

KENTUCKY RETIREMENT SYSTEMS

ANNUAL REPORT

JUNE 30, 1985



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

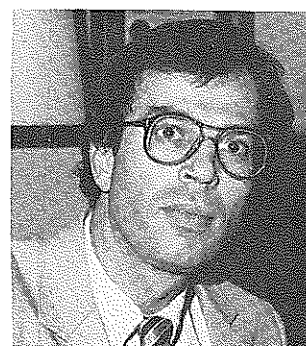
BOARD OF TRUSTEES



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



Frank W. Burke
Louisville
Elected by CERS Members
Term Expires 3/31/89



Thomas C. Greenwell
Frankfort
Ex Officio
Commissioner of Personnel



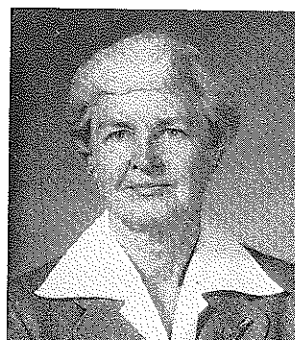
John E. King
Lexington
Elected by CERS Members
Term Expires 3/31/89



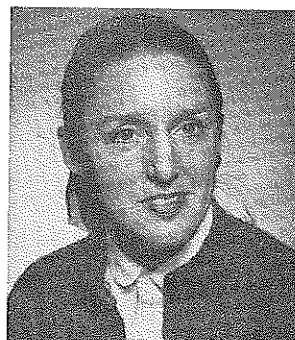
Lynda G. Lobb
Greensburg
Appointed by the Governor
Term Expires 3/31/88



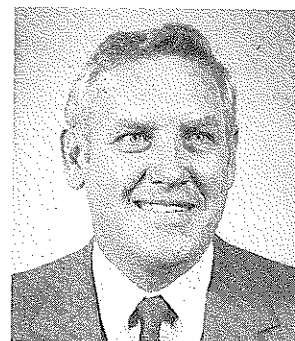
Vernon C. McGinty, Vice Chairman
Louisville
Appointed by the Governor
Term Expires 3/31/87



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 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, 1985. 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 the 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 the Kentucky Retirement Systems totalled more than \$1.5 billion at June 30, 1985, an increase of 16% 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 sheets of the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System and Kentucky Retirement Systems Insurance Fund as of June 30, 1985 and 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 years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System and Kentucky Retirement Systems Insurance Fund at June 30, 1985 and 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 years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers + Lybrand

Louisville, Kentucky
September 26, 1985

KENTUCKY EMPLOYES RETIREMENT SYSTEM

KENTUCKY EMPLOYES RETIREMENT SYSTEM

BALANCE SHEET

June 30, 1985 and 1984

ASSETS	<u>1985</u>	<u>1984</u>
Investments (Notes 1 and 4):		
United States Government securities	\$203,211,779	\$188,291,433
Government National Mortgage Association and similar securities	130,029,989	112,440,696
Corporate bonds and notes	108,208,912	130,990,766
Convertible bonds	1,120,000	-
Common stocks	290,607,042	266,786,825
First mortgage real estate loans	6,059,274	6,566,777
Real estate investment trust	24,030,000	-
Securities purchased under agreement to resell	<u>155,384,164</u>	<u>95,228,731</u>
	918,651,160	800,305,228
Cash on deposit with State Treasurer	59,557	32,730
Member and employer contributions receivable	3,139,136	3,303,062
Accrued investment income	13,545,570	12,013,029
Other assets	<u>50,130</u>	<u>-</u>
	<u>\$935,445,553</u>	<u>\$815,654,049</u>
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	\$ 686,540	\$ 1,100,226
Payable to County Employees Retirement System	<u>278,240</u>	<u>-</u>
	<u>964,780</u>	<u>1,100,226</u>
Fund balance (Note 1):		
Members' Contribution Account	215,066,552	189,421,153
Retirement Allowance Account	<u>719,414,221</u>	<u>625,132,670</u>
	<u>934,480,773</u>	<u>814,553,823</u>
	<u>\$935,445,553</u>	<u>\$815,654,049</u>

See notes to financial statements.

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN MEMBERS' CONTRIBUTION ACCOUNT
 for the years ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Revenues:		
Member contributions	\$ 27,760,271	\$ 26,075,180
Interest credited to members' balances transferred from Retirement Allowance Account	<u>10,716,762</u>	<u>9,347,169</u>
Total revenues	<u>38,477,033</u>	<u>35,422,349</u>
Expenses:		
Refunds to former members	5,171,940	4,686,153
Retired members' balances transferred to Retirement Allowance Account	<u>7,659,694</u>	<u>5,841,235</u>
Total expenses	<u>12,831,634</u>	<u>10,527,388</u>
Excess of revenues over expenses	25,645,399	24,894,961
Members' Contribution Account at beginning of year	<u>189,421,153</u>	<u>164,526,192</u>
Members' Contribution Account at end of year	<u>\$215,066,552</u>	<u>\$189,421,153</u>

See notes to financial statements.

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
 STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETIREMENT ALLOWANCE ACCOUNT
 for the years ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Revenues:		
Employer contributions	\$ 49,189,066	\$ 46,925,821
Investment income	78,509,704	68,498,499
Net realized gain on disposal of investments	12,959,165	5,812,966
Retired members' balances transferred from Members' Contribution Account	<u>7,659,694</u>	<u>5,841,235</u>
Total revenues	<u>148,317,629</u>	<u>127,078,521</u>
Expenses:		
Retirement benefits for members	39,225,080	35,467,174
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	3,122,176	1,880,023
Interest credited to members' balances transferred to Mem- bers' Contribution Account	10,716,762	9,347,169
Administrative expenses	722,085	623,177
Investment expenses	<u>249,975</u>	<u>197,994</u>
Total expenses	<u>54,036,078</u>	<u>47,515,537</u>
Excess of revenues over expenses	94,281,551	79,562,984
Retirement Allowance Account at beginning of year	<u>625,132,670</u>	<u>545,569,686</u>
Retirement Allowance Account at end of year	<u>\$719,414,221</u>	<u>\$625,132,670</u>

See notes to financial statements.

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Source of funds:		
Excess of revenues over expenses	119,926,950	\$104,457,945
Deduct amortization of investment discount and premium, net, not providing funds	<u>6,230,305</u>	<u>5,053,228</u>
Funds provided from operations	113,696,645	99,404,717
Proceeds from sale, maturity or exchange of investments, less net gain of \$12,959,165 in 1985 and \$5,812,966 in 1984, included above	273,964,089	207,147,588
Decrease in member and employer contributions receivable	163,926	-
Decrease in other assets	-	209,269
Increase in member refunds, insurance fund transfers and investment expenses payable	-	718,599
Increase in payable to County Employees Retirement System	<u>278,240</u>	<u>-</u>
Total funds provided	<u>388,102,900</u>	<u>307,480,173</u>
Application of funds:		
Investments purchased or exchanged	386,079,716	306,905,247
Increase in member and employer contributions receivable	-	415,547
Increase in accrued investment income	1,532,541	141,585
Decrease in member refunds, insurance fund transfers and investment expenses payable	413,686	-
Increase in other assets	<u>50,130</u>	<u>-</u>
Total funds applied	<u>388,076,073</u>	<u>307,462,379</u>
Increase in cash	26,827	17,794
Cash on deposit with State Treasurer at beginning of year	<u>32,730</u>	<u>14,936</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 59,557</u>	<u>\$ 32,730</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, securities purchased under agreement to resell and investment in real estate investment trust are carried at cost.

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

NOTES TO FINANCIAL STATEMENTS, 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. Participating employers contributed at 7 1/4% and 17%, respectively, of members' non-hazardous and hazardous compensation for the year ended June 30, 1985 and 7 1/4% and 18 1/4%, respectively, for the year ended June 30, 1984.

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 actuary, William M. Mercer - Meidinger, Inc., estimates 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>1985</u>	<u>1984</u>
Vested benefits:		
Participants currently receiving payments	\$336,301,833	\$265,501,215
Other participants	<u>302,045,226</u>	<u>320,973,723</u>
	<u>\$638,347,059</u>	<u>\$586,474,938</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:

	<u>June 30,</u>	
	<u>1985</u>	<u>1984</u>
United States Government securities	\$ 208,536,000	\$163,443,000
Government National Mortgage Association and similar securities	142,248,000	105,225,000
Corporate bonds and notes	110,417,000	112,240,000
Convertible bonds	1,237,000	-
Common stocks	384,470,000	297,977,000
First mortgage real estate loans	5,288,000	5,192,000
Real estate investment trust	25,202,000	-
Securities purchased under agreement to resell	<u>155,384,000</u>	<u>95,229,000</u>
	<u>\$1,032,782,000</u>	<u>\$779,306,000</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 0.46% and 0.29% for non-hazardous and 1.04% and 0.78% for hazardous positions for the years ended June 30, 1985 and 1984, respectively.

COUNTY EMPLOYES RETIREMENT SYSTEM

COUNTY EMPLOYEES RETIREMENT SYSTEM

BALANCE SHEET

June 30, 1985 and 1984

ASSETS	<u>1985</u>	<u>1984</u>
Investments (Notes 1 and 4):		
United States Government securities	\$100,430,101	\$ 91,215,570
Government National Mortgage Association and similar securities	73,019,746	65,470,353
Corporate bonds and notes	53,971,292	58,669,642
Convertible bonds	829,500	-
Common stocks	140,299,338	125,054,834
First mortgage real estate loans	638,870	723,727
Real estate investment trust	14,310,000	-
Securities purchased under agreement to resell	<u>80,594,516</u>	<u>52,461,573</u>
	464,093,363	393,595,699
Cash on deposit with State Treasurer	53,830	29,566
Receivable from Kentucky Employees Retirement System and State Police Retirement System	659,766	-
Member and employer contributions receivable	3,638,760	3,543,195
Past service credit contribution receivable (Note 1)	3,225,959	3,503,714
Accrued investment income	6,884,837	6,001,103
Other assets	<u>24,668</u>	<u>-</u>
	<u>\$478,581,183</u>	<u>\$406,673,277</u>
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	<u>\$ 537,962</u>	<u>\$ 485,846</u>
Fund balance (Note 1):		
Members' Contribution Account	109,929,946	94,569,487
Retirement Allowance Account	<u>368,113,275</u>	<u>311,617,944</u>
	478,043,221	406,187,431
	<u>\$478,581,183</u>	<u>\$406,673,277</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, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Revenues:		
Member contributions	\$ 17,487,421	\$16,040,197
Interest credited to members' balances transferred from Retirement Allowance Account	<u>5,298,791</u>	<u>4,505,236</u>
Total revenues	<u>22,786,212</u>	<u>20,545,433</u>
Expenses:		
Refunds to former members	3,570,707	3,331,153
Retired members' balances transferred to Retirement Allowance Account	<u>3,855,046</u>	<u>2,602,533</u>
Total expenses	<u>7,425,753</u>	<u>5,933,686</u>
Excess of revenues over expenses	15,360,459	14,611,747
Members' Contribution Account at beginning of year	<u>94,569,487</u>	<u>79,957,740</u>
Members' Contribution Account at end of year	<u>\$109,929,946</u>	<u>\$94,569,487</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, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Revenues:		
Employer contributions	\$ 27,131,182	\$ 25,580,243
Investment income	40,147,552	35,005,604
Net realized gain on disposal of investments	7,576,022	4,127,955
Retired members' balances transferred from Members' Contribution Account	<u>3,855,046</u>	<u>2,602,533</u>
Total revenues	<u>78,709,802</u>	<u>67,316,335</u>
Expenses:		
Retirement benefits for members	14,843,697	13,066,260
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	1,297,765	667,073
Interest credited to members' balances transferred to Members' Contribution Account	5,298,791	4,505,236
Administrative expenses	650,073	561,747
Investment expenses	<u>124,145</u>	<u>96,104</u>
Total expenses	<u>22,214,471</u>	<u>18,896,420</u>
Excess of revenues over expenses	56,495,331	48,419,915
Retirement Allowance Account at beginning of year	<u>311,617,944</u>	<u>263,198,029</u>
Retirement Allowance Account at end of year	<u>\$368,113,275</u>	<u>\$311,617,944</u>

See notes to financial statements.

COUNTY EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Source of funds:		
Excess of revenues over expenses	\$ 71,855,790	\$ 63,031,662
Deduct amortization of investment discount and premium, net, not providing funds	<u>3,200,352</u>	<u>3,266,352</u>
Funds provided from operations	68,655,438	59,765,310
Proceeds from sale, maturity or exchange of investments, less net gain of \$ in 1985 and \$4,127,955 in 1984, included above	131,738,640	62,984,395
Decrease in past service credit contribution receivable	277,755	-
Decrease in other assets	-	167,416
Increase in member refunds, insurance fund transfers and investment expenses payable	<u>52,116</u>	<u>75,040</u>
Total funds provided	<u>200,723,949</u>	<u>122,992,161</u>
Application of funds:		
Investments purchased or exchanged	199,035,952	122,461,461
Increase in receivable from Kentucky Employees Retirement System and State Police Retirement System	659,766	-
Increase in member and employer contributions receivable	95,565	263,498
Increase in past service credit contribution receivable	-	85,092
Increase in accrued investment income	883,734	164,535
Increase in other assets	<u>24,668</u>	<u>-</u>
Total funds applied	<u>200,699,685</u>	<u>122,974,586</u>
Increase in cash	24,264	17,575
Cash on deposit with State Treasurer at beginning of year	<u>29,566</u>	<u>11,991</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 53,830</u>	<u>\$ 29,566</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:

The financial statements of County 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, securities purchased under agreement to resell and investment in real estate investment trust are carried at cost.

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 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.

Continued

2. Description of the Plan:

The County Employes Retirement System is a defined benefit plan which covers substantially all regular full-time employes 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. For the years ended June 30, 1985 and 1984, participating employers contributed at 6 1/4% and 14% 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.

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 actuary, William M. Mercer - Meidinger, Inc., estimates 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>1985</u>	<u>1984</u>
Vested benefits:		
Participants currently receiving payments	\$128,160,944	\$110,580,118
Other participants	<u>131,463,276</u>	<u>124,762,993</u>
	<u>\$259,624,220</u>	<u>\$235,343,111</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,	
	1985	1984
United States Government securities	\$104,368,000	\$ 80,292,000
Government National Mortgage Association and similar securities	80,545,000	62,129,000
Corporate bonds and notes	55,700,000	51,192,000
Convertible bonds	942,000	-
Common stocks	182,794,000	138,840,000
First mortgage real estate loans	560,000	569,000
Real estate investment trust	15,008,000	-
Securities purchased under agreement to resell	80,594,000	52,462,000
	\$520,511,000	\$385,484,000

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

NOTES TO FINANCIAL STATEMENTS, 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 County 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 County Employees Retirement System was 0.29% and 0.15% for non-hazardous and 0.91% and 0.78% for hazardous positions for the years ended June 30, 1985 and 1984, respectively.

STATE POLICE RETIREMENT SYSTEM

STATE POLICE RETIREMENT SYSTEM

BALANCE SHEET

June 30, 1985 and 1984

ASSETS	<u>1985</u>	<u>1984</u>
Investments (Notes 1 and 4):		
United States Government securities	\$17,081,279	\$14,859,863
Government National Mortgage Association and similar securities	11,140,993	9,374,768
Corporate bonds and notes	10,984,936	15,063,568
Convertible bonds	50,500	-
Common stocks	27,139,074	24,486,570
First mortgage real estate loans	347,779	376,587
Real estate investment trust	2,160,000	-
Securities purchased under agreement to resell	<u>15,106,269</u>	<u>9,419,569</u>
	84,010,830	73,580,925
Cash on deposit with State Treasurer	1,145	940
Member and employer contributions receivable	213,740	230,711
Accrued investment income	1,216,921	1,221,067
Other assets	<u>4,774</u>	<u>-</u>
	<u>\$85,447,410</u>	<u>\$75,033,643</u>
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	\$ 49,642	\$ 53,126
Payable to County Employees Retirement System	<u>381,526</u>	<u>-</u>
	<u>431,168</u>	<u>53,126</u>
Fund balance (Note 1):		
Members' Contribution Account	16,753,621	15,902,376
Retirement Allowance Account	<u>68,262,621</u>	<u>59,078,141</u>
	<u>85,016,242</u>	<u>74,980,517</u>
	<u>\$85,447,410</u>	<u>\$75,033,643</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, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Revenues:		
Member contributions	\$ 1,861,882	\$ 1,695,919
Interest credited to members' balances transferred from Retirement Allowance Account	<u>858,169</u>	<u>806,670</u>
Total revenues	<u>2,720,051</u>	<u>2,502,589</u>
Expenses:		
Refunds to former members	180,746	117,414
Retired members' balances transferred to Retirement Allowance Account	<u>1,688,060</u>	<u>266,021</u>
Total expenses	<u>1,868,806</u>	<u>383,435</u>
Excess of revenues over expenses	851,245	2,119,154
Members' Contribution Account at beginning of year	<u>15,902,376</u>	<u>13,783,222</u>
Members' Contribution Account at end of year	<u>\$16,753,621</u>	<u>\$15,902,376</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, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Revenues:		
Employer contributions	\$ 4,483,240	\$ 4,446,090
Investment income	6,993,220	6,260,996
Net realized gain on disposal of investments	652,568	91,813
Retired members' balances transferred from Members' Contribution Account	<u>1,688,060</u>	<u>266,021</u>
Total revenues	<u>13,817,088</u>	<u>11,064,920</u>
Expenses:		
Retirement benefits for members	3,496,109	2,890,091
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	240,087	233,140
Interest credited to members' balances transferred to Mem- bers' Contribution Account	858,169	806,670
Administrative expenses	14,363	11,969
Investment expenses	<u>23,880</u>	<u>18,773</u>
Total expenses	<u>4,632,608</u>	<u>3,960,643</u>
Excess of revenues over expenses	9,184,480	7,104,277
Retirement Allowance Account at beginning of year	<u>59,078,141</u>	<u>51,973,864</u>
Retirement Allowance Account at end of year	<u>\$68,262,621</u>	<u>\$59,078,141</u>

See notes to financial statements.

STATE POLICE RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Source of funds:		
Excess of revenues over expenses	\$10,035,725	\$ 9,223,431
Deduct amortization of investment discount and premium, net, not providing funds	<u>653,880</u>	<u>437,767</u>
Funds provided from operations	9,381,845	8,785,664
Proceeds from sale, maturity or exchange of investments, less net gain of \$652,568 in 1985 and \$91,813 in 1984, included above	23,140,950	15,600,084
Decrease in member and employer contributions receivable	16,971	-
Decrease in accrued investment income	4,146	25,024
Decrease in other assets	-	3,805
Increase in member refunds, insurance fund transfers and investment expenses payable	-	27,843
Increase in due to County Employees Retirement System	<u>381,526</u>	<u>-</u>
Total funds provided	<u>32,925,438</u>	<u>24,442,420</u>
Application of funds:		
Investments purchased or exchanged	32,916,975	24,440,917
Increase in member and employer contributions receivable	-	835
Increase in other assets	4,774	-
Decrease in member refunds, insurance fund transfers and investment expenses payable	<u>3,484</u>	<u>-</u>
Total funds applied	<u>32,925,233</u>	<u>24,441,752</u>
Increase in cash	205	668
Cash on deposit with State Treasurer at beginning of year	<u>940</u>	<u>272</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 1,145</u>	<u>\$ 940</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, securities purchased under agreement to resell and investment in real estate investment trust are carried at cost.

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, 1985 and 1984, 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 employee service rendered to the valuation date.

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

3. Accumulated Benefits, continued:

The System's consulting actuary, William M. Mercer - Meidinger, Inc., estimates 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>1985</u>	<u>1984</u>
Vested benefits:		
Participants currently receiving payments	\$33,802,841	\$26,459,102
Other participants	<u>25,770,310</u>	<u>25,487,230</u>
	<u>\$59,573,151</u>	<u>\$51,946,332</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,	
	1985	1984
United States Government securities	\$17,256,000	\$12,500,000
Government National Mortgage Association and similar securities	11,890,000	8,451,000
Corporate bonds and notes	11,189,000	12,872,000
Convertible bonds	51,000	-
Common stocks	34,870,000	26,059,000
First mortgage real estate loans	305,000	296,000
Real estate investment trust	2,265,000	-
Securities purchased under agreement to resell	15,106,000	9,420,000
	<u>\$92,932,000</u>	<u>\$69,598,000</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 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 0.99% for the year ended June 30, 1985, and 0.97% for the year ended June 30, 1984.

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND

BALANCE SHEET

June 30, 1985 and 1984

ASSETS	<u>1985</u>	<u>1984</u>
Securities purchased under agreement to resell, at cost	\$4,537,952	\$3,636,627
Cash on deposit with State Treasurer	99	3
Employer contributions receivable	<u>809,848</u>	<u>966,574</u>
	<u>\$5,347,899</u>	<u>\$4,603,204</u>
FUND BALANCE ALLOCATED TO		
Kentucky Employes Retirement System	\$2,990,283	\$2,560,524
County Employes Retirement System	2,182,470	1,880,195
State Police Retirement System	<u>175,146</u>	<u>162,485</u>
	<u>\$5,347,899</u>	<u>\$4,603,204</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, 1985 and 1984

	<u>1985</u>	<u>1984</u>
ALLOCATED TO KENTUCKY EMPLOYEES RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from Kentucky Employes Retirement System	\$3,122,176	\$1,880,023
Investment income	<u>198,009</u>	<u>219,938</u>
Total revenues	3,320,185	2,099,961
Expenses:		
Insurance premium payments	<u>2,890,426</u>	<u>2,402,461</u>
Excess (deficiency) of revenues over expenses	429,759	(302,500)
Fund balance at beginning of year	<u>2,560,524</u>	<u>2,863,024</u>
Fund balance at end of year	<u>\$2,990,283</u>	<u>\$2,560,524</u>
ALLOCATED TO COUNTY EMPLOYEES RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from County Employes Retirement System	\$1,297,765	\$ 667,073
Investment income	<u>171,933</u>	<u>176,228</u>
Total revenues	1,469,698	843,301
Expenses:		
Insurance premium payments	<u>1,167,423</u>	<u>946,543</u>
Excess (deficiency) of revenues over expenses	302,275	(103,242)
Fund balance at beginning of year	<u>1,880,195</u>	<u>1,983,437</u>
Fund balance at end of year	<u>\$2,182,470</u>	<u>\$1,880,195</u>
ALLOCATED TO STATE POLICE RETIREMENT SYSTEM		
Revenues:		
Employer contributions transferred from State Police Retirement System	\$ 240,087	\$ 233,140
Investment income	<u>11,873</u>	<u>8,685</u>
Total revenues	251,960	241,825
Expenses:		
Insurance premium payments	<u>239,299</u>	<u>186,000</u>
Excess of revenues over expenses	12,661	55,825
Fund balance at beginning of year	<u>162,485</u>	<u>106,660</u>
Fund balance at end of year	<u>\$ 175,146</u>	<u>\$ 162,485</u>

See note to financial statements.

