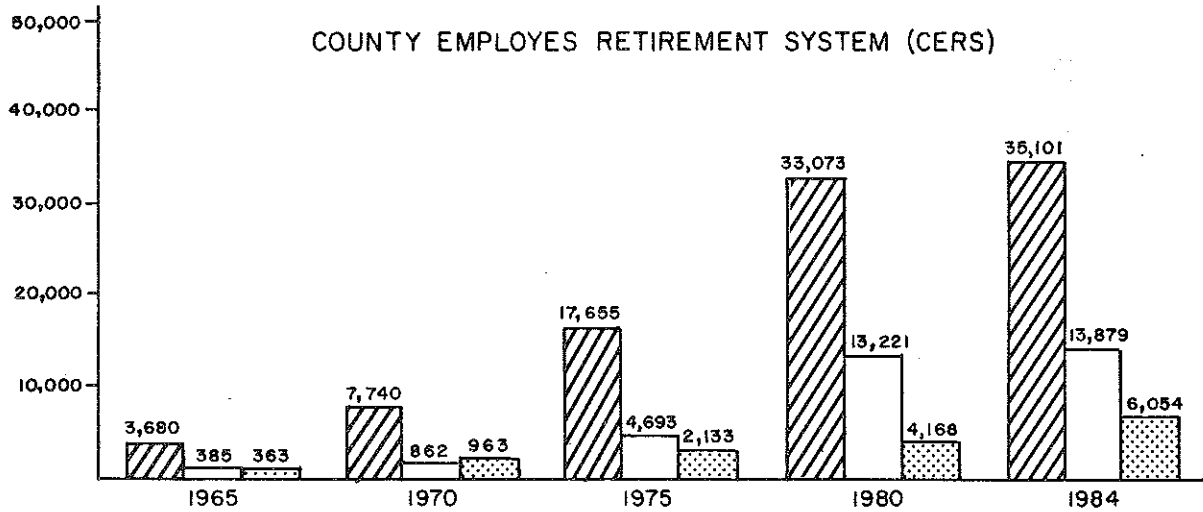
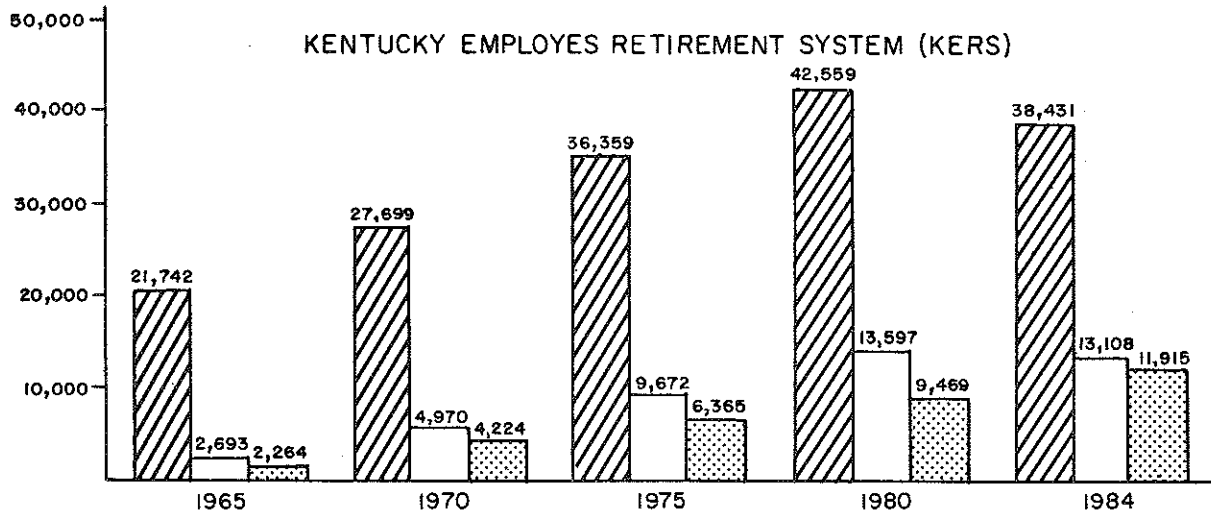
	Number Of Cases	Monthly Benefits		
		Total	Average	Low High
NORMAL				
Basic.....	1,271	\$ 186,811.88	\$ 146.98	\$.87 \$1,255.50
Life-10 Years Certain (Member).....	425	59,092.12	139.04	2.68 1,039.17
Life-10 Years Certain (Beneficiary).....	64	7,431.74	116.12	12.26 583.66
10 Years Certain (Member).....	14	11,870.36	847.88	55.71 1,241.90
10 Years Certain (Beneficiary).....	3	2,538.73	846.24	423.81 1,601.88
Straight Life Annuity.....	3	525.02	175.00	102.01 238.68
Survivorship 100% (Member).....	487	61,183.81	125.63	1,174.23 1,560.52
Survivorship 100% (Beneficiary).....	148	16,712.60	112.92	8.91 1,265.72
Survivorship 66 2/3% (Member).....	65	15,593.31	239.89	12.91 1,265.72
Survivorship 66 2/3% (Beneficiary).....	7	1,156.83	165.26	32.68 338.20
Survivorship 50% (Member).....	151	33,371.69	221.00	1.43 1,140.03
Survivorship 50% (Beneficiary).....	56	5,887.26	105.12	36 380.64
Soc Sec - Basic (Over 62).....	1	736.17	736.17	736.17 736.17
Soc Sec - Surv (Under 62).....	5	6,005.77	1,201.15	1,017.45 1,683.00
Soc Sec - Surv (Over 62).....	8	4,226.12	528.26	409.07 740.28
Totals and Averages.....	2,708	\$ 413,143.41	\$ 152.56	\$.36 \$1,683.00
EARLY				
Basic.....	1,159	\$ 178,412.25	\$ 153.93	\$.98 \$1,228.54
Life-10 Years Certain (Member).....	534	78,328.12	146.68	1.96 1,512.27
Life-10 Years Certain (Beneficiary).....	31	4,203.41	135.59	2.85 824.24
10 Years Certain (Member).....	3	6,540.70	2,180.23	866.27 4,162.42
Survivorship 100% (Member).....	493	67,830.88	137.58	3.63 1,185.57
Survivorship 100% (Beneficiary).....	87	12,177.53	139.97	3.59 636.20
Survivorship 66 2/3% (Member).....	84	23,285.27	277.20	11.17 1,079.62
Survivorship 66 2/3% (Beneficiary).....	5	597.46	119.49	22.85 250.88
Survivorship 50% (Member).....	148	45,554.41	307.80	5.88 2,015.99
Survivorship 50% (Beneficiary).....	21	2,188.22	104.20	44.27 442.37
