



JUDICIAL FORM RETIREMENT SYSTEM

BOARD OF TRUSTEE MEETING – JANUARY 20, 2023



AGENDA



BOARD OF TRUSTEES, Judicial Form Retirement System INVESTMENT COMMITTEES, Judicial and Legislators Retirement Funds

January 20, 2023– 10:00 a.m. EST

**Administrative Office of the Courts, Meeting Room A
1001 Vandalay Drive, Frankfort, Kentucky
AND
Video Conference using Microsoft Teams**

- I. Call to Order.
- II. Adoption of the *Minutes* of the October 21, 2022
- III. Election of Board and Committee Chairs.
- IV. Investment Related Matters.
 - A. Lexington Investment Company Quarterly Update
 - B. Presentation by Baird Trust Company
- V. Administrative Reports by Executive Director
 - A. Public Pension Oversight Board
 - B. 2023 Regular Session of the General Assembly
 - C. Fiscal Year 2022 Financial Audit – Blue & Co.
 - D. Medicare Group PPO Plan Update
 - E. Board Member Financial Disclosure Statements
- VI. April 21, 2023 Meeting and Adjournment

Please contact JFRS at (502) 564-5310 if planning to attend meeting or to request a link to meeting virtually

Item II – Adoption of Minutes

- October 21, 2022

MINUTES OF THE JOINT MEETING
OF THE BOARD OF TRUSTEES OF
THE KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM,
THE INVESTMENT COMMITTEE FOR THE
KENTUCKY JUDICIAL RETIREMENT FUND,
AND THE INVESTMENT COMMITTEE FOR THE
KENTUCKY LEGISLATORS RETIREMENT FUND

October 21, 2022

The Board of Trustees of the Kentucky Judicial Form Retirement System (JFRS), the Investment Committee for the Kentucky Judicial Retirement Fund, and the Investment Committee for the Kentucky Legislators Retirement Fund, convened at the Administrative Office of the Courts, 1001 Vandalay Drive, Frankfort, Kentucky 40601 on Friday, October 21, 2022, at 10:30 a.m. All Board members were present. Senator Jimmy Higdon participated via Microsoft Teams video-conferencing.

JFRS staff present included Bo Cracraft, Executive Director, and Rebecca Stephens, Retirement Programs Administrator. Guests attending the meeting included Stan Kerrick, Lexington Investments, Don Asfahl and Andy Means of Baird Trust Company, and Wesley Wickenheiser of Findley, Inc. Mr. Matthew Widick of USI, Inc. also participated via Microsoft Teams video-conferencing.

Chairman Grise called the meeting to order at 10:31a.m. The trustees considered the adoption of the previously distributed *Minutes* from the August 5, 2022 and August 19, 2022 meetings. Upon motion by Justice Daniel Venters, seconded by Mr. Ben Allison, the Board unanimously approved the *Minutes* of the August 5, 2022 and August 19, 2022 meetings.

The next order of business was the report from Lexington Investments LLC. Chairman Grise recognized Mr. Stan Kerrick. Mr. Kerrick distributed to the trustees Lexington Investments' *Compliance and Cash Flow Report of the Kentucky Judicial & Legislators Retirement Funds* as of September 30, 2022, dated October 21, 2022. In accordance with Board policy, the System maintains a copy of the *Report*.

Mr. Kerrick began with a compliance statement, which noted both plans were within their prescribed asset allocation guidelines. He also highlighted that neither plan currently had any individual equity positions that exceeded the 8% maximum weighting as of September 30, 2022. Since the close of the quarter, Mr. Kerrick noted the portfolios holding in Progressive Insurance had reached the 8% threshold for a day or two in October and was being monitored. Mr. Kerrick also reviewed the dividend yield of the equity portfolio and duration of fixed income allocation and stated both were in compliance with the investment policy. Lastly, Mr. Kerrick discuss recent transactions, which was limited to a few bond purchases, and projected cash flow in the portfolios.

Chairman Grise welcomed Baird Trust Company, who arrived and joined the meeting at 10:50 a.m. Mr. Cracraft had previously distributed copies of Hilliard Lyons' *Investment Review*

for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement Fund dated October 21, 2022. In accordance with Board policy, the System maintains a copy of the *Investment Review*. Mr. Kerrick departed the meeting.

Mr. Andy Means began the quarterly review with a few comments regarding Baird's most recent Market Commentary, titled "Focusing on What's Knowable." He began by reiterating comments from Baird's prior quarterly review highlighting just how disruptive and unpredictable the past two and half years had been. A complete shutdown of markets, flood of money, and supply chain issues had been further compounded by geo-political pressures from the war in Ukraine and a strained U.S. relationship with China. More recently, the Fed had aggressively tried to react to rising inflation, which had led to a pretty significant reset of markets as investors adjusted to a new reality where rates were rising and the cost of capital was no longer free.

While admitting he did not know what the future would bring, Mr. Means did express confidence in the underlying businesses held in the portfolio. He pointed to the large swings and volatility experienced in the stock market, but stated the underlying companies were much more stable. He also pointed to past performance of the portfolios during similar periods, where companies held in the portfolio were able to grab market share. He acknowledged this does required a longer-term view, but patience has been rewarded in the past.

In response to a question from Mr. Ben Allison related to current valuations, Mr. Means stated the portfolios were currently trading at approximately a twenty percent discount to what the team believes is intrinsic value. In response to a follow up question from Chairman Grise regarding if the team was looking to double down or reinvest, Mr. Means stated the team does not have any immediate plans, largely driven by comfort with where the portfolios current allocation between equity and fixed income.

In response to a question from Mr. Cracraft regarding if the team had any concerns with current holdings, Mr. Means stated they were happy and thought most companies were performing well given the circumstances. He pointed to a few industries that had been significantly influenced and time spent by the team to determine if the recent experience or new normal was going to overwhelm the underlying business models. As an example, he identified Carmax and the used car industry. Carmax was negatively impacted early during the pandemic by the market shutdown and lack of foot traffic visiting their physical, land-based dealerships. In addition, given the low cost of capital, it opened the door for new competitors, such as Carvana that tried to capitalize on a zero touch experience. In the midst of the pandemic, both companies saw tremendous growth as a lack of supply in used cars pushed prices to all-time highs. But more recently, with rising rates and the cost of capital going up, a company such as Carmax is looking stronger and better positioned going forward.

In response to a question from Representative Brinkman regarding harvesting returns, Mr. Means stated the team was definitely thinking about those types of decisions. He referenced multiple sells of Apple and Microsoft over the past 18 months and identified Progressive Insurance as a current company, which had performed very well.

In response to questions from Mr. Allison and Chairman Grise regarding rising rates and the Fed's reaction to inflation, Mr. Means agreed that rising rates were not the worst thing for all companies. He pointed to several financial holdings that would benefit, but also expressed some confidence that other companies in the portfolio had enough pricing power to weather the rise in inflation. Regarding the Fed's reaction, Mr. Means agreed the Fed waited too late to get started and worried they might overdo it. He pointed to a lag in response that makes handling inflation so difficult, not to mention, concerns of something else happening that would force them to react or provide liquidity.

Mr. Asfahl reviewed the current asset allocation, annual estimated income, and the current yield on the JRP legacy portfolio. He discussed the fixed income portfolio and schedule of maturities. Mr. Means reviewed a snapshot of the equity portfolio, which included relative sector weightings, top performers and largest holdings. He pointed out the financial sector was the largest industry weight and close to a policy limit. He also noted that roughly 60% of the equity portfolio were in the top 10 holdings. Mr. Means also reviewed performance attribution and noted that not holding energy stocks had been the primary detractor over the short term. Lastly, he reviewed top and bottom contributors over a one and five year trailing period.

Mr. Asfahl concluded the presentation with a short review of the fixed income portion of the portfolios, a summary of risk statistics, as well as trailing period performance of the portfolios. He advised that the portfolios were well-positioned, continued to produce strong risk adjusted results, and had outperformed the blended index over each measured time period.

The meeting recessed for lunch at 12:05.

The meeting reconvened at 12:30 p.m. Mr. Wesley Wickenheiser of USI, Inc. joined the meeting in person, while Mr. Matthew Widick of USI, Inc. joined the meeting virtually via Microsoft TEAMS. Mr. Means and Mr. Asfahl departed the meeting.

Chairman Grise recognized Mr. Cracraft, who reported on several administrative matters. The trustees discussed the items and took action when noted.

(B) 2021 Actuarial Valuations. Mr. Cracraft recognized Mr. Wesley Wickenheiser and Mr. Matthew Widick of USI, Inc., who had joined the meeting to present results of the System's July 1, 2022 GASB actuarial valuations.

Mr. Wickenheiser began with a broad review of the valuation process followed and reminded the trustees that full funding valuations, used to determine funding requirements, were completed every 2 years leading up to budget years. In the interim, odd years, only a roll forward valuation is conducted to produce GASB reports used for the states accounting reports. In these roll forward valuations, data and assumptions from the prior year are rolled forward and compared to actual market value of assets.

Next, Mr. Wickenheiser reviewed recent activity, which included the actuarial audit being conducted by the PPOB; numerous recent benefit determination tied to year-end retirements, as well as the recent change to the plans amortization method that passed during the

2022 Regular Session. In addition, he provided a review of several assumptions used, specifically pointing out the plans long-term interest rate, mortality, retirements, and asset smoothing.

Next, Mr. Matt Widick reviewed a summary of GASB results for the 2021 and 2022 valuations. He pointed out that as expected, total liabilities only grew marginally given the roll forward methodology, but total assets declined considerably given investment returns. As a result, the funded ratio for both the pension and medical plans, while still fully funded, had declined from the prior year for JRP and LRP. Next, Mr. Widick provided a summary of the liability split between legacy and cash balance members, calling attention to reality that the cash balance portfolios, while growing in number, still had very little impact on the underlying dynamic of the plan's total liability. Lastly, he reviewed current membership counts for both plans and pointed out how cash balance members were continuing to grow, especially the LRP plan.

In closing, Mr. Wickenheiser noted both plans continued to see strong funding levels and that future projections showed continued improvement. Given the funding position of both plans, he suggested the board may consider modest changes to asset allocation and targeted asset returns to remove some risk from each plan. Alternatively, the plans could also shift some of the risk through an annuity market or potentially seek liability driven investment strategies.

Mr. Wesley Wickenheiser and Mr. Matt Widick departed the meeting at 1:15 p.m.

(A) Public Pension Oversight Board (PPOB). Mr. Cracraft gave a summary of PPOB meetings since the August JFRS board meeting.

August 22, 2022 – Each state-administered retirement system was on the agenda and provided an investment update TRS also testified with regards to sick leave and temporary re-employment after retirement provisions.

September 27, 2022 – JFRS was not on the agenda. The Kentucky Deferred Compensation Authority provided an annual update and both TRS and KPPA provided a Retiree Health Update.

Mr. Cracraft indicated the PPOB was scheduled to meet on October 25th and JFRS had been asked to attend and provide a short quarterly updated on investment performance for the first quarter of the new fiscal year.

(C) 2022 General Session. Mr. Cracraft referenced the *2023 Regular Session – Proposed Legislative Plan* memo from staff included in the materials. He noted the shorter, 30 day, session was expected to begin on the first Tuesday in January.

Given the shorter timeline along with the fact that the General Assembly was going to welcome several new faces, Mr. Cracraft indicated that staff did not have any plans to introduce potential legislation, but rather planned to cultivate new relationships and look to have legislative discussions with regards to future housekeeping legislation. He did quickly discuss a couple

legislative topics, included the annual interest credit process for member with reciprocal service and potential health insurance benefit considerations for cash balance members in the future. He suggested there was some time to have discussions and expressed a desire to reach out to KPPA staff and gauge interest in working together on the items.

(D) APA Fiscal Year 2022 Audit. Mr. Cracraft provided a brief update of the audit, which he stated should be completed by the middle of November. He was hopeful there would be no material or significant findings in the final report, but advised the Trustees they would receive a copy via email as soon as it was received.

(E) Open Records Rules and Procedures. Mr. Cracraft referenced the *Open Records Policy* memo from staff included in the materials.

Following a discussion, Representative Scott Brinkman made a motion, which was seconded by Representative Brad Montell to adopt the revised JFRS Open Records policy. The motion passed unanimously.

(C) Pension Administration Software. Mr. Cracraft provided a quick verbal update on the Pension Administration Software project. Since the August meetings, the team had largely focused on design and data cleansing. In addition, the team was redesigning all the agency's forms and documents, which would give their web, print, and other communications a very similar look. Milliman plans to provide a beta version as soon as November 15 and by the end of January the plan is to have MARC programed to begin reviewing calculations and reporting.

There being no further business, the meeting adjourned at 2:13 p.m.

Judge John R. Grise, Chairman
Judicial Form Retirement System Board of Trustees

Stephen F. LeLaurin, Chairman
Judicial Retirement Fund Investment Committee

Representative Brad Montell, Chairman
Legislators Retirement Fund Investment Committee

Bo Cracraft, Executive Director

Item IV – Investment Related Matters

A. Lexington Investment Company

LXINGTON INVESTMENTS LLC

Kentucky Judicial and Legislators Retirement Funds

INVESTMENT POLICY STATEMENT COMPLIANCE

October 1, 2022 – December 31, 2022

1. Equity allocation in each Fund has a target of 70% of the total portfolio market value, excluding cash and equivalent balances, within a range of 60% to 80%. Equity allocations on December 31st were Judicial 70.4%, and Legislators 71.4%. Both Funds were in the target range during the past quarter.
2. Fixed Income allocation in each Fund has a target allocation of 30% of the total portfolio market value, excluding cash and equivalent balances, within a range of 20% to 40%. Fixed Income allocation on December 31st were Judicial 29.5%, and Legislators 28.0%. Both Funds were in the target range during the past quarter.
3. Each Fund's equity investments meet the statutory standards for investment of trust funds, and all equity investments in the Fund have paid dividends for at least five consecutive years with the exceptions of Meta Platforms, Carmax, O'Reilly Automotive, Berkshire Hathaway, and Alphabet Inc. CL C. On December 31st these positions represent 18.40% of the total equity portfolio in the Judicial Fund and 18.5% in the Legislators Fund. Each Fund's non-dividend paying equities did not exceed 50% of the total equities market value.
4. Investment in an individual equity security, at the time of purchase shall not exceed 5% of the Fund's then current market value of such Fund's equity portfolio. During the quarter no equity purchases exceeded 5% in either Fund.
5. When the market value of any equity position in either Fund reaches 8% of the value of the total value of the equity market value of that Fund the Manager will contact the applicable Investment Committee, or its designee, to determine a course of action. As of December 31st, the Judicial Fund's 8% limit was \$28,786,804, and the Legislators Fund's 8% limit was \$8,356,772. None of the equity positions in either Fund exceeded those market values as of December 31st.
6. Each Fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all the Fund's fixed income investments, including ETF or Mutual Funds, shall at all times be within one year of the duration of its fixed income benchmark, the Barclays Intermediate Government/Credit Index. As of December 31st the modified duration of the Judicial Fund was 3.67 years, and Legislators 3.73 years, each fund less than 1 year of the duration of the benchmark which was 4.018 years.
7. During the quarter the following bond maturities, sales or early redemptions, and purchases occurred:
Judicial:
12/08/22 Sold 4.5MM 3M Note 2.75% due 08/26/2029@86.91 (\$3,910,950.00+\$31,468.75 A.I.= \$3,910,950.00 net proceeds)
12/16/22 Bought 10MM U.S. Treasury Bill 0% due 04/04/2023 @ 98.75 (\$9,875,800.00 cost) duration = 0
Legislators:
12/08/22 Sold 4.5MM 3M Note 2.75% due 08/26/2029@86.91 (\$1,086,375.00+ \$8,741.32 A.I.= \$1,086,375.00 net proceeds)
12/16/22 Bought 1250M Parker-Hannifin Note 4.50% due 9/15/29(\$1,231,687.50+\$28,906.25A.I.= \$1,231,687.50 cost)
duration = 5.84
None of the individual fixed income purchases had a duration which exceeded 15 years, or cost which exceeded 5% of the respective fund's fixed income portfolio market value at the time of purchase. The Treasury Bill purchased for Judicial represented 6.53% of the fixed-income portfolio, but is considered a cash equivalent.

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Cash Reconciliation Report

From 10/01/2022 to 12/31/2022

KENTUCKY JUDICIAL

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
10/01/2022		CASH Beginning Balance		6,211,790.29
10/01/2022		Interest PFIZER INC	59,062.50	6,270,852.79
10/01/2022		Interest CUMMINS INC	63,875.00	6,334,727.79
10/01/2022		Interest SYSCO CORP	65,625.00	6,400,352.79
10/01/2022		Interest JPMORGAN CHASE & CO	66,375.00	6,466,727.79
10/03/2022		Interest CASH	13,406.96	6,480,134.75
10/07/2022		Dividend iShares 1-3 YR TSY ETF	168.51	6,480,303.26
10/11/2022		Withdrawal CASH	(6,000,000.00)	480,303.26
10/12/2022		Interest FEDERAL FARM CR BKS	83,250.00	563,553.26
10/12/2022		Dividend OMNICOM GROUP	93,730.00	657,283.26
10/14/2022		Dividend PROGRESSIVE CORP-OHIO	23,030.00	680,313.26
10/15/2022		Interest OMNICOM GROUP INC	54,000.00	734,313.26
10/15/2022		Interest EXXON MOBIL CORP	58,725.00	793,038.26
10/17/2022		Dividend U S BANCORP	95,520.00	888,558.26
10/21/2022		Interest BANK AMER CORP	81,200.00	969,758.26
10/23/2022		Interest WELLS FARGO CO NEW	67,500.00	1,037,258.26
10/25/2022		Dividend GENERAL ELECTRIC NEW	10,808.00	1,048,066.26
10/26/2022	10/31/2022	Sell O'REILLY AUTOMOTIVE INC. -5800.00	4,501,733.94	5,549,800.20
10/26/2022	10/31/2022	Sell PROGRESSIVE CORP-OHIO -25000.00	3,087,796.76	8,637,596.96
10/26/2022		Dividend CISCO SYSTEMS INC	41,382.00	8,678,978.96
10/26/2022	10/31/2022	Buy PARKER-HANNIFIN CORP 26000.00	(7,283,814.20)	1,395,164.76
10/30/2022		Interest BLACKROCK INC	73,125.00	1,468,289.76
10/30/2022		Interest NORTHERN TR CORP	88,875.00	1,557,164.76
10/31/2022		Interest CASH	659.75	1,557,824.51
10/31/2022		Dividend JP MORGAN	161,050.00	1,718,874.51
11/01/2022		Interest CASH	4,314.49	1,723,189.00
11/06/2022		Interest APPLE INC NOTE	60,375.00	1,783,564.00
11/07/2022		Dividend iShares 1-3 YR TSY ETF	258.09	1,783,822.09
11/10/2022		Dividend APPLE COMPUTER	40,342.00	1,824,164.09
11/14/2022		Interest ABBVIE INC	72,000.00	1,896,164.09
11/15/2022		Interest UNITED STATES TREAS NT	31,250.00	1,927,414.09
11/23/2022		Dividend FASTENAL CO.	80,786.00	2,008,200.09
11/25/2022		Dividend SCHWAB (CHAS)	57,244.00	2,065,444.09
11/30/2022		Interest CASH	875.36	2,066,319.45
12/01/2022		Interest CASH	2,563.80	2,068,883.25
12/01/2022		Interest SCHLUMBERGER INVT SA	63,875.00	2,132,758.25
12/01/2022		Dividend TJX COS INC NEW	45,076.00	2,177,834.25
12/01/2022		Dividend WELLS FARGO	47,775.00	2,225,609.25
12/02/2022		Dividend PARKER-HANNIFIN CORP	34,580.00	2,260,189.25
12/02/2022		Dividend TE CONNECTIVITY LTD	66,318.00	2,326,507.25
12/05/2022		Dividend PFIZER INC	95,680.00	2,422,187.25
12/06/2022		Dividend JOHNSON & JOHNSON	140,826.25	2,563,013.50
12/07/2022		Dividend iShares 1-3 YR TSY ETF	219.48	2,563,232.98
12/08/2022	12/12/2022	Sell TE CONNECTIVITY LTD -3200.00	390,911.04	2,954,144.02
12/08/2022	12/12/2022	Sell ALPHABET INC- CL C -5100.00	483,499.52	3,437,643.54
12/08/2022	12/12/2022	Sell APPLE COMPUTER -4600.00	652,658.34	4,090,301.88
12/08/2022	12/12/2022	Sell BANKAMERICA CORP. -5100.00	167,640.29	4,257,942.17
12/08/2022	12/12/2022	Sell BERKSHIRE HATH--B -2200.00	674,647.54	4,932,589.71
12/08/2022	12/12/2022	Sell CARMAX INC. -2650.00	172,255.06	5,104,844.77
12/08/2022	12/12/2022	Sell CISCO SYSTEMS INC -2900.00	141,256.05	5,246,100.82
12/08/2022	12/12/2022	Sell DISNEY (WALT) CO. -3500.00	324,982.60	5,571,083.42
12/08/2022	12/12/2022	Sell EXPEDITORS INTERNATIONAL -2400.00	260,545.95	5,831,629.37
12/08/2022	12/12/2022	Sell META PLATFORMS INC CL A -1000.00	115,118.36	5,946,747.73
12/08/2022	12/12/2022	Sell FASTENAL CO. -7000.00	353,573.09	6,300,320.82
12/08/2022	12/12/2022	Sell GENERAL ELECTRIC NEW -3600.00	307,705.11	6,608,025.93
12/08/2022	12/12/2022	Sell HOME DEPOT -2175.00	699,197.33	7,307,223.26
12/08/2022	12/12/2022	Sell JP MORGAN -4300.00	570,117.06	7,877,340.32
12/08/2022	12/12/2022	Sell JOHNSON & JOHNSON -3325.00	588,409.11	8,465,749.43
12/08/2022	12/12/2022	Sell MICROSOFT CORP -2675.00	653,824.04	9,119,573.47
12/08/2022	12/12/2022	Sell O'REILLY AUTOMOTIVE INC. -500.00	416,013.42	9,535,586.89
12/08/2022	12/12/2022	Sell OMNICOM GROUP -3600.00	273,643.41	9,809,230.30
12/08/2022	12/12/2022	Sell PARKER-HANNIFIN CORP -700.00	206,089.27	10,015,319.57
12/08/2022	12/12/2022	Sell PFIZER INC -6400.00	322,343.33	10,337,662.90
12/08/2022	12/12/2022	Sell PROGRESSIVE CORP-OHIO -5500.00	720,897.63	11,058,560.53
12/08/2022	12/12/2022	Sell SCHWAB (CHAS) -7000.00	564,437.66	11,622,998.19
12/08/2022	12/12/2022	Sell TJX COS INC NEW -4100.00	327,042.53	11,950,040.72

Cash Reconciliation Report

From 10/01/2022 to 12/31/2022

KENTUCKY JUDICIAL

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
12/08/2022	12/12/2022	Sell U S BANCORP -5300.00	230,595.06	12,180,635.78
12/08/2022	12/12/2022	Sell UNION PACIFIC -1300.00	277,973.02	12,458,608.80
12/08/2022	12/12/2022	Sell WELLS FARGO -4250.00	181,696.93	12,640,305.73
12/08/2022	12/12/2022	Sell 3M CO -4500000.00	3,942,418.75	16,582,724.48
12/08/2022		Dividend MICROSOFT CORP	68,187.00	16,650,911.48
12/15/2022		Interest MICROSOFT CORP	54,375.00	16,705,286.48
12/15/2022		Interest OREILLY AUTOMOTIVE INC	82,250.00	16,787,536.48
12/15/2022		Dividend EXPEDITORS INTERNATIONAL	60,099.00	16,847,635.48
12/15/2022		Dividend HOME DEPOT	153,662.50	17,001,297.98
12/15/2022		Withdrawal CASH	(7,000,000.00)	10,001,297.98
12/16/2022	12/19/2022	Buy U.S.TREASURY BILL 10000000.00	(9,875,800.00)	125,497.98
12/21/2022		Dividend iShares 1-3 YR TSY ETF	281.87	125,779.85
12/29/2022		Dividend UNION PACIFIC	60,710.00	186,489.85
12/30/2022		Interest CASH	1,031.38	187,521.23
12/30/2022		Dividend BANKAMERICA CORP.	42,218.00	229,739.23
12/31/2022		CASH Ending Balance		229,739.23

Cash Reconciliation Report

From 10/01/2022 to 12/31/2022

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
10/01/2022		CASH Beginning Balance		4,060,382.03
10/01/2022		Interest PFIZER INC	16,406.25	4,076,788.28
10/01/2022		Interest CUMMINS INC	18,250.00	4,095,038.28
10/01/2022		Interest JPMORGAN CHASE & CO	18,437.50	4,113,475.78
10/01/2022		Interest SYSCO CORP	18,750.00	4,132,225.78
10/03/2022		Interest CASH	6,947.34	4,139,173.12
10/07/2022		Dividend iShares 1-3 YR TSY ETF	190.12	4,139,363.24
10/11/2022		Withdrawal CASH	(4,000,000.00)	139,363.24
10/12/2022		Interest FEDERAL FARM CR BKS	20,812.50	160,175.74
10/12/2022		Dividend OMNICOM GROUP	26,477.50	186,653.24
10/14/2022		Dividend PROGRESSIVE CORP-OHIO	6,515.00	193,168.24
10/15/2022		Interest EXXON MOBIL CORP	16,312.50	209,480.74
10/15/2022		Interest OMNICOM GROUP INC	22,500.00	231,980.74
10/17/2022		Dividend U S BANCORP	26,064.00	258,044.74
10/21/2022		Interest BANK AMER CORP	20,300.00	278,344.74
10/23/2022		Interest WELLS FARGO CO NEW	18,750.00	297,094.74
10/25/2022		Dividend GENERAL ELECTRIC NEW	3,088.00	300,182.74
10/26/2022	10/31/2022	Sell O'REILLY AUTOMOTIVE INC. -1550.00	1,203,049.58	1,503,232.32
10/26/2022	10/31/2022	Sell PROGRESSIVE CORP-OHIO -8000.00	988,094.96	2,491,327.28
10/26/2022		Dividend CISCO SYSTEMS INC	11,761.00	2,503,088.28
10/26/2022	10/31/2022	Buy PARKER-HANNIFIN CORP 7300.00	(2,045,070.91)	458,017.37
10/30/2022		Interest BLACKROCK INC	20,312.50	478,329.87
10/30/2022		Interest NORTHERN TR CORP	24,687.50	503,017.37
10/31/2022		Interest CASH	361.34	503,378.71
10/31/2022		Dividend JP MORGAN	45,100.00	548,478.71
11/01/2022		Interest CASH	0.01	548,478.72
11/01/2022		Interest CASH	2,440.34	550,919.06
11/06/2022		Interest APPLE INC NOTE	16,387.50	567,306.56
11/07/2022		Dividend iShares 1-3 YR TSY ETF	247.61	567,554.17
11/10/2022		Dividend APPLE COMPUTER	11,385.00	578,939.17
11/14/2022		Interest ABBVIE INC	26,562.50	605,501.67
11/15/2022		Interest UNITED STATES TREAS NT	15,625.00	621,126.67
11/23/2022		Dividend FASTENAL CO.	22,785.00	643,911.67
11/25/2022		Dividend SCHWAB (CHAS)	16,082.00	659,993.67
11/30/2022		Interest CASH	520.09	660,513.76
12/01/2022		Interest CASH	137.13	660,650.89
12/01/2022		Interest SCHLUMBERGER INVT SA	18,250.00	678,900.89
12/01/2022		Dividend TJX COS INC NEW	12,714.50	691,615.39
12/01/2022		Dividend WELLS FARGO	13,350.00	704,965.39
12/02/2022		Dividend PARKER-HANNIFIN CORP	9,709.00	714,674.39
12/02/2022		Dividend TE CONNECTIVITY LTD	19,208.00	733,882.39
12/05/2022		Dividend PFIZER INC	26,800.00	760,682.39
12/06/2022		Dividend JOHNSON & JOHNSON	39,550.00	800,232.39
12/07/2022		Dividend iShares 1-3 YR TSY ETF	291.18	800,523.57
12/08/2022	12/12/2022	Sell 3M CO -1250000.00	1,095,116.32	1,895,639.89
12/08/2022		Dividend MICROSOFT CORP	19,091.00	1,914,730.89
12/15/2022		Interest MICROSOFT CORP	18,125.00	1,932,855.89
12/15/2022		Interest OREILLY AUTOMOTIVE INC	23,500.00	1,956,355.89
12/15/2022		Dividend EXPEDITORS INTERNATIONAL	16,817.00	1,973,172.89
12/15/2022		Dividend HOME DEPOT	43,082.50	2,016,255.39
12/16/2022	12/20/2022	Buy PARKER-HANNIFIN CORP NOTE 1250000.00	(1,260,593.75)	755,661.64
12/21/2022		Dividend iShares 1-3 YR TSY ETF	318.00	755,979.64
12/29/2022		Dividend UNION PACIFIC	17,550.00	773,529.64
12/30/2022		Interest CASH	836.24	774,365.88
12/30/2022		Dividend BANKAMERICA CORP.	11,957.00	786,322.88
12/31/2022		CASH Ending Balance		786,322.88

Item IV – Investment Related Matters

B. Baird Trust Company



Investment Review
KY Judicial Retirement Fund
KY Legislator Retirement Fund
January 20, 2023

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The Pandemic Era Reset

There are certain time periods associated with extraordinary events that bring about a reset of some aspects of society and the investment markets. For example, the years 2000 through 2002 saw the bursting of the speculative dot-com bubble followed by the 9/11 terrorist attacks. This period resulted in significant changes in US government policy, both foreign and domestic, as the Global War on Terror commenced. In an effort to increase security, citizens' lives were disrupted with passenger screenings in airports and new safety procedures across many facets of society. The investment markets experienced substantial disruption including the bursting of the speculative technology bubble and a 3-year bear market. Ultimately, the S&P 500 declined approximately 50% and the NASDAQ plunged nearly 80%. Investors' insatiable appetite for risk during the dot-com bubble was emphatically replaced by an aversion to risk-taking that lasted years.

The Great Financial Crisis (GFC) of 2007-2009 was another period of significant change. The bursting of the housing bubble resulted in the deepest economic recession and financial system meltdown since the Great Depression. Millions of homeowners defaulted on their mortgages and the entire banking system was on the verge of collapse. The S&P 500 plummeted 57% from top to bottom. To rescue the financial system, the Federal Reserve (Fed) responded with innovative policy approaches such as Zero % Interest Rate Policy (ZIRP) and a massive bond buying scheme called Quantitative Easing (QE). The Fed and other central banks around the world provided enormous amounts of liquidity that helped stabilize a wobbly global financial system. On the fiscal policy front, Congress authorized the Troubled Assets Relief Program (TARP) and passed the Dodd-Frank Wall Street Reform and Consumer Protection Act in an attempt to make the US financial system safer. The impacts of this regulatory expansion are still with us today. As in all past severe financial contractions, investor appetite for risk-taking diminished and took years to recover to more healthy levels.

The Pandemic Era is another significant reset in society and the financial markets. As the spread of the Covid-19 virus gained momentum in early 2020, the initial US governmental response was to shut down the economy and have citizens shelter at home. This resulted in the shortest and deepest recession in history, and the stock market (S&P 500) declined 34% in a month. As this severe decline unfolded, enormous policy responses from the Fed and Congress were initiated, pumping trillions of dollars of liquidity into the economy and financial markets. This massive stimulus had its intended effects as the economy quickly rebounded and the stock market recovered its losses in a matter of months. As the Fed and Congress continued to add fuel to the fire with additional liquidity, the S&P 500 surged to new all-time highs with an 18.4% gain in 2020 followed by a 28.7% gain in 2021.

However, 2022 was very different from the first two years of the Pandemic Era. While the governmental stimulus provided a strong tailwind for the markets in 2020-21, it also ignited the strongest upsurge in inflation in 40 years. Although the Fed was late to recognize the pervasiveness of the inflation problem, once they did, their policy actions flipped from stimulative to restrictive.

Fed Policy Shifts From QE to QT

From the beginning of the Great Financial Crisis 15 years ago to the start of the Pandemic Era, Fed policy was the most stimulative in its history. Fed funds were anchored at 0% (ZIRP) for most of this time and QE was ongoing as the Fed bought trillions of dollars of bonds to keep interest rates at historically low levels. Once the pandemic hit in 2020, the Fed doubled down on these low interest rate controls in an attempt to avoid economic disaster. These actions created an extraordinarily low cost of capital for both debt and equity. With inexpensive capital available in abundance, the economy grew vigorously, and the markets soared. Congress played its part by providing trillions of dollars of additional fiscal policy stimulus. Unfortunately, this massive monetary and fiscal stimulus eventually led to speculative excesses in markets and a rapid rise in the price of goods and services, also known as inflation. This series of events led to the about-face in Fed policy that is with us today.

The Fed is now attempting to reduce inflation by using its policy tools to raise interest rates. The Fed funds rate increased from 0% in March to over 4% today and Quantitative Easing (QE) shifted to Quantitative Tightening (QT). Instead of providing ample liquidity, the Fed is now rapidly draining liquidity from the financial system.

The Fed's about-face is significant and will have consequences for years to come. First, borrowing costs are substantially higher for governments, businesses, and consumers. As borrowing costs rise, the amount of new borrowing declines, which has a dampening effect on economic growth. Second, higher interest rates lead to lower valuations for businesses. We have already seen this with a downward adjustment in stock prices, especially in the most speculative areas of excess. With the cost of both debt and equity capital rising, it's reasonable to expect less vigorous capital markets, which ultimately leads to weaker economic growth. Overall, the Fed believes a slower growing economy, or a recession, is necessary to bring inflation down to more acceptable levels.

Positives and Negatives

No one knows exactly how all this will play out in 2023 and beyond. But there are things we do know as we look ahead – some negative and some positive. On the negative side, the US federal government balance sheet is now saddled with over \$30 trillion of debt. With interest rates rising, the cost of servicing that debt will impair the flexibility of future government spending. We haven't seen fiscal austerity out of Washington, DC, in a very long time, but it is likely coming. Also, with Fed policy flipping from QE to QT, the draining of liquidity from the financial system will result in a less accommodative environment in both the economy and the stock market. QE provided tailwinds; QT will create headwinds. Finally, geopolitical change is layered on top of these headwinds with war in Eastern Europe and deteriorating relations with China. Russia and China are both foreign policy concerns that must be handled deftly in the years to come.

On the positive side, higher interest rates have enhanced the attractiveness of investing in fixed income. During the long period of ZIRP and QE, unusually low interest rates made it virtually impossible to generate an acceptable stream of income from a portfolio of bonds without taking substantial risk. In today's higher interest rate environment, the fixed income portion of client accounts can again contribute to overall portfolio returns. For our clients who need income from their accounts, this is a welcome change. Additionally, the US banking system is in a stronger position today than at any time in several decades. Capital levels are higher, balance sheets are stronger, and lending has been more responsible. These enhancements to the banking system resulted from changes instituted after the GFC and should help the economy during times of future stress. Finally, the surge in speculative activity that occurred in US markets in 2021 has been corrected and eliminated in 2022. Too much speculation is very dangerous in markets, and this year's cleansing should lead to healthier markets with fewer excesses as we head into 2023 and beyond.