KENTUCKY RETIREMENT SYSTEMS INSURANCE FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1985 and 1984

	<u>1985</u>	<u>1984</u>
Source of funds:		
Excess of revenues over expenses	\$744,695	-
Decrease in securities purchased under agreement to resell	-	\$1,054,501
Decrease in employer contributions receivable	<u>156,726</u>	<u>-</u>
Total funds provided	<u>901,421</u>	<u>1,054,501</u>
Application of funds:		
Increase in securities purchased under agreement to resell	901,325	-
Deficiency of revenues over expenses	-	349,917
Increase in employer contributions receivable	<u>-</u>	<u>704,640</u>
Total funds applied	<u>901,325</u>	<u>1,054,557</u>
Increase (decrease) in cash	96	(56)
Cash on deposit with State Treasurer at beginning of year	<u>3</u>	<u>59</u>
Cash on deposit with State Treasurer at end of year	<u>\$ 99</u>	<u>\$ 3</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 \$2,663,000 and \$2,239,000 for the Kentucky Employes Retirement System, \$1,340,000 and \$1,060,000 for the County Employes Retirement System, and \$3,000 and \$2,000 for the State Police Retirement System in 1985 and 1984, 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>1985</u>	<u>1984</u>
<u>Non-Hazardous</u>		
Kentucky Employes Retirement System	0.46%	0.29%
County Employes Retirement System	0.29%	0.15%
<u>Hazardous</u>		
Kentucky Employes Retirement System	1.04%	0.78%
County Employes Retirement System	0.91%	0.78%
State Police Retirement System	0.99%	0.97%

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 system.

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 continue the services of the actuarial firm of William M. Mercer-Meidinger, Inc., who performed last year's actuarial valuation. A reproduction of the certification made by the firm for each of the three retirement systems for the fiscal year 1984-85 is found on the next page. The results of the 1985 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 1984-85 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 \$.90 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.

WILLIAM M.
MERCER - Meidinger
INCORPORATED

November 5, 1985

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


Members of the Board:

The twenty-ninth annual actuarial valuation of the Kentucky Employes Retirement System, the twenty-sixth annual actuarial valuation of the County Employes Retirement System, and the twenty-seventh 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, 1985.

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 Status.

Respectfully Submitted,
WILLIAM M. MERCER-MEIDINGER, INC.

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

SAG/cjb

TWENTY-NINTH ANNUAL ACTUARIAL VALUATION

JUNE 30, 1985

KENTUCKY EMPLOYES RETIREMENT SYSTEM

FRANKFORT, KENTUCKY

KENTUCKY EMPLOYES RETIREMENT SYSTEM
RESULTS OF THE 1985 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the Kentucky Employees Retirement System as of June 30, 1985. 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, 1985.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1985 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 employee contributions. A breakdown of costs between Hazardous and Non-Hazardous position employees 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 employee'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 EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL BALANCE SHEET-JUNE 30, 1985

ACTUARIAL ASSETS

Fund Assets at Book Value*		\$ 935,445,553
Actuarial Present Value of Future Member Contributions		312,110,013
Actuarial Present Value of Future Employer Contributions		
For Normal Costs	\$ 247,027,361	
For Unfunded Actuarial Accrued Liability	<u>169,949,215</u>	
Total		<u>\$ 416,976,576</u>
Total Actuarial Assets		\$1,664,532,142

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Benefits		
Inactive Members:		
Retired Members and Beneficiaries	\$ 336,301,833	
Vested Retirement	11,217,575	
Vested Membership	<u>3,085,940</u>	
Total - Inactive		\$ 350,605,348
Active Members:		
Retirement Benefits	\$1,010,894,134	
Disability Benefits	89,520,486	
Withdrawal Benefits (Vested and Refund of Contributions)	139,059,759	
Survivor Benefits	<u>73,487,635</u>	
Total - Active		\$1,312,962,014
Refunds and Expenses Payable and Payables to other Systems		<u>\$ 964,780</u>
Total Actuarial Liabilities		\$1,664,532,142

ACCRUED BENEFIT LIABILITY **

Vested Benefits	\$ 607,189,675
Non-Vested Benefits	\$ 31,813,992

* The market value of assets as of June 30, 1985 is \$1,032,781,977.
The actuarial value of assets as of June 30, 1985 is \$934,480,773 (book value of assets less refunds and expenses payable).

The Members' Contribution Account as of June 30, 1985 is \$215,066,552.

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

TABLE II
KENTUCKY EMPLOYES RETIREMENT SYSTEM
DETERMINATION OF CONTRIBUTION RATE-JUNE 30, 1985

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liability	\$1,104,429,988	163.24%
Assets at Actuarial Value	934,480,773	138.12%
Unfunded Actuarial Accrued Liability	<u>\$ 169,949,215</u>	<u>25.12%</u>
Contribution - 8 1/2% of Unfunded Actuarial Accrued Liability	\$ 14,445,683	2.14%
 <u>NORMAL COST</u>		
Retirement Benefits	\$ 35,619,379	5.26%
Disability Benefits	4,030,269	0.60%
Withdrawal Benefits (Vested and Refund of Contributions)	7,981,622	1.18%
Survivor Benefits	2,691,803	0.40%
Total Normal Cost	<u>\$ 50,323,073</u>	<u>7.44%</u>
Less: Employee Contributions	<u>27,170,048</u>	<u>4.02%</u>
Normal Cost - State	\$ 23,153,025	3.42%
 <u>TOTAL ANNUAL EMPLOYER COST</u>		
<u>Non-Hazardous Duty Cost</u>		
Normal Cost	\$ 22,386,392	3.35%**
8 1/2% of Unfunded Actuarial Accrued Liability	14,376,208	2.15%**
Administrative Expenses	831,780	0.12%**
Group Hospital and Medical Insurance Premiums	3,200,012	0.48%**
Total Annual Cost	<u>\$ 40,794,392</u>	<u>6.10%**</u>
 <u>Hazardous Duty Cost</u>		
Normal Cost	\$ 766,633	9.73%***
8 1/2% of Unfunded Actuarial Accrued Liability	69,475	0.88%***
Administrative Expenses	10,233	0.13%***
Group Hospital and Medical Insurance Premiums	86,276	1.09%***
Total Annual Cost	<u>\$ 932,617</u>	<u>11.83%***</u>

*Based on estimated annual salaries of \$676,557,336.

**Based on estimated annual salaries of \$668,677,152 for Non-Hazardous Position Employees.

***Based on estimated annual salaries of \$7,880,184 for Hazardous Position Employees.

TABLE III

KENTUCKY EMPLOYES RETIREMENT SYSTEM

CLASSIFICATION OF ACTUARIAL LIABILITIES AND COSTS-JUNE 30, 1985

	Non-Hazardous Position Employees	Hazardous Position Employees	Total
<u>ACTUARIAL ACCRUED LIABILITY</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 610,980,607	\$ 8,581,677	\$ 619,562,284
Disability Benefits	45,077,956	264,305	45,342,261
Withdrawal Benefits (Vested and Refund of Contributions)	44,815,873	33,130	44,849,003
Survivor Benefits	43,873,242	197,850	44,071,092
Actuarial Accrued Liability - Actives	\$ 744,747,678	\$ 9,076,962	\$ 753,824,640
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$ 331,968,250	\$ 4,333,583	\$ 336,301,833
Vested Retirement	11,216,063	1,512	11,217,575
Vested Membership	3,075,265	10,675	3,085,940
Actuarial Accrued Liability - Inactives	\$ 346,259,578	\$ 4,345,770	\$ 350,605,348
Total Actuarial Accrued Liability	\$1,091,007,256	\$13,422,732	\$1,104,429,988
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>			
Total Actuarial Accrued Liability	\$1,091,007,256	\$13,422,732	\$1,104,429,988
Less Actuarial Value of Assets	921,875,398	12,605,375	934,480,773
Unfunded Actuarial Accrued Liability	\$ 169,131,858	\$ 817,357	\$ 169,949,215
<u>NORMAL COST</u>			
Retirement Benefits	\$ 34,509,358	\$ 1,110,021	\$ 35,619,379
Disability Benefits	3,971,887	58,382	4,030,269
Withdrawal Benefits (Vested and Refund of Contributions)	7,927,760	53,862	7,981,622
Survivor Benefits	2,644,158	47,645	2,691,803
Total Normal Cost	\$ 49,053,163	\$ 1,269,910	\$ 50,323,073
Less Employee Contributions	26,666,771	503,277	27,170,048
Total Normal Cost - State	\$ 22,386,392	\$ 766,633	\$ 23,153,025
<u>ACCRUED BENEFIT LIABILITY*</u>			
Vested Benefits	\$ 598,536,065	\$ 8,653,610	\$ 607,189,675
Non-Vested Benefits	27,941,851	3,872,141	31,813,992

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

TABLE IV

KENTUCKY EMPLOYES RETIREMENT SYSTEM

ACCOUNTANT'S INFORMATION - JUNE 30, 1985

	<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	\$232,358,098	\$ 4,098,492	\$236,456,590
Disability Benefits	8,413,266	84,849	8,498,115
Withdrawal Benefits (Vested and Refund of Contributions)	42,566,332	220,674	42,787,006
Survivor Benefits	0	0	0
Total Active Members	\$283,337,696	\$ 4,404,015	\$287,741,711
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$331,968,250	\$ 4,333,583	\$336,301,833
Vested Retirement	11,216,063	1,512	11,217,575
Vested Membership	3,075,265	10,675	3,085,940
Total-Inactive Members	\$346,259,578	\$ 4,345,770	\$350,605,348
Total Actuarial Present Value of Vested Accumulated Benefits	\$629,597,274	\$ 8,749,785	\$638,347,059
<u>ACTUARIAL PRESENT VALUE OF NON-VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 24,759,910	\$ 846,148	\$ 25,606,058
Disability Benefits	23,614,995	240,393	23,855,388
Withdrawal Benefits (Vested and Refund of Contributions)	3,637,318	53,448	3,690,766
Survivor Benefits	20,601,118	215,736	20,816,854
Total - Active Members	\$ 72,613,341	\$ 1,355,725	\$ 73,969,066
<u>Inactive Members</u>	\$ 0	\$ 0	\$ 0
Total Actuarial Present Value of Non-Vested Accumulated Benefits	\$ 72,613,341	\$ 1,355,725	\$ 73,969,065

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

KENTUCKY EMPLOYES 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 for hazardous duty employees.
- (b) Disabled lives - Social Security Administration Disability Mortality Rates - Actuarial Study No. 75 (current rates used by PBGC for disabled lives receiving Social Security).

(2) Disablement

- Graduated rates based on 1980 experience study.

(3) Termination of employment

- Graduated select (non-hazardous only) and ultimate rates based on 1980 experience study.

(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) Dependent children - For hazardous position employes under duty related death benefits, it is assumed that the employe is survived by 2 dependent children, each age 6.
- (7) Investment return - 7.50% per year, net of investment related expenses, compounded annually.
- (8) Compensation progression - 7.50% per year, compounded annually.
- (9) Retiree Medical Insurance - It was assumed that future retirees would select medical coverage in the same proportion that current retirees have selected coverage. Monthly premium rates were assumed to be as follows:

<u>Plan Type</u>	<u>7/1/85 to 12/31/85</u>	<u>1/1/86 to 6/30/86</u>
Single	\$ 53.82*	\$ 60.28**
Family	134.74*	150.91**
Medicare	29.55*	33.10**
High Option	48.75*	54.60**

*Actual rates

**Assumed rates

For the following three years, premium rates are assumed to increase 12% per year.

Reserves in the Insurance Fund were used to offset the liability for premiums over the four year projection period, but a minimum of 90% of the liability is being funded regardless of reserve levels.

TWENTY-SIXTH ANNUAL ACTUARIAL VALUATION

JUNE 30, 1985

COUNTY EMPLOYEES RETIREMENT SYSTEM

FRANKFORT, KENTUCKY

COUNTY EMPLOYES RETIREMENT SYSTEM
RESULTS OF THE 1985 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the County Employees Retirement System as of June 30, 1985. 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, 1985.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1985 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 EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL BALANCE SHEET-JUNE 30, 1985

ACTUARIAL ASSETS

Fund Assets at Book Value*		\$478,581,183
Actuarial Present Value of Future Member Contributions		200,596,254
Actuarial Present Value of Future Employer Contributions		
For Normal Costs	\$180,090,678	
For Unfunded Actuarial Accrued Liability	<u>(14,424,689)</u>	
Total		<u>\$165,665,989</u>
Total Actuarial Assets		\$844,843,426

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Benefits		
Inactive Members:		
Retired Members and Beneficiaries	\$128,160,944	
Vested Retirement	5,926,073	
Vested Membership	<u>3,602,976</u>	
Total - Inactive		\$137,689,993
Active Members:		
Retirement Benefits	\$546,350,841	
Disability Benefits	51,590,457	
Withdrawal Benefits (Vested and Refund of Contributions)	72,177,043	
Survivor Benefits	<u>36,497,130</u>	
Total - Active		\$706,615,471
Refunds and Expenses Payable and Payables to other Systems		<u>\$ 537,962</u>
Total Actuarial Liabilities		\$844,843,426

ACCRUED BENEFIT LIABILITY **

Vested Benefits	\$252,183,992
Non-Vested Benefits	\$ 31,083,099

* The market value of assets as of June 30, 1985 is \$520,511,226.
 The actuarial value of assets as of June 30, 1985 is \$478,043,221 (book value of assets less refunds and expenses payable).

The Members' Contribution Account as of June 30, 1985 is \$109,929,946

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

TABLE II
 COUNTY EMPLOYEES RETIREMENT SYSTEM
DETERMINATION OF CONTRIBUTION RATE-JUNE 30, 1985

<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
Total Actuarial Accrued Liability	\$ 463,618,532	107.04%
Assets at Actuarial Value	478,043,221	110.37%
Unfunded Actuarial Accrued Liability	<u>\$ 0</u>	<u>0.00%</u>
Contribution - 8 1/2% of Unfunded Actuarial Accrued Liability	\$ 0	0.00%
<u>NORMAL COST</u>		
Retirement Benefits	\$ 25,659,243	5.93%
Disability Benefits	2,783,575	0.64%
Withdrawal Benefits (Vested and Refund of Contributions)	4,667,496	1.08%
Survivor Benefits	1,782,893	0.41%
Total Normal Cost	<u>\$ 34,893,207</u>	<u>8.06%</u>
Less: Employee Contributions	17,663,584	4.08%
Normal Cost - State	\$ 17,229,623	3.98%
<u>TOTAL ANNUAL EMPLOYER COST</u>		
<u>Non-Hazardous Duty Cost</u>		
Normal Cost	\$ 15,647,769	3.75%**
8 1/2% of Unfunded Actuarial Accrued Liability	0	0.00%**
Administrative Expenses	607,041	0.15%**
Group Hospital and Medical Insurance Premiums	1,284,218	0.31%**
Total Annual Cost	<u>\$ 17,539,028</u>	<u>4.21%**</u>
<u>Hazardous Duty Cost</u>		
Normal Cost	\$ 1,581,854	9.65%***
8 1/2% of Unfunded Actuarial Accrued Liability	0	0.00%***
Administrative Expenses	66,569	0.41%***
Group Hospital and Medical Insurance Premiums	162,325	0.99%***
Total Annual Cost	<u>\$ 1,810,748</u>	<u>11.05%***</u>

*Based on estimated annual salaries of \$433,135,800.

**Based on estimated annual salaries of \$416,745,888 for Non-Hazardous Position Employees.

***Based on estimated annual salaries of \$16,389,912 for Hazardous Position Employees.

TABLE III
COUNTY EMPLOYES RETIREMENT SYSTEM
CLASSIFICATION OF ACTUARIAL LIABILITIES AND COSTS-JUNE 30, 1985

	<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	\$239,064,095	\$32,925,176	\$ 271,989,271
Disability Benefits	19,656,498	1,122,824	20,779,322
Withdrawal Benefits (Vested and Refund of Contributions)	16,412,518	118,309	16,530,827
Survivor Benefits	<u>15,626,364</u>	<u>1,002,755</u>	<u>16,629,119</u>
Actuarial Accrued Liability - Actives	\$290,759,475	\$35,169,064	\$ 325,928,539
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$117,682,114	\$10,478,830	\$ 128,160,944
Vested Retirement	5,762,797	163,276	5,926,073
Vested Membership	<u>3,597,185</u>	<u>5,791</u>	<u>3,602,976</u>
Actuarial Accrued Liability - Inactives	\$127,042,096	\$10,647,897	\$ 137,689,993
Total Actuarial Accrued Liability	\$417,801,571	\$45,816,961	\$ 463,618,532
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>			
Total Actuarial Accrued Liability	\$417,801,571	\$45,816,961	\$ 463,618,532
Less Actuarial Value of Assets	<u>428,633,062</u>	<u>49,410,159</u>	<u>478,043,221</u>
Unfunded Actuarial Accrued Liability	\$ 0	\$ 0	\$ 0
<u>NORMAL COST</u>			
Retirement Benefits	\$ 23,385,353	\$ 2,273,890	\$ 25,659,243
Disability Benefits	2,666,677	116,898	2,783,575
Withdrawal Benefits (Vested and Refund of Contributions)	4,499,777	167,719	4,667,496
Survivor Benefits	<u>1,666,522</u>	<u>116,371</u>	<u>1,782,893</u>
Total Normal Cost	\$ 32,218,329	\$ 2,674,878	\$ 34,893,207
Less Employee Contributions	<u>16,570,560</u>	<u>1,093,024</u>	<u>17,663,584</u>
Total Normal Cost - State	\$ 15,647,769	\$ 1,581,854	\$ 17,229,623
<u>ACCRUED BENEFIT LIABILITY*</u>			
Vested Benefits	\$226,820,207	\$25,363,785	\$ 252,183,992
Non-Vested Benefits	20,987,984	10,095,115	31,083,099

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

TABLE IV
 COUNTY EMPLOYEES RETIREMENT SYSTEM
ACCOUNTANT'S INFORMATION - JUNE 30, 1985

	<u>Non-Hazardous Position Employes</u>	<u>Hazardous Position Employes</u>	<u>Total</u>
<u>ACTUARIAL PRESENT VALUE OF VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 88,015,337	\$13,242,468	\$101,257,805
Disability Benefits	3,298,870	414,098	3,712,968
Withdrawal Benefits (Vested and Refund of Contributions)	16,054,566	908,888	16,963,454
Survivor Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Active Members	\$107,368,773	\$14,565,454	\$121,934,227
<u>Inactive Members</u>			
Retired Members and Beneficiaries	\$117,682,114	\$10,478,830	\$128,160,944
Vested Retirement	5,762,797	163,276	5,926,073
Vested Membership	<u>3,597,185</u>	<u>5,791</u>	<u>3,602,976</u>
Total-Inactive Members	\$127,042,096	\$10,647,897	\$137,689,993
Total Actuarial Present Value of Vested Accumulated Benefits	\$234,410,869	\$25,213,351	\$259,624,220
<u>ACTUARIAL PRESENT VALUE OF NON-VESTED ACCUMULATED BENEFITS</u>			
<u>Active Members</u>			
Retirement Benefits	\$ 14,059,399	\$ 3,211,378	\$ 17,270,777
Disability Benefits	12,028,996	609,289	12,638,285
Withdrawal Benefits (Vested and Refund of Contributions)	4,133,882	27,517	4,161,399
Survivor Benefits	<u>6,928,969</u>	<u>792,448</u>	<u>7,721,417</u>
Total - Active Members	\$ 37,151,246	\$ 4,640,632	\$ 41,791,878
<u>Inactive Members</u>	\$ 0	\$ 0	\$ 0
Total Actuarial Present Value of Non-Vested Accumulated Benefits	\$ 37,151,246	\$ 4,640,632	\$ 41,791,878

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 pre-retirement duty death rate of .0005 per year for hazardous duty employes.

(b) Disabled lives

- Social Security Administration Disability Mortality Rates - Actuarial Study No. 75 (current rates used by PBGC for disabled lives receiving Social Security).

(2) Disablement

- Graduated rates based on 1980 experience study.

(3) Termination of employment

- Graduated select (non-hazardous only) and ultimate rates based on 1980 experience study.

(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) Dependent children - For hazardous position employees under duty related death benefits, it is assumed that the employe is survived by 2 dependent children each age 6.
- (7) Investment return - 7.50% per year, net of investment related expenses, compounded annually.
- (8) Compensation progression - 7.50% per year, compounded annually.
- (9) Retiree Medical Insurance - It was assumed that future retirees would select medical coverage in the same proportion that current retirees have selected coverage. Monthly premium rates were assumed to be as follows:

<u>Plan Type</u>	<u>7/1/85 to 12/31/85</u>	<u>1/1/86 to 6/30/86</u>
Single	\$ 53.82*	\$ 60.28**
Family	134.74*	150.91**
Medicare	29.55*	33.10**
High Option	48.75*	54.60**

*Actual rates
**Assumed rates

For the following three years, premium rates are assumed to increase 12% per year.

Reserves in the Insurance Fund were used to offset the liability for premiums over the four year projection period, but a minimum of 90% of the liability is being funded regardless of reserve levels.

TWENTY-SEVENTH ANNUAL ACTUARIAL VALUATION

JUNE 30, 1985

STATE POLICE RETIREMENT SYSTEM

FRANKFORT, KENTUCKY

STATE POLICE RETIREMENT SYSTEM
RESULTS OF THE 1985 ACTUARIAL VALUATION

Actuarial Balance Sheet

Table I, which follows, is the actuarial balance sheet of the State Police Retirement System as of June 30, 1985. 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, 1985.