Soc Sec - Basic (Under 62).....	6	3,897.60	649.60	235.50 1,014.18
Soc Sec - Basic (Over 62).....	11	3,578.40	325.30	36.86 1,082.95
Soc Sec - Surv (Under 62).....	24	18,919.65	788.31	38.12 1,716.83
Soc Sec - Surv (Over 62).....	14	2,856.15	204.01	33.12 687.03
Soc Sec - Basic (Over 65).....	2	147.91	73.95	63.00 84.91
Totals and Averages.....	2,622	\$ 448,517.96	\$ 171.05	\$.98 \$4,162.42
DISABILITY				
Basic.....	184	\$ 41,739.22	\$ 226.84	\$ 2.92 \$ 791.62
Life-10 Years Certain (Member).....	94	19,482.09	207.25	3.15 718.74
Life-10 Years Certain (Beneficiary).....	45	7,813.45	173.63	3.87 651.03
10 Years Certain (Member).....	3	2,231.52	743.84	382.64 1,164.81
Survivorship 100% (Member).....	92	17,541.70	190.67	17.15 793.52
Survivorship 100% (Beneficiary).....	70	11,072.68	158.18	19.59 570.29
Survivorship 66 2/3% (Member).....	15	3,011.69	200.77	3.09 584.86
Survivorship 66 2/3% (Beneficiary).....	5	443.48	88.69	58.81 140.44
Survivorship 50% (Member).....	44	10,386.83	236.06	53.49 691.64
Survivorship 50% (Beneficiary).....	15	1,543.60	102.90	25.67 216.07
Soc Sec - Surv (Under 62).....	2	942.03	471.01	217.84 724.19
Dependent Child.....	2	1,237.28	618.64	558.56 678.72
Totals and Averages.....	571	\$ 117,445.57	\$ 205.68	\$ 2.92 \$1,164.81
DEATH BEFORE RETIREMENT				
Life-10 Years Certain (Member).....	1	40.45	40.45	40.45 \$ 40.45
10 Years Certain (Member).....	2	132.88	66.44	53.15 79.73
10 Years Certain (Beneficiary).....	208	39,883.38	191.74	1.28 922.23
Survivorship 100% (Beneficiary).....	163	23,872.20	146.45	3.66 904.06
Soc Sec - Basic (Under 62).....	2	1,046.94	523.47	202.58 844.36
Soc Sec - Basic (Over 62).....	2	222.28	111.14	1.16 221.12
Dependent Child.....	6	839.12	139.85	138.57 142.41
Soc Sec - Surv (Under 60).....	3	999.77	333.25	63.63 568.02
Totals and Averages.....	387	\$ 67,037.02	\$ 173.22	\$ 1.16 \$ 922.23
GRAND TOTALS AND AVERAGES.....	6,288	\$1,046,143.96	\$ 166.37	\$.36 \$4,162.42