A Future Filled With Opportunity

Finally, while we find ourselves in this period of continuing economic and market resets, we look to the future with a sense of optimism. With last year's stock market decline, we are finding a number of stocks that are more attractively priced than they have been in many years. Fixed income securities are generating the most attractive levels of income in the past 15 years. In addition, history teaches that after a downturn in the US economy and markets, wonderful investment opportunities present themselves. Many of today's most innovative companies that changed our lives and led the US markets over the past decade were spawned during the 2000-2002 and 2007-2009 economic resets. We are on the verge of amazing advances in artificial intelligence, quantum computing, medical treatment breakthroughs, and other innovations that we can't possibly anticipate. The US economy is in a constant state of change that over the long term moves the world forward. Investors can benefit by participating wisely in this exciting future.

Our Guiding Principles

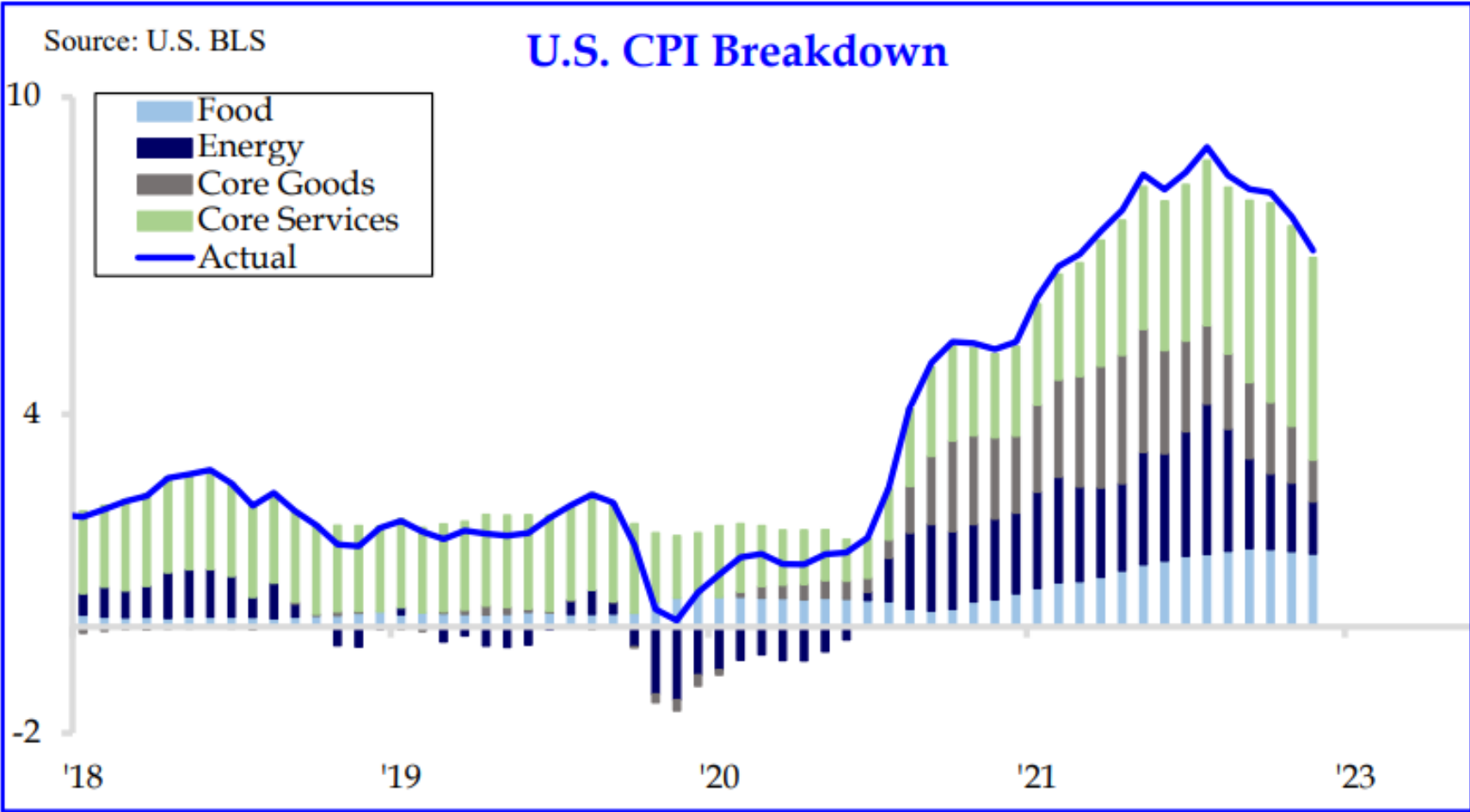
As always, we continue to manage your accounts guided by the same principles we have adhered to for the past 30 years. We emphasize high quality in every security we buy for you. We seek stocks that are financially strong, headed by talented leaders who cultivate productive corporate cultures, have durable business models, and are priced reasonably. In fixed income we only consider high quality bonds that can deliver a reliable stream of income no matter how stressed the macro environment may be. We think about tough times ahead of their arrival in an attempt to ensure that your portfolios can stand the test of time, regardless of the ups and downs that the future may bring.

We enter the new year filled with gratitude. We thank you for allowing us to manage your financial assets and develop long term relationships with you. The trust you place in us is humbling, and we are working diligently to maintain it.

Baird Trust Company ("Baird Trust"), a Kentucky state chartered trust company, is owned by Baird Financial Corporation ("BFC"). It is affiliated with Robert W. Baird & Co. Incorporated ("Baird"), (an SEC-registered broker dealer and investment advisor), and other operating businesses owned by BFC. Past performance is not a predictor of future success. All investing involves the risk of loss and any security may decline in value. This is not intended as a recommendation to buy any security and views expressed may change without notice. Baird Trust does not provide tax or legal advice. This market commentary is not meant to be advice for all investors. Please consult with your Baird Financial Advisor about your own specific financial situation.

- The U.S. added 223,000 jobs in December. The unemployment rate fell to 3.5%. Wage growth was less than expected at 0.3%. Hourly earnings have risen 4.6% year-over-year.
- The CPI rose 0.1% in November. The core rose 0.2%, the smallest increase since August 2021. Gas prices declined 2.0%. Food prices rose 0.5%. Used car and truck prices fell 2.9%. Year-over-year CPI rose 7.1%. The core has risen 6.0%.
- 3Q GDP was revised to 3.2% from the previously estimated 2.9%. Upward revisions to consumer spending and nonresidential fixed investment were partly offset by a downward revision to private inventory investment.
- Retail sales fell 0.6% in November. Motor vehicle and parts dealer sales fell 2.3%. Gas station sales fell 0.1%. Online sales fell 0.9%. Bar and restaurant sales increased 0.9%.
- The Consumer Confidence Index increased to 108.3 in December from a revised 101.4 in November. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—improved to 82.4 from 76.7. Expectations around 80 are associated with recession.
- Personal income increased 0.4% in November. Consumer spending increased 0.1%. The savings rate fell to 2.4%.

US Inflation Has Peaked, Now Rolling Over

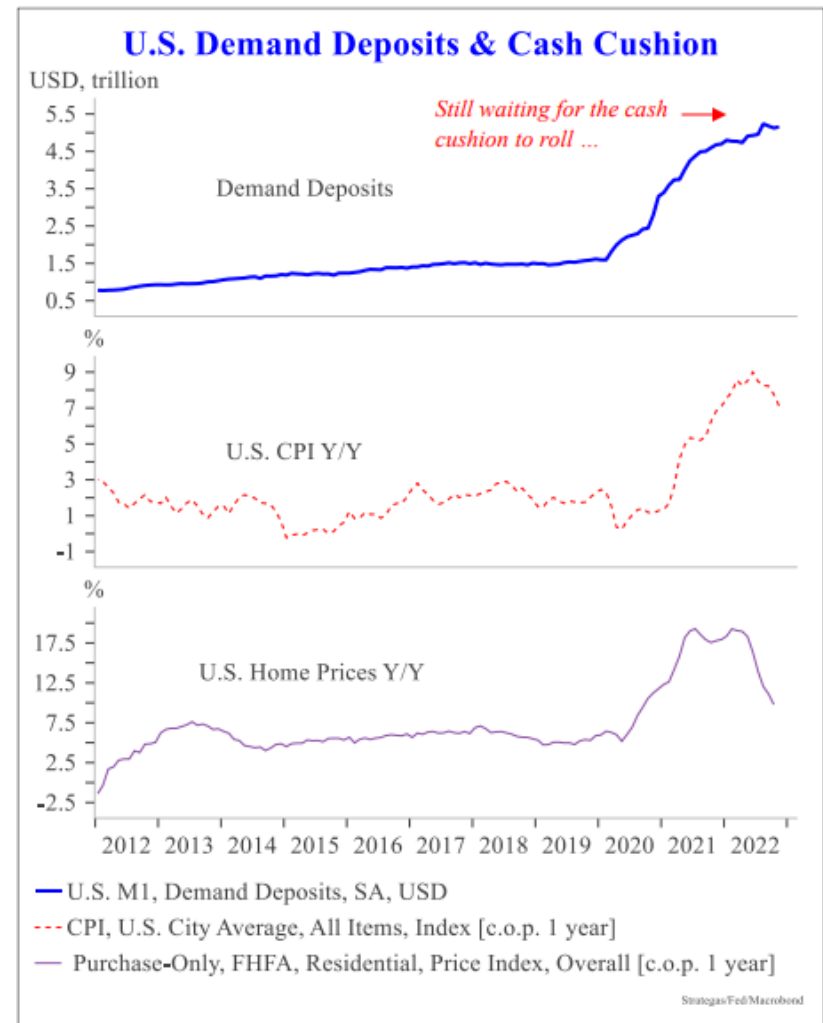
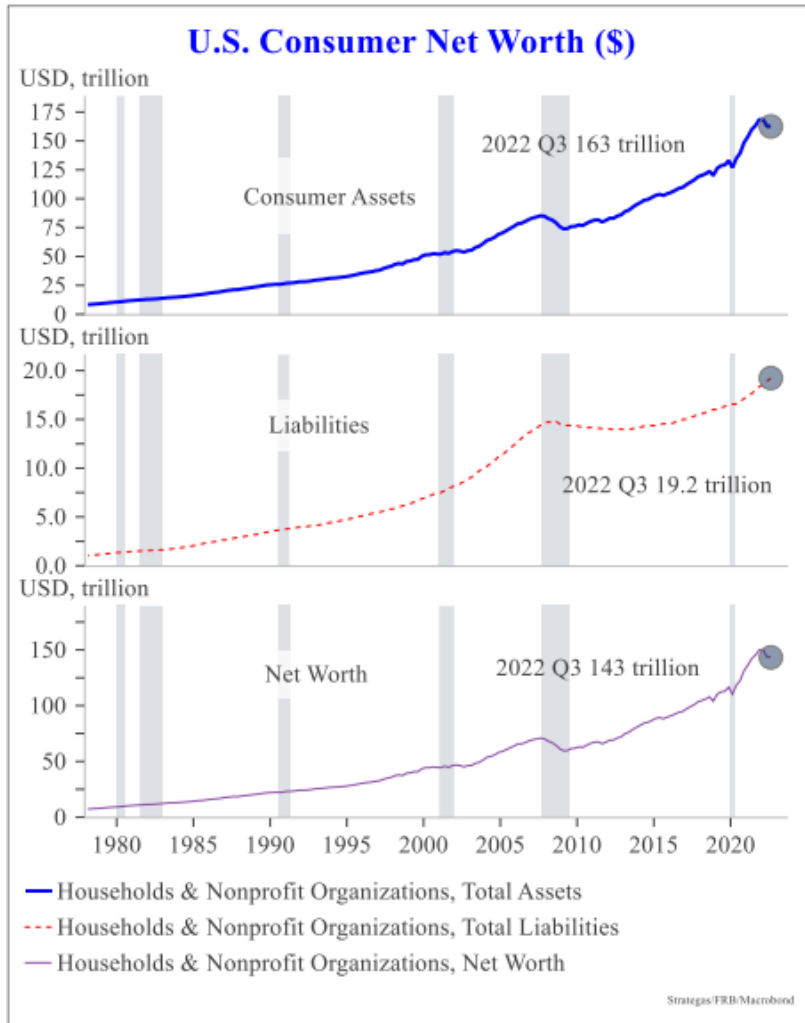


Source: Strategas Research Partners

Trend Change: Rising Interest Rates



US Consumer Snapshot – Still Fairly Healthy



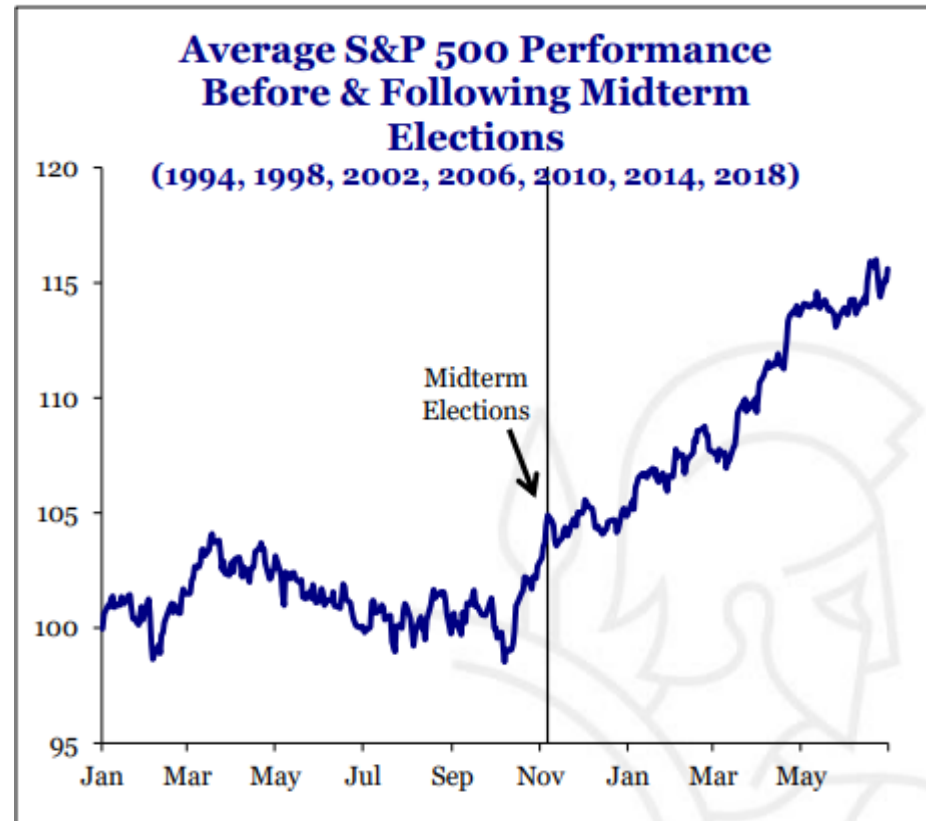
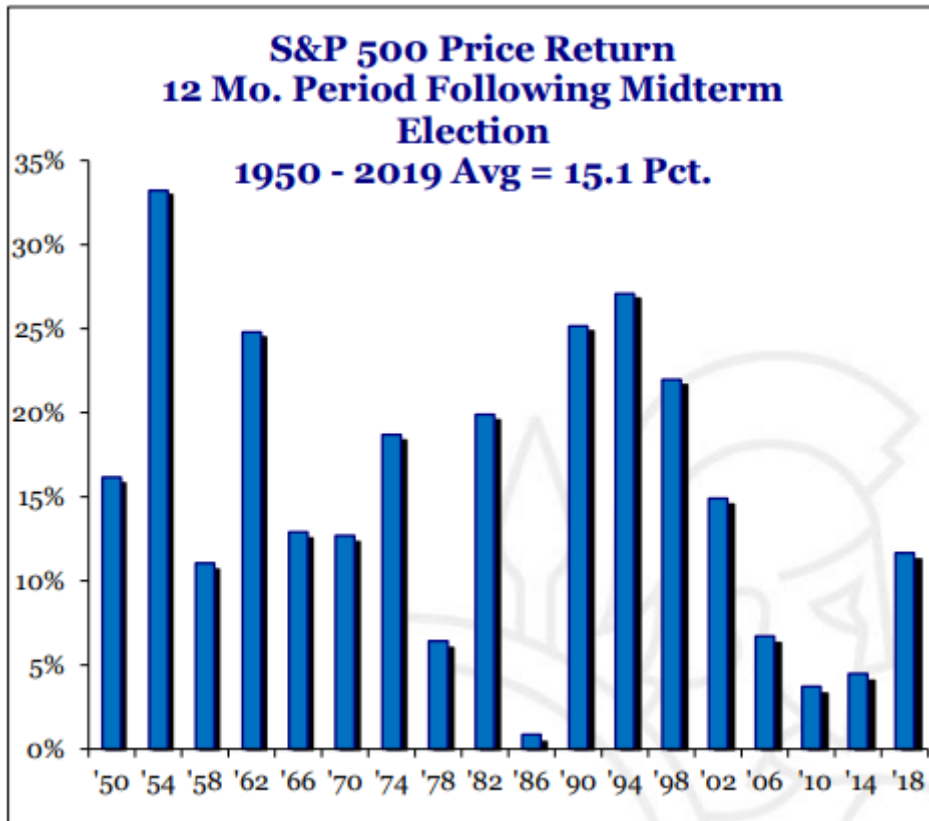
Source: Strategas Research Partners

Earnings Growth – 2023 Estimates 4.5% YOY Growth



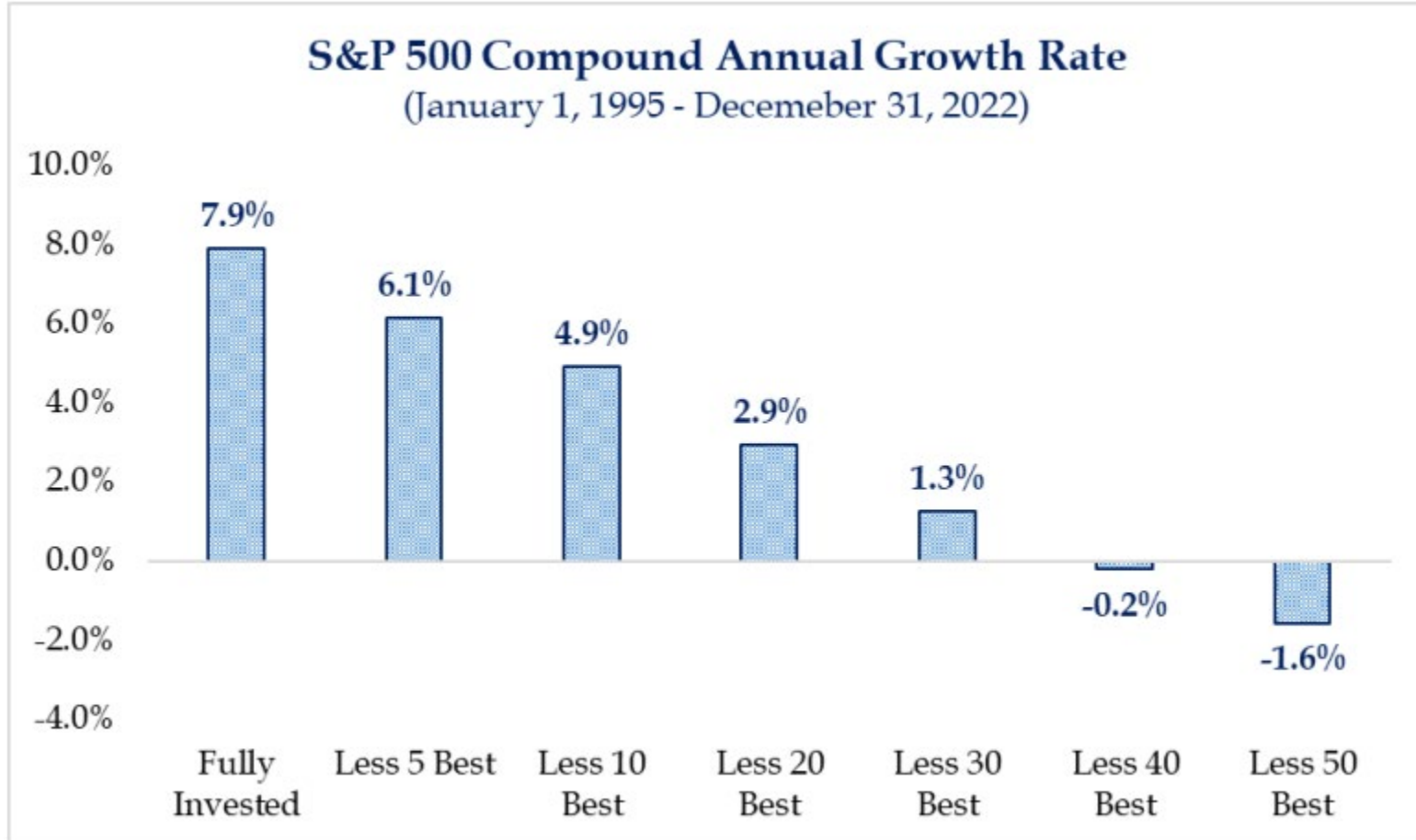
Source: Strategas Research Partners

Midterm Elections and the Stock Market



Source: Strategas Research Partners

It's More About Time In The Market Than Timing The Market



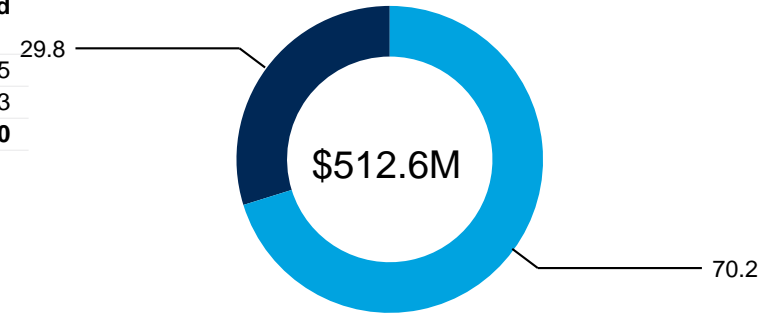
Source: Strategas Research Partners

Client Investment Review

Investment activity through 12/31/2022

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	359,903,138	70.2	5,398,283.00	1.5
Total Fixed Income	152,687,364	29.8	4,957,497.36	3.3
Total	512,590,502	100.0	10,355,780.36	2.0

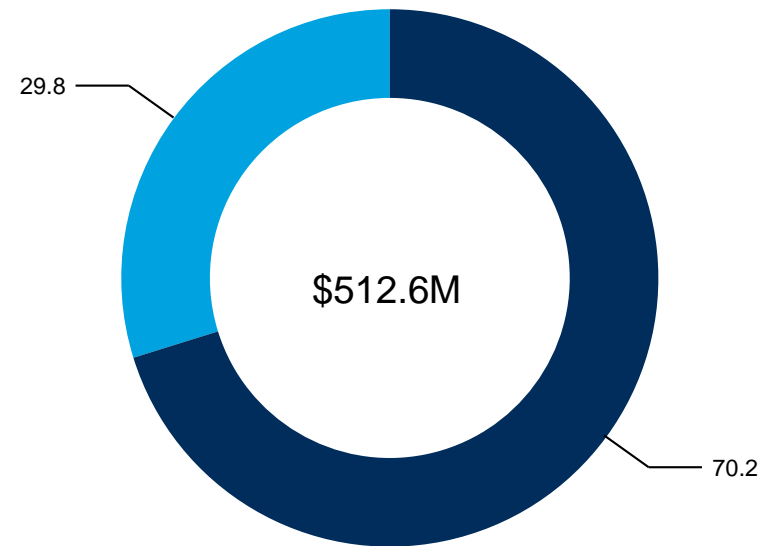


Investment Summary

	Fiscal Year to Date (6 Months)
Beginning Account Value	501,625,281.77
Net Contributions/Withdrawals	-10,413,884.39
Income Earned	5,273,714.73
Market Appreciation	16,105,389.66
Ending Account Value	512,590,501.77

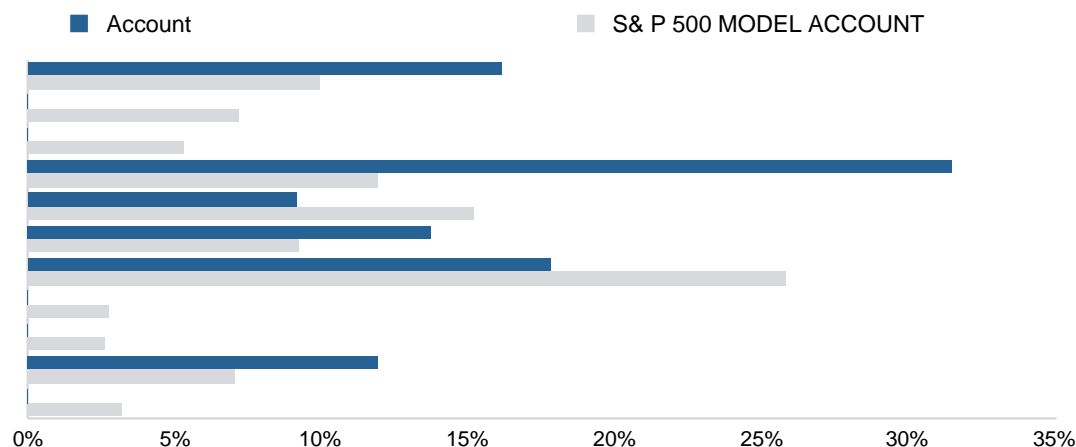
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	359,903,138	70.2
● Taxable Fixed Income	152,560,738	29.8
● Taxable Bond Funds	126,625	.0
Total	512,590,502	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	16.1	9.9
Consumer Staples	.0	7.2
Energy	.0	5.3
Financials	31.5	11.9
Health Care	9.1	15.2
Industrials	13.7	9.2
Information Tech	17.8	25.8
Materials	.0	2.7
Real Estate	.0	2.6
Communication Servic	11.9	7.0
Utilities	.0	3.2



Top 10 Performers

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	25,916,058	5.1	27.06
O REILLY AUTOMOTIVE INC N	15,361,346	3.0	19.54
OMNICOM GROUP INC COM	10,719,781	2.1	15.71
TJX COS INC NEW COM	11,836,520	2.3	6.62
JOHNSON & JOHNSON COM	20,840,284	4.1	5.98
PARKER HANNIFIN CORP COM	7,362,300	1.4	4.36
BERKSHIRE HATHAWAY INC DE	24,325,875	4.8	3.35
US TREASURY BILL DUE 04/0	9,892,200	1.9	.17
SCHWAB CHARLES CORP NEW C	21,081,432	4.1	.10
OREILLY AUTOMOTIVE INC SR	3,390,306	.7	-38

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	25,916,058	5.1	27.06
HOME DEPOT INC COM	24,858,182	4.8	-21.94
BERKSHIRE HATHAWAY INC DE	24,325,875	4.8	3.35
MICROSOFT CORP COM	23,406,432	4.6	-28.08
APPLE INC COM	22,192,044	4.3	-26.42
SCHWAB CHARLES CORP NEW C	21,081,432	4.1	.10
JPMORGAN CHASE & CO COM	21,020,175	4.1	-12.59
JOHNSON & JOHNSON COM	20,840,284	4.1	5.98
ALPHABET INC CAP STK CL C	16,690,113	3.3	-38.74
O REILLY AUTOMOTIVE INC N	15,361,346	3.0	19.54

Large Cap Equity Attribution

December 31, 2022

Sector	Qtr
Financials	1.82
Information Tech	-0.51
Communication Services	-0.43
Real Estate	0.09
Consumer Staples	-0.38
Materials	-0.2
Utilities	-0.04
Consumer Disc	3.41
Industrials	-0.04
Energy	-0.73
Health Care	-0.44
Total	2.53

Sector	1 Year
Financials	4.06
Information Tech	1.26
Communication Services	-0.69
Real Estate	0.22
Consumer Staples	-1.02
Materials	-0.14
Utilities	-0.45
Consumer Disc	3.21
Industrials	-0.92
Energy	-2.24
Health Care	-0.75
Total	2.55

Sector	5 Years
Financials	0.88
Information Tech	0.79
Communication Services	-0.22
Real Estate	0.09
Consumer Staples	0.05
Materials	0.03
Utilities	0
Consumer Disc	1.04
Industrials	0.17
Energy	0.07
Health Care	-0.53
Total	2.38

Ky Judicial Retirement DB Top & Bottom Contributors

December 31, 2022

Top Contributors

Quarter				
Ticker	Company	Ending Allocation	Total Return	Contribution
JPM	JP Morgan Chase	5.84	29.37	1.45
HD	Home Depot	6.91	15.14	1.00
BRK-B	Berkshire Hathaway	6.76	15.69	1.00
ORLY	O'Reilly	4.27	20.03	0.90
SCHW	Charles Schwab	5.86	16.18	0.89

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.20	27.06	1.39
ORLY	O'Reilly	4.27	19.54	0.66
OMC	Omnicom	2.98	15.71	0.33
JNJ	Johnson & Johnson	5.79	5.98	0.28
BRK-B	Berkshire Hathaway	6.76	3.35	0.20

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.17	26.52	2.01
MSFT	Microsoft	6.50	24.19	1.70
PGR	Progressive	7.20	22.14	1.28
ORLY	O'Reilly	4.27	28.45	1.00
HD	Home Depot	6.91	13.41	0.90

Bottom Contributors

Quarter				
Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	4.64	-7.73	-0.41
AAPL	Apple	6.17	-5.82	-0.40
DIS	Walt Disney	3.08	-7.88	-0.28
META	Meta	1.17	-11.28	-0.16
KMX	CarMax	1.63	-7.77	-0.15

1 Year

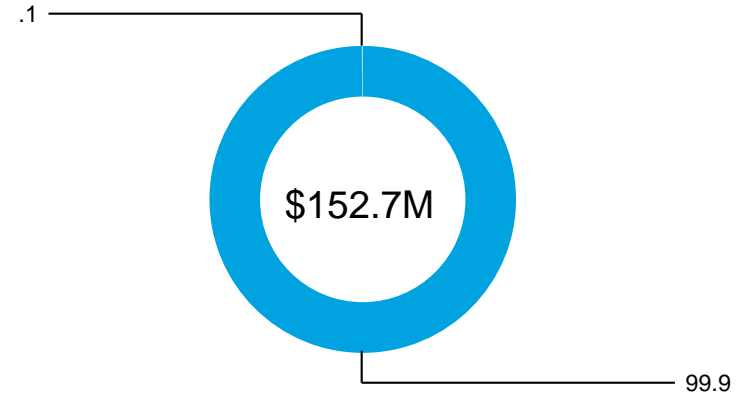
Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	4.64	-38.74	-2.41
MSFT	Microsoft	6.50	-28.08	-2.11
DIS	Walt Disney	3.08	-43.89	-1.99
AAPL	Apple	6.17	-26.42	-1.81
META	Meta	1.17	-64.24	-1.75

5 Years

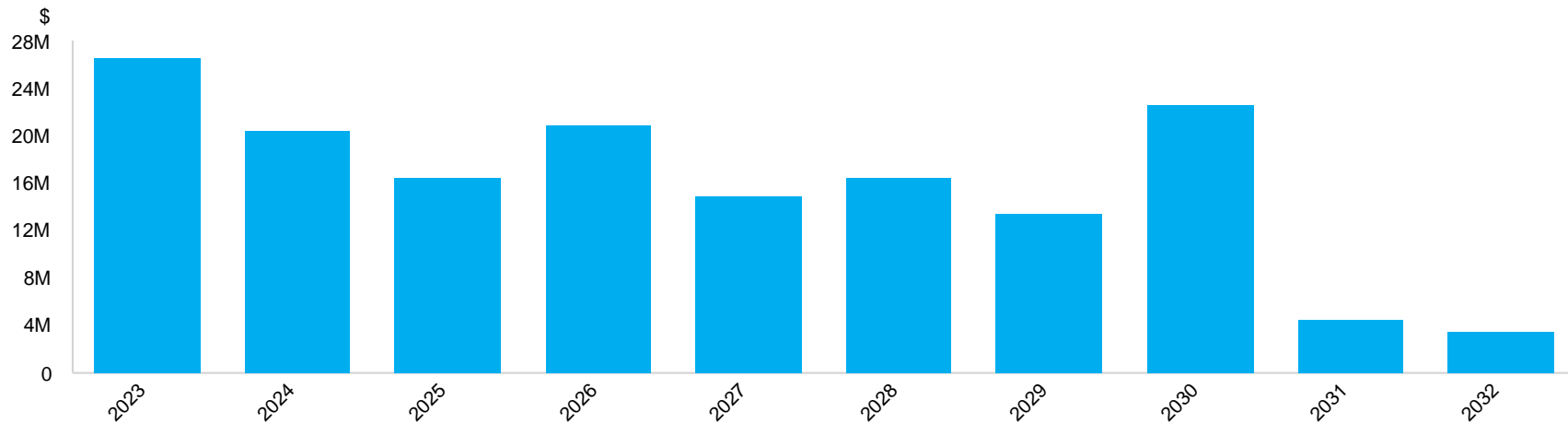
Ticker	Company	Ending Allocation	Total Return	Contribution
META	Meta	1.17	-18.74	-0.16
GE	General Electric	3.06	-13.39	-0.16
WFC	Wells Fargo	1.78	-4.65	-0.15
DIS	Walt Disney	3.08	-3.82	-0.08
USB	US Bank	2.37	-0.76	-0.02

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	152,560,738	99.9	4,955,850.00	3.3
● Taxable Bond Funds	126,625	.1	1,647.36	1.3
Total	152,687,364	100.0	4,957,497.36	3.2



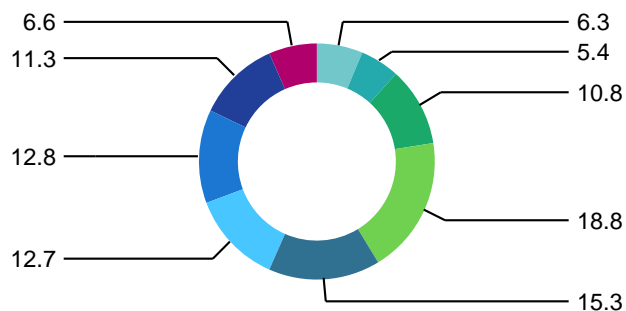
Fixed Income Maturity Schedule



Fixed Income Analysis

	12/31/2022	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.10	2.32
Current Yield	3.28	2.52
Yield to Maturity	4.79	4.57
Maturity	3.89	4.26
Duration	3.58	3.90
Face Amount	160,000,000	
Market Value	151,115,620	
Total Accrual	1,445,118	
Cost	168,087,206	