The actuarial methods applied to determine the Normal Cost for the year commencing July 1, 1985 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, 1985

ACTUARIAL ASSETS

Fund Assets at Book Value*	\$ 85,447,410
Actuarial Present Value of Future Member Contributions	19,315,682
Actuarial Present Value of Future Employer Contributions	
For Normal Costs	\$26,011,681
For Unfunded Actuarial Accrued Liability	<u>14,253,583</u>
Total	<u>\$ 40,265,264</u>
Total Actuarial Assets	\$ 145,028,356

ACTUARIAL LIABILITIES

Actuarial Present Value of Future Benefits		
Inactive Members:		
Retired Members and Beneficiaries	\$ 33,802,841	
Vested Retirement	506,498	
Vested Membership	<u>75,863</u>	
Total - Inactive		\$ 34,385,202
Active Members:		
Retirement Benefits	\$ 98,086,012	
Disability Benefits	4,262,228	
Withdrawal Benefits (Vested and Refund of Contributions)	3,484,508	
Survivor Benefits	<u>4,379,238</u>	
Total - Active		\$ 110,211,986
Refunds and Expenses Payable and Payables to other Systems		<u>\$ 431,168</u>
Total Actuarial Liabilities		\$ 145,028,356

ACCRUED BENEFIT LIABILITY **

Vested Benefits	\$ 60,130,916
Non-Vested Benefits	\$ 16,501,150

* The market value of assets as of June 30, 1985 is \$92,932,056.
The actuarial value of assets as of June 30, 1985 is \$85,016,242 (book value of assets less refunds and expenses payable).
The Members' Contribution Account as of June 30, 1985 is \$16,753,621

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

TABLE II
STATE POLICE RETIREMENT SYSTEM
DETERMINATION OF CONTRIBUTION RATE-JUNE 30, 1985

<u>ACTUARIAL ACCRUED LIABILITY</u>		<u>PERCENT*</u>
<u>Active Members</u>		
Retirement Benefits	\$60,377,746	258.10%
Disability Benefits	2,206,428	9.43%
Withdrawal Benefits (Vested and Refund of Contributions)	189,719	0.81%
Survivor Benefits	<u>2,110,730</u>	<u>9.03%</u>
Actuarial Accrued Liability - Active	\$64,884,623	277.37%
<u>Inactive Members</u>		
Retired Members and Beneficiaries	\$33,802,841	144.50%
Vested Retirement	506,498	2.17%
Vested Membership	<u>75,863</u>	<u>0.32%</u>
Actuarial Accrued Liability - Inactives	\$34,385,202	146.99%
Total Actuarial Accrued Liability	\$99,269,825	424.36%
<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>		
Total Actuarial Accrued Liability	\$99,269,825	424.36%
Assets at Actuarial Value	85,016,242	363.43%
Unfunded Actuarial Accrued Liability	<u>\$14,253,583</u>	<u>60.93%</u>
Contribution - 8 1/2% of Unfunded Actuarial Accrued Liability	\$ 1,211,555	5.18%
<u>NORMAL COST</u>		
Retirement Benefits	\$ 3,184,641	13.61%
Disability Benefits	172,126	0.74%
Withdrawal Benefits (Vested and Refund of Contributions)	282,928	1.21%
Survivor Benefits	190,227	0.81%
Total Normal Cost	<u>\$ 3,829,922</u>	<u>16.37%</u>
Less: Employee Contributions	<u>1,556,142</u>	<u>6.65%</u>
Normal Cost - State Police	\$ 2,273,780	9.72%

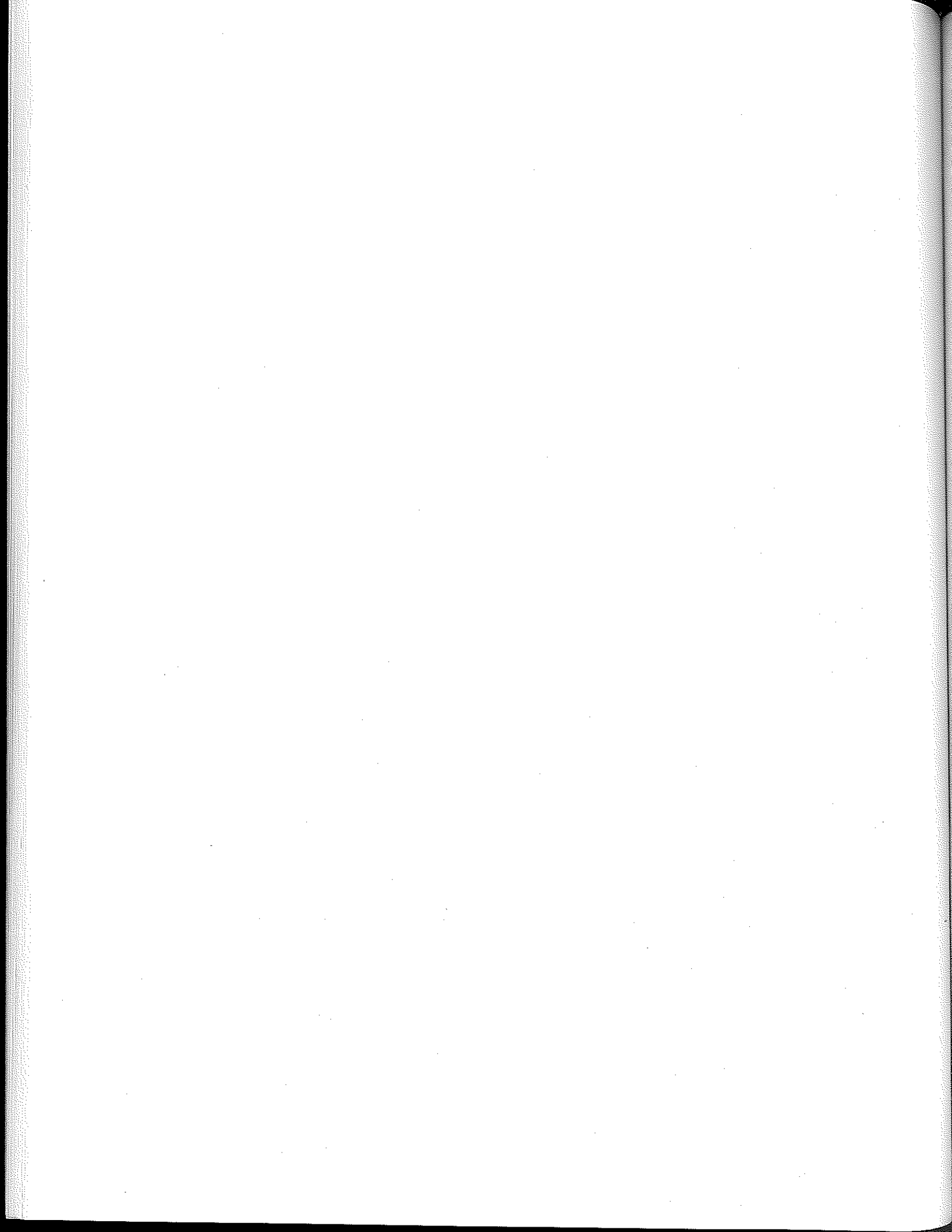


TABLE III
STATE POLICE RETIREMENT SYSTEM
ACCOUNTANT'S INFORMATION - JUNE 30, 1985

ACTUARIAL PRESENT VALUE OF
VESTED ACCUMULATED BENEFITS

<u>Active Members</u>	
Retirement Benefits	\$22,676,906
Disability Benefits	792,646
Withdrawal Benefits (Vested and Refund of Contributions)	1,718,397
Survivor Benefits	<u>0</u>
Total Active Members	\$25,187,949
<u>Inactive Members</u>	
Retired Members and Beneficiaries	\$33,802,841
Vested Retirement	506,498
Vested Membership	<u>75,863</u>
Total-Inactive Members	\$34,385,202
Total Actuarial Present Value of Vested Accumulated Benefits	\$59,573,151

ACTUARIAL PRESENT VALUE OF
NON-VESTED ACCUMULATED BENEFITS

<u>Active Member\$</u>	
Retirement Benefits	\$ 5,466,037
Disability Benefits	1,025,564
Withdrawal Benefits (Vested and Refund of Contributions)	(14,056)
Survivor Benefits	<u>1,509,385</u>
Total - Active Members	\$ 7,986,930
<u>Inactive Members</u>	\$ 0
Total Actuarial Present Value of Non-Vested Accumulated Benefits	\$ 7,986,930

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 (current rates used by PBGC for disabled lives receiving Social Security).

- (2) Disablement - Graduated rates based on 1980 experience study.

- (3) Termination of employment - Graduated rates based on 1980 experience study.

- (4) Retirement - 50% will retire as soon as eligible for unreduced benefits and balance will continue to age 55.

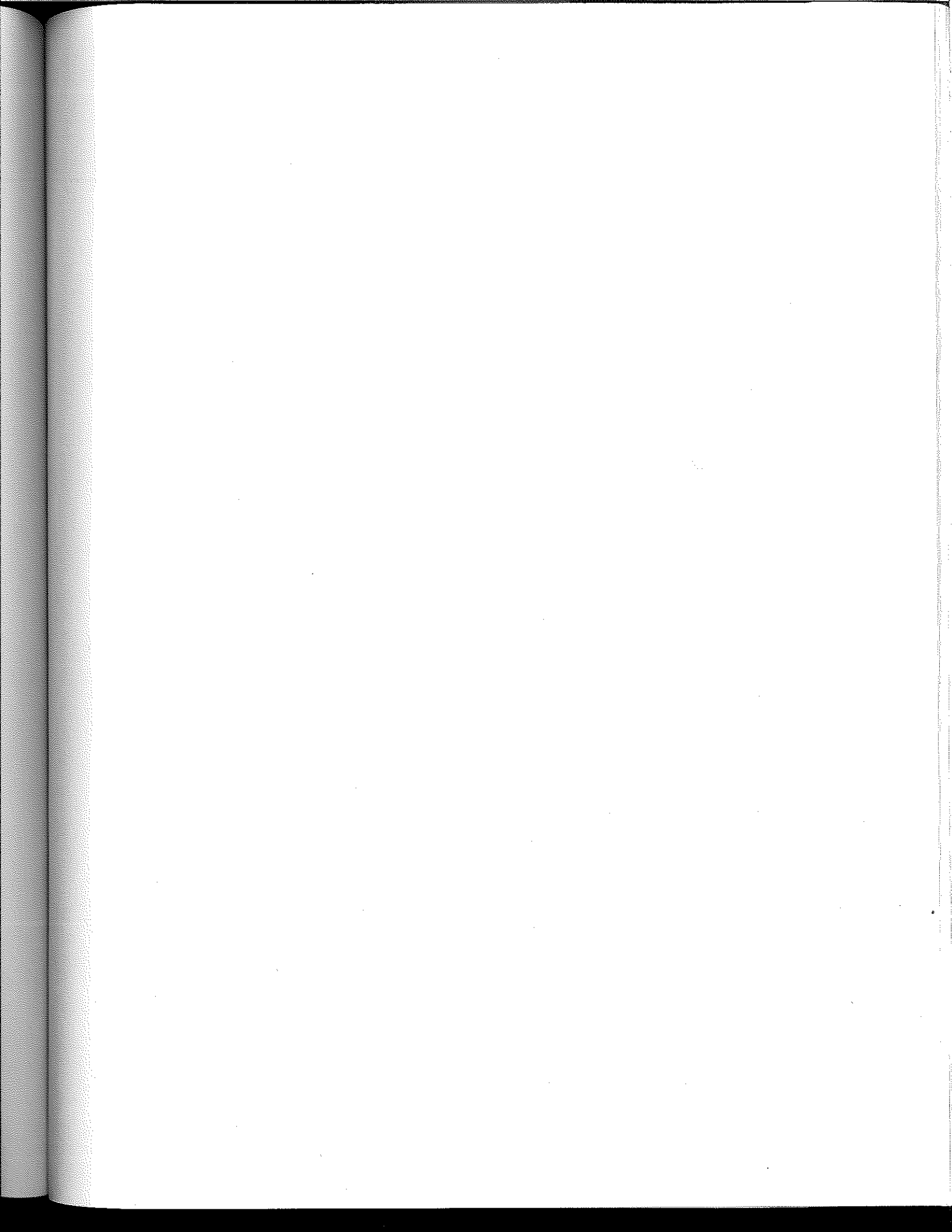
(5) Marital status

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

- (6) Dependent children - For duty related death benefits, it is assumed that the employe is survived by 2 dependent children, each age 6.

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

- (8) 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 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, 1985, the investment philosophy as stated in the "Investment Policy" read 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."

Following are letters from Capital Supervisors, Inc.; Loomis, Sayles & Co.; and Heitman Advisory Corp. relating to their performance in managing the Retirement Systems' assets.

In addition, the Retirement Systems has an in-house, passively managed Index Equity Fund. The purpose of this fund is to provide a core investment in selected common stocks and to perform as well as or better than the S & P 500 common stock index. As of June 30, 1985, this fund had a book value of \$142,330,781 and a market value of \$173,848,847. The fund showed a gain of \$31,518,066 with a total rate of return of 33.7%, as compared to the S & P 500 index, which had a rate of return of 30.9%.

The total rate of return (income plus realized and unrealized capital appreciation or depreciation) for the Systems' entire portfolio for the year was a positive 28.5%. This compares with the Dow Jones Industrial Average of 23.6% for the year; the S & P 500 Stock Index, which had a rate of return of 30.9% for the year; and the Shearson-Lehman index, which had a rate of return of 28.7% for the year.



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

July 26, 1985

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

Last year we grumbled a bit about end of June being a poor time for annual measurement. This year none of us have any complaints; the total portfolio under our supervision increased 29.2%; stocks advanced 32.0% and bonds 32.7%. This compares with 23.6% for the Dow Jones Industrials and 30.9% for the S & P 500. The Shearson Lehman Bond Index increased 28.7% in the twelve months ended June 1985. Therefore we outperformed both bonds and stocks while also locking in some excellent numbers for longer comparison.

Despite a disappointing fiscal 1984 we have an average net total return of over 20% for the last three years.

During fiscal 1985 we purchased \$91 million in stocks. Sales were \$108 million resulting in net gains of \$22 million. On the fixed income side we purchased \$33 million new issues while selling \$11 million. Average yield on the buys was 13%. We were also very active in bond swapping, moving face value of over \$180 million including several reversals for substantial benefits to you.

At the moment we are on a rollercoaster with alternate years of weak and strong absolute appreciation. We expect that pattern to end in fiscal 1986 with another good advance but less than the year just ending. In 1985, bonds did slightly better than stocks. We anticipate stocks being a clear leader this year.

Needless to say, we very much appreciate the opportunity to work with you and will be striving to continue to maintain good relative as well as absolute returns on our portion of your portfolio.

Respectfully submitted,

Lee Thurow

Theodore R. Tonneman

LT:bj

LOOMIS - SAYLES - & COMPANY
INCORPORATED
INVESTMENT COUNSEL

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

400 RENAISSANCE CENTER
SUITE 2770
DETROIT, MICHIGAN 48243
AREA CODE 313 567-3700

August 12, 1985

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

Dear Trustees:

During fiscal year 1985, the fixed-income assets under our supervision experienced strong total returns. The portfolio improved by 30.5% compared to a 28.7% total return for the Shearson/Lehman Bond Index. The market value of the portfolio increased by \$67,639,124 from \$200,668,983 last year to \$268,308,107 as of June 28, 1985.

During this last year we adjusted the characteristics of the portfolio as we increased trading activity to take greater advantage of market opportunities. The changes to the portfolio included lowering the exposure to long-term securities, increasing the exposure to mortgage-related securities, increasing the average quality, and increasing the average coupon rate slightly.

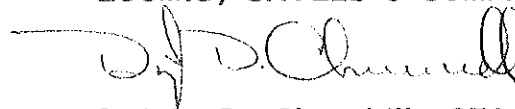
Interest rates began the fiscal year at lofty levels, with the long-term U. S. Treasury bonds trading close to a 13.70% yield. Over the year, rates trended steadily lower, with the long-term U. S. Treasury bonds trading at a 10.40% yield at the end of June.

The high interest rates in mid-1984 caused a rapid economic slowdown that continued through the first half of 1985. In addition, the interest rate pressure forced commodity prices lower, thereby reducing inflation fears. The weaker economy and reduced inflation expectations allowed the Federal Reserve to pursue an accommodative monetary policy, permitting interest rates to decline.

Our longer-term view toward interest rates and the bond market is positive and we anticipate good returns, although the return provided by the bond market in 1985 will be difficult to match.

Sincerely,

LOOMIS, SAYLES & COMPANY, Inc.



Dwight D. Churchill, CFA
Vice President

DDC/dsf

Heitman Advisory

September 12, 1985

Mr. Robert McKee
Kentucky Retirement Systems
226 West Second Street
Frankfort, Kentucky 40601

Dear Mr. McKee:

We are pleased to summarize the Kentucky Retirement Systems' commitments to real estate through Heitman Advisory Corporation.

On August 9, 1984, the Kentucky Retirement Systems began funding its \$45,000,000 commitment in the HAC Group Trust with an initial disbursement of \$13,500,000. Disbursements of a similar amount were made on October 24 and December 18 with the final disbursement of \$4,500,000 being made on September 11, 1985. By year's end, the Group Trust will have investments in three shopping centers, two industrial parks, two office buildings and one mixed-use facility. In 1985, the overall yield of the Group Trust is projected to approximate 15%, compared to 13.4% for 1984.

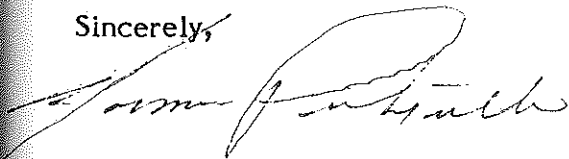
One of the investments is the newly constructed Towne Mall regional shopping center in Elizabethtown, Kentucky which contains a total gross leaseable area of 241,000 square feet and is anchored by J.C. Penney Company, Inc., Ben Snyder Company and Dawahares Company.

In August, 1984, upon the recommendation of Heitman Advisory Corporation, the Kentucky Retirement Systems committed to purchase, for its separate account, the 188,000 square foot Danville Manor Shopping Center in Danville, Kentucky. The newly renovated and expanded center will be anchored by Winn Dixie Stores, Inc., Roses Stores, Inc. and The Ira A. Watson Company. The investment is projected to be funded in the fourth quarter of 1985.

Also, the Kentucky Retirement Systems has committed \$20,500,000 to the Heitman Real Estate Fund II. This Fund will be capitalized at up to \$200,000,000 with the initial disbursement anticipated in the fourth quarter of 1985.

We appreciate the opportunity to act as the real estate investment Counselor for the Kentucky Retirement Systems and look forward to working with you in the future.

Sincerely,

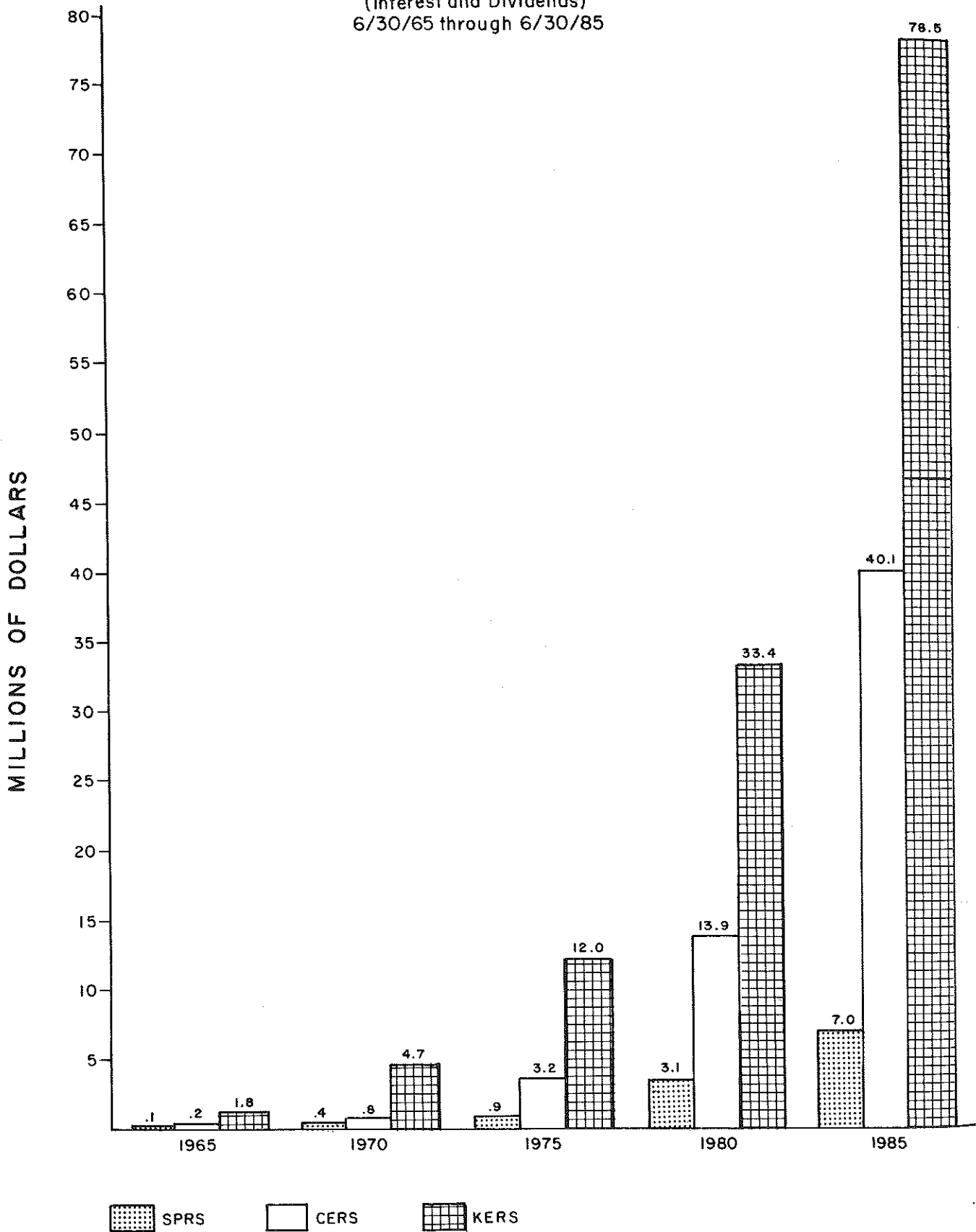


Norman Perlmutter
Chairman of the Board

/jd

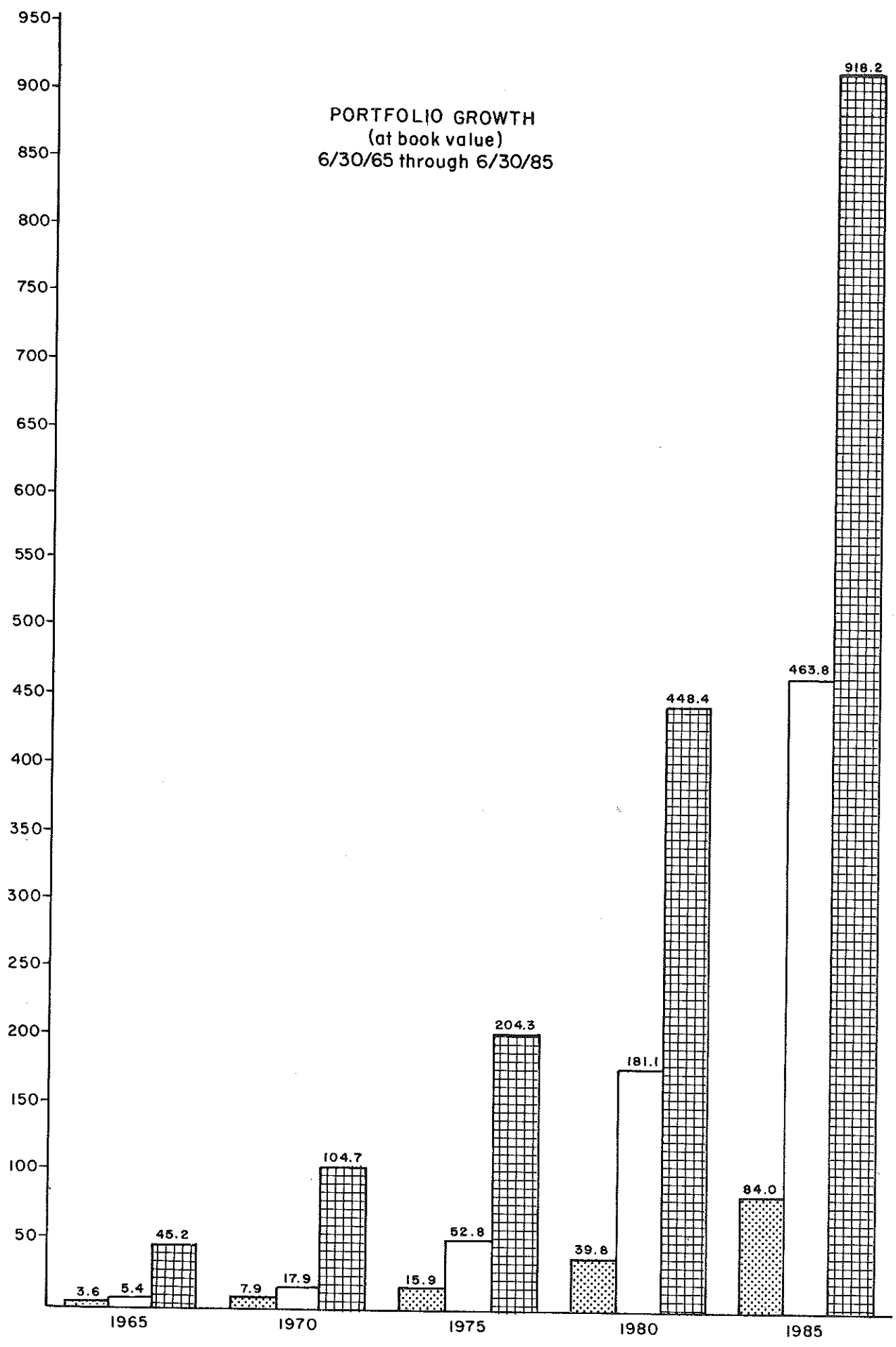
Heitman Advisory Corporation 180 North LaSalle Street Chicago, Illinois 60601 Telex 254605 312 855-5700