TABLE 4

STATE POLICE RETIREMENT SYSTEM
RETIREMENT BENEFITS BY PLAN
JUNE 30, 1984

	Number Of Cases	Total	Monthly Benefits		
			Average	Low	High
NORMAL					
Basic.....	11	\$ 7,363.81	\$ 669.43	\$ 50.07	\$2,055.89
Life-10 Years Certain (Member).....	8	10,270.33	1,283.79	463.68	1,823.68
10 Years Certain (Member).....	31	57,330.73	1,849.37	162.03	3,455.30
10 Years Certain (Beneficiary).....	5	10,038.73	2,007.74	1,471.39	2,892.42
14	11,433.78	816.69	104.95	2,156.91	
Survivorship 100% (Member).....	2	2,342.10	1,171.05	495.04	1,847.06
Survivorship 100% (Beneficiary).....	6	8,849.74	1,474.95	899.13	1,876.43
Survivorship 66 2/3% (Member).....	14	17,367.22	1,240.51	749.01	1,836.86
Survivorship 50% (Member).....	8	11,549.29	1,443.66	1,148.69	1,560.63
Soc Sec - Surv (Under 62).....	99	\$136,545.73	\$1,379.24	\$ 50.07	\$3,455.30
Totals and Averages.....					
Basic.....	2	\$ 2,674.68	\$1,337.34	\$1,287.44	\$1,387.24
Life-10 Years Certain (Member).....	8	12,866.47	1,608.30	1,260.45	2,002.82
10 Years Certain (Member).....	12	27,090.86	2,257.57	1,116.97	3,088.52
10 Years Certain (Beneficiary).....	1	1,378.85	1,378.85	1,378.85	1,378.85
Survivorship 100% (Member).....	11	12,399.29	1,127.20	321.46	1,826.69
Survivorship 66 2/3% (Member).....	5	6,626.43	1,325.28	1,109.33	1,774.16
Survivorship 50% (Member).....	8	10,374.79	1,296.84	1,114.88	1,776.01
Soc Sec - Surv (Under 62).....	6	8,056.84	1,342.80	587.53	1,996.18
Totals and Averages.....	53	\$ 81,468.21	\$1,537.13	\$ 321.46	\$3,088.52
DISABILITY					
Life-10 Years Certain (Beneficiary).....	1	\$ 708.73	\$ 708.73	\$ 708.73	\$ 708.73
10 Years Certain (Member).....	3	4,051.95	1,350.65	725.92	2,378.49
10 Years Certain (Beneficiary).....	2	1,957.76	978.88	907.88	1,049.88
Survivorship 100% (Member).....	4	4,199.53	1,049.88	589.70	1,638.12
Survivorship 100% (Beneficiary).....	1	598.66	598.66	598.66	598.66
Survivorship 50% (Member).....	1	1,229.06	1,229.06	1,229.06	1,229.06
Dependent Child.....	5	901.94	180.38	83.36	285.01
Totals and Averages.....	17	\$ 13,647.63	\$ 802.80	\$ 83.36	\$2,378.49
DEATH BEFORE RETIREMENT					
10 Years Certain (Beneficiary).....	2	\$ 2,050.86	\$1,025.43	\$ 922.31	\$1,128.55
Survivorship 100% (Beneficiary).....	16	7,284.92	455.30	175.56	1,261.46
Dependent Child.....	4	1,240.10	310.02	93.57	767.29
Totals and Averages.....	22	\$ 10,575.88	\$ 480.72	\$ 93.57	\$1,261.46
DEFERRED					
Survivorship 50% (Member).....	1	\$ 1,650.17	\$1,650.17	\$1,650.17	\$1,650.17
GRAND TOTALS AND AVERAGES.....	192	\$243,887.62	\$1,270.24	\$ 50.07	\$3,455.30