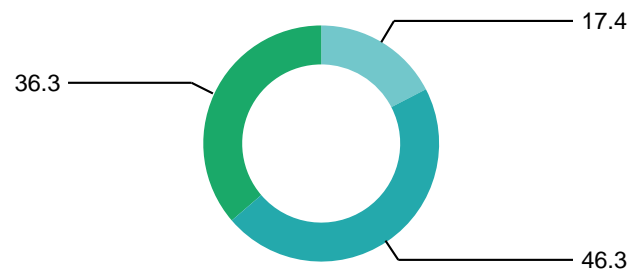
Quality Allocation by Market Value



■ AAA ■ AA+ ■ AA- ■ A+ ■ A
■ A- ■ BBB+ ■ BBB ■ NA

NR=Not rated by S&P

Maturity Allocation by Market Value



■ Less than 1 Year ■ Short (1-5 Years)
■ Intermediate (5-10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2032									
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	3,500,000.000	98.330	96.657	3,390,306.11	BBB	03/15/2032		164,500.00
Total Matures 2032					3,390,306.11				164,500.00
Matures 2031									
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	4,500,000.000	107.230	85.356	3,896,670.00	BBB+			119,250.00
Total Matures 2031					3,896,670.00				119,250.00
Matures 2030									
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	4,500,000.000	107.850	86.512	3,942,727.50	A-	11/01/2029		119,250.00
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	4,500,000.000	107.950	87.349	3,955,500.00	AA-	07/15/2030		117,450.00
KIMBERLY CLARK CORP SR GLBL 3.100%03/26/2030	03/26/2030	4,500,000.000	109.260	89.956	4,084,832.50	A	12/26/2029		139,500.00
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	4,500,000.000	108.330	87.842	3,982,421.25	A+	01/01/2030		118,125.00
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	4,500,000.000	109.830	89.728	4,075,760.00	A	12/26/2029		144,000.00
Total Matures 2030					20,041,241.25				638,325.00
Matures 2029									
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	4,500,000.000	110.960	92.221	4,174,726.25	AA-	01/30/2029		146,250.00
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	4,500,000.000	111.400	93.160	4,240,650.00	A+	12/07/2028		153,000.00
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	4,500,000.000	105.750	86.458	3,923,516.25	A+	06/04/2029		101,250.00
3M CO SR GLBL NT 2.375%08/26/2029	08/26/2029	.000	.000	.000	.00	A+	05/26/2029		.00
Total Matures 2029					12,338,892.50				400,500.00
Matures 2028									
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	5,000,000.000	100.840	96.508	4,914,163.89	AA-	10/15/2027		192,500.00
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	5,000,000.000	108.810	93.212	4,727,461.11	AAA	10/15/2027		145,000.00
SCHWAB CHARLES CORP SR GLBL 3.200%01/25/2028	01/25/2028	4,500,000.000	106.380	93.170	4,255,050.00	A	10/25/2027		144,000.00
US TREASURY NOTE	11/15/2028	2,000,000.000	108.180	95.393	1,915,974.64	AAA			62,500.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
3.125%11/15/2028									
Total Matures 2028					15,812,649.64				544,000.00
Matures 2027									
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	5,000,000.000	108.340	92.332	4,648,177.78	A-	10/21/2026		162,400.00
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	5,000,000.000	100.000	95.324	4,802,737.50	AA+	04/12/2023		166,500.00
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	5,000,000.000	108.550	92.880	4,681,187.50	A+	01/19/2027 100.000		131,250.00
Total Matures 2027					14,132,102.78				460,150.00
Matures 2026									
ABBVIE INC SR GBLB 3.200%05/14/2026	05/14/2026	4,500,000.000	109.020	94.683	4,279,535.01	BBB+	02/14/2026		144,000.00
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	4,500,000.000	108.980	93.263	4,230,022.50	A-	07/01/2026 100.000		132,750.00
OMNICOM GROUP INC SR GBLB 3.600%04/15/2026	04/15/2026	3,000,000.000	104.300	95.927	2,900,610.00	BBB+	01/15/2026		108,000.00
VERIZON COMMUNICATIONS INC SR GBLB 2.625%08/15/2026	08/15/2026	4,500,000.000	108.120	92.282	4,197,315.00	BBB+			118,125.00
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	4,500,000.000	108.470	92.422	4,184,490.00	BBB+			135,000.00
Total Matures 2026					19,791,972.51				637,875.00
Matures 2025									
CVS HEALTH CORP SR GBLB NT 3.875%07/20/2025	07/20/2025	3,500,000.000	101.290	97.583	3,476,059.51	BBB	04/20/2025		135,625.00
INTEL CORP SR GBLB 3.700%07/29/2025	07/29/2025	5,000,000.000	103.130	97.533	4,954,761.10	A+	04/29/2025		185,000.00
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	4,500,000.000	104.400	97.908	4,435,978.76	A			177,750.00
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	3,500,000.000	102.850	96.765	3,419,587.50	BBB	07/01/2025		131,250.00
Total Matures 2025					16,286,386.87				629,625.00
Matures 2024									
ALTRIA GROUP INC SR GBLB NT 4.000%01/31/2024	01/31/2024	3,500,000.000	102.900	98.992	3,523,053.33	BBB			140,000.00
APPLE INC SR GBLB NT 3.450%05/06/2024	05/06/2024	3,500,000.000	102.810	98.178	3,454,677.91	AA+			120,750.00
CISCO SYS INC SR NT	03/04/2024	3,500,000.000	102.240	98.377	3,484,429.37	AA-			126,875.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
3.625%03/04/2024 HOME DEPOT INC SR NT	02/15/2024	3,000,000.000	101.890	98.979	3,011,870.01	A	11/15/2023		112,500.00
3.750%02/15/2024 INTERNATIONAL BUSINESS MACHS SR GBL	02/12/2024	3,500,000.000	102.280	98.507	3,496,732.85	A-			126,875.00
3.625%02/12/2024 U S BANCORP MTNS BK ENT FR	01/30/2024	3,500,000.000	102.460	98.688	3,508,398.05	A+	12/29/2023		129,500.00
3.700%01/30/2024									
Total Matures 2024					20,479,161.52				756,500.00
Matures 2023									
CUMMINS INC SR GBL NT	10/01/2023	3,500,000.000	101.530	99.028	3,497,917.50	A+	07/01/2023		127,750.00
3.650%10/01/2023									
MICROSOFT CORP NT	12/15/2023	3,000,000.000	100.770	98.948	2,973,273.33	AAA	09/15/2023		108,750.00
3.625%12/15/2023									
ORACLE CORP SR NT	07/15/2023	3,500,000.000	102.600	99.231	3,531,588.47	BBB			126,875.00
3.625%07/15/2023									
PNC BK N A PITTSBURGH PA SUB NT	07/25/2023	3,000,000.000	100.280	99.315	3,028,850.00	A-	06/25/2023		114,000.00
3.800%07/25/2023									
SCHLUMBERGER INVT SA SR NT	12/01/2023	3,500,000.000	102.720	98.768	3,467,525.84	A	09/01/2023		127,750.00
3.650%12/01/2023									
US TREASURY BILL DUE 04/04/2023	04/04/2023	10,000,000.000	98.760	98.922	9,892,200.00	NA			.00
Total Matures 2023					26,391,355.14				605,125.00
No Maturity									
ISHARES 1-3 YEAR TREASURY BOND ETF		1,560.000	84.580	81.170	126,625.20	NR			
Total No Maturity					126,625.20				
Total					152,687,363.52				4,955,850.00

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	188,100.000	13.34	2,509,002.95	88.73	16,690,113.00	3.3	.00	.00	.000
DISNEY WALT CO COM	127,725.000	51.24	6,544,636.39	86.88	11,096,748.00	2.2	.00	.00	.000
META PLATFORM, INC.	34,975.000	219.34	7,671,455.77	120.34	4,208,891.50	.8	.00	.00	.000
OMNICOM GROUP INC COM	130,300.000	48.73	6,348,879.65	81.57	10,719,781.00	2.1	2.80	364,840.00	3.433
Total for Communication Services			23,073,974.76		42,715,533.50	8.4		364,840.00	.856
Consumer Disc									
CARMAX INC COM	96,600.000	59.76	5,773,139.38	60.89	5,881,974.00	1.1	.00	.00	.000
HOME DEPOT INC COM	78,700.000	29.89	2,352,460.94	315.86	24,858,182.00	4.8	7.60	598,120.00	2.406
O REILLY AUTOMOTIVE INC NEW COM	18,200.000	179.51	3,267,050.63	844.03	15,361,346.00	3.0	.00	.00	.000
TJX COS INC NEW COM	148,700.000	6.26	930,827.28	79.60	11,836,520.00	2.3	1.18	175,466.00	1.482
Total for Consumer Disc			12,323,478.23		57,938,022.00	11.2		773,586.00	1.335
Financials									
BANK OF AMERICA CORP COM	186,800.000	26.92	5,028,101.13	33.12	6,186,816.00	1.2	.88	164,384.00	2.657
BERKSHIRE HATHAWAY INC DEL CL B NEW	78,750.000	114.35	9,004,905.64	308.90	24,325,875.00	4.7	.00	.00	.000
JPMORGAN CHASE & CO COM	156,750.000	52.70	8,260,647.47	134.10	21,020,175.00	4.1	4.00	627,000.00	2.983
PROGRESSIVE CORP OH COM	199,800.000	30.80	6,154,376.98	129.71	25,916,058.00	5.1	.40	79,920.00	.308
SCHWAB CHARLES CORP NEW COM	253,200.000	35.35	8,949,480.60	83.26	21,081,432.00	4.1	.88	222,816.00	1.057
US BANCORP DEL COM NEW	193,700.000	23.04	4,463,327.98	43.61	8,540,233.00	1.7	1.92	371,904.00	4.403
WELLS FARGO & CO NEW COM	155,000.000	27.26	4,226,050.09	41.29	6,399,950.00	1.2	1.20	186,000.00	2.906
Total for Financials			46,086,889.89		113,470,539.00	22.1		1,652,024.00	1.457
Health Care									
JOHNSON & JOHNSON COM	117,975.000	74.21	8,754,752.94	176.65	20,840,283.75	4.1	4.52	533,247.00	2.559
PFIZER INC COM	232,800.000	25.72	5,987,231.63	51.24	11,928,672.00	2.3	1.64	381,792.00	3.201
Total for Health Care			14,741,984.57		32,768,955.75	6.4		915,039.00	2.792
Industrials									
EXPEDITORS INTL WASH INC COM	87,300.000	37.98	3,315,645.49	103.92	9,072,216.00	1.8	1.34	116,982.00	1.289
FASTENAL CO COM	253,600.000	20.75	5,261,667.81	47.32	12,000,352.00	2.3	1.24	314,464.00	2.620

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	131,500.000	107.84	14,180,955.87	83.79	11,028,905.00	2.2	.32	42,080.00	.382
PARKER HANNIFIN CORP COM	25,300.000	280.15	7,087,711.51	291.00	7,362,300.00	1.4	5.32	134,596.00	1.828
UNION PAC CORP COM	46,700.000	93.91	4,385,584.19	207.07	9,670,169.00	1.9	5.20	242,840.00	2.511
Total for Industrials			34,231,564.87		49,133,942.00	9.6		850,962.00	1.732
Information Tech									
APPLE INC COM	170,800.000	20.29	3,465,057.49	129.93	22,192,044.00	4.3	.92	157,136.00	.708
CISCO SYS INC COM	106,000.000	17.31	1,834,837.05	47.64	5,049,840.00	1.0	1.52	161,120.00	3.191
MICROSOFT CORP COM	97,600.000	25.38	2,476,895.89	239.82	23,406,432.00	4.6	2.72	265,472.00	1.134
TE CONNECTIVITY LTD REG SHS	115,225.000	31.43	3,621,823.22	114.80	13,227,830.00	2.6	2.24	258,104.00	1.951
Total for Information Tech			11,398,613.65		63,876,146.00	12.5		841,832.00	1.318
Total: Total Equity			141,856,505.97		359,903,138.25	70.2		5,398,283.00	1.501
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GBLB 3.200% 05/14/2026	4,500,000.000	109.02	4,906,016.32	94.68	4,279,535.01	.8	3.20	144,000.00	3.380
ALTRIA GROUP INC SR GBLB NT 4.000% 01/31/2024	3,500,000.000	102.90	3,601,329.95	98.99	3,523,053.33	.7	4.00	140,000.00	4.041
APPLE INC SR GBLB NT 3.450% 05/06/2024	3,500,000.000	102.81	3,598,323.99	98.18	3,454,677.91	.7	3.45	120,750.00	3.514
BANK AMER CORP FR 3.248% 10/21/2027	5,000,000.000	108.34	5,417,210.81	92.33	4,648,177.78	.9	3.25	162,400.00	3.518
BLACKROCK INC SR GBLB NT 3.250% 04/30/2029	4,500,000.000	110.96	4,993,217.73	92.22	4,174,726.25	.8	3.25	146,250.00	3.524
CVS HEALTH CORP SR GBLB NT 3.875% 07/20/2025	3,500,000.000	101.29	3,545,260.35	97.58	3,476,059.51	.7	3.88	135,625.00	3.971
CHEVRON USA INC SR GBLB NT 3.850% 01/15/2028	5,000,000.000	100.84	5,042,000.00	96.51	4,914,163.89	1.0	3.85	192,500.00	3.989
CISCO SYS INC SR NT 3.625% 03/04/2024	3,500,000.000	102.24	3,578,499.64	98.38	3,484,429.37	.7	3.63	126,875.00	3.685
COMCAST CORP NEW GBLB NT	4,500,000.000	107.85	4,853,306.19	86.51	3,942,727.50	.8	2.65	119,250.00	3.063

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.650% 02/01/2030 CUMMINS INC SR GBLB NT	3,500,000.000	101.53	3,553,563.05	99.03	3,497,917.50	.7	3.65	127,750.00	3.686
3.650% 10/01/2023 DISNEY WALT CO SR GBLB NT	4,500,000.000	107.23	4,825,574.74	85.36	3,896,670.00	.8	2.65	119,250.00	3.105
2.650% 01/13/2031 EXXON MOBIL CORP SR GBLB COCO	4,500,000.000	107.95	4,857,881.62	87.35	3,955,500.00	.8	2.61	117,450.00	2.988
2.610% 10/15/2030 HOME DEPOT INC SR NT	3,000,000.000	101.89	3,056,795.26	98.98	3,011,870.01	.6	3.75	112,500.00	3.789
3.750% 02/15/2024 INTEL CORP SR GBLB	5,000,000.000	103.13	5,156,596.70	97.53	4,954,761.10	1.0	3.70	185,000.00	3.794
3.700% 07/29/2025 INTERNATIONAL BUSINESS MACHS SR GBLB	3,500,000.000	102.28	3,579,771.22	98.51	3,496,732.85	.7	3.63	126,875.00	3.680
3.625% 02/12/2024 JPMORGAN CHASE & CO SR NT	4,500,000.000	108.98	4,903,950.28	93.26	4,230,022.50	.8	2.95	132,750.00	3.163
2.950% 10/01/2026 JOHNSON & JOHNSON SR GBLB	5,000,000.000	108.81	5,440,382.18	93.21	4,727,461.11	.9	2.90	145,000.00	3.111
2.900% 01/15/2028 KIMBERLY CLARK CORP SR GBLB	4,500,000.000	109.26	4,916,915.28	89.96	4,084,832.50	.8	3.10	139,500.00	3.446
3.100% 03/26/2030 MERCK & CO INC SR GBLB	4,500,000.000	111.40	5,012,820.28	93.16	4,240,650.00	.8	3.40	153,000.00	3.650
3.400% 03/07/2029 MICROSOFT CORP NT	3,000,000.000	100.77	3,022,956.85	98.95	2,973,273.33	.6	3.63	108,750.00	3.664
3.625% 12/15/2023 NORTHERN TR CORP SUB NT	4,500,000.000	104.40	4,698,095.06	97.91	4,435,978.76	.9	3.95	177,750.00	4.034
3.950% 10/30/2025 OREILLY AUTOMOTIVE INC SR GBLB	3,500,000.000	98.33	3,441,550.00	96.66	3,390,306.11	.7	4.70	164,500.00	4.863
4.700% 06/15/2032 OMNICOM GROUP INC SR GBLB	3,000,000.000	104.30	3,129,146.81	95.93	2,900,610.00	.6	3.60	108,000.00	3.753
3.600% 04/15/2026 ORACLE CORP SR NT	3,500,000.000	102.60	3,590,945.42	99.23	3,531,588.47	.7	3.63	126,875.00	3.653
3.625% 07/15/2023 PNC BK N A PITTSBURGH PA SUB NT	3,000,000.000	100.28	3,008,487.10	99.31	3,028,850.00	.6	3.80	114,000.00	3.826
3.800% 07/25/2023 PEPSICO INC SR NT	5,000,000.000	108.55	5,427,413.51	92.88	4,681,187.50	.9	2.63	131,250.00	2.826

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.625% 03/19/2027 PFIZER INC GLBL NT	4,500,000.000	108.33	4,874,850.53	87.84	3,982,421.25	.8	2.63	118,125.00	2.988
2.625% 04/01/2030 PROGRESSIVE CORP SR GLBL	4,500,000.000	109.83	4,942,133.37	89.73	4,075,760.00	.8	3.20	144,000.00	3.566
3.200% 03/26/2030 SCHLUMBERGER INVT SA SR NT	3,500,000.000	102.72	3,595,266.69	98.77	3,467,525.84	.7	3.65	127,750.00	3.696
3.650% 12/01/2023 SCHWAB CHARLES CORP SR GLBL	4,500,000.000	106.38	4,787,060.00	93.17	4,255,050.00	.8	3.20	144,000.00	3.435
3.200% 01/25/2028 SYSCO CORP SR NT	3,500,000.000	102.85	3,599,581.69	96.77	3,419,587.50	.7	3.75	131,250.00	3.875
3.750% 10/01/2025 TEXAS INSTRS INC SR GLBL NT	4,500,000.000	105.75	4,758,542.97	86.46	3,923,516.25	.8	2.25	101,250.00	2.602
2.250% 09/04/2029 U S BANCORP MTNS BK ENT FR	3,500,000.000	102.46	3,586,048.69	98.69	3,508,398.05	.7	3.70	129,500.00	3.749
3.700% 01/30/2024 VERIZON COMMUNICATIONS INC SR GLBL	4,500,000.000	108.12	4,865,186.69	92.28	4,197,315.00	.8	2.63	118,125.00	2.845
2.625% 08/15/2026 WELLS FARGO CO NEW SR NT	4,500,000.000	108.47	4,881,224.62	92.42	4,184,490.00	.8	3.00	135,000.00	3.246
3.000% 10/23/2026									
Total for Corporate Bonds			151,047,905.59		135,949,826.18	26.9		4,726,850.00	3.513
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	5,000,000.000	100.00	5,000,000.00	95.32	4,802,737.50	.9	3.33	166,500.00	3.493
3.330% 04/12/2027									
US TREASURY BILL DUE 04/04/2023	10,000,000.000	98.76	9,875,800.00	98.92	9,892,200.00	1.9	.00	.00	.000
US TREASURY NOTE	2,000,000.000	108.18	2,163,500.00	95.39	1,915,974.64	.4	3.13	62,500.00	3.276
3.125% 11/15/2028									
Total for Governments			17,039,300.00		16,610,912.14	3.2		229,000.00	1.382
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,560.000	84.58	131,943.81	81.17	126,625.20	.0	1.06	1,647.36	1.301
Total for Taxable Bond Funds			131,943.81		126,625.20	.0		1,647.36	1.301
Total: Total Fixed Income			168,219,149.40		152,687,363.52	30.1		4,957,497.36	3.278
Total			310,075,655.37		512,590,501.77	100.0		10,355,780.36	2.027

	Market Value	Fiscal Year to Date (6 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	512,590,502	4.24	-13.98	7.46	9.26	11.13	8.47	8.67
Total Portfolio - Net	512,590,502	4.20	-14.04	7.38	9.17	11.06	8.41	8.62
70% SP500 30% Bloomberg Int Govt Cr		1.36	-14.93	5.33	7.10	9.25	7.92	8.26
Total Equity	359,903,138	6.39	-16.14	10.12	11.94	14.59	10.33	10.62
S P 500 Index		2.31	-18.11	7.66	9.42	12.56	9.80	9.65
Total Fixed Income	152,687,364	-.77	-7.88	-1.33	.76	1.10	2.62	4.00
Bloomberg US Government/Credit Interm Bond		-1.57	-8.24	-1.26	.73	1.12	2.85	4.24

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	11.13	9.25
Standard Deviation	11.75	10.57
Beta	1.00	
Alpha	1.79	
R-Squared	.99	
Sharpe Ratio	9.46	10.34
Treynor Ratio	111.13	109.25
Tracking Error	2.95	
Information Ratio	.63	
Downside Deviation	7.38	6.72
Downside Standard Deviation	8.90	7.98
Sortino Ratio	1.61	1.46
Upside Capture	1.14	
Downside Capture	1.05	
Batting Average	.58	
Annualized Excess Return	1.88	
Cumulative Excess Return	45.04	
Turnover %	131.02	
M-Squared	-.03	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	8.47	7.92
Standard Deviation	10.58	10.47
Beta	.99	
Alpha	.62	
R-Squared	.99	
Sharpe Ratio	10.25	10.31
Treynor Ratio	109.57	107.92
Tracking Error	3.03	
Information Ratio	.17	
Downside Deviation	6.80	6.91
Downside Standard Deviation	7.96	7.98
Sortino Ratio	1.33	1.23
Upside Capture	1.00	
Downside Capture	.95	
Batting Average	.52	
Annualized Excess Return	.55	
Cumulative Excess Return	49.50	
Turnover %	193.65	
M-Squared	7.34	
Residual Risk	.72	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

Purchases

Date	Amount	Security	Purchase Price	Total Cost
01/11/2022	4,000,000.00	SCHWAB CHARLES CORP SR GLOBL	106.61	4,264,400.00
02/28/2022	500,000.00	BANK AMER CORP FR	102.74	513,700.00
02/28/2022	500,000.00	BLACKROCK INC SR GLOBL NT	105.00	525,000.00
02/28/2022	500,000.00	JOHNSON & JOHNSON SR GLOBL	103.94	519,700.00
02/28/2022	1,000,000.00	NORTHERN TR CORP SUB NT	106.16	1,061,600.00
02/28/2022	500,000.00	PEPSICO INC SR NT	102.71	513,550.00
02/28/2022	500,000.00	SCHWAB CHARLES CORP SR GLOBL	104.53	522,660.00
02/28/2022	-500,000.00	BANK AMER CORP FR	102.74	-513,700.00
02/28/2022	-500,000.00	BLACKROCK INC SR GLOBL NT	105.00	-525,000.00
02/28/2022	-500,000.00	JOHNSON & JOHNSON SR GLOBL	103.94	-519,700.00
02/28/2022	-1,000,000.00	NORTHERN TR CORP SUB NT	106.16	-1,061,600.00
02/28/2022	-500,000.00	PEPSICO INC SR NT	102.71	-513,550.00
02/28/2022	-500,000.00	SCHWAB CHARLES CORP SR GLOBL	104.53	-522,660.00
02/28/2022	500,000.00	BANK AMER CORP FR	102.74	513,700.00
02/28/2022	500,000.00	BLACKROCK INC SR GLOBL NT	105.00	525,000.00
02/28/2022	500,000.00	JOHNSON & JOHNSON SR GLOBL	103.94	519,700.00
02/28/2022	1,000,000.00	NORTHERN TR CORP SUB NT	106.16	1,061,600.00
02/28/2022	500,000.00	PEPSICO INC SR NT	102.71	513,550.00
02/28/2022	500,000.00	SCHWAB CHARLES CORP SR GLOBL	104.53	522,660.00
03/08/2022	2,000,000.00	US TREASURY NOTE	108.17	2,163,500.00
04/07/2022	5,000,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	100.00	5,000,000.00
04/07/2022	1,500,000.00	INTEL CORP SR GLOBL	102.40	1,536,000.00
05/17/2022	5,000,000.00	CHEVRON USA INC SR GLOBL NT	100.84	5,042,000.00
05/17/2022	5,000,000.00	CHEVRON USA INC SR GLOBL NT	100.84	5,042,000.00
05/17/2022	-5,000,000.00	CHEVRON USA INC SR GLOBL NT	100.84	-5,042,000.00
09/14/2022	3,500,000.00	OREILLY AUTOMOTIVE INC SR GLOBL	98.33	3,441,550.00
10/26/2022	26,000.00	PARKER HANNIFIN CORP COM	280.15	7,283,814.20
12/16/2022	10,000,000.00	US TREASURY BILL DUE 04/04/2023	98.76	9,875,800.00
				<u>42,263,274.20</u>

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/05/2022	-3,700.00	TE CONNECTIVITY LTD REG SHS	163.98	606,724.38	09/26/2011	30.90	114,315.01	492,409.37
01/05/2022	-275.00	ALPHABET INC CAP STK CL C	2,815.27	774,198.41	10/05/2015	550.22	151,310.49	622,887.92
01/05/2022	-5,050.00	APPLE INC COM	178.79	902,907.62	04/25/2013	14.64	73,908.36	828,999.26
01/05/2022	-5,500.00	BANK OF AMERICA CORP COM	48.11	264,582.19	08/30/2019	26.92	148,043.66	116,538.53
01/05/2022	-2,325.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	312.73	727,088.66	07/26/2011	48.71	113,258.14	613,830.52
01/05/2022	-2,850.00	CARMAX INC COM	123.16	351,011.61	01/30/2019	59.76	170,325.54	180,686.07
01/05/2022	-3,150.00	CISCO SYS INC COM	60.89	191,798.11	07/26/2011	18.22	57,392.25	134,405.86
01/05/2022	-3,775.00	DISNEY WALT CO COM	157.98	596,357.86	07/26/2011	25.61	96,677.53	499,680.33
01/05/2022	-2,600.00	EXPEDITORS INTL WASH INC COM	130.88	340,288.86	03/25/2013	37.20	96,723.38	243,565.48
01/05/2022	-1,025.00	META PLATFORM, INC.	331.38	339,663.89	05/06/2020	203.86	208,960.39	130,703.50
01/05/2022	-7,500.00	FASTENAL CO COM	62.41	468,106.36	02/12/2015	21.12	158,429.25	309,677.11
01/05/2022	-3,900.00	GENERAL ELECTRIC CO COM NEW	100.42	391,638.34	08/02/2021	109.86	428,444.04	-36,805.70
01/05/2022	-2,325.00	HOME DEPOT INC COM	410.53	954,481.80	06/30/2021	39.91	92,798.42	861,683.38
01/05/2022	-4,650.00	JPMORGAN CHASE & CO COM	166.73	775,310.07	06/06/2008	40.49	188,290.12	587,019.95
01/05/2022	-3,600.00	JOHNSON & JOHNSON COM	172.98	622,736.34	11/24/2021	161.97	583,097.04	39,639.30
01/05/2022	-2,900.00	MICROSOFT CORP COM	321.21	931,508.59	01/05/2006	26.75	77,576.91	853,931.68
01/05/2022	-700.00	O REILLY AUTOMOTIVE INC NEW COM	698.76	489,131.25	07/11/2017	174.94	122,459.20	366,672.05
01/05/2022	-3,850.00	OMNICOM GROUP INC COM	76.35	293,959.85	06/24/2003	37.20	143,218.65	150,741.20
01/05/2022	-6,850.00	PFIZER INC COM	55.66	381,262.89	09/07/2011	18.04	123,551.04	257,711.85
01/05/2022	-6,600.00	PROGRESSIVE CORP OH COM	103.38	682,326.29	05/23/2007	23.19	153,026.28	529,300.01
01/05/2022	-7,500.00	SCHWAB CHARLES CORP NEW COM	90.07	675,553.80	08/26/2020	35.35	265,091.25	410,462.55
01/05/2022	-4,400.00	TJX COS INC NEW COM	76.90	338,343.31	12/06/2004	5.92	26,031.29	312,312.02
01/05/2022	-5,700.00	US BANCORP DEL COM NEW	58.97	336,129.56	12/06/2000	17.47	99,562.90	236,566.66
01/05/2022	-1,400.00	UNION PAC CORP COM	254.05	355,664.96	07/24/2015	93.91	131,473.62	224,191.34
01/05/2022	-4,600.00	WELLS FARGO & CO NEW COM	52.71	242,481.32	06/02/2011	28.21	129,762.78	112,718.54
01/18/2022	-2,000,000.00	MCDONALDS CORP MED TERM NT SR NT	100.00	2,000,000.00	11/15/2020	1.00	2,005,756.99	-5,756.99
03/30/2022	-3,500,000.00	HSBC HLDGS PLC SR NT	100.00	3,500,000.00	01/05/2016	1.01	3,528,368.44	-28,368.44
04/06/2022	-1,975.00	TE CONNECTIVITY LTD REG SHS	124.23	245,352.99	09/26/2011	30.90	61,019.50	184,333.49
04/06/2022	-160.00	ALPHABET INC CAP STK CL C	2,754.84	440,774.28	10/05/2015	550.22	88,035.19	352,739.09
04/06/2022	-2,950.00	APPLE INC COM	171.83	506,907.71	04/25/2013	14.64	43,174.19	463,733.52
04/06/2022	-3,200.00	BANK OF AMERICA CORP COM	39.73	127,140.15	08/30/2019	26.92	86,134.49	41,005.66
04/06/2022	-1,350.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	343.68	463,968.38	07/26/2011	48.71	65,762.79	398,205.59
04/06/2022	-1,650.00	CARMAX INC COM	96.99	160,035.49	01/30/2019	59.76	98,609.52	61,425.97
04/06/2022	-1,800.00	CISCO SYS INC COM	54.35	97,836.52	07/26/2011	18.22	32,795.57	65,040.95
04/06/2022	-2,200.00	DISNEY WALT CO COM	132.65	291,838.37	07/26/2011	25.61	56,341.87	235,496.50

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/06/2022	-1,500.00	EXPEDITORS INTL WASH INC COM	96.43	144,645.46	03/25/2013	37.20	55,801.95	88,843.51
04/06/2022	-600.00	META PLATFORM, INC.	225.95	135,571.64	05/06/2020	203.86	122,318.28	13,253.36
04/06/2022	-4,400.00	FASTENAL CO COM	59.43	261,490.62	02/12/2015	21.12	92,945.16	168,545.46
04/06/2022	-2,250.00	GENERAL ELECTRIC CO COM NEW	88.37	198,831.48	08/02/2021	109.86	247,179.26	-48,347.78
04/06/2022	-1,350.00	HOME DEPOT INC COM	299.94	404,924.49	06/30/2021	39.91	53,882.95	351,041.54
04/06/2022	-2,700.00	JPMORGAN CHASE & CO COM	132.23	357,019.98	06/06/2008	40.49	109,329.75	247,690.23
04/06/2022	-2,075.00	JOHNSON & JOHNSON COM	180.16	373,830.09	11/24/2021	5.79	12,012.91	361,817.18
04/06/2022	-1,675.00	MICROSOFT CORP COM	302.56	506,787.25	01/05/2006	25.68	43,014.00	463,773.25
04/06/2022	-400.00	O REILLY AUTOMOTIVE INC NEW COM	690.32	276,128.59	07/11/2017	174.94	69,976.69	206,151.90
04/06/2022	-2,250.00	OMNICOM GROUP INC COM	80.43	180,973.10	06/24/2003	29.14	65,555.04	115,418.06
04/06/2022	-4,000.00	PFIZER INC COM	52.52	210,082.52	09/07/2011	18.04	72,146.59	137,935.93
04/06/2022	-3,850.00	PROGRESSIVE CORP OH COM	115.06	442,984.12	05/23/2007	23.19	89,265.33	353,718.79
04/06/2022	-4,400.00	SCHWAB CHARLES CORP NEW COM	81.73	359,610.16	08/26/2020	35.35	155,520.20	204,089.96
04/06/2022	-2,550.00	TJX COS INC NEW COM	60.53	154,351.73	12/06/2004	5.92	15,086.32	139,265.41
04/06/2022	-3,300.00	US BANCORP DEL COM NEW	53.01	174,949.26	12/06/2000	17.47	57,641.68	117,307.58
04/06/2022	-800.00	UNION PAC CORP COM	247.01	197,606.11	07/24/2015	93.91	75,127.78	122,478.33
04/06/2022	-2,650.00	WELLS FARGO & CO NEW COM	47.81	126,695.85	06/02/2011	25.38	67,265.48	59,430.37
04/15/2022	-1,500,000.00	UNION PAC CORP SR NT	100.00	1,500,000.00	08/22/2018	1.01	1,515,181.32	-15,181.32
05/11/2022	-2,000,000.00	AT& T INC SR GLBL NT	101.84	2,036,728.89	06/13/2018	1.01	2,012,390.34	24,338.55
05/16/2022	-2,000,000.00	BERKSHIRE HATHAWAY FIN CORP SR NT	100.00	2,000,000.00	05/31/2012	1.00	2,000,446.04	-446.04
09/01/2022	-3,500,000.00	O REILLY AUTOMOTIVE INC NEW SR NT	100.00	3,500,000.00	11/16/2017	1.01	3,546,886.81	-46,886.81
10/26/2022	-5,800.00	O REILLY AUTOMOTIVE INC NEW COM	776.16	4,501,733.94	07/11/2017	174.94	1,014,661.97	3,487,071.97
10/26/2022	-25,000.00	PROGRESSIVE CORP OH COM	123.51	3,087,796.76	05/23/2007	23.19	579,645.00	2,508,151.76
12/08/2022	-3,200.00	TE CONNECTIVITY LTD REG SHS	122.16	390,911.04	09/26/2011	30.74	98,379.84	292,531.20
12/08/2022	-5,100.00	ALPHABET INC CAP STK CL C	94.80	483,499.52	10/05/2015	550.22	2,806,121.73	-2,322,622.21
12/08/2022	-4,600.00	APPLE INC COM	141.88	652,658.34	04/25/2013	14.64	67,322.46	585,335.88
12/08/2022	-5,100.00	BANK OF AMERICA CORP COM	32.87	167,640.29	08/30/2019	26.92	137,276.85	30,363.44
12/08/2022	-2,200.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	306.66	674,647.54	07/26/2011	48.71	107,169.00	567,478.54
12/08/2022	-2,650.00	CARMAX INC COM	65.00	172,255.06	01/30/2019	59.76	158,372.87	13,882.19
12/08/2022	-2,900.00	CISCO SYS INC COM	48.71	141,256.05	07/26/2011	18.22	52,837.31	88,418.74
12/08/2022	-3,500.00	DISNEY WALT CO COM	92.85	324,982.60	07/26/2011	25.61	89,634.79	235,347.81
12/08/2022	-2,400.00	EXPEDITORS INTL WASH INC COM	108.56	260,545.95	03/25/2013	37.20	89,283.12	171,262.83
12/08/2022	-1,000.00	META PLATFORM, INC.	115.12	115,118.36	05/06/2020	203.86	203,863.80	-88,745.44
12/08/2022	-7,000.00	FASTENAL CO COM	50.51	353,573.09	02/12/2015	21.12	147,867.30	205,705.79
12/08/2022	-3,600.00	GENERAL ELECTRIC CO COM NEW	85.47	307,705.11	08/02/2021	109.86	395,486.81	-87,781.70

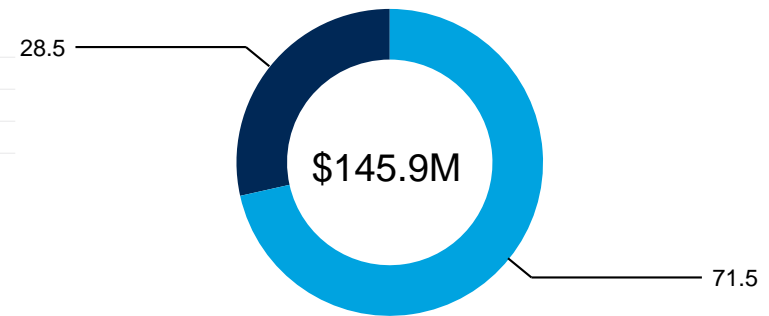
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
12/08/2022	-2,175.00	HOME DEPOT INC COM	321.47	699,197.33	06/30/2021	39.91	86,811.43	612,385.90
12/08/2022	-4,300.00	JPMORGAN CHASE & CO COM	132.59	570,117.06	06/06/2008	40.49	174,117.75	395,999.31
12/08/2022	-3,325.00	JOHNSON & JOHNSON COM	176.97	588,409.11	11/24/2021	5.79	19,249.60	569,159.51
12/08/2022	-2,675.00	MICROSOFT CORP COM	244.42	653,824.04	01/05/2006	26.75	71,558.02	582,266.02
12/08/2022	-500.00	O REILLY AUTOMOTIVE INC NEW COM	832.03	416,013.42	07/11/2017	174.94	87,470.86	328,542.56
12/08/2022	-3,600.00	OMNICOM GROUP INC COM	76.01	273,643.41	06/24/2003	29.14	104,888.06	168,755.35
12/08/2022	-700.00	PARKER HANNIFIN CORP COM	294.41	206,089.27	10/28/2022	280.15	196,102.69	9,986.58
12/08/2022	-6,400.00	PFIZER INC COM	50.37	322,343.33	09/07/2011	18.04	115,434.55	206,908.78
12/08/2022	-5,500.00	PROGRESSIVE CORP OH COM	131.07	720,897.63	05/23/2007	23.19	127,521.90	593,375.73
12/08/2022	-7,000.00	SCHWAB CHARLES CORP NEW COM	80.63	564,437.66	08/26/2020	35.35	247,418.50	317,019.16
12/08/2022	-4,100.00	TJX COS INC NEW COM	79.77	327,042.53	12/06/2004	5.92	24,256.43	302,786.10
12/08/2022	-5,300.00	US BANCORP DEL COM NEW	43.51	230,595.06	12/06/2000	19.65	104,127.40	126,467.66
12/08/2022	-1,300.00	UNION PAC CORP COM	213.83	277,973.02	07/24/2015	93.91	122,082.64	155,890.38
12/08/2022	-4,250.00	WELLS FARGO & CO NEW COM	42.75	181,696.93	06/02/2011	28.21	119,889.52	61,807.41
12/08/2022	-4,500,000.00	3M CO SR GLBL NT	86.91	3,910,950.00	02/03/2021	1.06	4,760,024.33	-849,074.33
12/08/2022	-3,325.00	JOHNSON & JOHNSON COM	176.97	588,409.11	11/24/2021	5.79	19,249.60	569,159.51
				<u>56,576,284.11</u>			<u>32,826,826.10</u>	<u>23,749,458.01</u>