PORTFOLIO INCOME GROWTH
 (Interest and Dividends)
 6/30/65 through 6/30/85



MILLIONS OF DOLLARS

PORTFOLIO GROWTH
(at book value)
6/30/65 through 6/30/85



KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 06/30/85

STATE EMPLOYERS (KERS)

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

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$109,648,789.83	\$225,677,938.77	\$150,428,676.93	\$155,384,163.73	\$641,139,569.26
% of Total Par Value	17%	35%	24%	24%	100%
Book Value	\$109,328,911.92	\$202,843,792.89	\$136,019,662.86	\$155,384,163.73	\$603,576,531.40
% of Total Book Value	18%	34%	23%	26%	100%
Market Value	\$111,654,261.08	\$208,605,673.49	\$147,466,293.11	\$155,384,163.73	\$623,110,391.41
% of Total Market Value	18%	33%	24%	25%	100%
Potential Gain (Or Loss)	\$ 2,325,349.16	\$ 5,761,880.60	\$ 11,446,630.25	\$.00	\$ 19,533,860.01
Indicated Annual Income	\$ 12,939,629.23	\$ 21,423,573.64	\$ 16,109,944.35	\$ 11,647,061.79	\$ 62,120,209.01
Current Yield - Book Value	11.84	10.56	11.84	7.50	10.29
- Market Value	11.59	10.27	10.92	7.50	9.97
Yield to Maturity - Mkt Value	11.14	9.66	10.96	7.50	9.69
Average Coupon	11.80	9.49	10.71	7.50	9.69
Average Maturity (Years)	12.86	5.85	19.16	.08	8.77

***** REAL ESTATE *****

BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	ON COST	CURRENT YIELD-- ON MARKET
\$24,030,000.00	\$1,171,462.50	\$1,992,087.00	8.92	7.90

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

NO. OF SHARES	BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD-- ON MARKET
9,470,957	\$290,607,042.38	\$93,863,081.18	\$15,776,159.18	5.43	4.10

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

TYPE	BOOK VALUE	PCTAGE OF PORTFOLIO	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	INDICATED YIELD-- ON MARKET
CORPORATES	\$109,328,911.92	12%	\$ 111,654,261.08	11%	\$12,939,629.23	11.84	11.59
GOVERNMENTS	\$202,843,792.89	22%	\$ 208,605,673.49	20%	\$21,423,573.64	10.56	10.27
MORTGAGES	\$136,019,662.86	15%	\$ 147,466,293.11	14%	\$16,109,944.35	11.84	10.92
SHORT TERM	\$155,384,163.73	17%	\$ 155,384,163.73	15%	\$11,647,061.79	7.50	7.50
REAL ESTATE	\$ 24,030,000.00	3%	\$ 25,201,462.50	2%	\$ 1,992,087.00	8.29	7.90
COMMON STOCK	\$290,607,042.38	31%	\$ 384,470,123.56	38%	\$15,776,159.18	5.43	4.10
TOTAL PORTFOLIO	\$918,213,573.78	100%	\$1,032,781,977.47	100%	\$79,888,455.19	8.70	7.74

COUNTY EMPLOYEES (CERS)

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

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$55,113,929.85	\$110,785,645.93	\$83,118,339.11	\$80,594,516.19	\$329,612,431.08
% of Total Par Value	17%	34%	25%	24%	100%
Book Value	\$54,800,792.01	\$100,157,768.08	\$73,650,616.34	\$80,594,516.19	\$309,203,692.62
% of Total Book Value	18%	32%	24%	26%	100%
Market Value	\$56,641,797.92	\$104,375,905.85	\$81,097,004.06	\$80,594,516.19	\$322,709,224.02
% of Total Market Value	18%	32%	25%	25%	100%
Potential Gain (Or Loss)	\$ 1,841,005.91	\$ 4,218,137.77	\$ 7,446,387.72	\$.00	\$ 13,505,531.40
Indicated Annual Income	\$ 6,542,763.30	\$ 10,899,391.11	\$ 8,962,905.53	\$ 6,039,132.66	\$ 32,444,192.60
Current Yield - Book Value	11.94	10.88	12.17	7.49	10.49
- Market Value	11.55	10.44	11.05	7.49	10.05
Yield to Maturity - Mkt Value	11.03	9.68	11.00	7.50	9.70
Average Coupon	11.87	9.84	10.78	7.49	9.84
Average Maturity (Years)	12.27	5.74	20.33	.08	9.13

***** REAL ESTATE *****

BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	ON COST	CURRENT YIELD ON MARKET
\$14,310,000.00	\$697,612.50	\$1,186,299.00	8.29	7.90

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

NO. OF SHARES	BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
4,541,824	\$140,299,338.06	\$42,495,051.63	\$7,459,110.05	5.32	4.08

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

TYPE	BOOK VALUE	PCTAGE OF PORTFOLIO	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	INDICATED YIELD ON MARKET
CORPORATES	\$ 54,800,792.01	12%	\$ 56,641,797.92	11%	\$ 6,542,763.30	11.94	11.55
GOVERNMENTS	\$100,157,768.08	22%	\$104,375,905.85	20%	\$10,899,391.11	10.88	10.44
MORTGAGES	\$ 73,650,616.34	16%	\$ 81,097,004.06	16%	\$ 8,962,905.53	12.17	11.05
SHORT TERM	\$ 80,594,516.19	17%	\$ 80,594,516.19	15%	\$ 6,039,132.66	7.49	7.49
REAL ESTATE	\$ 14,310,000.00	3%	\$ 15,007,612.50	3%	\$ 1,186,299.00	8.29	7.90
COMMON STOCK	\$140,299,338.06	30%	\$182,794,389.69	35%	\$ 7,459,110.05	5.32	4.08
TOTAL PORTFOLIO	\$463,813,030.68	100%	\$520,511,226.21	100%	\$41,089,601.65	8.86	7.89

KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 06/30/85

STATE POLICE (SPRS)

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

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value	\$11,234,614.53	\$20,000,977.80	\$12,522,060.72	\$15,106,268.59	\$58,863,921.64
% of Total Par Value	19%	34%	21%	26%	100%
Book Value	\$11,035,436.33	\$17,085,277.50	\$11,484,772.44	\$15,106,268.59	\$54,711,754.86
% of Total Book Value	20%	31%	21%	28%	100%
Market Value	\$11,240,129.93	\$17,259,961.99	\$12,191,179.35	\$15,106,268.59	\$55,797,539.86
% of Total Market Value	20%	31%	22%	27%	100%
Potential Gain (Or Loss)	\$ 204,693.60	\$ 174,684.49	\$ 706,406.91	\$.00	\$ 1,085,785.00
Indicated Annual Income	\$ 1,309,076.28	\$ 1,771,933.33	\$ 1,316,787.85	\$ 1,131,987.42	\$ 5,529,784.88
Current Yield - Book Value	11.86	10.37	11.47	7.49	10.11
- Market Value	11.65	10.27	10.80	7.49	9.91
Yield to Maturity - Mkt Value	11.32	9.75	10.81	7.50	9.70
Average Coupon	11.65	8.86	10.52	7.49	9.39
Average Maturity (Years)	15.60	5.99	18.03	.08	8.87

***** REAL ESTATE *****

BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	ON COST	CURRENT YIELD ON MARKET
\$2,160,000.00	\$105,300.00	\$179,064.00	8.29	7.90

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

NO. OF SHARES	BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
893,291	\$27,139,073.96	\$7,730,142.46	\$1,424,474.13	5.25	4.09

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

TYPE	BOOK VALUE	PCTAGE OF PORTFOLIO	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	INDICATED YIELD ON MARKET
CORPORATES	\$11,035,436.33	13%	\$11,240,129.93	12%	\$1,309,076.28	11.86	11.65
GOVERNMENTS	\$17,085,277.50	20%	\$17,259,961.99	19%	\$1,771,933.33	10.37	10.27
MORTGAGES	\$11,484,772.44	14%	\$12,191,179.35	13%	\$1,316,787.85	11.47	10.80
SHORT TERM	\$15,106,268.59	18%	\$15,106,268.59	16%	\$1,131,987.42	7.49	7.49
REAL ESTATE	\$2,160,000.00	3%	\$2,265,300.00	2%	\$179,064.00	8.29	7.90
COMMON STOCK	\$27,139,073.96	32%	\$34,869,216.42	36%	\$1,424,474.13	5.25	4.09
TOTAL PORTFOLIO	\$84,010,828.82	100%	\$92,932,056.28	100%	\$7,133,323.01	8.49	7.68

KENTUCKY RETIREMENT SYSTEMS
 PORTFOLIO SUMMARY: 06/30/85

ALL SYSTEMS COMBINED

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

DESCRIPTION	CORPORATES	GOVERNMENTS	MORTGAGES	SHORT TERM	TOTAL
Par Value % of Total Par Value	\$175,997,334.21 17%	\$356,464,562.50 35%	\$246,069,076.76 24%	\$251,084,948.51 24%	\$1,029,615,921.98 100%
Book Value % of Total Book Value	\$175,165,140.26 18%	\$320,086,838.47 33%	\$221,155,051.64 23%	\$251,084,948.51 26%	\$ 967,491,978.88 100%
Market Value % of Total Market Value	\$179,536,188.93 18%	\$330,241,541.33 33%	\$240,754,476.52 24%	\$251,084,948.51 25%	\$1,001,617,155.29 100%
Potential Gain (Or Loss)	\$ 4,371,048.67	\$ 10,154,702.86	\$ 19,599,424.88	\$.00	\$ 34,125,176.41
Indicated Annual Income	\$ 20,791,468.81	\$ 34,094,898.08	\$ 26,389,637.73	\$ 18,818,181.87	\$ 100,094,186.49
Current Yield - Book Value - Market Value	11.87 11.58	10.65 10.32	11.93 10.96	7.49 7.49	10.35 9.99
Yield to Maturity - Mkt Value	11.12	9.67	10.96	7.50	9.70
Average Coupon	11.81	9.56	10.72	7.49	9.72
Average Maturity (Years)	12.85	5.82	19.50	.08	8.89

***** REAL ESTATE *****

BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED INCOME	ON COST	CURRENT YIELD ON MARKET
\$40,500,000.00	\$1,974,375.00	\$3,357,450.00	8.29	7.90

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

NO. OF SHARES	BOOK VALUE/COST	POTENTIAL GAIN (OR LOSS)	INDICATED DIVIDEND INCOME	ON COST	CURRENT YIELD ON MARKET
14,906,072	\$458,045,454.40	\$144,088,275.27	\$24,659,743.36	5.38	4.10

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

TYPE	BOOK VALUE	PCTAGE OF PORTFOLIO	MARKET VALUE	PCTAGE OF PORTFOLIO	INDICATED INCOME	ON BOOK	INDICATED YIELD ON MARKET
CORPORATES	\$ 175,165,140.26	12%	\$ 179,536,188.93	11%	\$ 20,791,468.81	11.87	11.58
GOVERNMENTS	\$ 320,086,838.47	22%	\$ 330,241,541.33	20%	\$ 34,094,898.08	10.65	10.32
MORTGAGES	\$ 221,155,051.64	15%	\$ 240,754,476.52	15%	\$ 26,389,637.73	11.93	10.96
SHORT TERM	\$ 251,084,948.51	17%	\$ 251,084,948.51	15%	\$ 18,818,181.87	7.49	7.49
REAL ESTATE	\$ 40,500,000.00	3%	\$ 42,474,375.00	3%	\$ 3,357,450.00	8.29	7.90
COMMON STOCK	\$ 458,045,454.40	31%	\$ 602,133,729.67	36%	\$ 24,659,743.36	5.38	4.10
TOTAL PORTFOLIO	\$1,466,037,433.28	100%	\$1,646,225,259.96	100%	\$128,111,379.85	8.74	7.78

KENTUCKY RETIREMENT SYSTEMS
COMMON STOCK PORTFOLIO FOR THE PERIOD ENDED 6/30/85

NAME OF SECURITY	SHARES	COST	6/30/85 MARKET	TOTAL MARKET VALUE	POTENTIAL GAIN OR LOSS	EARNINGS PER SHARE			P/E RATIO	YIELD	
						1983	1984	1985			
Index Fund (summary*)	3,975,640	34	42	\$166,976,880	\$30,663,699	\$3.15	\$3.43	\$3.74E	12	11	3.9%
Acorn Fund	522,695	29	35	\$18,032,977	\$2,999,386	\$.00	\$.00	\$.00E	12	11	1.4%
Allied Corp.	169,285	26	43	\$7,215,772	\$2,749,084	\$4.05	\$4.43	\$5.04E	9	8	4.2%
American Express	137,973	26	48	\$6,553,716	\$3,270,237	\$2.92	\$2.77	\$2.92E	20	16	2.7%
American Intl. Group	67,300	67	85	\$5,720,500	\$1,184,480	\$5.80	\$5.77	\$3.88E	14	21	0.5%
Ameritech Corp.	19,542	59	95	\$1,854,046	\$692,824	\$9.47	\$9.47	\$10.31E	10	9	7.0%
Amoco Corp.	61,200	25	64	\$3,924,449	\$2,368,617	\$6.69	\$7.70	\$8.10E	8	7	5.1%
Amsted Ind.	60,000	43	40	\$2,392,499	\$159,705-	\$.00	\$2.33	\$3.00E	17	13	4.0%
Archer-Daniels-Midland	210,840	18	24	\$5,112,868	\$1,322,291	\$1.12	\$.81	\$1.51E	29	16	0.6%
Baxter Travenol Lab.	280,100	10	15	\$4,506,536	\$1,450,050	\$1.38	\$1.45	\$.24E	10	64	2.4%
Beatrice Food	248,888	28	32	\$7,902,192	\$835,139	\$3.06	\$3.05	\$5.06E	9	6	5.7%
Black & Decker Mfg.	100,000	25	20	\$1,975,000	\$482,312-	\$.40	\$1.05	\$1.76E	18	11	3.2%
Boeing Company	127,500	26	45	\$5,705,624	\$2,433,475	\$2.21	\$2.36	\$2.89E	19	15	2.4%
Borg-Warner	600,000	17	23	\$13,649,999	\$3,294,875	\$1.92	\$2.18	\$2.23E	10	10	4.0%
Bristol-Myers	85,500	17	61	\$5,247,561	\$3,780,243	\$2.68	\$3.13	\$3.55E	19	17	3.1%
Burroughs Corp.	50,000	60	59	\$2,925,000	\$56,625-	\$2.16	\$4.74	\$5.48E	12	10	4.4%
Capital Holding	200,000	9	24	\$4,774,999	\$3,056,250	\$2.20	\$2.30	\$2.55E	10	9	3.2%
Coca-Cola Co.	100,000	51	69	\$6,937,499	\$1,876,854	\$3.98	\$4.22	\$4.82E	16	14	4.3%
Colt Industries	75,000	59	64	\$4,781,249	\$381,200	\$4.01	\$5.99	\$8.00E	10	8	3.9%
Combined Intl.	75,000	48	48	\$3,618,749	\$2,987-	\$3.89	\$4.05	\$4.70E	11	10	4.5%
CSX Corporation	204,815	14	26	\$5,350,791	\$2,435,731	\$2.59	\$2.59	\$2.97E	10	8	4.4%
Delta Air Lines	94,800	32	49	\$4,645,200	\$1,575,694	\$.00	\$1.97	\$6.20E	24	7	1.6%
Donnelley (RR) & So.	75,000	53	56	\$4,162,500	\$204,680	\$2.40	\$3.00	\$3.34E	18	16	1.8%
Dow Chemical	179,200	32	36	\$6,406,399	\$601,586	\$1.55	\$1.84	\$2.77E	19	12	5.0%
Eastman Kodak Co.	100,000	55	44	\$4,424,999	\$1,113,193-	\$4.55	\$2.71	\$3.67E	16	12	5.8%
Englehard Corp.	75,000	36	26	\$1,968,749	\$744,587-	\$2.48	\$1.55	\$2.74E	16	9	2.7%
Exxon	280,000	24	54	\$15,084,999	\$8,376,745	\$5.08	\$6.31	\$6.73E	8	8	6.3%
FMC Corporation	95,300	26	69	\$6,528,050	\$4,080,805	\$4.54	\$5.34	\$1.64E	12	41	3.2%
General Electric	151,800	26	62	\$9,392,624	\$5,477,867	\$4.10	\$4.59	\$5.08E	13	12	3.6%
General Motors	66,500	42	72	\$4,788,000	\$1,980,694	\$4.76	\$14.87	\$12.37E	4	5	6.9%
General Re. Corp.	50,000	63	85	\$4,250,000	\$1,097,750	\$4.20	\$3.47	\$4.50E	24	18	1.8%
General Signal	95,800	33	46	\$4,394,824	\$1,980,694	\$3.50	\$3.31	\$3.84E	13	11	3.9%
Genuine Parts	100,000	33	34	\$3,350,000	\$1,227,130	\$1.83	\$2.02	\$2.22E	16	15	3.5%
Greyhound Corp.	100,000	30	30	\$2,987,498	\$31,550	\$1.47	\$2.49	\$3.30E	12	9	4.0%
Hospital Corp. of Amer.	90,100	48	49	\$4,369,849	\$40,331	\$2.41	\$2.97	\$3.53E	16	13	1.2%
Houston Ind.	100,000	22	28	\$2,837,500	\$658,500	\$3.54	\$3.85	\$4.10E	7	6	9.3%
I C Industries	300,000	14	35	\$10,537,500	\$6,462,000	\$1.53	\$2.81	\$2.73E	12	12	4.1%
IBM	275,000	69	124	\$34,031,249	\$14,994,432	\$7.68	\$9.39	\$10.41E	13	11	3.6%
Intel Group	93,500	38	26	\$2,431,000	\$1,144,942-	\$.38	\$1.36	\$1.36E	19	19	0.0%
J. C. Penney Co.	92,100	54	52	\$4,743,149	\$208,376-	\$5.78	\$6.39	\$5.56E	8	9	4.6%
K-Mart Corp.	136,800	31	38	\$5,249,699	\$997,599	\$2.35	\$3.90	\$3.85E	9	10	3.6%
Lou. Gas & Electric	50,000	20	31	\$1,543,749	\$520,625	\$2.88	\$3.79	\$3.80E	8	8	7.9%
MCA Corporation	80,000	45	60	\$4,789,998	\$1,220,916	\$3.99	\$2.68	\$1.91E	22	31	1.5%
McDonalds Corp.	140,550	41	69	\$9,627,674	\$3,809,022	\$3.42	\$3.94	\$4.50E	17	15	1.3%
Melville Corp.	50,000	43	48	\$2,400,000	\$246,825	\$2.78	\$3.31	\$3.39E	14	14	3.0%
Merck & Co. Inc.	50,000	99	113	\$5,631,250	\$662,725	\$5.67	\$6.25	\$6.85E	18	16	2.8%
Mobil Corp.	100,900	15	30	\$3,039,611	\$1,483,550	\$3.35	\$4.01	\$2.96E	7	10	7.3%
Morrison-Knudsen Co.	100,000	38	42	\$4,187,498	\$414,637	\$3.96	\$4.13	\$4.35E	10	9	3.5%
N. L. Industries	86,000	32	11	\$935,250	\$1,788,638-	\$1.63	\$.00	\$.00E	10	9	1.8%
NGR Corporation	100,000	15	31	\$3,062,500	\$1,529,347	\$2.21	\$2.76	\$3.30E	11	9	2.9%
Norfolk Southern	46,900	55	69	\$3,212,649	\$612,936	\$5.36	\$6.40	\$7.61E	10	9	5.0%

* Index Fund (summary) --- This item is a summary of 339 common stock issues which represent a core investment in stocks. The Index Fund is structured to match or exceed the performance of the S & P 500 Stock Index.

