

JUDICIAL FORM RETIREMENT SYSTEM

BOARD OF TRUSTEE MEETING – OCTOBER 20, 2023



AGENDA



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

October 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 July 14, 2023 Meetings.
- III. Election of Board and Committee Chairs.
- IV. Investment Related Matters.
 - A. Presentation by Lexington Investment Company.
 - B. Presentation by Hilliard Lyons Trust Company.
- V. Reports by Executive Director.
 - A. Public Pension Oversight Board
 - B. 2023 Actuarial Valuations – *Actionable Item*
 - C. 2024 Regular Session of General Assembly – *Actionable Item*
 - D. Blue and Co. Fiscal Year 2023 End Audit -- Verbal Update
 - E. Disability Retirement Application Review – *Actionable Item*
- VI. January 19, 2024 Meeting

ITEM II- **Adoption of Minutes**

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

July 14, 2023

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 offices of Baird Trust Company, 500 West Jefferson Street, Louisville, KY 40202 on Friday, July 14, 2023, at 10:00 a.m. All board members were present. JFRS staff present included Bo Cracraft, Executive Director. Guests joining the meeting included Don Asfahl, John Watkins, John Craddock and Andy Means of Baird Trust Company, along with Wesley Wickenheiser and Matthew Widdick of USI, Inc.

Chairman Venters called the meeting to order at 10:08 a.m. The trustees considered the adoption of the previously distributed *Minutes* of the April 21, 2023 meeting. Upon motion by Judge Douglas George, seconded by Representative Brad Montell, the board unanimously approved the *Minutes* of the April 21, 2023 meeting.

Chairman Venters recognized Mr. Cracraft, who notified the board that Stan Kerrick, Lexington Investment Partners, was not going to make the meeting. He noted for the record that *Lexington Investment's Compliance Report as of June 30, 2023* was included in board materials distributed to the Trustees in advance. Mr. Cracraft highlighted page one of the *Report*, noting that each plan is within its prescribed allocation and policy guidelines. In accordance with board policy, JFRS maintains a copy of the *Report*.

Chairman Venters welcomed Baird Trust Company, who joined the meeting at 10:11 a.m. Mr. Cracraft had previously distributed copies of Baird's *Investment Review for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement Fund* dated July 14, 2023. In accordance with Board policy, the System maintains a copy of the *Investment Review*.

Mr. Means began the review with a few comments regarding Baird's quarterly Market Commentary, titled "the Dawn of Artificial Technology." He noted that innovation had been constant throughout history and the development of artificial intelligence (AI) was now being seen as the next potentially life-changing innovation that will impact business and society as a whole. However, Mr. Means acknowledged it was hard to know or predict exactly how much AI would change the world. He referenced the internet, which proved to influence virtually every industry. He noted that in many cases the internet has led to new opportunities, growth, and increased productivity, but in other cases, it has been a disruptive and destructive force. For the

Baird investment team, their approach does not change. They do not believe they can predict the future or know exactly how AI is going to influence and impact the world. However, the team does the most successful business and management teams will likely figure out the best ways to integrate and utilize AI. And so the team plans to continue with their long-term business owner mindset, looking for strong companies led by strong management teams who they believe will invest and allocate capital in a prudent and profitable manner.

In response to a question from Mr. Ben Allison, concerning how the team managed companies, such as Home Depot, which experience short-term excessive gains, Mr. Means reiterated the teams desire to be long term owners, but admitted this desire had to be balanced with consideration of the current position of a company. In the case of Home Depot, they recognize the recent gains and accept that in the short term the company might weather a more difficult period, but like the long-term potential of the stock. Mr. Watkins added that in rating current holdings, the team often created ranges, such as cheap, about right, or expensive. A company, like Home Depot, might move from the cheap or attractively valued range, to about right, but if the team doesn't have really attractive alternatives, they tend to rely on the long-term relationship with management and their past experience of managing the business during times of headwind.

In response to a question from Mr. LeLaurin, regarding the need for a healthy level of skepticism, Mr. Means stated there is much left to be learned and the team wants to be disciplined and focused on valuation rather than just having exposure. He did note the portfolio does have some exposure through the likes of Apple, Microsoft, Meta and Google. Mr. Means pointed out that the team's healthy level of skepticism and discipline had at times led to short-term underperformance, but historically that discipline had served their clients very well when looking at longer term investment periods.

In response to a question from Mr. Ben Allison regarding major equity indexes and the increasing level of technology exposure, Mr. Means agreed that technology, especially as it relates to domestic exchanges and indexes, continue to grow and reflect just how strong the US has been in this industry. Interestingly enough, he also noted how companies like Google, which are largely acknowledged as tech companies aren't always classified as technology companies by index providers. And he noted the portfolio's current underweight to IT as a prime example of why the team doesn't overly concern themselves with sector or industry weightings.

Mr. Asfahl reviewed several economic statistics and discussed recent employment and consumer spending trends. He stated that jobs growth seemed to be slowing, but unemployment figures were still on lower end. CPI had declined more recently, however still above the Fed's target of 3 to 3.5 percent.

In response to a question from Representative Brad Montell regarding consumer debt and any concerns with its recent growth, Mr. Means highlighted employment as the key factor with regard to the consumer and their ability to handle debt. He also pointed out that current levels

represented a bit of a normalization post the global pandemic, when we saw debt levels come way down as spending slowed. Lastly, he noted consumer debt was rising, but not at a tremendous rate and that was coupled with the fact that average banking balances had also rose at a similar rate.

Mr. Asfahl continued with a review of 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 underweight to technology and stated the team had trimmed positions in Apple and Microsoft as valuations had risen and the team wanted to reduce a little exposure. In exchange, the team added to two existing holdings in Parker Hannifin and Schwab. Mr. Means also reviewed sector attribution and key individual contributors for several trailing periods.

In response to a few questions from trustees regarding Disney, its recent performance, and the future of streaming, Mr. Means agreed that the company was struggling and had been a mess on a couple fronts over the past year or so. He expressed confidence in Bob Iger and his return as the CEO and stated the team continued to own the stock because of what they believe it is worth in the long term and not necessarily today. As for streaming, Mr. Means referenced some recent news with regard to Hulu and Disney Plus becoming a bundle, which he thought would also come with some price increase. Mr. Watkins also stated that he believed Disney would cut back on some content creation and try to follow the proven road map of Netflix to profitability.

In response to a question from Chairman Venters regarding any holdings the team might be losing confidence in, Mr. Means stated that any position in the portfolio with a smaller allocation generally reflected less confidence and used US Bank as an example.

Mr. Craddock continued the presentation with a short review of the fixed income portion of the portfolios. He highlighted upcoming maturities and the team's plan for reinvestment. He noted rising rates have provided more opportunities for longer term bonds, but stated the portfolios duration would likely be just short of the index.

In response to a question from Mr. Ben Allison regarding the Plans' cash flow profile and need for cash to meet benefit needs, Mr. Craddock stated he was not overly concerned at this point given how manageable the cash flow needs were and the team's ability to ladder maturities. He did acknowledge there could be some slight drift at times, but the team could always sell shorter maturities if needed to keep good profile.

Mr. Asfahl continued the presentation with a review of recent performance and the portfolios' risk statistics. Mr. Asfahl also quickly highlighted the cash balance plans, which currently have a very similar risk and return profile. He reminded the trustees that all account held identical equity portfolios, while the two cash balance portfolios utilized a basket of ETFs to

try and best mirror the fixed income allocations. Over the shorter, 1-year period, the ETFs had slightly outperformed the legacy portfolios.

In closing, Mr. Asfahl drew attention to a few pages in the board materials that staff had requested related to a statutory requirement to review the Board's actuarially assumed rate of return. Mr. Asfahl noted the Board was going to hear from their actuary after lunch, but staff had asked the Baird investment team to provide some capital market information as another data point to consider. Mr. Asfahl reviewed several items, included a summary of expected returns and risk given several portfolio allocations. At the current target allocation of 70% equity and 30% fixed income, the expected portfolio return was 6.87%, which was in line with the Board current assumption of 6.50% annually.

Chairman Venters recognized Mr. Cracraft to discuss one additional investment related topic. Mr. Cracraft informed the Board that JFRS staff, in coordination with Baird, had completed the annual cash balance interest credit calculation. He reminded the trustees that the base annual interest rate is 4%, but the member and plan shared any upside at a 75/25 split, based on the Plans' trailing 5-year plan. For the period ending June 30, 2023, the annual interest credit (guarantee + upside sharing) was calculated as 8.18% for JRP and 8.13% for LRP.

The meeting recessed for lunch at 12:00 and reconvened at 12:20 p.m. Mr. Asfahl, Mr. Means, Mr. Watkins and Mr. Craddock departed the meeting.

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

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

April 24, 2023 – Each state-administered retirement system was on the agenda and provided an investment update. A copy of the JFRS presentation had been included in the board materials.

May 22, 2023 – CERS was the only retirement plan on the agenda, but JFRS staff did attend the meeting. CERS reviewed results of a recent experience study, specifically relating to their Board's decision to raise their assumed rate of return from 6.25% to 6.5%. In addition, LRC staff provided a short presentation concerning projected employer contributions and the expected impact of those on the general state budget.

Mr Cracraft noted the Oversight Board did NOT meeting in June and had already decided to not meet in July.

(B) Proxy Voting Policy. Mr. Cracraft stated the next item was a follow up to a discussion held by the Board during their April meeting. It was a follow up to House Bill 236,

which had passed during the 2023 regular session and addressed fiduciary duty, ESG investing, and proxy voting.

After doing some research, JFRS staff provided the Board with a proposed Proxy Voting Policy for review and adoption. Mr. Cracraft stated the Board of Trustees would adopt the policy, but the underlying language of the policy would delegate voting of all proxies to Baird according to their approved policy. In addition, staff included additional language to clearly make sure the additional voting and reporting requirements of HB236 were outlined. Mr. Cracraft stated that members of the Baird team had reviewed the proposed draft and did not express any concern.

After a short discussion amongst the trustees, Mr. Ben Allison made a motion on behalf of the Investment Committee for the Judicial Retirement Fund, which was seconded by Judge John Grise. Representative Brad Montell made a motion on behalf of the Investment Committee for the Legislative Retirement Fund, which was seconded by Mr. Stephen LeLaurin, to adopt the JFRS Proxy Policy, as drafted by staff, effective July 14, 2023. The motions passed both committees unanimously.

(C) Actuarial Related Items. Mr. Cracraft recognized Mr. Wesley Wickenheiser and Mr. Matthew Widick of USI, Inc. (USI), the Systems' Actuary. Mr. Wickenheiser joined the meeting in person, while Mr. Widick joined virtually to review the Plans' current economic assumptions.

Mr Cracraft reminded the trustees of HB 76, which as passed during the 2022 Regular Session and required JFRS conduct an actuarial investigation of economic assumptions every two years rather than the previously required five-year period. Mr. Cracraft also referenced a *Biennial Review of Economic Assumptions (HB 76)* staff memo that was included in the meeting materials and served to summarize some the information. In addition, staff asked USI to provide additional information to support the Board and discussion.

Mr. Wickenheiser began his presentation with a review of the Plans' assumed rate of inflation. He noted that almost all economic assumptions incorporated inflation as a building block component. However, concerning JRP and LRP, based on his research he stated the Board, at least more recently, had not always explicitly approved a separate inflation rate. During the PPOB actuarial audit, it was noted that both JRP and LRP were assuming a rate of 3.0%, but Mr. Wickenheiser noted that probably had been the case for over 15 years. During that same 15 year period, he pointed out the plan revised their assumed rate of return and wage growth assumptions on multiple occasions. Mr. Wickenheiser reviewed some trailing period averages, a recent NASRA brief, along with the JFRS staff memo, and acknowledged the 3.0% assumption was probably a bit high. He recommended the Board take the opportunity to adopt a separate inflation assumption of 2.5%.

Next, Mr. Wickenheiser began to review the Plans' assumed rate of return, or discount rate. He started with reviewing recent investment performance and the current allocation of assets. Using the Portfolios' current allocations, he reviewed expected returns that were based

on capital market assumptions available to USI through Principal Financial. Using a broad market index return, Mr. Wickenheiser stated the expected total portfolio return was estimated to be 6.37%, which was built upon a 2.5% inflation estimate and 3.87% expected real rate of return. While this estimate was below the Plans' current assumption of 6.5%, Mr. Wickenheiser reminded the Board these estimates were based off of index returns and did not incorporate active management. Historically, both JRP and LRP posted returns in excess of their blended performance index. In an attempt to incorporate some active component, USI provided a summary of 10-year weighted returns, using a mix of historical and expected performance. Mr. Wickenheiser highlighted that at a 6.5% assumption, only one had to weight historical performance at 10% to meet the assumption, which he noted would be a conservative and prudent level of active risk. Lastly, Mr. Wickenheiser reviewed industry trends, which have shown a steady decline in assumptions over the past 20 years. However, at 6.5%, JFRS remains below the median and average assumptions of 7.0% and 6.92%. In closing, Mr. Wickenheiser stated he believed the 6.5% assumption was reasonable, even with a lower inflation assumption.

Mr. Cracraft also highlighted two additional economic assumptions, which included the Plans' wage growth assumption and a non-legislative compensation load utilized in the LRP plans. First, related to wage growth, he highlighted that recent budgetary salary increments have likely exceeded short-term assumptions, but over the longer term, it was difficult to suggest making a change at this time. In addition, he noted that as the plan matures and the membership becomes more cash balance oriented, the impact of salary increases is not as material. Concerning the non-legislative compensation, Mr. Cracraft acknowledged the load had garnered some attention during the actuarial audit and expressed belief that a lot of that attention was due to the unusual but significant nature of the assumption. While he admitted both were true, he also referenced the most recent Experience Study, which reflected actual data that was in line with the assumption. He stated that staff was trying to better track members who may be subject to non-legislative compensation and that the number is dwindling given few legacy members are left. Given the current funding level of LRP and the fact that employer contributions have not been received for several years, being conservative with the assumption makes sense.

There was a healthy discussion amongst the trustees regarding the information provided by staff, USI, and previously presented by Baird Trust. Following the discussion, Mr. Ben Allison made a motion on behalf of the Investment Committee for the Judicial Retirement Fund, which was seconded by Judge John Grise. Mr. LeLaurin made a motion on behalf of the Investment Committee for the Legislative Retirement Fund, which was seconded by Representative Brad Montell. Both motions were to adopt an assumed discount rate of 6.5%, which was built upon a 2.5% assumed rate of inflation and 4.0% assumed real rate of return. The motions passed both committees unanimously. The Board did not take any action regarding wage growth and non-legislative compensation load assumptions.

(D) Retiree Health Insurance. Mr. Cracraft referenced the *2024 Retiree Health Insurance – KEHP and Medicare Advantage Plan Premiums* staff memo that was included in the meeting materials and outlined proposed rates for the upcoming plan year.

Mr. Cracraft began with a discussion on the Kentucky Employees Health Plan (KEHP), in which retirees and dependents who are under the age of 65 participate. He reviewed rates for the three different KEHP plans and highlighted that 2024 premiums were increasing on average 11.6% from the prior year. He also reminded the trustees that as of the June 2021 funding valuations, both the LRP and JRP health insurance trusts were funded at a level well above 100% and had a surplus of actuarial assets.

Following a discussion, Judge Douglas George made a motion, seconded by Judge John Grise, to utilize the Kentucky Employees' Health Plan (KEHP) to provide non-Medicare eligible retirees and dependents health insurance coverage with a monthly contribution level for each classification (single, parent-plus, couple, family) equivalent to the Living Well PPO plan premium. The percentage of payment by the respective Plan is dependent upon the retiree's years of service and any balance will be deducted from the retiree's monthly benefit. If a retiree failed to comply with the 2023 Living Well promise, the \$40.00 monthly KEHP assessment will be the member's responsibility and deducted from their monthly allowance.

Next, Mr. Cracraft reviewed the proposed premiums for the Humana Medicare Advantage plan, which retirees and dependents who have reached the age of 65 and older utilize. In addition to the renewal of 2023 benefits, staff asked Humana to also provide premium cost information for adding basic vision and hearing coverage to the Medicare plans. Mr. Cracraft acknowledged that increasing benefits at any level needed to be considered carefully, but reminded them that the Board considered vision coverage in the prior year and other state sponsored plans had considered and added basic dental, hearing, and vision coverage over the past couple of years.

There was a discussion amongst the remaining trustees regarding the Medicare plans and adding vision benefits. Staff provided the Board with an estimate of the total cost for LRP and JRP with and without the vision coverage. Following the discussion, Judge John Grise made a motion, seconded by Mr. Stephen LeLaurin, to renew its hospital and medical insurance contract with Humana for calendar year 2024, and to set the 2024 monthly contribution level at \$365.91, which includes the addition of a basic vision policy for each JFRS Humana Medicare Advantage plan policyholder. To avoid a conflict of interest, Chairman Daniel Venters, Judge Douglas George, Representative Brad Montell, and Representative Scott Brinkman did not vote concerning 2024 medical benefits provided to Medicare eligible members and recipients. The motion passed unanimously.

(E) EOY Processing/Annual Financial Audit. Mr. Cracraft provided an update on the fiscal year end activities. He informed the Board that staff was very close to closing out the year financially and is hoping to quickly start the annual financial process. He also noted staff was

working on a budget request, annual member statements, and gathering the actuarial valuation data.

(F) Pension Administration Software. Mr. Cracraft provided an update on the Pension Administration Software (MARC) Project and informed the Board that staff officially went live with the new system as of that week. Staff had a lot of work still left to complete, but look forward to generating annual statements and taking advantage of the many enhancements it has to offer.

There being no further business, the meeting adjourned at 2:24 p.m.

Justice Daniel Venters, Chairman
Judicial Form Retirement System Board of Trustees

Mr. Ben Allison, Chairman
Judicial Retirement Fund Investment Committee

Rep. Brad Montell, Chairman
Legislators Retirement Fund Investment Committee

Bo Cracraft, Executive Director

ITEM III-

Investment Related Matters

- A. **Lexington Investment Company**
Quarterly Compliance & Cash Flow Report

- B. **Baird Trust Company**
Quarterly Investment/Performance Review

LEXINGTON INVESTMENTS LLC

Kentucky Judicial and Legislators Retirement Funds

INVESTMENT POLICY STATEMENT COMPLIANCE

July 1, 2023 – September 30, 2023

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 September 30th were Judicial 71.4%, and Legislators 72.4%.
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 allocations on September 30th were Judicial 28.6%, and Legislators 27.6%. 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. CLC. On September 30th these positions represent 15.6% of the total equity portfolio in the Judicial Fund and 15.7% 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 there were no equity purchases in the Judicial Fund and no purchases in the Legislators 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 September 30th, the Judicial Fund's 8% limit was \$30,634,480 and the Legislators Fund's 8% limit was \$8,874,415. None of the equity positions in either Fund exceeded those market values during the quarter.
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 September 30th the modified duration of the Judicial Fund was 3.54 years, and Legislators 3.30 years, each fund less than 1 year of the duration of the benchmark which was 3.30 years.
7. During the quarter there were two bond maturities for each account: \$3.5MM + \$1MM Oracle and \$3.5MM + \$1MM PNC Bank respectively, and no sales or early redemptions. Corporate bonds were purchased for the Judicial and Legislators accounts. None of the purchases had a duration exceeding 15 years, or cost which exceeded 5% of the respective account's fixed-income market value. Please refer to the following pages for details of each purchase.

2365 Harrodsburg Road • Ste. B120 • Lexington, Kentucky 40504

(859) 224-7073 • (800) 264-7073

Account #
LD3-002162

Registration
Corporation

Primary Account Holder
KY LEGISLATORS RETIREMENT FUND

Account Source
NFS

Account History
Results (5)

Settlement Date	Trade Date	Transaction Type	Transaction Description	Security ID	Security Description	Quantity	Net Amount	Price	Commission	Account Type
24-Jul-2023	20-Jul-2023	Buy	YOU BOUGHT SOLICITED ORDER	91159HJJ0	US BANCORP MTN CALL MAKE WHOLE 5.85000% 10/21/2033	500,000.000	-\$510,006.25 USD	\$100.490000 USD	--	DVP/RVP
24-Jul-2023	20-Jul-2023	Buy	YOU BOUGHT SOLICITED ORDER	30303M8L9	META PLATFORMS INC NOTE CALL MAKE WHOLE 4.60000% 05/15/2028	1,000,000.000	-\$1,008,130.00 USD	\$99.778000 USD	--	DVP/RVP
24-Jul-2023	20-Jul-2023	Buy	YOU BOUGHT SOLICITED ORDER	037833EV8	APPLE INC NOTE CALL MAKE WHOLE 4.30000% 05/10/2033	500,000.000	-\$504,389.44 USD	\$99.994000 USD	--	DVP/RVP
14-Aug-2023	11-Aug-2023	Buy	YOU BOUGHT SOLICITED ORDER	3133EPSE6	FEDERAL FARM CR BKS BOND 4.50000% 08/08/2033	1,000,000.000	-\$991,300.00 USD	\$99.055000 USD	--	DVP/RVP
16-Aug-2023	14-Aug-2023	Buy	YOU BOUGHT SOLICITED ORDER	58013MFV1	MCDONALDS CORP MTN CALL MAKE WHOLE 4.95000% 08/14/2033	1,000,000.000	-\$987,625.00 USD	\$98.735000 USD	--	DVP/RVP

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Important History Information

The History window displays the most recent account history. For account history prior to what can be displayed here, please check the account statements.

Net Amounts displayed are based on prices obtained from sources that may include pricing vendors, broker-dealers who clear through National Financial Services LLC (NFS) and/or other sources. For in-kind distributions from retirement accounts, the net amount is calculated using the end-of-day closing price of the security on the day that the distribution was initiated.

For international accounts, investment results may be impacted by foreign currency fluctuations. Foreign cash positions will not affect margin requirements or calculations. Balances are converted to USD nightly for purpose of calculating Net Worth field only. This conversion will not impact positions.

The market value of loaned securities is included in Total Account Value or Account Net Worth. All loaned securities are secured by collateral provided to the lender pursuant to a lending agreement executed by the lender. Loaned securities are not covered under SIPC.

Assets Held-Away

The information for assets not held or custodied by National Financial Services LLC (NFS) and Fidelity Brokerage Services LLC (FBS) (together "Fidelity") and which may be referred to as "Assets Held-Away," "Held-Away Assets," "Held-Away Accounts," or "Other Away Assets" (hereinafter referred to as "Assets Held-Away") is included for informational purposes only and may reflect assets held at various custodians. Assets Held-Away are not part of the brokerage account at Fidelity and may not be covered by SIPC. Fidelity is not able to verify the existence of Assets Held-Away or the accuracy or timeliness of the positions or prices reported. Prices shown do not necessarily reflect the actual current market prices. As a result, such information should not be relied upon for tax reporting or other purposes.

Gain/loss information, Total Closing Value, Total Client Value, and/or Total Portfolio Value may include Assets Held-Away.