Client Investment Review

Investment activity through 12/31/2022

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	104,372,436	71.5	1,562,192.00	1.5
Total Fixed Income	41,541,492	28.5	1,463,171.06	3.6
Total	145,913,928	100.0	3,025,363.06	2.1

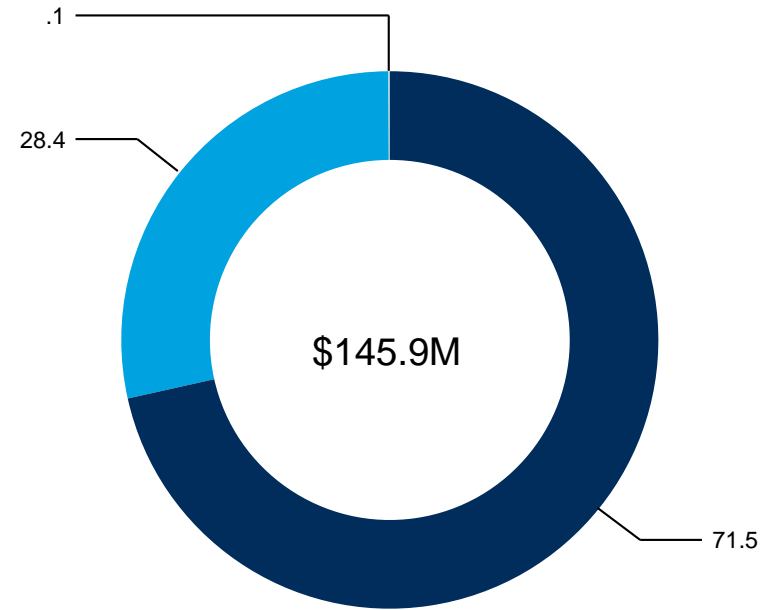


Investment Summary

	Fiscal Year to Date (6 Months)
Beginning Account Value	141,473,091.75
Net Contributions/Withdrawals	-1,505,904.93
Income Earned	1,499,335.01
Market Appreciation	4,447,406.43
Ending Account Value	145,913,928.26

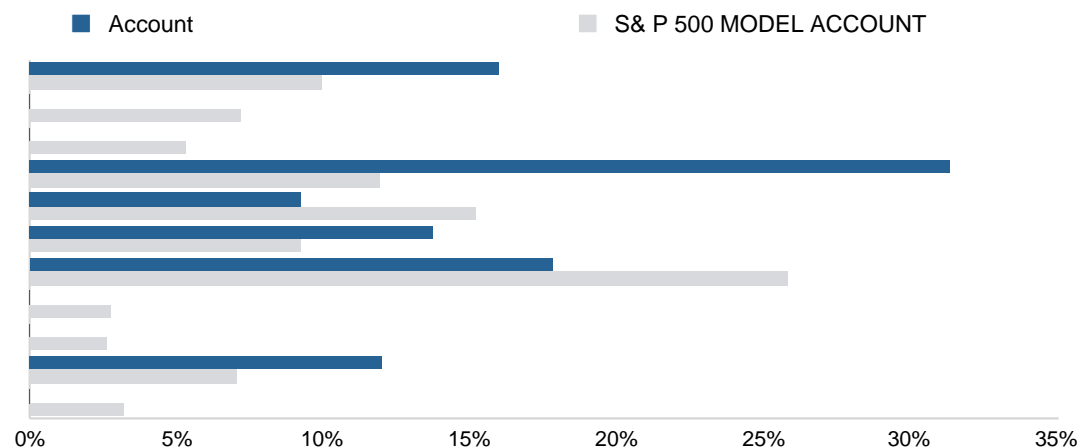
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	104,372,436	71.5
● Taxable Fixed Income	41,398,633	28.4
● Taxable Bond Funds	142,859	.1
Total	145,913,928	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	16.0	9.9
Consumer Staples	.0	7.2
Energy	.0	5.3
Financials	31.3	11.9
Health Care	9.2	15.2
Industrials	13.7	9.2
Information Tech	17.8	25.8
Materials	.0	2.7
Real Estate	.0	2.6
Communication Servic	12.0	7.0
Utilities	.0	3.2



Top 10 Performers

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	7,412,927	5.1	27.11
O REILLY AUTOMOTIVE INC N	4,473,359	3.1	19.53
OMNICOM GROUP INC COM	3,111,863	2.1	15.69
TJX COS INC NEW COM	3,430,760	2.4	6.57
JOHNSON & JOHNSON COM	6,182,750	4.2	6.07
PARKER HANNIFIN CORP COM	2,124,300	1.5	4.34
BERKSHIRE HATHAWAY INC DE	7,089,255	4.9	3.36
SCHWAB CHARLES CORP NEW C	6,086,306	4.2	.09
OREILLY AUTOMOTIVE INC SR	968,659	.7	-38
ORACLE CORP SR NT	1,009,025	.7	-72

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	7,412,927	5.1	27.11
HOME DEPOT INC COM	7,162,126	4.9	-21.97
BERKSHIRE HATHAWAY INC DE	7,089,255	4.9	3.36
MICROSOFT CORP COM	6,732,947	4.6	-28.14
APPLE INC COM	6,431,535	4.4	-26.46
JOHNSON & JOHNSON COM	6,182,750	4.2	6.07
SCHWAB CHARLES CORP NEW C	6,086,306	4.2	.09
JPMORGAN CHASE & CO COM	6,047,910	4.1	-12.62
ALPHABET INC CAP STK CL C	4,897,896	3.4	-38.77
O REILLY AUTOMOTIVE INC N	4,473,359	3.1	19.53

Large Cap Equity Attribution

December 31, 2022

Sector	Qtr
Financials	1.82
Information Tech	-0.51
Communication Services	-0.43
Real Estate	0.09
Consumer Staples	-0.38
Materials	-0.2
Utilities	-0.04
Consumer Disc	3.41
Industrials	-0.04
Energy	-0.73
Health Care	-0.44
Total	2.53

Sector	1 Year
Financials	4.06
Information Tech	1.26
Communication Services	-0.69
Real Estate	0.22
Consumer Staples	-1.02
Materials	-0.14
Utilities	-0.45
Consumer Disc	3.21
Industrials	-0.92
Energy	-2.24
Health Care	-0.75
Total	2.55

Sector	5 Years
Financials	0.88
Information Tech	0.79
Communication Services	-0.22
Real Estate	0.09
Consumer Staples	0.05
Materials	0.03
Utilities	0
Consumer Disc	1.04
Industrials	0.17
Energy	0.07
Health Care	-0.53
Total	2.38

Ky Legislators Retirement DB Top & Bottom Contributors

December 31, 2022

Top Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
JPM	JP Morgan Chase	5.79	29.35	1.45
BRK-B	Berkshire Hathaway	6.79	15.68	1.01
HD	Home Depot	6.86	15.13	1.00
ORLY	O'Reilly	4.29	20.02	0.90
SCHW	Charles Schwab	5.83	16.16	0.89

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
PGR	Progressive	7.10	27.11	1.38
ORLY	O'Reilly	4.29	19.53	0.65
OMC	Omnicom	2.98	15.69	0.34
JNJ	Johnson & Johnson	5.92	6.07	0.29
BRK-B	Berkshire Hathaway	6.79	3.36	0.21

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.16	26.53	2.01
MSFT	Microsoft	6.45	24.16	1.69
PGR	Progressive	7.10	22.14	1.27
ORLY	O'Reilly	4.29	28.47	0.99
HD	Home Depot	6.86	13.40	0.90

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	4.69	-7.72	-0.43
AAPL	Apple	6.16	-5.84	-0.42
DIS	Walt Disney	3.15	-7.90	-0.30
META	Meta	1.18	-11.31	-0.16
KMX	CarMax	1.60	-7.77	-0.15

1 Year

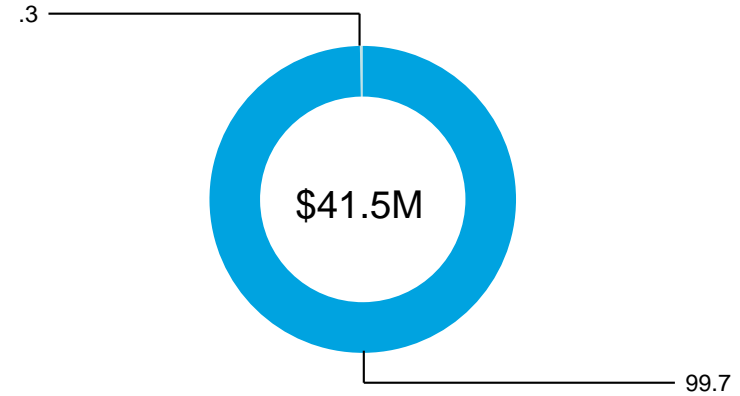
Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	4.69	-38.77	-2.43
MSFT	Microsoft	6.45	-28.14	-2.10
DIS	Walt Disney	3.15	-43.88	-2.01
AAPL	Apple	6.16	-26.46	-1.81
META	Meta	1.18	-64.28	-1.75

5 Years

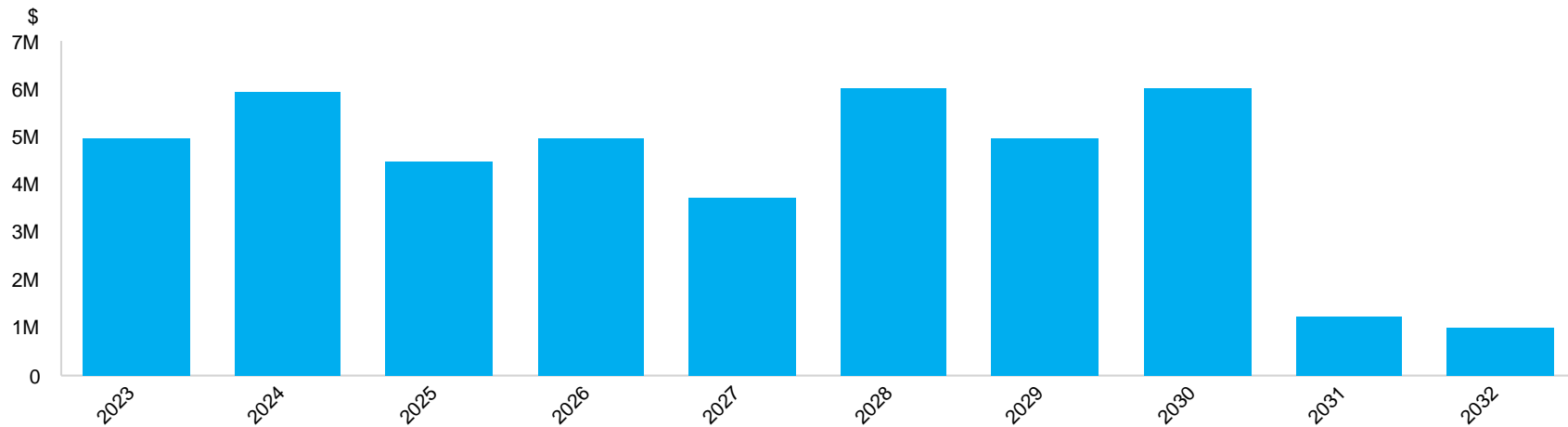
Ticker	Company	Ending Allocation	Total Return	Contribution
GE	General Electric	3.10	-13.41	-0.16
WFC	Wells Fargo	1.76	-4.63	-0.15
META	Meta	1.18	-18.69	-0.15
DIS	Walt Disney	3.15	-3.80	-0.07
USB	US Bank	2.29	-0.76	-0.02

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	41,398,633	99.7	1,461,312.50	3.6
● Taxable Bond Funds	142,859	.3	1,858.56	1.3
Total	41,541,492	100.0	1,463,171.06	3.5



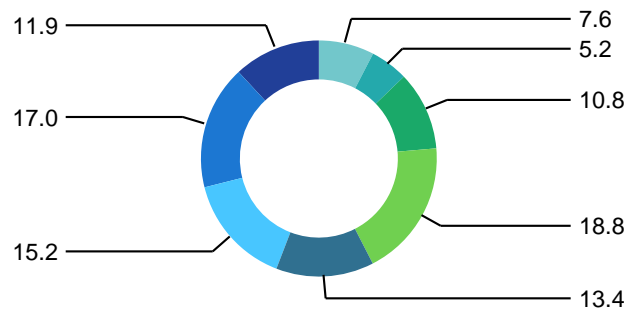
Fixed Income Maturity Schedule



Fixed Income Analysis

	12/31/2022	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.38	2.32
Current Yield	3.57	2.52
Yield to Maturity	4.84	4.57
Maturity	4.22	4.26
Duration	3.87	3.90
Face Amount	43,450,000	
Market Value	40,961,344	
Total Accrual	437,289	
Cost	45,645,010	

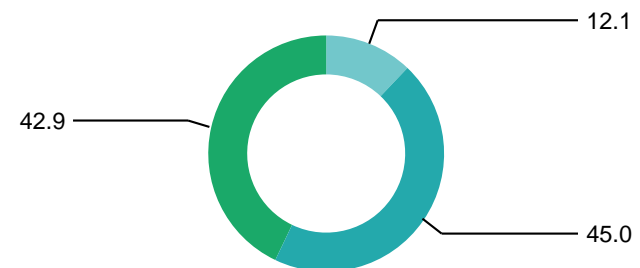
Quality Allocation by Market Value



■ AAA ■ AA+ ■ AA- ■ A+
■ A ■ A- ■ BBB+ ■ BBB

NR=Not rated by S&P

Maturity Allocation by Market Value



■ Less than 1 Year ■ Short (1-5 Years)
■ Intermediate (5-10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2032									
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	1,000,000.000	98.330	96.657	968,658.89	BBB	03/15/2032		47,000.00
Total Matures 2032					968,658.89				47,000.00
Matures 2031									
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	1,250,000.000	107.380	85.356	1,082,408.34	BBB+			33,125.00
Total Matures 2031					1,082,408.34				33,125.00
Matures 2030									
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	1,250,000.000	108.150	86.512	1,095,202.09	A-	11/01/2029		33,125.00
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	1,250,000.000	107.910	87.349	1,098,750.00	AA-	07/15/2030		32,625.00
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	1,250,000.000	108.410	87.842	1,106,228.12	A+	01/01/2030		32,812.50
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	1,250,000.000	109.860	89.728	1,132,155.55	A	12/26/2029		40,000.00
UNION PAC CORP SR GLBL 2.400%02/05/2030	02/05/2030	1,000,000.000	106.970	85.548	865,213.33	A-	11/05/2029		24,000.00
Total Matures 2030					5,297,549.09				162,562.50
Matures 2029									
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	1,250,000.000	110.360	92.221	1,159,646.18	AA-	01/30/2029		40,625.00
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	1,250,000.000	111.450	93.160	1,177,958.34	A+	12/07/2028		42,500.00
PARKER HANNIFIN CORP SR GLBL 4.500%09/15/2029	09/15/2029	1,250,000.000	98.540	95.825	1,228,437.50	BBB+	07/15/2029		56,250.00
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	1,250,000.000	105.830	86.458	1,089,865.63	A+	06/04/2029		28,125.00
3M CO SR GLBL NT 2.375%08/26/2029	08/26/2029	.000	.000	.000	.00	A+	05/26/2029		.00
Total Matures 2029					4,655,907.65				167,500.00
Matures 2028									
ABBVIE INC SR GLBL NT 4.250%11/14/2028	11/14/2028	1,250,000.000	104.360	96.457	1,212,648.26	BBB+	08/14/2028		53,125.00
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	1,250,000.000	100.840	96.508	1,228,540.97	AA-	10/15/2027		48,125.00
JOHNSON & JOHNSON SR GLBL	01/15/2028	1,250,000.000	109.210	93.212	1,181,865.28	AAA	10/15/2027		36,250.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
2.900%01/15/2028									
SCHWAB CHARLES CORP SR GLBL	01/25/2028	1,250,000.000	106.190	93.170	1,181,958.34	A	10/25/2027		40,000.00
3.200%01/25/2028									
US TREASURY NOTE	11/15/2028	1,000,000.000	108.180	95.393	957,987.32	AAA			31,250.00
3.125%11/15/2028									
Total Matures 2028					5,763,000.17				208,750.00
Matures 2027									
BANK AMER CORP FR	10/21/2027	1,250,000.000	108.960	92.332	1,162,044.45	A-	10/21/2026		40,600.00
3.248%10/21/2027									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	04/12/2027	1,250,000.000	100.000	95.324	1,200,684.38	AA+	04/12/2023		41,625.00
3.330%04/12/2027									
PEPSICO INC SR NT	03/19/2027	1,250,000.000	109.150	92.880	1,170,296.87	A+	01/19/2027		32,812.50
2.625%03/19/2027							100.000		
Total Matures 2027					3,533,025.70				115,037.50
Matures 2026									
JPMORGAN CHASE & CO SR NT	10/01/2026	1,250,000.000	108.130	93.263	1,175,006.25	A-	07/01/2026		36,875.00
2.950%10/01/2026							100.000		
OMNICOM GROUP INC SR GLBL	04/15/2026	1,250,000.000	104.400	95.927	1,208,587.50	BBB+	01/15/2026		45,000.00
3.600%04/15/2026									
VERIZON COMMUNICATIONS INC SR GLBL	08/15/2026	1,250,000.000	108.160	92.282	1,165,920.84	BBB+			32,812.50
2.625%08/15/2026									
WELLS FARGO CO NEW SR NT	10/23/2026	1,250,000.000	108.470	92.422	1,162,358.33	BBB+			37,500.00
3.000%10/23/2026									
Total Matures 2026					4,711,872.92				152,187.50
Matures 2025									
CVS HEALTH CORP SR GLBL NT	07/20/2025	1,000,000.000	101.290	97.583	993,159.86	BBB	04/20/2025		38,750.00
3.875%07/20/2025									
INTEL CORP SR GLBL	07/29/2025	1,250,000.000	102.400	97.533	1,238,690.28	A+	04/29/2025		46,250.00
3.700%07/29/2025									
NORTHERN TR CORP SUB NT	10/30/2025	1,250,000.000	104.250	97.908	1,232,216.32	A			49,375.00
3.950%10/30/2025									
SYSCO CORP SR NT	10/01/2025	1,000,000.000	102.850	96.765	977,025.00	BBB	07/01/2025		37,500.00
3.750%10/01/2025									
Total Matures 2025					4,441,091.46				171,875.00
Matures 2024									
ALTRIA GROUP INC SR GLBL NT	01/31/2024	1,000,000.000	102.900	98.992	1,006,586.67	BBB			40,000.00
4.000%01/31/2024									
APPLE INC SR GLBL NT	05/06/2024	950,000.000	102.700	98.178	937,698.30	AA+			32,775.00

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
3.450%05/06/2024 CISCO SYS INC SR NT	03/04/2024	1,000,000.000	102.210	98.377	995,551.25	AA-			36,250.00
3.625%03/04/2024 HOME DEPOT INC SR NT	02/15/2024	1,000,000.000	102.920	98.979	1,003,956.66	A	11/15/2023		37,500.00
3.750%02/15/2024 INTERNATIONAL BUSINESS MACHS SR GBL	02/12/2024	1,000,000.000	102.280	98.507	999,066.53	A-			36,250.00
3.625%02/12/2024 U S BANCORP MTNS BK ENT FR	01/30/2024	1,000,000.000	102.680	98.688	1,002,399.44	A+	12/29/2023		37,000.00
3.700%01/30/2024									
Total Matures 2024					5,945,258.85				219,775.00
Matures 2023									
CUMMINS INC SR GBL NT	10/01/2023	1,000,000.000	101.440	99.028	999,405.00	A+	07/01/2023		36,500.00
3.650%10/01/2023 MICROSOFT CORP NT	12/15/2023	1,000,000.000	101.630	98.948	991,091.12	AAA	09/15/2023		36,250.00
3.625%12/15/2023 ORACLE CORP SR NT	07/15/2023	1,000,000.000	102.610	99.231	1,009,025.28	BBB			36,250.00
3.625%07/15/2023 PNC BK N A PITTSBURGH PA SUB NT	07/25/2023	1,000,000.000	100.310	99.315	1,009,616.67	A-	06/25/2023		38,000.00
3.800%07/25/2023 SCHLUMBERGER INVT SA SR NT	12/01/2023	1,000,000.000	102.320	98.768	990,721.67	A	09/01/2023		36,500.00
3.650%12/01/2023									
Total Matures 2023					4,999,859.74				183,500.00
No Maturity									
ISHARES 1-3 YEAR TREASURY BOND ETF		1,760.000	84.580	81.170	142,859.20	NR			
Total No Maturity					142,859.20				
Total					41,541,492.01				1,461,312.50

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	55,200.000	27.42	1,513,594.02	88.73	4,897,896.00	3.4	.00	.00	.000
DISNEY WALT CO COM	37,875.000	56.83	2,152,529.94	86.88	3,290,580.00	2.3	.00	.00	.000
META PLATFORM, INC.	10,200.000	218.25	2,226,153.96	120.34	1,227,468.00	.8	.00	.00	.000
OMNICOM GROUP INC COM	37,825.000	53.99	2,042,193.82	81.57	3,111,862.75	2.1	2.80	105,910.00	3.433
Total for Communication Services			7,934,471.74		12,527,806.75	8.6		105,910.00	.847
Consumer Disc									
CARMAX INC COM	27,500.000	59.76	1,643,492.05	60.89	1,674,475.00	1.1	.00	.00	.000
HOME DEPOT INC COM	22,675.000	56.60	1,283,410.14	315.86	7,162,125.50	4.9	7.60	172,330.00	2.406
O REILLY AUTOMOTIVE INC NEW COM	5,300.000	179.68	952,284.59	844.03	4,473,359.00	3.1	.00	.00	.000
TJX COS INC NEW COM	43,100.000	11.93	514,198.06	79.60	3,430,760.00	2.4	1.18	50,858.00	1.482
Total for Consumer Disc			4,393,384.84		16,740,719.50	11.5		223,188.00	1.333
Financials									
BANK OF AMERICA CORP COM	54,350.000	26.92	1,462,940.56	33.12	1,800,072.00	1.2	.88	47,828.00	2.657
BERKSHIRE HATHAWAY INC DEL CL B NEW	22,950.000	119.41	2,740,542.72	308.90	7,089,255.00	4.9	.00	.00	.000
JPMORGAN CHASE & CO COM	45,100.000	58.19	2,624,476.48	134.10	6,047,910.00	4.1	4.00	180,400.00	2.983
PROGRESSIVE CORP OH COM	57,150.000	31.77	1,815,709.73	129.71	7,412,926.50	5.1	.40	22,860.00	.308
SCHWAB CHARLES CORP NEW COM	73,100.000	35.35	2,583,756.05	83.26	6,086,306.00	4.2	.88	64,328.00	1.057
US BANCORP DEL COM NEW	54,300.000	28.78	1,562,876.17	43.61	2,394,087.00	1.6	1.92	104,256.00	4.403
WELLS FARGO & CO NEW COM	44,500.000	33.33	1,483,258.95	41.29	1,837,405.00	1.3	1.20	53,400.00	2.906
Total for Financials			14,273,560.66		32,667,961.50	22.4		473,072.00	1.449
Health Care									
JOHNSON & JOHNSON COM	35,000.000	70.55	2,469,226.32	176.65	6,182,750.00	4.2	4.52	158,200.00	2.559
PFIZER INC COM	67,000.000	28.03	1,877,850.59	51.24	3,433,080.00	2.4	1.64	109,880.00	3.201
Total for Health Care			4,347,076.91		9,615,830.00	6.6		268,080.00	2.788
Industrials									
EXPEDITORS INTL WASH INC COM	25,100.000	39.94	1,002,516.05	103.92	2,608,392.00	1.8	1.34	33,634.00	1.289
FASTENAL CO COM	73,500.000	20.75	1,524,783.54	47.32	3,478,020.00	2.4	1.24	91,140.00	2.620

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	38,600.000	109.75	4,236,522.07	83.79	3,237,382.00	2.2	.32	12,352.00	.382
PARKER HANNIFIN CORP COM	7,300.000	280.15	2,045,070.91	291.00	2,124,300.00	1.5	5.32	38,836.00	1.828
UNION PAC CORP COM	13,500.000	93.91	1,267,781.30	207.07	2,795,445.00	1.9	5.20	70,200.00	2.511
Total for Industrials			10,076,673.87		14,243,539.00	9.8		246,162.00	1.729
Information Tech									
APPLE INC COM	49,500.000	26.27	1,300,468.74	129.93	6,431,535.00	4.4	.92	45,540.00	.708
CISCO SYS INC COM	30,950.000	21.91	678,121.98	47.64	1,474,458.00	1.0	1.52	47,044.00	3.191
MICROSOFT CORP COM	28,075.000	31.25	877,475.61	239.82	6,732,946.50	4.6	2.72	76,364.00	1.134
TE CONNECTIVITY LTD REG SHS	34,300.000	39.88	1,367,816.10	114.80	3,937,640.00	2.7	2.24	76,832.00	1.951
Total for Information Tech			4,223,882.43		18,576,579.50	12.7		245,780.00	1.323
Total: Total Equity			45,249,050.45		104,372,436.25	71.6		1,562,192.00	1.498
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLOBL NT 4.250% 11/14/2028	1,250,000.000	104.36	1,304,500.00	96.46	1,212,648.26	.8	4.25	53,125.00	4.406
ALTRIA GROUP INC SR GLOBL NT 4.000% 01/31/2024	1,000,000.000	102.90	1,028,953.24	98.99	1,006,586.67	.7	4.00	40,000.00	4.041
APPLE INC SR GLOBL NT 3.450% 05/06/2024	950,000.000	102.70	975,692.03	98.18	937,698.30	.6	3.45	32,775.00	3.514
BANK AMER CORP FR 3.248% 10/21/2027	1,250,000.000	108.96	1,362,048.44	92.33	1,162,044.45	.8	3.25	40,600.00	3.518
BLACKROCK INC SR GLOBL NT 3.250% 04/30/2029	1,250,000.000	110.36	1,379,554.43	92.22	1,159,646.18	.8	3.25	40,625.00	3.524
CVS HEALTH CORP SR GLOBL NT 3.875% 07/20/2025	1,000,000.000	101.29	1,012,931.54	97.58	993,159.86	.7	3.88	38,750.00	3.971
CHEVRON USA INC SR GLOBL NT 3.850% 01/15/2028	1,250,000.000	100.84	1,260,500.00	96.51	1,228,540.97	.8	3.85	48,125.00	3.989
CISCO SYS INC SR NT 3.625% 03/04/2024	1,000,000.000	102.21	1,022,129.61	98.38	995,551.25	.7	3.63	36,250.00	3.685
COMCAST CORP NEW GLOBL NT	1,250,000.000	108.15	1,351,916.41	86.51	1,095,202.09	.8	2.65	33,125.00	3.063

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.650% 02/01/2030 CUMMINS INC SR GLBL NT	1,000,000.000	101.44	1,014,418.26	99.03	999,405.00	.7	3.65	36,500.00	3.686
3.650% 10/01/2023 DISNEY WALT CO SR GLBL NT	1,250,000.000	107.38	1,342,255.25	85.36	1,082,408.34	.7	2.65	33,125.00	3.105
2.650% 01/13/2031 EXXON MOBIL CORP SR GLBL COCO	1,250,000.000	107.91	1,348,900.66	87.35	1,098,750.00	.8	2.61	32,625.00	2.988
2.610% 10/15/2030 HOME DEPOT INC SR NT	1,000,000.000	102.92	1,029,237.88	98.98	1,003,956.66	.7	3.75	37,500.00	3.789
3.750% 02/15/2024 INTEL CORP SR GLBL	1,250,000.000	102.40	1,280,000.00	97.53	1,238,690.28	.8	3.70	46,250.00	3.794
3.700% 07/29/2025 INTERNATIONAL BUSINESS MACHS SR GLBL	1,000,000.000	102.28	1,022,791.79	98.51	999,066.53	.7	3.63	36,250.00	3.680
3.625% 02/12/2024 JPMORGAN CHASE & CO SR NT	1,250,000.000	108.13	1,351,599.84	93.26	1,175,006.25	.8	2.95	36,875.00	3.163
2.950% 10/01/2026 JOHNSON & JOHNSON SR GLBL	1,250,000.000	109.21	1,365,091.23	93.21	1,181,865.28	.8	2.90	36,250.00	3.111
2.900% 01/15/2028 MERCK & CO INC SR GLBL	1,250,000.000	111.45	1,393,128.69	93.16	1,177,958.34	.8	3.40	42,500.00	3.650
3.400% 03/07/2029 MICROSOFT CORP NT	1,000,000.000	101.63	1,016,308.36	98.95	991,091.12	.7	3.63	36,250.00	3.664
3.625% 12/15/2023 NORTHERN TR CORP SUB NT	1,250,000.000	104.25	1,303,135.51	97.91	1,232,216.32	.8	3.95	49,375.00	4.034
3.950% 10/30/2025 OREILLY AUTOMOTIVE INC SR GLBL	1,000,000.000	98.33	983,300.00	96.66	968,658.89	.7	4.70	47,000.00	4.863
4.700% 06/15/2032 OMNICOM GROUP INC SR GLBL	1,250,000.000	104.40	1,304,998.94	95.93	1,208,587.50	.8	3.60	45,000.00	3.753
3.600% 04/15/2026 ORACLE CORP SR NT	1,000,000.000	102.61	1,026,104.57	99.23	1,009,025.28	.7	3.63	36,250.00	3.653
3.625% 07/15/2023 PNC BK N A PITTSBURGH PA SUB NT	1,000,000.000	100.31	1,003,124.87	99.31	1,009,616.67	.7	3.80	38,000.00	3.826
3.800% 07/25/2023 PARKER HANNIFIN CORP SR GLBL	1,250,000.000	98.54	1,231,687.50	95.83	1,228,437.50	.8	4.50	56,250.00	4.696
4.500% 09/15/2029 PEPSICO INC SR NT	1,250,000.000	109.15	1,364,337.28	92.88	1,170,296.87	.8	2.63	32,812.50	2.826

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.625% 03/19/2027 PFIZER INC GLBL NT	1,250,000.000	108.41	1,355,079.82	87.84	1,106,228.12	.8	2.63	32,812.50	2.988
2.625% 04/01/2030 PROGRESSIVE CORP SR GLBL	1,250,000.000	109.86	1,373,253.13	89.73	1,132,155.55	.8	3.20	40,000.00	3.566
3.200% 03/26/2030 SCHLUMBERGER INVT SA SR NT	1,000,000.000	102.32	1,023,166.32	98.77	990,721.67	.7	3.65	36,500.00	3.696
3.650% 12/01/2023 SCHWAB CHARLES CORP SR GLBL	1,250,000.000	106.19	1,327,430.00	93.17	1,181,958.34	.8	3.20	40,000.00	3.435
3.200% 01/25/2028 SYSCO CORP SR NT	1,000,000.000	102.85	1,028,451.91	96.77	977,025.00	.7	3.75	37,500.00	3.875
3.750% 10/01/2025 TEXAS INSTRS INC SR GLBL NT	1,250,000.000	105.83	1,322,899.94	86.46	1,089,865.63	.7	2.25	28,125.00	2.602
2.250% 09/04/2029 UNION PAC CORP SR GLBL	1,000,000.000	106.97	1,069,704.65	85.55	865,213.33	.6	2.40	24,000.00	2.805
2.400% 02/05/2030 U S BANCORP MTNS BK ENT FR	1,000,000.000	102.68	1,026,793.56	98.69	1,002,399.44	.7	3.70	37,000.00	3.749
3.700% 01/30/2024 VERIZON COMMUNICATIONS INC SR GLBL	1,250,000.000	108.16	1,351,938.92	92.28	1,165,920.84	.8	2.63	32,812.50	2.845
2.625% 08/15/2026 WELLS FARGO CO NEW SR NT	1,250,000.000	108.47	1,355,895.73	92.42	1,162,358.33	.8	3.00	37,500.00	3.246
3.000% 10/23/2026 Total for Corporate Bonds			43,313,260.31		39,239,961.11	26.9		1,388,437.50	3.577
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	1,250,000.000	100.00	1,250,000.00	95.32	1,200,684.38	.8	3.33	41,625.00	3.493
3.330% 04/12/2027 US TREASURY NOTE	1,000,000.000	108.18	1,081,750.00	95.39	957,987.32	.7	3.13	31,250.00	3.276
3.125% 11/15/2028 Total for Governments			2,331,750.00		2,158,671.70	1.5		72,875.00	3.397
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,760.000	84.58	148,859.68	81.17	142,859.20	.1	1.06	1,858.56	1.301
Total for Taxable Bond Funds			148,859.68		142,859.20	.1		1,858.56	1.301
Total: Total Fixed Income			45,793,869.99		41,541,492.01	28.5		1,463,171.06	3.560
Total			91,042,920.44		145,913,928.26	100.0		3,025,363.06	2.080

	Market Value	Fiscal Year to Date (6 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	145,913,928	4.37	-13.99	7.52	9.26	11.17	8.48	8.62
Total Portfolio - Net	145,913,928	4.33	-14.04	7.44	9.18	11.11	8.42	8.57
70% SP500 30% Bloomberg Int Govt Cr		1.36	-14.93	5.33	7.10	9.25	7.92	8.26
Total Equity	104,372,436	6.37	-16.19	10.09	11.91	14.58	10.30	10.43
S P 500 Index		2.31	-18.11	7.66	9.42	12.56	9.80	9.65
Total Fixed Income	41,541,492	-.90	-8.11	-1.44	.63	1.12	2.60	3.94
Bloomberg US Government/Credit Interm Bond		-1.57	-8.24	-1.26	.73	1.12	2.85	4.24