NAME OF SECURITY	SHARES	COST	MARKET	MARKET VALUE	TOTAL MARKET VALUE	CAIN OR LOSS	1983	1984	1985	84	85	YIELD
Pacific Gas & Electric	168,100	14	20	\$ 3,298,961	\$ 3,298,961	\$ 935,056	\$2.38	\$2.31	\$2.59E	8	7	9.4%
Penn Central	75,000	49	53	\$ 3,984,374	\$ 3,984,374	\$ 321,260	\$.65	\$4.47	\$6.25E	11	8	0.0%
Pfizer Inc.	100,000	41	50	\$ 4,950,000	\$ 4,950,000	\$ 886,800	\$2.25	\$2.82	\$3.20E	17	15	3.0%
Phibro-Salomon Inc.	100,000	34	43	\$ 4,262,499	\$ 4,262,499	\$ 828,591	\$3.00	\$3.35	\$1.60E	12	26	1.3%
Philip Morris	87,300	27	85	\$ 7,453,237	\$ 7,453,237	\$ 5,082,665	\$6.37	\$7.36	\$7.69E	11	11	4.7%
Proctor & Gamble Co.	182,300	42	56	\$ 10,254,373	\$ 10,254,373	\$ 2,558,570	\$5.12	\$5.34	\$4.21E	10	13	4.6%
Revlon Inc.	100,000	38	41	\$ 4,075,000	\$ 4,075,000	\$ 235,250	\$2.11	\$3.01	\$3.04E	13	13	4.5%
Rohr Industries	75,000	48	56	\$ 4,162,500	\$ 4,162,500	\$ 594,242	\$3.69	\$4.50	\$5.50E	12	10	0.0%
Schering-Plough	94,300	37	45	\$ 4,219,924	\$ 4,219,924	\$ 699,234	\$3.34	\$3.42	\$3.52E	13	12	3.8%
Sears Roebuck & Co.	200,000	26	38	\$ 7,674,998	\$ 7,674,998	\$ 2,436,200	\$2.73	\$3.95	\$4.01E	9	9	4.6%
Singer Co.	100,000	33	37	\$ 3,674,999	\$ 3,674,999	\$ 332,212	\$.64	\$2.57	\$4.15E	14	8	1.1%
Southern Co.	400,000	19	22	\$ 8,849,999	\$ 8,849,999	\$ 1,195,051	\$2.19	\$2.89	\$3.06E	7	7	8.7%
Southwest Airlines	125,000	27	28	\$ 3,468,749	\$ 3,468,749	\$ 153,625	\$1.40	\$1.64	\$2.20E	16	12	0.5%
Southwestern Bell Co.	140,716	67	84	\$ 11,820,144	\$ 11,820,144	\$ 2,349,088	\$8.93	\$8.93	\$9.58E	9	8	7.1%
State St. Boston Corp.	50,000	38	38	\$ 3,350,000	\$ 3,350,000	\$ 1,475,000	\$4.45	\$4.75	\$5.25E	14	12	1.6%
Super Valu Stores	50,000	34	38	\$ 1,912,500	\$ 1,912,500	\$ 234,500	\$1.85	\$2.08	\$2.90E	18	13	1.8%
Tandy Corporation	86,900	45	36	\$ 3,106,674	\$ 3,106,674	\$ 836,552	\$2.56	\$2.86	\$2.13E	12	16	0.0%
Temple Inland	75,000	33	34	\$ 2,531,249	\$ 2,531,249	\$ 55,100	\$1.99	\$4.23	\$5.75E	8	5	1.9%
Textron Inc.	50,000	50	55	\$ 2,750,000	\$ 2,750,000	\$ 248,312	\$2.05	\$2.52	\$3.74E	21	14	3.3%
Transamerica Corp.	142,200	22	32	\$ 4,550,400	\$ 4,550,400	\$ 1,474,827	\$3.04	\$2.75	\$2.04E	11	15	5.1%
U. S. West Inc.	33,372	60	81	\$ 2,703,132	\$ 2,703,132	\$ 706,570	\$8.96	\$8.96	\$9.19E	9	8	7.1%
Walgreen Co.	87,000	19	28	\$ 2,403,374	\$ 2,403,374	\$ 750,483	\$.99	\$1.28	\$1.43E	21	19	1.6%
Warner Lambert	143,300	29	43	\$ 6,215,635	\$ 6,215,635	\$ 2,119,177	\$2.11	\$2.61	\$2.89E	16	15	3.4%
Weyerhaeuser Co.	185,500	38	29	\$ 5,333,124	\$ 5,333,124	\$ 1,717,695	\$.63	\$1.47	\$1.53E	19	18	4.5%
Xerox Corporation	139,900	51	53	\$ 7,362,237	\$ 7,362,237	\$ 235,195	\$4.43	\$4.37	\$2.39E	12	22	5.7%
20th Century Growth	1,188,656	12	14	\$ 16,938,347	\$ 16,938,347	\$ 2,783,028	\$.00	\$.00	\$.00E	12	22	10.7%

SHARES	TOTAL COST	TOTAL MARKET VALUE	POTENTIAL G/L	DIVIDEND INCOME	P/E 1984	P/E 1985	YIELD
14,906,072	\$458,045,454.40	\$602,133,729.67	\$144,088,275.27	\$24,659,743.36	12	12	4.1%

KENTUCKY RETIREMENT SYSTEMS
BOND PORTFOLIO FOR THE PERIOD ENDED 6/30/85

SECURITY NAME	COUPON	MATURITY	PAR VALUE (IN 1000'S)			YIELD	PRICE	S&P	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.	
			KBRS	CERS	SPRS								TOTAL
Alaska Housing Fin.	11.750%	12/92	2600	1200	200	4000	11.050	\$103.500	NR	AA	4,140,000	342,682	470,000
Allied Stores Corp.	8.750%	07/09	500	499	1000	1000	6.904	\$121.500	A	A	1,215,000	215,000	87,500
American Hosp. Supp.	13.125%	09/92	1410	796	68	2275	11.402	\$108.250	AA	AA	2,462,688	69,797	298,593
American Southwest	12.250%	02/02	3250	1600	150	5000	11.745	\$103.625	NR	AA	5,181,250	200,422	612,500
Anadarko Production	14.750%	12/91	2910	1649	291	4850	12.120	\$111.500	A	A	5,407,750	155,190	715,375
Associates Corp.	11.500%	05/89	975	450	75	1500	10.570	\$102.750	A	A	1,541,250	57,754	172,500
Atlantic Richfield	8.750%	12/01	3450	1579	381	5446	11.050	\$ 82.750	AA	AAA	4,506,763	4,018	476,545
Bank America Corp.	12.125%	05/94	3200	1600	200	5000	9.250	\$102.250	A	A	5,112,500	132,165	606,250
Bell Tel. Penn.	15.125%	04/21	640	320	40	1000	12.990	\$116.250	A	A	1,162,500	54,007	151,250
Beneficial Corp.	12.500%	12/93	3600	1800	600	6000	10.850	\$109.000	A	A	6,540,000	229,224	750,000
Borden Inc.	8.500%	04/04	745	199	56	1000	11.000	\$ 80.375	AA	A	803,750	218,992-	85,000
Brooklyn Union Gas	4.375%	05/88	168	28	28	224	11.150	\$ 83.500	A	A	187,040	36,960-	9,800
Capital Holding	12.150%	01/92	3000	1750	250	5000	11.243	\$104.125	A	A	5,206,250	206,250	607,500
Capital Holding Co.	12.750%	01/06	988	500	511	2000	12.000	\$105.750	A	A	2,115,000	115,000	255,000
Carolina Power & L.	11.625%	12/92	690	290	20	1000	11.000	\$103.125	A	A	1,031,250	45,346	116,250
Caterpillar Tractor	13.375%	10/07	4890	2571	689	8150	12.300	\$108.000	A	A	8,802,000	891,775	1,090,062
Centex CMO E2	11.750%	03/94	1350	800	150	2500	11.193	\$103.000	AAA	AAA	2,575,000	96,310	293,750
Cheveron Capital U.	11.000%	02/90	650	260	90	1000	10.030	\$103.500	AA	AA	1,035,000	55,420	110,000
Closed End Fund	8.290%	12/95	24030	14310	2160	40500	14.585	\$104.875	NR	NR	42,474,375	1,974,375	3,357,450
Con Rail Corp Ge. G.	11.000%	01/99	5806	2855	856	9518	10.800	\$101.375	AAA	AAA	9,649,786	130,885	1,047,079
Continental Oil	8.875%	06/01	715	572	13	1300	10.950	\$ 84.500	AA	AA	1,098,500	158,872	115,375
DCS Capital	12.375%	10/96	6036	3109	655	9800	11.370	\$106.375	AA	AA	10,424,750	554,798	1,212,750
Dow Chemical	8.500%	01/06	1320	1080	600	3000	11.300	\$ 77.875	A	A	2,336,250	24,100-	252,000
Fed. Farm Credit Ba.	15.650%	10/89	2750	2200	50	5000	10.003	\$119.375	NR	NR	9,668,750	968,750	782,500
Fed. Home Loan CMO	11.250%	12/95	4422	2175	652	7250	11.014	\$101.500	AAA	AAA	7,358,750	148,125	815,625
Fed. Home Loan GMC	9.000%	09/08	931	429	71	1432	9.707	\$ 93.750	AAA	AAA	1,343,062	105,538	128,934
Fed. Home Loan GMC	9.875%	03/09	3961	2243	315	6520	10.282	\$ 96.375	AAA	AAA	6,284,421	618,499	643,929
Fed. Home Loan GMC	10.250%	03/09	4355	3402	96	7854	10.566	\$ 97.475	AAA	AAA	7,677,871	1,318,598	805,096
Fed. Home Loan GMC	10.000%	09/09	12115	9241	359	21717	10.424	\$ 96.250	AAA	AAA	20,902,612	2,325,057	2,171,700
Fed. Home Loan GMC	11.250%	04/11	3683	1841	613	6139	11.368	\$ 99.000	AAA	AAA	6,078,354	584,849	690,722
Fed. Home Loan GMC	8.200%	09/05	3917	2381	1382	7682	9.579	\$ 87.750	AAA	AAA	8,741,130	208,443	629,940
Fed. Home Loan GMC	9.400%	09/08	1086	869	19	1976	9.982	\$ 94.750	AAA	AAA	1,872,260	217,553	185,744
Fed. Inter. Cr. Bk.	6.950%	01/87	7846	2784	668	11000	8.174	\$ 98.250	AAA	AAA	10,807,500	149,722-	764,500
Fed. Home Loan GM	8.500%	09/07	1513	711	68	2293	9.603	\$ 87.125	AAA	AAA	1,998,520	67,310	194,977
Fed. Home Loan	7.650%	05/87	10323	4741	935	16000	8.602	\$ 98.250	AAA	AAA	15,720,000	280,000-	1,224,000
Fed. Home Loan	7.875%	02/97	5624	1864	510	8000	10.298	\$ 83.750	AAA	AAA	6,700,000	1,371,654-	630,000
Fed. Land Bank	7.600%	04/87	2980	1920	100	5000	8.634	\$ 98.250	AAA	AAA	4,912,500	87,500-	380,000
Fed. Land Bank	7.250%	07/87	2559	2139	301	5000	8.578	\$ 97.500	AAA	AAA	4,875,000	125,000-	362,500
FHA Mortgages	4.869%	07/90			201	201	9.648	\$ 89.000	NR	NR	179,720	24,497-	9,832
FHA Mortgages	4.984%	07/90			295	295	9.648	\$ 89.000	NR	NR	262,932	35,537-	14,724
FHA Mortgages	5.016%	07/90	2894		2894	2894	9.648	\$ 89.000	NR	NR	2,575,957	367,522-	145,179
FNMA	12.500%	03/91	6400	3100	500	10000	10.476	\$108.500	AAA	AAA	10,850,000	855,357	1,250,000
FNMA	11.950%	01/95	6500	2900	600	10000	10.555	\$108.250	AAA	AAA	10,825,000	925,000	1,195,000
Ford Motor Credit	10.375%	04/00	3100	1600	300	5000	10.200	\$100.375	A	A	5,018,750	13,900-	518,750
Ford Motor Credit	8.700%	04/99	1490	398	112	2000	11.250	\$ 82.250	A	A	1,645,000	390,691-	174,000
General Foods	14.375%	03/89	3180	2700	120	6000	11.490	\$108.375	AA	AA	6,502,500	188,059	862,500
General Home Fin.	11.000%	09/03	4270	2310	420	7000	11.040	\$100.375	AAA	AAA	7,026,250	39,550	770,000
GNAC	8.625%	05/88	4750	2870	380	8000	9.500	\$ 91.875	A	A	7,350,000	42,895-	690,000
GNAC Medium Term	11.250%	05/86	5580	2970	450	9000	8.138	\$102.500	AA	AA	9,225,000	121,014	1,012,500
GNMA 100103 (Mob Hom)	10.750%	08/98	281	164	38	484	10.721	\$100.125	AAA	AAA	485,291	38,478	52,103
GNMA 100109 (Mob Hom)	10.750%	08/98	222	130	30	383	10.721	\$100.125	AAA	AAA	384,415	20,451	41,273
GNMA 100111 (Mob Hom)	10.750%	08/98	253	148	34	436	10.721	\$100.125	AAA	AAA	436,885	34,627	46,906
GNMA 100127 (Mob Hom)	10.750%	08/98	264	154	36	455	10.721	\$100.125	AAA	AAA	456,317	36,170	48,992

08/98 264 154 36

SECURITY NAME	COUPON	MATURITY	PAR VALUE (IN \$000'S)			YIELD	PRICE	S&P	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.
			KERS	CRS	SPRS	TOTAL						
GNMA 100131 (Mob Hom)	10.750%	08/98	276	123	25	425	10.721	AAA	425,908	24,940	45,727	
GNMA 101052 (Mob Hom)	10.750%	08/98	621	277	57	956	10.721	AAA	957,725	56,138	102,826	
GNMA 126519A	11.500%	03/15	609	369	19	999	11.474	AAA	1,001,895	71,016	114,930	
GNMA 126519B	11.500%	03/15	312	189	10	511	11.474	AAA	512,769	36,346	58,821	
GNMA 14171	7.500%	01/07	388	175	42	606	9.648	AAA	492,805	63,798-	45,489	
GNMA 15775	7.500%	05/07	343	155	37	537	9.648	AAA	436,605	60,850-	40,301	
GNMA 15952	7.500%	05/07	370	256	47	674	9.648	AAA	548,006	71,383-	50,585	
GNMA 16188	7.500%	04/07	696	481	88	1266	9.648	AAA	1,029,159	134,041-	94,999	
GNMA 39313	11.500%	03/10	585	217	33	836	11.364	AAA	849,447	73,933-	54,497	
GNMA 39478	11.500%	03/10	519	192	29	742	11.364	AAA	739,645	119,358	96,149	
GNMA 40093	13.500%	05/10	397	280	6	684	12.447	AAA	739,645	105,857	85,330	
GNMA 41401	11.500%	08/10	1073	528	102	1704	11.392	AAA	1,719,273	233,146	196,001	
GNMA 42195	11.500%	10/10	1055	392	60	1508	11.364	AAA	1,523,372	160,941	173,433	
GNMA 42199	11.500%	10/10	1201	446	68	1716	11.364	AAA	1,733,748	183,195	197,406	
GNMA 42711	11.500%	10/10	1331	494	76	1902	11.364	AAA	1,921,426	245,457	218,776	
GNMA 42994	11.500%	10/10	1199	445	68	1714	11.364	AAA	1,731,281	245,457	197,126	
GNMA 43596A	11.500%	10/10	1162	431	66	1661	11.364	AAA	1,677,795	146,362	191,036	
GNMA 43596B	11.500%	10/10	2325	863	132	3322	11.364	AAA	3,355,590	385,410	382,072	
GNMA 43596D	11.500%	10/10	145	53	8	207	11.364	AAA	209,724	24,073	23,879	
GNMA 43599	11.500%	11/10	1177	437	67	1681	11.364	AAA	1,698,509	181,307	193,334	
GNMA 43761	11.500%	10/10	655	243	37	936	11.364	AAA	946,171	100,757	107,732	
GNMA 44106	11.500%	10/10	881	327	50	1259	11.364	AAA	1,271,879	171,095	144,817	
GNMA 44305	13.000%	05/11	379	268	6	654	12.332	AAA	687,848	94,431	85,060	
GNMA 44423	11.500%	10/10	289	107	16	414	11.364	AAA	418,401	56,298	47,639	
GNMA 45206	14.000%	06/11	348	279	6	634	12.886	AAA	686,848	102,302	88,830	
GNMA 45263	14.000%	06/11	392	313	7	713	12.886	AAA	771,908	114,964	99,831	
GNMA 45350	11.500%	10/10	1256	466	71	1794	11.364	AAA	1,812,640	243,895	206,389	
GNMA 45636	13.500%	06/11	407	287	7	702	12.886	AAA	761,744	106,066	94,779	
GNMA 45825	11.500%	10/10	682	253	39	975	11.364	AAA	984,927	139,667	112,145	
GNMA 45943	13.000%	04/11	333	235	5	574	12.332	AAA	603,740	82,879	74,659	
GNMA 46119	13.000%	03/11	138	97	2	238	12.332	AAA	251,048	34,458	31,045	
GNMA 46120	13.500%	05/11	23	16	41	41	12.886	AAA	44,905	6,252	5,587	
GNMA 46332 (Mob Hom)	13.750%	06/96	199	141	3	344	12.087	AAA	373,565	47,890	47,341	
GNMA 46332 (Mob Hom)	13.750%	06/96	115	81	1	199	12.087	AAA	216,668	27,556	27,457	
GNMA 46332 (Mob Hom)	13.750%	06/96	171	121	2	296	12.087	AAA	321,266	41,232	40,713	
GNMA 46332 (Mob Hom)	13.750%	06/96	111	79	1	192	12.087	AAA	209,196	26,682	26,511	
GNMA 46387	13.000%	04/11	24	17	42	42	12.332	AAA	44,331	6,087	5,482	
GNMA 46438	11.500%	10/10	603	224	34	861	11.364	AAA	870,368	91,929	99,101	
GNMA 46473 (Mob Hom)	13.750%	06/96	410	290	7	708	12.087	AAA	768,310	76,079	97,366	
GNMA 46517	13.500%	05/11	243	172	4	420	12.886	AAA	454,900	62,428	56,731	
GNMA 46727	13.000%	04/11	460	325	7	794	12.332	AAA	835,299	114,658	103,295	
GNMA 46866	13.000%	04/11	222	157	3	383	12.332	AAA	402,870	55,294	49,819	
GNMA 47004	13.500%	05/11	329	233	5	568	12.886	AAA	617,207	85,900	76,795	
GNMA 47110	13.000%	03/11	420	296	7	724	12.332	AAA	761,424	104,470	94,159	
GNMA 47200	13.000%	02/11	198	140	3	342	12.332	AAA	360,356	49,459	44,562	
GNMA 47625 (Mob Hom)	13.750%	06/96	370	262	6	639	12.087	AAA	693,840	68,693	87,929	
GNMA 47626 (Mob Hom)	13.750%	06/96	368	260	6	635	12.087	AAA	689,064	68,224	87,323	
GNMA 47775 (Mob Hom)	13.750%	06/96	183	129	3	316	12.087	AAA	343,769	34,042	43,565	
GNMA 47919	13.500%	05/11	401	288	7	702	12.886	AAA	760,764	104,383	94,875	
GNMA 48144	13.500%	05/11	187	128	3	313	12.886	AAA	339,585	46,604	42,305	
GNMA 48205	13.750%	06/96	387	274	6	668	12.087	AAA	725,373	92,945	91,925	
GNMA 48409 (Mob Hom)	13.750%	06/96	300	212	5	517	12.087	AAA	561,848	55,629	71,201	
GNMA 48533	14.000%	06/11	361	289	6	656	12.886	AAA	711,034	105,908	91,958	
GNMA 48534	14.000%	06/11	305	244	5	554	12.886	AAA	600,757	89,460	77,696	

SECURITY NAME	COUPON	MATURITY	PAR VALUE (IN \$000'S)	YIELD	PRICE	S&P	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.
			KERS CERS SPRS TOTAL							
GNMA 48987	14.000%	07/11	358 287 6 652	12.886	\$108.250	AAA	AAA	706,150	105,184	91,327
GNMA 49511 (Mob Hom)	13.750%	06/96	201 142 3 347	12.087	\$108.500	AAA	AAA	377,364	48,354	47,822
GNMA 50376 (Mob Hom)	13.750%	10/96	1924 1546 33 3504	12.087	\$108.500	AAA	AAA	3,802,416	395,396	481,873
GNMA 58123 (Mob Hom)	10.750%	01/98	215 94 26 336	10.721	\$100.125	AAA	AAA	337,129	1,871	36,196
GNMA 58562 (Mob Hom)	10.750%	01/98	268 117 33 419	10.721	\$100.125	AAA	AAA	420,067	2,333	45,100
GNMA 63703 (Mob Hom)	10.750%	08/98	264 155 36 456	10.721	\$100.125	AAA	AAA	436,878	36,193	49,053
GNMA 64144 (Mob Hom)	10.750%	08/98	777 456 107 1341	10.721	\$100.125	AAA	AAA	1,342,942	106,431	144,186
GNMA 66414 (Mob Hom)	10.750%	06/98	569 249 71 890	10.721	\$100.125	AAA	AAA	891,167	7,856	95,680
GNMA 66691 (Mob Hom)	10.750%	08/98	268 157 36 462	10.721	\$100.125	AAA	AAA	462,844	36,688	49,693
GNMA 66702 (Mob Hom)	10.750%	06/98	253 148 34 437	10.721	\$100.125	AAA	AAA	437,878	34,659	47,013
GNMA 66706 (Mob Hom)	10.750%	06/98	113 50 10 174	10.721	\$100.125	AAA	AAA	174,793	10,228	18,766
GNMA 66706 (Mob Hom)	10.750%	08/98	269 158 37 464	10.721	\$100.125	AAA	AAA	465,502	36,932	49,978
GNMA 67871A	11.500%	05/13	181 80 16 278	10.721	\$100.125	AAA	AAA	279,288	16,347	29,986
GNMA 67871B	11.500%	05/13	597 362 19 979	11.800	\$ 97.500	AAA	AAA	954,558	42,632	112,588
GNMA 68336	11.500%	06/13	597 362 19 979	11.800	\$ 97.500	AAA	AAA	954,558	42,632	112,588
GNMA 68689 (Mob Hom)	10.750%	08/98	262 153 36 452	10.721	\$100.125	AAA	AAA	959,154	42,839	113,130
GNMA 69000	11.500%	05/13	597 362 19 979	11.800	\$ 97.500	AAA	AAA	453,356	35,930	48,674
GNMA 69055 (Mob Hom)	10.750%	06/98	531 232 66 830	10.721	\$100.125	AAA	AAA	954,839	42,646	112,622
GNMA 69885 (Mob Hom)	10.750%	08/98	578 258 53 890	10.721	\$100.125	AAA	AAA	831,637	7,332	89,289
GNMA 70018 (Mob Hom)	10.750%	08/98	266 156 36 459	10.721	\$100.125	AAA	AAA	891,866	52,277	95,755
GNMA 70069 (Mob Hom)	10.750%	07/98	256 150 35 442	10.721	\$100.125	AAA	AAA	459,903	36,443	49,377
GNMA 70070 (Mob Hom)	10.750%	08/98	265 155 36 457	10.721	\$100.125	AAA	AAA	442,555	35,063	47,515
GNMA 70137 (Mob Hom)	10.750%	08/98	247 144 34 425	10.721	\$100.125	AAA	AAA	457,702	36,271	49,141
GNMA 71190 (Mob Hom)	10.750%	07/98	536 314 74 925	10.721	\$100.125	AAA	AAA	426,481	33,800	45,789
GNMA 71480 (Mob Hom)	10.750%	08/98	530 310 73 914	10.721	\$100.125	AAA	AAA	926,395	73,370	99,463
GNMA 7395	7.250%	06/05	767 282 79 1129	9.479	\$ 80.250	AAA	AAA	915,247	72,538	98,266
Guaranteed Mortgage	12.125%	08/02	6500 2900 600 10000	11.464	\$103.000	AAA	AAA	10,300,000	342,154	1,212,500
Guaranteed Mtg. Corp.	11.875%	07/96	2790 1395 465 4650	11.231	\$102.000	AAA	AAA	4,743,000	184,276	552,187
Intl. Developt. Corp.	11.980%	06/10	1498 954 46 2500	11.750	\$102.000	AAA	AAA	2,550,000	50,000	299,500
K.I.D.F.A. Notes	5.000%	07/87	69 8 4 81	5.000	\$100.000	NR	NR	81,600	0	4,080
Kaufman & Broad Inc.	11.875%	09/96	2205 1085 210 3500	11.155	\$103.750	AAA	AAA	3,631,250	300,006	415,625
Kentucky Utilities	9.625%	08/09	940 320 740 2000	11.350	\$ 85.875	AA	AA	1,717,500	43,016	192,500
Ky. Mtg. FHA Proj. #10	7.500%	11/23	942 471 157 1570	10.886	\$ 75.000	AAA	AAA	1,177,716	31,600	117,771
Ky. Mtg. FHA Proj. #11	7.500%	02/23	204 99 26 330	10.886	\$ 75.000	AAA	AAA	247,899	27,667	24,789
Ky. Mtg. FHA Proj. #12	7.500%	06/23	223 107 28 359	10.886	\$ 75.000	AAA	AAA	269,882	29,591	26,988
Ky. Mtg. FHA Proj. #13	7.500%	04/24	1733 852 165 2751	10.886	\$ 75.000	AAA	AAA	2,063,599	451,025	206,359
Ky. Mtg. FHA Proj. #3	7.500%	03/22	245 196 4 446	10.886	\$ 75.000	AAA	AAA	334,663	81,736	33,466
Ky. Mtg. FHA Proj. #4	7.500%	02/22	837 670 15 1522	10.886	\$ 75.000	AAA	AAA	1,142,123	273,007	114,212
Ky. Mtg. FHA Proj. #6	7.500%	08/21	1101 880 20 2002	10.886	\$ 75.000	AAA	AAA	1,501,702	357,945	150,170
Ky. Mtg. FHA Proj. #7	7.500%	07/22	1690 1352 30 3073	10.886	\$ 75.000	AAA	AAA	2,305,007	478,442	230,500
Ky. Mtg. FHA Proj. #8	7.500%	03/22	909 727 16 1653	10.886	\$ 75.000	AAA	AAA	1,240,283	257,031	124,028
Ky. Mtg. FHA Proj. #9	7.500%	06/22	335 268 6 610	10.886	\$ 75.000	AAA	AAA	457,788	100,616	45,778
Ky. Mtg. FHA Proj. #1	7.500%	09/18	1739 1049 492 3281	10.886	\$ 75.000	AAA	AAA	2,461,015	274,517	229,694
Ky. Mtg. FHA Proj. #2	7.500%	09/20	3613 2891 65 6570	10.886	\$ 75.000	AAA	AAA	4,927,919	1,450,781	492,791
Leader Fed. Svgs.	10.875%	01/92	1034 827 18 1880	10.886	\$ 75.000	AAA	AAA	1,410,548	315,212	141,054
Mellon Bank Mtg.	12.500%	12/08	3320 1152 138 4611	12.500	\$100.000	AAA	AAA	4,085,000	133,400	435,000
Metropolitan Federal	10.375%	06/90	1899 1096 3 3000	10.450	\$104.000	AAA	AAA	3,120,000	129,000	311,250
Natural Gas Pipeline	15.375%	06/92	2600 1200 200 4000	12.920	\$111.000	A	A	4,440,000	52,424	615,000
Northwest Airlines	7.500%	06/10	620 330 50 1000	7.500	\$101.500	A	A	1,015,000	15,000	75,000
Norwest Mtg. CMO	12.375%	07/02	5900 3300 800 10000	11.511	\$104.500	AAA	AAA	10,450,000	662,674	1,237,500
Norwest Mtg. CMO 2T	12.125%	01/96	4340 2240 420 7000	11.299	\$104.500	AAA	AAA	7,315,000	288,750	848,750
Norwest Mtg. Ins. 2C	12.250%	10/96	2750 2200 50 5000	11.271	\$105.250	AAA	AAA	5,262,500	262,500	612,500
Pacific Telephone	15.000%	11/20	3100 1500 400 5000	13.170	\$113.625	A	A	5,681,250	37,961-	750,000

SECURITY NAME MATURITY PAR VALUE (TN \$000'S) YIELD PRICE S&P MOODY MARKET GAIN-LOSS ANNUAL INC.