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Account # LD3-002161	Registration Corporation	Primary Account Holder KY JUDICIAL RETIREMENT FUND	Account Source NFS
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Account History
Results (6)

Settlement Date	Trade Date	Transaction Type	Transaction Description	Security ID	Security Description	Quantity	Net Amount	Price	Commission	Account Type
24-Jul-2023	20-Jul-2023	Buy	YOU BOUGHT SOLICITED ORDER	91159HJ0	US BANCORP MTN CALL MAKE WHOLE 5.85000% 10/21/2033	1,500,000.000	-\$1,530,018.75 USD	\$100.490000 USD	--	DVP/RVP
24-Jul-2023	20-Jul-2023	Buy	YOU BOUGHT SOLICITED ORDER	30303M8L9	META PLATFORMS INC NOTE CALL MAKE WHOLE 4.60000% 05/15/2028	4,000,000.000	-\$4,032,520.00 USD	\$99.778000 USD	--	DVP/RVP
24-Jul-2023	20-Jul-2023	Buy	YOU BOUGHT SOLICITED ORDER	037833EV8	APPLE INC NOTE CALL MAKE WHOLE 4.30000% 05/10/2033	1,500,000.000	-\$1,513,168.33 USD	\$99.994000 USD	--	DVP/RVP
14-Aug-2023	11-Aug-2023	Buy	YOU BOUGHT SOLICITED ORDER	3133EPSE6	FEDERAL FARM CR BKS BOND 4.50000% 08/08/2033	4,000,000.000	-\$3,965,200.00 USD	\$99.055000 USD	--	DVP/RVP
16-Aug-2023	14-Aug-2023	Buy	YOU BOUGHT SOLICITED ORDER	58013MFV1	MCDONALDS CORP MTN CALL MAKE WHOLE 4.95000% 08/14/2033	4,000,000.000	-\$3,950,500.00 USD	\$98.735000 USD	--	DVP/RVP
21-Aug-2023	17-Aug-2023	Buy	YOU BOUGHT SOLICITED ORDER	701094AS3	PARKER-HANNIFIN CORP NOTE CALL MAKE WHOLE 4.50000% 09/15/2029	4,000,000.000	-\$3,907,080.00 USD	\$95.727000 USD	--	DVP/RVP

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Cash Reconciliation Report

From 07/01/2023 to 09/30/2023

KENTUCKY JUDICIAL

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
07/01/2023		CASH Beginning Balance		4,627,760.92
07/03/2023		Interest CASH	12,872.78	4,640,633.70
07/07/2023		Dividend OMNICOM GROUP	91,210.00	4,731,843.70
07/10/2023		Dividend iShares 1-3 YR TSY ETF	321.38	4,732,165.08
07/13/2023		Interest DISNEY WALT CO	59,625.00	4,791,790.08
07/14/2023		Dividend PROGRESSIVE CORP-OHIO	19,980.00	4,811,770.08
07/15/2023		Interest JOHNSON & JOHNSON	72,500.00	4,884,270.08
07/15/2023		Interest CHEVRON USA INC	96,250.00	4,980,520.08
07/17/2023	07/19/2023	Sell ORACLE CORP -3500000.00	3,563,437.50	8,543,957.58
07/17/2023		Dividend U S BANCORP	92,976.00	8,636,933.58
07/19/2023	07/21/2023	Sell TE CONNECTIVITY LTD -3325.00	473,635.15	9,110,568.73
07/19/2023	07/21/2023	Sell ALPHABET INC- CL C -5450.00	676,825.72	9,787,394.45
07/19/2023	07/21/2023	Sell APPLE INC. -4250.00	824,764.13	10,612,158.58
07/19/2023	07/21/2023	Sell BANKAMERICA CORP. -5400.00	169,970.65	10,782,129.23
07/19/2023	07/21/2023	Sell BERKSHIRE HATH--B -2275.00	778,454.41	11,560,583.64
07/19/2023	07/21/2023	Sell CARMAX INC. -2800.00	240,389.83	11,800,973.47
07/19/2023	07/21/2023	Sell CISCO SYSTEMS INC -3050.00	158,419.70	11,959,393.17
07/19/2023	07/21/2023	Sell DISNEY (WALT) CO. -4150.00	361,931.47	12,321,324.64
07/19/2023	07/21/2023	Sell EXPEDITORS INTERNATIONAL -2500.00	309,574.27	12,630,898.91
07/19/2023	07/21/2023	Sell META PLATFORMS INC CL A -1000.00	317,865.15	12,948,764.06
07/19/2023	07/21/2023	Sell FASTENAL CO. -7300.00	414,689.24	13,363,453.30
07/19/2023	07/21/2023	Sell GENERAL ELECTRIC NEW -4360.00	476,693.29	13,840,146.59
07/19/2023	07/21/2023	Sell HOME DEPOT -2275.00	725,221.19	14,565,367.78
07/19/2023	07/21/2023	Sell JP MORGAN -4550.00	703,529.48	15,268,897.26
07/19/2023	07/21/2023	Sell JOHNSON & JOHNSON -3500.00	556,789.54	15,825,686.80
07/19/2023	07/21/2023	Sell MICROSOFT CORP -2450.00	879,717.89	16,705,404.69
07/19/2023	07/21/2023	Sell O'REILLY AUTOMOTIVE INC. -525.00	506,775.82	17,212,180.51
07/19/2023	07/21/2023	Sell OMNICOM GROUP -3750.00	328,071.00	17,540,251.51
07/19/2023	07/21/2023	Sell PARKER-HANNIFIN CORP -1050.00	420,757.15	17,961,008.66
07/19/2023	07/21/2023	Sell PFIZER INC -6700.00	244,336.99	18,205,345.65
07/19/2023	07/21/2023	Sell PROGRESSIVE CORP-OHIO -5775.00	682,007.60	18,887,353.25
07/19/2023	07/21/2023	Sell SCHWAB (CHAS) -9600.00	645,722.51	19,533,075.76
07/19/2023	07/21/2023	Sell TJX COS INC NEW -4300.00	366,730.30	19,899,806.06
07/19/2023	07/21/2023	Sell U S BANCORP -5600.00	215,367.55	20,115,173.61
07/19/2023	07/21/2023	Sell UNION PACIFIC -1350.00	289,100.32	20,404,273.93
07/19/2023	07/21/2023	Sell WELLS FARGO -4475.00	206,978.28	20,611,252.21
07/20/2023		Interest CVS HEALTH CORP	67,812.50	20,679,064.71
07/20/2023	07/24/2023	Buy META PLATFORMS NOTE 4000000.00	(4,032,520.00)	16,646,544.71
07/20/2023	07/24/2023	Buy U.S. BANCORP MTN 1500000.00	(1,530,018.75)	15,116,525.96
07/20/2023	07/24/2023	Buy AAPLE INC NOTE 1500000.00	(1,513,168.33)	13,603,357.63
07/23/2023	07/23/2023	Sell PNC BK N A PITTSBURGH -3000000.00	3,057,000.00	16,660,357.63
07/25/2023		Interest SCHWAB CHARLES CORP	72,000.00	16,732,357.63
07/25/2023		Dividend GENERAL ELECTRIC NEW	12,064.80	16,744,422.43
07/26/2023		Dividend CISCO SYSTEMS INC	41,340.00	16,785,762.43
07/29/2023		Interest INTEL CORP	92,500.00	16,878,262.43
07/30/2023		Interest U S BANCORP MTNS BE	64,750.00	16,943,012.43
07/31/2023		Interest CASH	1,279.19	16,944,291.62
07/31/2023		Interest ALTRIA GROUP INC	70,000.00	17,014,291.62
07/31/2023		Dividend JP MORGAN	156,750.00	17,171,041.62
08/01/2023		Interest CASH	33,061.37	17,204,102.99
08/01/2023		Interest COMCAST CORP NEW	59,625.00	17,263,727.99
08/04/2023		Withdrawal CASH	(3,000,000.00)	14,263,727.99
08/07/2023		Dividend iShares 1-3 YR TSY ETF	330.46	14,264,058.45
08/11/2023	08/14/2023	Buy FEDERAL FARM CREDIT BANKS 4000000.0	(3,965,200.00)	10,298,858.45
08/12/2023		Interest INTERNATIONAL BUS MACH	63,437.50	10,362,295.95
08/14/2023	08/16/2023	Buy MCDONALDS CORP MTN 4000000.00	(3,950,500.00)	6,411,795.95
08/15/2023		Interest HOME DEPOT INC	56,250.00	6,468,045.95
08/15/2023		Interest VERIZON COMMUNICATIONS	59,062.50	6,527,108.45
08/17/2023		Dividend APPLE INC.	34,212.00	6,561,320.45
08/17/2023	08/21/2023	Buy PARKER-HANNIFIN CORP NOTE 4000000.00	(3,907,080.00)	2,654,240.45
08/24/2023		Dividend FASTENAL CO.	86,205.00	2,740,445.45
08/25/2023		Dividend SCHWAB (CHAS)	80,900.00	2,821,345.45
08/31/2023		Interest CASH	1,198.47	2,822,543.92
08/31/2023		Dividend TJX COS INC NEW	48,013.00	2,870,556.92
09/01/2023		Dividend CASH	37,442.81	2,907,999.73
09/01/2023		Dividend WELLS FARGO	52,683.75	2,960,683.48

Cash Reconciliation Report

From 07/01/2023 to 09/30/2023

KENTUCKY JUDICIAL

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
09/01/2023		Dividend TE CONNECTIVITY LTD	66,021.00	3,026,704.48
09/04/2023		Interest TEXAS INSTRUMENTS	50,625.00	3,077,329.48
09/05/2023		Interest CISCO SYS INC	63,437.50	3,140,766.98
09/05/2023		Dividend PFIZER INC	92,701.00	3,233,467.98
09/07/2023		Interest MERCK & CO. INC	76,500.00	3,309,967.98
09/07/2023		Dividend JOHNSON & JOHNSON	140,182.00	3,450,149.98
09/08/2023		Dividend iShares 1-3 YR TSY ETF	321.06	3,450,471.04
09/08/2023		Dividend PARKER-HANNIFIN CORP	52,910.00	3,503,381.04
09/14/2023		Dividend MICROSOFT CORP	56,134.00	3,559,515.04
09/14/2023		Dividend HOME DEPOT	159,728.25	3,719,243.29
09/15/2023		Interest PARKER-HANNIFIN CORP NOTE	90,000.00	3,809,243.29
09/19/2023		Interest PEPSICO INC	65,625.00	3,874,868.29
09/26/2023		Interest KIMBERLY-CLARK CORP	69,750.00	3,944,618.29
09/26/2023		Interest PROGRESSIVE CORP	72,000.00	4,016,618.29
09/29/2023		Dividend BANKAMERICA CORP.	43,536.00	4,060,154.29
09/29/2023		Dividend UNION PACIFIC	58,955.00	4,119,109.29
09/30/2023		CASH Ending Balance		4,119,109.29

Cash Reconciliation Report

From 07/01/2023 to 09/30/2023

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
07/01/2023		CASH Beginning Balance		822,466.71
07/03/2023		Interest CASH	1,703.71	824,170.42
07/07/2023		Dividend OMNICOM GROUP	26,477.50	850,647.92
07/10/2023		Dividend iShares 1-3 YR TSY ETF	362.59	851,010.51
07/13/2023		Interest DISNEY WALT CO	16,562.50	867,573.01
07/14/2023		Dividend PROGRESSIVE CORP-OHIO	5,715.00	873,288.01
07/15/2023		Interest JOHNSON & JOHNSON	18,125.00	891,413.01
07/15/2023		Interest CHEVRON USA INC	24,062.50	915,475.51
07/17/2023	07/17/2023	Sell ORACLE CORP -1000000.00	1,018,125.00	1,933,600.51
07/17/2023		Dividend U S BANCORP	26,064.00	1,959,664.51
07/19/2023	07/21/2023	Sell TE CONNECTIVITY LTD -1050.00	149,568.99	2,109,233.50
07/19/2023	07/21/2023	Sell ALPHABET INC- CL C -1675.00	208,015.24	2,317,248.74
07/19/2023	07/21/2023	Sell APPLE INC. -1300.00	252,280.79	2,569,529.53
07/19/2023	07/21/2023	Sell BANKAMERICA CORP. -1650.00	51,935.48	2,621,465.01
07/19/2023	07/21/2023	Sell BERKSHIRE HATH--B -700.00	239,524.43	2,860,989.44
07/19/2023	07/21/2023	Sell CARMAX INC. -825.00	70,829.15	2,931,818.59
07/19/2023	07/21/2023	Sell CISCO SYSTEMS INC -925.00	48,045.31	2,979,863.90
07/19/2023	07/21/2023	Sell DISNEY (WALT) CO. -1275.00	111,195.81	3,091,059.71
07/19/2023	07/21/2023	Sell EXPEDITORS INTERNATIONAL -750.00	92,872.28	3,183,931.99
07/19/2023	07/25/2023	Sell META PLATFORMS INC CL A -300.00	95,359.54	3,279,291.53
07/19/2023	07/21/2023	Sell FASTENAL CO. -2200.00	124,974.83	3,404,266.36
07/19/2023	07/21/2023	Sell GENERAL ELECTRIC NEW -1325.00	144,866.66	3,549,133.02
07/19/2023	07/21/2023	Sell HOME DEPOT -700.00	223,144.98	3,772,278.00
07/19/2023	07/21/2023	Sell JP MORGAN -1350.00	208,739.51	3,981,017.51
07/19/2023	07/21/2023	Sell JOHNSON & JOHNSON -1075.00	171,013.93	4,152,031.44
07/19/2023	07/21/2023	Sell MICROSOFT CORP -750.00	269,301.39	4,421,332.83
07/19/2023	07/21/2023	Sell O'REILLY AUTOMOTIVE INC. -150.00	144,793.09	4,566,125.92
07/19/2023	07/21/2023	Sell OMNICOM GROUP -1150.00	100,608.44	4,666,734.36
07/19/2023	07/21/2023	Sell PARKER-HANNIFIN CORP -300.00	120,216.32	4,786,950.68
07/19/2023	07/21/2023	Sell PFIZER INC -2000.00	72,936.41	4,859,887.09
07/19/2023	07/21/2023	Sell PROGRESSIVE CORP-OHIO -2000.00	206,608.38	5,066,495.47
07/19/2023	07/21/2023	Sell SCHWAB (CHAS) -2900.00	195,062.00	5,261,557.47
07/19/2023	07/21/2023	Sell TJX COS INC NEW -1300.00	110,871.95	5,372,429.42
07/19/2023	07/21/2023	Sell U S BANCORP -1650.00	63,456.51	5,435,885.93
07/19/2023	07/21/2023	Sell UNION PACIFIC -400.00	85,659.35	5,521,545.28
07/19/2023	07/21/2023	Sell WELLS FARGO -1350.00	62,440.38	5,583,985.66
07/20/2023		Interest CVS HEALTH CORP	19,375.00	5,603,360.66
07/20/2023	07/24/2023	Buy META PLATFORMS NOTE 1000000.00	(1,008,130.00)	4,595,230.66
07/20/2023	07/24/2023	Buy U.S. BANCORP MTN 500000.00	(510,006.25)	4,085,224.41
07/20/2023	07/24/2023	Buy AAPLE INC NOTE 500000.00	(504,389.44)	3,580,834.97
07/23/2023	07/23/2023	Sell PNC BK N A PITTSBURGH -1000000.00	1,019,000.00	4,599,834.97
07/25/2023		Interest SCHWAB CHARLES CORP	20,000.00	4,619,834.97
07/25/2023		Dividend GENERAL ELECTRIC NEW	3,541.60	4,623,376.57
07/26/2023		Dividend CISCO SYSTEMS INC	12,070.50	4,635,447.07
07/29/2023		Interest INTEL CORP	23,125.00	4,658,572.07
07/30/2023		Interest U S BANCORP MTNS BE	18,500.00	4,677,072.07
07/31/2023		Interest CASH	60.59	4,677,132.66
07/31/2023		Interest CASH	1,269.38	4,678,402.04
07/31/2023		Interest ALTRIA GROUP INC	20,000.00	4,698,402.04
07/31/2023		Dividend JP MORGAN	45,100.00	4,743,502.04
08/01/2023		Interest CASH	4,921.31	4,748,423.35
08/01/2023		Interest COMCAST CORP NEW	16,562.50	4,764,985.85
08/04/2023		Withdrawal CASH	(2,000,000.00)	2,764,985.85
08/05/2023		Interest UNION PACIFIC CORP	12,000.00	2,776,985.85
08/07/2023		Dividend iShares 1-3 YR TSY ETF	372.83	2,777,358.68
08/11/2023	08/14/2023	Buy FEDERAL FARM CREDIT BANKS 1000000.0	(991,300.00)	1,786,058.68
08/12/2023		Interest INTERNATIONAL BUS MACH	18,125.00	1,804,183.68
08/14/2023	08/16/2023	Buy MCDONALDS CORP MTN 1000000.00	(987,625.00)	816,558.68
08/15/2023		Interest VERIZON COMMUNICATIONS	16,406.25	832,964.93
08/15/2023		Interest HOME DEPOT INC	18,750.00	851,714.93
08/17/2023		Dividend APPLE INC.	10,008.00	861,722.93
08/24/2023		Dividend FASTENAL CO.	24,955.00	886,677.93
08/25/2023		Dividend SCHWAB (CHAS)	23,050.00	909,727.93
08/31/2023		Interest CASH	1,116.73	910,844.66
08/31/2023		Dividend TJX COS INC NEW	13,898.50	924,743.16
09/01/2023		Dividend CASH	5,404.95	930,148.11

Cash Reconciliation Report

From 07/01/2023 to 09/30/2023

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
09/01/2023		Dividend WELLS FARGO	15,102.50	945,250.61
09/01/2023		Dividend TE CONNECTIVITY LTD	19,617.50	964,868.11
09/04/2023		Interest TEXAS INSTRUMENTS	14,062.50	978,930.61
09/05/2023		Interest CISCO SYS INC	18,125.00	997,055.61
09/05/2023		Dividend PFIZER INC	26,650.00	1,023,705.61
09/07/2023		Interest MERCK & CO. INC	21,250.00	1,044,955.61
09/07/2023		Dividend JOHNSON & JOHNSON	40,370.75	1,085,326.36
09/08/2023		Dividend iShares 1-3 YR TSY ETF	362.22	1,085,688.58
09/08/2023		Dividend PARKER-HANNIFIN CORP	15,244.00	1,100,932.58
09/14/2023		Dividend MICROSOFT CORP	16,201.00	1,117,133.58
09/14/2023		Dividend HOME DEPOT	45,927.75	1,163,061.33
09/15/2023		Interest PARKER-HANNIFIN CORP NOTE	28,125.00	1,191,186.33
09/19/2023		Interest PEPSICO INC	16,406.25	1,207,592.58
09/26/2023		Interest PROGRESSIVE CORP	20,000.00	1,227,592.58
09/29/2023		Dividend BANKAMERICA CORP.	12,648.00	1,240,240.58
09/29/2023		Dividend UNION PACIFIC	17,030.00	1,257,270.58
09/30/2023		CASH Ending Balance		1,257,270.58



Investment Review
KY Judicial Retirement Fund
KY Legislators Retirement Fund
October 20, 2023

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The Challenges and Rewards of Holding

“It’s not the things you buy and sell that make you money; it’s the things you hold.” – Howard Marks, Co-Chairman of Oaktree Capital

“The big money is not in the buying and selling, but in the waiting.” – Charlie Munger, Vice Chair of Berkshire Hathaway

We believe the best way for us to grow your wealth over time is by owning shares of successful businesses for many years – often a decade or longer. A company’s long-term business success, driven by profitable growth over many years, allows compound interest to work its magic on its stock price. Compound interest has been called the eighth wonder of the world, and we would strongly agree – but it takes many years for its profound effect to be revealed.

Theory vs. Practice

Charlie Munger often states, “The first rule of compounding is to never interrupt it unnecessarily.” This idea sounds simple in theory but is extraordinarily difficult in practice. Given Wall Street’s and the business media’s short attention span, it would seem most investors have ignored this simple and straightforward advice.

To see why, just look at one of many wildly successful companies whose stock prices had risen significantly over 20–25 years, and whose long-term owners made 10×, 20× and even 100× their original investment. Using hindsight as a guide, it’s easy to zoom out over their stock chart and convince yourself it was easy to buy-and-hold over such a long period of time.

Yet very few investors achieve these huge returns. If you zoom in on any short time period (3 months, 6 months, even 12 or 24 months), you’ll see why: The stock prices of these successful companies tend to fluctuate wildly in the short term. These sharp price

changes are driven by constant daily noise that can convince even an experienced investor that a portfolio change needs to be made. At times like these, that investor must rely on the courage of their long-term convictions not to sell. The daily drum beat of reasons to sell can be difficult for even the most successful investors to tune out – which is why multi-decade holding periods are so rare today.

Distractions Are Always Present

Today's unsettled environment provides nervous investors many reasons to constantly reshuffle their portfolio. Here is just a partial list:

- Stubbornly high inflation
- Aggressive Fed policy and surging interest rates
- Heightened economic uncertainty
- The unknowable impacts of artificial intelligence and other technological innovation
- War in Europe and deteriorating relations with China
- The resurgence of labor union power
- Political polarization and dysfunction in Congress

We have written about many of these challenges in recent quarterly commentaries, and truthfully, we don't know exactly how they will be resolved. But while this list is long and concerning, uncertainty is a constant in business. A similar list existed in 2022, in 2021, in 2020 and every year prior. The particular items on each list were often different, but there are always seemingly intelligent reasons to make tweaks to your portfolio if you choose to. Unfortunately, frenetic investment changes unnecessarily interrupt the long-term compounding of your investments.

We Are Business Owners

We frequently say the foundation of our investment philosophy is a long-term business owner mindset – but what exactly does this mean in practice? At a high level, we don't view stocks as trading chips to be shuffled in and out of your portfolio. Instead, we believe buying shares of stock is identical to taking a partial ownership stake in a business enterprise. Whether that business is privately held or publicly traded, it is the same mindset. The only difference is that publicly traded businesses are priced daily in the stock market, whereas privately held businesses are priced much less often. As Warren Buffett stated in his 2022 Berkshire Hathaway annual shareholder letter, “[We] are not stock-pickers; we are business-pickers.” That is our mentality as well.

The intelligent owner of a private business doesn't spend their time each day monitoring what outsiders would pay for a share of their company. Instead, he or she spends all their time focused on the fundamentals of the business. Similarly, we aren't fixated on the stock prices of our investments and instead focus on the actual business results. For example, these are just a few of the questions we ask ourselves daily:

- Can this business gain market share from its competitors?
- Is it expanding its competitive advantages?
- Are there avenues for future profitable growth?
- Will margins expand or contract over the next five years?
- Is the leadership team intelligently allocating the cash the business generates?

Stock prices can move up and down for all sorts of reasons, including some that are unrelated to the actual underlying fundamentals of the business. Unlike most investment managers, we find it counterproductive and distracting to spend time thinking about these short-term stock price gyrations.

When we buy shares in a business, we are essentially saying that if we had enough capital, we would acquire the entire business, take it private and let the current management team continue running it. We want to own the business because we think that it enjoys durable competitive advantages and has great leaders, and that we can acquire it at a price we believe will generate an attractive return for its owners.

Once we own a business with these characteristics, we follow Charlie Munger's advice and do everything we can to avoid interrupting the compounding of its business value. We will continue to own the business as long as we feel that its competitive advantages remain intact and the company can continue to produce attractive cash flow for its owners over many years. We follow this sage advice of legendary investor Philip Fisher: "If the job has been correctly done when a common stock is purchased, the time to sell it is – almost never."

Patience Is a Virtue

However, business results do not move in straight lines. Business conditions change with periods of tailwinds and headwinds. Consistent growth with no setbacks is extremely rare even for the most successful companies. Additionally, there will be mistakes made along the way – there are no perfect CEOs. All of these can create doubt and reasons to sell.

But as long as short-term headwinds don't change what we think of the long-term outlook for a business, our default is to remain patient and to simply continue holding our ownership interest. Many investors will attempt to sell a business when things get tough, with the idea that they can repurchase it once the dust settles and the future is crystal clear. In practice, we have rarely seen this work consistently because once the future is clearer, the stock price is no longer discounted.

This "in and out" mentality is not our approach. We believe that our steadfast patience works in our favor more often than not.

Our Guiding Light

Warren Buffett's 58 years running Berkshire Hathaway is perhaps the greatest example in business history of the power of long-term compounding. He recently stated, "Our satisfactory results have been the product of about a dozen truly good decisions – that would be about one every five years – and a sometimes-forgotten advantage that favors long-term investors such as Berkshire." In essence, Buffett built a phenomenal multi-decade investment record largely through the long-term ownership of a dozen businesses – and by ignoring all the outside noise and the popular compulsion to trade in and out of stocks. Those twelve wildly successful investments overwhelm any other investments within Berkshire that haven't worked out as well. He puts it simply: "The weeds wither away in significance as the flowers bloom. Over time, it takes just a few winners to work wonders."

This strategy of investing that Buffett deployed to great success over the past six decades is our guiding light. We have studied his career and investment decisions in great depth and have tried to adopt his investment mindset and strategies as our own. In our endeavors to help you compound your wealth over time, we keep in mind the many lessons learned from Mr. Buffett.

Today's investing environment is as noisy as ever with many distractions that can cause unnecessary churning of an investment portfolio. Our aim is to block out all the noise and distractions so that we can focus on our attempt to identify some of the great businesses of the next few decades. We believe that when this strategy is executed well, it can produce excellent results for you, our clients.

As always, we are humbled by your trust, and we are dedicated to growing your wealth for years to come.