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	11.17	9.25
Standard Deviation	11.76	10.57
Beta	1.01	
Alpha	1.80	
R-Squared	.99	
Sharpe Ratio	9.45	10.34
Treynor Ratio	110.07	109.25
Tracking Error	2.94	
Information Ratio	.65	
Downside Deviation	7.38	6.72
Downside Standard Deviation	8.90	7.98
Sortino Ratio	1.62	1.46
Upside Capture	1.14	
Downside Capture	1.05	
Batting Average	.57	
Annualized Excess Return	1.93	
Cumulative Excess Return	46.27	
Turnover %	127.17	
M-Squared	-.08	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	8.48	7.92
Standard Deviation	10.55	10.47
Beta	.99	
Alpha	.61	
R-Squared	.98	
Sharpe Ratio	10.28	10.31
Treynor Ratio	109.58	107.92
Tracking Error	3.07	
Information Ratio	.17	
Downside Deviation	6.76	6.91
Downside Standard Deviation	7.93	7.98
Sortino Ratio	1.34	1.23
Upside Capture	1.00	
Downside Capture	.95	
Batting Average	.53	
Annualized Excess Return	.56	
Cumulative Excess Return	49.77	
Turnover %	192.90	
M-Squared	7.66	
Residual Risk	1.02	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

Purchases

Date	Amount	Security	Purchase Price	Total Cost
01/11/2022	1,000,000.00	SCHWAB CHARLES CORP SR GLOBL	106.61	1,066,100.00
02/28/2022	250,000.00	BLACKROCK INC SR GLOBL NT	105.00	262,500.00
02/28/2022	250,000.00	NORTHERN TR CORP SUB NT	106.16	265,400.00
02/28/2022	-250,000.00	BLACKROCK INC SR GLOBL NT	105.00	-262,500.00
02/28/2022	-250,000.00	NORTHERN TR CORP SUB NT	106.16	-265,400.00
02/28/2022	250,000.00	BLACKROCK INC SR GLOBL NT	105.00	262,500.00
02/28/2022	250,000.00	BLACKROCK INC SR GLOBL NT	105.00	262,500.00
02/28/2022	250,000.00	NORTHERN TR CORP SUB NT	106.16	265,400.00
03/02/2022	-250,000.00	OMNICOM GROUP INC SR GLOBL	104.78	-261,950.00
03/02/2022	250,000.00	OMNICOM GROUP INC SR GLOBL	104.78	261,950.00
03/02/2022	250,000.00	SCHWAB CHARLES CORP SR GLOBL	104.53	261,330.00
03/08/2022	1,000,000.00	US TREASURY NOTE	108.17	1,081,750.00
04/01/2022	250,000.00	OMNICOM GROUP INC SR GLOBL	104.78	261,950.00
04/07/2022	1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	1,304,500.00
04/07/2022	1,250,000.00	INTEL CORP SR GLOBL	102.40	1,280,000.00
04/07/2022	1,250,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	100.00	1,250,000.00
04/07/2022	-1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	-1,304,500.00
04/07/2022	-1,250,000.00	INTEL CORP SR GLOBL	102.40	-1,280,000.00
05/01/2022	-250,000.00	BLACKROCK INC SR GLOBL NT	105.00	-262,500.00
05/01/2022	1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	1,304,500.00
05/01/2022	1,250,000.00	INTEL CORP SR GLOBL	102.40	1,280,000.00
05/01/2022	1,250,000.00	INTEL CORP SR GLOBL	102.40	1,280,000.00
05/01/2022	1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	1,304,500.00
05/01/2022	-1,250,000.00	ABBVIE INC SR GLOBL NT	104.36	-1,304,500.00
05/01/2022	-1,250,000.00	INTEL CORP SR GLOBL	102.40	-1,280,000.00
05/17/2022	1,250,000.00	CHEVRON USA INC SR GLOBL NT	100.84	1,260,500.00
05/17/2022	1,250,000.00	CHEVRON USA INC SR GLOBL NT	100.84	1,260,500.00
05/17/2022	-1,250,000.00	CHEVRON USA INC SR GLOBL NT	100.84	-1,260,500.00
09/14/2022	1,000,000.00	OREILLY AUTOMOTIVE INC SR GLOBL	98.33	983,300.00
10/26/2022	7,300.00	PARKER HANNIFIN CORP COM	280.15	2,045,070.91
12/16/2022	1,250,000.00	PARKER HANNIFIN CORP SR GLOBL	98.53	1,231,687.50
				12,554,088.41

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/05/2022	-1,500.00	TE CONNECTIVITY LTD REG SHS	163.98	245,969.34	11/07/2007	40.74	61,103.18	184,866.16
01/05/2022	-100.00	ALPHABET INC CAP STK CL C	2,815.27	281,526.69	10/05/2015	548.40	54,840.36	226,686.33
01/05/2022	-2,125.00	APPLE INC COM	178.79	379,936.37	04/25/2013	32.36	68,762.61	311,173.76
01/05/2022	-2,350.00	BANK OF AMERICA CORP COM	48.11	113,048.76	08/30/2019	26.92	63,255.02	49,793.74
01/05/2022	-975.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	312.73	304,908.14	03/27/2020	182.34	177,779.35	127,128.79
01/05/2022	-1,200.00	CARMAX INC COM	123.16	147,794.36	01/30/2019	59.76	71,716.02	76,078.34
01/05/2022	-1,325.00	CISCO SYS INC COM	60.89	80,676.98	06/03/2005	25.72	34,078.33	46,598.65
01/05/2022	-1,575.00	DISNEY WALT CO COM	157.98	248,811.56	04/23/2015	108.49	170,875.69	77,935.87
01/05/2022	-1,100.00	EXPEDITORS INTL WASH INC COM	130.88	143,968.36	03/25/2013	37.20	40,921.43	103,046.93
01/05/2022	-450.00	META PLATFORM, INC.	331.38	149,120.73	05/06/2020	203.86	91,738.71	57,382.02
01/05/2022	-3,150.00	FASTENAL CO COM	62.41	196,604.67	02/12/2015	21.12	66,540.29	130,064.38
01/05/2022	-1,650.00	GENERAL ELECTRIC CO COM NEW	100.42	165,693.14	08/02/2021	113.92	187,975.43	-22,282.29
01/05/2022	-975.00	HOME DEPOT INC COM	410.53	400,266.55	04/23/2015	113.55	110,707.25	289,559.30
01/05/2022	-1,950.00	JPMORGAN CHASE & CO COM	166.73	325,130.03	06/06/2008	40.49	78,960.38	246,169.65
01/05/2022	-1,500.00	JOHNSON & JOHNSON COM	172.98	259,473.47	05/19/1993	161.97	242,957.10	16,516.37
01/05/2022	-1,200.00	MICROSOFT CORP COM	321.21	385,451.83	06/30/2021	27.07	32,484.00	352,967.83
01/05/2022	-300.00	O REILLY AUTOMOTIVE INC NEW COM	698.76	209,627.68	07/11/2017	174.94	52,482.52	157,145.16
01/05/2022	-1,625.00	OMNICOM GROUP INC COM	76.35	124,073.96	06/30/2021	43.83	71,215.65	52,858.31
01/05/2022	-2,900.00	PFIZER INC COM	55.66	161,410.56	09/07/2011	18.04	52,306.28	109,104.28
01/05/2022	-2,800.00	PROGRESSIVE CORP OH COM	103.38	289,471.76	05/23/2007	23.19	64,920.24	224,551.52
01/05/2022	-3,150.00	SCHWAB CHARLES CORP NEW COM	90.07	283,732.60	08/26/2020	35.35	111,338.33	172,394.27
01/05/2022	-1,850.00	TJX COS INC NEW COM	76.90	142,257.98	04/23/2015	33.17	61,364.59	80,893.39
01/05/2022	-2,350.00	US BANCORP DEL COM NEW	58.97	138,579.73	12/07/2000	10.86	25,525.70	113,054.03
01/05/2022	-575.00	UNION PAC CORP COM	254.05	146,076.68	07/24/2015	93.91	53,998.09	92,078.59
01/05/2022	-1,900.00	WELLS FARGO & CO NEW COM	52.71	100,155.32	06/02/2011	28.21	53,597.67	46,557.65
01/18/2022	-1,000,000.00	MCDONALDS CORP MED TERM NT SR NT	100.00	1,000,000.00	12/06/2012	1.00	1,001,688.29	-1,688.29
01/31/2022	-1,000,000.00	BERKSHIRE HATHAWAY INC DEL SR NT	100.00	1,000,000.00	06/07/2018	1.00	1,003,604.22	-3,604.22
03/30/2022	-1,000,000.00	HSBC HLDGS PLC SR NT	100.00	1,000,000.00	06/10/2015	1.01	1,007,574.20	-7,574.20
04/06/2022	-1,200.00	TE CONNECTIVITY LTD REG SHS	124.23	149,075.23	11/07/2007	40.74	48,882.55	100,192.68
04/06/2022	-90.00	ALPHABET INC CAP STK CL C	2,754.84	247,935.53	10/05/2015	548.40	49,356.33	198,579.20
04/06/2022	-1,675.00	APPLE INC COM	171.83	287,820.48	04/25/2013	14.64	24,514.16	263,306.32
04/06/2022	-1,700.00	BANK OF AMERICA CORP COM	39.73	67,543.20	08/30/2019	26.92	45,758.95	21,784.25
04/06/2022	-750.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	343.68	257,758.43	03/27/2020	40.76	30,571.13	227,187.30
04/06/2022	-900.00	CARMAX INC COM	96.99	87,292.08	01/30/2019	59.76	53,787.01	33,505.07

Portfolio Turnover

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

December 31, 2021 to December 31, 2022

Managed since: January 01, 1993

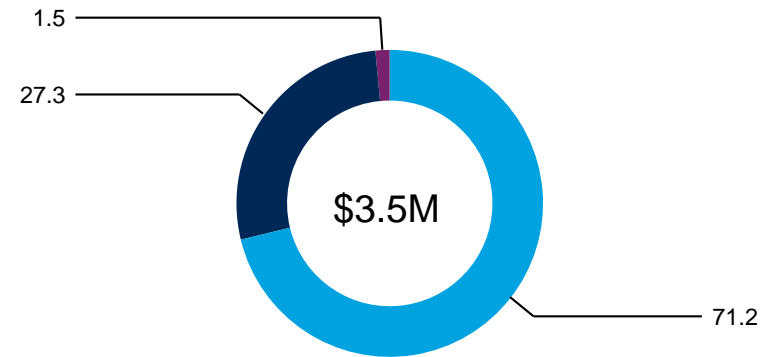
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/06/2022	-1,000.00	CISCO SYS INC COM	54.35	54,353.62	06/03/2005	19.83	19,828.86	34,524.76
04/06/2022	-250.00	DISNEY WALT CO COM	132.64	33,159.91	04/23/2015	25.44	6,358.93	26,800.98
04/06/2022	-800.00	EXPEDITORS INTL WASH INC COM	96.43	77,144.24	03/25/2013	37.20	29,761.04	47,383.20
04/06/2022	-350.00	META PLATFORM, INC.	225.95	79,083.46	05/06/2020	203.86	71,352.33	7,731.13
04/06/2022	-2,300.00	FASTENAL CO COM	59.43	136,686.37	02/12/2015	21.12	48,584.97	88,101.40
04/06/2022	-1,300.00	GENERAL ELECTRIC CO COM NEW	88.37	114,880.41	08/02/2021	113.92	148,101.86	-33,221.45
04/06/2022	-750.00	HOME DEPOT INC COM	299.94	224,958.05	04/23/2015	39.91	29,934.98	195,023.07
04/06/2022	-1,500.00	JPMORGAN CHASE & CO COM	132.23	198,344.43	06/06/2008	35.42	53,129.95	145,214.48
04/06/2022	-1,200.00	JOHNSON & JOHNSON COM	180.16	216,190.89	05/19/1993	58.65	70,383.85	145,807.04
04/06/2022	-975.00	MICROSOFT CORP COM	302.56	294,995.56	06/30/2021	27.07	26,393.25	268,602.31
04/06/2022	-250.00	O REILLY AUTOMOTIVE INC NEW COM	690.32	172,580.36	07/11/2017	174.94	43,735.43	128,844.93
04/06/2022	-1,300.00	OMNICOM GROUP INC COM	80.43	104,562.23	06/30/2021	41.58	54,048.49	50,513.74
04/06/2022	-2,300.00	PFIZER INC COM	52.52	120,797.45	09/07/2011	18.04	41,484.29	79,313.16
04/06/2022	-2,200.00	PROGRESSIVE CORP OH COM	115.06	253,133.78	05/23/2007	23.19	51,008.76	202,125.02
04/06/2022	-2,500.00	SCHWAB CHARLES CORP NEW COM	81.73	204,323.95	08/26/2020	35.35	88,363.75	115,960.20
04/06/2022	-1,450.00	TJX COS INC NEW COM	60.53	87,768.63	04/23/2015	6.06	8,782.29	78,986.34
04/06/2022	-1,850.00	US BANCORP DEL COM NEW	53.01	98,077.61	12/07/2000	10.86	20,094.70	77,982.91
04/06/2022	-500.00	UNION PAC CORP COM	247.01	123,503.82	07/24/2015	93.91	46,954.86	76,548.96
04/06/2022	-1,500.00	WELLS FARGO & CO NEW COM	47.81	71,714.63	06/02/2011	28.21	42,313.95	29,400.68
05/11/2022	-900,000.00	AT& T INC SR GLBL NT	101.84	916,528.00	06/13/2018	0.99	893,726.84	22,801.16
09/01/2022	-1,000,000.00	O REILLY AUTOMOTIVE INC NEW SR NT	100.00	1,000,000.00	11/16/2017	1.01	1,013,354.93	-13,354.93
10/26/2022	-1,550.00	O REILLY AUTOMOTIVE INC NEW COM	776.16	1,203,049.58	07/11/2017	174.94	271,159.66	931,889.92
10/26/2022	-8,000.00	PROGRESSIVE CORP OH COM	123.51	988,094.96	05/23/2007	23.19	185,486.40	802,608.56
12/08/2022	-1,250,000.00	3M CO SR GLBL NT	86.91	1,086,375.00	02/03/2021	1.06	1,323,049.25	-236,674.25
				<u>17,381,499.14</u>			<u>9,954,574.68</u>	<u>7,426,924.46</u>

Client Investment Review

Investment activity through 12/31/2022

Asset Allocation Summary

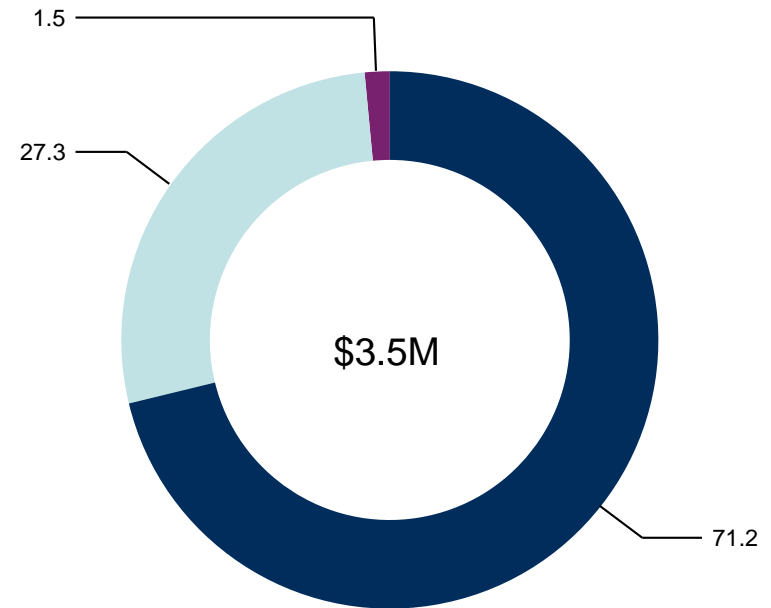
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	2,463,740	71.2	36,888.02	1.5
Total Fixed Income	945,889	27.3	22,920.37	2.4
Cash & Equivalents	50,933	1.5	2,101.56	4.1
Total	3,460,562	100.0	61,909.95	1.8



Investment Summary

	Fiscal Year to Date (6 Months)
Beginning Account Value	3,127,502.28
Net Contributions/Withdrawals	186,288.37
Income Earned	32,562.67
Market Appreciation	114,208.20
Ending Account Value	3,460,561.52

	Market Value	% of Mkt Val
● Core Equity	2,463,740	71.2
● Taxable Bond Funds	945,889	27.3
● Cash & Equivalents	50,933	1.5
Total	3,460,562	100.0



	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	50,775.700	1.00	50,775.70	1.00	50,932.68	1.5	4.14	2,101.56	4.139
Total for Money Markets			50,775.70		50,932.68	1.5		2,101.56	4.139
Total: Cash & Equivalents			50,775.70		50,932.68	1.5		2,101.56	4.139
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	1,296.000	134.43	174,215.28	88.73	114,994.08	3.3	.00	.00	.000
DISNEY WALT CO COM	883.000	168.42	148,715.86	86.88	76,715.04	2.2	.00	.00	.000
META PLATFORM, INC.	247.000	334.52	82,626.79	120.34	29,723.98	.9	.00	.00	.000
OMNICOM GROUP INC COM	896.000	75.10	67,289.08	81.57	73,713.92	2.1	2.80	2,508.80	3.433
Total for Communication Services			472,847.01		295,147.02	8.5		2,508.80	.852
Consumer Disc									
CARMAX INC COM	650.000	122.11	79,371.59	60.89	39,578.50	1.1	.00	.00	.000
HOME DEPOT INC COM	529.000	327.52	173,259.05	315.86	167,089.94	4.8	7.60	4,020.40	2.406
O REILLY AUTOMOTIVE INC NEW COM	125.000	612.94	76,617.94	844.03	105,503.75	3.0	.00	.00	.000
TJX COS INC NEW COM	918.000	69.06	63,400.50	79.60	73,072.80	2.1	1.18	1,083.24	1.482
Total for Consumer Disc			392,649.08		385,244.99	11.0		5,103.64	1.325
Financials									
BANK OF AMERICA CORP COM	1,285.000	40.31	51,800.77	33.12	42,559.20	1.2	.88	1,130.80	2.657
BERKSHIRE HATHAWAY INC DEL CL B NEW	549.000	292.03	160,325.89	308.90	169,586.10	4.9	.00	.00	.000
JPMORGAN CHASE & CO COM	1,129.000	152.59	172,276.75	134.10	151,398.90	4.4	4.00	4,516.00	2.983
PROGRESSIVE CORP OH COM	1,350.000	99.87	134,822.77	129.71	175,108.50	5.1	.40	540.00	.308
SCHWAB CHARLES CORP NEW COM	1,809.000	73.03	132,110.68	83.26	150,617.34	4.4	.88	1,591.92	1.057
US BANCORP DEL COM NEW	1,232.000	55.89	68,854.94	43.61	54,318.88	1.6	1.92	2,365.44	4.403
WELLS FARGO & CO NEW COM	1,017.000	48.61	49,431.33	41.29	41,991.93	1.2	1.20	1,220.40	2.906
Total for Financials			769,623.13		785,580.85	22.8		11,364.56	1.448

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	824.000	172.03	141,754.67	176.65	145,559.60	4.2	4.52	3,724.48	2.559
PFIZER INC COM	1,490.000	47.98	71,497.36	51.24	76,347.60	2.2	1.64	2,443.60	3.201
Total for Health Care			213,252.03		221,907.20	6.4		6,168.08	2.780
Industrials									
EXPEDITORS INTL WASH INC COM	573.000	120.63	69,118.33	103.92	59,546.16	1.7	1.34	767.82	1.289
FASTENAL CO COM	1,716.000	55.36	95,003.06	47.32	81,201.12	2.3	1.24	2,127.84	2.620
GENERAL ELECTRIC CO COM NEW	833.000	100.19	83,460.05	83.79	69,863.71	2.0	.32	266.56	.382
PARKER HANNIFIN CORP COM	170.000	284.10	48,296.86	291.00	49,470.00	1.4	5.32	904.40	1.828
UNION PAC CORP COM	331.000	227.84	75,413.54	207.07	68,540.17	2.0	5.20	1,721.20	2.511
Total for Industrials			371,291.84		328,621.16	9.4		5,787.82	1.762
Information Tech									
APPLE INC COM	1,220.000	149.37	182,227.44	129.93	158,514.60	4.6	.92	1,122.40	.708
CISCO SYS INC COM	857.000	55.02	47,155.57	47.64	40,827.48	1.2	1.52	1,302.64	3.191
MICROSOFT CORP COM	667.000	288.86	192,672.53	239.82	159,959.94	4.6	2.72	1,814.24	1.134
TE CONNECTIVITY LTD REG SHS	766.000	148.07	113,423.24	114.80	87,936.80	2.5	2.24	1,715.84	1.951
Total for Information Tech			535,478.78		447,238.82	12.9		5,955.12	1.332
Total: Total Equity			2,755,141.87		2,463,740.04	71.0		36,888.02	1.498
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	11,845.000	53.74	636,606.22	49.82	590,117.90	17.1	1.02	12,129.28	2.055
VANGUARD SCOTTSDALE FDS VANGUARD	4,590.000	92.02	422,377.73	77.51	355,770.90	10.3	2.35	10,791.09	3.033
Total for Taxable Bond Funds			1,058,983.95		945,888.80	27.4		22,920.37	2.423
Total: Total Fixed Income			1,058,983.95		945,888.80	27.4		22,920.37	2.423
Total			3,864,901.52		3,460,561.52	100.0		61,909.95	1.790

Performance Overview

	Market Value	Fiscal Year to Date (6 Months)	1 Year	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	3,460,562	4.29	-14.15	6.14	7.77	8.12
Total Portfolio - Net	3,460,562	4.25	-14.22	6.05	7.68	8.04
70% SP500 30% Bloomberg Int Govt Cr		1.36	-14.93	5.33	7.10	7.70
Total Equity	2,463,740	6.31	-16.17	8.71	10.04	10.67
S P 500 Index		2.31	-18.11	7.66	9.42	10.29
Total Fixed Income	945,889	-.58	-9.00	-1.69	1.39	1.69
Bloomberg US Government/Credit Interm Bond		-1.57	-8.24	-1.26	.73	.99
Cash & Equivalents	50,933	1.59	1.76	.72	1.20	.92
3 Mos Treasury Bill Rate		1.75	2.13	.85	1.34	1.06

	Total Portfolio - Gross	70% SP500 30% Bloomberg Int Govt Cr
Return	7.77	7.10
Standard Deviation	13.89	13.45
Beta	1.00	
Alpha	.63	
R-Squared	1.00	
Sharpe Ratio	7.76	7.96
Treynor Ratio	107.77	107.10
Tracking Error	1.55	
Information Ratio	.44	
Downside Deviation	9.21	8.94
Downside Standard Deviation	10.45	10.08
Sortino Ratio	.95	.90
Upside Capture	1.05	
Downside Capture	1.02	
Batting Average	.62	
Annualized Excess Return	.66	
Cumulative Excess Return	4.42	
Turnover %	.38	
M-Squared	4.36	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

iShares 1-5 Year Investment Grade Corp Bd ETF (IGSB)

	IGSB	Bloomberg Intermediate Gov/Cr
Duration	2.60	3.90
Effective Maturity	2.98	4.26
Credit Rating	A-	AA1/AA2
Weighted Coupon	3.24	2.32
Weighted Price	95.21	92.06
Yield to Maturity	5.36	4.57

Source: Morningstar | As of Jan. 11, 2023, Category: Short-Term Bond as of Nov. 30, 2022.

Source: Bloomberg | Bloomberg Intermediate Gov/Cr as of Dec. 30, 2022

iShares 1-5 Year Investment Grade Corp Bd ETF (IGSB)

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20
AAA (0.70)		0.39	0.31	—	—	—	—
AA (8.90)		5.30	3.60	—	—	—	—
A (44.81)	0.34	28.01	16.42	0.04	—	—	—
BBB (41.98)	0.10	26.92	14.95	0.01	—	—	—
BB (1.19)	—	0.90	0.29	—	—	—	—
B	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—
Not Rated (1.52)	—	0.56	0.95	0.01	—	—	—

Source: Morningstar

As of Jan. 10, 2023 | Data is based on the long position of the holdings. | Source: Holdings-based calculations.

Vanguard Interm-Term Corp Bd ETF (VCIT)

	VCIT	Bloomberg Intermediate Gov/Cr
Duration	6.23	3.90
Effective Maturity	7.50	4.26
Credit Rating	BBB+	AA1/AA2
Weighted Coupon	-----	2.32
Weighted Price	89.14	92.06
Yield to Maturity	5.31	4.57

Source: Morningstar | As of Nov. 30, 2022, Category: Corporate Bond

Source: Bloomberg | Bloomberg Intermediate Gov/Cr as of Dec. 30, 2022

Vanguard Interm-Term Corp Bd ETF (VCIT)

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20
AAA (0.23)	—	—	0.09	0.03	0.11	—	—
AA (4.81)	—	—	0.53	2.39	1.89	—	—
A (39.92)	—	0.05	6.52	18.27	15.08	—	—
BBB (51.07)	—	0.06	9.76	26.82	14.43	—	—
BB (2.15)	—	0.04	0.60	1.20	0.31	—	—
B	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—
Not Rated (1.28)	—	—	0.08	0.10	1.10	—	—

Source: Morningstar

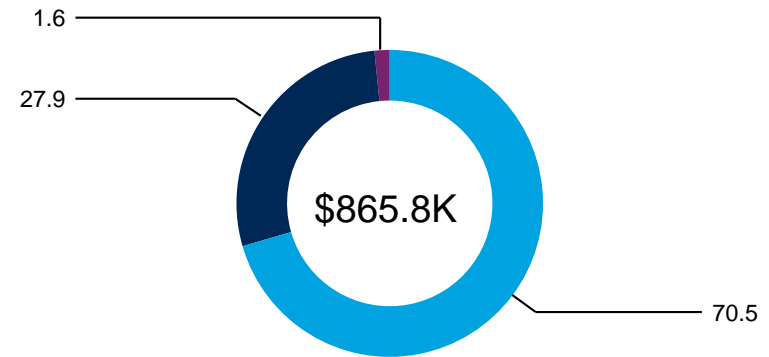
As of Nov. 30, 2022 | Data is based on the long position of the holdings. Source: Holdings-based calculations.

Client Investment Review

Investment activity through 12/31/2022

Asset Allocation Summary

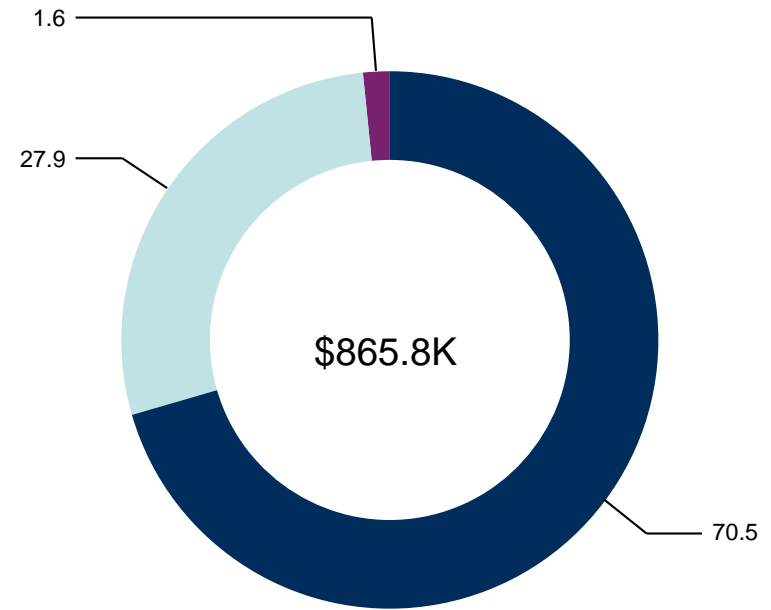
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	610,739	70.5	9,201.20	1.5
Total Fixed Income	241,127	27.9	5,845.08	2.4
Cash & Equivalents	13,893	1.6	573.23	4.1
Total	865,758	100.0	15,619.52	1.8



Investment Summary

	Fiscal Year to Date (6 Months)
Beginning Account Value	776,827.78
Net Contributions/Withdrawals	51,908.81
Income Earned	8,199.32
Market Appreciation	28,822.17
Ending Account Value	865,758.08

	Market Value	% of Mkt Val
● Core Equity	610,739	70.5
● Taxable Bond Funds	241,127	27.9
● Cash & Equivalents	13,893	1.6
Total	865,758	100.0



	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	13,849.870	1.00	13,849.87	1.00	13,892.94	1.6	4.14	573.23	4.139
Total for Money Markets			13,849.87		13,892.94	1.6		573.23	4.139
Total: Cash & Equivalents			13,849.87		13,892.94	1.6		573.23	4.139
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	302.000	133.23	40,234.51	88.73	26,796.46	3.1	.00	.00	.000
DISNEY WALT CO COM	218.000	165.13	35,998.48	86.88	18,939.84	2.2	.00	.00	.000
META PLATFORM, INC.	62.000	327.52	20,306.37	120.34	7,461.08	.9	.00	.00	.000
OMNICOM GROUP INC COM	225.000	75.16	16,911.88	81.57	18,510.75	2.1	2.80	630.00	3.433
Total for Communication Services			113,451.24		71,708.13	8.3		630.00	.880
Consumer Disc									
CARMAX INC COM	162.000	120.14	19,462.46	60.89	9,864.18	1.1	.00	.00	.000
HOME DEPOT INC COM	132.000	325.81	43,006.26	315.86	41,693.52	4.8	7.60	1,003.20	2.406
O REILLY AUTOMOTIVE INC NEW COM	30.000	619.20	18,575.86	844.03	25,320.90	2.9	.00	.00	.000
TJX COS INC NEW COM	225.000	68.62	15,439.15	79.60	17,910.00	2.1	1.18	265.50	1.482
Total for Consumer Disc			96,483.73		94,788.60	10.9		1,268.70	1.338
Financials									
BANK OF AMERICA CORP COM	323.000	40.10	12,950.87	33.12	10,697.76	1.2	.88	284.24	2.657
BERKSHIRE HATHAWAY INC DEL CL B NEW	137.000	293.57	40,219.59	308.90	42,319.30	4.9	.00	.00	.000
JPMORGAN CHASE & CO COM	282.000	150.76	42,515.09	134.10	37,816.20	4.4	4.00	1,128.00	2.983
PROGRESSIVE CORP OH COM	335.000	100.95	33,819.45	129.71	43,452.85	5.0	.40	134.00	.308
SCHWAB CHARLES CORP NEW COM	450.000	73.05	32,872.57	83.26	37,467.00	4.3	.88	396.00	1.057
US BANCORP DEL COM NEW	306.000	55.44	16,966.04	43.61	13,491.54	1.6	1.92	587.52	4.403
WELLS FARGO & CO NEW COM	251.000	48.34	12,132.17	41.29	10,363.79	1.2	1.20	301.20	2.906
Total for Financials			191,475.78		195,608.44	22.6		2,830.96	1.448

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	212.000	172.04	36,472.80	176.65	37,449.80	4.3	4.52	958.24	2.559
PFIZER INC COM	374.000	48.01	17,955.02	51.24	19,163.76	2.2	1.64	613.36	3.201
Total for Health Care			54,427.82		56,613.56	6.5		1,571.60	2.776
Industrials									
EXPEDITORS INTL WASH INC COM	145.000	119.07	17,264.99	103.92	15,068.40	1.7	1.34	194.30	1.289
FASTENAL CO COM	422.000	55.28	23,329.44	47.32	19,969.04	2.3	1.24	523.28	2.620
GENERAL ELECTRIC CO COM NEW	215.000	98.88	21,259.29	83.79	18,032.05	2.1	.32	68.80	.382
PARKER HANNIFIN CORP COM	40.000	284.10	11,363.97	291.00	11,640.00	1.3	5.32	212.80	1.828
UNION PAC CORP COM	82.000	227.63	18,666.03	207.07	16,979.74	2.0	5.20	426.40	2.511
Total for Industrials			91,883.72		81,689.23	9.4		1,425.58	1.745
Information Tech									
APPLE INC COM	301.000	150.00	45,151.49	129.93	39,108.93	4.5	.92	276.92	.708
CISCO SYS INC COM	212.000	54.68	11,592.88	47.64	10,099.68	1.2	1.52	322.24	3.191
MICROSOFT CORP COM	162.000	288.15	46,679.69	239.82	38,850.84	4.5	2.72	440.64	1.134
TE CONNECTIVITY LTD REG SHS	194.000	146.75	28,469.49	114.80	22,271.20	2.6	2.24	434.56	1.951
Total for Information Tech			131,893.55		110,330.65	12.8		1,474.36	1.336
Total: Total Equity			679,615.84		610,738.61	70.5		9,201.20	1.507
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	3,015.000	53.59	161,585.55	49.82	150,207.30	17.3	1.02	3,087.36	2.055
VANGUARD SCOTTSDALE FDS VANGUARD	1,173.000	91.38	107,192.37	77.51	90,919.23	10.5	2.35	2,757.72	3.033
Total for Taxable Bond Funds			268,777.92		241,126.53	27.8		5,845.08	2.424
Total: Total Fixed Income			268,777.92		241,126.53	27.8		5,845.08	2.424
Total			962,243.63		865,758.08	100.0		15,619.52	1.805

Performance Overview

	Market Value	Fiscal Year to Date (6 Months)	1 Year	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	865,758	4.32	-14.01	6.06	7.74	8.12
Total Portfolio - Net	865,758	4.28	-14.08	5.98	7.66	8.04
70% SP500 30% Bloomberg Int Govt Cr		1.36	-14.93	5.33	7.10	7.70
Total Equity	610,739	6.40	-16.08	8.73	10.05	10.69
S P 500 Index		2.31	-18.11	7.66	9.42	10.29
Total Fixed Income	241,127	-.58	-9.01	-1.69	1.39	1.69
Bloomberg US Government/Credit Interm Bond		-1.57	-8.24	-1.26	.73	.99
Cash & Equivalents	13,893	1.60	1.77	.72	1.16	.90
3 Mos Treasury Bill Rate		1.75	2.13	.85	1.34	1.06

	Total Portfolio - Gross	70% SP500 30% Bloomberg Int Govt Cr
Return	7.74	7.10
Standard Deviation	13.86	13.45
Beta	1.00	
Alpha	.61	
R-Squared	1.00	
Sharpe Ratio	7.77	7.96
Treynor Ratio	107.74	107.10
Tracking Error	1.55	
Information Ratio	.42	
Downside Deviation	9.19	8.94
Downside Standard Deviation	10.42	10.08
Sortino Ratio	.95	.90
Upside Capture	1.05	
Downside Capture	1.02	
Batting Average	.60	
Annualized Excess Return	.64	
Cumulative Excess Return	4.25	
Turnover %	3.40	
M-Squared	4.55	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

This report is for informational purposes only and does not supersede confirmations and monthly client statements. The results reported should not be relied upon for tax information. Clients should consult tax documents for a complete summary of gain or loss history. The information has been derived from sources considered to be reliable but we cannot guarantee the accuracy.

This information represents past performance and is not indicative of future results. Principal value and investment return will fluctuate, and shares/units, when redeemed, may be worth more or less than the original amount. Returns assume reinvestment of dividends and other earnings.

Performance calculations are performed using the Daily Time Weighted Rate of Return (DTWRR) calculation method. This time-weighted rate of return method revalues the portfolio whenever a cash flow takes place, therefore significantly minimizing its impact on the return. Returns are measured from day-to-day and are then compounded or geometrically linked resulting in the time-weighted rate of return. Performance returns for time periods longer than 365 days have been annualized.

Performance calculations may also be performed using the Internal Rate of Return (IRR) Calculation method. The IRR is used to calculate the appropriate money-weighted rate of return. Cash flows are included based on their timing and size. The IRR is related to the time-value of money or present value formula. It calculates the discount rate which will take the starting value and all cash flows to result in the ending market value. Performance returns for time periods longer than 365 days have been annualized.

The inception date is the date on which performance calculations started. Your portfolio manager may or may not have begun executing security purchases and sales on the start date. Baird Trust may change the inception date to minimize the effect on performance when securities fund the account.