Entity	Yield	07/90	6300	2340	360	9000	10.230	Rating	Value	Rating	Value	Rating	Value
Pacific Telephone	11.350%	07/90	6300	2340	360	9000	10.230	A	\$104,250	A	\$104,250	A	\$104,250
Panhandle Eastern	15.250%	08/97	1950	810	240	3000	12.930	BAA	\$114,000	BAA	\$114,000	BAA	\$114,000
Pembroke Capital	11.500%	08/05	1920	3110	670	13000	12.500	AAA	\$ 92,625	AAA	\$ 92,625	AAA	\$ 92,625
PFPS	12.000%	11/94	1525	875	100	2500	10.620	AAA	\$108,000	AAA	\$108,000	AAA	\$108,000
Pulte Guaranteed Mt.	12.500%	11/95	3050	1650	300	5000	11.490	AAA	\$105,000	AAA	\$105,000	AAA	\$105,000
Repurchase Agreement	7.510%	07/85	3094	1547	349	4990	7.510	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.460%	07/85	10353	4845	1069	16268	7.460	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.520%	07/85	375	199	30	604	9.520	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.650%	07/85	15152	7178	1544	23875	7.650	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.560%	07/85	21700	11200	2100	35000	7.560	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.160%	07/85	1828	429	142	2400	7.160	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.290%	07/85	24731	13799	2378	40909	7.290	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.360%	07/85	5355	3320	552	9228	7.360	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.430%	07/85	8613	3821	828	13263	7.430	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.580%	07/85	24652	12647	2725	40025	7.580	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.520%	07/85	5833	3080	525	9439	7.520	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.600%	07/85	3534	2137	345	6017	7.600	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.520%	07/85	6135	1680	532	8349	7.520	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.520%	07/85	1894	2156	2156	4051	7.520	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.430%	07/85	600	387	51	1040	7.430	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.430%	07/85	104	56	9	170	7.430	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.430%	07/85	104	56	9	170	7.430	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.560%	07/85	9396	5365	661	15424	7.560	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.430%	07/85	523	282	48	854	7.430	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Repurchase Agreement	7.580%	07/85	8400	4900	700	14000	7.580	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
Sears Savings Bank	10.800%	05/90	1800	1110	90	3000	10.430	AAA	\$101,250	AAA	\$101,250	AAA	\$101,250
Southern Bell	16.000%	11/21	2145	865	490	3500	13.500	A	\$118,250	A	\$118,250	A	\$118,250
Southwestern Bell	8.250%	09/05	310	160	30	500	11.400	A	\$ 75,250	A	\$ 75,250	A	\$ 75,250
Southwestern Bell	8.250%	04/17	510	310	180	1000	11.400	A	\$ 73,125	A	\$ 73,125	A	\$ 73,125
Trailer Train Co.	11.875%	07/96	3025	1123	172	4321	13.100	A	\$ 93,000	A	\$ 93,000	A	\$ 93,000
Tri-Party Overnight	7.280%	02/93	3000	1500	500	5000	7.280	AAA	\$100,000	AAA	\$100,000	AAA	\$100,000
U. S. Tsy. Bond	7.875%	11/08	7000	2600	400	10000	10.028	AAA	\$ 88,625	AAA	\$ 88,625	AAA	\$ 88,625
U. S. Tsy. Bond	8.750%	05/09	1650	1110	240	3000	10.495	AAA	\$ 84,875	AAA	\$ 84,875	AAA	\$ 84,875
U. S. Tsy. Bond	9.125%	08/13	3429	1813	307	5550	10.519	AAA	\$ 87,875	AAA	\$ 87,875	AAA	\$ 87,875
U. S. Tsy. Bond	12.000%	02/94	3400	1400	200	5000	10.710	AAA	\$111,375	AAA	\$111,375	AAA	\$111,375
U. S. Tsy. Cats Ser.	9.000%	11/87	4080	1500	420	6000	10.156	AAA	\$ 93,375	AAA	\$ 93,375	AAA	\$ 93,375
U. S. Tsy. Coupons	7.520%	10/88	2041	893	255	3190	9.750	AAA	\$ 73,000	AAA	\$ 73,000	AAA	\$ 73,000
U. S. Tsy. Coupons	7.520%	11/91	1438	641	132	2212	10.350	AAA	\$ 52,500	AAA	\$ 52,500	AAA	\$ 52,500
U. S. Tsy. Coupons	7.520%	02/91	2299	1079	660	4039	10.150	AAA	\$ 57,250	AAA	\$ 57,250	AAA	\$ 57,250
U. S. Tsy. Coupons	7.520%	08/91	2299	1079	660	4039	10.300	AAA	\$ 54,000	AAA	\$ 54,000	AAA	\$ 54,000
U. S. Tsy. Coupons	7.520%	02/93	2736	995	414	4488	10.550	AAA	\$ 41,125	AAA	\$ 41,125	AAA	\$ 41,125
U. S. Tsy. Note	12.375%	08/94	4137	673	403	4488	10.550	AAA	\$ 39,125	AAA	\$ 39,125	AAA	\$ 39,125
U. S. Tsy. Note	10.000%	12/86	5985	3040	475	9500	8.166	AAA	\$104,500	AAA	\$104,500	AAA	\$104,500
U. S. Tsy. Note	9.000%	02/87	1200	700	100	2000	8.400	AAA	\$102,125	AAA	\$102,125	AAA	\$102,125
U. S. Tsy. Note	7.625%	11/87	3574	1143	281	5000	8.486	AAA	\$100,750	AAA	\$100,750	AAA	\$100,750
U. S. Tsy. Note	15.375%	10/88	1961	858	245	3065	9.372	AAA	\$ 98,000	AAA	\$ 98,000	AAA	\$ 98,000
U. S. Tsy. Note	10.750%	11/89	4880	2640	480	8000	9.475	AAA	\$116,625	AAA	\$116,625	AAA	\$116,625
U. S. Tsy. Note	10.500%	01/90	2360	970	169	3500	9.666	AAA	\$104,000	AAA	\$104,000	AAA	\$104,000
U. S. Tsy. Note	12.375%	04/91	8720	4465	815	14000	10.103	AAA	\$103,000	AAA	\$103,000	AAA	\$103,000
U. S. Tsy. Note	14.875%	08/91	5500	4400	100	10000	10.204	AAA	\$109,750	AAA	\$109,750	AAA	\$109,750
U. S. Tsy. Note	12.250%	10/91	3200	1500	300	5000	10.163	AAA	\$120,875	AAA	\$120,875	AAA	\$120,875
U. S. Tsy. Note	13.750%	05/92	8250	6600	150	15000	10.299	AAA	\$109,500	AAA	\$109,500	AAA	\$109,500

SECURITY NAME	COUPON	MATURITY	PAR VALUE (IN \$000'S)	YIELD	PRICE	S&P	MOODY	MARKET	GAIN-LOSS	ANNUAL INC.		
			KERS CERS	SPRS TOTAL								
U. S. Tsy. Note	11.875%	08/93	7974	4286	740	13000	10.225	\$109,000	AAA	14,170,000	771,568	1,543,750
U. S. Tsy. Note	7.625%	11/87	10723	3430	845	15000	8.535	\$ 98,000	AAA	14,700,000	281,872-	1,143,750
U. S. Tsy. Note	11.375%	09/88	7370	3080	550	11000	9.343	\$105,500	AAA	11,605,000	425,176	1,251,250
U. S. Tsy. Note	10.625%	12/88	6750	3700	550	11000	9.335	\$103,750	AAA	11,412,500	530,000	1,168,750
U. S. Tsy. Note	14.375%	04/89	3658	1888	354	5900	9.614	\$114,750	AAA	6,770,250	227,114	848,125
U. S. Tsy. Note	10.750%	11/89	8750	3250	500	12500	9.586	\$104,000	AAA	13,000,000	620,264	1,343,750
U. S. Tsy. Note	12.375%	04/91	7194	3763	791	11750	10.103	\$109,750	AAA	12,895,625	1,239,416	1,454,062
U. S. Tsy. Note	11.875%	08/93	6500	3050	450	10000	10.225	\$109,000	AAA	10,900,000	856,501	1,187,500
U. S. Tsy. Note	11.250%	05/95	3158	1628	148	4935	10.219	\$106,500	AAA	5,255,775	9,253	555,187
U. S. Tsy. Receipt		05/89	2908	1431	277	4616	9.900	\$ 68,625	AAA	3,168,330	277,538	367,130
U. S. Tsy. Strip		10/88	4950	3960	90	9000	9.750	\$ 73,000	AAA	6,570,000	231,067	659,248
U. S. Tsy. Strip Cats		11/88	12400	6400	1200	20000	9.700	\$ 72,500	AAA	14,500,000	663,745	1,577,333
U. S. Tsy. Strips		11/88	8505	4981	13	13500	9.400	\$ 73,250	AAA	9,888,750	234,765	955,744
U. S. Tsy. Tiger		02/92	5360	2400	240	8000	10.600	\$ 50,375	AAA	4,030,000	88,880	472,934
U. S. Tsy. Tiger		05/91	3643	494	2038	6176	10.500	\$ 54,750	AAA	3,381,493	233,731-	386,828
Union Pacific Corp.	6.000%	03/92	1260	620	120	2000	10.500	\$ 78,750	AA	1,575,000	197,544	120,000
Union Tank Car Cer.	15.875%	12/96	2750	2200	50	5000	10.850	\$132,500	A	6,625,000	1,625,000	793,750
Upjohn Co.	10.650%	07/90	1860	990	150	3000	10.015	\$102,000	AA	3,060,000	13,740-	319,500
U.S. GTD-American Co.	8.000%	08/02	3214	1055	330	4600	10.700	\$ 79,000	AAA	3,634,000	966,000-	368,000
V. A. Mortgages	4.869%	07/90		334	140	140	9.648	\$ 89,000	NR	125,180	18,382-	6,848
V. A. Mortgages	4.984%	07/90	3046		334	334	9.648	\$ 89,000	NR	297,338	43,063-	16,650
V. A. Mortgages	5.016%	07/90	745	199	56	1000	9.648	\$ 89,000	NR	2,711,699	404,097-	152,830
Weyerhaeuser	8.900%	11/04		745	199	1000	11.050	\$ 83,000	AA	830,000	215,836-	89,000

WEIGHTED RATING	WEIGHTED COUPON	WEIGHTED MATURITY	WEIGHTED PRICE	WEIGHTED YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	GAIN OR LOSS	ANNUAL INCOME
2.65	9.667	8.954	97.568	9.883	\$1,070,115,922	\$1,007,991,979	\$1,044,091,530	\$36,099,551	\$103,451,636

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, 1985, and in most cases, several years of historical data are available for comparison purposes.

RETIREMENT PAYMENTS

The benefit payments as of July 1, 1985, 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, 1985.

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 1984 General Assembly enacted legislation which provided an increase of \$1.00 per month for each year of service credit accumulated at the time of retirement to those retirees who began drawing benefits prior to August 1, 1984.

Table 5 provides a geographic distribution by county of the retirement payments that were made during the 1984-85 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, 1985, 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 37% of revenues, and investment income accounts for 33% 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 fiscal years is shown in Table 11. The lower portion of this table indicates how administrative expenses were allocated to the three separate retirement systems. The administrative expense per account in 1985 was \$10.63. When considering that the average account has a value of \$11,500, the administrative expense per account is less than one-tenth of one percent of the average account value.

CONTRACTURAL ARRANGEMENTS

As provided in KRS 61.645, the Kentucky Retirement Systems had contracts in place during 1984-85 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

Legal Services.....Johnson & Judy Stoll, Keenon & Park
Morehead House
326 West Main Street
Frankfort, Kentucky 40601

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

STATISTICAL TABLES

Table 1
Monthly Benefits

Table 2
Benefits by Plan - KERS

Table 3
Benefits by Plan - CERS

Table 4
Benefits by Plan - SPRS

Table 5
Payments by County

Table 6
Membership Growth

Table 7
Financial and Actuarial Statistics - KERS

Table 8
Financial and Actuarial Statistics - CERS

Table 9
Financial and Actuarial Statistics - SPRS

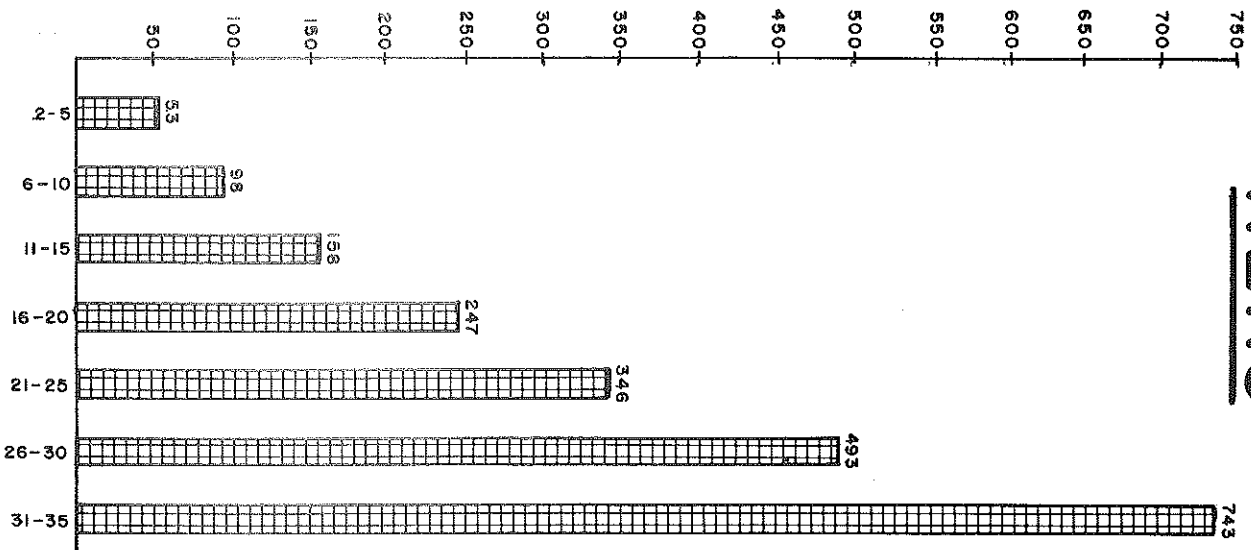
Table 10
Source and Use of Funds

Table 11
Administrative Expense

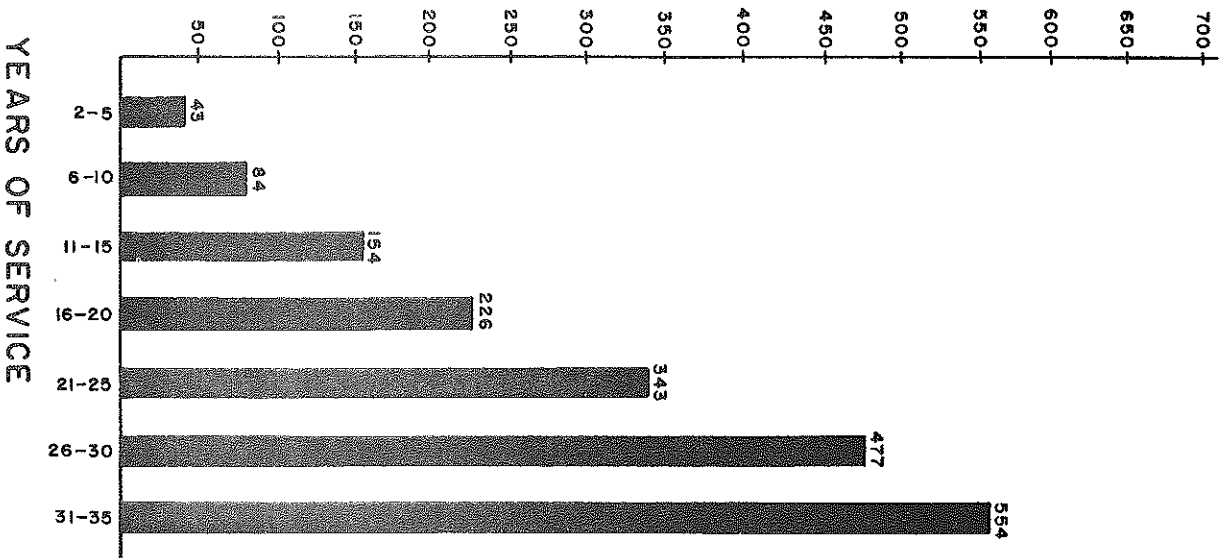
TABLE 1
AVERAGE MONTHLY RETIREMENT CHECK