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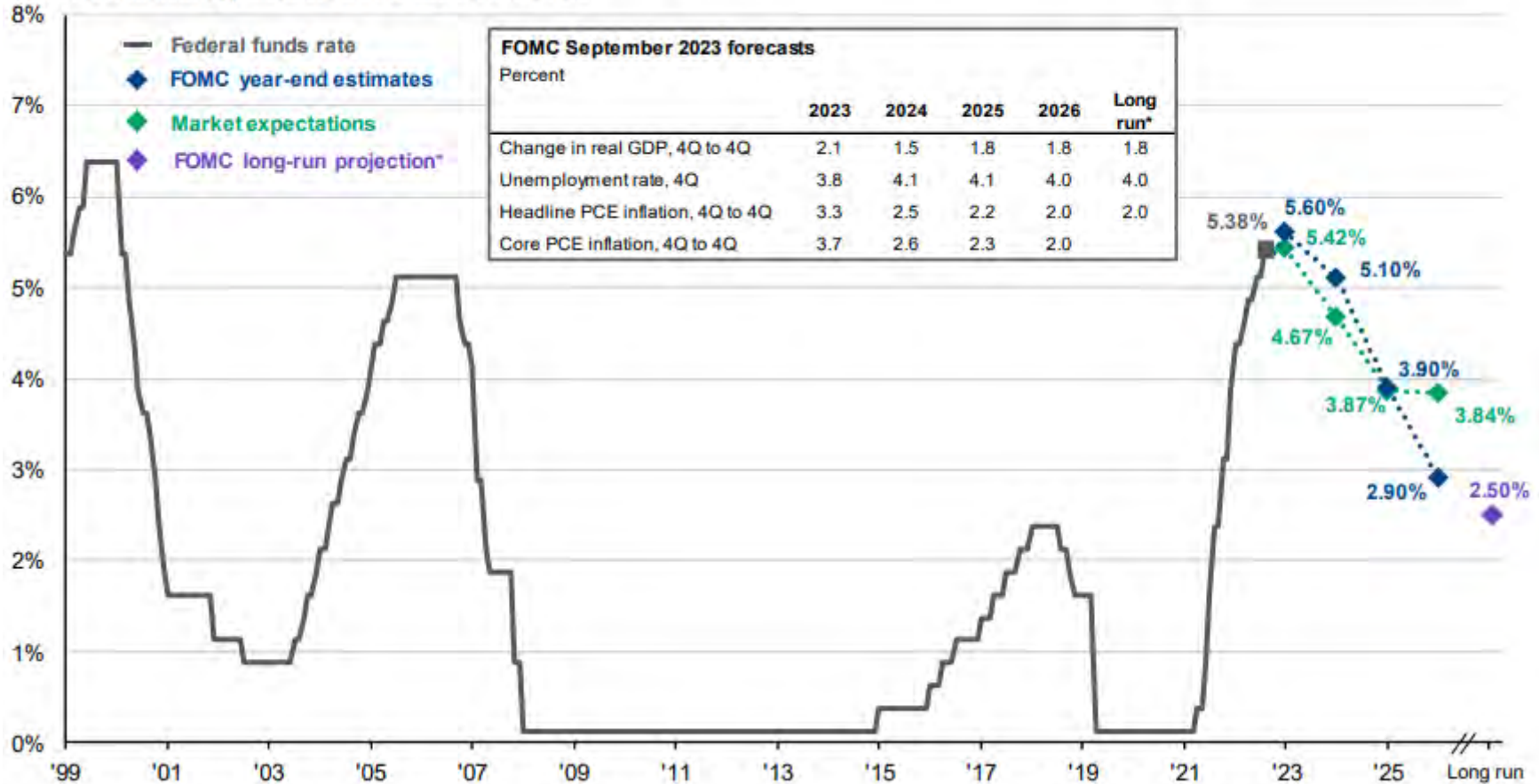
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- The U.S. added 187,000 jobs in August. The unemployment rate rose slightly to 3.8%. Wages grew 0.2% and hourly earnings have risen 4.3% year-over-year (nominally).
- The CPI rose 0.6% in August and the core CPI rose 0.3%. Gas prices rose 10.6%. Food prices rose 0.2%. Year-over-year the CPI rose 3.7% and the core CPI rose 4.3%.
- **Q2 GDP grew 2.1% compared to the previous quarter's 1.3%. Corporate profits fell 0.4%.**
- Retail sales rose 0.6% in August, largely led by a gas station sales increase of 5.2%. Bar and restaurant sales increased 0.3% and department store sales rose 0.3%. Furniture store sales fell 1.0%.
- The Consumer Confidence Index declined to 106.1 in August from a revised 114.0 in July.
- Personal income increased 0.2% in July. Consumer spending increased 0.8%. The saving rate fell to 3.5% in July from 4.3% in June.

Is the Fed Done Raising Rates (Fed Funds 5.25 – 5.50%)

Federal funds rate expectations

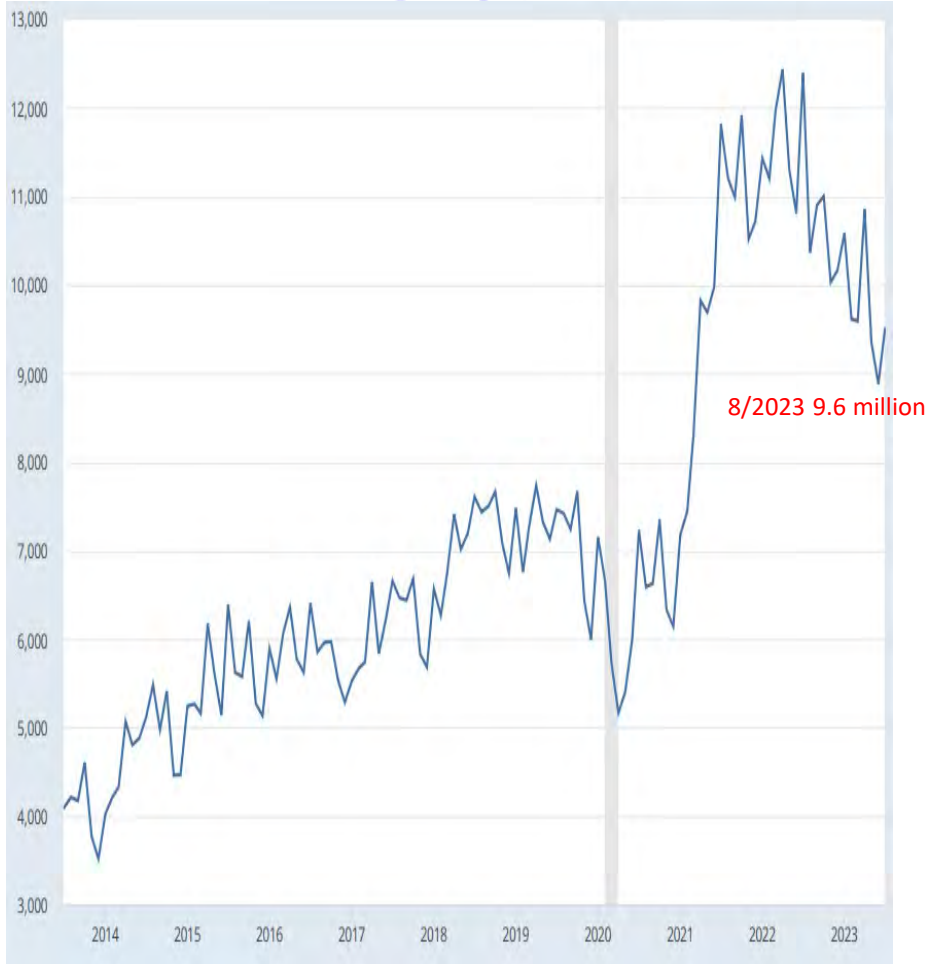
FOMC and market expectations for the federal funds rate



Source: J.P. Morgan Asset Management

US Labor Market Remains Tight (Unemployment Rate 3.8%)

U.S. Job Openings (JOLTS)



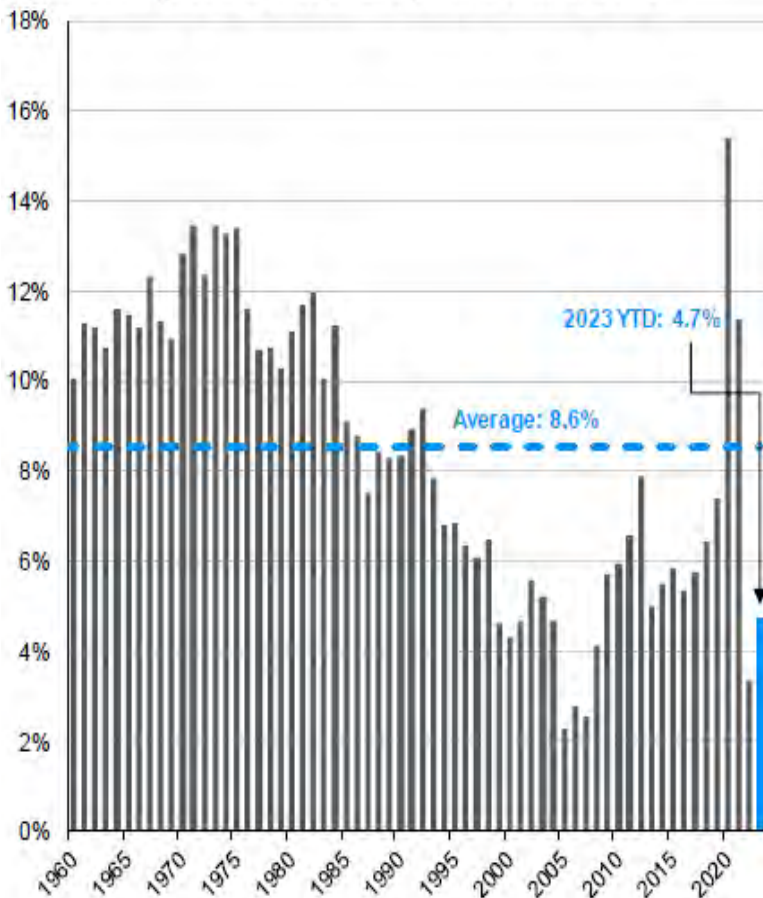
U.S. Unemployment



Resilient Consumer but cracks forming

Personal saving rate

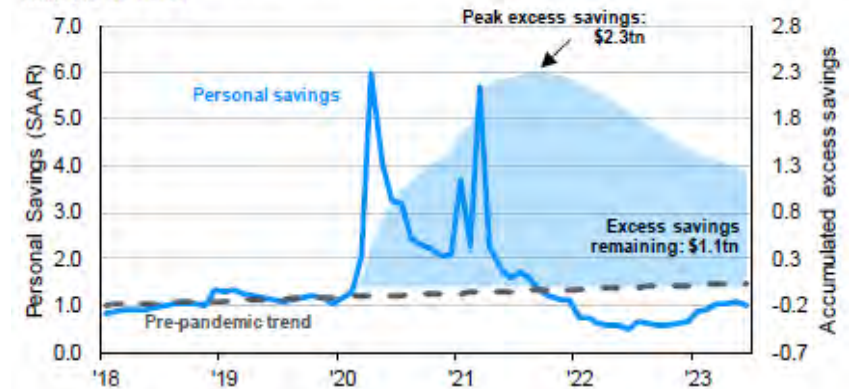
Personal savings as a % of disposable personal income, annual



Source: BEA, Federal Reserve

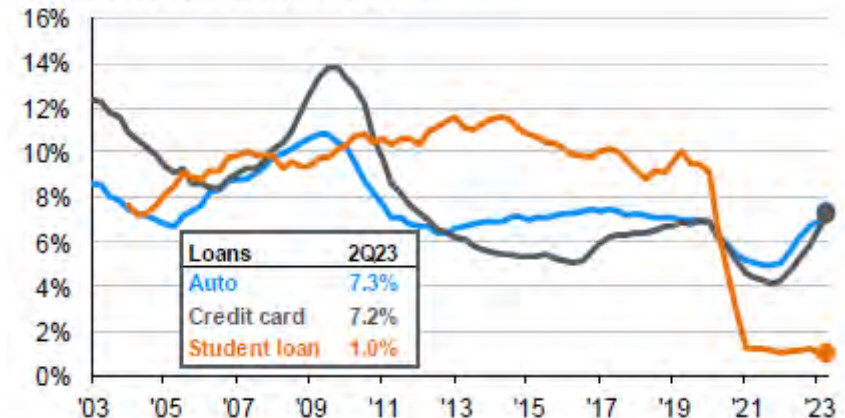
Household excess savings

Trillions of USD



Flows into early delinquencies

% of balance delinquent 30+ days



S&P 500 Concentration and Valuation

P/E ratio of the top 10 and remaining stocks in the S&P 500
Next 12 months, 1996 - present



Top 10 (32%)
AAPL, MSFT,
GOOG, AMZN
NVDA, TSLA,
META, BRK.B,
UNH, XOM

Returns YTD
S&P 13.1%
Top 10 59.7%
Rest -0.1%

S&P 500 Compound Annual Growth Rate (January 1, 1995 – December 31, 2022)



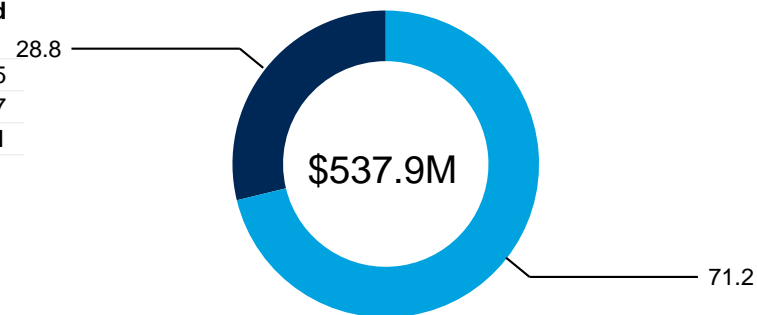
Source: Strategas Research Partners

Client Investment Review

Investment activity through 09/30/2023

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	382,995,418	71.2	5,668,670.00	1.5
Total Fixed Income	154,897,330	28.8	5,709,161.68	3.7
Total	537,892,749	100.0	11,377,831.68	2.1

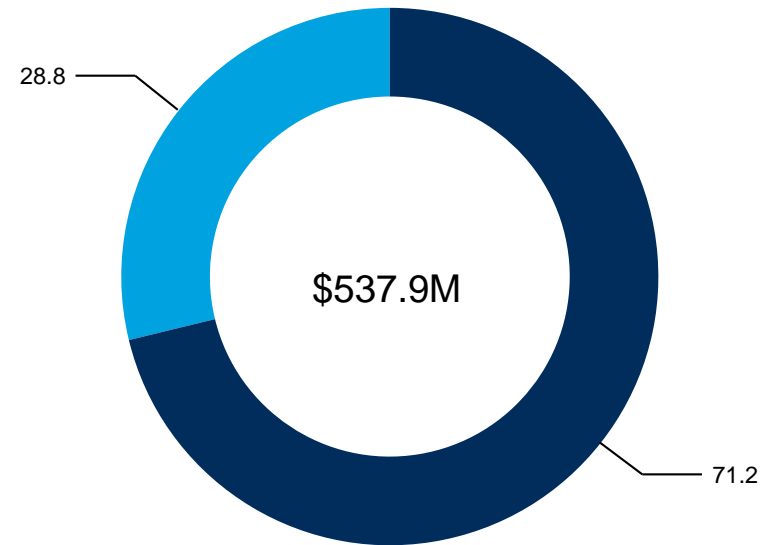


Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	552,914,216.91
Net Contributions/Withdrawals	-1,245,941.72
Income Earned	1,577,412.59
Market Appreciation	-15,352,939.20
Ending Account Value	537,892,748.58

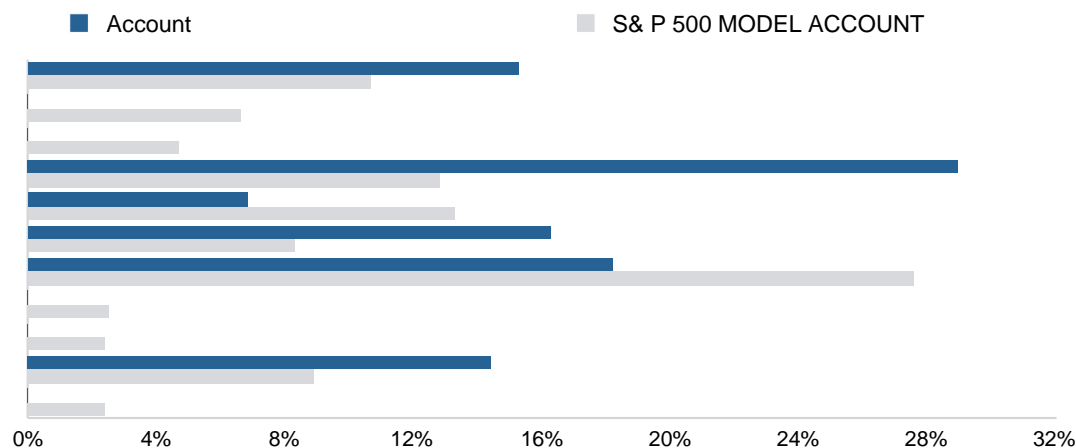
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	382,995,418	71.2
● Taxable Fixed Income	154,771,017	28.8
● Taxable Bond Funds	126,313	.0
Total	537,892,749	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.3	10.7
Consumer Staples	.0	6.6
Energy	.0	4.7
Financials	29.0	12.8
Health Care	6.8	13.3
Industrials	16.3	8.3
Information Tech	18.2	27.6
Materials	.0	2.5
Real Estate	.0	2.4
Communication Serv	14.4	8.9
Utilities	.0	2.4



Top 10 Performers

	Market Value	% of Mkt Val	Return
GENERAL ELECTRIC CO COM N	16,201,764	3.0	127.46
META PLATFORM, INC.	10,199,635	1.9	121.45
TJX COS INC NEW COM	12,834,272	2.4	45.33
JPMORGAN CHASE & CO COM	22,072,044	4.1	42.83
PARKER HANNIFIN CORP COM	13,925,340	2.6	40.48
CISCO SYS INC COM	5,534,592	1.0	38.88
ALPHABET INC CAP STK CL C	24,082,403	4.5	37.12
MICROSOFT CORP COM	26,065,163	4.8	37.12
EXPEDITORS INTL WASH INC	9,720,624	1.8	31.41
BERKSHIRE HATHAWAY INC DE	26,789,193	5.0	31.16

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
PROGRESSIVE CORP OH COM	27,027,683	5.0	20.39
BERKSHIRE HATHAWAY INC DE	26,789,193	5.0	31.16
MICROSOFT CORP COM	26,065,163	4.8	37.12
APPLE INC COM	24,405,986	4.5	24.90
ALPHABET INC CAP STK CL C	24,082,403	4.5	37.12
HOME DEPOT INC COM	23,092,578	4.3	11.75
JPMORGAN CHASE & CO COM	22,072,044	4.1	42.83
JOHNSON & JOHNSON COM	18,347,350	3.4	-2.62
SCHWAB CHARLES CORP NEW C	17,765,640	3.3	-22.73
GENERAL ELECTRIC CO COM N	16,201,764	3.0	127.46

Large Cap Equity Attribution

September 30, 2023

Sector	Qtr
Financials	0.82
Industrials	0.38
Utilities	0.16
Real Estate	0.15
Consumer Staples	0.11
Consumer Disc	0.06
Materials	0.05
Health Care	-0.10
Communication Services	-0.30
Information Tech	-0.36
Energy	-0.54
Total	0.43

Sector	1 Year
Industrials	2.86
Consumer Staples	0.97
Utilities	0.91
Consumer Disc	0.90
Real Estate	0.66
Materials	0.11
Health Care	-0.24
Energy	-0.25
Communication Services	-0.41
Financials	-1.32
Information Tech	-3.91
Total	0.28

Sector	5 Years
Industrials	0.68
Consumer Disc	0.56
Energy	0.16
Real Estate	0.15
Information Tech	0.14
Financials	0.13
Utilities	0.12
Consumer Staples	0.08
Materials	0.01
Communication Services	-0.27
Health Care	-0.34
Total	1.43

KY Judicial Retirement DB Top & Bottom Contributors

September 30, 2023

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	6.29	9.00	0.52
PGR	Progressive	7.06	5.28	0.33
BRK-B	Berkshire Hathaway	6.99	2.70	0.18
TJX	TJ Maxx	3.35	5.21	0.17
META	Meta	2.66	4.67	0.12

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
GE	General Electric	4.23	127.46	2.96
MSFT	Microsoft	6.81	37.12	2.46
JPM	JP Morgan Chase	5.76	42.83	2.13
GOOG	Alphabet	6.29	37.12	1.99
BRK-B	Berkshire Hathaway	6.99	31.16	1.98

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.37	26.10	1.94
MSFT	Microsoft	6.81	23.72	1.73
PGR	Progressive	7.06	17.81	1.10
GOOG	Alphabet	6.29	17.18	0.88
ORLY	O'Reilly Automotive	4.19	21.13	0.77

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.37	-11.61	-0.83
OMC	Omnicom	2.48	-21.22	-0.66
MSFT	Microsoft	6.81	-7.28	-0.52
TEL	TE Connectivity	3.61	-11.87	-0.48
KMX	Carmax	1.73	-15.49	-0.31

1 Year

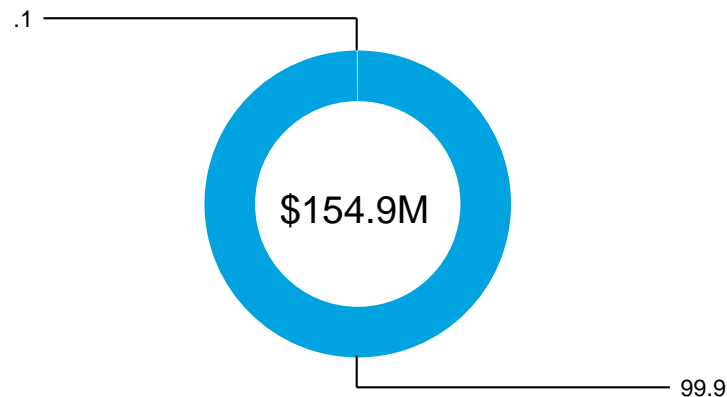
Ticker	Company	Ending Allocation	Total Return	Contribution
SCHW	Charles Schwab	4.64	-22.73	-1.06
PFE	Pfizer	1.96	-22.01	-0.63
DIS	Walt Disney	2.94	-14.05	-0.60
USB	US Bancorp	1.65	-13.56	-0.30
JNJ	Johnson & Johnson	4.79	-2.62	-0.13

5 Years

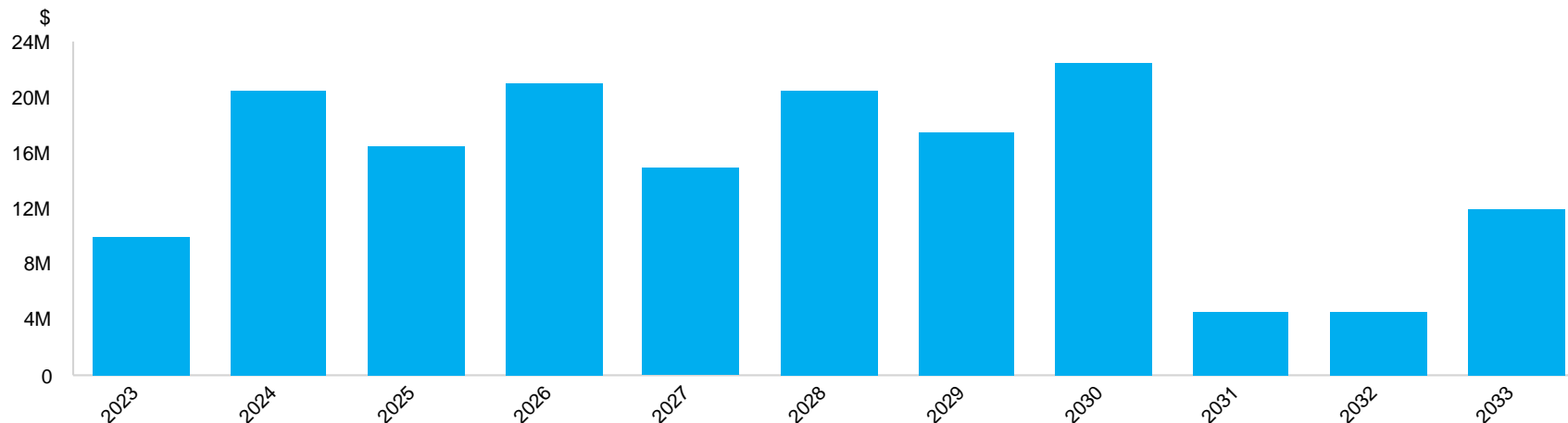
Ticker	Company	Ending Allocation	Total Return	Contribution
DIS	Walt Disney	2.94	-6.86	-0.21
USB	US Bancorp	1.65	-5.38	-0.11
WFC	Wells Fargo	1.61	-2.21	-0.07
PFE	Pfizer	1.96	-1.09	0.00
BAC	Bank of America	1.30	2.80	0.07

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	154,771,017	99.9	5,705,725.00	3.7
● Taxable Bond Funds	126,313	.1	3,436.68	2.7
Total	154,897,330	100.0	5,709,161.68	3.7



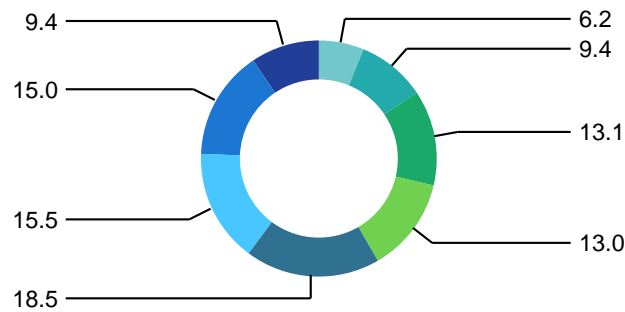
Fixed Income Maturity Schedule



Fixed Income Analysis

	09/30/2023	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.49	2.75
Current Yield	3.72	3.01
Yield to Maturity	5.49	5.23
Maturity	4.12	4.24
Duration	3.71	3.76
Face Amount	164,500,000	
Market Value	153,251,670	
Total Accrual	1,519,347	
Cost	172,345,283	