TABLE 6
MEMBERSHIP GROWTH
6/30/65 through 6/30/84



ACTIVE
 INACTIVE
 RETIRED
 -84-

TABLE 7

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
FINANCIAL AND ACTUARIAL STATISTICS

	6/30/78	6/30/79	6/30/80	6/30/81	6/30/82	6/30/83	6/30/84
<u>Financial Statistics:</u>							
Total Assets	\$333,822,714	\$389,418,451	\$460,355,868	\$529,797,058	\$614,446,898	\$710,477,505	\$815,654,049
Investment Income	\$ 19,307,538	\$ 25,415,903	\$ 33,356,149	\$ 39,594,168	\$ 51,929,647	\$ 57,799,616	\$ 68,498,499
Total Retirement Payments	\$ 13,829,823	\$ 15,205,181	\$ 17,501,338	\$ 21,824,083	\$ 26,564,678	\$ 31,396,362	\$ 35,467,174
Average Retirement Payment	\$ 140.39	\$ 151.22*	\$ 169.84**	\$ 194.88***	\$ 214.60****	\$ 222.63*****	\$ 238.03
Total Refund Payments	\$ 3,893,254	\$ 4,055,068	\$ 4,996,158	\$ 5,945,209	\$ 6,074,280	\$ 3,996,820	\$ 4,686,153
Indicated Current Yield:							
Fixed Income	8.04	8.57	8.51	9.99	10.56	10.07	11.03
Common Stocks	4.68	5.61	5.34	5.76	5.99	6.27	5.33
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$507,324,915	\$592,095,113	\$710,126,703	\$692,160,395	\$810,250,589	\$862,291,959	\$1,016,088,830
Unfunded Past Service Liabilities	\$168,497,917	\$202,676,662	\$249,770,835	\$164,735,129	\$195,803,691	\$152,196,081	\$ 201,535,007
Percent Unfunded	33.2%	34.2%	35.2%	23.8%	24.2%	17.7%	19.8%
Vested Accrued Benefit Liability	n/a	\$385,849,203	\$470,642,643	\$446,613,406	\$520,781,017	\$550,006,161	\$ 618,806,590
Estimated Annual Salaries Contribution for Unfunded Past Service Liability	\$393,236,856	\$463,439,488	\$504,835,968	\$531,789,552	\$556,855,896	\$581,492,676	\$ 627,726,168
	\$ 11,794,854	\$ 14,187,366	\$ 17,483,958	\$ 14,002,486	\$ 16,643,313	\$ 12,936,667	\$ 17,130,476
<u>Actuarial Costs:</u>							
Normal	7.40%	7.36%	7.27%	7.54%	7.69%	7.67%	7.44%
Past Service	3.00%	3.06%	3.46%	2.63%	2.99%	2.22%	2.73%
Administrative	.11%	.10%	.08%	.09%	.09%	.09%	.12%
Group Hospital and Medical Insurance	n/a	.21%	.21%	.21%	.21%	.29%	.46%
TOTAL COST	10.51%	10.73%	11.02%	10.47%+	10.98%	10.27%	10.75%
<u>Contribution Rates:</u>							
Member	4.02%	4.01%	4.01%	4.01%	4.01%	4.01%	4.03%
Employer	7.30%	7.31%	7.31%	7.30%	7.30%	7.30%	7.36%
TOTAL RATES	11.32%	11.32%	11.31%	11.31%	11.31%	11.31%	11.39%
Rate Margin:	.81%	.59%	.29%	.84%	.33%	1.04%	.64%