ANALYSIS OF
MONTHLY RETIREMENT BENEFITS
as of June 30, 1985

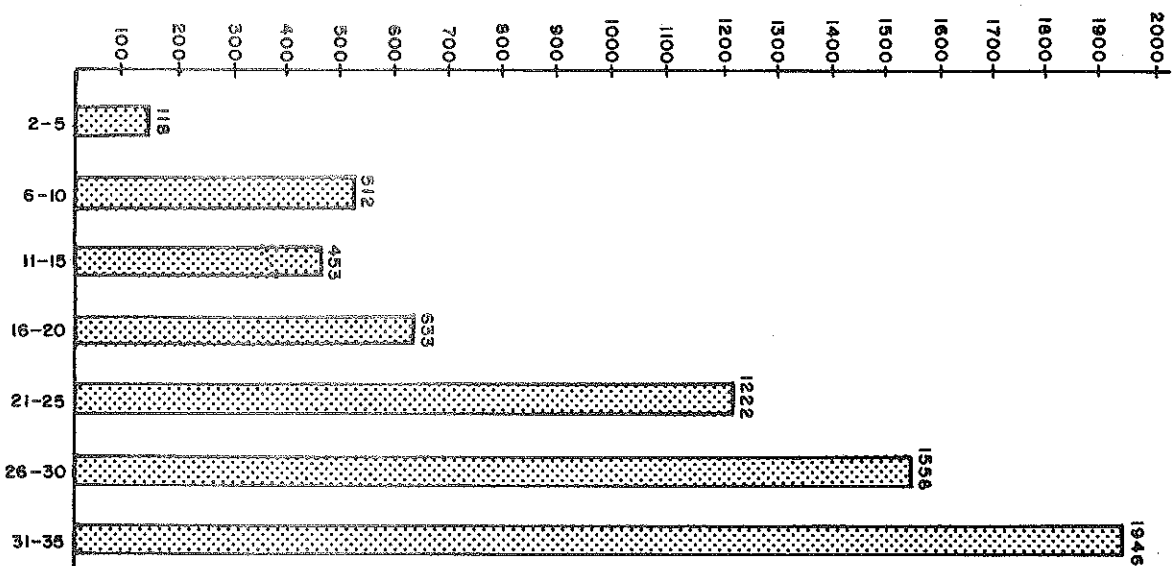
KERS



CERS



SPRS



KENTUCKY EMPLOYEES RETIREMENT SYSTEM
RETIREMENT BENEFITS BY PLAN
JUNE 30, 1985

	Number Of Cases	Total	Monthly Benefits		
			Average	Low	High
NORMAL					
Basic.....	2,346	\$ 549,872.00	\$ 234.38	\$ 1.01	\$1,928.95
Life-10 Years Certain (Member).....	613	147,213.04	240.15	2.97	1,694.98
Life-10 Years Certain (Beneficiary).....	8	16,640.67	200.49	3.23	3,787.66
10 Years Certain (Member).....	93	10,901.02	1,211.22	578.38	1,733.64
10 Years Certain (Beneficiary).....	5	4,222.70	846.54	77.50	1,336.70
Straight Life Annuity.....	6	1,304.33	217.38	89.60	584.42
Survivorship 100% (Member).....	678	135,502.84	199.85	1.54	1,203.39
Survivorship 100% (Beneficiary).....	310	52,159.54	168.25	14.50	1,093.78
Survivorship 66 2/3% (Member).....	135	45,198.76	334.80	5.25	1,311.54
Survivorship 66 2/3% (Beneficiary).....	19	3,087.85	162.51	35.38	520.00
Survivorship 50% (Member).....	367	142,912.67	389.40	2.52	1,944.83
Survivorship 50% (Beneficiary).....	134	27,875.22	208.02	16.66	702.00
Life - 15 Years Certain (Member).....	11	3,944.23	358.56	65.72	783.41
Life - 15 Years Certain (Beneficiary).....	1	1,251.46	1,251.46		1,251.46
Soc Sec - Surv (Under 62).....	1	867.28	867.28		867.28
Soc Sec - Surv (Over 62).....	1				
Totals and Averages.....	4,718	\$1,142,955.61	\$ 242.25	\$ 1.01	\$1,944.83
EARLY					
Basic.....	2,636	\$ 639,826.19	\$ 250.31	\$ 1.74	\$2,176.34
Life - 10 Years Certain (Member).....	860	212,764.56	247.40	3.97	1,707.49
Life - 10 Years Certain (Beneficiary).....	77	16,981.91	220.54	17.73	1,372.33
Survivorship 100% (Member).....	1,002	220,533.46	220.11	2.06	1,635.53
Survivorship 100% (Beneficiary).....	199	39,546.58	198.72	15.64	1,145.11
Survivorship 66 2/3% (Member).....	238	116,914.93	491.23	8.68	1,872.70
Survivorship 66 2/3% (Beneficiary).....	22	3,779.38	171.79	8.41	673.15
Survivorship 50% (Member).....	428	176,830.80	413.15	9.85	2,045.16
Survivorship 50% (Beneficiary).....	97	16,430.48	169.38	17.20	684.93
Life - 15 Years Certain (Member).....	19	6,999.25	368.38	67.36	1,332.37
Life - 15 Years Certain (Beneficiary).....	13	3,256.39	160.75	160.75	160.75
Life - 20 Years Certain (Member).....	70	63,141.52	902.02	37.90	683.16
Life - 20 Years Certain (Beneficiary).....	88	40,901.80	464.79	344.12	2,187.13
Soc Sec - Basic (Over 62).....	120	105,734.18	881.11	11.54	1,655.97
Soc Sec - Surv (Under 62).....	1	334.21	334.21	51.00	1,933.63
Soc Sec - Surv (Over 62).....	1	145.92	145.92	10.91	1,356.45
Soc Sec - Basic (Over 65).....	1				
Totals and Averages.....	5,931	\$1,705,220.97	\$ 287.50	\$ 1.74	\$2,187.13
DISABILITY					
Basic.....	362	\$ 98,014.48	\$ 270.75	\$ 2.07	\$1,249.32
Life - 10 Years Certain (Member).....	181	46,394.01	256.32	9.26	897.76
Life - 10 Years Certain (Beneficiary).....	92	24,126.56	262.24	27.24	1,005.54
10 Years Certain (Member).....	1	1,689.94	1,689.94	1,689.94	1,689.94
10 Years Certain (Beneficiary).....	1	184.57	184.57	184.57	184.57
Survivorship 100% (Member).....	207	45,637.54	221.43	8.01	1,028.12
Survivorship 100% (Beneficiary).....	216	45,498.16	210.63	44.70	884.96
Survivorship 66 2/3% (Member).....	38	12,397.67	323.62	5.63	1,210.34
Survivorship 66 2/3% (Beneficiary).....	21	4,699.20	214.24	39.89	661.71
Survivorship 50% (Member).....	91	25,407.25	288.02	57.45	1,070.45
Survivorship 50% (Beneficiary).....	49	5,890.81	140.42	32.31	536.60
Life - 20 Years Certain (Member).....	5	2,751.20	550.24	183.24	707.85
Life - 20 Years Certain (Beneficiary).....	2	1,683.68	802.35	802.35	881.33
Soc Sec - Basic (Over 62).....	5	1,394.24	278.94	67.08	484.14
Soc Sec - Surv (Under 62).....	4	2,296.66	574.16	396.86	707.51
Soc Sec - Surv (Over 62).....	1	298.41	298.41	298.41	298.41
Dependent Child.....	2	257.66	128.83	128.83	128.83
Totals and Averages.....	1,278	\$ 320,315.04	\$ 250.63	\$ 2.07	\$1,689.94
DEATH BEFORE RETIREMENT					
Survivorship 100% (Member).....	291	\$ 78,084.10	\$ 268.33	\$ 3.94	\$1,914.72
Survivorship 100% (Beneficiary).....	358	94,128.21	128.21	128.21	128.21
Survivorship 50% (Member).....	2	264.50	264.50	24.72	1,191.98
Survivorship 50% (Beneficiary).....	1	183.29	183.29	183.29	183.29
Soc Sec - Basic (Under 62).....	2	360.28	180.14	146.96	213.32
Soc Sec - Basic (Over 62).....	1	1,007.93	1,007.93	1,007.93	1,007.93
Dependent Child.....	2	174.40	87.20	85.19	89.21
Soc Sec - Surv (Under 60).....	11	4,984.58	453.14	43.55	918.90
Soc Sec - Surv (Over 60).....	8	226.70	226.70	25.66	643.13
5 Years Certain.....	22	8,254.79	407.93	34.08	1,246.86
Totals and Averages.....	697	\$ 190,354.58	\$ 273.14	\$ 3.94	\$1,914.72
GRAND TOTALS AND AVERAGES.....	12,624	\$3,358,876.20	\$ 266.07	\$ 1.01	\$2,187.13

TABLE 3

COUNTY EMPLOYEES RETIREMENT SYSTEM
RETIREMENT BENEFITS BY PLAN
JUNE 30, 1985

	Number Of Cases	Monthly Benefits		
		Total	Average	Low High
NORMAL				
Basic.....	1,366	\$ 217,396.89	\$ 159.14	\$ 1.87 \$2,277.96
Life - 10 Years Certain (Member).....	465	70,113.54	150.78	6.80 1,236.30
Life - 10 Years Certain (Beneficiary).....	61	7,505.57	123.04	17.42 441.36
10 Years Certain (Member).....	14	14,071.66	1,005.11	67.71 2,253.04
10 Years Certain (Beneficiary).....	4	3,753.21	938.30	435.81 1,628.88
Straight Life Annuity.....	2	378.69	189.34	115.01 263.68
Survivorship 100% (Member).....	503	70,735.73	140.62	3.71 1,212.23
Survivorship 100% (Beneficiary).....	161	19,811.92	123.05	12.91 609.52
Survivorship 66 2/3% (Member).....	167	16,661.34	248.67	27.91 1,291.72
Survivorship 66 2/3% (Beneficiary).....	10	1,607.95	160.79	40.68 368.20
Survivorship 50% (Member).....	18	35,853.11	242.25	2.43 1,177.03
Survivorship 50% (Beneficiary).....	62	8,232.53	132.78	1.36 423.40
Life - 15 Years Certain (Member).....	9	2,104.24	232.69	55.79 623.40
Life - 15 Years Certain (Beneficiary).....	1	761.17	761.17	761.17 761.17
Soc Sec - Surv (Under 62).....	5	6,140.77	1,228.15	1,041.45 1,713.00
Soc Sec - Surv (Over 62).....	3	4,214.12	531.76	429.07 763.28
Totals and Averages.....	2,886	\$ 479,533.04	\$ 166.15	\$ 1.36 \$2,277.96
EARLY				
Basic.....	1,333	\$ 227,410.93	\$ 170.60	\$ 1.98 \$2,415.94
Life - 10 Years Certain (Member).....	585	91,911.17	157.11	2.96 1,540.27
Life - 10 Years Certain (Beneficiary).....	42	6,890.90	164.06	3.85 859.24
10 Years Certain (Member).....	3	4,341.11	1,447.03	888.27 1,914.83
10 Years Certain (Beneficiary).....	1	463.01	463.01	463.01 463.01
Survivorship 100% (Member).....	532	82,482.77	155.00	4.63 1,225.57
Survivorship 100% (Beneficiary).....	95	15,271.56	160.75	11.59 721.96
Survivorship 66 2/3% (Member).....	89	27,245.40	306.12	15.58 1,114.62
Survivorship 66 2/3% (Beneficiary).....	8	819.88	102.43	26.03 272.88
Survivorship 50% (Member).....	165	55,594.34	335.72	6.88 2,045.99
Survivorship 50% (Beneficiary).....	23	3,210.02	139.56	9.85 481.37
Life - 15 Years Certain (Member).....	19	3,291.34	173.22	24.88 730.66
Life - 15 Years Certain (Beneficiary).....	1	158.87	158.87	158.87 158.87
Life - 20 Years Certain (Member).....	11	1,919.35	174.48	21.84 1,121.97
Life - 20 Years Certain (Beneficiary).....	15	9,753.57	650.23	8.68 1,531.43
Soc Sec - Basic (Under 62).....	15	5,720.41	381.36	45.86 1,110.95
Soc Sec - Basic (Over 62).....	36	30,255.20	840.42	44.12 1,748.78
Soc Sec - Surv (Under 62).....	18	4,713.16	261.84	17.83 848.23
Soc Sec - Surv (Over 62).....	1	104.91	104.91	104.91 104.91
Totals and Averages.....	2,992	\$ 571,337.50	\$ 190.95	\$ 1.98 \$2,415.94
DISABILITY				
Basic.....	194	\$ 46,797.97	\$ 240.86	\$ 3.92 \$ 804.62
Life - 10 Years Certain (Member).....	90	20,547.20	228.30	4.15 745.93
Life - 10 Years Certain (Beneficiary).....	54	10,420.04	182.96	4.87 668.03
Survivorship 100% (Member).....	2	1,565.45	782.72	390.64 1,174.81
Survivorship 100% (Beneficiary).....	97	19,983.11	205.80	19.15 819.52
Survivorship 66 2/3% (Member).....	77	13,145.14	170.71	23.08 584.29
Survivorship 66 2/3% (Beneficiary).....	15	3,411.51	227.43	4.09 612.86
Survivorship 50% (Member).....	5	487.48	97.49	68.81 151.44
Survivorship 50% (Beneficiary).....	42	10,237.74	244.23	60.49 716.64
Life - 15 Years Certain (Member).....	16	1,999.71	124.98	31.67 295.63
Life - 15 Years Certain (Beneficiary).....	5	1,499.13	299.82	96.25 614.92
Life - 20 Years Certain (Member).....	1	52.61	52.61	52.61 52.61
Life - 20 Years Certain (Beneficiary).....	3	486.95	162.31	141.48 188.58
Soc Sec - Surv (Under 62).....	1	970.03	485.01	224.84 745.19
Soc Sec - Surv (Over 62).....	2	1,121.21	560.60	541.65 579.56
Totals and Averages.....	605	\$ 132,655.28	\$ 219.26	\$ 3.92 \$1,174.81
DEATH BEFORE RETIREMENT				
Life - 10 Years Certain (Member).....	1	46.45	46.45	46.45 \$ 46.45
Life - 10 Years Certain (Beneficiary).....	2	144.88	72.44	59.15 85.75
10 Years Certain (Member).....	208	41,997.66	201.91	2.28 961.23
Survivorship 100% (Beneficiary).....	167	26,831.95	160.79	4.66 943.06
Soc Sec - Basic (Under 62).....	2	252.28	126.14	211.58 242.12
Soc Sec - Basic (Over 62).....	6	849.12	141.52	139.58 144.41
Dependent Child.....	2	431.75	215.87	69.63 382.12
Soc Sec - Surv (Under 60).....	1	835.55	835.55	835.55 835.55
Refund.....	1	191.55	191.55	191.55 191.55
Soc Sec - Surv (Over 60).....	20	3,755.01	187.75	23.29 1,019.07
Totals and Averages.....	412	\$ 76,455.14	\$ 183.98	\$ 2.28 \$1,019.07
GRAND TOTALS AND AVERAGES.....				
	6,895	\$1,259,980.96	\$ 182.64	\$ 1.36 \$2,415.94

TABLE 4

STATE POLICE RETIREMENT SYSTEM

STATE POLICE RETIREMENT SYSTEM
RETIREMENT BENEFITS BY PLAN
JUNE 30, 1985

	Number Of Cases	Total	Monthly Benefits		
			Average	Low	High
NORMAL					
Basic.....	11	\$ 7,595.81	\$ 690.52	\$ 53.07	\$2,089.89
Life - 10 Years Certain (Member).....	8	10,464.33	1,308.04	478.68	1,854.68
10 Years Certain (Member).....	28	54,265.49	1,938.05	172.03	3,492.30
10 Years Certain (Beneficiary).....	6	11,702.96	1,950.49	1,497.39	2,923.42
Survivorship 100% (Member).....	17	18,874.70	1,110.27	117.95	2,191.91
Survivorship 100% (Beneficiary).....	3	2,883.10	961.03	484.00	1,880.06
Survivorship 66 2/3% (Member).....	6	9,024.74	1,504.12	925.13	1,905.43
Survivorship 50% (Member).....	15	19,856.27	1,323.75	773.01	2,087.05
Life - 20 Years Certain (Member).....	1	1,958.99	1,958.99	1,958.99	1,958.99
Soc Sec - Surv (Under 62).....	12	20,122.74	1,676.89	1,177.69	2,537.64
Totals and Averages.....	107	\$156,749.13	\$1,464.94	\$ 53.07	\$3,492.30
EARLY					
Basic.....	4	\$ 6,540.52	\$1,635.13	\$1,314.44	\$1,964.26
Life - 10 Years Certain (Member).....	8	13,102.47	1,637.80	1,286.45	2,036.82
10 Years Certain (Member).....	16	38,481.79	2,405.11	1,584.01	3,119.52
10 Years Certain (Beneficiary).....	1	1,404.85	1,404.85	1,404.85	1,404.85
Survivorship 100% (Member).....	16	19,733.22	1,233.32	341.46	2,319.85
Survivorship 66 2/3% (Member).....	7	9,699.42	1,385.63	1,135.33	1,805.16
Survivorship 50% (Member).....	9	12,950.64	1,438.96	1,141.88	2,350.85
Life - 15 Years Certain (Member).....	1	1,693.39	1,693.39	1,693.39	1,693.39
Life - 20 Years Certain (Member).....	1	1,620.54	1,620.54	1,620.54	1,620.54
Soc Sec - Basic (Under 62).....	1	1,856.83	1,856.83	1,856.83	1,856.83
Soc Sec - Surv (Under 62).....	20	31,212.71	1,560.63	362.65	2,119.99
Totals and Averages.....	84	\$138,296.38	\$1,646.38	\$ 341.46	\$3,119.52
DISABILITY					
Basic.....	2	\$ 1,432.72	\$ 716.36	\$ 637.54	\$ 795.18
Life - 10 Years Certain (Member).....	1	981.63	981.63	981.63	981.63
Life - 10 Years Certain (Beneficiary).....	1	734.73	734.73	734.73	734.73
10 Years Certain (Member).....	4	5,976.63	1,494.15	955.54	2,409.49
10 Years Certain (Beneficiary).....	2	1,295.03	647.51	220.15	1,074.88
Survivorship 100% (Member).....	4	4,284.53	1,071.13	598.70	1,666.12
Survivorship 100% (Beneficiary).....	1	623.66	623.66	623.66	623.66
Survivorship 50% (Member).....	1	1,254.06	1,254.06	1,254.06	1,254.06
Soc Sec - Surv (Under 62).....	1	1,593.34	1,593.34	1,593.34	1,593.34
Dependent Child.....	4	724.35	181.08	150.95	227.50
Totals and Averages.....	21	\$ 18,900.68	\$ 900.03	\$ 150.95	\$2,409.49
DEATH BEFORE RETIREMENT					
10 Years Certain (Beneficiary).....	2	\$ 2,091.86	\$1,045.93	\$ 943.31	\$1,148.55
Survivorship 100% (Beneficiary).....	16	8,678.63	542.41	175.63	1,460.55
Dependent Child.....	3	1,187.53	395.84	125.50	787.29
Totals and Averages.....	21	\$ 11,958.02	\$ 569.42	\$ 125.50	\$1,460.55
DEFERRED					
Survivorship 50% (Beneficiary).....	1	\$ 860.09	\$ 860.09	\$ 860.09	\$ 860.09
GRAND TOTALS AND AVERAGES.....	234	\$326,764.30	\$1,396.42	\$ 53.07	\$3,492.30

TABLE 5

RETIREMENT PAYMENTS BY COUNTY

Adair.....\$	229,849	Grant.....\$	323,186	Mason.....\$	216,588
Allen.....\$	194,615	Graves.....\$	584,957	Meade.....\$	210,572
Anderson.....\$	625,962	Grayson.....\$	250,932	Menifee.....\$	62,917
Ballard.....\$	124,984	Green.....\$	144,445	Mercer.....\$	617,242
Barren.....\$	506,956	Greenup.....\$	187,249	Metcalf.....\$	167,570
Bath.....\$	179,840	Hancock.....\$	115,055	Monroe.....\$	81,663
Bell.....\$	255,180	Hardin.....\$	585,314	Montgomery...\$	174,336
Boone.....\$	331,736	Harlan.....\$	296,493	Morgan.....\$	147,894
Bourbon.....\$	446,161	Harrison.....\$	369,925	Muhlenberg...\$	289,360
Boyd.....\$	479,340	Hart.....\$	177,351	Nelson.....\$	480,582
Boyle.....\$	877,608	Henderson....\$	445,054	Nicholas.....\$	99,484
Bracken.....\$	92,073	Henry.....\$	439,710	Ohio.....\$	261,278
Breathitt...\$	186,273	Hickman.....\$	114,675	Oldham.....\$	499,704
Breckinridge.\$	161,269	Hopkins.....\$	770,785	Owen.....\$	425,789
Bullitt.....\$	226,970	Jackson.....\$	95,352	Owsley.....\$	125,757
Butler.....\$	175,062	Jefferson....\$10,	258,211	Pendleton...\$	176,313
Caldwell.....\$	366,546	Jessamine....\$	172,143	Perry.....\$	265,753
Calloway.....\$	747,961	Johnson.....\$	191,903	Pike.....\$	568,561
Campbell.....\$	612,215	Kenton.....\$	829,221	Powell.....\$	108,686
Carlisle.....\$	85,084	Knott.....\$	199,754	Pulaski.....\$	757,505
Carroll.....\$	182,528	Knox.....\$	289,221	Robertson...\$	51,564
Carter.....\$	227,859	Larue.....\$	191,919	Rockcastle...\$	206,507
Casey.....\$	137,196	Laurel.....\$	630,443	Rowan.....\$	455,424
Christian....\$ 1,	327,242	Lawrence....\$	141,273	Russell.....\$	218,238
Clark.....\$	252,037	Lee.....\$	121,854	Scott.....\$	461,045
Clay.....\$	164,967	Leslie.....\$	94,975	Shelby.....\$	772,838
Clinton.....\$	130,504	Letcher.....\$	191,430	Simpson.....\$	217,268
Crittenden...\$	141,553	Lewis.....\$	104,377	Spencer.....\$	135,491
Cumberland...\$	95,030	Lincoln.....\$	262,532	Taylor.....\$	176,740
Daviess.....\$	678,550	Livingston...\$	250,283	Todd.....\$	274,006
Edmondson...\$	59,614	Logan.....\$	370,906	Trigg.....\$	269,635
Elliott.....\$	50,814	Lyon.....\$	253,132	Trimble.....\$	168,261
Estill.....\$	141,158	McCracken...\$ 1,	113,695	Union.....\$	276,854
Fayette.....\$ 3,	174,944	McCreary....\$	141,906	Warren.....\$ 1,	270,307
Fleming.....\$	298,280	McLean.....\$	182,016	Washington...\$	182,935
Floyd.....\$	421,799	Madison.....\$	686,936	Wayne.....\$	150,898
Franklin....\$ 7,	298,015	Magoffin....\$	112,925	Webster.....\$	172,986
Fulton.....\$	112,277	Marion.....\$	197,549	Whitley.....\$	382,580
Gallatin....\$	80,220	Marshall....\$	483,659	Wolfe.....\$	99,164
Garrard.....\$	190,688	Martin.....\$	75,742	Woodford.....\$	611,556

PAYMENTS TO RETIREES IN OTHER STATES

\$2,536,152

TOTAL PAYMENTS AS OF JUNE 30, 1985

\$59,347,458

TABLE 6
MEMBERSHIP GROWTH
6/30/65 through 6/30/85

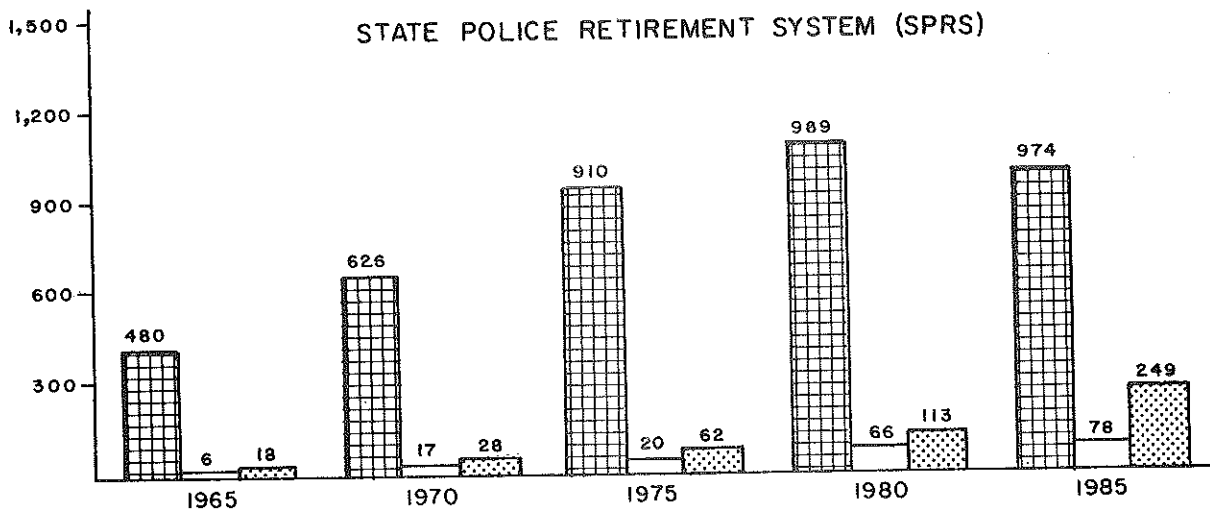
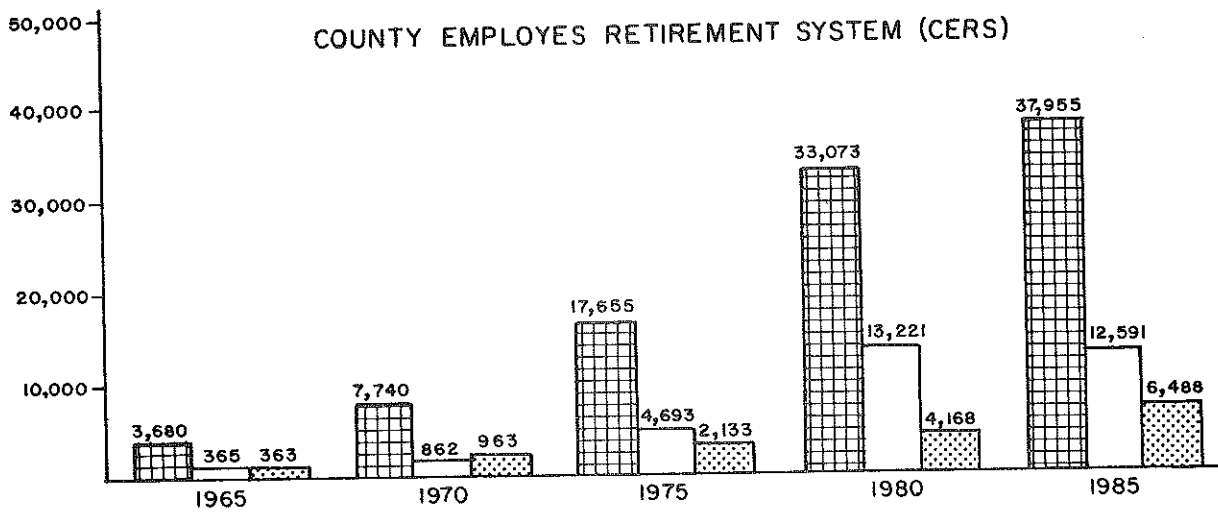
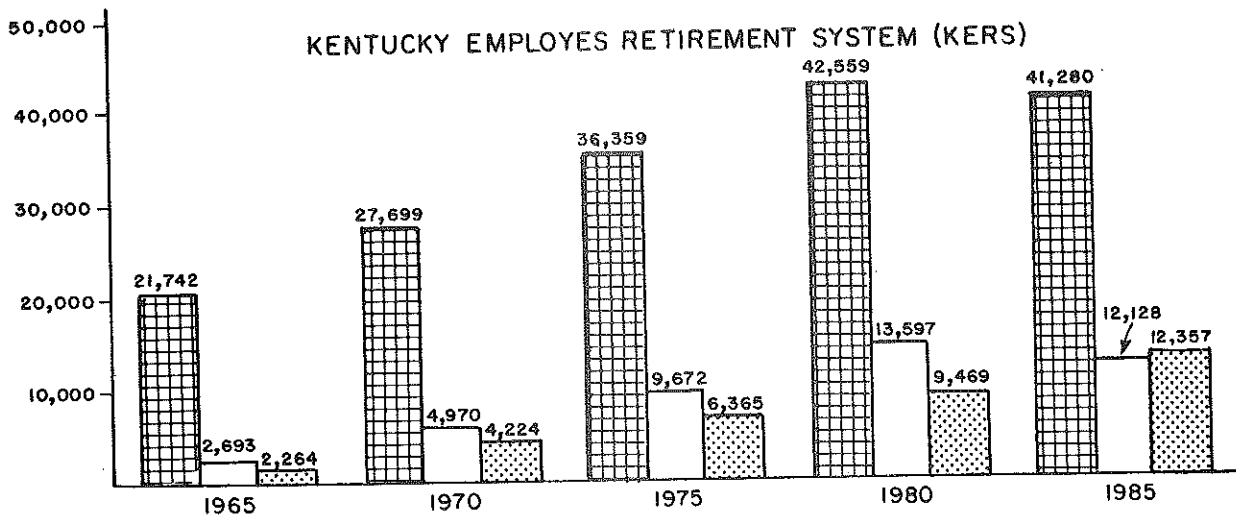