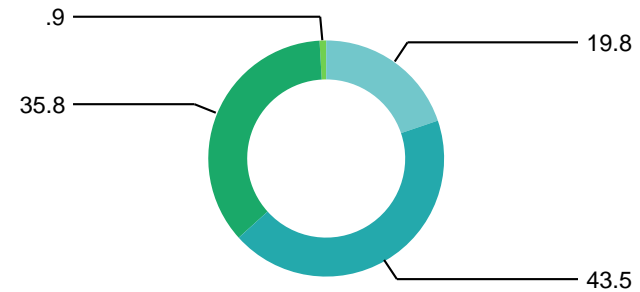
Quality Allocation by Market Value



■ 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) ■ Long (Over 10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2033										
APPLE INC SR GLBL 4.300%05/10/2033	05/10/2033	1,500,000.000	99.990	94.397	1,441,217.50	AA+	02/10/2033		64,500.00	5.042
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.950%04/27/2033	04/27/2033	1,000,000.000	100.030	94.303	964,205.00	AA+	04/27/2026		49,500.00	5.731
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500%08/08/2033	08/08/2033	4,000,000.000	99.060	96.019	3,867,260.00	AA+			180,000.00	5.016
MCDONALDS CORP FR 4.950%08/14/2033	08/14/2033	4,000,000.000	98.740	95.388	3,841,370.00	BBB+	05/14/2033		198,000.00	5.563
US BANCORP FR 5.850%10/21/2033	10/21/2033	1,500,000.000	100.490	94.662	1,458,930.00	A	10/21/2032		87,750.00	6.583
Total Matures 2033					11,572,982.50				579,750.00	
Matures 2032										
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	4,500,000.000	98.570	91.640	4,186,075.00	BBB	03/15/2032		211,500.00	5.942
Total Matures 2032					4,186,075.00				211,500.00	
Matures 2031										
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	4,500,000.000	107.230	82.802	3,751,927.50	A-			119,250.00	5.553
Total Matures 2031					3,751,927.50				119,250.00	
Matures 2030										
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	4,500,000.000	107.850	84.466	3,820,845.00	A-	11/01/2029		119,250.00	5.596
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	4,500,000.000	107.950	84.438	3,853,867.50	AA-	07/15/2030		117,450.00	5.285
KIMBERLY CLARK CORP SR GLBL 3.100%03/26/2030	03/26/2030	4,500,000.000	109.260	87.886	3,956,807.50	A	12/26/2029		139,500.00	5.333
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	4,500,000.000	108.330	85.405	3,902,287.50	A+	01/01/2030		118,125.00	5.308
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	4,500,000.000	109.830	87.017	3,917,765.00	A	12/26/2029		144,000.00	5.615
Total Matures 2030					19,451,572.50				638,325.00	
Matures 2029										
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	4,500,000.000	110.960	90.265	4,123,268.75	AA-	01/30/2029		146,250.00	5.286
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	4,500,000.000	111.400	91.395	4,122,975.00	A+	12/07/2028		153,000.00	5.239
PARKER HANNIFIN CORP SR GLBL	09/15/2029	4,000,000.000	95.730	94.652	3,794,080.00	BBB+	07/15/2029		180,000.00	5.567

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
4.500%09/15/2029										
TEXAS INSTRS INC SR GLBL NT	09/04/2029	4,500,000.000	105.750	85.184	3,840,873.75	A+	06/04/2029		101,250.00	5.185
2.250%09/04/2029										
Total Matures 2029					15,881,197.50				580,500.00	
Matures 2028										
CHEVRON USA INC SR GLBL NT	01/15/2028	5,000,000.000	100.840	95.039	4,792,588.89	AA-	10/15/2027		192,500.00	5.153
3.850%01/15/2028										
META PLATFORMS INC GLBL NT	05/15/2028	4,000,000.000	99.780	97.821	3,988,484.44	AA-	04/15/2028		184,000.00	5.134
4.600%05/15/2028										
JOHNSON & JOHNSON SR GLBL	01/15/2028	5,000,000.000	108.810	92.279	4,644,561.11	AAA	10/15/2027		145,000.00	4.918
2.900%01/15/2028										
SCHWAB CHARLES CORP SR GLBL	01/25/2028	4,500,000.000	106.380	89.809	4,067,805.00	A-	10/25/2027		144,000.00	5.909
3.200%01/25/2028										
US TREASURY NOTE	11/15/2028	2,000,000.000	108.180	93.129	1,886,187.34	AAA			62,500.00	4.646
3.125%11/15/2028										
Total Matures 2028					19,379,626.78				728,000.00	
Matures 2027										
BANK AMER CORP FR	10/21/2027	5,000,000.000	108.340	91.324	4,638,377.78	A-	10/21/2026		162,400.00	5.671
3.248%10/21/2027										
FEDERAL FARM CR BKS CONS SYSTEMWIDE	04/12/2027	5,000,000.000	100.000	94.515	4,803,912.50	AA+	04/12/2023		166,500.00	5.044
3.330%04/12/2027										
PEPSICO INC SR NT	03/19/2027	5,000,000.000	108.550	92.207	4,614,725.00	A+	01/19/2027		131,250.00	5.105
2.625%03/19/2027							100.000			
Total Matures 2027					14,057,015.28				460,150.00	
Matures 2026										
ABBVIE INC SR GLBL	05/14/2026	4,500,000.000	109.020	94.458	4,305,410.00	BBB+	02/14/2026		144,000.00	5.496
3.200%05/14/2026										
JPMORGAN CHASE & CO SR NT	10/01/2026	4,500,000.000	108.980	92.591	4,232,970.00	A-	07/01/2026		132,750.00	5.668
2.950%10/01/2026							100.000			
OMNICOM GROUP INC SR GLBL	04/15/2026	3,000,000.000	104.300	94.984	2,899,320.00	BBB+	01/15/2026		108,000.00	5.749
3.600%04/15/2026										
VERIZON COMMUNICATIONS INC SR GLBL	08/15/2026	4,500,000.000	108.120	92.371	4,171,788.75	BBB+			118,125.00	5.533
2.625%08/15/2026										
WELLS FARGO CO NEW SR NT	10/23/2026	4,500,000.000	108.470	91.839	4,192,005.00	BBB+			135,000.00	5.953
3.000%10/23/2026										
Total Matures 2026					19,801,493.75				637,875.00	
Matures 2025										
CVS HEALTH CORP SR GLBL NT	07/20/2025	3,500,000.000	101.290	96.619	3,408,413.26	BBB	04/20/2025		135,625.00	5.877

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
3.875%07/20/2025 INTEL CORP SR GLBL	07/29/2025	5,000,000.000	103.130	96.790	4,871,361.11	A	04/29/2025		185,000.00	5.570
3.700%07/29/2025 NORTHERN TR CORP SUB NT	10/30/2025	4,500,000.000	104.400	96.370	4,411,206.26	A			177,750.00	5.824
3.950%10/30/2025 SYSCO CORP SR NT	10/01/2025	3,500,000.000	102.850	96.097	3,429,020.00	BBB	07/01/2025		131,250.00	5.843
3.750%10/01/2025 Total Matures 2025					16,120,000.63				629,625.00	
Matures 2024										
4.000%01/31/2024 ALTRIA GROUP INC SR GLBL NT	01/31/2024	3,500,000.000	102.900	99.211	3,495,718.33	BBB			140,000.00	6.443
3.450%05/06/2024 APPLE INC SR GLBL NT	05/06/2024	3,500,000.000	102.810	98.710	3,503,485.41	AA+			120,750.00	5.656
3.625%03/04/2024 CISCO SYS INC SR NT	03/04/2024	3,500,000.000	102.240	99.102	3,478,085.62	AA-			126,875.00	5.776
3.750%02/15/2024 HOME DEPOT INC SR NT	02/15/2024	3,000,000.000	101.890	99.327	2,994,185.01	A	11/15/2023		112,500.00	5.588
3.625%02/12/2024 INTERNATIONAL BUSINESS MACHS SR GLBL	02/12/2024	3,500,000.000	102.280	99.180	3,488,569.10	A-			126,875.00	5.920
3.700%01/30/2024 U S BANCORP MTNS BK ENT FR	01/30/2024	3,500,000.000	102.460	99.257	3,495,938.05	A	12/29/2023		129,500.00	5.998
Total Matures 2024					20,455,981.52				756,500.00	
Matures 2023										
3.650%10/01/2023 CUMMINS INC SR GLBL NT	10/01/2023	3,500,000.000	101.530	100.000	3,563,875.00	A+	07/01/2023		127,750.00	3.636
3.625%12/15/2023 MICROSOFT CORP NT	12/15/2023	3,000,000.000	100.770	99.551	3,018,550.83	AAA	09/15/2023		108,750.00	5.796
3.650%12/01/2023 SCHLUMBERGER INVT SA SR NT	12/01/2023	3,500,000.000	102.720	99.661	3,530,718.34	A	09/01/2023		127,750.00	5.650
Total Matures 2023					10,113,144.17				364,250.00	
No Maturity										
ISHARES 1-3 YEAR TREASURY BOND ETF		1,560.000	84.580	80.970	126,313.20	NR				.000
Total No Maturity					126,313.20					
Total					154,897,330.33				5,705,725.00	

	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	182,650.000	.00	.00	131.85	24,082,402.50	4.5	.00	.00	.000
DISNEY WALT CO COM	139,140.000	57.72	8,031,512.27	81.05	11,277,297.00	2.1	.00	.00	.000
META PLATFORM, INC.	33,975.000	219.80	7,467,591.97	300.21	10,199,634.75	1.9	.00	.00	.000
OMNICOM GROUP INC COM	126,550.000	49.31	6,239,621.25	74.48	9,514,029.00	1.8	2.80	354,340.00	3.759
Total for Communication Services			21,738,725.49		55,073,363.25	10.3		354,340.00	.644
Consumer Disc									
CARMAX INC COM	93,800.000	59.76	5,605,802.01	70.73	6,634,474.00	1.2	.00	.00	.000
HOME DEPOT INC COM	76,425.000	29.59	2,261,658.18	302.16	23,092,578.00	4.3	8.36	638,913.00	2.767
O REILLY AUTOMOTIVE INC NEW COM	17,675.000	179.64	3,175,206.23	908.86	16,064,100.50	3.0	.00	.00	.000
TJX COS INC NEW COM	144,400.000	6.27	905,387.61	88.88	12,834,272.00	2.4	1.33	192,052.00	1.496
Total for Consumer Disc			11,948,054.03		58,625,424.50	10.9		830,965.00	1.417
Financials									
BANK OF AMERICA CORP COM	181,400.000	26.92	4,882,749.17	27.38	4,966,732.00	.9	.96	174,144.00	3.506
BERKSHIRE HATHAWAY INC DEL CL B NEW	76,475.000	116.30	8,894,083.15	350.30	26,789,192.50	5.0	.00	.00	.000
JPMORGAN CHASE & CO COM	152,200.000	53.06	8,076,406.59	145.02	22,072,044.00	4.1	4.20	639,240.00	2.896
PROGRESSIVE CORP OH COM	194,025.000	31.03	6,020,478.99	139.30	27,027,682.50	5.0	.40	77,610.00	.287
SCHWAB CHARLES CORP NEW COM	323,600.000	39.32	12,725,459.80	54.90	17,765,640.00	3.3	1.00	323,600.00	1.821
US BANCORP DEL COM NEW	188,100.000	23.08	4,340,556.25	33.06	6,308,874.00	1.2	1.92	361,152.00	5.808
WELLS FARGO & CO NEW COM	150,525.000	27.24	4,099,813.47	40.86	6,150,451.50	1.1	1.40	210,735.00	3.426
Total for Financials			49,039,547.42		111,080,616.50	20.6		1,786,481.00	1.610
Health Care									
JOHNSON & JOHNSON COM	117,800.000	74.31	8,753,739.80	155.75	18,347,350.00	3.4	4.76	560,728.00	3.056
PFIZER INC COM	226,100.000	25.95	5,866,386.09	33.17	7,499,737.00	1.4	1.64	370,804.00	4.944
Total for Health Care			14,620,125.89		25,847,087.00	4.8		931,532.00	3.604
Industrials									
EXPEDITORS INTL WASH INC COM	84,800.000	38.00	3,222,642.24	114.63	9,720,624.00	1.8	1.38	117,024.00	1.204
FASTENAL CO COM	246,300.000	20.74	5,107,463.34	54.64	13,457,832.00	2.5	1.40	344,820.00	2.562

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	146,450.000	104.61	15,319,950.71	110.55	16,201,763.50	3.0	.32	46,864.00	.289
PARKER HANNIFIN CORP COM	35,750.000	290.87	10,398,501.58	389.52	13,925,340.00	2.6	5.92	211,640.00	1.520
UNION PAC CORP COM	45,350.000	93.91	4,258,806.06	203.63	9,234,620.50	1.7	5.20	235,820.00	2.554
Total for Industrials			38,307,363.93		62,540,180.00	11.6		956,168.00	1.529
Information Tech									
APPLE INC COM	142,550.000	21.41	3,051,609.76	171.21	24,405,985.50	4.5	.96	136,848.00	.561
CISCO SYS INC COM	102,950.000	17.28	1,779,266.77	53.76	5,534,592.00	1.0	1.56	160,602.00	2.902
MICROSOFT CORP COM	82,550.000	25.31	2,089,368.00	315.75	26,065,162.50	4.8	3.00	247,650.00	.950
TE CONNECTIVITY LTD REG SHS	111,900.000	31.45	3,519,600.42	123.53	13,823,007.00	2.6	2.36	264,084.00	1.910
Total for Information Tech			10,439,844.95		69,828,747.00	12.9		809,184.00	1.159
Total: Total Equity			146,093,661.71		382,995,418.25	71.1		5,668,670.00	1.481
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLBL 3.200% 05/14/2026	4,500,000.000	109.02	4,906,016.32	94.46	4,305,410.00	.8	3.20	144,000.00	3.388
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	3,500,000.000	102.90	3,601,329.95	99.21	3,495,718.33	.6	4.00	140,000.00	4.032
APPLE INC SR GLBL NT 3.450% 05/06/2024	3,500,000.000	102.81	3,598,323.99	98.71	3,503,485.41	.7	3.45	120,750.00	3.495
APPLE INC SR GLBL 4.300% 05/10/2033	1,500,000.000	99.99	1,499,910.00	94.40	1,441,217.50	.3	4.30	64,500.00	4.555
BANK AMER CORP FR 3.248% 10/21/2027	5,000,000.000	108.34	5,417,210.81	91.32	4,638,377.78	.9	3.25	162,400.00	3.557
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	4,500,000.000	110.96	4,993,217.73	90.27	4,123,268.75	.8	3.25	146,250.00	3.601
CVS HEALTH CORP SR GLBL NT 3.875% 07/20/2025	3,500,000.000	101.29	3,545,260.35	96.62	3,408,413.26	.6	3.88	135,625.00	4.011
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	5,000,000.000	100.84	5,042,000.00	95.04	4,792,588.89	.9	3.85	192,500.00	4.051
CISCO SYS INC SR NT	3,500,000.000	102.24	3,578,499.64	99.10	3,478,085.62	.6	3.63	126,875.00	3.658

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
3.625% 03/04/2024 COMCAST CORP NEW GLBL NT	4,500,000.000	107.85	4,853,306.19	84.47	3,820,845.00	.7	2.65	119,250.00	3.137
2.650% 02/01/2030 CUMMINS INC SR GLBL NT	3,500,000.000	101.53	3,553,563.05	100.00	3,563,875.00	.7	3.65	127,750.00	3.650
3.650% 10/01/2023 DISNEY WALT CO SR GLBL NT	4,500,000.000	107.23	4,825,574.74	82.80	3,751,927.50	.7	2.65	119,250.00	3.200
2.650% 01/13/2031 EXXON MOBIL CORP SR GLBL COCO	4,500,000.000	107.95	4,857,881.62	84.44	3,853,867.50	.7	2.61	117,450.00	3.091
2.610% 10/15/2030 META PLATFORMS INC GLBL NT	4,000,000.000	99.78	3,991,120.00	97.82	3,988,484.44	.7	4.60	184,000.00	4.702
4.600% 05/15/2028 HOME DEPOT INC SR NT	3,000,000.000	101.89	3,056,795.26	99.33	2,994,185.01	.6	3.75	112,500.00	3.775
3.750% 02/15/2024 INTEL CORP SR GLBL	5,000,000.000	103.13	5,156,596.70	96.79	4,871,361.11	.9	3.70	185,000.00	3.823
3.700% 07/29/2025 INTERNATIONAL BUSINESS MACHS SR GLBL	3,500,000.000	102.28	3,579,771.22	99.18	3,488,569.10	.6	3.63	126,875.00	3.655
3.625% 02/12/2024 JPMORGAN CHASE & CO SR NT	4,500,000.000	108.98	4,903,950.28	92.59	4,232,970.00	.8	2.95	132,750.00	3.186
2.950% 10/01/2026 JOHNSON & JOHNSON SR GLBL	5,000,000.000	108.81	5,440,382.18	92.28	4,644,561.11	.9	2.90	145,000.00	3.143
2.900% 01/15/2028 KIMBERLY CLARK CORP SR GLBL	4,500,000.000	109.26	4,916,915.28	87.89	3,956,807.50	.7	3.10	139,500.00	3.527
3.100% 03/26/2030 MCDONALDS CORP FR	4,000,000.000	98.74	3,949,400.00	95.39	3,841,370.00	.7	4.95	198,000.00	5.189
4.950% 08/14/2033 MERCK & CO INC SR GLBL	4,500,000.000	111.40	5,012,820.28	91.39	4,122,975.00	.8	3.40	153,000.00	3.720
3.400% 03/07/2029 MICROSOFT CORP NT	3,000,000.000	100.77	3,022,956.85	99.55	3,018,550.83	.6	3.63	108,750.00	3.641
3.625% 12/15/2023 NORTHERN TR CORP SUB NT	4,500,000.000	104.40	4,698,095.06	96.37	4,411,206.26	.8	3.95	177,750.00	4.099
3.950% 10/30/2025 OREILLY AUTOMOTIVE INC SR GLBL	4,500,000.000	98.57	4,435,550.00	91.64	4,186,075.00	.8	4.70	211,500.00	5.129
4.700% 06/15/2032 OMNICOM GROUP INC SR GLBL	3,000,000.000	104.30	3,129,146.81	94.98	2,899,320.00	.5	3.60	108,000.00	3.790

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
3.600% 04/15/2026 PARKER HANNIFIN CORP SR GBL	4,000,000.000	95.73	3,829,080.00	94.65	3,794,080.00	.7	4.50	180,000.00	4.754
4.500% 09/15/2029 PEPSICO INC SR NT	5,000,000.000	108.55	5,427,413.51	92.21	4,614,725.00	.9	2.63	131,250.00	2.847
2.625% 03/19/2027 PFIZER INC GBL NT	4,500,000.000	108.33	4,874,850.53	85.41	3,902,287.50	.7	2.63	118,125.00	3.074
2.625% 04/01/2030 PROGRESSIVE CORP SR GBL	4,500,000.000	109.83	4,942,133.37	87.02	3,917,765.00	.7	3.20	144,000.00	3.677
3.200% 03/26/2030 SCHLUMBERGER INVT SA SR NT	3,500,000.000	102.72	3,595,266.69	99.66	3,530,718.34	.7	3.65	127,750.00	3.662
3.650% 12/01/2023 SCHWAB CHARLES CORP SR GBL	4,500,000.000	106.38	4,787,060.00	89.81	4,067,805.00	.8	3.20	144,000.00	3.563
3.200% 01/25/2028 SYSCO CORP SR NT	3,500,000.000	102.85	3,599,581.69	96.10	3,429,020.00	.6	3.75	131,250.00	3.902
3.750% 10/01/2025 TEXAS INSTRS INC SR GBL NT	4,500,000.000	105.75	4,758,542.97	85.18	3,840,873.75	.7	2.25	101,250.00	2.641
2.250% 09/04/2029 U S BANCORP MTNS BK ENT FR	3,500,000.000	102.46	3,586,048.69	99.26	3,495,938.05	.6	3.70	129,500.00	3.728
3.700% 01/30/2024 US BANCORP FR	1,500,000.000	100.49	1,507,350.00	94.66	1,458,930.00	.3	5.85	87,750.00	6.180
5.850% 10/21/2033 VERIZON COMMUNICATIONS INC SR GBL	4,500,000.000	108.12	4,865,186.69	92.37	4,171,788.75	.8	2.63	118,125.00	2.842
2.625% 08/15/2026 WELLS FARGO CO NEW SR NT	4,500,000.000	108.47	4,881,224.62	91.84	4,192,005.00	.8	3.00	135,000.00	3.267
3.000% 10/23/2026 Total for Corporate Bonds			160,219,333.07		143,249,452.29	26.7		5,247,225.00	3.698
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330% 04/12/2027	5,000,000.000	100.00	5,000,000.00	94.52	4,803,912.50	.9	3.33	166,500.00	3.523
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.950% 04/27/2033	1,000,000.000	100.03	1,000,250.00	94.30	964,205.00	.2	4.95	49,500.00	5.249
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500% 08/08/2033	4,000,000.000	99.06	3,962,200.00	96.02	3,867,260.00	.7	4.50	180,000.00	4.687

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
US TREASURY NOTE 3.125% 11/15/2028	2,000,000.000	108.18	2,163,500.00	93.13	1,886,187.34	.4	3.13	62,500.00	3.356
Total for Governments			12,125,950.00		11,521,564.84	2.2		458,500.00	4.032
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,560.000	84.58	131,943.81	80.97	126,313.20	.0	2.20	3,436.68	2.721
Total for Taxable Bond Funds			131,943.81		126,313.20	.0		3,436.68	2.721
Total: Total Fixed Income			172,477,226.88		154,897,330.33	28.9		5,709,161.68	3.722
Total			318,570,888.59		537,892,748.58	100.0		11,377,831.68	2.122

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
Total Portfolio - Gross	537,892,749	-2.52	16.12	8.71	8.87	10.28	8.50	8.72
Total Portfolio - Net	537,892,749	-2.54	16.03	8.63	8.79	10.20	8.45	8.67
70% SP500 30% Bloomberg Int Govt Cr		-2.52	15.69	6.34	7.53	8.85	7.81	8.31
Total Equity	382,995,418	-3.12	21.67	12.55	11.37	13.31	10.41	10.75
S P 500 Index		-3.27	21.62	10.15	9.92	11.91	9.72	9.83
Total Fixed Income	154,897,330	-1.08	3.16	-2.58	.92	1.36	2.45	3.81
Bloomberg US Government/Credit Interm Bond		-.83	2.20	-2.93	1.02	1.27	2.67	3.98

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	10.28	8.85
Standard Deviation	11.81	10.74
Beta	1.00	
Alpha	1.38	
R-Squared	.99	
Sharpe Ratio	9.34	10.14
Treynor Ratio	110.28	108.85
Tracking Error	3.06	
Information Ratio	.47	
Downside Deviation	7.42	6.82
Downside Standard Deviation	8.86	8.05
Sortino Ratio	1.49	1.39
Upside Capture	1.11	
Downside Capture	1.04	
Batting Average	.57	
Annualized Excess Return	1.42	
Cumulative Excess Return	32.34	
Turnover %	130.97	
M-Squared	.29	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	8.50	7.81
Standard Deviation	10.65	10.53
Beta	.99	
Alpha	.75	
R-Squared	.99	
Sharpe Ratio	10.19	10.24
Treynor Ratio	109.60	107.81
Tracking Error	3.06	
Information Ratio	.22	
Downside Deviation	6.85	6.97
Downside Standard Deviation	8.02	8.04
Sortino Ratio	1.33	1.21
Upside Capture	1.00	
Downside Capture	.95	
Batting Average	.53	
Annualized Excess Return	.70	
Cumulative Excess Return	61.85	
Turnover %	195.13	
M-Squared	7.28	
Residual Risk	.72	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

Proxy Voting Report

For Accounts: Kentucky Legislators Ret. Defined Benefit Agt.; Kentucky Judicial Ret. Defined Benefit Agt.