Account values on the Investment Summary page may not reflect the market value of holdings, due to the inclusion of accrued income. Accrued income is included when income has been earned as of the reporting end date, but not yet paid out.

Broad Index Descriptions

Barclays U.S. Intermediate Government Credit Bond Index: The index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

S&P 500 Composite: The S&P 500 composite index is an unmanaged, market capitalization weighted index of 500 common stocks widely regarded to be representative of the market in general. Returns include reinvestment of dividends.

MSCI EAFE: The MSCI EAFE Index is a Morgan Stanley international index that includes stocks traded on 16 exchanges in Europe, Australia and the Far East, weighted by capitalization.

MSCI ACWI Index: MSCI's flagship global equity index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 27 emerging markets.

Index returns may not represent your portfolio and are provided only as a representation of broad market performance. It is not possible to invest directly in an index.

Glossary of Terms and Calculations

Cost Basis Information: All information with respect to cost information is derived from transactions in your account or information supplied by other sources. There is no guarantee as to the accuracy of this information or the corresponding gain and loss information. Certain transactions resulting from reorganization activity - including but not limited to mergers, acquisitions, exchanges, tenders, conversions, spin-offs, and stock distributions - may have complex tax ramifications that may require adjustments to the cost basis of the assets acquired and/or disposed. Please consult a tax advisor for guidance in handling these transactions. The cost basis for factorable securities, unit investment trusts, and certain limited partnerships may be reduced by the amount of principal payments returned. This cost information is displayed and the gain/loss information is calculated for these securities only if both the cost and principal payment information is deemed to be complete.

Inception Date: The inception date is the date on which performance calculations started.

Total Portfolio Net: Returns are calculated after the deduction of investment management fees and transaction expenses. In some cases, separate custodial fees may be assessed but are not deducted from the return. Some client accounts may see adjustments to their historical returns compared to statements from prior periods. The differences may occur in accounts with significant contributions or distributions. Additional information is available upon request.

Non-Performance Assets: Non-performance assets are assets on which performance is not calculated. These would include, but are not limited to, limited partnerships, annuities, and assets requested to be "unsupervised" (excluded from the performance calculation).

Valuations: The pricing of securities displayed in this report is derived from various sources, and in some cases may be higher or lower than the price you would actually receive in the market. For securities listed on an exchange or trading continually in an active marketplace, the prices reflect market quotations at the close of the reporting period. For securities trading less frequently, we rely on third party pricing services, or a computerized pricing model, which do not always reflect actual market prices. Valuation differences may be due to the different definitions of the closing market prices of securities.

The information contained herein, while not guaranteed, has been obtained from sources which we believe to be reliable and accurate. This material is not to be considered an offer or solicitation regarding the sale of any security.

Information contained in this report has been provided at your request. If you have questions regarding this information, please contact your Baird Financial Advisor or Baird Trust Portfolio Manager.

Baird Trust Company ("Baird Trust"), a Kentucky state-chartered trust company, is owned by Baird Financial Corporation ("BFC"). It is affiliated with Robert W. Baird & Co. Incorporated ("Baird"), (an SEC-registered broker-dealer and investment advisor), and other operating businesses owned by BFC.



INVESTMENT POLICY STATEMENT

Effective as of April 23, 2022

INTRODUCTION



This Investment Policy Statement amends and completely replaces the Investment Policy Statement of the **Investment Committees for the Kentucky Judicial Retirement Fund** and the **Kentucky Legislators Retirement Fund**, dated October 25, 2019.

The purpose of this **Investment Policy Statement** is to establish a clear understanding between the **Investment Committees for the Kentucky Judicial Retirement Fund** and the **Kentucky Legislators Retirement Fund**, hereinafter referred to as the “Committees,” and **Baird Trust Company**, hereinafter referred to as the “Manager,” of the investment policies and objectives of the Committees. This **Statement** will outline an overall philosophy that is specific enough for the Manager to know what is expected, but sufficiently flexible to allow for changing economic and securities markets. The Manager shall be responsible for individually managing the investments for the retirement plans administered by **Judicial Form Retirement System** (hereinafter referred to as JFRS), including the Defined Benefit Fund and the Hybrid Cash Balance Fund for the Kentucky Judicial Retirement Fund, and the Defined Benefit Fund and the Hybrid Cash Balance Fund for the Kentucky Legislators Retirement Fund.

A. OBJECTIVES

The assets of the two Defined Benefit Funds and the two Hybrid Cash Balance Funds (collectively the “Funds,” or individually a “Fund”) must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. The Manager’s primary objective will be to provide growth of principal and income of each Fund’s assets. This objective should be pursued as a long-term goal designed to maximize portfolio results without exposure to undue risk, as defined herein. The Committees understand that fluctuating rates of return are characteristic of the securities markets, thus, the Manager’s greatest concern should be long-term appreciation of the Funds’ assets and consistency of total portfolio returns.

The Committees recognize that short-term market fluctuations may cause variations in performance in each Fund’s portfolios; however, over three-year rolling time periods, the Committees expect the total portfolios of each of the four Funds to achieve or exceed a total return equal to the composite performance of securities markets, as represented by broad market indexes similar to but not limited to the S&P 500 Index (Equity), and the Bloomberg Barclays Intermediate US Government/Credit Bond Index (Fixed Income).

B. POLICIES AND RESTRICTIONS

The Committees intend the investment policies and restrictions presented in this **Statement** to be used as a framework to help the Manager achieve the investment objectives of the Funds, at a level of risk the Committees deem acceptable. The Committees allow the Manager discretion in the asset allocation and diversification of the Funds, for the purposes of increasing investment returns and/or reducing risk exposure in accordance with the policies and restrictions of this **Statement**. When appropriate and from time to time, the Committees may also give the Manager broad responsibility in writing to shift the commitment of any of the Funds’ investments among asset classes, industry sectors, and individual securities or funds of securities to pursue opportunities presented by long-term secular changes within the capital markets.

All Fund investments shall be consistent with those permitted for Trust Funds by law in the Commonwealth of Kentucky. Investments shall be limited to readily marketable securities or funds of such securities, and no investment shall be made in mortgages.

ASSET ALLOCATION



C. ASSET ALLOCATION GUIDELINES

The Committees expect each of the four Funds' asset allocation policies to separately reflect, and be consistent with, the investment objectives and risk tolerances expressed throughout this *Statement*. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide a high probability of maximizing the Committees' return objectives while minimizing risk. Although dynamic capital markets may cause fluctuating risk and return opportunities over a market cycle, the following standards and limits will be used to evaluate the asset allocation and Fund performance (as measured at market value) over a full market cycle not to exceed five years.

Each of the Funds' investments shall be separately managed under allocation rules as follows:

1. Cash and cash equivalent balances will be held separately for each Fund as a liquidity reserve for the payment of certain Fund expenses, pension or qualified refund payments, and insurance premium requirements. Such liquidity reserve balances will be held separately from a Fund's overall investment portfolio as managed by the Manager.
2. Equities (generally, common stock investments) in each Fund's investment portfolio will have a target allocation of 70% of the total portfolio market value, not including cash and cash equivalents balances, of such Fund. The Manager is granted discretion to vary from this portfolio allocation within a range of 60% to 80% (inclusive) of the Fund's portfolio market value, unless otherwise granted an exception by a Committee in writing.
3. Fixed income investments in each Fund's investment portfolio will have a target allocation of 30% of the total portfolio market value, not including cash and cash equivalent balances, of such Fund. The Manager is granted discretion to vary from this portfolio allocation within a range of 20% to 40% (inclusive) of the Fund's portfolio market value, unless otherwise granted an exception by a Committee in writing.
4. If a Fund's portfolio allocation falls outside of its targeted range, the Manager will notify the applicable Investment Committee, or its designee, of the status of the Fund's portfolio allocation percentages. Such Committee may direct the Manager to, on a timely basis, adjust the Fund's applicable allocation percentage to bring the Fund's portfolio back into its targeted range. If the Committee does not make a rebalancing recommendation, the Manager, at its discretion, may or may not adjust the Fund's portfolio allocations. The Committees' designee will review all of the Funds' portfolio allocations on a monthly basis and will make quarterly or more frequent reports to the Committees, if the target portfolio allocations fall outside of the parameters above.

D. EQUITY GUIDELINES

The Committees expect the Manager to maintain each Fund's equity portfolio at a risk level approximately equivalent to that of the domestic equity markets as a whole, with the objective of exceeding its results. Equity investments shall be selected from any security listed on the New York, American and Regional Stock Exchanges, or at the NASDAQ markets.

At the Manager's discretion, equity allocations may be achieved by the purchase of individual securities, shares of one or more registered mutual funds invested substantially in equities, and/or shares of one or more registered exchange traded funds (ETFs) invested substantially in equities.

Should the Manager elect to invest in mutual funds or ETFs for a Fund's equity allocation, the aggregate of such funds' investments must be consistent with the Equity Guidelines herein for such Fund, and must in the aggregate generally comply with the underlying diversification characteristics, risk and limits in the Equity Guidelines for such Fund as described herein. The Committees understand that any mutual Funds or ETFs utilized by the Manager may allow broader latitude, but whose investment objective, in the Manager's opinion, is consistent with the Fund's investment guidelines.

The Committees also understand that any mutual fund or ETFs utilized under these Guidelines may utilize derivative instruments for exposure, efficiency, or risk management purposes and are not used as a speculative nature. Any mutual fund or ETF selected by the Manager must generally be consistent with these Guidelines.

The Manager is prohibited from investment in private placements, unregistered securities, hedge funds, letter stock, uncovered options, common trust funds or collective investment funds, or from engaging in short sales, margin transactions or other specialized investment activities. The Manager may write covered options against common stocks held by the Funds to increase investment returns and/or reduce risk. No investments shall be made in proprietary funds of the Manager without written consent of the Committees.

Within the above guidelines, the Committees give the Manager discretion for equity security and fund selection, timing, turnover, and benchmark selection for each of the four Funds, subject to the following limitations:

1. Each Fund's investment in equities (generally, common stocks) shall be from those stocks that meet the statutory standards for investment of trust funds, except that 50% of the total equity portfolio of each Fund may not be invested in common stocks with a dividend payment history of less than five years.
2. Investment in an individual security, at time of purchase shall not exceed 5% of a Fund's then current market value of such Fund's equity portfolio. At a time when a security's value reaches 8% of such Fund's equity portfolio market value, the Manager shall promptly notify the applicable Investment Committee, or its designee. Upon notification of a security value reaching 8%, the Committee may recommend a course of action to the Manager; absent a Committee recommendation to reduce the equity holding, the Manager, at its discretion, may or may not reduce the equity holding.

3. Investment in a particular sector of a Fund's equity portfolio shall not exceed more than 20% of the sector's weighting in the S&P 500.

If an individual sector weighting reaches a 40% weighting of a Fund's total equity portfolio, the Manager shall promptly notify the applicable Investment Committee, or its designee. Upon notification of a sector reaching a 40% weighting, the Committee may recommend a course of action to the Manager; absent a Committee recommendation to take action, the Manager has discretion, as long as the weighting does not exceed more than 20% of the sector weight in the S&P 500.

4. Any equity benchmark selected by the Manager for any Fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such Fund's equity portfolio.

Unless corrective actions are otherwise provided for in these Equity Guidelines, or unless a Committee provides corrective or rebalancing directions to the Manager, should any Fund's equity portfolio no longer comply with the Equity limits and requirements as described immediately above, the Manager shall take, with notice to the applicable Committee or its designee, reasonable steps to bring such Fund's equity investments into compliance with these Equity Guidelines.

E. FIXED INCOME GUIDELINES

The Committees expect the Manager to maintain each Fund's fixed income portfolio at a risk level approximately equivalent to that of the domestic fixed income markets as a whole, with the objective of exceeding its results.

At the Manager's discretion, fixed income allocations may be achieved by purchase of individual securities, shares of one or more registered mutual funds investing substantially in fixed income, and/or shares of one or more registered ETFs investing substantially in fixed income. Should the Manager elect to invest in mutual funds or ETFs for a Fund's fixed income allocation, the aggregate of such funds' investments must be consistent with the Fixed Income Guidelines herein for such Fund, and must in the aggregate generally comply with the underlying diversification characteristics, risk and limits in the Fixed Income Guidelines for such Fund as described herein.

The Committees also understand that any mutual fund or ETFs utilized under these Guidelines may utilize derivative instruments for exposure, efficiency, or risk management purposes and are not used as a speculative nature. Any mutual fund or ETF selected by the Manager must generally be consistent with these Guidelines.

At its discretion, the Manager may select for either or both of the Hybrid Cash Balance Funds' fixed income portfolios one or more low cost registered fixed income mutual funds or ETFs utilizing an indexing strategy, and/or utilizing a targeted sector or style strategy, and/or utilizing an actively managed strategy, provided that in the aggregate such selected funds are consistent with the Hybrid Cash Balance Fund's overall fixed income benchmark and Fixed Income Guidelines for such Fund as described herein.

The Manager is prohibited from investing in private placements, from speculating in fixed income or interest rate futures, and from arbitrage or any other specialized investments. No investments shall be made in proprietary funds of the Manager without written consent of the Committees.

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums. The Manager may select from appropriately liquid preferred stocks, corporate debt securities, obligations of the U.S. Government and its Agencies and issues convertible to equities.

Within the above guidelines, the Committees give the Manager discretion for fixed income security and fund selection, timing, turnover, and benchmark selection for each of the four Funds, subject to the following limitations:

1. No individual fixed income security (with the exception of those of the U.S. Government and its Agencies) may be purchased with a modified duration of more than 15 years at time of purchase.
2. Investments in individual fixed income securities of the U.S. Government and its Agencies may be purchased with a maturity of up to 30 years at time of purchase, but the weighted average maturity of those securities in each Fund shall not exceed ten years.
3. Investments for any Fund in an individual security at time of purchase of a single issuer (with the exception of U.S. Government and its Agencies) must not exceed 5% of the market value of such Fund's fixed income portfolio.
4. Only corporate debt issues that meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa rating from Moody's, may be purchased.
5. Preferred stocks must be rated A or better, by Moody's and/or Standard & Poor's at the time of purchase.
6. Only ETF or Mutual Fund securities whose fixed income investments have a dollar-weighted average credit rating of BBB from Standard & Poor's and/or Baa rating from Moody's, may be purchased. No ETF or Mutual Fund shall have a total allocation of more than 5% in below investment grade rated holdings.
7. Investment in bonds will be limited to those eligible for purchase by national banks.
8. Individual fixed income security maturities will be reasonably spaced with due consideration given to call provisions.
9. Each Fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all of the Fund's fixed income investments, including ETF or Mutual Funds, shall at all times be within one year of the duration of its fixed income benchmark.

10. The fixed income benchmark selected by the Manager for any Fund shall be approved by the Committee' and must be a broad market benchmark that reasonably reflects the nature and risk of the underlying investments of such Fund's fixed income portfolio.

Unless corrective actions are otherwise provided for in these Fixed Income Guidelines, or unless a Committee has provided corrective or rebalancing directions to the Manager, should any Fund's fixed income portfolio no longer comply with the Fixed Income limits and requirements described immediately above, the Manager shall take, with notice to the applicable Committee or its designee, reasonable steps to bring such Fund's fixed income investments into compliance with these Fixed Income Guidelines.

F. CASH AND CASH EQUIVALENT GUIDELINES

The Committees expect the Manager to invest each Fund's portfolios substantially in equity and fixed income investments as described in this *Statement*. As noted in the Asset Allocation Guidelines above, certain cash and cash equivalent balances will be held as liquidity reserves separately from each Fund's investment portfolios, as necessary to provide for certain Fund expenses, insurance premiums, and underlying plan participant cash flow and pension payment requirements. The Manager may also maintain cash and cash equivalent balances as part of a Fund's portfolio allocations in anticipation of liquidity reserve needs or as temporary Fund investments pending longer term portfolio investments.

Any cash and cash equivalent investments held in the liquidity reserves or within Fund portfolios may be made in the following types of short-term investments, with limits and requirements as described below:

1. Treasury bills;
2. Commercial paper investments and marketable short-term money market securities, each with time of purchase ratings of at least A-2 or P-2 by Standard & Poor's or Moody's, respectively, and each with time of purchase maturities of no longer than 270 days;
3. Marketable short-term money market funds of marketable short-term securities, under the following limits for each such fund:
 - a. fund ratings at least AAA or Aaa by Standard & Poor's or Moody's, respectively, at time of purchase;
 - b. final maturities of underlying fund investments of no longer than 13 months from dates of acquisition;
 - c. fund weighted average maturity of underlying fund investments of no longer than 60 days at all times;
4. Corporate cash equivalent investments with maturities no longer than one year, provided any such investment shall be restricted to not more than 7% per issuer;
5. Repurchase agreements relating to and consistent with the instruments described in these Cash and Cash Equivalent Guidelines provided such agreements have a maturity deemed to be no longer than the scheduled maturity period remaining on the underlying securities covered by such agreement; and/or

6. All other cash and cash equivalent investments with maturities no longer than one year from their dates of acquisition.

Additionally, the Manager may invest no more than 10% of the market values of either of the two Defined Benefit Funds' portfolios, and no more than 5% of the market values of either of the two Hybrid Cash Balance Funds' portfolios, in cash or cash equivalents of a single government agency other than U.S Government agencies. Investment in obligations of the U.S. Government and its agencies are not restricted.

Unless corrective actions are otherwise provided for in these Cash and Cash Equivalent Guidelines, or unless a Committee has provided corrective or rebalancing directions to the Manager, should any Fund's portfolio no longer comply with the Cash and Cash Equivalent limits or requirements described immediately above, the Manager shall take, with notice to the applicable Committee, reasonable steps to bring such Fund's short term investments into compliance with these Cash and Cash Equivalent Guidelines.

G. OTHER ASSETS

The Manager will not purchase assets other than those described herein without the prior written consent of the Committees. Investments in commodities and currency exchange contracts are strictly prohibited.

The Manager may invest in or hold ETF or mutual funds which make use of derivatives securities, for the purpose of gaining exposure, cost efficiency and risk management purposes as long as such investments do not cause the Funds to be leveraged beyond a 100% position. All derivative securities utilized shall be sufficiently liquid and expected to be able to be sold at or near its most recently quoted market price.

Under no circumstances shall the Manager purchase securities on margin or take positions in derivative securities that leverage the Funds' investments beyond a 100% invested position. The Manager shall not hold ETF or Mutual fund securities that holds underlying securities on margin.

Investments not specifically addressed by this *Statement* are forbidden by the Committees without prior written consent.

H. SALES AND PURCHASES

The Manager shall have discretion in selecting brokers or institution(s) to execute transactions, unless directed otherwise by the Committees.

The Manager shall immediately notify the JFRS Executive Director, or approved brokers of all transactions, with specific data as to settlement and delivery instructions. The JFRS Executive Director or approved brokers will in turn notify the custodian of the Funds to execute such sales and purchases.

MONITORING



I. COMMUNICATIONS AND COMPLIANCE

The JFRS Executive Director will maintain contact with the Manager as necessary and will advise the Manager of available funds for reinvestment with respect to each of the Funds. The Manager is required to give the Committees monthly Fund portfolio appraisals, and to give the Committees promptly at the end of each quarter a quarterly account review. Such quarterly account reviews shall include but not limited to detail regarding each Fund's value and investment characteristics, each Fund's time-weighted investment performance and strategy, and each Fund's compliance with investment guidelines. The Committees or their designee must also receive information about changes in the Manager's investment philosophy, management, ownership and key personnel in a timely fashion.

Meetings between the Committees and the Manager will generally be held on a quarterly basis. In the event a quarterly meeting with the Manager is not held, the Committee's designee will provide a quarterly update. All such meetings with or updates shall include:

1. Each Fund's holdings and characteristics, investment performance and risk levels in light of the stated objectives, policies, guidelines, and benchmarks.
2. A review of each Fund's portfolio investment positions during the prior quarter in comparison to the guidelines of this *Statement*, along with any exceptions. The Manager shall include an assessment of the financial effects of any compliance exceptions and proposals for corrective actions.
3. The Manager's view on any important recent or anticipated developments within the economy and the securities markets, and their potential effect on investment strategy and Fund performance.
4. The effects of any recent or anticipated changes within the Manager's organization on investment philosophy, strategy and performance.
5. Amendments to the policies and objectives presented in this *Statement* as desired by the Committees or recommended by the Manager.

In addition to requiring that the Manager provide compliance reporting as described above, JFRS may also engage an independent third party to provide the Committees with a periodic compliance assessment for each Fund.

The Committees, or designee, may call more frequent meetings if significant concerns arise about the Manager's performance, strategy, personnel and organizational structure.

By **executing** this *Investment Policy Statement*, the Manager agrees to its terms and conditions. Should the Manager believe at any time that changes, additions or deletions to this *Statement* are advisable, it will be the Manager's full responsibility to recommend them to the Committees on a timely basis.

Executed on this, the 16th day of June, 2022.

**Investment Committee
Kentucky Judicial Retirement Plan**

By: Stephen F LeLaurin
Stephen F. LeLaurin (Jun 16, 2022 10:38 CDT)
Stephen F. LeLaurin, Chairman

**Investment Committee
Kentucky Legislators Retirement Plan**

By: Brad Montell
Brad Montell (Jul 1, 2022 15:47 EDT)
W. Brad Montell, Chairman

Baird Trust Company

By: Don Asfahl
Don Asfahl (Jul 5, 2022 08:41 EDT)
Donald L. Asfahl, Chairman

Item V – Administrative Reports

- A. Public Pension Oversight Board - *Material Included*
- B. 2023 Regular Session of GA - *Material Included*
- C. FY22 End Audit Update - Blue and Co.
- D. Medicare Group PPO Plan Update
- E. Board Member Financial Disclosures - *Material Included*



JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY INVESTMENT UPDATE

PUBLIC PENSION OVERSIGHT BOARD – NOVEMBER 15, 2022



JOHN R. GRISE, CHAIR
BOARD OF TRUSTEES

STEPHEN F. LELAURIN, CHAIR
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

REPRESENTATIVE BRAD MONTELL, CHAIR
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

BO CRACRAFT
EXECUTIVE DIRECTOR



VALUATION PROCESS



- **Full Actuarial Valuations performed every other year (odd numbered FYs)**
 - Determination of Required Funding (i.e. ADEC or ARC) for 2 year budget period
 - July 1, 2021 Valuation provided requirements for 2022 and 2023 fiscal years
- **Roll Forward Valuations performed in even Numbered Fiscal Years**
 - Only GASB results are provided
 - Based on data and assumptions from previous full actuarial valuation
 - Liability compared to Actual Market Value of assets rather than 5-year smoothed value
- **Experience Analysis conducted periodically, generally at least each 5 years**
 - Most recent full study (economic and demographic assumptions) completed in 2020
 - HB 76 requires investigation of key economic assumptions, slated for next review prior to 2023 full actuarial valuation



GASB RESULTS



- **All plans remain fully funded from GASB point of view, but ratios did decline**

- Slight change in liability, as expected given roll-forward methodology
- But market values declined fairly significantly due to investment experience

	Judicial Retirement		Legislators Retirement	
	Pension	Health	Pension	Health
Total Liability	\$376.6M	\$40.6M	\$77.1M	\$15.9M
Market Value Assets	\$390.9M	\$119.3M	\$84.6M	\$63.3M
GASB Funding Ratio	103.8%	293.8%	119.0%	398.1%

- GASB data provided for information purposes, does NOT have impact on funding or budget request.

- **Looking Forward, FY2023 full valuation incorporate two significant events**

- Investment Experience: Large FY2021 gain still being recognized, BUT recent results could offset
- Retirements/Turnover: End of term is bringing with it above average retirements, could see liability grow marginally more than expected



DO YOU HAVE ANY QUESTIONS?

Contact us anytime!

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JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

John R. Grise, Chairman
Board of Trustees

Bo Cracraft
Executive Director

Memo

TO: Members of the Judicial Form Retirement System Board of Trustees

FROM: Bo Cracraft, Executive Director

DATE: January 20, 2023

SUBJECT: 2023 Regular Session – Legislative Update

Part I of the 2023 Regular Session of the General Assembly began on Tuesday, January 3, 2023. The General Assembly met for four days, before adjourning until February 7, 2023 when Part II of the shorter, 30-day, session will convene. As of the close of Part I, 200 bills had been filled.

As of January 17, 2023, no legislation directly impacting JFRS had been passed by the General Assembly.

JFRS RELATED LEGISLATION – PASSED/ENACTED
Bill/Description
No retirement related legislation that impacts JFRS has been passed as of January 17, 2022

Below is a summary, as of January 17, 2023, of proposed legislation related to JFRS plans as well as other retirement related measures of interest:

JFRS RELATED LEGISLATION – PROPOSED
Bill/Description
<p>HB 114 (Rep. Tipton) – ACT relating to retirement plans covering legislators.</p> <ul style="list-style-type: none"> • Bill would create new section in Chapter 6 to close LRP to new members effective July 1, 2023 • Provides that current LRP Cash Balance members shall have their account balance transferred to KERS cash balance plan, where they will prospectively participate in KERS for the duration of their service. • Amends KRS 6.505 to provide that legislative changes that are enacted on or after July 1, 2023, for the Legislators' Retirement Plan shall not be part of the "inviolable contract." • Amends KRS 21.525 to provide that the Judicial Form Retirement System shall not request nor receive any funding for the LRP, except for administrative expenses, until such time the LRP plan has an actuarial funding level equal to or less than the KERS nonhazardous pension fund;
<p>HB 90 (Rep A. Graham, Rep. Stevenson, Rep Roberts, Rep. Aull) – ACT relating to governmental agencies</p> <ul style="list-style-type: none"> • Bill would set out General Fund transfer to Kentucky Public Pensions Authority for the purpose of funding a 1.5% COLA to non-hazardous and hazardous retirees.

JFRS RELATED LEGISLATION - PROPOSED (continued)

Bill/Description

[HB 106](#) (Rep A. Graham, Rep. Stevenson, Rep Roberts) – **Act relating to wagering**

- Bills would establish a wagering administration fund within the State Treasury.
- Proposal provides that a portion of any excess funds remaining in the administration fund, after oversight costs, would be allocated to the Kentucky permanent pension fund established in KRS 42.205.



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November 18, 2022

Board of Trustees
Kentucky Judicial Form Retirement System
Frankfort, Kentucky

We have audited the financial statements of Kentucky Judicial Form Retirement System (the "System") for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 7, 2022. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT MATTERS

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the System are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed. We noted no transactions entered into by the System during the year for which there is a lack of authoritative guidance or consensus. We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's disclosure of the net pension liability of the Plans in Note 5 to the financial statements. The information presented therein was obtained from the Plans' actuarial valuations and the methods and assumptions used in determining the amounts are disclosed in the footnote. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's disclosure of the net OPEB liability of the Plans in Note 6 to the financial statements. The information presented therein was obtained from the Plans' actuarial valuations and the methods and assumptions used in determining the amounts are disclosed in the footnote. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

We believe the disclosures in the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no such misstatements that required action.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the System's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all of the relevant facts. To our knowledge, there were no such consultations.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to management discussion and analysis and pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic consolidated financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the System, and is not intended to be and should not be used by anyone other than those specified parties.

We appreciate this opportunity to be of service and extend our thanks to everyone at the System for their cooperation and assistance. We would be pleased to discuss any of the above matters with you at your convenience.

Blue & Co., LLC

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

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Report of Independent Auditors

To the Board of Trustees
Kentucky Judicial Form Retirement System
Frankfort, Kentucky

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Kentucky Judicial Form Retirement System (KJFRS), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which comprise KJFRS's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects the fiduciary net position of KJFRS, as of June 30, 2022, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KJFRS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The financial statements of the Kentucky Judicial Form Retirement System for the year ended June 30, 2021, were audited by other auditors whose report dated November 12, 2021, expressed unmodified opinions on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KJFRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KJFRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about KJFRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 7, and the defined benefit pension plan and other postemployment benefit plan supplemental schedules on pages 37 through 46, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of KJFRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KJFRS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KJFRS's internal control over financial reporting and compliance.

Blue & Co., LLC

Lexington, Kentucky
November 18, 2022

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

The management of the Kentucky Judicial Form Retirement System (the System), a component unit of the Commonwealth of Kentucky, offers the readers of the System's financial statements this narrative overview and analysis of the financial performance of the System for the fiscal years ended June 30, 2022 and 2021. The two retirement plans within the System are the Kentucky Judicial Retirement Plan and the Kentucky Legislators Retirement Plan (collectively, the Plans). We encourage readers to read it in conjunction with the System's financial statements and the accompanying notes.

USING THIS FINANCIAL REPORT

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect a plan's ongoing plan perspective. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position (on pages 8 through 11) provide information about the activities of the Plans as a whole. The Kentucky Judicial Retirement Plan is the fiduciary of funds held in trust for its members, and the Kentucky Legislators Retirement Plan is the fiduciary of funds held in trust for its members.

The Schedules of Changes in Net Pension Liability and Related Ratios (on pages 37 through 38) include information about the actuarially funded status of each defined benefit pension plan, including the sources of changes in the net pension or OPEB liability and the components of the net pension and OPEB liability and related ratios. The Schedules of Contributions (on pages 41 through 42) include information about the actuarially determined contributions, contributions to each defined benefit pension plan and related ratios. The Schedules of Investment Returns – Retirement (on page 45) include information on the rate of return on defined benefit pension plan investments.

The Schedules of Changes in Net Other Post-Employment Benefit (OPEB) Liability and Related Ratios (on pages 39 through 40) include information about the actuarially funded status of each defined benefit OPEB plan, including the sources of changes in the net OPEB liability and the components of the net OPEB liability and related ratios. The Schedules of Contributions – OPEB (on pages 43 through 44) include information about the actuarially determined contributions, contributions to each defined benefit OPEB plan and related ratios. The Schedules of Investment Returns – OPEB (on page 46) include information on the rate of return on OPEB plan investments.

Medical Insurance

For purposes of disclosures required by Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, assets have been allocated between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2007. This amount has then been brought forward from that date based on actual cash flows and a prorated allocation of investment return.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

FINANCIAL HIGHLIGHTS

Judicial Retirement Plan

In the fiscal years ended June 30, 2022 and 2021, the Judicial Retirement Plan experienced:

- A decrease in fiduciary net position of \$72.2 million, from \$582.4 million to \$510.2 million in 2022 and an increase of \$141.9 million, from \$440.5 million to \$582.4 million in 2021. The changes each year is primarily due to earnings and losses on investments.
- An increase of \$534,000 and a decrease of \$2.1 million in employer contributions during fiscal years 2022 and 2021, respectively. The changes each year is directly related to the amount appropriated by the Commonwealth of Kentucky.
- A \$213.8 million decrease in net investment income from \$159.2 million in fiscal year 2021, to -\$54.6 million in fiscal year 2022. A \$132.4 million increase in net investment income from \$24.6 million in fiscal year 2021, to \$159.2 million in fiscal year 2021. The change each year is due primarily to the amount of appreciation or depreciation of investments held.
- An increase of \$625,000 and a decrease of \$37,000 in benefit payments during fiscal years 2022 and 2021, respectively, with aggregate benefit payments of \$25.0 million and \$24.4 million in fiscal years 2022 and 2021, respectively.

	June 30,				
	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
<u>Summary of Fiduciary Net Position</u>					
Cash and investments	\$ 508,455,898	-12.43%	\$ 580,597,461	32.24%	\$ 439,046,758
Receivables	1,716,400	-4.45%	1,796,353	25.51%	1,431,204
Fiduciary net position	<u>\$ 510,172,298</u>	-12.40%	<u>\$ 582,393,814</u>	32.22%	<u>\$ 440,477,962</u>
	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
<u>Summary of Changes in Fiduciary Net Position</u>					
Additions:					
Employer contributions	\$ 7,102,200	8.14%	\$ 6,567,812	-24.79%	\$ 8,732,300
Member contributions	2,506,274	17.68%	2,129,688	10.26%	1,931,453
Net investment income	(54,595,422)	-134.29%	159,210,160	547.26%	24,597,500
Appropriations for					
administrative expense	45,300	-92.19%	579,688	-30.87%	838,500
Litigation proceeds	3,090	105.73%	1,502	3959.46%	37
Total additions	<u>(44,938,558)</u>	-126.67%	<u>168,488,850</u>	366.73%	<u>36,099,790</u>
Deductions:					
Benefit payments	24,990,167	2.57%	24,365,151	-0.15%	24,401,791
Insurance premiums	1,899,846	3.00%	1,844,591	-7.19%	1,987,397
Administrative expenses	392,945	9.79%	357,904	-8.69%	391,961
Refund of member contributions	0	-100.00%	5,352	100.00%	-0-
Total deductions	<u>27,282,958</u>	2.67%	<u>26,572,998</u>	-0.78%	<u>26,781,149</u>
Change in fiduciary net position	<u>\$ (72,221,516)</u>	-150.89%	<u>\$ 141,915,852</u>	1422.92%	<u>\$ 9,318,641</u>

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

Legislators Retirement Plan

In the fiscal years ended June 30, 2022 and 2021, the Legislators Retirement Plan experienced:

- A decrease in fiduciary net position of \$21.1 million, from \$169.0 million to \$147.9 million during fiscal year 2022 and an increase of \$40.1 million, from \$128.9 million to \$169.0 million during fiscal year 2021. The changes each year is primarily due to earnings and losses on investments.
- A decrease in net investment income of \$61.0 million, from \$46.0 million in 2021 to -\$15.0 million during fiscal year 2022, and an increase in net investment income of \$38.7 million from \$7.2 million in 2020 to \$46.0 million in 2021. The change each year is due primarily to the amount of appreciation or depreciation of investments held.
- An increase of \$87,000 and \$156,000 in benefit payments during fiscal years 2022 and 2021, respectively. Benefit payments approximate \$5.2 million and \$5.1 million during fiscal years 2022 and 2021, respectively.

	June 30,				
	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
<u>Summary of Fiduciary Net Position</u>					
Cash and investments	\$ 147,405,555	-12.52%	\$ 168,499,097	31.12%	\$ 128,508,392
Receivables	482,329	-2.14%	492,870	24.64%	395,440
Fiduciary net position	\$ 147,887,884	-12.49%	\$ 168,991,967	31.10%	\$ 128,903,832
	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
<u>Summary of Changes in Fiduciary Net Position</u>					
Additions:					
Employer contributions	\$ -0-	0.00%	\$ -0-	0.00%	\$ -0-
Member contributions	265,777	-12.57%	303,989	21.81%	249,558
Net investment income	(15,000,014)	-132.63%	45,973,559	535.37%	7,235,760
Appropriations for					
administrative expense	-0-	0.00%	-0-	-100.00%	311,400
Litigation proceeds	977	161.23%	374	100.00%	-0-
Total additions (losses)	(14,733,260)	-131.84%	46,277,922	493.56%	7,796,718
Deductions:					
Benefit payments	5,204,703	1.71%	5,117,304	3.15%	4,961,239
Insurance premiums	886,786	6.20%	834,997	2.96%	811,016
Administrative expenses	248,598	10.07%	225,851	-23.24%	294,231
Refund of member contributions	30,736	164.17%	11,635	-83.73%	71,533
Total deductions	6,370,823	2.92%	6,189,787	0.84%	6,138,019
Change in fiduciary net position	\$ (21,104,083)	-152.64%	\$ 40,088,135	2316.84%	\$ 1,658,699

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

DISCUSSION OF CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Accounting standards require that the Statement of Fiduciary Net Position state asset value at fair value and include only benefits and refunds due to plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the defined benefit pension plans and the medical insurance plans is provided in the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Changes in Net OPEB Liability and Related Ratios, respectively.