*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%.

****Benefits to retirees increased 7/1/82 from 1% to 15% depending upon how long the recipient has received benefits.

*****Benefits to retirees increased 7/1/83 from 1/2% to 9 1/2% depending upon how long the recipient has received benefits.

+Actuarial assumptions revised.

TABLE 8

COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCIAL AND ACTUARIAL STATISTICS

	6/30/78	6/30/79	6/30/80	6/30/81	6/30/82	6/30/83	6/30/84
<u>Financial Statistics:</u>							
Total Assets	\$123,822,400	\$153,091,905	\$190,230,941	\$234,865,314	\$285,534,889	\$343,566,575	\$406,673,277
Investment Income	\$ 6,805,685	\$ 9,734,995	\$ 13,948,084	\$ 18,394,849	\$ 25,127,300	\$ 28,254,250	\$ 35,005,604
Total Retirement Payments	\$ 4,569,674	\$ 5,443,712	\$ 6,401,655	\$ 7,797,643	\$ 9,689,924	\$ 11,522,297	\$ 13,066,260
Average Retirement Payment	\$ 120.55	\$ 126.63*	\$ 136.74**	\$ 146.90***	\$ 159.92****	\$ 159.32*****	\$ 166.37
Total Refund Payments	\$ 2,254,683	\$ 3,313,137	\$ 3,032,440	\$ 3,291,673	\$ 4,238,411	\$ 2,791,345	\$ 3,331,153
Indicated Current Yield:							
Fixed Income	8.17	9.62	8.53	11.41	11.27	10.53	11.37
Common Stocks	4.62	5.53	5.27	5.67	5.75	6.08	5.23
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$175,194,867	\$213,834,377	\$266,018,621	\$260,872,162	\$306,087,531	\$340,705,763	\$421,336,269
Unfunded Past Service Liabilities	\$ 50,394,913	\$ 60,742,472	\$ 75,787,680	\$ 27,101,917	\$ 20,552,642	\$ -0-	\$ 15,148,838
Percent Unfunded	28.7%	28.4%	28.5%	10.4%	6.7%	0.0%	3.6%
Vested Accrued Benefit Liability	n/a	\$144,441,025	\$178,669,194	\$174,261,296	\$206,969,299	\$225,665,745	\$257,218,014
Estimated Annual Salaries	\$191,368,852	\$241,359,696	\$295,607,664	\$321,238,452	\$340,962,180	\$380,431,560	\$403,461,792
Contribution for Unfunded Past Service Liability	\$ 3,527,644	\$ 4,251,973	\$ 5,305,138	\$ 2,303,663	\$ 1,746,975	\$ -0-	\$ 1,287,651
<u>Actuarial Costs:</u>							
Normal	8.33%	8.40%	8.26%	8.26%	8.27%	8.21%	8.09%
Past Service	1.84%	1.76%	1.79%	.72%	.51%	.00%	.32%
Administrative	.08%	.07%	.09%	.10%	.11%	.12%	.15%
Group Hospital and Medical Insurance	n/a	.15%	.15%	.15%	.16%	.17%	.29%
TOTAL COST	10.25%	10.38%	10.29%	9.23% ⁺	9.05%	8.50%	8.85%
<u>Contribution Rates:</u>							
Member	4.14%	4.13%	4.11%	4.11%	4.12%	4.10%	4.11%
Employer	7.67%	7.62%	7.58%	7.57%	7.59%	6.52%	6.53%
TOTAL RATES	11.81%	11.75%	11.69%	11.68%	11.71%	10.62%	10.64%
<u>Rate Margin:</u>							
	1.56%	1.37%	1.40%	2.45%	2.66%	2.12%	1.79%

*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%.