Vote Against Management (VAM) Summary

Number of Meetings	Number of Proposals
0	0
Number of Countries (Country of Origin)	Number of Countries (Country of Trade)
0	0
Number of Meetings With VAM	% of All Meetings Voted
0	NA
Number of Proposals With VAM	% of All Proposals Voted
0	NA
Number of Meetings With Votes For Mgmt	% of All Meetings Voted
0	NA
Number of Proposals With Votes For Mgmt	% of All Proposals Voted
0	NA
Number of Abstain Votes	% of All Proposals Voted
0	NA
Number of No Votes Cast	% of All Proposals Voted
0	NA

Votes Against Policy (VAP) Summary

Number of Meetings	Number of Proposals
0	0
Number of Countries (Country of Origin)	Number of Countries (Country of Trade)
0	0
Number of Meetings With VAP	% of All Meetings Voted
0	NA
Number of Proposals With VAP	% of All Proposals Voted
0	NA
Number of Meetings With Votes For Policy	% of All Meetings Voted
0	NA
Number of Proposals With Votes For Policy	% of All Proposals Voted
0	NA
Number of Abstain Votes	% of All Proposals Voted
0	NA
Number of No Votes Cast	% of All Proposals Voted
0	NA

	0	NA
Number of Proposals with Votes with GL		% of All Proposals Voted
	0	NA

Proposal Summary

Number of Meetings:	0
Number of Mgmt Proposals:	0
Number of Shareholder Proposals:	0

Mgmt Proposals Voted FOR		% of All Mgmt Proposals
	0	NA
Mgmt Proposals Voted Against/Withhold		% of All Mgmt Proposals
	0	NA
Mgmt Proposals Voted Abstain		% of All Mgmt Proposals
	0	NA
Mgmt Proposals With No Votes Cast		% of All Mgmt Proposals
	0	NA
Mgmt Proposals Voted 1 Year		% of All Mgmt Proposals
	0	NA
Mgmt Proposals Voted 2 Years		% of All Mgmt Proposals
	0	NA
Mgmt Proposals Voted 3 Years		% of All Mgmt Proposals
	0	NA

ShrHldr Proposal Voted FOR		% of All ShrHldr Proposals
	0	NA
ShrHldr Proposals Voted Against/Withhold		% of All ShrHldr Proposals
	0	NA
ShrHldr Proposals Voted Abstain		% of All ShrHldr Proposals
	0	NA
ShrHldr Proposals With No Votes Cast		% of All ShrHldr Proposals
	0	NA

Purchases

Date	Amount	Security	Purchase Price	Total Cost
02/22/2023	15,565.00	DISNEY WALT CO COM	102.36	1,593,157.13
02/22/2023	19,310.00	GENERAL ELECTRIC CO COM NEW	83.79	1,617,973.31
04/24/2023	1,000,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	100.03	1,000,250.00
04/24/2023	1,000,000.00	OREILLY AUTOMOTIVE INC SR GLBL	99.40	994,000.00
04/27/2023	11,500.00	PARKER HANNIFIN CORP COM	313.47	3,604,944.10
04/27/2023	80,000.00	SCHWAB CHARLES CORP NEW COM	51.44	4,115,296.00
04/27/2023	-80,000.00	SCHWAB CHARLES CORP NEW COM	51.44	-4,115,296.00
04/27/2023	-11,500.00	PARKER HANNIFIN CORP COM	313.47	-3,604,944.10
04/27/2023	11,500.00	PARKER HANNIFIN CORP COM	313.47	3,604,944.10
04/27/2023	80,000.00	SCHWAB CHARLES CORP NEW COM	51.44	4,115,296.00
07/20/2023	4,000,000.00	META PLATFORMS INC GLBL NT	99.78	3,991,120.00
07/20/2023	1,500,000.00	US BANCORP FR	100.49	1,507,350.00
07/20/2023	1,500,000.00	APPLE INC SR GLBL	1.00	1,499,910.00
08/11/2023	4,000,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	99.06	3,962,200.00
08/14/2023	4,000,000.00	MCDONALDS CORP FR	98.73	3,949,400.00
08/17/2023	4,000,000.00	PARKER HANNIFIN CORP SR GLBL	95.73	3,829,080.00
				<u>31,664,680.54</u>

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/01/2023	3,325.00	JOHNSON & JOHNSON COM	176.97	-588,409.11	11/24/2021	5.79	-19,249.60	0.00
01/25/2023	0.00	GE HEALTHCARE TECHNOLOGIES INC	0.00	22.07	01/12/2023	0.00	0.00	0.00
02/22/2023	-43,833.00	GE HEALTHCARE TECHNOLOGIES INC	71.86	3,149,894.33	01/04/2023	76.01	3,331,834.18	-181,939.85
04/04/2023	-10,000,000.00	US TREASURY BILL DUE 04/04/2023	100.00	10,000,000.00	12/19/2022	0.99	9,875,800.00	124,200.00
04/27/2023	-12,600.00	APPLE INC COM	303.04	3,818,330.15	04/25/2013	14.64	184,405.00	3,633,925.15
04/27/2023	-12,600.00	MICROSOFT CORP COM	303.04	3,818,330.15	01/05/2006	25.76	324,611.89	3,493,718.26
04/27/2023	12,600.00	MICROSOFT CORP COM	303.04	-3,818,330.15	01/05/2006	25.68	-323,568.00	0.00
04/27/2023	24,000.00	APPLE INC COM	166.65	-3,999,647.19	04/25/2013	14.64	-351,247.63	0.00
04/27/2023	-24,000.00	APPLE INC COM	166.65	3,999,647.19	04/25/2013	14.64	351,247.63	3,648,399.56
04/27/2023	-12,600.00	MICROSOFT CORP COM	303.04	3,818,330.15	01/05/2006	25.68	323,568.00	3,494,762.15
05/01/2023	-24,000.00	APPLE INC COM	166.65	3,999,647.19	04/25/2013	14.64	351,247.63	3,648,399.56

Portfolio Turnover

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

December 31, 2022 to September 30, 2023

Managed since: January 01, 1993

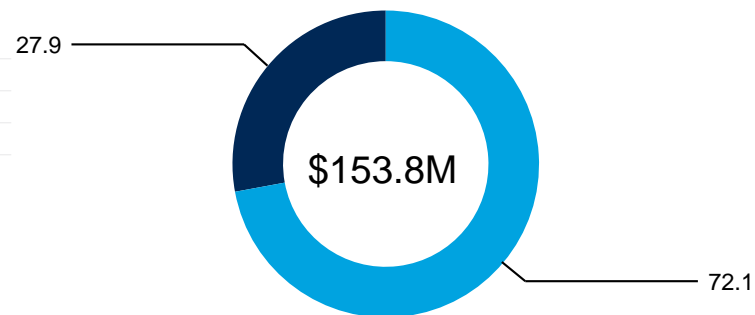
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
05/01/2023	12,600.00	APPLE INC COM	303.04	-3,818,330.15	04/25/2013	14.64	-184,405.00	0.00
07/15/2023	-3,500,000.00	ORACLE CORP SR NT	100.00	3,500,000.00	06/08/2016	1.03	3,590,945.42	-90,945.42
07/19/2023	-3,325.00	TE CONNECTIVITY LTD REG SHS	142.48	473,738.69	09/26/2011	30.74	102,222.80	371,515.89
07/19/2023	-5,450.00	ALPHABET INC CAP STK CL C	124.22	676,994.64	10/05/2015	460.37	2,509,002.95	-1,832,008.31
07/19/2023	-4,250.00	APPLE INC COM	194.09	824,898.23	04/25/2013	14.64	62,200.10	762,698.13
07/19/2023	-5,400.00	BANK OF AMERICA CORP COM	31.51	170,134.02	08/30/2019	26.92	145,351.96	24,782.06
07/19/2023	-2,275.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	342.21	778,528.89	07/26/2011	48.71	110,822.49	667,706.40
07/19/2023	-2,800.00	CARMAX INC COM	85.88	240,475.76	01/30/2019	59.76	167,337.37	73,138.39
07/19/2023	-3,050.00	CISCO SYS INC COM	51.97	158,512.47	07/26/2011	18.22	55,570.28	102,942.19
07/19/2023	-4,150.00	DISNEY WALT CO COM	87.24	362,058.87	02/24/2023	25.61	106,281.25	255,777.62
07/19/2023	-2,500.00	EXPEDITORS INTL WASH INC COM	123.86	309,651.75	03/25/2013	37.20	93,003.25	216,648.50
07/19/2023	-1,000.00	META PLATFORM, INC.	317.90	317,897.70	05/06/2020	203.86	203,863.80	114,033.90
07/19/2023	-7,300.00	FASTENAL CO COM	56.84	414,911.56	02/12/2015	21.12	154,204.47	260,707.09
07/19/2023	-4,360.00	GENERAL ELECTRIC CO COM NEW	109.36	476,824.91	08/02/2021	109.86	478,978.47	-2,153.56
07/19/2023	-2,275.00	HOME DEPOT INC COM	318.81	725,295.25	06/30/2021	39.91	90,802.76	634,492.49
07/19/2023	-4,550.00	JPMORGAN CHASE & CO COM	154.65	703,671.61	06/06/2008	40.49	184,240.88	519,430.73
07/19/2023	-3,500.00	JOHNSON & JOHNSON COM	159.11	556,899.00	11/24/2021	5.79	20,262.74	536,636.26
07/19/2023	-2,450.00	MICROSOFT CORP COM	359.10	879,798.43	09/05/2006	25.68	62,916.00	816,882.43
07/19/2023	-525.00	O REILLY AUTOMOTIVE INC NEW COM	965.33	506,795.63	07/11/2017	174.94	91,844.40	414,951.23
07/19/2023	-3,750.00	OMNICOM GROUP INC COM	87.52	328,186.13	06/24/2003	29.14	109,258.40	218,927.73
07/19/2023	-1,050.00	PARKER HANNIFIN CORP COM	400.75	420,792.02	10/28/2022	280.15	294,154.03	126,637.99
07/19/2023	-6,700.00	PFIZER INC COM	36.50	244,539.95	09/07/2011	18.04	120,845.54	123,694.41
07/19/2023	-5,775.00	PROGRESSIVE CORP OH COM	118.13	682,186.31	05/23/2007	23.19	133,897.99	548,288.32
07/19/2023	-9,600.00	SCHWAB CHARLES CORP NEW COM	67.29	646,015.68	08/26/2020	35.35	339,316.80	306,698.88
07/19/2023	-4,300.00	TJX COS INC NEW COM	85.32	366,862.24	12/06/2004	5.92	25,439.67	341,422.57
07/19/2023	-5,600.00	US BANCORP DEL COM NEW	38.49	215,537.28	12/06/2000	21.92	122,771.73	92,765.55
07/19/2023	-1,350.00	UNION PAC CORP COM	214.18	289,143.14	07/24/2015	93.91	126,778.13	162,365.01
07/19/2023	-4,475.00	WELLS FARGO & CO NEW COM	46.28	207,114.19	06/02/2011	28.21	126,236.62	80,877.57
07/25/2023	-3,000,000.00	PNC BK N A PITTSBURGH PA SUB NT	100.00	3,000,000.00	06/07/2018	1.00	3,008,487.10	-8,487.10
				<u>38,856,948.98</u>			<u>26,501,281.50</u>	<u>23,701,891.78</u>

Client Investment Review

Investment activity through 09/30/2023

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	110,876,896	72.1	1,633,355.40	1.5
Total Fixed Income	42,921,836	27.9	1,582,189.78	3.7
Total	153,798,732	100.0	3,215,545.18	2.1

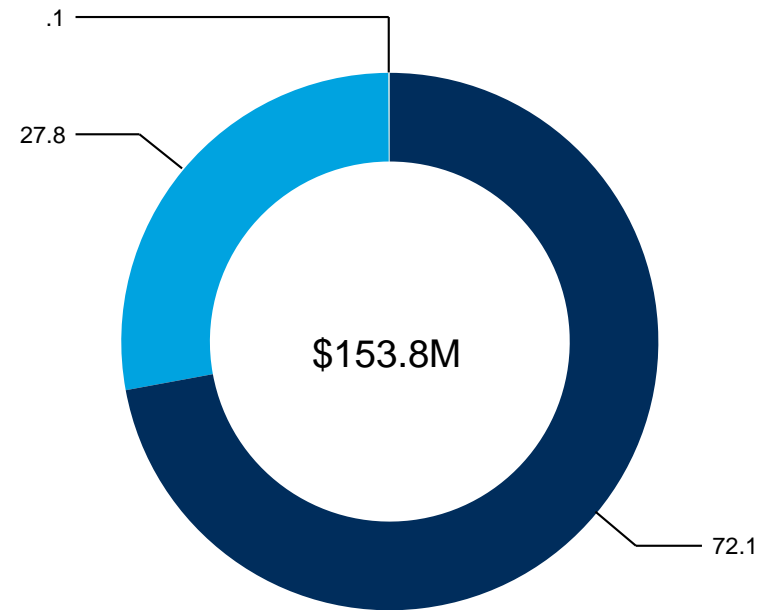


Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	159,873,919.31
Net Contributions/Withdrawals	-2,103,279.57
Income Earned	465,273.93
Market Appreciation	-4,437,181.84
Ending Account Value	153,798,731.83

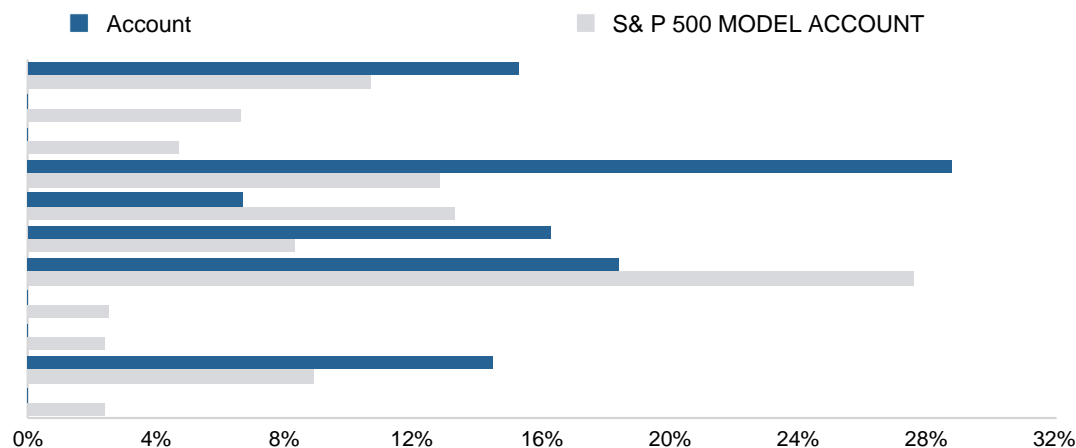
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	110,876,896	72.1
● Taxable Fixed Income	42,779,329	27.8
● Taxable Bond Funds	142,507	.1
Total	153,798,732	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.3	10.7
Consumer Staples	.0	6.6
Energy	.0	4.7
Financials	28.8	12.8
Health Care	6.7	13.3
Industrials	16.3	8.3
Information Tech	18.4	27.6
Materials	.0	2.5
Real Estate	.0	2.4
Communication Serv	14.5	8.9
Utilities	.0	2.4



Top 10 Performers

	Market Value	% of Mkt Val	Return
GENERAL ELECTRIC CO COM N	4,751,005	3.1	127.42
META PLATFORM, INC.	2,972,079	1.9	121.39
TJX COS INC NEW COM	3,715,184	2.4	45.32
JPMORGAN CHASE & CO COM	6,344,625	4.1	42.80
PARKER HANNIFIN CORP COM	4,012,056	2.6	40.45
CISCO SYS INC COM	1,614,144	1.1	38.84
ALPHABET INC CAP STK CL C	7,057,271	4.6	37.13
MICROSOFT CORP COM	7,522,744	4.9	37.10
EXPEDITORS INTL WASH INC	2,791,241	1.8	31.38
BERKSHIRE HATHAWAY INC DE	7,794,175	5.1	31.15

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
BERKSHIRE HATHAWAY INC DE	7,794,175	5.1	31.15
PROGRESSIVE CORP OH COM	7,717,220	5.0	20.40
MICROSOFT CORP COM	7,522,744	4.9	37.10
APPLE INC COM	7,139,457	4.6	24.95
ALPHABET INC CAP STK CL C	7,057,271	4.6	37.13
HOME DEPOT INC COM	6,639,966	4.3	11.74
JPMORGAN CHASE & CO COM	6,344,625	4.1	42.80
JOHNSON & JOHNSON COM	5,283,819	3.4	-2.61
SCHWAB CHARLES CORP NEW C	5,061,780	3.3	-22.73
GENERAL ELECTRIC CO COM N	4,751,005	3.1	127.42

Large Cap Equity Attribution

September 30, 2023

Sector	Qtr
Financials	0.82
Industrials	0.38
Utilities	0.16
Real Estate	0.15
Consumer Staples	0.11
Consumer Disc	0.06
Materials	0.05
Health Care	-0.10
Communication Services	-0.30
Information Tech	-0.36
Energy	-0.54
Total	0.43

Sector	1 Year
Industrials	2.86
Consumer Staples	0.97
Utilities	0.91
Consumer Disc	0.90
Real Estate	0.66
Materials	0.11
Health Care	-0.24
Energy	-0.25
Communication Services	-0.41
Financials	-1.32
Information Tech	-3.91
Total	0.28

Sector	5 Years
Industrials	0.68
Consumer Disc	0.56
Energy	0.16
Real Estate	0.15
Information Tech	0.14
Financials	0.13
Utilities	0.12
Consumer Staples	0.08
Materials	0.01
Communication Services	-0.27
Health Care	-0.34
Total	1.43

KY Legislators Retirement DB Top & Bottom Contributors

September 30, 2023

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	6.37	9.00	0.52
PGR	Progressive	6.96	5.28	0.33
BRK-B	Berkshire Hathaway	7.03	2.70	0.19
TJX	TJ Maxx	3.35	5.21	0.17
META	Meta	2.68	4.67	0.13

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
GE	General Electric	4.28	127.42	3.02
MSFT	Microsoft	6.78	37.10	2.48
JPM	JP Morgan Chase	5.72	42.80	2.11
GOOG	Alphabet	6.37	37.13	2.05
BRK-B	Berkshire Hathaway	7.03	31.15	1.99

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.44	26.12	1.94
MSFT	Microsoft	6.78	23.68	1.72
PGR	Progressive	6.96	17.82	1.09
GOOG	Alphabet	6.37	17.16	0.89
ORLY	O'Reilly Automotive	4.22	21.15	0.76

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
AAPL	Apple	6.44	-11.61	-0.84
OMC	Omnicom	2.49	-21.24	-0.66
MSFT	Microsoft	6.78	-7.28	-0.51
TEL	TE Connectivity	3.70	-11.87	-0.49
KMX	Carmax	1.70	-15.49	-0.31

1 Year

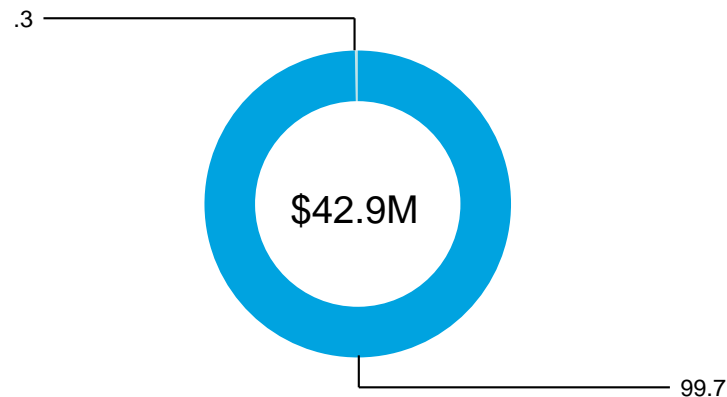
Ticker	Company	Ending Allocation	Total Return	Contribution
SCHW	Charles Schwab	4.57	-22.73	-1.09
PFE	Pfizer	1.94	-22.01	-0.65
DIS	Walt Disney	3.01	-14.06	-0.62
USB	US Bancorp	1.59	-13.59	-0.29
JNJ	Johnson & Johnson	4.77	-2.61	-0.15

5 Years

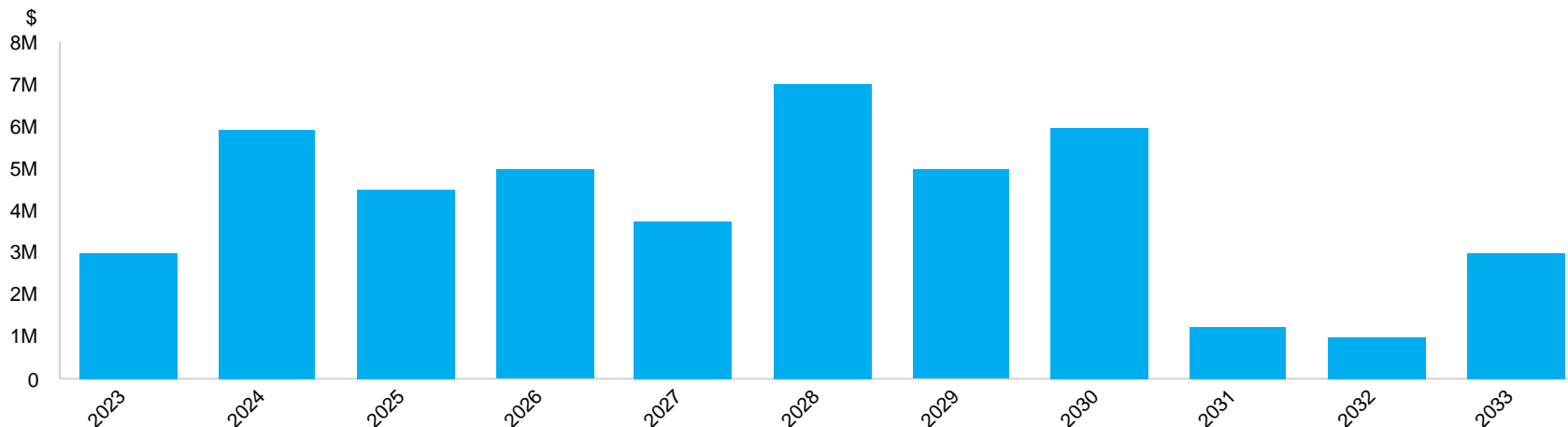
Ticker	Company	Ending Allocation	Total Return	Contribution
DIS	Walt Disney	3.01	-6.84	-0.20
USB	US Bancorp	1.59	-5.38	-0.11
WFC	Wells Fargo	1.59	-2.20	-0.07
PFE	Pfizer	1.94	-1.08	0.00
BAC	Bank of America	1.30	2.81	0.07

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	42,779,329	99.7	1,578,312.50	3.7
● Taxable Bond Funds	142,507	.3	3,877.28	2.7
Total	42,921,836	100.0	1,582,189.78	3.7



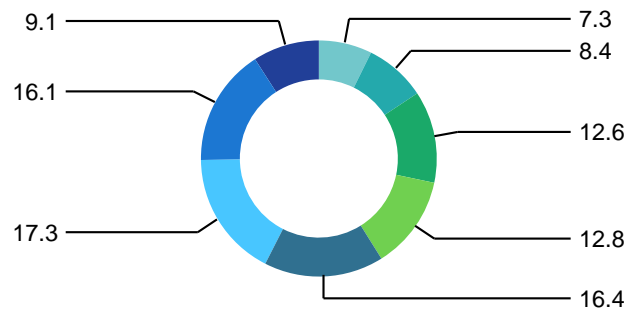
Fixed Income Maturity Schedule



Fixed Income Analysis

	09/30/2023	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.50	2.75
Current Yield	3.73	3.01
Yield to Maturity	5.49	5.23
Maturity	4.07	4.24
Duration	3.68	3.76
Face Amount	45,450,000	
Market Value	42,348,728	
Total Accrual	430,601	
Cost	47,593,831	

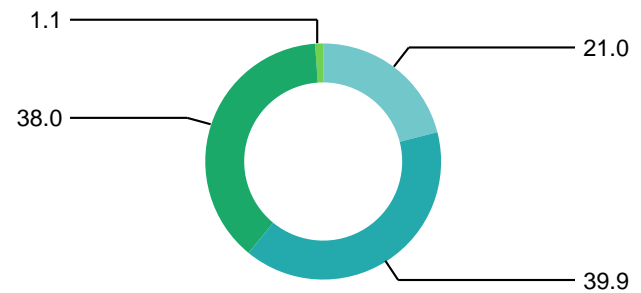
Quality Allocation by Market Value



■ 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) ■ Long (Over 10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2033										
APPLE INC SR GLBL 4.300%05/10/2033	05/10/2033	500,000.000	99.990	94.397	480,405.83	AA+	02/10/2033		21,500.00	5.042
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500%08/08/2033	08/08/2033	1,000,000.000	99.050	96.019	966,815.00	AA+			45,000.00	5.016
MCDONALDS CORP FR 4.950%08/14/2033	08/14/2033	1,000,000.000	98.740	95.388	960,342.50	BBB+	05/14/2033		49,500.00	5.563
US BANCORP FR 5.850%10/21/2033	10/21/2033	500,000.000	100.490	94.662	486,310.00	A	10/21/2032		29,250.00	6.583
Total Matures 2033					2,893,873.33				145,250.00	
Matures 2032										
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	1,000,000.000	98.330	91.640	930,238.89	BBB	03/15/2032		47,000.00	5.942
Total Matures 2032					930,238.89				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	82.802	1,042,202.09	A-			33,125.00	5.553
Total Matures 2031					1,042,202.09				33,125.00	
Matures 2030										
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	1,250,000.000	108.150	84.466	1,061,345.84	A-	11/01/2029		33,125.00	5.596
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	1,250,000.000	107.910	84.438	1,070,518.75	AA-	07/15/2030		32,625.00	5.285
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	1,250,000.000	108.410	85.405	1,083,968.75	A+	01/01/2030		32,812.50	5.308
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	1,250,000.000	109.860	87.017	1,088,268.05	A	12/26/2029		40,000.00	5.615
UNION PAC CORP SR GLBL 2.400%02/05/2030	02/05/2030	1,000,000.000	106.970	83.653	840,263.33	A-	11/05/2029		24,000.00	5.485
Total Matures 2030					5,144,364.72				162,562.50	
Matures 2029										
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	1,250,000.000	110.360	90.265	1,145,352.43	AA-	01/30/2029		40,625.00	5.286
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	1,250,000.000	111.450	91.395	1,145,270.84	A+	12/07/2028		42,500.00	5.239
PARKER HANNIFIN CORP SR GLBL 4.500%09/15/2029	09/15/2029	1,250,000.000	98.540	94.652	1,185,650.00	BBB+	07/15/2029		56,250.00	5.567
TEXAS INSTRS INC SR GLBL NT	09/04/2029	1,250,000.000	105.830	85.184	1,066,909.38	A+	06/04/2029		28,125.00	5.185