TABLE 7

KENTUCKY EMPLOYEES RETIREMENT SYSTEM
FINANCIAL AND ACTUARIAL STATISTICS

	6/30/79	6/30/80	6/30/81	6/30/82	6/30/83	6/30/84	6/30/85
<u>Financial Statistics:</u>							
Total Assets	\$389,418,451	\$460,355,868	\$529,797,058	\$614,446,898	\$710,477,505	\$815,654,049	\$ 935,445,553
Investment Income	\$ 25,415,903	\$ 33,356,149	\$ 39,594,168	\$ 51,929,647	\$ 57,799,616	\$ 68,498,499	\$ 78,509,704
Total Retirement Payments	\$ 15,205,181	\$ 17,501,338	\$ 21,824,083	\$ 26,564,678	\$ 31,396,362	\$ 35,467,174	\$ 39,225,080
Average Retirement Payment	\$ 151.22(a)	\$ 169.84(b)	\$ 194.88(c)	\$ 214.60(d)	\$ 222.63(e)	\$ 238.03	\$ 266.07(f)
Total Refund Payments	\$ 4,055,068	\$ 4,996,158	\$ 5,945,209	\$ 6,074,280	\$ 3,996,820	\$ 4,686,153	\$ 5,171,940
Indicated Current Yield:							
Fixed Income	8.57	8.51	9.99	10.56	10.07	11.03	10.29
Common Stocks	5.61	5.34	5.76	5.99	6.27	5.33	5.43
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$592,095,113	\$710,126,703	\$692,160,395	\$810,250,589	\$862,291,959	\$1,016,088,830	\$1,104,429,988
Unfunded Past Service							
Liabilities	\$202,676,662	\$249,770,835	\$164,735,129	\$195,803,691	\$152,196,081	\$ 201,535,007	\$ 169,949,215
Percent Unfunded	34.2%	35.2%	23.8%	24.2%	17.7%	19.8%	15.4%
Vested Accrued Benefit							
Liability	\$385,849,203	\$470,642,643	\$446,613,406	\$520,781,017	\$550,006,161	\$ 618,806,590	\$ 639,003,667
Estimated Annual Salaries	\$463,439,488	\$504,835,968	\$531,789,552	\$556,855,896	\$581,492,676	\$ 627,726,168	\$ 676,557,336
Contribution for Unfunded							
Past Service Liability	\$ 14,187,366	\$ 17,483,958	\$ 14,002,486	\$ 16,643,313	\$ 12,936,667	\$ 17,130,476	\$ 14,445,683
<u>Actuarial Cost-Nonhazardous:</u>							
Normal	3.32%	3.24%	3.51%	3.65%	3.65%	3.36%	3.35%
Past Service	3.04%	3.44%	2.62%	2.97%	2.22%	2.75%	2.15%
Administrative	.09%	.08%	.09%	.09%	.09%	.12%	.12%
Hospital/Medical Insurance	.21%	.21%	.21%	.21%	.29%	.46%	.48%
Employee Contributions	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
TOTAL COST	10.66%	10.97%	10.43%	10.92%	10.25%	10.69%	10.10%
<u>Contribution Rates-Nonhazardous:</u>							
Member	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Employer	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
TOTAL RATES	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%	11.25%
Rate Margin:	.59%	.28%	.82%	.33%	1.00%	.56%	1.15%
<u>Actuarial Cost-Hazardous:</u>							
Normal	8.66%	7.73%	7.61%	7.92%	8.40%	9.66%	9.73%
Past Service	7.81%	8.07%	5.58%	6.69%	4.00%	1.29%	.88%
Administrative	.24%	.21%	.24%	.22%	.22%	.12%	.13%
Hospital/Medical Insurance	.34%	.34%	.34%	.59%	.78%	1.04%	1.09%
Employee Contributions	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
TOTAL COST	24.05%	23.35%	20.77%	22.42%	20.40%	19.11%	18.83%

Contribution Rates-Hazardous:

Member	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Employer	17.25%	17.25%	17.25%	17.25%	18.25%	18.25%	18.25%	17.00%
TOTAL RATES	24.25%	24.25%	24.25%	24.25%	25.25%	25.25%	25.25%	24.00%
Rate Margin:	.20%	.90%	3.48%	1.83%	4.85%	6.14%	5.17%	

Notes to statistical information:

- (a) 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.
- (b) Benefits to retirees increased 7/1/80 by 6%.
- (c) Benefits to retirees increased 7/1/81 by 6%.
- (d) Benefits to retirees increased 7/1/82 from 1% to 15%, depending on how long the recipient had received benefits.
- (e) Benefits to retirees increased 7/1/83 from 1/2% to 9 1/2%, depending on how long the recipient had received benefits.
- (f) Benefits to retirees increased 1/1/85 by \$1 per month for each year of service credit at the time of retirement for those retired before 8/1/84.

* Actuarial assumptions were revised in 1981.

TABLE 8

COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCIAL AND ACTUARIAL STATISTICS

	<u>6/30/79</u>	<u>6/30/80</u>	<u>6/30/81</u>	<u>6/30/82</u>	<u>6/30/83</u>	<u>6/30/84</u>	<u>6/30/85</u>
<u>Financial Statistics:</u>							
Total Assets	\$153,091,905	\$190,230,941	\$234,865,314	\$285,534,889	\$343,566,575	\$406,673,277	\$478,581,183
Investment Income	\$ 9,734,995	\$ 13,948,084	\$ 18,394,849	\$ 25,127,300	\$ 28,254,250	\$ 35,005,604	\$ 40,147,552
Total Retirement Payments	\$ 5,443,712	\$ 6,401,655	\$ 7,797,643	\$ 9,689,924	\$ 11,522,297	\$ 13,066,260	\$ 14,843,697
Average Retirement Payment	\$ 126.63(a)	\$ 136.74(b)	\$ 146.90(c)	\$ 159.92(d)	\$ 159.32(e)	\$ 166.37	\$ 182.64(f)
Total Refund Payments	\$ 3,313,137	\$ 3,032,440	\$ 3,291,673	\$ 4,238,411	\$ 2,791,345	\$ 3,331,153	\$ 3,570,707
Indicated Current Yield:							
Fixed Income	9.62	8.53	11.41	11.27	10.53	11.37	10.49
Common Stocks	5.53	5.27	5.67	5.75	6.08	5.23	5.32
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$213,834,377	\$266,018,621	\$260,872,162	\$306,087,531	\$340,705,763	\$421,336,269	\$463,618,532
Unfunded Past Service							
Liabilities	\$ 60,742,472	\$ 75,787,680	\$ 27,101,917	\$ 20,552,642	\$ -0-	\$ 15,148,838	\$ -0-
Percent Unfunded	28.4%	28.5%	10.4%	6.7%	0%	3.6%	0%
Vested Accrued Benefit Liability	\$144,441,025	\$178,669,194	\$174,261,296	\$206,969,299	\$225,665,745	\$257,218,014	\$283,267,091
Estimated Annual Salaries	\$241,359,696	\$295,607,664	\$321,238,452	\$340,962,180	\$380,431,560	\$403,461,792	\$433,135,800
Contribution for Unfunded Past Service Liability	\$ 4,251,973	\$ 5,305,138	\$ 2,303,663	\$ 1,746,975	\$ -0-	\$ 1,287,651	\$ -0-
<u>Actuarial Cost-Nonhazardous:</u>							
Normal	3.99%	3.93%	3.95%	3.93%	3.93%	3.80%	3.75%
Past Service	1.65%	1.69%	.71%	.49%	.00%	.30%	.00%
Administrative	.06%	.09%	.10%	.10%	.12%	.15%	.15%
Hospital/Medical Insurance	.15%	.15%	.15%	.15%	.15%	.29%	.31%
Employer Contributions	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
TOTAL COST	9.85%	9.86%	8.91%	8.69%	8.20%	8.54%	8.21%
<u>Contribution Rates-Nonhazardous:</u>							
Member	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Employer	7.25%	7.25%	7.25%	7.25%	6.25%	6.25%	6.25%
TOTAL RATES	11.25%	11.25%	11.25%	11.25%	10.25%	10.25%	10.25%
Rate Margin:	1.40%	1.39%	2.34%	2.56%	2.05%	1.71%	2.04%
<u>Actuarial Cost-Hazardous:</u>							
Normal	10.60%	9.74%	9.32%	9.21%	9.50%	9.46%	9.65%
Past Service	4.38%	4.28%	.89%	1.18%	.00%	.93%	.00%
Administrative	.18%	.27%	.31%	.31%	.37%	.47%	.41%
Hospital/Medical Insurance	.13%	.13%	.13%	.54%	.78%	.91%	.99%
Employer Contributions	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
TOTAL COST	22.29%	21.42%	17.65%	18.24%	17.65%	18.77%	18.05%

Contribution Rates-Hazardous:

Member	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Employer	16.00%	16.00%	16.00%	16.00%	15.00%	14.00%	14.00%
TOTAL RATES	23.00%	23.00%	23.00%	23.00%	22.00%	21.00%	21.00%
Rate Margin:	.71%	1.58%	5.35%	4.76%	4.35%	2.23%	2.95%

Notes to statistical information:

- (a) 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.
- (b) Benefits to retirees increased 7/1/80 by 6%.
- (c) Benefits to retirees increased 7/1/81 by 6%.
- (d) Benefits to retirees increased 7/1/82 from 1% to 15%, depending on how long the recipient had received benefits.
- (e) Benefits to retirees increased 7/1/83 from 1/2% to 9 1/2%, depending on how long the recipient had received benefits.
- (f) Benefits to retirees increased 1/1/85 by \$1 per month for each year of service credit at the time of retirement for those retired before 8/1/84.

* Actuarial assumptions were revised in 1981.

TABLE 9

STATE POLICE RETIREMENT SYSTEM
FINANCIAL AND ACTUARIAL STATISTICS

	6/30/79	6/30/80	6/30/81	6/30/82	6/30/83	6/30/84	6/30/85
<u>Financial Statistics:</u>							
Total Assets	\$33,903,221	\$40,917,165	\$48,411,993	\$57,330,130	\$65,782,369	\$75,033,643	\$85,447,410
Investment Income	\$ 2,200,472	\$ 3,060,037	\$ 3,952,112	\$ 5,347,761	\$ 5,438,066	\$ 6,260,996	\$ 6,993,220
Total Retirement Payments	\$ 683,821	\$ 1,030,786	\$ 1,428,170	\$ 1,953,405	\$ 2,642,581	\$ 2,890,091	\$ 3,496,109
Average Retirement Payment	\$ 725.82(a)	\$ 904.01(b)	\$ 1,092.58(c)	\$ 1,229.73(d)	\$ 1,212.76(e)	\$ 1,270.24	\$ 1,396.42(f)
Total Refund Payments	\$ 85,730	\$ 68,111	\$ 139,305	\$ 245,402	\$ 56,809	\$ 117,414	\$ 180,746
Indicated Current Yield:							
Fixed Income	8.67	8.43	11.37	11.13	9.85	11.00	10.11
Common Stocks	5.59	5.40	5.82	6.23	6.05	4.96	5.25
<u>Actuarial Statistics:</u>							
Total Accrued Liabilities	\$55,391,206	\$67,580,562	\$71,526,728	\$78,713,172	\$81,944,546	\$91,180,668	\$99,269,825
Unfunded Past Service	\$21,487,985	\$26,663,397	\$23,296,425	\$21,383,042	\$16,187,460	\$16,200,151	\$14,253,583
Liabilities	38.8%	39.5%	32.6%	27.2%	19.7%	17.8%	14.4%
Percent Unfunded							
Vested Accrued Benefit Liability	\$35,945,254	\$43,887,675	\$41,603,835	\$48,853,928	\$51,505,988	\$67,913,641	\$76,632,066
Estimated Annual Salaries	\$18,944,220	\$20,180,148	\$23,297,280	\$22,757,640	\$22,231,152	\$23,718,048	\$23,393,016
Contribution for Unfunded Past Service Liability	\$ 1,504,159	\$ 1,866,438	\$ 1,980,196	\$ 1,817,559	\$ 1,375,934	\$ 1,377,013	\$ 1,211,555
<u>Actuarial Cost:</u>							
Normal	8.76%	9.04%	8.67%	8.65%	8.88%	9.42%	9.72%
Past Service	7.94%	9.25%	8.50%	7.99%	6.19%	5.81%	5.18%
Administrative	.13%	.03%	.04%	.04%	.05%	.06%	.07%
Hospital/Medical Insurance	.12%	.12%	.12%	.82%	.97%	.99%	1.41%
Employer Contributions	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
TOTAL COST	23.95%	25.44%	24.33%	24.50%	23.09%	23.28%	23.38%
<u>Contribution Rates:</u>							
Member	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Employer	16.50%	17.25%	17.25%	18.50%	18.50%	18.50%	18.50%
TOTAL RATES	23.50%	24.25%	24.25%	25.50%	25.50%	25.50%	25.50%
Rate Margin:	-45	-1.19%	-.08%	1.00%	2.41%	2.22%	2.12%

Notes to statistical information:

- (a) 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.
 (b) Benefits to retirees increased 7/1/80 by 6%.
 (c) Benefits to retirees increased 7/1/81 by 6%.
 (d) Benefits to retirees increased 7/1/82 from 1% to 15%, depending on how long the recipient had received benefits.
 (e) Benefits to retirees increased 7/1/83 from 1/2% to 9 1/2%, depending on how long the recipient had received benefits.
 (f) Benefits to retirees increased 1/1/85 by \$1 per month for each year of service credit at the time of retirement for those retired before 8/1/84.

* Actuarial assumptions were revised in 1981.

KENTUCKY RETIREMENT SYSTEMS
STATEMENT OF SOURCE AND USE OF FUNDS
BY SYSTEM SINCE INCEPTION THROUGH JUNE 30, 1985

<u>Source of Funds</u>		<u>Accounts</u>		
		<u>KERS</u>	<u>CERS</u>	<u>SPRS</u>
Member Contributions	\$ 350,977,826	\$ 350,977,826	\$169,013,351	\$ 24,418,648
Employer Contributions	505,742,511	505,742,511	245,489,466	41,656,300
Investment Income	466,682,290	466,682,290	194,713,436	41,989,184
Special Appropriation	1,894,897	1,894,897	227,263	506,100
Alternate & Term. Participation	9,251	9,251	2,880,495	-0-
Other Receipts	45,126,198	45,126,198	24,260,210	2,706,732
TOTAL SOURCES	<u>\$1,370,432,973</u>	<u>\$1,370,432,973</u>	<u>\$636,584,221</u>	<u>\$111,276,964</u>

<u>Use of Funds</u>		<u>Accounts</u>		
		<u>KERS</u>	<u>CERS</u>	<u>SPRS</u>
Invested Assets	\$ 931,077,987	\$ 931,077,987	\$476,075,468	\$ 84,815,339
Retirement Payments	278,781,767	278,781,767	92,833,222	17,105,065
Refunds	70,731,989	70,731,989	33,454,041	1,915,960
Interest to Members	58,274,080	58,274,080	23,644,888	5,008,113
Admin. of Prof. Services	9,562,376	9,562,376	4,781,911	472,208
Other Disbursements	22,004,774	22,004,774	5,794,691	1,960,279
TOTAL USES	<u>\$1,370,432,973</u>	<u>\$1,370,432,973</u>	<u>\$636,584,221</u>	<u>\$111,276,964</u>

TABLE 11

KENTUCKY RETIREMENT SYSTEMS
ADMINISTRATIVE EXPENSE
BY FISCAL YEAR

	78-79	79-80	80-81	81-82	82-83	83-84	84-85
PERSONNEL COST:							
Personal Service	\$380,501.41	\$440,961.26	\$472,328.40	\$547,882.35	\$ 636,311.03	\$ 724,949.55	\$ 839,267.19
Contractual Services:							
Auditor	11,500.00	13,800.00	13,800.00	10,000.00	13,750.00	15,300.00	14,800.00
Actuary	14,200.00	14,200.00	16,000.00	26,500.00	25,500.00	25,350.00	22,000.00
Janitorial	3,817.70	5,052.40	6,631.62	5,539.10	4,195.90	3,976.94	3,293.88
Legal	1,109.43	281.39	179.61	220.00	628.00	.00	6,900.20
Medical	3,602.00	3,627.20	5,628.50	4,712.00	13,255.75	15,509.58	20,532.65
Miscellaneous	1,162.38	4,885.17	1,779.03	556.26	574.60	574.85	5,466.36
TOTAL	\$415,892.92	\$482,807.42	\$516,347.16	\$595,409.71	\$ 694,215.28	\$ 785,660.92	\$ 912,260.28
OPERATING EXPENSES:							
Postage & Freight	\$ 40,122.50	\$ 582.31	\$ 98,466.96	\$ 43,558.59	\$ 88,570.84	\$ 114,265.23	\$ 111,980.93
Utilities	4,526.52	5,299.55	8,930.67	8,689.70	11,352.64	10,973.40	10,735.85
Telephone	9,912.47	16,164.40	15,959.03	5,247.38	21,777.05	22,056.25	26,120.83
Travel	9,612.15	7,222.31	6,371.49	7,442.26	7,262.84	4,892.23	8,517.41
Printing & Duplicating	21,003.95	40,629.09	22,144.38	34,581.14	34,584.84	35,811.48	50,105.61
Maintenance - Equipment	5,177.48	7,155.95	7,807.16	15,693.96	14,979.45	16,838.06	26,202.58
Maintenance - Bldg. & Grnds.	536.97	441.39	557.99	412.18	1,166.82	5,738.60	1,032.15
Laundry	257.00	298.02	692.80	279.10	400.86	688.84	411.38
Assessed Car Rental	1,900.50	1,951.71	2,672.44	1,856.19	2,992.07	2,230.47	1,887.86
Supplies - Office	7,533.02	6,057.00	10,426.60	27,525.82	7,249.69	8,213.67	10,879.36
Supplies - Data Processing	6,017.43	4,260.55	4,149.87	6,479.99	6,302.51	12,817.56	19,265.09
Supplies - Janitorial	249.57	261.57	308.40	311.02	243.74	91.94	27.26
Rental - Building	13,266.24	20,515.78	26,650.01	26,650.00	26,650.00	26,650.00	26,650.00
Rental - Data Processing	59,392.82	46,893.00	60,453.42	49,357.67	56,844.98	57,000.00	45,692.54
Rental - Office Equipment	23,326.47	31,479.37	33,529.22	22,193.57	17,404.01	24,591.84	24,101.20
Insurance	2,315.44	3,360.97	2,684.36	2,934.63	4,056.61	2,327.00	3,004.00
Bonds	2,851.00	.00	1,750.00	1,750.00	5.00	1,776.25	1,776.25
Dues	140.00	140.00	140.00	140.00	140.00	140.00	690.00
Subscriptions	1,005.06	818.97	1,029.05	928.56	1,216.62	2,150.60	2,555.24
Employee Training Expense	434.50	1,201.95	1,113.90	696.85	726.78	1,964.05	1,501.40
Miscellaneous	141.26	.00	113.61	137.15	393.32	16.07	2,525.99
Photo Supplies	15.90	2.25	.00	219.66	.00	17.50	.00
Furniture Office Equipment	1,408.09	462.04	1,005.99	1,188.27	1,837.18	2,425.14	2,749.82
Computer Payroll Cost	.00	.00	.00	287.04	.00	.00	.00
Files & Court Fees	.00	.00	.00	10.00	.00	.00	.00
Lease Purchase Office Equip.	.00	.00	.00	12,738.73	14,355.48	14,093.52	28,263.00
Conference Expenses	.00	.00	.00	.00	300.00	520.00	675.00
TOTAL	\$211,146.34	\$195,198.18	\$306,957.35	\$271,309.46	\$ 320,813.33	\$ 368,289.70	\$ 407,350.75
Capital Outlay	\$ 3,203.86	\$ 484.53	\$ 5,532.60	\$ 3,857.66	\$ 794.92	\$ 42,943.46	\$ 56,962.68
TOTAL ADMINISTRATIVE EXPENSE	\$630,243.12	\$678,490.13	\$828,837.11	\$870,576.83	\$1,015,823.53	\$1,196,894.08	\$1,376,573.71
DISTRIBUTION OF COST BY RETIREMENT SYSTEM							
Kentucky Employees Retire. Syst.	\$441,170.18	\$393,524.28	\$480,725.52	\$478,817.25	\$ 558,702.94	\$ 623,177.92	\$ 757,115.54
County Employees Retire. Syst.	163,863.21	278,180.95	339,823.22	383,053.81	446,962.35	561,747.22	605,692.43
State Police Retire. Syst.	25,209.73	6,784.90	8,288.37	8,705.77	10,158.24	11,968.94	13,765.74
TOTAL	\$630,243.12	\$678,490.13	\$828,837.11	\$870,576.83	\$1,015,823.53	\$1,196,894.08	\$1,376,573.71
No. of Accounts/\$ Per Account	112,143/\$5.62	117,255/\$5.79	117,604/\$7.05	116,534/\$7.47	118,347/\$8.58	120,176/\$9.96	129,546/\$10.63

11/11/11