****Benefits to retirees increased 7/1/82 from 1% to 15% depending upon how long the recipient has received benefits.

*****Benefits to retirees increased 7/1/83 from 1/2% to 9 1/2% depending upon how long the recipient has received benefits.

⁺Actuarial assumptions revised.

TABLE 9

STATE POLICE RETIREMENT SYSTEM
FINANCIAL AND ACTUARIAL STATISTICS

	6/30/78	6/30/79	6/30/80	6/30/81	6/30/82	6/30/83	6/30/84
<u>Financial Statistics:</u>							
Total Assets	\$28,109,100	\$33,903,221	\$40,917,165	\$48,411,993	\$57,330,130	\$65,782,369	\$75,033,643
Investment Income	\$ 1,595,816	\$ 2,200,472	\$ 3,060,037	\$ 3,925,112	\$ 5,347,761	\$ 5,438,066	\$ 6,260,996
Total Retirement Payments	\$ 584,752	\$ 683,821	\$ 1,030,786	\$ 1,428,170	\$ 1,953,405	\$ 2,642,581	\$ 2,890,091
Average Retirement Payment	\$ 599.07	\$ 725.82*	\$ 904.01**	\$ 1,092.58***	\$ 1,229.73****	\$ 1,212.76****	\$ 1,270.24
Total Refund Payments	\$ 116,981	\$ 85,730	\$ 68,111	\$ 139,305	\$ 245,402	\$ 56,809	\$ 117,414
Indicated Current Yield:							
Fixed Income	8.07	8.67	8.43	11.37	11.13	9.85	11.00
Common Stocks	4.68	5.59	5.40	5.82	6.23	6.05	4.96
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$49,950,102	\$55,391,206	\$67,580,562	\$71,526,728	\$78,713,172	\$81,944,546	\$91,180,668
Unfunded Past Service Liabilities	\$21,440,957	\$21,487,985	\$26,663,397	\$23,296,425	\$21,383,042	\$16,187,460	\$16,200,151
Percent Unfunded	42.9%	38.8%	39.5%	32.6%	27.2%	19.7%	17.8%
Vested Accrued Benefit Liability	n/a	\$35,945,254	\$43,887,675	\$41,603,835	\$48,853,928	\$51,505,988	\$67,913,641
Estimated Annual Salaries Contribution for Unfunded Past Service Liability	\$18,764,268	\$18,944,220	\$20,180,148	\$23,297,280	\$22,757,640	\$22,231,152	\$23,718,048
	\$ 1,500,867	\$ 1,504,159	\$ 1,866,438	\$ 1,980,196	\$ 1,817,559	\$ 1,375,934	\$ 1,377,013
<u>Actuarial Costs:</u>							
Normal	15.76%	15.76%	16.04%	15.67%	15.65%	15.88%	16.39%
Past Service	8.00%	7.94%	9.25%	8.50%	7.99%	6.19%	5.81%
Administrative	.13%	.13%	.03%	.04%	.04%	.05%	.06%
Group Hospital and Medical Insurance	n/a	.12%	.12%	.12%	.82%	.97%	.99%
TOTAL COST	23.89%	23.95%	25.44%	24.33%†	24.50%	23.09%	23.25%
<u>Contribution Rates:</u>							
Member	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Employer	13.50%	16.50%	17.25%	18.50%	18.50%	18.50%	18.50%
TOTAL RATES	20.50%	23.50%	24.25%	25.50%	25.50%	25.50%	25.50%
Rate Margin:	-3.39%	-4.5%	-1.19%	1.17%	1.00%	2.41%	2.25%

*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%.