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
2.250%09/04/2029										
Total Matures 2029					4,543,182.65				167,500.00	
Matures 2028										
ABBVIE INC SR GBL NT 4.250%11/14/2028	11/14/2028	1,250,000.000	104.360	94.989	1,207,579.51	BBB+	08/14/2028		53,125.00	5.381
CHEVRON USA INC SR GBL NT 3.850%01/15/2028	01/15/2028	1,250,000.000	100.840	95.039	1,198,147.22	AA-	10/15/2027		48,125.00	5.153
META PLATFORMS INC GBL NT 4.600%05/15/2028	05/15/2028	1,000,000.000	99.780	97.821	997,121.11	AA-	04/15/2028		46,000.00	5.134
JOHNSON & JOHNSON SR GBL 2.900%01/15/2028	01/15/2028	1,250,000.000	109.210	92.279	1,161,140.28	AAA	10/15/2027		36,250.00	4.918
SCHWAB CHARLES CORP SR GBL 3.200%01/25/2028	01/25/2028	1,250,000.000	106.190	89.809	1,129,945.84	A-	10/25/2027		40,000.00	5.909
US TREASURY NOTE 3.125%11/15/2028	11/15/2028	1,000,000.000	108.180	93.129	943,093.67	AAA			31,250.00	4.646
Total Matures 2028					6,637,027.63				254,750.00	
Matures 2027										
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	1,250,000.000	108.960	91.324	1,159,594.45	A-	10/21/2026		40,600.00	5.671
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	1,250,000.000	100.000	94.515	1,200,978.13	AA+	04/12/2023		41,625.00	5.044
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	1,250,000.000	109.150	92.207	1,153,681.25	A+	01/19/2027 100.000		32,812.50	5.105
Total Matures 2027					3,514,253.83				115,037.50	
Matures 2026										
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	1,250,000.000	108.130	92.591	1,175,825.00	A-	07/01/2026 100.000		36,875.00	5.668
OMNICOM GROUP INC SR GBL 3.600%04/15/2026	04/15/2026	1,250,000.000	104.400	94.984	1,208,050.00	BBB+	01/15/2026		45,000.00	5.749
VERIZON COMMUNICATIONS INC SR GBL 2.625%08/15/2026	08/15/2026	1,250,000.000	108.160	92.371	1,158,830.21	BBB+			32,812.50	5.533
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	1,250,000.000	108.470	91.839	1,164,445.83	BBB+			37,500.00	5.953
Total Matures 2026					4,707,151.04				152,187.50	
Matures 2025										
CVS HEALTH CORP SR GBL NT 3.875%07/20/2025	07/20/2025	1,000,000.000	101.290	96.619	973,832.36	BBB	04/20/2025		38,750.00	5.877
INTEL CORP SR GBL	07/29/2025	1,250,000.000	102.400	96.790	1,217,840.28	A	04/29/2025		46,250.00	5.570

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
3.700%07/29/2025 NORTHERN TR CORP SUB NT	10/30/2025	1,250,000.000	104.250	96.370	1,225,335.07	A			49,375.00	5.824
3.950%10/30/2025 SYSCO CORP SR NT	10/01/2025	1,000,000.000	102.850	96.097	979,720.00	BBB	07/01/2025		37,500.00	5.843
3.750%10/01/2025 Total Matures 2025					4,396,727.71				171,875.00	
Matures 2024										
ALTRIA GROUP INC SR GBL NT 4.000%01/31/2024	01/31/2024	1,000,000.000	102.900	99.211	998,776.67	BBB			40,000.00	6.443
APPLE INC SR GBL NT 3.450%05/06/2024	05/06/2024	950,000.000	102.700	98.710	950,946.05	AA+			32,775.00	5.656
CISCO SYS INC SR NT 3.625%03/04/2024	03/04/2024	1,000,000.000	102.210	99.102	993,738.75	AA-			36,250.00	5.776
HOME DEPOT INC SR NT 3.750%02/15/2024	02/15/2024	1,000,000.000	102.920	99.327	998,061.66	A	11/15/2023		37,500.00	5.588
INTERNATIONAL BUSINESS MACHS SR GBL 3.625%02/12/2024	02/12/2024	1,000,000.000	102.280	99.180	996,734.03	A-			36,250.00	5.920
U S BANCORP MTNS BK ENT FR 3.700%01/30/2024	01/30/2024	1,000,000.000	102.680	99.257	998,839.44	A	12/29/2023		37,000.00	5.998
Total Matures 2024					5,937,096.60				219,775.00	
Matures 2023										
CUMMINS INC SR GBL NT 3.650%10/01/2023	10/01/2023	1,000,000.000	101.440	100.000	1,018,250.00	A+	07/01/2023		36,500.00	3.636
MICROSOFT CORP NT 3.625%12/15/2023	12/15/2023	1,000,000.000	101.630	99.551	1,006,183.62	AAA	09/15/2023		36,250.00	5.796
SCHLUMBERGER INVT SA SR NT 3.650%12/01/2023	12/01/2023	1,000,000.000	102.320	99.661	1,008,776.67	A	09/01/2023		36,500.00	5.650
Total Matures 2023					3,033,210.29				109,250.00	
No Maturity										
ISHARES 1-3 YEAR TREASURY BOND ETF		1,760.000	84.580	80.970	142,507.20	NR				.000
Total No Maturity					142,507.20					
Total					42,921,835.98				1,578,312.50	

	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	53,525.000	11.12	595,017.94	131.85	7,057,271.25	4.6	.00	.00	.000
DISNEY WALT CO COM	41,170.000	62.86	2,587,862.20	81.05	3,336,828.50	2.2	.00	.00	.000
META PLATFORM, INC.	9,900.000	218.69	2,164,994.82	300.21	2,972,079.00	1.9	.00	.00	.000
OMNICOM GROUP INC COM	36,675.000	54.31	1,991,795.05	74.48	2,757,226.50	1.8	2.80	102,690.00	3.759
Total for Communication Services			7,339,670.01		16,123,405.25	10.5		102,690.00	.638
Consumer Disc									
CARMAX INC COM	26,675.000	59.76	1,594,187.29	70.73	1,886,722.75	1.2	.00	.00	.000
HOME DEPOT INC COM	21,975.000	57.13	1,255,470.83	302.16	6,639,966.00	4.3	8.36	183,711.00	2.767
O REILLY AUTOMOTIVE INC NEW COM	5,150.000	179.81	926,043.33	908.86	4,680,629.00	3.0	.00	.00	.000
TJX COS INC NEW COM	41,800.000	12.11	506,324.29	88.88	3,715,184.00	2.4	1.33	55,594.00	1.496
Total for Consumer Disc			4,282,025.74		16,922,501.75	10.9		239,305.00	1.414
Financials									
BANK OF AMERICA CORP COM	52,700.000	26.92	1,418,527.46	27.38	1,442,926.00	.9	.96	50,592.00	3.506
BERKSHIRE HATHAWAY INC DEL CL B NEW	22,250.000	121.89	2,712,009.66	350.30	7,794,175.00	5.1	.00	.00	.000
JPMORGAN CHASE & CO COM	43,750.000	59.03	2,582,651.46	145.02	6,344,625.00	4.1	4.20	183,750.00	2.896
PROGRESSIVE CORP OH COM	55,400.000	32.04	1,775,134.58	139.30	7,717,220.00	5.0	.40	22,160.00	.287
SCHWAB CHARLES CORP NEW COM	92,200.000	39.19	3,612,960.50	54.90	5,061,780.00	3.3	1.00	92,200.00	1.821
US BANCORP DEL COM NEW	52,650.000	29.34	1,544,953.87	33.06	1,765,881.00	1.1	1.92	101,088.00	5.808
WELLS FARGO & CO NEW COM	43,150.000	33.49	1,445,176.39	40.86	1,763,109.00	1.1	1.40	60,410.00	3.426
Total for Financials			15,091,413.92		31,889,716.00	20.6		510,200.00	1.601
Health Care									
JOHNSON & JOHNSON COM	33,925.000	71.26	2,417,370.11	155.75	5,283,818.75	3.4	4.76	161,483.00	3.056
PFIZER INC COM	65,000.000	28.34	1,841,777.29	33.17	2,156,050.00	1.4	1.64	106,600.00	4.944
Total for Health Care			4,259,147.40		7,439,868.75	4.8		268,083.00	3.603
Industrials									
EXPEDITORS INTL WASH INC COM	24,350.000	40.03	974,615.07	114.63	2,791,240.50	1.8	1.38	33,603.00	1.204
FASTENAL CO COM	71,300.000	20.73	1,478,310.96	54.64	3,895,832.00	2.5	1.40	99,820.00	2.562

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GENERAL ELECTRIC CO COM NEW	42,945.000	106.20	4,560,658.00	110.55	4,751,005.35	3.1	.32	13,742.40	.289
PARKER HANNIFIN CORP COM	10,300.000	290.82	2,995,489.12	389.52	4,012,056.00	2.6	5.92	60,976.00	1.520
UNION PAC CORP COM	13,100.000	93.91	1,230,217.41	203.63	2,667,553.00	1.7	5.20	68,120.00	2.554
Total for Industrials			11,239,290.56		18,117,686.85	11.7		276,261.40	1.525
Information Tech									
APPLE INC COM	41,700.000	25.31	1,055,602.02	171.21	7,139,457.00	4.6	.96	40,032.00	.561
CISCO SYS INC COM	30,025.000	22.05	662,115.50	53.76	1,614,144.00	1.0	1.56	46,839.00	2.902
MICROSOFT CORP COM	23,825.000	31.79	757,397.24	315.75	7,522,743.75	4.9	3.00	71,475.00	.950
TE CONNECTIVITY LTD REG SHS	33,250.000	39.85	1,325,043.87	123.53	4,107,372.50	2.7	2.36	78,470.00	1.910
Total for Information Tech			3,800,158.63		20,383,717.25	13.2		236,816.00	1.162
Total: Total Equity			46,011,706.26		110,876,895.85	71.7		1,633,355.40	1.474
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLBL NT 4.250% 11/14/2028	1,250,000.000	104.36	1,304,500.00	94.99	1,207,579.51	.8	4.25	53,125.00	4.474
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	1,000,000.000	102.90	1,028,953.24	99.21	998,776.67	.6	4.00	40,000.00	4.032
APPLE INC SR GLBL NT 3.450% 05/06/2024	950,000.000	102.70	975,692.03	98.71	950,946.05	.6	3.45	32,775.00	3.495
APPLE INC SR GLBL 4.300% 05/10/2033	500,000.000	99.99	499,970.00	94.40	480,405.83	.3	4.30	21,500.00	4.555
BANK AMER CORP FR 3.248% 10/21/2027	1,250,000.000	108.96	1,362,048.44	91.32	1,159,594.45	.8	3.25	40,600.00	3.557
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	1,250,000.000	110.36	1,379,554.43	90.27	1,145,352.43	.7	3.25	40,625.00	3.601
CVS HEALTH CORP SR GLBL NT 3.875% 07/20/2025	1,000,000.000	101.29	1,012,931.54	96.62	973,832.36	.6	3.88	38,750.00	4.011
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	1,250,000.000	100.84	1,260,500.00	95.04	1,198,147.22	.8	3.85	48,125.00	4.051
CISCO SYS INC SR NT	1,000,000.000	102.21	1,022,129.61	99.10	993,738.75	.6	3.63	36,250.00	3.658

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
3.625% 03/04/2024 COMCAST CORP NEW GBLB NT	1,250,000.000	108.15	1,351,916.41	84.47	1,061,345.84	.7	2.65	33,125.00	3.137
2.650% 02/01/2030 CUMMINS INC SR GBLB NT	1,000,000.000	101.44	1,014,418.26	100.00	1,018,250.00	.7	3.65	36,500.00	3.650
3.650% 10/01/2023 DISNEY WALT CO SR GBLB NT	1,250,000.000	107.38	1,342,255.25	82.80	1,042,202.09	.7	2.65	33,125.00	3.200
2.650% 01/13/2031 EXXON MOBIL CORP SR GBLB COCO	1,250,000.000	107.91	1,348,900.66	84.44	1,070,518.75	.7	2.61	32,625.00	3.091
2.610% 10/15/2030 META PLATFORMS INC GBLB NT	1,000,000.000	99.78	997,780.00	97.82	997,121.11	.6	4.60	46,000.00	4.702
4.600% 05/15/2028 HOME DEPOT INC SR NT	1,000,000.000	102.92	1,029,237.88	99.33	998,061.66	.6	3.75	37,500.00	3.775
3.750% 02/15/2024 INTEL CORP SR GBLB	1,250,000.000	102.40	1,280,000.00	96.79	1,217,840.28	.8	3.70	46,250.00	3.823
3.700% 07/29/2025 INTERNATIONAL BUSINESS MACHS SR GBLB	1,000,000.000	102.28	1,022,791.79	99.18	996,734.03	.6	3.63	36,250.00	3.655
3.625% 02/12/2024 JPMORGAN CHASE & CO SR NT	1,250,000.000	108.13	1,351,599.84	92.59	1,175,825.00	.8	2.95	36,875.00	3.186
2.950% 10/01/2026 JOHNSON & JOHNSON SR GBLB	1,250,000.000	109.21	1,365,091.23	92.28	1,161,140.28	.8	2.90	36,250.00	3.143
2.900% 01/15/2028 MCDONALDS CORP FR	1,000,000.000	98.74	987,350.00	95.39	960,342.50	.6	4.95	49,500.00	5.189
4.950% 08/14/2033 MERCK & CO INC SR GBLB	1,250,000.000	111.45	1,393,128.69	91.39	1,145,270.84	.7	3.40	42,500.00	3.720
3.400% 03/07/2029 MICROSOFT CORP NT	1,000,000.000	101.63	1,016,308.36	99.55	1,006,183.62	.7	3.63	36,250.00	3.641
3.625% 12/15/2023 NORTHERN TR CORP SUB NT	1,250,000.000	104.25	1,303,135.51	96.37	1,225,335.07	.8	3.95	49,375.00	4.099
3.950% 10/30/2025 OREILLY AUTOMOTIVE INC SR GBLB	1,000,000.000	98.33	983,300.00	91.64	930,238.89	.6	4.70	47,000.00	5.129
4.700% 06/15/2032 OMNICOM GROUP INC SR GBLB	1,250,000.000	104.40	1,304,998.94	94.98	1,208,050.00	.8	3.60	45,000.00	3.790
3.600% 04/15/2026 PARKER HANNIFIN CORP SR GBLB	1,250,000.000	98.54	1,231,687.50	94.65	1,185,650.00	.8	4.50	56,250.00	4.754

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
4.500% 09/15/2029									
PEPSICO INC SR NT	1,250,000.000	109.15	1,364,337.28	92.21	1,153,681.25	.8	2.63	32,812.50	2.847
2.625% 03/19/2027									
PFIZER INC GBLB NT	1,250,000.000	108.41	1,355,079.82	85.41	1,083,968.75	.7	2.63	32,812.50	3.074
2.625% 04/01/2030									
PROGRESSIVE CORP SR GBLB	1,250,000.000	109.86	1,373,253.13	87.02	1,088,268.05	.7	3.20	40,000.00	3.677
3.200% 03/26/2030									
SCHLUMBERGER INVT SA SR NT	1,000,000.000	102.32	1,023,166.32	99.66	1,008,776.67	.7	3.65	36,500.00	3.662
3.650% 12/01/2023									
SCHWAB CHARLES CORP SR GBLB	1,250,000.000	106.19	1,327,430.00	89.81	1,129,945.84	.7	3.20	40,000.00	3.563
3.200% 01/25/2028									
SYSCO CORP SR NT	1,000,000.000	102.85	1,028,451.91	96.10	979,720.00	.6	3.75	37,500.00	3.902
3.750% 10/01/2025									
TEXAS INSTRS INC SR GBLB NT	1,250,000.000	105.83	1,322,899.94	85.18	1,066,909.38	.7	2.25	28,125.00	2.641
2.250% 09/04/2029									
UNION PAC CORP SR GBLB	1,000,000.000	106.97	1,069,704.65	83.65	840,263.33	.5	2.40	24,000.00	2.869
2.400% 02/05/2030									
U S BANCORP MTNS BK ENT FR	1,000,000.000	102.68	1,026,793.56	99.26	998,839.44	.6	3.70	37,000.00	3.728
3.700% 01/30/2024									
US BANCORP FR	500,000.000	100.49	502,450.00	94.66	486,310.00	.3	5.85	29,250.00	6.180
5.850% 10/21/2033									
VERIZON COMMUNICATIONS INC SR GBLB	1,250,000.000	108.16	1,351,938.92	92.37	1,158,830.21	.8	2.63	32,812.50	2.842
2.625% 08/15/2026									
WELLS FARGO CO NEW SR NT	1,250,000.000	108.47	1,355,895.73	91.84	1,164,445.83	.8	3.00	37,500.00	3.267
3.000% 10/23/2026									
Total for Corporate Bonds			44,271,580.87		39,668,441.98	25.7		1,460,437.50	3.718
Governments									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	1,250,000.000	100.00	1,250,000.00	94.52	1,200,978.13	.8	3.33	41,625.00	3.523
3.330% 04/12/2027									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	1,000,000.000	99.05	990,500.00	96.02	966,815.00	.6	4.50	45,000.00	4.687
4.500% 08/08/2033									
US TREASURY NOTE	1,000,000.000	108.18	1,081,750.00	93.13	943,093.67	.6	3.13	31,250.00	3.356
3.125% 11/15/2028									
Total for Governments			3,322,250.00		3,110,886.80	2.0		117,875.00	3.836

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,760.000	84.58	148,859.68	80.97	142,507.20	.1	2.20	3,877.28	2.721
Total for Taxable Bond Funds			148,859.68		142,507.20	.1		3,877.28	2.721
Total: Total Fixed Income			47,742,690.55		42,921,835.98	27.8		1,582,189.78	3.724
Total			93,754,396.81		153,798,731.83	100.0		3,215,545.18	2.097

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
Total Portfolio - Gross	153,798,732	-2.55	16.46	8.91	8.92	10.35	8.51	8.72
Total Portfolio - Net	153,798,732	-2.57	16.37	8.83	8.84	10.27	8.45	8.67
70% SP500 30% Bloomberg Int Govt Cr		-2.52	15.69	6.34	7.53	8.85	7.81	8.31
Total Equity	110,876,896	-3.13	21.71	12.71	11.36	13.30	10.38	10.58
S P 500 Index		-3.27	21.62	10.15	9.92	11.91	9.72	9.83
Total Fixed Income	42,921,836	-1.04	3.27	-2.58	.83	1.39	2.44	3.84
Bloomberg US Government/Credit Interm Bond		-.83	2.20	-2.93	1.02	1.27	2.67	3.98

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	10.35	8.85
Standard Deviation	11.82	10.74
Beta	1.01	
Alpha	1.41	
R-Squared	.99	
Sharpe Ratio	9.34	10.14
Treynor Ratio	109.26	108.85
Tracking Error	3.03	
Information Ratio	.49	
Downside Deviation	7.42	6.82
Downside Standard Deviation	8.86	8.05
Sortino Ratio	1.50	1.39
Upside Capture	1.11	
Downside Capture	1.04	
Batting Average	.55	
Annualized Excess Return	1.49	
Cumulative Excess Return	34.08	
Turnover %	124.78	
M-Squared	.27	
Residual Risk	.98	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	8.51	7.81
Standard Deviation	10.61	10.53
Beta	.99	
Alpha	.74	
R-Squared	.98	
Sharpe Ratio	10.23	10.24
Treynor Ratio	109.61	107.81
Tracking Error	3.09	
Information Ratio	.21	
Downside Deviation	6.81	6.97
Downside Standard Deviation	7.99	8.04
Sortino Ratio	1.34	1.21
Upside Capture	1.00	
Downside Capture	.95	
Batting Average	.53	
Annualized Excess Return	.70	
Cumulative Excess Return	62.34	
Turnover %	191.88	
M-Squared	7.69	
Residual Risk	1.02	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

Purchases

Date	Amount	Security	Purchase Price	Total Cost
02/22/2023	4,570.00	DISNEY WALT CO COM	102.36	467,762.81
02/22/2023	5,670.00	GENERAL ELECTRIC CO COM NEW	83.79	475,085.90
04/27/2023	3,300.00	PARKER HANNIFIN CORP COM	313.47	1,034,462.22
04/27/2023	22,000.00	SCHWAB CHARLES CORP NEW COM	51.44	1,131,706.40
04/27/2023	-22,000.00	SCHWAB CHARLES CORP NEW COM	51.44	-1,131,706.40
04/27/2023	-3,300.00	PARKER HANNIFIN CORP COM	313.47	-1,034,462.22
04/27/2023	3,300.00	PARKER HANNIFIN CORP COM	313.47	1,034,462.22
04/27/2023	22,000.00	SCHWAB CHARLES CORP NEW COM	51.44	1,131,706.40
07/20/2023	1,000,000.00	META PLATFORMS INC GBLB NT	99.78	997,780.00
07/20/2023	500,000.00	US BANCORP FR	100.49	502,450.00
07/20/2023	500,000.00	APPLE INC SR GBLB	1.00	499,970.00
08/11/2023	1,000,000.00	FEDERAL FARM CR BKS CONS SYSTEMWIDE	99.05	990,500.00
08/14/2023	1,000,000.00	MCDONALDS CORP FR	98.73	987,350.00
				<u>7,087,067.33</u>

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/25/2023	0.00	GE HEALTHCARE TECHNOLOGIES INC	0.00	44.21	01/12/2023	0.00	0.00	0.00
02/22/2023	-12,866.00	GE HEALTHCARE TECHNOLOGIES INC	71.86	924,566.88	01/04/2023	76.79	988,001.95	-63,435.07
04/27/2023	-6,500.00	APPLE INC COM	166.65	1,083,237.78	04/25/2013	31.20	202,800.18	880,437.60
04/27/2023	-3,500.00	MICROSOFT CORP COM	303.04	1,060,647.26	06/30/2021	28.25	98,872.12	961,775.14
04/27/2023	3,500.00	MICROSOFT CORP COM	303.04	-1,060,647.26	06/30/2021	28.27	-98,962.50	0.00
04/27/2023	6,500.00	APPLE INC COM	166.65	-1,083,237.78	04/25/2013	32.36	-210,332.69	0.00
04/27/2023	-6,500.00	APPLE INC COM	166.65	1,083,237.78	04/25/2013	32.36	210,332.69	872,905.09
04/27/2023	-3,500.00	MICROSOFT CORP COM	303.04	1,060,647.26	06/30/2021	28.27	98,962.50	961,684.76
07/15/2023	-1,000,000.00	ORACLE CORP SR NT	100.00	1,000,000.00	06/08/2016	1.03	1,026,104.57	-26,104.57
07/19/2023	-1,050.00	TE CONNECTIVITY LTD REG SHS	142.48	149,601.69	11/07/2007	40.74	42,772.23	106,829.46
07/19/2023	-1,675.00	ALPHABET INC CAP STK CL C	124.22	208,067.16	10/05/2015	548.40	918,576.08	-710,508.92
07/19/2023	-1,300.00	APPLE INC COM	194.09	252,321.81	04/23/2015	32.36	42,066.54	210,255.27
07/19/2023	-1,650.00	BANK OF AMERICA CORP COM	31.51	51,985.40	08/30/2019	26.92	44,413.10	7,572.30
07/19/2023	-700.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	342.21	239,547.35	03/27/2020	40.76	28,533.06	211,014.29

Portfolio Turnover

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

December 31, 2022 to September 30, 2023

Managed since: January 01, 1993

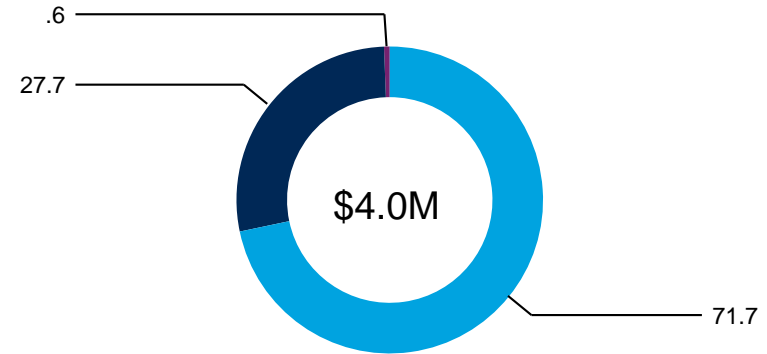
Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
07/19/2023	-825.00	CARMAX INC COM	85.88	70,854.47	01/30/2019	59.76	49,304.76	21,549.71
07/19/2023	-925.00	CISCO SYS INC COM	51.97	48,073.45	12/12/2008	17.30	16,006.48	32,066.97
07/19/2023	-1,275.00	DISNEY WALT CO COM	87.24	111,234.95	04/23/2015	25.44	32,430.55	78,804.40
07/19/2023	-750.00	EXPEDITORS INTL WASH INC COM	123.86	92,895.53	03/25/2013	37.20	27,900.98	64,994.55
07/19/2023	-300.00	META PLATFORM, INC.	317.90	95,369.31	05/06/2020	203.86	61,159.14	34,210.17
07/19/2023	-2,200.00	FASTENAL CO COM	56.84	125,041.84	02/12/2015	21.12	46,472.58	78,569.26
07/19/2023	-1,325.00	GENERAL ELECTRIC CO COM NEW	109.36	144,907.57	08/02/2021	113.92	150,949.97	-6,042.40
07/19/2023	-700.00	HOME DEPOT INC COM	318.81	223,167.77	04/23/2015	39.91	27,939.31	195,228.46
07/19/2023	-1,350.00	JPMORGAN CHASE & CO COM	154.65	208,781.69	12/10/2008	30.98	41,825.02	166,956.67
07/19/2023	-1,075.00	JOHNSON & JOHNSON COM	159.11	171,047.55	11/24/2021	48.24	51,856.21	119,191.34
07/19/2023	-750.00	MICROSOFT CORP COM	359.10	269,326.05	06/30/2021	28.27	21,206.25	248,119.80
07/19/2023	-150.00	O REILLY AUTOMOTIVE INC NEW COM	965.33	144,798.75	07/11/2017	174.94	26,241.26	118,557.49
07/19/2023	-1,150.00	OMNICOM GROUP INC COM	87.52	100,643.75	06/30/2021	43.83	50,398.77	50,244.98
07/19/2023	-300.00	PARKER HANNIFIN CORP COM	400.75	120,226.29	10/28/2022	280.15	84,044.01	36,182.28
07/19/2023	-2,000.00	PFIZER INC COM	36.50	72,997.00	09/07/2011	18.04	36,073.30	36,923.70
07/19/2023	-1,750.00	PROGRESSIVE CORP OH COM	118.13	206,723.13	05/23/2007	23.19	40,575.15	166,147.98
07/19/2023	-2,900.00	SCHWAB CHARLES CORP NEW COM	67.29	195,150.57	08/26/2020	35.35	102,501.95	92,648.62
07/19/2023	-1,300.00	TJX COS INC NEW COM	85.32	110,911.84	04/23/2015	6.06	7,873.77	103,038.07
07/19/2023	-1,650.00	US BANCORP DEL COM NEW	38.49	63,506.52	12/07/2000	10.86	17,922.30	45,584.22
07/19/2023	-400.00	UNION PAC CORP COM	214.18	85,672.04	07/24/2015	93.91	37,563.89	48,108.15
07/19/2023	-1,350.00	WELLS FARGO & CO NEW COM	46.28	62,481.38	06/02/2011	28.21	38,082.56	24,398.82
07/25/2023	-1,000,000.00	PNC BK N A PITTSBURGH PA SUB NT	100.00	1,000,000.00	06/07/2018	1.00	1,003,124.87	-3,124.87
				8,693,830.99			5,363,592.91	5,164,783.72