Annual contributions of the Commonwealth are set by the Kentucky Revised Statutes. During the years ended June 30, 2015 through June 30, 2022, the General Assembly appropriated the statutorily-required annual contributions to both the Judicial Plan and the Legislators Plan. During the years ended June 30, 2011 through June 30, 2014, the General Assembly suspended state statutes so that contributions could be reduced. In the Judicial Plan, the reductions were: FY11, 44%; FY12, 48%; FY13, 69% and, FY14, 71%. In the Legislators Plan, the reductions were: FY11, 44%; FY12, 48%; FY13, 53% and, FY14, 57%. The Schedules of Contributions – Retirement Plan and Schedules of Contributions – OPEB (on pages 41 through 44) indicate the contributions that have been made while the statutes were suspended. During the years ended June 30, 2022 and 2021, the General Assembly appropriated the statutorily required annual contributions for the Judicial Plan only. The General Assembly suspended state statutes so that contributions could be reduced for the Legislators Plan. There were no contributions appropriated to the Legislative Plan in fiscal year 2022 or 2021.

CONTACTING THE SYSTEM

This financial report is designed to provide a general overview of the System's finances. If you have any questions concerning the information provided, contact the Kentucky Judicial Form Retirement System at 305 Ann Street, Frankfort, KY 40601.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System Total
	Medical		Total	Medical		Total	
	Pension	Insurance		Pension	Insurance		
Cash and cash equivalents	\$ 3,693,067	\$ 1,127,461	\$ 4,820,528	\$ 2,847,980	\$ 2,130,866	\$ 4,978,846	\$ 9,799,374
Receivables:							
Accrued interest receivable	1,164,737	355,585	1,520,322	244,700	183,085	427,785	1,948,107
Dividend receivable	150,218	45,860	196,078	31,200	23,344	54,544	250,622
Total receivables	<u>1,314,955</u>	<u>401,445</u>	<u>1,716,400</u>	<u>275,900</u>	<u>206,429</u>	<u>482,329</u>	<u>2,198,729</u>
Investments at fair value:							
Investments held by State Treasury	458,890	140,095	598,985	377,026	282,092	659,118	1,258,103
Governmental securities	5,322,253	1,624,837	6,947,090	1,280,062	957,746	2,237,808	9,184,898
Mutual funds	1,699,956	518,982	2,218,938	312,897	234,111	547,008	2,765,946
Corporate notes	109,457,209	33,416,346	142,873,555	22,824,618	17,077,437	39,902,055	182,775,610
Common stocks	268,943,312	82,053,490	350,996,802	56,685,859	42,394,861	99,080,720	450,077,522
Total investments	<u>385,881,620</u>	<u>117,753,750</u>	<u>503,635,370</u>	<u>81,480,462</u>	<u>60,946,247</u>	<u>142,426,709</u>	<u>646,062,079</u>
Fiduciary net position - restricted for pension and other post-employment benefits	<u>\$ 390,889,642</u>	<u>\$ 119,282,656</u>	<u>\$ 510,172,298</u>	<u>\$ 84,604,342</u>	<u>\$ 63,283,542</u>	<u>\$ 147,887,884</u>	<u>\$ 658,060,182</u>

See accompanying notes to financial statements.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2021

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System Total
	Pension	Medical Insurance	Total	Pension	Medical Insurance	Total	
Cash and cash equivalents	\$ 1,098,882	\$ 328,154	\$ 1,427,036	\$ 1,371,838	\$ 986,199	\$ 2,358,037	\$ 3,785,073
Receivables:							
Accrued interest receivable	1,101,165	328,835	1,430,000	238,171	171,220	409,391	1,839,391
Dividend receivable	179,105	53,485	232,590	39,224	28,197	67,421	300,011
Members' contribution receivable	103,004	30,759	133,763	9,342	6,716	16,058	149,821
Total receivables	<u>1,383,274</u>	<u>413,079</u>	<u>1,796,353</u>	<u>286,737</u>	<u>206,133</u>	<u>492,870</u>	<u>2,289,223</u>
Investments at fair value:							
Investments held by State Treasury	221,296	66,085	287,381	147,886	106,314	254,200	541,581
Governmental securities	711,114	212,402	923,516	118,128	84,901	203,029	1,126,545
Mutual funds	1,629,256	486,640	2,115,896	318,804	229,128	547,932	2,663,828
Corporate notes	121,298,449	36,230,495	157,528,944	25,483,779	18,315,535	43,799,314	201,328,258
Common stocks	322,105,395	96,209,293	418,314,688	70,597,334	50,739,251	121,336,585	539,651,273
Total investments	<u>445,965,510</u>	<u>133,204,915</u>	<u>579,170,425</u>	<u>96,665,931</u>	<u>69,475,129</u>	<u>166,141,060</u>	<u>745,311,485</u>
Fiduciary net position - restricted for pension and other post-employment benefits	<u>\$ 448,447,666</u>	<u>\$ 133,946,148</u>	<u>\$ 582,393,814</u>	<u>\$ 98,324,506</u>	<u>\$ 70,667,461</u>	<u>\$ 168,991,967</u>	<u>\$ 751,385,781</u>

See accompanying notes to financial statements.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2022

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System Total
	Pension	Medical Insurance	Total	Pension	Medical Insurance	Total	
Additions							
Contributions:							
Employer	\$ 7,018,102	\$ 84,098	\$ 7,102,200	\$ 0	\$ -0-	\$ 0	\$ 7,102,200
Member	2,442,624	63,650	2,506,274	241,837	23,940	265,777	2,772,051
Total contributions	9,460,726	147,748	9,608,474	241,837	23,940	265,777	9,874,251
Appropriations excess benefit	34,654	10,646	45,300	-0-	-0-	-0-	45,300
Litigation proceeds	2,364	726	3,090	560	417	977	4,067
Investments:							
Net depreciation (realized and unrealized)	(49,520,585)	(15,212,975)	(64,733,560)	(10,207,241)	(7,600,762)	(17,808,003)	(82,541,563)
Interest	3,767,621	1,157,433	4,925,054	750,703	559,006	1,309,709	6,234,763
Dividends	4,336,846	1,332,301	5,669,147	932,943	694,710	1,627,653	7,296,800
Total investment income	(41,416,118)	(12,723,241)	(54,139,359)	(8,523,595)	(6,347,046)	(14,870,641)	(69,010,000)
Less investment expenses	348,884	107,179	456,063	74,154	55,219	129,373	585,436
Net investment loss	(41,765,002)	(12,830,420)	(54,595,422)	(8,597,749)	(6,402,265)	(15,000,014)	(69,595,436)
Total additions	(32,267,258)	(12,671,300)	(44,938,558)	(8,355,352)	(6,377,908)	(14,733,260)	(59,671,818)
Deductions							
Benefit payments	24,990,167	-0-	24,990,167	5,204,703	-0-	5,204,703	30,194,870
Insurance premiums	0	1,899,846	1,899,846	-0-	886,786	886,786	2,786,632
Administrative expense	300,599	92,346	392,945	142,492	106,106	248,598	641,543
Refund of member contributions	0	-0-	-0-	17,617	13,119	30,736	30,736
Total deductions	25,290,766	1,992,192	27,282,958	5,364,812	1,006,011	6,370,823	33,653,781
Net decrease in plan net position	(57,558,024)	(14,663,492)	(72,221,516)	(13,720,164)	(7,383,919)	(21,104,083)	(93,325,599)
Fiduciary net position - restricted, beginning of year	448,447,666	133,946,148	582,393,814	98,324,506	70,667,461	168,991,967	751,385,781
Fiduciary net position - restricted, end of year	\$ 390,889,642	\$ 119,282,656	\$ 510,172,298	\$ 84,604,342	\$ 63,283,542	\$ 147,887,884	\$ 658,060,182

See accompanying notes to financial statements.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2021

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System Total
	Pension	Medical Insurance	Total	Pension	Medical Insurance	Total	
<u>Additions</u>							
Contributions:							
Employer	\$ 6,567,812	\$ -0-	\$ 6,567,812	\$ -0-	\$ -0-	\$ -0-	\$ 6,567,812
Member	2,077,329	52,359	2,129,688	283,416	20,573	303,989	2,433,677
Total contributions	<u>8,645,141</u>	<u>52,359</u>	<u>8,697,500</u>	<u>283,416</u>	<u>20,573</u>	<u>303,989</u>	<u>9,001,489</u>
Appropriations for administrative expense	578,711	977	579,688	-0-	-0-	-0-	579,688
Litigation proceeds	1,157	345	1,502	218	156	374	1,876
Investments:							
Net appreciation (realized and unrealized)	114,865,912	34,375,492	149,241,404	25,288,842	18,050,923	43,339,765	192,581,169
Interest	2,980,225	889,970	3,870,195	506,959	364,447	871,406	4,741,601
Dividends	5,089,867	1,519,961	6,609,828	1,110,744	798,502	1,909,246	8,519,074
Total investment income	<u>122,936,004</u>	<u>36,785,423</u>	<u>159,721,427</u>	<u>26,906,545</u>	<u>19,213,872</u>	<u>46,120,417</u>	<u>205,841,844</u>
Less investment expenses	<u>393,699</u>	<u>117,568</u>	<u>511,267</u>	<u>85,438</u>	<u>61,420</u>	<u>146,858</u>	<u>658,125</u>
Net investment income	<u>122,542,305</u>	<u>36,667,855</u>	<u>159,210,160</u>	<u>26,821,107</u>	<u>19,152,452</u>	<u>45,973,559</u>	<u>205,183,719</u>
Total additions	<u>131,767,314</u>	<u>36,721,536</u>	<u>168,488,850</u>	<u>27,104,741</u>	<u>19,173,181</u>	<u>46,277,922</u>	<u>214,766,772</u>
<u>Deductions</u>							
Benefit payments	24,365,151	-0-	24,365,151	5,117,304	-0-	5,117,304	29,482,455
Insurance premiums	-0-	1,844,591	1,844,591	-0-	834,997	834,997	2,679,588
Administrative expense	357,904	-0-	357,904	225,851	-0-	225,851	583,755
Refund of member contributions	5,352	-0-	5,352	11,635	-0-	11,635	16,987
Total deductions	<u>24,728,407</u>	<u>1,844,591</u>	<u>26,572,998</u>	<u>5,354,790</u>	<u>834,997</u>	<u>6,189,787</u>	<u>32,762,785</u>
Net increase in plan net position	107,038,907	34,876,945	141,915,852	21,749,951	18,338,184	40,088,135	182,003,987
Fiduciary net position - restricted, beginning of year	<u>341,408,759</u>	<u>99,069,203</u>	<u>440,477,962</u>	<u>76,574,555</u>	<u>52,329,277</u>	<u>128,903,832</u>	<u>569,381,794</u>
Fiduciary net position - restricted, end of year	<u>\$ 448,447,666</u>	<u>\$ 133,946,148</u>	<u>\$ 582,393,814</u>	<u>\$ 98,324,506</u>	<u>\$ 70,667,461</u>	<u>\$ 168,991,967</u>	<u>\$ 751,385,781</u>

See accompanying notes to financial statements.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Under the provisions of the Kentucky Revised Statutes, the Kentucky Judicial Retirement Plan (the Judicial Plan) and the Kentucky Legislators Retirement Plan (the Legislators Plan) (collectively, the Plans) have the same Board of Trustees and are coordinated administratively by the Board of Trustees, as the Kentucky Judicial Form Retirement System (the System). The Board of Trustees of the System consists of eight members, three of whom are appointed by the Supreme Court, two by the Governor, one by the President of the Kentucky Senate, one by the Speaker of the Kentucky House of Representatives, and one by the President and Speaker jointly. Although the Plans share a common Board of Trustees, each Plan maintains its own investments and pays benefits to its members only from its own assets. Each Plan has a defined benefit and hybrid cash balance component which provide both pension and medical benefits to members (Note 2).

The System is a component unit of the Commonwealth of Kentucky (Commonwealth). The Plan fiduciary net position and the changes in Plan fiduciary net position are included in the Commonwealth's Annual Comprehensive Financial Report (ACFR) as a pension trust fund in the fiduciary funds financial statement. Financial statements of the Commonwealth and its component units that form the Commonwealth reporting entity have been issued separately and are audited by the elected Auditor of Public Accounts.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. The System follows accounting standards established by the Governmental Accounting Standards Board (GASB).

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The System considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Member Contributions

Member contributions to the Plans are recognized when due and the employer has made a formal commitment to provide the contributions.

Benefit Payments and Refunds

Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plans.

Valuation of Investments

Plan investments are reported at fair value. Fair value is the amount that the Plans can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller.

Net Pension and OPEB Liabilities

The System obtains actuarial valuation reports to estimate the net pension and other post-employment benefits ("OPEB") liabilities on a bi-annual basis. The most recent actuarial valuation had a measurement date of July 1, 2021.

New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which requires the recognition of certain SBITA assets and liabilities for SBITA that previously were classified as an operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

The system is currently evaluating the impact that will result from adopting the GASB statement and is currently unable to disclose the impact of adoption of the standards on the financial position and operations.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

2. PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

Kentucky Judicial Retirement Plan

Membership

Total membership in the Kentucky Judicial Retirement Plan (Judicial Plan) consisted of the following at June 30, 2022 and 2021:

	2022		2021	
	Defined Benefit	Cash Balance	Defined Benefit	Cash Balance
Retirees and beneficiaries receiving benefits	366	0	356	0
Terminated plan members - vested	9	0	12	0
Active plan members	178	57	179	52
Total	553	57	547	52
Number of participating employers	1	1	1	1

Plan Description – Defined Benefit Plan

The Judicial Plan contains a single-employer defined benefit plan that provides retirement benefits and medical insurance premium supplements, and covers the District, Circuit, Court of Appeals, and Supreme Court judges.

The Judicial Defined Benefit Plan (Judicial DB Plan) provides retirement, disability, and death benefits in accordance with statutory formulas to plan members and their beneficiaries. Prior to June 30, 2009, cost-of-living adjustments (COLA), keyed to the Consumer Price Index, were provided on July 1 of each year. Commencing in 2009, the COLA on July 1 of each year is 1.50%. The COLA created in 2009 was suspended by legislative action in 2012, and no COLA's have since been granted. By legislative action in 2013, the statute was amended to provide that each July 1, a recipient of a monthly pension benefit from the Judicial DB Plan shall receive a 1.50% cost-of-living adjustment (pro-rated for the first year, if the recipient has been retired for less than one year) if:

- 1) The funding level of the Judicial DB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
- 2) The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

Supplemental increases to the 1.50% cost-of-living adjustment will require prefunding, appropriation and legislative action by the Kentucky General Assembly.

Additionally, legislation provides that a pension benefit shall be increased, if necessary, so that it equals an amount calculated by using a 1.5125% benefit rate and the current 60-month average earnings of the position held by the member at the time of retirement, subject to a 4.0% COLA annually.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

As an additional retirement benefit, the Judicial DB Plan will pay a percentage, based on years of service, of the members' hospital and medical insurance coverage for the retirees and their qualified dependents.

Vesting is achieved when the member has eight years of state governmental service credit. Former members who are not vested are entitled to a refund of their accumulated contributions.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

As of January 1, 2014, participation in the Judicial DB Plan is closed to new members. All new members of the Judicial Plan participate in the Judicial Hybrid Cash Balance Plan (Judicial HCB Plan). However, membership in the Judicial DB Plan is reactivated if a former participant of the Judicial DB Plan becomes eligible again to participate in the Judicial Plan.

Plan Description – Hybrid Cash Balance Plan

The Judicial HCB Plan provides retirement benefits to a vested member electing to participate in the Judicial Plan after January 1, 2014, and to their beneficiaries, based on the member's accumulated cash balance account. The cash balance account consists of the member's personal contributions, the employer's current pay credit of 4.00% and applicable interest. The retiree has certain distribution options, including lifetime annuity, lump sum and optional survivor benefit payments.

Vesting is achieved either (a) at age 65 with accumulation of five years of active service credit in the Judicial HC Plan and any other state-supported retirement system of the Commonwealth; or (b) at least age 57 and the member's accumulated active service credit in the Judicial HC Plan and other state-supported retirement system of the Commonwealth plus his/her age is at least 87.

A non-vested member (one with less than five years of service) is entitled to a refund of his/her personal contributions, but forfeits the employer credit. A refund of the cash balance account for a member with five or more years of service includes his/her personal contributions, the employer credit, and applicable interest.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

Any cost-of-living adjustment (pro-rated for the first year if the recipient has been retired for less than one year) will be granted providing the following statutory requirements occur:

- 1) The funding level of the Judicial HCB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
- 2) The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

As an additional retirement benefit, a recipient of a hybrid cash balance retirement allowance with at least 15 years of State service is eligible for a monthly health insurance benefit. The health insurance

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

benefit is \$10.00 for each year of plan service adjusted for inflation (1.5% per year). The minimum service requirement is waived for a member who is disabled in the line of duty, or for the qualified survivor of a member who is killed in the line of duty.

Contributions – Defined Benefit Plan

Members entering membership on or after September 1, 2008 contribute 6% of their official salary, as defined. Members who first participated on or after July 1, 1978 and prior to September 1, 2008 contribute at a rate of 5% of their official salary. Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, then employee contributions shall cease. For the years ending June 30, 2022 and 2021, the Commonwealth made a normal contribution at the actuarially-determined rate calculated by utilizing the entry age normal method of funding, and a past service contribution equal to 1% of the unfunded past service liability and contributed interest on the unfunded past service liabilities at the actuarially-assumed interest rate of 6.5%, in an amount equal to 100% of the amount required by Kentucky Revised Statutes (KRS) 21.515.

Additionally, the Commonwealth made an appropriation to cover administrative expenses of the Judicial DB Plan. Members may transfer qualified member and Commonwealth contributions into the Judicial DB Plan from other state funded retirement plans.

Contributions – Hybrid Cash Balance Plan

Members electing to participate in the Judicial HCB Plan contribute an amount equal to 6% of official salary. Of this, 1% is to be used to fund retiree health benefits and is not refundable. For each pay period that a personal contribution is made, the Commonwealth will apply an employer credit of 4% of official salary to the member’s account. On June 30 of each year, interest, in accordance with KRS 21.402, will be credited to the account. As of June 30, 2022 and 2021, approximately \$3.2 million and \$3.0 million, respectively, of the fiduciary net position of the System relates to the Judicial HCB Plan.

Kentucky Legislators Retirement Plan

Membership

Total membership in the Kentucky Legislators Retirement Plan (Legislators Plan) consisted of the following at June 30, 2022 and 2021:

	2022		2021	
	Defined Benefit	Cash Balance	Defined Benefit	Cash Balance
Retirees and beneficiaries receiving benefits	248	0	245	0
Terminated plan members - vested	37	0	39	0
Active plan members	43	61	43	58
Total	328	61	327	58
Number of participating employers	1	1	1	1

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Plan Description – Defined Benefit Plan

The Legislators Defined Benefit Plan (Legislators DB Plan) is a single-employer defined benefit plan that provides retirement benefits and medical insurance premium supplements, and covers the members of the Kentucky Legislature.

The Legislators DB Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Prior to June 30, 2009, cost-of-living adjustments (COLA), keyed to the Consumer Price Index, were provided on July 1 of each year. Commencing in 2009, the COLA on July 1 of each year is 1.50%. The COLA created in 2009 was suspended by legislative action in 2012, and no COLA's have since been granted. By legislative action in 2013, the statute was amended to provide that each July 1, a recipient of a monthly pension benefit from the Legislators DB Plan shall receive a 1.50% cost-of-living adjustment (pro-rated for the first year, if the recipient has been retired for less than one year) if:

- 1) The funding level of the Legislators DB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
- 2) The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

Supplemental increases to the 1.50% cost-of-living adjustment will require prefunding, appropriation and legislative action by the Kentucky General Assembly.

Additionally, legislation provides that a pension benefit shall be increased, if necessary, so that it equals an amount calculated by using a 1.5125% benefit rate and the current 60-month average earnings of the position held by the member at the time of retirement, subject to a 4.0% COLA annually.

As an additional retirement benefit, the Legislators DB Plan will pay a percentage, based on years of service, of the members' hospital and medical insurance coverage for the retirees and their qualified dependents.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

As of January 1, 2014, participation in the Legislators DB Plan is closed to new members. All new members of the Legislator Plan participate in the Legislators Hybrid Cash Balance Plan (Legislators HCB Plan). However, membership in the Legislators DB Plan is reactivated if a former participant of the Legislators DB Plan becomes eligible again to participate in the Legislators Plan.

Plan Description – Hybrid Cash Balance Plan

The Legislators HCB Plan provides retirement benefits to a vested member electing to participate in the Legislators Plan after January 1, 2014, and to their beneficiaries, based on the member's accumulated cash balance account. The cash balance account consists of the member's personal contributions, the employer's current pay credit of 4.00% and applicable interest. The retiree has

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

certain distribution options, including lifetime annuity, lump sum and optional survivor benefit payments. Vesting is achieved either (a) at age 65 with accumulation of five years of active service credit in the Legislators HCB Plan and any other state-supported retirement system of the Commonwealth; or (b) at least age 57 and the member's accumulated active service credit in the Legislators HC Plan and other state-supported retirement system of the Commonwealth plus his/her age is at least 87.

A non-vested member (one with less than five years of service) is entitled to a refund of his/her personal contributions, but forfeits the employer credit. A refund of the cash balance account for a member with five or more years of service includes his/her personal contributions, the employer credit, and applicable interest.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

Any cost-of-living adjustment (pro-rated for the first year if the recipient has been retired for less than one year) will be granted providing the following statutory requirements occur:

- 1) The funding level of the Legislators HC Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
- 2) The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

As an additional retirement benefit, a recipient of a hybrid cash balance retirement allowance with at least 15 years of State service is eligible for a monthly health insurance benefit. The health insurance benefit is \$10.00 for each year of plan service. The minimum service requirement is waived for a member who is disabled in the line of duty, or for the qualified survivor of a member who is killed in the line of duty.

Contributions – Defined Benefit Plan

Members entering membership on or after September 1, 2008 must contribute 6% of their "creditable compensation," as defined. Members who first participate on or after July 1, 1978 and prior to September 1, 2008 contribute at a rate of 5% of their "creditable compensation". Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, employee contributions shall cease. The Commonwealth made a normal contribution at the actuarially determined rate calculated by utilizing the entry age normal method of funding, and a past service contribution equal to 1% of the unfunded past service liability and contributed interest on the unfunded past service liabilities at the actuarially assumed interest rate of 7.0%, in an amount equal to 100% of the amount required by KRS 21.515. Additionally, the Commonwealth made an appropriation to cover administrative expenses of the Legislators DB Plan. Members may transfer qualified member and Commonwealth contributions into the Legislators DB Plan from other state funded retirement plans.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Contributions – Hybrid Cash Balance Plan

Members electing to participate in the Legislators HCB Plan contribute an amount equal to 6% of official salary. Of this, 1% is to be used to fund retiree health benefits and is not refundable. For each pay period that a personal contribution is made, the Commonwealth will apply an employer credit of 4% of official salary to the member's account. On June 30 of each year, interest, in accordance with KRS 21.402 will be credited to the account. As of June 30, 2022 and 2021, approximately \$804,000 and \$763,000, respectively, of the fiduciary net position of the System relates to the Legislators HCB Plan.

3. INVESTMENTS

Each of the Plans has its own investment committee. The committee governing the Judicial Plan consists of the three judicial appointees and the two gubernatorial appointees to the System's Board of Trustees. The committee governing the Legislators Plan consists of the three legislative appointees and the two gubernatorial appointees to the System's Board of Trustees.

All investment decisions conform to the parameters established by KRS 386 and the System's policy statements enumerated below:

1. Cash and cash equivalent balances will be held separately for each fund as liquidity reserve for the payment of certain fund expenses, pension or qualified refund payments, and insurance premium requirements.
2. Equities will have a target allocation of 70% of the portfolio's market value (with a fluctuation tolerance of up to 10%.)
3. Fixed income securities and/or cash equivalents will have a target allocation of 30% of the portfolio's market value (with a fluctuation tolerance of up to 10%.)
4. If an allocation exceeds its targeted range, the applicable Investment Committee will be notified of the status of the fund's portfolio allocation percentages. Such Committee may direct the fund manager to, on a timely basis, adjust the fund's applicable allocation percentage to bring the fund's portfolio back into its targeted range. If the Committee does not make a rebalancing recommendation, the fund manager, at its discretion, may or may not adjust the fund's portfolio allocations. Each retirement plan has two tiers, a Defined Benefit Plan tier and a Hybrid Cash Balance Plan tier. funds for each retirement plan and each tier are maintained separately. The parameters applicable to the Defined Benefit investments for both retirement plans are:

Equities

1. Investments in common stocks shall be from those stocks that meet the statutory standards for investment of trust funds, except that 50% of the total portfolio of each fund may not be invested in common stocks with a dividend payment history of less than 5 years.
2. Investments in an individual equity security shall not exceed 5% of the fund's then current market value of the equity portfolio. At a time when the security's value reaches 8% of the

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

fund's market value of the equity portfolio, the Manager shall immediately notify the appropriate investment committee so that the investment committee may determine a course of action.

3. Equity investment in a particular industry shall not exceed 25% of the fund's market value of the equity portfolio.
4. Any equity benchmark selected by the manager for any fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such fund's equity portfolio.
5. The fund manager is prohibited from investing in private placements, unregistered securities, hedge funds, letter stock, uncovered options, common trust funds or collective funds, or from engaging in short sales, margin transactions, or other specialized investment activities.

Fixed Income

1. No issues (with the exception of those of the U.S. Government and its Agencies) may be purchased with more than 15 years duration at the time of purchase
2. Investments in securities of the U.S. Government and its Agencies may be purchased with a maturity of up to 30 years, but the weighted average maturity of those securities in each fund shall not exceed 10 years.
3. Investments in securities of a single issuer (with the exception of U.S. Government and its Agencies) of each fund must not exceed 5% of the fund's market value of the fixed income portfolio.
4. Only corporate debt issues that meet or exceed a credit rating of BBB from Standard & Poor's and/or a BAA rating Moody's may be purchased.
5. Preferred stocks must be rated A or better by Moody's and/or Standard & Poor's at the time of purchase.
6. Investment in bonds will be limited to those eligible for purchase by national banks.
7. Bond maturities will be reasonably spaced with due consideration given to call provisions.
8. Any fixed income benchmark selected by the manager for any fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such fund's fixed income portfolio.
9. Each fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all of the Fund's fixed income investments, shall at all times be generally consistent with the duration of its fixed income benchmark, plus or minus one year.
10. The fund manager is prohibited from investing in private placements, from speculating in fixed income or interest rate futures, and from arbitrage or any other specialized investments. No investments shall be made in proprietary funds of the fund manager without written consent of the Investment Committee.

Cash and Cash Equivalents

1. The fund manager may maintain cash and cash equivalent balances as part of a fund's portfolio allocations in anticipation of liquidity reserve needs or as temporary fund investments pending longer term portfolio investments.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

2. Any cash and cash equivalent investments held in the liquidity reserves or within fund portfolios may be made in the following types of short-term investments, with limits and requirements as described below:
 - a. Treasury bills
 - b. Commercial paper investments and marketable short-term money market securities, each with time of purchase ratings of as least A-2 or P-2 by Standard & Poor's or Moody's, respectively, and each with time of purchase maturities of no longer than 270 days
 - c. Marketable short-term money market funds of marketable short-term securities, under the following limits for each such fund: fund ratings at least AAA or Aaa by Standard & Poor's or Moody's, respectively, at time of purchase; final maturities of underlying fund investments of no longer than 13 months from dates of acquisition; and fund weighted average maturity of underlying fund investments of no longer than 60 days at all times
 - d. Corporate cash equivalent investments with maturities no longer than one year, provided any such investment shall be restricted to not more than 7% per issuer
 - e. Repurchase agreements relating to and consistent with the instruments described in these Cash and Cash Equivalent Guidelines provided such agreements have a maturity deemed to be no longer than the scheduled maturity period remaining on the underlying securities covered by such agreement
3. All cash and cash equivalents should have maturities no longer than one year from the date of their acquisition.
4. The fund manager may invest no more than 10% of the market values of either of the two Defined Benefit Funds' portfolios, and no more than 5% of the market values of either of the two Hybrid Cash Balance Funds' portfolios, in cash or cash equivalents of a single government agency other than U.S. Government agencies. Investment in obligations of the U.S. Government and its agencies are not restricted.

Rate of Return

For the years ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of investment expense, was -9.9% for both the Judicial Plan and Legislators Plan. For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of investment expense, for the Judicial Plan and Legislators Plan, was 37.2% and 37.3%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Fees

All fees paid to the investment manager are paid directly from each Plan with the cost calculated as a percentage of the portfolio market value.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. More specifically, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

All investments held by the System are insured or registered and held by the System or by its agent in the System's name. The credit risk disclosures for the U.S. governmental securities and corporate notes within the Judicial Plan are as follows at June 30:

	S&P Quality Rating	2022	2021
U.S. governmental securities	AA+	\$ 6,947,090	\$ -0-
	N/A	-0-	923,516
		<u>\$ 6,947,090</u>	<u>\$ 923,516</u>
Corporate notes	AAA	\$ 7,853,500	\$ 8,142,255
	AA+	3,511,760	3,790,955
	AA	-0-	2,047,300
	AA-	16,765,645	13,006,250
	A+	33,402,020	37,507,364
	A	23,754,365	20,827,740
	A-	19,523,755	26,575,075
	BBB+	19,705,200	28,310,600
	BBB	17,449,950	13,469,025
	BBB-	-0-	3,852,380
	Not Rated*	907,360	-0-
	<u>\$ 142,873,555</u>	<u>\$ 157,528,944</u>	
Total		<u>\$ 149,820,645</u>	<u>\$ 158,452,460</u>

* Investment in iShares Intermediate Credit Bond ETF for the Hybrid Cash Balance Plan is a combination of securities and a single rating is not assigned.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The credit risk disclosures for the U.S. governmental securities and corporate notes within the Legislators Plan are as follows at June 30:

	S&P		
	Quality Rating	2022	2021
U.S. governmental securities	AA+	\$ 2,237,808	\$ -0-
	N/A	-0-	203,029
		<u>\$ 2,237,808</u>	<u>\$ 203,029</u>
Corporate notes	AAA	\$ 2,215,288	\$ 2,440,697
	AA+	953,192	1,028,973
	AA	-0-	1,018,240
	AA-	4,547,110	3,518,685
	A+	9,061,102	10,290,233
	A	5,626,180	4,645,123
	A-	6,371,888	8,222,085
	BBB+	5,912,075	7,171,870
	BBB	4,985,700	4,211,085
	BBB-	-0-	1,100,680
	Not Rated*	229,520	151,643
	<u>\$ 39,902,055</u>	<u>\$ 43,799,314</u>	
Total	<u>\$ 42,139,863</u>	<u>\$ 44,002,343</u>	

* Investment in iShares Intermediate Credit Bond ETF for the Hybrid Cash Balance Plan is a combination of securities and a single rating is not assigned.

Concentration of Credit Risk

Investments exceeded more than 5% of Plan fiduciary net position as follows: At June 30, 2022, Progressive Corporation at 5.36% and Microsoft Corporation at 5.15% in the Judicial Plan, and Progressive Corporation at 5.37% and Microsoft Corporation at 5.11% in the Legislators Plan. At June 30, 2021, Microsoft Corporation at 5.85% in the Judicial Plan; and Microsoft Corporation at 5.79% in the Legislators Plan.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System manages its exposure to declines in fair value by purchasing a diverse combination of equity securities and debt securities with varying maturities.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The debt securities, and related maturities, within the Judicial Plan are as follows at June 30, 2022:

	Amount	Less than One Year	1 - 5 Years	6 - 10 Years
Governmental securities	\$ 6,947,090	\$ -0-	\$ 4,942,950	\$ 2,004,140
Corporate notes	142,873,555	4,411,525	78,463,080	59,998,950
	<u>\$ 149,820,645</u>	<u>\$ 4,411,525</u>	<u>\$ 83,406,030</u>	<u>\$ 62,003,090</u>

The debt securities, and related maturities, within the Judicial Plan are as follows at June 30, 2021:

	Amount	Less than One Year	1 - 5 Years	6 - 10 Years
Governmental securities	\$ 923,516	\$ 923,516	\$ -0-	\$ -0-
Corporate notes	157,528,944	9,730,044	70,822,815	76,976,085
	<u>\$ 158,452,460</u>	<u>\$ 10,653,560</u>	<u>\$ 70,822,815</u>	<u>\$ 76,976,085</u>

The debt securities, and related maturities, within the Legislators Plan are as follows at June 30, 2022:

	Amount	Less than One Year	1 - 5 Years	6 - 10 Years
Governmental securities	\$ 2,237,808	\$ -0-	\$ 1,235,738	\$ 1,002,070
Corporate notes	39,902,055	1,230,710	21,453,910	17,217,435
	<u>\$ 42,139,863</u>	<u>\$ 1,230,710</u>	<u>\$ 22,689,648</u>	<u>\$ 18,219,505</u>

The debt securities, and related maturities, within the Legislators Plan are as follows at June 30, 2021:

	Amount	Less than One Year	1 - 5 Years	6 - 10 Years
Governmental securities	\$ 203,029	\$ 203,029	\$ -0-	\$ -0-
Corporate notes	43,799,314	4,669,786	18,219,038	20,910,490
	<u>\$ 44,002,343</u>	<u>\$ 4,872,815</u>	<u>\$ 18,219,038</u>	<u>\$ 20,910,490</u>

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

Investments held by the Judicial Plan at June 30 include the following corporate notes and governmental securities subject to foreign currency risk:

	Currency	2022	2021
Schlumberger Limited	Euro	\$ 3,511,760	\$ 3,733,240
HSBC Holdings Note	British pound	-0-	3,593,800
		<u>\$ 3,511,760</u>	<u>\$ 7,327,040</u>

Investments held by the Legislators Plan at June 30, include the following corporate notes and governmental securities subject to foreign currency risk:

	Currency	2022	2021
Schlumberger Limited	Euro	\$ 1,003,360	\$ 1,066,640
HSBC Holdings Note	British pound	-0-	1,026,800
		<u>\$ 1,003,360</u>	<u>\$ 2,093,440</u>

The Plans invest in various investment securities. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect amounts reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

Cash and Investments Held by State Treasury

At June 30, 2022 and 2021, the System's share of deposits in the Commonwealth's general depository (State investment pool) totaled \$5,650,011 and \$1,948,273, respectively. The Commonwealth's ACFR for the year ended June 30, 2022 should be referred to for required disclosures.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

- U.S. government securities: Value using pricing models maximizing the use of observable inputs for similar securities.
- Investments held by the State Treasury and Cash Equivalents: Valued at cost which approximates fair value.
- Common stocks: Valued at the closing price reported on the New York Stock Exchange.
- Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.
- Foreign government securities: Valued using pricing for interactive data which offers daily evaluations and related data for international fixed income securities with embedded equity options including convertible and exchangeable bonds.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The following tables set forth by level, within the hierarchy, the System's assets and liabilities measured at fair value on a recurring basis as of June 30, 2022 are as follows:

Judicial Retirement Plan:

	Level 1	Level 2	Level 3	Total
Investments held by State Treasury	\$ 522,561	\$ 76,424	\$ -0-	\$ 598,985
Common stocks	350,996,802	-0-	-0-	350,996,802
Mutual funds	2,218,938	-0-	-0-	2,218,938
Corporate notes and governmental securities	149,820,645	-0-	-0-	149,820,645
Total assets at fair value	\$ 503,558,946	\$ 76,424	\$ -0-	\$ 503,635,370

Legislators Retirement Plan:

	Level 1	Level 2	Level 3	Total
Investments held by State Treasury	\$ 610,768	\$ 48,350	\$ -0-	\$ 659,118
Common stocks	99,080,720	-0-	-0-	99,080,720
Mutual funds	547,008	-0-	-0-	547,008
Corporate notes and governmental securities	42,139,863	-0-	-0-	42,139,863
Total assets at fair value	\$ 142,378,359	\$ 48,350	\$ -0-	\$ 142,426,709

The following tables set forth by level, within the hierarchy, the System's assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 are as follows:

Judicial Retirement Plan:

	Level 1	Level 2	Level 3	Total
Investments held by State Treasury	\$ 287,381	\$ -0-	\$ -0-	\$ 287,381
Common stocks	418,314,688	-0-	-0-	418,314,688
Mutual funds	2,115,896	-0-	-0-	2,115,896
Corporate notes and governmental securities	923,516	157,528,944	-0-	158,452,460
Total assets at fair value	\$ 421,641,481	\$ 157,528,944	\$ -0-	\$ 579,170,425

Legislators Retirement Plan:

	Level 1	Level 2	Level 3	Total
Investments held by State Treasury	\$ 234,075	\$ 20,125	\$ -0-	\$ 254,200
Common stocks	121,336,585	-0-	-0-	121,336,585
Mutual funds	547,932	-0-	-0-	547,932
Corporate notes and governmental securities	354,671	43,647,672	-0-	44,002,343
Total assets at fair value	\$ 122,473,263	\$ 43,667,797	\$ -0-	\$ 166,141,060

The System's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no transfers between levels during 2022 or 2021.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

5. NET PENSION LIABILITY

Judicial Retirement Plan

The components of the net pension asset of the Judicial Plan as of June 30, 2022 and 2021, are as follows:

	2022	2021
Total pension liability	\$ 376,657,581	\$ 379,534,564
Pension plan fiduciary net position	(390,889,642)	(448,440,179)
Plan's net pension asset	\$ (14,232,061)	\$ (68,905,615)

Plan fiduciary net position as a percentage of the total pension liability	103.8%	118.2%
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The following are the actuarial methods and assumptions used to develop the above liabilities at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Valuation Date:	July 1, 2021	July 1, 2020
Actuarial Cost Method:	Entry Age Normal funding method	Entry Age Normal funding method
Amortization Method:	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method:	Market Value	Market Value
Investment Return:	6.50%	6.50%
Inflation:	3.00%	3.00%
Projected Salary Increases:	1% for the next three years, and 3.5% thereafter	1% for the next three years, and 3.5% thereafter

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. Prior to June 30, 2021, mortality rates were based on the RP- 2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study based on plan experience from 2013 to 2019, adopted by the board on April 23, 2021.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The long-term expected rate of return on Judicial Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial DB Plan's target asset allocation as of June 30, 2022 and 2021 (see the discussion of the Judicial DB Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.50%
International Equity	2.50%
Fixed Income	-0.55%
Cash	-2.00%

The discount used to measure the total pension liability as of July 1, 2022 and 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.50% was used for discount rate/long-term rate of return assumption for GASB calculations.