****Benefits to retirees increased 7/1/82 from 1% to 15% depending upon how long the recipient has received benefits.

*****Benefits to retirees increased 7/1/83 from 1/2% to 9 1/2% depending upon how long the recipient has received benefits.

†Actuarial assumptions revised.

TABLE 10

KENTUCKY RETIREMENT SYSTEMS
STATEMENT OF SOURCE AND USE OF FUNDS
BY SYSTEM SINCE INCEPTION THROUGH JUNE 30, 1984

Source of Funds				Total Amounts		
Accounts				KERS	CERS	SPRS
Breakdown Per Dollar (Rounded)						
KERS	CERS	SPRS				
\$.26	\$.27	\$.23	Member Contributions	\$ 312,500,758	\$146,227,175	\$21,698,597
.39	.41	.39	Employer Contributions	460,195,467	219,710,441	37,449,754
.32	.29	.36	Investment Income	386,341,033	153,624,377	34,710,445
.00	.00	.01	Special Appropriation	1,894,897	515,204	506,100
.00	.00	.00	Alternate & Term. Participation	9,251	2,663,468	-0-
.03	.03	.01	Other Receipts	29,344,569	15,894,962	1,767,703
\$1.00	\$1.00	\$1.00	TOTAL SOURCES	\$1,190,285,975	\$538,635,627	\$96,132,599
Use of Funds				Total Amounts		
Accounts				KERS	CERS	SPRS
Breakdown Per Dollar (Rounded)						
KERS	CERS	SPRS				
\$.68	\$.75	\$.78	Invested Assets	\$ 809,876,823	\$403,176,163	\$74,530,663
.20	.14	.14	Retirement Payments	239,557,392	77,991,514	13,608,957
.06	.06	.02	Refunds	65,560,049	29,883,333	1,735,215
.04	.03	.04	Interest to Members	47,557,319	18,346,098	4,149,943
.00	.01	.00	Admin. & Prof. Services	8,569,738	4,274,454	434,046
.02	.01	.02	Other Disbursements	19,164,654	4,964,065	1,673,775
\$1.00	\$1.00	\$1.00	TOTAL USES	\$1,190,285,975	\$538,635,627	\$96,132,599