Client Investment Review

Investment activity through 09/30/2023

Asset Allocation Summary

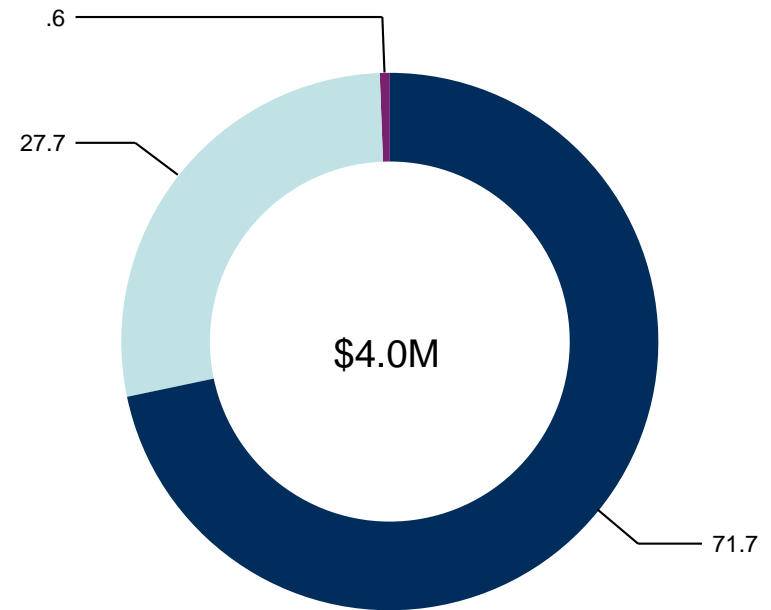
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	2,892,823	71.7	42,677.45	1.5
Total Fixed Income	1,117,266	27.7	37,225.24	3.3
Cash & Equivalents	23,014	.6	1,183.43	5.2
Total	4,033,103	100.0	81,086.12	2.0



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	3,830,293.01
Net Contributions/Withdrawals	305,341.12
Income Earned	20,304.76
Market Appreciation	-122,835.62
Ending Account Value	4,033,103.27

	Market Value	% of Mkt Val
● Core Equity	2,892,823	71.7
● Taxable Bond Funds	1,117,266	27.7
● Cash & Equivalents	23,014	.6
Total	4,033,103	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	22,927.150	1.00	22,927.15	1.00	23,014.34	.6	5.16	1,183.43	5.162
Total for Money Markets			22,927.15		23,014.34	.6		1,183.43	5.162
Total: Cash & Equivalents			22,927.15		23,014.34	.6		1,183.43	5.162
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	1,397.000	132.78	185,498.04	131.85	184,194.45	4.6	.00	.00	.000
DISNEY WALT CO COM	1,053.000	155.45	163,692.55	81.05	85,345.65	2.1	.00	.00	.000
META PLATFORM, INC.	266.000	329.42	87,625.02	300.21	79,855.86	2.0	.00	.00	.000
OMNICOM GROUP INC COM	960.000	75.84	72,809.40	74.48	72,172.80	1.8	2.80	2,688.00	3.759
Total for Communication Services			509,625.01		421,568.76	10.5		2,688.00	.639
Consumer Disc									
CARMAX INC COM	695.000	118.60	82,424.89	70.73	49,157.35	1.2	.00	.00	.000
HOME DEPOT INC COM	569.000	326.44	185,742.51	302.16	171,929.04	4.3	8.36	4,756.84	2.767
O REILLY AUTOMOTIVE INC NEW COM	135.000	641.74	86,635.53	908.86	122,696.10	3.0	.00	.00	.000
TJX COS INC NEW COM	983.000	70.30	69,104.80	88.88	87,369.04	2.2	1.33	1,307.39	1.496
Total for Consumer Disc			423,907.73		431,151.53	10.7		6,064.23	1.407
Financials									
BANK OF AMERICA CORP COM	1,379.000	39.56	54,553.23	27.38	37,757.02	.9	.96	1,323.84	3.506
BERKSHIRE HATHAWAY INC DEL CL B NEW	589.000	295.38	173,978.97	350.30	206,326.70	5.1	.00	.00	.000
JPMORGAN CHASE & CO COM	1,215.000	152.50	185,288.49	145.02	176,199.30	4.4	4.20	5,103.00	2.896
PROGRESSIVE CORP OH COM	1,450.000	101.96	147,838.53	139.30	201,985.00	5.0	.40	580.00	.287
SCHWAB CHARLES CORP NEW COM	2,431.000	68.07	165,487.74	54.90	133,461.90	3.3	1.00	2,431.00	1.821
US BANCORP DEL COM NEW	1,322.000	54.34	71,839.48	33.06	44,339.88	1.1	1.92	2,538.24	5.808
WELLS FARGO & CO NEW COM	1,092.000	48.32	52,768.84	40.86	44,619.12	1.1	1.40	1,528.80	3.426
Total for Financials			851,755.28		844,688.92	20.9		13,504.88	1.600

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	884.000	171.63	151,723.30	155.75	137,683.00	3.4	4.76	4,207.84	3.056
PFIZER INC COM	1,600.000	47.07	75,307.62	33.17	53,072.00	1.3	1.64	2,624.00	4.944
Total for Health Care			227,030.92		190,755.00	4.7		6,831.84	3.581
Industrials									
EXPEDITORS INTL WASH INC COM	619.000	120.72	74,722.91	114.63	70,955.97	1.8	1.38	854.22	1.204
FASTENAL CO COM	1,847.000	55.47	102,461.56	54.64	100,920.08	2.5	1.40	2,585.80	2.562
GENERAL ELECTRIC CO COM NEW	1,029.000	80.64	82,979.44	110.55	113,838.27	2.8	.32	329.28	.289
PARKER HANNIFIN CORP COM	274.000	302.03	82,756.83	389.52	106,728.48	2.6	5.92	1,622.08	1.520
UNION PAC CORP COM	356.000	226.11	80,493.69	203.63	72,492.28	1.8	5.20	1,851.20	2.554
Total for Industrials			423,414.43		464,935.08	11.5		7,242.58	1.558
Information Tech									
APPLE INC COM	1,094.000	151.14	165,349.39	171.21	187,303.74	4.6	.96	1,050.24	.561
CISCO SYS INC COM	922.000	54.70	50,437.19	53.76	49,566.72	1.2	1.56	1,438.32	2.902
MICROSOFT CORP COM	636.000	291.15	185,174.55	315.75	200,817.00	5.0	3.00	1,908.00	.950
TE CONNECTIVITY LTD REG SHS	826.000	147.20	121,588.69	123.53	102,035.78	2.5	2.36	1,949.36	1.910
Total for Information Tech			522,549.82		539,723.24	13.3		6,345.92	1.176
Total: Total Equity			2,958,283.19		2,892,822.53	71.6		42,677.45	1.476
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	14,020.000	53.21	745,991.46	49.83	698,616.60	17.3	1.53	21,422.56	3.066
VANGUARD SCOTTSDALE FDS VANGUARD	5,510.000	89.89	495,317.00	75.98	418,649.80	10.4	2.87	15,802.68	3.775
Total for Taxable Bond Funds			1,241,308.46		1,117,266.40	27.7		37,225.24	3.332
Total: Total Fixed Income			1,241,308.46		1,117,266.40	27.7		37,225.24	3.332
Total			4,222,518.80		4,033,103.27	100.0		81,086.12	2.011

Performance Overview

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	4,033,103	-2.36	16.56	7.02	7.94	8.38
Total Portfolio - Net	4,033,103	-2.38	16.47	6.94	7.86	8.29
70% SP500 30% Bloomberg Int Govt Cr		-2.52	15.69	6.34	7.53	8.13
Total Equity	2,892,823	-2.92	21.83	10.45	10.10	11.00
S P 500 Index		-3.27	21.62	10.15	9.92	10.95
Total Fixed Income	1,117,266	-1.01	4.12	-3.06	1.86	1.72
Bloomberg US Government/Credit Interm Bond		-.83	2.20	-2.93	1.02	.98
Cash & Equivalents	23,014	2.40	6.95	2.51	2.07	1.52
3 Mos Treasury Bill Rate		1.38	5.06	2.04	1.85	1.44

	Total Portfolio - Gross	70% SP500 30% Bloomberg Int Govt Cr
Return	7.94	7.53
Standard Deviation	14.06	13.73
Beta	1.00	
Alpha	.40	
R-Squared	1.00	
Sharpe Ratio	7.68	7.83
Treynor Ratio	107.94	107.53
Tracking Error	2.08	
Information Ratio	.21	
Downside Deviation	9.25	9.04
Downside Standard Deviation	10.54	10.28
Sortino Ratio	.97	.94
Upside Capture	1.02	
Downside Capture	1.01	
Batting Average	.58	
Annualized Excess Return	.41	
Cumulative Excess Return	2.75	
Turnover %	.38	
M-Squared	5.41	
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	2.58	3.76
Effective Maturity	–	4.24
Credit Rating	A-	AA2 / AA3
Weighted Coupon	3.67	2.75
Weighted Price	94.11	91.46
Yield to Maturity	–	5.23

Source: Morningstar | As of Oct 10, 2023, Category: Short-Term Bond as of Aug 31, 2023

Source: Bloomberg | Bloomberg Intermediate Gov/Cr as of Sep 29, 2023

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	Unk
AAA (0.76)	–	0.52	0.24	–	–	–	–	–
AA (9.50)	0.04	6.02	3.36	–	–	–	–	0.08
A (45.41)	0.87	28.24	16.31	–	–	–	–	–
BBB (41.85)	0.28	25.39	16.18	–	–	–	–	0.01
BB (1.45)	–	0.87	0.58	–	–	–	–	–
B	–	–	–	–	–	–	–	–
Below B	–	–	–	–	–	–	–	–
Not Rated (1.02)	0.01	0.37	0.58	–	–	–	–	0.06

Source: Morningstar

As of Oct 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	6.16	3.76
Effective Maturity	7.50	4.24
Credit Rating	BBB+	AA2 / AA3
Weighted Coupon	–	2.75
Weighted Price	90.60	91.46
Yield to Maturity	5.55	5.23

Source: Morningstar | As of Aug 31, 2023, Category: Corporate Bond

Source: Bloomberg | Bloomberg Intermediate Gov/Cr as of Sep 29, 2023

Vanguard Interm-Term Corp Bd ETF (VCIT)

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20	Unk
AAA (0.19)	–	–	–	0.02	0.1	0.08	–	–
AA (5.07)	–	–	–	0.48	2.71	1.87	–	–
A (42.57)	–	–	–	5.88	23.22	13.19	–	–
BBB (50.58)	–	–	0.01	9.73	31.33	9.15	–	–
BB (1.59)	–	–	0.04	0.61	0.94	–	–	–
B	–	–	–	–	–	–	–	–
Below B	–	–	–	–	–	–	–	–
Not Rated	–	–	–	–	–	–	–	–

Source: Morningstar

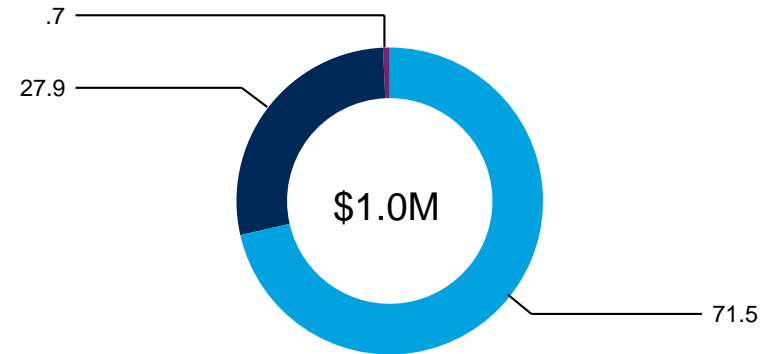
As of Aug 31, 2023 | Data is based on the long position of the holdings. Source: Holdings-based calculations.

Client Investment Review

Investment activity through 09/30/2023

Asset Allocation Summary

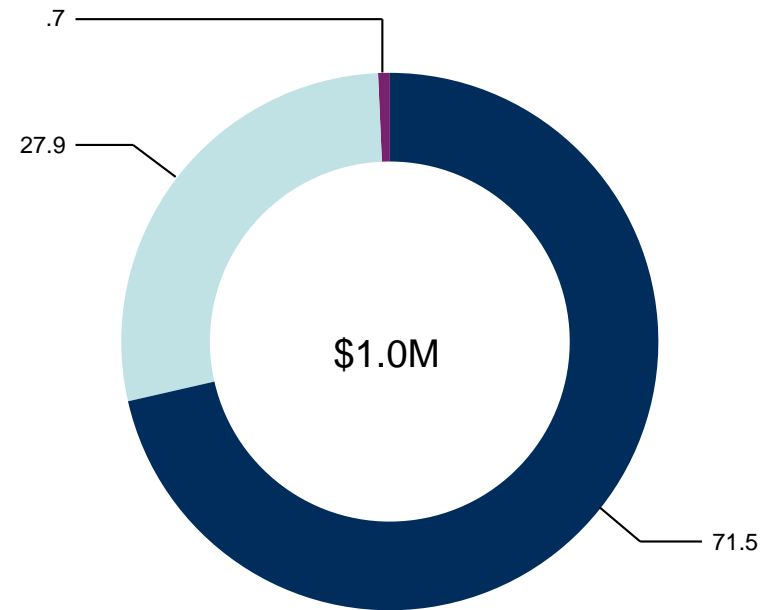
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	731,405	71.5	10,839.45	1.5
Total Fixed Income	285,122	27.9	9,500.74	3.3
Cash & Equivalents	7,068	.7	363.42	5.2
Total	1,023,595	100.0	20,703.61	2.0



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	956,536.46
Net Contributions/Withdrawals	94,126.45
Income Earned	5,196.84
Market Appreciation	-32,264.32
Ending Account Value	1,023,595.43

	Market Value	% of Mkt Val
● Core Equity	731,405	71.5
● Taxable Bond Funds	285,122	27.9
● Cash & Equivalents	7,068	.7
Total	1,023,595	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	7,040.650	1.00	7,040.65	1.00	7,068.01	.7	5.16	363.42	5.162
Total for Money Markets			7,040.65		7,068.01	.7		363.42	5.162
Total: Cash & Equivalents			7,040.65		7,068.01	.7		363.42	5.162
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	332.000	132.07	43,848.56	131.85	43,774.20	4.3	.00	.00	.000
DISNEY WALT CO COM	263.000	153.22	40,297.63	81.05	21,316.15	2.1	.00	.00	.000
META PLATFORM, INC.	67.000	325.24	21,790.75	300.21	20,114.07	2.0	.00	.00	.000
OMNICOM GROUP INC COM	245.000	75.87	18,587.33	74.48	18,419.10	1.8	2.80	686.00	3.759
Total for Communication Services			124,524.27		103,623.52	10.2		686.00	.663
Consumer Disc									
CARMAX INC COM	177.000	116.97	20,703.27	70.73	12,519.21	1.2	.00	.00	.000
HOME DEPOT INC COM	142.000	325.43	46,211.50	302.16	42,906.72	4.2	8.36	1,187.12	2.767
O REILLY AUTOMOTIVE INC NEW COM	35.000	667.57	23,365.10	908.86	31,810.10	3.1	.00	.00	.000
TJX COS INC NEW COM	245.000	70.01	17,152.91	88.88	21,775.60	2.1	1.33	325.85	1.496
Total for Consumer Disc			107,432.78		109,011.63	10.6		1,512.97	1.388
Financials									
BANK OF AMERICA CORP COM	353.000	39.40	13,909.60	27.38	9,665.14	.9	.96	338.88	3.506
BERKSHIRE HATHAWAY INC DEL CL B NEW	147.000	297.19	43,687.51	350.30	51,494.10	5.0	.00	.00	.000
JPMORGAN CHASE & CO COM	307.000	151.14	46,401.06	145.02	44,521.14	4.3	4.20	1,289.40	2.896
PROGRESSIVE CORP OH COM	365.000	102.90	37,557.29	139.30	50,844.50	5.0	.40	146.00	.287
SCHWAB CHARLES CORP NEW COM	610.000	68.63	41,862.10	54.90	33,489.00	3.3	1.00	610.00	1.821
US BANCORP DEL COM NEW	336.000	53.94	18,124.87	33.06	11,269.44	1.1	1.92	645.12	5.808
WELLS FARGO & CO NEW COM	276.000	48.15	13,290.10	40.86	11,277.36	1.1	1.40	386.40	3.426
Total for Financials			214,832.53		212,560.68	20.7		3,415.80	1.608

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
JOHNSON & JOHNSON COM	232.000	171.90	39,880.49	155.75	36,134.00	3.5	4.76	1,104.32	3.056
PFIZER INC COM	409.000	47.08	19,256.56	33.17	13,566.53	1.3	1.64	670.76	4.944
Total for Health Care			59,137.05		49,700.53	4.8		1,775.08	3.572
Industrials									
EXPEDITORS INTL WASH INC COM	160.000	119.62	19,139.59	114.63	18,340.80	1.8	1.38	220.80	1.204
FASTENAL CO COM	462.000	55.54	25,660.20	54.64	25,243.68	2.5	1.40	646.80	2.562
GENERAL ELECTRIC CO COM NEW	270.000	80.14	21,637.61	110.55	29,870.10	2.9	.32	86.40	.289
PARKER HANNIFIN CORP COM	67.000	302.89	20,293.70	389.52	26,097.84	2.5	5.92	396.64	1.520
UNION PAC CORP COM	92.000	226.41	20,829.81	203.63	18,733.96	1.8	5.20	478.40	2.554
Total for Industrials			107,560.91		118,286.38	11.5		1,829.04	1.547
Information Tech									
APPLE INC COM	285.000	152.00	43,319.03	171.21	48,794.85	4.8	.96	273.60	.561
CISCO SYS INC COM	232.000	54.51	12,645.27	53.76	12,472.32	1.2	1.56	361.92	2.902
MICROSOFT CORP COM	160.000	291.89	46,702.34	315.75	50,520.00	4.9	3.00	480.00	.950
TE CONNECTIVITY LTD REG SHS	214.000	146.30	31,309.15	123.53	26,435.42	2.6	2.36	505.04	1.910
Total for Information Tech			133,975.79		138,222.59	13.5		1,620.56	1.172
Total: Total Equity			747,463.33		731,405.33	71.3		10,839.45	1.483
Total Fixed Income									
Taxable Bond Funds									
ISHARES TRUST ISHARES 1-5 YEAR	3,575.000	53.07	189,735.01	49.83	178,142.25	17.4	1.53	5,462.60	3.066
VANGUARD SCOTTSDALE FDS VANGUARD	1,408.000	89.35	125,806.97	75.98	106,979.84	10.5	2.87	4,038.14	3.775
Total for Taxable Bond Funds			315,541.98		285,122.09	27.9		9,500.74	3.332
Total: Total Fixed Income			315,541.98		285,122.09	27.9		9,500.74	3.332
Total			1,070,045.96		1,023,595.43	100.0		20,703.61	2.023

Performance Overview

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	1,023,595	-2.43	16.29	6.87	7.85	8.34
Total Portfolio - Net	1,023,595	-2.45	16.19	6.79	7.76	8.26
70% SP500 30% Bloomberg Int Govt Cr		-2.52	15.69	6.34	7.53	8.13
Total Equity	731,405	-3.00	21.73	10.41	10.08	10.98
S P 500 Index		-3.27	21.62	10.15	9.92	10.95
Total Fixed Income	285,122	-1.01	4.12	-3.05	1.87	1.72
Bloomberg US Government/Credit Interm Bond		-.83	2.20	-2.93	1.02	.98
Cash & Equivalents	7,068	1.87	5.33	1.99	1.75	1.31
3 Mos Treasury Bill Rate		1.38	5.06	2.04	1.85	1.44

	Total Portfolio - Gross	70% SP500 30% Bloomberg Int Govt Cr
Return	7.85	7.53
Standard Deviation	14.02	13.73
Beta	1.00	
Alpha	.31	
R-Squared	1.00	
Sharpe Ratio	7.69	7.83
Treynor Ratio	107.85	107.53
Tracking Error	2.08	
Information Ratio	.16	
Downside Deviation	9.23	9.04
Downside Standard Deviation	10.50	10.28
Sortino Ratio	.96	.94
Upside Capture	1.02	
Downside Capture	1.00	
Batting Average	.58	
Annualized Excess Return	.32	
Cumulative Excess Return	2.13	
Turnover %	2.88	
M-Squared	5.62	
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

Bloomberg 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**

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

**Investment Committee
Kentucky Legislators Retirement Plan**

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

Baird Trust Company

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

ITEM IV-

Administrative Reports

- A. **Public Pension Oversight Board**
Materials Included
- B. **2023 Actuarial Valuations**
Materials Included
- C. **2024 Regular Session**
Staff Memo
- D. **Blue & Co. Fiscal Year Audit**
Verbal Update Only
- E. **Disability Retirement Application**
**CLOSED SESSION*



JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY UPDATE

PUBLIC PENSION OVERSIGHT BOARD – AUGUST 22, 2023



DANIEL VENTERS, CHAIR
BOARD OF TRUSTEES

BEN ALLISON, CHAIR
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

W. BRAD MONTELL, CHAIR
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

BO CRACRAFT
EXECUTIVE DIRECTOR



INVESTMENT PERFORMANCE

As of June 30, 2023

Investment Performance									
As of June 30, 2023									
		MV	FY23	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
JRP	Defined Benefit	\$552.9M	15.1%	15.1%	12.4%	11.2%	10.7%	8.6%	8.8%
	Cash Balance	\$3.8M	15.4%	15.4%	10.1%	9.6%	-	-	-
	Benchmark ¹		13.7%	13.7%	9.5%	9.2%	9.6%	8.0%	8.5%
LRP	Defined Benefit	\$159.9M	15.5%	15.5%	12.6%	11.2%	10.8%	8.6%	8.8%
	Cash Balance	\$1.0M	15.2%	15.2%	10.0%	9.5%	-	-	-
	Benchmark ¹		13.7%	13.7%	9.5%	9.2%	9.6%	8.0%	8.5%

Returns are Net of Fees with exception of 20-year and 30-Year. Cash Balance portfolios inception date is June 1, 2015

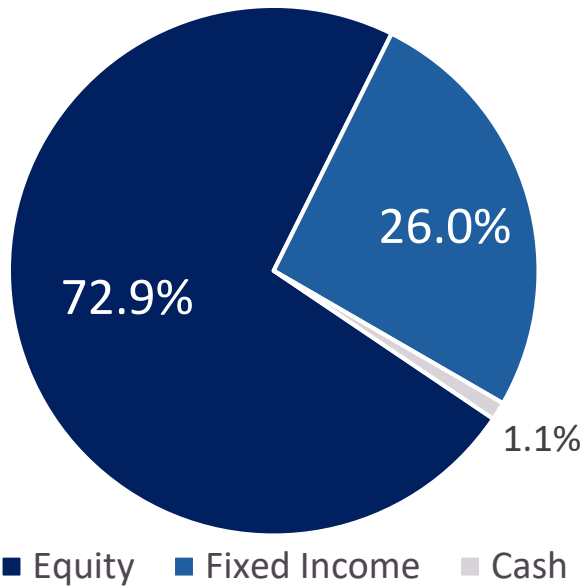
¹ Benchmark is 70% S&P 500 Index + 30% Barclays Intermediate Government/Credit Index (compounded monthly)