The following presents the net pension liability (asset) of the Judicial Plan at June 30, 2022, calculated using the discount rate of 6.50%, as well as what the Judicial Plan's pension liability (asset) would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	\$ 20,981,416	\$ (14,232,061)	\$ (44,455,835)

Legislators Retirement Plan

The components of the net pension liability of the Legislators Plan as of June 30, 2022 and 2021, are as follows:

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

	2022	2021
Total pension liability	\$ 71,119,553	\$ 72,568,155
Pension plan fiduciary net position	(84,604,342)	(98,291,597)
Plan's net pension asset	\$ (13,484,789)	\$ (25,723,442)

Plan fiduciary net position as a percentage
of the total pension liability

119.0%

135.5%

The following are the actuarial methods and assumptions used to develop the above liabilities at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Valuation Date:	July 1, 2021	July 1, 2020
Actuarial Cost Method:	Entry Age Normal funding method	Entry Age Normal funding method
Amortization Method:	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset Valuation Method:	Market Value	Market Value
Investment Return:	6.50%	6.50%
Inflation:	3.00%	3.00%
Projected Salary Increases:	1% for the next three years, and 3.5% thereafter	1% for the next three years, and 3.5% thereafter

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. Prior to June 30, 2021, mortality rates were based on the RP- 2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study based on plan experience from 2013 to 2019, adopted by the board on April 23, 2021.

The long-term expected rate of return on Legislators Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial DB Plan's target asset allocation as of June 30, 2022 and 2021 (see the discussion of the Judicial DB Plan's investment policy) are summarized in the following table:

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.50%
International Equity	2.50%
Fixed Income	-0.55%
Cash	-2.00%

The discount used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.50% was used for discount rate/long-term rate of return assumption for GASB calculations.

The following presents the net pension liability (asset) of the Legislators Plan at June 30, 2022, calculated using the discount rate of 6.50%, as well as what the Legislators Plan's pension liability (asset) would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net pension liability (asset)	\$ (6,926,478)	\$ (13,484,789)	\$ 19,082,130

6. NET OPEB LIABILITY

Judicial Retirement Plan

The components of the net other post-employment benefits (OPEB) liability of the Judicial Plan as of June 30, 2022 and 2021, are as follows:

	2022	2021
Total OPEB liability	\$ 40,619,947	\$ 39,389,897
Plan fiduciary net position	(119,335,249)	(133,915,389)
Plan's net OPEB liability (asset)	\$ (78,715,302)	\$ (94,525,492)

Plan fiduciary net position as a percentage of the total OPEB liability	293.8%	340.0%
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KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The following are the actuarial methods and assumptions used to develop the above liabilities at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Valuation Date:	July 1, 2021	July 1, 2020
Inflation:	2.50%	2.50%
Projected Salary Increases:	1% for the next three years, and 3.5% thereafter	1% for the next three years, and 3.5% thereafter
Investment Return:	6.50%	6.50%
Healthcare cost trend rates	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the head counted weighted average was used. Prior to June 30, 2021, mortality rates were based on the RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality.

The long-term expected rate of return on Judicial OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial DB Plan's target asset allocation as of June 30, 2022 (see the discussion of the Judicial OPEB Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.50%
International Equity	2.50%
Fixed Income	-0.55%
Cash	-2.00%

The discount used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for discount rate/long-term rate of return assumption for GASB calculations.

The following presents the net OPEB liability of the Judicial Plan as of June 30, 2022, calculated using the discount rate of 6.50%, as well as what the Judicial Plan's OPEB liability would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net OPEB asset	\$ (73,852,418)	\$ (78,715,302)	\$ (82,786,987)

The following presents the OPEB liability of the Judicial Plan as of June 30, 2022 calculated using the healthcare cost trend of 6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075, as well as what the Judicial Plan's OPEB liability would be if it was calculated using a healthcare cost trend that is 1% lower or 1% higher than the current rate:

	1% Decrease on Trend Assumption	Current Rate on Trend Assumption	1% Increase on Trend Assumption
Net OPEB asset	\$ (83,241,866)	\$ (78,715,302)	\$ (73,301,371)

Legislators Retirement Plan

The components of the net other post-employment benefits (OPEB) liability (asset) of the Legislators Plan as of June 30, 2022 and 2021, are as follows:

	2022	2021
Total OPEB liability	\$ 15,858,518	\$ 15,667,998
Plan fiduciary net position	(63,301,184)	(70,660,745)
Plan's net OPEB asset	\$ (47,442,666)	\$ (54,992,747)
Plan fiduciary net position as a percentage of the total OPEB asset	399.2%	451.0%

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The following are the actuarial methods and assumptions used to develop the above liabilities:

	June 30, 2022	June 30, 2021
Valuation Date:	July 1, 2021	July 1, 2020
Inflation:	2.50%	2.50%
Projected Salary Increases:	1% for the next three years, and 3.5% thereafter	1% for the next three years, and 3.5% thereafter
Investment Return:	6.50%	6.50%
Healthcare cost trend rates	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the head counted weighted average was used. Prior to June 30, 2021, mortality rates were based on the RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality.

The long-term expected rate of return on Legislators Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Legislators Plan's target asset allocation as of June 30, 2022 and 2021 (see the discussion of the Legislators Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	4.50%
International Equity	2.50%
Fixed Income	-0.55%
Cash	-2.00%

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The discount used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for discount rate/long-term rate of return assumption for GASB calculations.

The following presents the net OPEB liability of the Legislators Plan as of June 30, 2022, calculated using the discount rate of 6.50%, as well as what the Legislators Plan's OPEB liability would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Net OPEB asset	\$ (45,637,968)	\$ (47,442,666)	\$ (48,949,204)

The following presents the OPEB liability of the Judicial Plan as of June 30, 2022 calculated using the healthcare cost trend of 6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075, as well as what the Legislators Plan's OPEB liability would be if it was calculated using a healthcare cost trend that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease on Trend Assumption</u>	<u>Current Rate on Trend Assumption</u>	<u>1% Increase on Trend Assumption</u>
Net OPEB asset	\$ (49,043,254)	\$ (47,442,666)	\$ (45,543,734)

7. RISK MANAGEMENT

Claims against the Board of Trustees of the System, or any of its staff, as a result of actual or alleged breach of fiduciary duty are insured with a commercial insurance policy. Coverage provided is limited to \$20,000,000. Claims for job-related illnesses or injuries are insured by the Commonwealth's self-insured workers' compensation program. Payments approved by the program are not subject to maximum limitations.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

8. INCOME TAX STATUS

The Judicial Plan and Legislators Plan each received from the Internal Revenue Service favorable determination letters dated February 15, 2017, which state that the Plans constitute qualified plans under Section 401(a) of the Internal Revenue Code.

The System believes that the Plans are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Any compensation deferred under either Plan, as well as income attributable to the deferrals, is not includable in federal and state taxable income until actually paid or otherwise made available to the participant or their named beneficiary.

REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS

Kentucky Judicial Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>									
Service cost	\$ 4,300,000	\$ 3,600,000	\$ 3,500,000	\$ 4,100,000	\$ 4,100,000	\$ 4,900,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Interest	23,800,000	23,700,000	23,400,000	22,900,000	22,700,000	23,800,000	23,400,000	22,200,000	21,900,000
Changes in benefit terms	-0-	-0-	-0-	-0-	-0-	-0-	-0-	100,000	-0-
Differences between expected and actual experience	-0-	(5,300,000)	-0-	(100,000)	-0-	(8,800,000)	-0-	4,400,000	-0-
Changes in assumptions	(5,900,000)	9,100,000	-0-	(7,700,000)	-0-	(2,100,000)	-0-	(4,400,000)	29,100,000
Benefit payments/refunds of member contributions	(25,000,000)	(24,400,000)	(24,400,000)	(24,200,000)	(23,200,000)	(23,000,000)	(22,900,000)	(22,300,000)	(21,800,000)
Net change in total pension liability	(2,800,000)	6,700,000	2,500,000	(5,000,000)	3,600,000	(5,200,000)	5,500,000	5,000,000	34,200,000
Total pension liability - beginning	379,500,000	372,700,000	370,300,000	375,200,000	371,500,000	376,800,000	371,300,000	366,300,000	332,100,000
Total pension liability - ending	<u>\$ 376,700,000</u>	<u>\$ 379,400,000</u>	<u>\$ 372,800,000</u>	<u>\$ 370,200,000</u>	<u>\$ 375,100,000</u>	<u>\$ 371,600,000</u>	<u>\$ 376,800,000</u>	<u>\$ 371,300,000</u>	<u>\$ 366,300,000</u>
<u>Pension plan fiduciary net position</u>									
Contributions - employer	\$ 7,100,000	\$ 6,800,000	\$ 8,700,000	\$ 8,700,000	\$ 12,000,000	\$ 12,000,000	\$ 15,200,000	\$ 15,100,000	\$ 10,800,000
Contributions - member	2,400,000	1,900,000	1,700,000	1,500,000	2,000,000	1,600,000	1,800,000	1,900,000	2,800,000
Transfer in payments	-0-	-0-	-0-	-0-	600,000	-0-	100,000	200,000	1,600,000
Net investment income	(42,000,000)	122,800,000	19,500,000	38,600,000	27,100,000	34,600,000	8,700,000	25,600,000	33,200,000
Benefit payments/refunds of member contributions	(25,000,000)	(24,400,000)	(24,400,000)	(24,200,000)	(23,200,000)	(23,000,000)	(22,900,000)	(22,200,000)	(21,800,000)
Administrative expenses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	(57,500,000)	107,100,000	5,500,000	24,600,000	18,500,000	25,200,000	2,900,000	20,600,000	26,600,000
Pension plan fiduciary net position - beginning	448,400,000	341,300,000	335,700,000	311,100,000	292,700,000	267,500,000	264,600,000	243,900,000	217,300,000
Pension plan fiduciary net position - ending	<u>\$ 390,900,000</u>	<u>\$ 448,400,000</u>	<u>\$ 341,200,000</u>	<u>\$ 335,700,000</u>	<u>\$ 311,200,000</u>	<u>\$ 292,700,000</u>	<u>\$ 267,500,000</u>	<u>\$ 264,500,000</u>	<u>\$ 243,900,000</u>
Net pension liability/(asset) - ending	<u>\$ (14,200,000)</u>	<u>\$ (69,000,000)</u>	<u>\$ 31,600,000</u>	<u>\$ 34,500,000</u>	<u>\$ 63,900,000</u>	<u>\$ 78,900,000</u>	<u>\$ 109,300,000</u>	<u>\$ 106,800,000</u>	<u>\$ 122,400,000</u>
Pension plan fiduciary net position as a % of the total pension liability	103.8%	118.2%	91.5%	90.7%	82.9%	78.8%	71.0%	71.3%	66.6%
Covered payroll	29,800,000	29,500,000	30,900,000	30,600,000	30,600,000	30,300,000	31,900,000	31,900,000	32,900,000
Net pension liability/(asset) as a % of covered payroll	-47.7%	-233.9%	101.6%	113.1%	209.5%	260.1%	342.6%	334.5%	371.7%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

See accompanying report of independent auditors.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS

Kentucky Legislators Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 600,000	\$ 500,000	\$ 600,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 900,000	\$ 1,000,000	\$ 1,000,000
Interest	4,500,000	4,600,000	4,500,000	4,600,000	4,600,000	5,300,000	5,200,000	5,100,000	4,900,000
Changes in benefit terms	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Differences between expected and actual experience	-0-	(2,000,000)	-0-	(2,800,000)	-0-	(6,400,000)	-0-	(3,400,000)	-0-
Changes in assumptions	(1,400,000)	2,600,000	-0-	(300,000)	-0-	(200,000)	-0-	(1,500,000)	3,700,000
Benefit payments/refunds of member contributions	(5,200,000)	(5,100,000)	(5,000,000)	(4,700,000)	(4,500,000)	(4,200,000)	(4,000,000)	(3,700,000)	(3,500,000)
Net change in total pension liability	(1,500,000)	600,000	100,000	(2,500,000)	800,000	(4,800,000)	2,100,000	(2,500,000)	6,100,000
Total pension liability - beginning	72,600,000	72,000,000	71,900,000	74,400,000	73,600,000	78,400,000	76,200,000	78,700,000	72,600,000
Total pension liability - ending	<u>\$ 71,100,000</u>	<u>\$ 72,600,000</u>	<u>\$ 72,000,000</u>	<u>\$ 71,900,000</u>	<u>\$ 74,400,000</u>	<u>\$ 73,600,000</u>	<u>\$ 78,300,000</u>	<u>\$ 76,200,000</u>	<u>\$ 78,700,000</u>
Pension plan fiduciary net position									
Contributions - employer	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,400,000	\$ 2,400,000	\$ 3,400,000	\$ 3,400,000	\$ 1,800,000
Contributions - member	200,000	300,000	200,000	200,000	200,000	300,000	300,000	200,000	200,000
Transfer in payments	-0-	-0-	-0-	-0-	-0-	100,000	-0-	-0-	-0-
Net investment income	(8,700,000)	26,700,000	4,300,000	8,600,000	6,200,000	7,900,000	2,000,000	5,600,000	7,900,000
Benefit payments/refunds of member contributions	(5,200,000)	(5,100,000)	(5,000,000)	(4,700,000)	(4,500,000)	(4,200,000)	(4,000,000)	(3,700,000)	(3,500,000)
Administrative expenses	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	(13,700,000)	21,900,000	(500,000)	4,100,000	4,300,000	6,500,000	1,700,000	5,500,000	6,400,000
Pension plan fiduciary net position - beginning	98,300,000	76,400,000	76,900,000	72,800,000	68,400,000	61,900,000	60,100,000	54,600,000	48,200,000
Pension plan fiduciary net position - ending	<u>\$ 84,600,000</u>	<u>\$ 98,300,000</u>	<u>\$ 76,400,000</u>	<u>\$ 76,900,000</u>	<u>\$ 72,700,000</u>	<u>\$ 68,400,000</u>	<u>\$ 61,800,000</u>	<u>\$ 60,100,000</u>	<u>\$ 54,600,000</u>
Net pension liability/(asset) - ending	<u>\$ (13,500,000)</u>	<u>\$ (25,700,000)</u>	<u>\$ (4,400,000)</u>	<u>\$ (5,000,000)</u>	<u>\$ 1,700,000</u>	<u>\$ 5,200,000</u>	<u>\$ 16,500,000</u>	<u>\$ 16,100,000</u>	<u>\$ 24,100,000</u>
Pension plan fiduciary net position as a % of the total pension liability/(asset)	119.0%	135.4%	106.1%	107.0%	97.8%	92.9%	79.0%	78.9%	69.4%
Covered payroll	4,200,000	4,200,000	4,300,000	4,300,000	4,400,000	4,400,000	4,900,000	4,900,000	5,000,000
Net pension liability/(asset) as a % of covered payroll	-321.4%	-611.9%	-102.3%	-116.3%	36.4%	118.2%	336.7%	328.6%	483.2%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

See accompanying report of independent auditors

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS

<u>Kentucky Judicial Retirement Plan</u>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>						
Service cost	\$ 600,000	\$ 700,000	\$ 700,000	\$ 900,000	\$ 900,000	\$ 1,200,000
Interest	2,500,000	3,200,000	3,000,000	3,600,000	3,300,000	4,600,000
Changes in benefit terms	-0-	-0-	-0-	-0-	-0-	-0-
Differences between expected and actual experience	-0-	(9,300,000)	-0-	(9,700,000)	-0-	(22,100,000)
Changes in assumptions	-0-	(2,300,000)	-0-	100,000	-0-	5,600,000
Benefit payments/refunds of member contributions	(1,900,000)	(1,800,000)	(2,000,000)	(2,000,000)	(2,000,000)	(1,900,000)
Net change in total OPEB liability	1,200,000	(9,500,000)	1,700,000	(7,100,000)	2,200,000	(12,600,000)
Total OPEB liability - beginning	39,400,000	49,000,000	47,300,000	54,400,000	52,100,000	64,700,000
Total OPEB liability - ending	<u>\$ 40,600,000</u>	<u>\$ 39,500,000</u>	<u>\$ 49,000,000</u>	<u>\$ 47,300,000</u>	<u>\$ 54,300,000</u>	<u>\$ 52,100,000</u>
<u>Plan fiduciary net position</u>						
Contributions - employer	\$ 100,000	\$ -0-	\$ -0-	\$ -0-	\$ 1,200,000	\$ 1,200,000
Contributions - member	100,000	100,000	-0-	-0-	200,000	100,000
Transfer in payments	-0-	-0-	-0-	-0-	100,000	-0-
Net investment income	(12,900,000)	36,700,000	5,600,000	11,000,000	7,600,000	9,400,000
Benefit payments/refunds of member contributions	(1,900,000)	(1,800,000)	(2,000,000)	(2,000,000)	(2,000,000)	(1,900,000)
Administrative expenses	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	(14,600,000)	35,000,000	3,600,000	9,000,000	7,100,000	8,800,000
Plan fiduciary net position - beginning	133,900,000	99,000,000	95,400,000	86,300,000	79,200,000	70,300,000
Plan fiduciary net position - ending	<u>\$ 119,300,000</u>	<u>\$ 134,000,000</u>	<u>\$ 99,000,000</u>	<u>\$ 95,300,000</u>	<u>\$ 86,300,000</u>	<u>\$ 79,100,000</u>
Net OPEB liability (asset) - ending	<u>\$ (78,700,000)</u>	<u>\$ (94,500,000)</u>	<u>\$ (50,000,000)</u>	<u>\$ (48,000,000)</u>	<u>\$ (32,000,000)</u>	<u>\$ (27,000,000)</u>
Plan fiduciary net position as a % of the total OPEB liability	293.8%	339.8%	202.0%	201.7%	158.6%	152.0%
Covered payroll	29,800,000	29,500,000	30,900,000	30,600,000	30,600,000	30,300,000
Net OPEB liability/(asset) as a % of covered payroll	-264.1%	-320.3%	-161.8%	-156.9%	-104.6%	-89.1%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

See accompanying report of independent auditors.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS

<u>Kentucky Legislators Retirement Plan</u>						
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>						
Service cost	\$ 100,000	\$ 200,000	\$ 100,000	\$ 300,000	\$ 300,000	\$ 400,000
Interest	1,000,000	1,300,000	1,200,000	1,500,000	1,400,000	2,000,000
Changes in benefit terms	-0-	-0-	-0-	-0-	-0-	-0-
Differences between expected and actual experience	-0-	(4,800,000)	-0-	(4,400,000)	-0-	(10,600,000)
Changes in assumptions	-0-	(400,000)	-0-	-0-	-0-	2,300,000
Benefit payments/refunds of member contributions	(900,000)	(800,000)	(800,000)	(800,000)	(800,000)	(700,000)
Net change in total OPEB liability	200,000	(4,500,000)	500,000	(3,400,000)	900,000	(6,600,000)
Total OPEB liability - beginning	15,700,000	20,200,000	19,700,000	23,100,000	22,000,000	28,600,000
Total OPEB liability - ending	<u>\$ 15,900,000</u>	<u>\$ 15,700,000</u>	<u>\$ 20,200,000</u>	<u>\$ 19,700,000</u>	<u>\$ 22,900,000</u>	<u>\$ 22,000,000</u>
<u>Plan fiduciary net position</u>						
Contributions - employer	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions - member	-0-	-0-	-0-	-0-	-0-	-0-
Transfer in payments	-0-	-0-	-0-	-0-	-0-	-0-
Net investment income	(6,500,000)	19,200,000	2,900,000	5,700,000	3,900,000	4,900,000
Benefit payments/refunds of member contributions	(900,000)	(800,000)	(800,000)	(800,000)	(800,000)	(700,000)
Administrative expenses	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-	-0-
Net change in plan fiduciary net position	(7,400,000)	18,400,000	2,100,000	4,900,000	3,100,000	4,200,000
Plan fiduciary net position - beginning	70,700,000	52,100,000	50,000,000	45,100,000	42,000,000	37,800,000
Plan fiduciary net position - ending	<u>\$ 63,300,000</u>	<u>\$ 70,500,000</u>	<u>\$ 52,100,000</u>	<u>\$ 50,000,000</u>	<u>\$ 45,100,000</u>	<u>\$ 42,000,000</u>
Net OPEB liability (asset) - ending	<u>\$ (47,400,000)</u>	<u>\$ (54,800,000)</u>	<u>\$ (31,900,000)</u>	<u>\$ (30,300,000)</u>	<u>\$ (22,200,000)</u>	<u>\$ (20,000,000)</u>
Plan fiduciary net position as a % of the total OPEB liability	398.1%	450.3%	258.9%	254.3%	195.2%	190.9%
Covered payroll	4,200,000	4,200,000	4,300,000	4,300,000	4,400,000	4,400,000
Net OPEB liability/(asset) as a % of covered payroll	-1128.6%	-1304.8%	-741.9%	-704.7%	-504.5%	-454.5%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

See accompanying report of independent auditors.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF CONTRIBUTIONS KENTUCKY JUDICIAL RETIREMENT PLAN LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 7,900,000	\$ 6,700,000	\$ 9,800,000	\$ 9,200,000	\$ 11,900,000	\$ 11,884,797	\$ 15,171,300	\$ 15,142,300	\$ 15,219,761	\$ 15,219,761
Contributions in relation to the actuarially determined contribution	\$ 7,100,000	\$ 6,800,000	\$ 8,600,000	\$ 8,600,000	\$ 11,900,000	\$ 11,884,797	\$ 15,171,300	\$ 15,142,300	\$ 10,804,715	\$ 10,398,987
Contribution excess (deficiency)	\$ 800,000	\$ (100,000)	\$ 1,200,000	\$ 600,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 4,415,046	\$ 4,820,774
Covered payroll	\$ 29,800,000	\$ 29,500,000	\$ 30,009,000	\$ 30,600,000	\$ 30,600,000	\$ 30,300,000	\$ 31,900,000	\$ 31,900,000	\$ 32,930,076	\$ 32,930,076
Contributions as a percentage of covered payroll	23.8%	23.1%	28.2%	28.4%	39.2%	29.6%	47.6%	47.3%	32.8%	31.6%
Investment return:	6.50%	6.50%	6.50%	6.50%	6.24%	6.24%	6.41%	6.41%	6.15%	7.00%
Valuation Date:	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011

Methods and assumptions used to determine contributions:

Actuarial Cost Method:	Entry Age Normal funding method. Prior to July 1, 2013, the actuarial accrued liability was calculated using the projected unit credit cost method.
Amortization Method:	Interest + 1% Unfunded Past Liability
Asset Valuation Method:	Market Value
Inflation:	3.00%
Projected Salary Increases:	1% for the next five years, and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year, and 3.5% thereafter.
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions. Amounts rounded to nearest \$100,000.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF CONTRIBUTIONS KENTUCKY LEGISLATORS RETIREMENT PLAN LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 600,000	\$ 400,000	\$ 1,200,000	\$ 1,100,000	\$ 2,400,000	\$ 2,384,500	\$ 3,414,500	\$ 3,408,800	\$ 3,214,854	\$ 3,214,854
Contributions in relation to the actuarially determined contribution	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 2,400,000	\$ 2,384,500	\$ 3,414,500	\$ 3,408,800	\$ 1,824,956	\$ 1,696,000
Contribution excess (deficiency)	\$ 600,000	\$ 400,000	\$ 1,200,000	\$ 1,100,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,389,898	\$ 1,518,854
Covered payroll	\$ 4,200,000	\$ 4,200,000	\$ 4,300,000	\$ 4,300,000	\$ 4,400,000	\$ 4,400,000	\$ 4,919,000	\$ 4,919,000	\$ 4,987,823	\$ 4,987,823
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	54.5%	54.2%	69.4%	69.3%	36.6%	34.0%
Investment return:	6.50%	6.50%	6.50%	6.50%	6.24%	6.24%	6.41%	6.41%	6.15%	7.00%
Valuation date:	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011

Methods and assumptions used to determine contributions:

Actuarial Cost Method:	Entry Age Normal funding method. Prior to July 1, 2013, the actuarial accrued liability was calculated using the projected unit credit cost method.
Amortization Method:	Interest + 1% Unfunded Past Liability
Asset Valuation Method:	Market Value
Inflation:	3.00%
Projected Salary Increases:	1% for the next five years, and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year, and 3.5% thereafter.
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions. Amounts rounded to nearest \$100,000.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULE OF CONTRIBUTIONS KENTUCKY JUDICIAL OPEB PLAN LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,200,000	\$ 1,217,903	\$ 1,274,480	\$ 1,274,480	\$ 893,242	\$ 893,242
Contributions in relation to the actuarially determined contribution	\$ 100,000	\$ -0-	\$ -0-	\$ -0-	\$ 1,200,000	\$ 1,217,903	\$ 1,274,480	\$ 1,274,480	\$ 634,125	\$ 610,313
Contribution excess (deficiency)	\$ (100,000)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 259,117	\$ 282,929
Covered payroll	\$ 29,800,000	\$ 29,500,000	\$ 30,900,000	\$ 30,600,000	\$ 30,600,000	\$ 27,600,000	\$ 31,945,000	\$ 31,945,000	\$ 32,930,000	\$ 32,930,000
Contributions as a percentage of covered payroll	0.3%	0.0%	0.0%	0.0%	3.9%	4.4%	4.0%	4.0%	1.9%	1.9%
Investment return:	6.50%	6.50%	6.50%	6.50%	6.24%	6.24%	6.41%	6.41%	6.15%	7.00%
Valuation date:	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011

Methods and assumptions used to determine contributions:

Actuarial Cost Method:	Entry Age Normal funding method. Prior to July 1, 2013, the actuarial accrued liability was calculated using the projected unit credit cost method.
Amortization Method:	Interest + 1% Unfunded Past Liability
Asset Valuation Method:	Market Value
Inflation:	2.50%
Projected Salary Increases:	1% for the next five years, and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year, and 3.5% thereafter. Prior to July 1, 2013, an investment return of 7.0% was used.
Healthcare cost trend rates:	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 200 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions. Amounts rounded to nearest \$100,000.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULE OF CONTRIBUTIONS KENTUCKY LEGISLATORS OPEB PLAN LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions in relation to the actuarially determined contribution	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contribution excess (deficiency)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Covered payroll	\$ 4,200,000	\$ 4,200,000	\$ 4,300,000	\$ 4,300,000	\$ 4,400,000	\$ 4,400,000	\$ 5,300,000	\$ 5,300,000	\$ 4,987,823	\$ 4,987,823
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment return:	6.50%	6.50%	6.50%	6.50%	6.45%	6.45%	6.85%	6.85%	6.45%	7.00%
Valuation date:	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011

Methods and assumptions used to determine contributions:

Actuarial Cost Method:	Entry Age Normal funding method. Prior to July 1, 2013, the actuarial accrued liability was calculated using the projected unit credit cost method.
Amortization Method:	Interest + 1% Unfunded Past Liability
Asset Valuation Method:	Market Value
Inflation:	2.50%
Projected Salary Increases:	1% for the next five years, and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year, and 3.5% thereafter. Prior to July 1, 2013, an investment return of 7.0% was used.
Healthcare cost trend rates:	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 200 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions. Amounts rounded to nearest \$100,000.

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF INVESTMENT RETURNS – RETIREMENT LAST 10 FISCAL YEARS

Kentucky Judicial Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-9.9%	37.2%	6.0%	12.9%	9.4%	12.8%	3.2%	10.2%	15.0%

Kentucky Legislators Retirement Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-9.9%	37.3%	6.0%	12.6%	9.4%	12.7%	3.6%	10.1%	16.7%

See accompanying report of independent auditors

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULES OF INVESTMENT RETURNS – OPEB LAST 10 FISCAL YEARS

<u>Kentucky Judicial Retirement Plan</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-9.9%	37.2%	6.0%	12.9%	9.4%	12.8%	3.2%	10.2%	15.0%

<u>Kentucky Legislators Retirement Plan</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-9.9%	37.3%	6.0%	12.6%	9.4%	12.7%	3.6%	10.1%	16.7%

See accompanying report of independent auditors



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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Kentucky Judicial Form Retirement System
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kentucky Judicial Form Retirement System (the System), a component unit of the Commonwealth of Kentucky, which comprise the statement of fiduciary net position as of June 30, 2022, and the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, a material weaknesses or significant deficiency may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Lexington, Kentucky
November 18, 2022

KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM

SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results

- 1) We have issued an unmodified opinion, dated November 18, 2022, on the financial statements of the System as of and for the year ended June 30, 2022.
- 2) Our audit disclosed no findings that are required to be communicated under Government Auditing Standards for the year ended June 30, 2022.

Summary of Prior Year Findings

The prior year audit disclosed no findings that are required to be reported in accordance with *Government Auditing Standards*.

Kentucky Judicial Form Retirement System

305 Ann Street
Suite 302, Whitaker Bank Building
Frankfort, Kentucky 40601

Financial Disclosure Report

Please Include The Following Information For The Preceding Calendar Year:

(Name of Trustee) (Date of Birth)

(Address where individual receives mail) (City-State-Zip)

(Name of Spouse) (Address where spouse receives mail) (City-State-Zip)

DIRECTORSHIPS AND EMPLOYMENT: List every office, directorship, or employment held by you, your spouse, and your dependents in any entity regardless of the income received or equity held, excepting such activities in political, religious or charitable entities if compensation of less than \$1,000 per year is received. You are not required to list the amount of the income received.

ENTITY NAME AND DESCRIPTION WHERE OFFICES, DIRECTORSHIPS, AND EMPLOYMENT ARE HELD BY TRUSTEE AND TRUSTEE'S SPOUSE AND DEPENDENTS:

FINANCIAL INTERESTS THAT HAVE POTENTIAL FOR CONFLICT:

(A) DESCRIBE ANY FINANCIAL INTEREST THE TRUSTEE HAS IN ANY COMPANY OR FIRM THAT DOES BUSINESS WITH JFRS:

(B) DESCRIBE ANY PERSONAL FINANCIAL INTERESTS, DIRECT OR INDIRECT, NOT LISTED IN (A) ABOVE, FOR THE TRUSTEE AND ANY IMMEDIATE FAMILY MEMBER (DEFINED AS A SPOUSE, PARENT, SIBLING, GRANDPARENT, GRANDCHILD OR CHILD), THAT COULD CONFLICT OR APPEAR TO CONFLICT WITH THE TRUSTEE'S DUTIES AND RESPONSIBILITIES TO JFRS:

(C) DESCRIBE ANY EMPLOYMENT OR COMPENSATION THE TRUSTEE RECEIVES FROM ANY JFRS CONTRACTORS OR VENDORS:

(D) DESCRIBE ANY INTEREST IN PROPERTY, TANGIBLE OR INTANGIBLE, OR ANY OTHER ASSETS OR BUSINESS THAT MAY CONSTITUTE OR CAUSE A CONFLICT OF INTEREST WITH THE TRUSTEE'S DUTIES:

Date

Trustee, JFRS

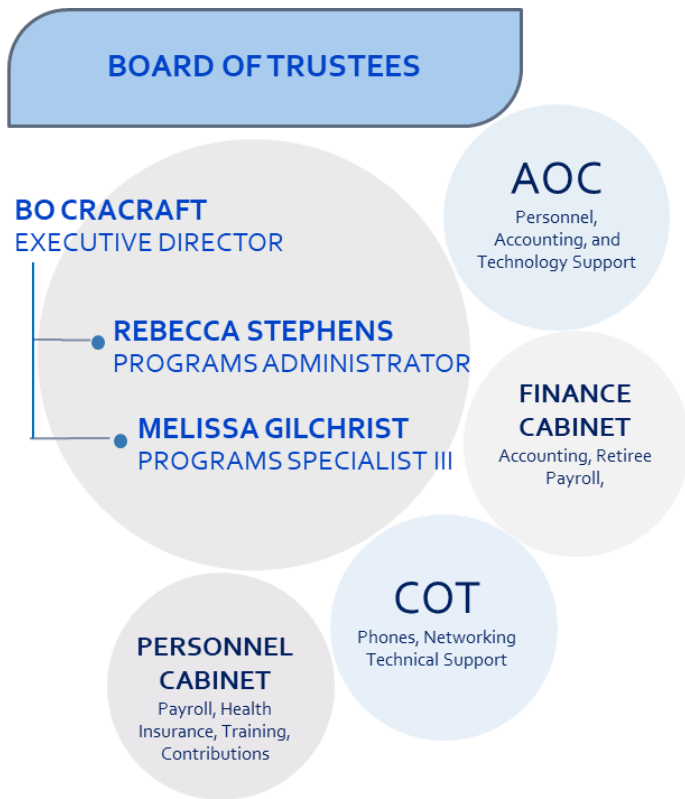
Appendix –

- Organization Chart & Service Providers



JUDICIAL FORM RETIREMENT SYSTEM

Organizational Structure



Service Providers