TABLE 11

KENTUCKY RETIREMENT SYSTEMS
ADMINISTRATIVE EXPENSE
BY FISCAL YEAR

	77-78	78-79	79-80	80-81	81-82	82-81	83-84
PERSONNEL COST:							
Personal Service	\$327,779.92	\$380,501.41	\$440,961.26	\$472,328.40	\$547,882.35	\$ 636,311.03	\$ 724,949.55
Contractual Service							
Auditor	11,275.00	11,500.00	13,800.00	13,800.00	10,000.00	13,750.00	15,300.00
Actuary	14,250.00	14,200.00	14,200.00	16,000.00	26,500.00	25,500.00	25,350.00
Data Processing	4,172.83	.00	.00	.00	.00	.00	.00
Janitorial	2,775.83	3,817.70	5,052.40	6,631.62	5,539.10	4,195.90	3,976.94
Legal	.00	1,109.43	281.39	179.61	220.00	628.00	.00
Medical	2,851.40	3,602.00	3,627.20	5,628.50	4,712.00	13,255.75	15,509.58
Miscellaneous	300.00	1,162.38	4,885.17	1,779.03	556.26	574.60	574.85
TOTAL	\$363,404.98	\$415,892.92	\$482,807.42	\$516,347.16	\$595,409.71	\$ 694,215.28	\$ 785,660.92
OPERATING EXPENSES:							
Postage & Freight	\$ 65,106.02	\$ 40,122.50	\$ 582.31	\$ 98,466.96	\$ 43,558.59	\$ 88,570.84	\$ 114,265.23
Utilities	4,286.03	4,526.52	5,299.55	8,930.67	8,689.70	11,352.64	10,973.40
Telephone	8,535.96	9,912.47	16,164.40	15,959.03	5,247.38	21,777.05	22,056.25
Travel	8,995.89	9,612.15	7,222.31	6,371.49	7,442.26	7,262.84	4,892.23
Printing & Duplicating	13,447.60	21,003.95	40,629.09	22,144.38	34,581.14	34,584.84	35,811.48
Maintenance - Equipment	3,850.81	5,177.48	7,155.95	7,807.16	15,693.96	14,979.45	16,838.06
Maintenance - Bldg. & Grds.	1,920.50	536.97	441.39	557.99	412.18	1,166.82	5,738.60
Laundry	284.94	257.00	298.02	692.80	279.10	400.86	688.84
Assessed Car Rental	1,689.73	1,990.50	1,951.71	2,672.44	1,856.19	2,992.07	2,230.47
Supplies - Office	9,563.19	7,533.02	6,057.00	10,426.60	27,525.82	7,249.69	8,213.67
Supplies - Data Processing	10,335.17	6,017.43	4,260.55	4,149.87	6,479.99	6,302.51	12,817.56
Supplies - Janitorial	322.13	249.57	261.57	308.40	311.02	243.74	91.94
Rental - Building	13,266.24	13,266.24	20,515.78	26,650.01	26,650.00	26,650.00	26,650.00
Rental - Data Processing	29,189.29	59,392.82	46,893.00	60,453.42	49,357.67	56,844.98	57,000.00
Rental - Office Equipment	24,207.16	23,326.47	31,479.37	33,529.22	22,193.57	17,404.01	24,591.84
Insurance	1,323.65	2,315.44	3,360.97	2,684.36	2,934.63	4,056.61	2,327.00
Bonds	1,575.00	2,851.00	.00	1,750.00	1,750.00	5.00	1,776.25
Dues	255.00	140.00	140.00	140.00	140.00	140.00	140.00
Subscriptions	940.21	1,005.06	818.97	1,029.05	928.56	1,216.62	2,150.60
Employee Training Expense	956.90	434.50	1,201.95	1,113.90	696.85	726.78	1,964.05
Miscellaneous	133.91	141.26	.00	113.61	137.15	393.32	16.07
Photo Supplies	56.90	15.90	2.25	.00	219.66	.00	17.50
Furniture Office Equipment	1,317.17	1,408.09	462.04	1,005.99	1,188.27	1,837.18	2,425.14
Computer Payroll Cost	.00	.00	.00	.00	287.04	.00	.00
Files & Court Fees	.00	.00	.00	.00	10.00	.00	.00
Lease Purchase of Off. Equip.	.00	.00	.00	.00	12,738.73	14,355.48	14,093.52
Conference Expenses	.00	.00	.00	.00	.00	300.00	520.00
TOTAL	\$201,559.40	\$211,146.34	\$195,198.18	\$306,957.35	\$271,309.46	\$ 320,813.33	\$ 368,289.70
Capital Outlay	\$ 44,589.66	\$ 3,203.86	\$ 484.53	\$ 5,532.60	\$ 3,857.66	\$ 794.92	\$ 42,943.46
TOTAL ADMINISTRATIVE EXPENSE	\$609,554.04	\$630,243.12	\$678,490.13	\$828,837.11	\$870,576.83	\$1,015,823.53	\$1,196,894.08
DISTRIBUTION OF COST BY RETIREMENT SYSTEM							
Kentucky Employees Retire. Sys.	\$426,687.83	\$441,170.18	\$393,524.28	\$480,725.52	\$478,817.25	\$ 558,702.94	\$ 623,177.92
County Employees Retire. Sys.	158,484.05	163,863.21	278,180.95	339,823.22	383,053.81	446,962.35	561,747.22
State Police Retire. Sys.	24,382.16	25,209.73	6,784.90	8,288.37	8,705.77	10,158.24	11,968.94
	\$609,554.04	\$630,243.12	\$678,490.13	\$828,837.11	\$870,576.83	\$1,015,823.53	\$1,196,894.08
No. of Accounts/\$ per account	103,860/\$5.87	112,143/\$5.62	117,255/\$5.79	117,604/\$7.05	116,534/\$7.47	118,347/\$8.58	120,176/\$9.96