ASSET ALLOCATION

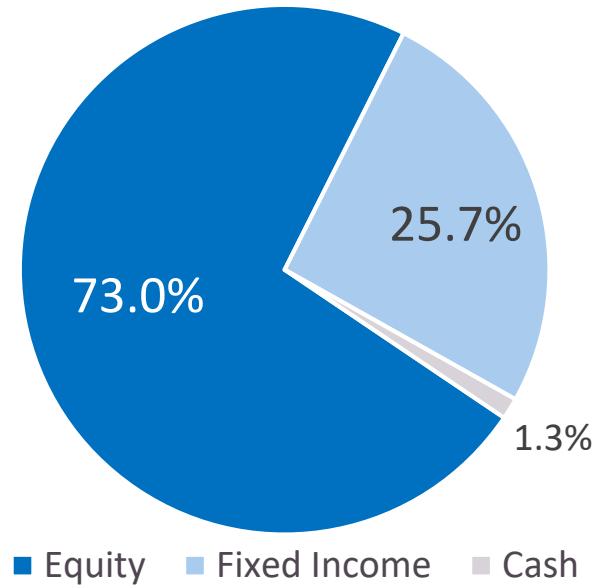
As of June 30, 2023

J JUDICIAL RETIREMENT PLAN



JRP			
	Actual	Target	Range
Equity	72.9%	70.0%	60%-80%
Fixed Income	26.0%	30.0%	20%-40%
Cash	1.1%	0.0%	

L LEGISLATORS RETIREMENT PLAN



LRP			
	Actual	Target	Range
Equity	73.0%	70.0%	60%-80%
Fixed Income	25.7%	30.0%	20%-40%
Cash	1.3%	0.0%	



CASH FLOW

Fiscal Year ending June 30, 2023
compared to June 30, 2022

	Judicial Retirement Plan		Legislators Retirement Plan	
<i>12 Months ending June 30</i>	FY2022	FY2023	FY2022	FY2023
<i>Member Contributions</i>	\$2.593	\$2.152	\$0.271	\$0.224
<i>Employer Contributions/Appropriations</i>	\$7.148	\$4.982	-	-
<i>Investment Income (Net of Inv. Expense)</i>	<u>\$10.050</u>	<u>\$13.839</u>	<u>\$2.832</u>	<u>\$2.832</u>
Total Cash Inflows	\$19.790	\$20.973	\$3.103	\$4.033
<i>Benefit Payments/Refunds</i>	\$26.890	\$28.941	\$6.122	\$6.390
<i>Administrative Expense</i>	<u>\$0.393</u>	<u>\$0.372</u>	<u>\$0.249</u>	<u>\$0.248</u>
Total Cash Outflows	\$27.283	\$29.314	\$6.371	\$6.638
Net Cash Flow - BEFORE Asset Gain/(Losses)	(\$7.493)	(\$8.340)	(\$3.268)	(\$2.605)
<i>NCF Ratio (before Asset G/L)</i>	-1.29%	-1.63%	-1.93%	-1.76%
<i>Realized & Unrealized Asset Gains/(Losses)</i>	(\$64.596)	\$61.003	(\$17.808)	\$17.508
Net Cash Flow – AFTER Asset Gain/(Losses)	(\$72.089)	\$52.663	(\$21.076)	\$15.126
<i>Beginning of Period</i>	\$582.345	\$510.256	\$168.968	\$147.893
<i>End of Period</i>	\$510.256	\$562.919	\$147.893	\$163.019

• **Current Budget & Projected Employer Costs**

		FY2024 <i>Current</i>	FY 2025* <i>Projected</i>	FY2026* <i>Projected</i>
JRP	Employer Cost	\$5,305,585	-	-
	% of Payroll	25.2%	-	-
LRP	Employer Cost	-	-	-
	% of Payroll	-	-	-

• **Employer Fund Trend** *(in millions)*

		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25*	FY26*
JRP	Employer Funds	\$13.76	\$14.37	\$8.73	\$8.73	\$6.57	\$7.10	\$4.98	\$5.31	-	-
LRP	Employer Funds	\$2.68	\$2.61	\$0.31	\$0.31	-	-	-	-	-	-

* 2025-2026 Projected Employer Cost based on 2021 Funding Valuation 30-year Projections



APPENDIX

Baird Trust Co – July 2023 Market Commentary





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The Dawn Of Artificial Intelligence

“AI will change the way people work, learn, travel, get health care, and communicate with each other.” – Bill Gates

One constant throughout history has been technological innovation that changes the way humans live, work, and interact. In the past 50 years, the personal computer (PC), the internet, and the smart phone all ushered in dramatic changes to our lives. Today, the development of artificial intelligence (AI) is seen as the next potentially life-changing innovation for business and society at large. In fact, many of today’s smartest technologists (Bill Gates, Satya Nadella, Sundar Pichai, among others) believe the impact of AI will be as transformational over the next few decades as that of the internet over the past 25 years.

Investment in AI technology is nothing new; some tech companies have been pursuing it behind the scenes for many years. Discussions about its implications had been mostly limited to computer scientists and other leading technology thinkers. However, the recent release of OpenAI’s ChatGPT large language model (LLM) was the critical turning point that brought AI into the mainstream, reaching over 100 million monthly active users just two months after its launch. Most people can all of a sudden use AI directly and imagine the positive and negative impacts it could have on society.

According to OpenAI, ChatGPT is an AI-powered chatbot that uses deep learning techniques to generate human-like responses to text inputs in a conversational manner. Since its release, AI has become part of popular culture, and the potential use cases employing AI are expanding rapidly. While there has been a rush to accelerate the development and release of any and all AI technology, important discussions are beginning on how to properly regulate this powerful new technology.

AI's Definition and Business Implications

We asked OpenAI's ChatGPT to define AI for us, and here is part of the answer:

Artificial Intelligence (AI) refers to the field of computer science and technology that focuses on creating intelligent machines that can perform tasks that typically require human intelligence. It involves developing algorithms and systems capable of simulating human cognitive abilities, such as learning, reasoning, problem-solving, perception, and language understanding.

Thinking back over the last 25 years, it is hard to overstate the impact the internet has had on both businesses and society. And if the prognostications and hype about AI are correct, the next several decades could see additional profound disruption.

The rise of the internet impacted virtually every industry. It proved to be a destructive force to the newspaper business as well as brick-and-mortar retailing. On the other hand, it enabled massive worldwide growth opportunities for businesses that effectively harnessed the power of the internet. Businesses that utilized the advantages of the internet have grown faster and larger than anything comparable in history. Looking back on these dynamics raises a key question: What industries of today could be destroyed by AI, and where might investors find enormous opportunities for growth?

It is easy to come up with dozens of exciting use cases for AI. Some examples might be reducing language barriers, performing faster and more accurate fraud detection, increasing worker productivity by more quickly synthesizing large amounts of information, expediting pharmaceutical drug discovery, and a more personalized user experience through AI assistants. In addition to these use cases we are able to conceive of, there will likely be many implications or outcomes that our brains simply cannot even come up with today. These are likely to be the true game changers.

Our Approach to AI

We often make the point that the future is highly uncertain and unpredictable. It is important to keep this in mind when thinking about the long-term implications of AI – both good and bad. The hard reality is that we simply have no idea exactly how the future will play out. It is possible that AI today may be badly overhyped, or it may turn out to be more impactful than we ever thought possible.

From our standpoint as investors with a long-term business-owner mindset, we approach AI the same way we approach all future uncertainty. In fact, our thinking about AI is similar to the way we grappled with the dawn of the internet era 25 years ago.

If AI is as transformative over the next decade as is currently predicted, it will have profound implications for many businesses, including our portfolio companies. The most successful businesses will likely figure out ways to integrate AI into their operations and use it to enhance their core competitive advantages. The best management teams will do everything in their power to harness this new technology. However, the businesses that are slow to adapt to a changing world or even ignore AI risk falling behind and seeing their businesses erode.

Our research process is driven by continuous learning, diligent research, and insatiable curiosity. We will continue to spend countless hours learning everything we can about AI and its implications for different businesses across all industries. Just as the internet created massive headwinds for industries like newspapers and tailwinds for other industries, we must strive to find the winners and avoid the losers from this AI revolution.

Additionally, we must keep an open mind about the future possibilities of AI while retaining a healthy amount of skepticism. New technologies can generate enormous hype that eventually leads to disappointment. The technology bubble of the late 1990s is a great example of a speculative period that ended with painful losses for many investors who got caught up with the unbounded optimism and hype. Even though the internet did transform nearly every aspect of our lives, it took decades to play out. When it comes to a new, potentially world-changing technology, it is especially important to remain open-minded given the unpredictability of the future. That said, we will be vigilant to deal in facts and avoid unfounded hype.

Remaining Disciplined on Valuation

While keeping an open mind, we must not abandon our valuation discipline when making investment decisions. New technologies early in their growth curve have the potential to lure undisciplined investors into taking excessive risk by paying extraordinarily high prices for unproven businesses. We see this as incredibly risky given our belief that predicting the ultimate winners in a new industry is extremely difficult. Even a terrific, growing business with superb management can be a terrible investment if the price paid for it is too high.

Our valuation discipline aims to create a margin of safety for our clients, and we think it has helped us minimize large, permanent losses over the last 30 years. One of our most important pillars is to try to avoid any kind of speculative risks that could lead to the destruction of capital. While this risk posture may feel uncomfortable in the short-term during periods of exciting new technological innovation, we are unwavering in our valuation discipline.

Over the past decade, it has been difficult to keep up with the major stock market indices without owning some of the leading technology companies that have benefitted mightily with the growth of the internet. While we don't know whether the promise of AI will create a similar dynamic over the coming decade, we are open to that possibility. Many of our portfolio companies are already using AI or are experimenting with its capabilities. Going forward, we will be working hard to identify businesses that will benefit greatly from AI while also meeting our time-tested investment criteria – business, management, and price.

Today is an exciting time to be an investor. AI has the potential to bring about extraordinary developments over the coming years and decades. We don't know exactly how it will play out, but, as always, we are dedicated to our goal of compounding your wealth at an attractive rate for many years into the future. We at Baird Trust are humbled and thankful for the unwavering support from you, our valued clients.

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Kentucky Judicial Retirement Plan

ACTUARIAL VALUATION REPORT

as of July 1, 2023

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Introduction

An actuarial valuation of the Kentucky Judicial Retirement Plan (“KJRP”) has been performed as of July 1, 2023. Actuarial valuations are based on the integrity of employee data, plan asset data, plan provisions and an extensive set of assumptions regarding future events. There is necessary uncertainty with any actuarial calculation based on the accuracy of the data provided, the correct interpretation of plan provisions and the realization of the assumptions made. These results were based on participant data and asset information provided by the Kentucky Judicial Form Retirement System. This information was not audited but was reviewed for reasonableness.

Detailed explanations of the actuarial assumptions and methods used in the report are contained in later sections of this report. Also included in this report is a summary of the provisions of the plan as we understand them.

This report provides details on the actuarial valuation underlying the required contribution to the KJRP for plan years commencing in 2024 and 2025. This determination was performed pursuant to Kentucky Revised Statute (“KRS”) §21.525 for the retirement system defined in KRS §21.350 to §21.580.

Governmental Accounting Standards Board Statement 67 (“GASB 67”) and Statement 74 (“GASB 74”) establish financial reporting standards for defined benefit pension plans and other postemployment benefit (OPEB) plans sponsored by employers that are subject to governmental accounting standards. Governmental Accounting Standards Board Statement 68 (“GASB 68”) and Statement (“GASB 75”) provide standards for reporting pension and OPEB expenditures and expense, and related liabilities and assets for such plans. The purpose of this report is to provide pertinent financial statement disclosure information for the fiscal year ending in 2023. Actuarial computations under Statements 67, 68, 74, and 75 are for purposes of fulfilling plan and employer governmental accounting requirements and may not be appropriate for other purposes. This report has been prepared on a basis consistent with our understanding of the statements and does not constitute legal, accounting, tax or investment advice.

Statements 68 and 75 set forth a methodology for the calculation of the annual Pension Expense for the upcoming fiscal year. GASB 68 and GASB 75 provide a method for reflecting prior gains and losses from asset and plan experience, as well as other areas including plan amendments. Amounts not reflected previously or in the upcoming year are reflected in the Deferred Outflows and Inflows of Resources shown.

USI Consulting Group does not have access to and is not providing information concerning liabilities other than benefits, such as for legal or accounting fees.

USI Consulting Group is not aware of any significant events subsequent to the current year’s measurement date that could materially affect the information contained in this report.

We are not aware of any relationship between the plan or plan sponsor and USI Consulting Group which would impair or appear to impair our objectivity.

To the best of our knowledge, all information provided in this report is complete and accurate and disclosures for GASB purposes have been determined in accordance with generally accepted accounting principles.



Consolidation of Traditional and Hybrid Tier Reports

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of KJRP have been treated as one plan for all calculations. All results prior to July 1, 2021 contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared and all results contained will be calculated based on the full plan containing both tiers of benefits.



Summary of Report

An actuarial valuation of the Kentucky Judicial Retirement Plan (“KJRP”) was conducted as of July 1, 2023. The purpose of the valuation is to determine the cost implications of the plan including a determination of annual funding levels for the fiscal years beginning July 1, 2024 and July 1, 2025.

It is our understanding that this plan is a “governmental plan” as defined in Internal Revenue Code Section 414(d) and this report has been prepared on that basis.

On the basis of the valuation, it has been determined that the annual funding requirements for the State for the fiscal year beginning in 2024 for the plan, prior to adjusting with interest, as described in the Summary of Benefits section of this report, are as follows:

	Total Amount	Percent of Payroll
Annual Required Contribution	\$ 619,386	2.23%

The Annual Required Contribution is determined based on assumptions and methods set forth in the statute and established by the KJRP Investment Committee and is calculated using asset and liability values as of July 1, 2023. This amount is used to determine contributions for the fiscal years beginning July 1, 2024 and July 1, 2025.

Due to the lag period between the calculated date and the actual contributions, we have adjusted the Annual Required Contributions for the plan years 2024-2025 and 2025-2026 with one and two years of interest, respectively, at the interest rate assumption of 6.50%.

	2024-2025 (1 year of interest)	2025-2026 (2 years of interest)
Annual Required Contribution (with interest)	\$ 659,646	\$ 702,523



Summary of Selected Plan Information ¹

	Plan Year Beginning			
	7/1/2023	7/1/2021	7/1/2019	7/1/2017
Number of Participants				
Active	201	231	238	249
Terminated Vested	12	14	15	17
Retired	323	280	279	258
Beneficiaries	82	76	75	74
Total	618	601	607	598
Average Age (for actives)	56.0	57.4	56.1	56.1
Average Service (for actives)	14.2	15.1	13.9	13.9
Annual Covered Payroll	\$ 27,737,444	\$ 29,536,690	\$ 30,565,661	\$ 30,287,212
Average Salary	137,997	127,864	128,427	121,635
Accrued Liability	431,781,314	418,924,461	416,530,326	414,877,786
Actuarial Asset Value	532,360,754	466,695,975	399,205,837	353,312,184
Market Asset Value	562,778,076	582,355,568	431,034,410	371,858,379
Unfunded Accrued Liability (UAL)	(100,579,440)	(47,771,514)	17,324,489	61,565,602
Annual Funding Level ²				
State Portion of Normal Cost	\$ 2,750,503	\$ 3,378,976	\$ 2,615,810	\$ 3,285,125
Expected Employee Contributions	1,239,065	1,590,171	1,632,756	1,592,124
Total Normal Cost	3,989,568	4,969,147	4,248,566	4,877,249
State Annual Required Contribution	619,386	4,677,718	6,336,194	8,732,274
Percent of Covered Payroll	2.23%	15.84%	20.73%	28.83%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.

²In accordance with KRS 21.405 (does not recognize cost of living increases effective after the most recent valuation date) and KRS 21.525 (legally prescribed funding method).



Legislative and Regulatory Background

State statutes were amended in 2013 such that all participants entering KJRP on or after January 1, 2014 will be covered under a hybrid cash balance/OPEB tier; those entering before that date will continue to be covered under the traditional defined benefit/OPEB tier. The legislation making this change also restricted the availability of future cost-of-living adjustments (COLA's) to plan benefits.

Sensitivity analysis along with 30-year projections of results (before and after any assumption changes) have been included in this report pursuant to HB 238, passed in 2016.

Senate Bill 32, effective on July 13, 2022, changed the amortization method of the unfunded liability in the calculation of the Annual Required Contribution for valuations as of July 1, 2023 and later. This method is described in detail in the Actuarial Methods section later in this report.



Actuarial Soundness

A plan that has adopted a reasonable funding method, that adopts reasonable assumptions and which contributes at a rate at or above the recommended contribution rate (based on these reasonable methods and assumptions), could be considered to be actuarially sound.

In order to ensure KJRP is funded in an “actuarially sound manner”, we would recommend the following:

1. Reflect a 1.5% future COLA assumption when calculating the funding requirement for KJRP, to the extent future cost-of-living increases are expected to occur, or intended to be provided.
2. Contribute at least the recommended contribution each year.

Deviations from these recommendations may result in an “actuarially unsound” approach to funding KJRP and may eventually result in KJRP becoming insolvent – that is, exhausting assets at which time all future benefits would be provided on a pay as you go basis.

Although the Actuarial Standards of Practice 4 “Measuring Pension Obligations” allows for plan liabilities to be calculated under a legally prescribed method, the statement goes on to say,

“If, in the actuary’s professional judgment, such an actuarial cost method or amortization method is significantly inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming that all actuarial assumptions will be realized and that the plan sponsor or other contributing entity will make contributions when due, the actuary should disclose this.”

It is our professional actuarial opinion that the current legally prescribed method, which (per KRS 21.405) does not recognize cost of living increases effective after the most recent valuation (assuming future increases are expected), is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized.

In addition, the required employee contribution of 1% of pay is potentially greater than the value of the Medical Premium Supplement for the Hybrid Tier. The Medical plan is currently significantly overfunded and, without any changes, is expected to be increasingly overfunded going forward.



Changes in Actuarial Assumptions

The following changes were made to the actuarial assumptions effective June 30, 2023:

	<u>Previous</u>	<u>Current</u>
Medical Trend Rates	6.25% decreasing to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	6.25% decreasing to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075

The medical claims aging table change described above resulted in a decrease in liabilities and no change in the annual required contribution.

Summaries of the plan provisions, actuarial assumptions and methods can be found in the Basis of Valuation section of this report.



Actuarial Certification

The information contained in this document (including any attachments) is not intended by USI Consulting Group, to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer. The information and valuation results shown in this report are, to the best of our knowledge, complete and accurate and are based upon the following:

1. Employee census data as of July 1, 2023, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
2. Financial data as of June 30, 2023, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions and methods as established either by statute or the KJRP Investment Committee. The actuarial assumptions currently adopted by the Committee appear to be reasonable, both individually and in aggregate. However, exclusion of retiree cost-of-living adjustments that could be reasonably anticipated to occur in future years (or for which there is an intent to provide in future years) would not reflect our best estimate of expected experience under the plan. As such, the valuation results presented in this report do not fully reflect the potential liability for future retiree cost-of-living adjustments.
4. In our opinion, the assumptions selected are not expected to have a significant bias. That is, the results shown should not be overly optimistic or pessimistic.
5. For purposes of GASB 67, 68, 74, and 75 disclosures, assets were split between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2008 and have been brought forward each year from that date based on actual cash flows and a prorata allocation of investment return. This methodology, initiated by the prior actuary, was based on guidance from the plan's auditor.

We believe the information is sufficiently complete and reliable. This report provides actuarial advice and does not constitute legal, accounting, tax or investment advice.



The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles. It is our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date. We are senior consultants for USI Consulting Group, members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Certified by:

Matthew Widick, F.S.A., E.A., C.E.R.A., M.A.A.A. Senior Actuarial Consultant	Date
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Joseph Meyers, F.S.A., E.A., M.A.A.A. Vice President and Consulting Actuary (OPEB Plan Only)	Date
--	------

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Annual Required Contribution

Determination of Annual Required Contribution as of July 1, 2023

1. Accrued Liability	<u>Pension</u>	+	<u>OPEB</u>	=	<u>Total</u>
Actives					
Actives	96,222,818		-		96,222,818
Medical Premium Supplement	-		18,672,225		18,672,225
Total Active Liability	<u>96,222,818</u>		<u>18,672,225</u>		<u>114,895,043</u>
Inactives					
Retired	252,323,920		-		252,323,920
Deferred Vested	1,909,492		-		1,909,492
Beneficiaries	32,058,830		-		32,058,830
Medical Premium Supplement	-		30,594,029		30,594,029
Total Inactive Liability	<u>286,292,242</u>		<u>30,594,029</u>		<u>316,886,271</u>
Total Accrued Liability	382,515,060		49,266,254		431,781,314
2. Valuation Assets	404,534,407		127,826,347		532,360,754
3. Unfunded Past Service Liability	(22,019,347)		(78,560,093)		(100,579,440)
4. Gross Normal Cost					
Retirement Related	3,288,360		-		3,288,360
Medical Premium Supplement Related	-		701,208		701,208
Total Normal Cost	<u>3,288,360</u>		<u>701,208</u>		<u>3,989,568</u>
5. Annual Covered Payroll	27,737,444		27,737,444		27,737,444
6. Estimated Employee Contributions for the Next 12 Months	1,150,045		89,020		1,239,065
7. Net Normal Cost (4 - 6)	2,138,315		612,188		2,750,503
8. Estimated Administrative Expenses	357,500		46,100		403,600
9. Amortization of Unfunded Liability	(1,876,429)		(6,694,677)		(8,571,106)
10. Preliminary Annual Required Contribution (max (0, 7 + 8 + 9))	619,386		-		619,386
11. Payment as a Percentage of Covered Payoll (10 / 5)	2.23%		0.00%		2.23%



Liability Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 378,577,934	\$ 48,952,416
<u>Hybrid Tier</u>	<u>3,937,126</u>	<u>313,838</u>
Total	\$ 382,515,060	\$ 49,266,254

Gross Normal Cost Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 2,574,267	\$ 634,570
<u>Hybrid Tier</u>	<u>714,093</u>	<u>66,638</u>
Total	\$ 3,288,360	\$ 701,208

Estimated Employee Contribution Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 704,943	\$ -
<u>Hybrid Tier</u>	<u>445,102</u>	<u>89,020</u>
Total	\$ 1,150,045	\$ 89,020



Estimated Cost of a One-Time COLA as of July 1, 2023

It is our understanding, effective July 1, 2013, that any future COLA's must be pre-funded (either by additional contributions or by excess assets).

Approximate Cost of One Time 1.5% COLA

1. Liability In Payment	
a) Retired	252,323,920
b) Beneficiaries	32,058,830
Total Liability In Payment	<u>284,382,750</u>
2. Desired COLA Percentage	1.50%
3. Estimated Cost of One Time COLA for First Year (1 * 2)	4,265,741*
4. Estimated Cost of One Time COLA for Second Year (3 * 1.015)	4,329,727*

* Cost of 1.5% COLA increase applied to all members in pay status as of the valuation date.



Actuarial Asset Value

Determination of Actuarial Asset Value as of July 1, 2023

	2022-23 Plan Year	2021-22 Plan Year	2020-21 Plan Year	2019-20 Plan Year
Interest Return Assumption	6.50%	6.50%	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)
Market Value at Beginning of Year				
Amount	\$ 510,224,891	\$ 582,355,568	\$ 440,345,549	\$ 431,034,410
Interest to End of Year	33,164,618	37,853,112	28,576,747	27,984,359
Employer Contributions				
Amount	4,981,800	7,147,500	6,770,812	8,732,300
Interest to End of Year	161,909	232,294	217,514	282,615
Member Contributions				
Amount	2,086,957	2,458,886	1,995,925	1,799,040
Interest to End of Year	67,826	79,914	60,941	55,048
Transfers from KERS				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Benefits Paid				
Amount	28,941,123	26,890,013	26,215,094	26,389,189
Interest to End of Year	940,586	873,925	851,924	857,649
Expected End of Year Assets	520,806,292	602,363,336	450,900,470	442,640,934
Market Value at End of Year	562,778,076	510,224,891	582,355,568	440,345,549
Investment Gain (Loss)	41,971,784	(92,138,445)	131,455,098	(2,295,385)
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value Adjustment	(33,577,427)	55,283,067	(52,582,039)	459,077
Actuarial Asset Value (Market Value plus Adjustment)	\$ 532,360,754			

	Retirement	Medical Supplement
Market Value at Beginning of Year	\$390,889,642	\$119,335,249
State Contributions	4,981,800	-
Member Contributions	2,008,426	78,531
Transfers In Payments	-	-
Distributions	26,786,774	2,154,349
Allocated Investment Return	56,555,063	17,870,488
Market Value at End of Year	\$427,648,157	\$135,129,919
Allocation of Actuarial Asset Value	\$404,534,407	\$127,826,347



Summary of Benefits (Pension - Traditional Tier)

This summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility of benefits. Liabilities and plan provisions are based on the plan data and provisions as of July 1, 2023.

Source

Sections 21.345-21.580 of the Kentucky Revised Statutes.

Eligibility for Membership

District, Circuit, Court of Appeals and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the KJRP plan. Individuals commencing participation on or after January 1, 2014 will participate in the hybrid tier.

Employee Contributions

Members entering the plan on or after September 1, 2008 must contribute 6% of their “official salary”. Members entering the plan prior to September 1, 2008 must contribute 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.

Normal Retirement

Condition

Members who have completed at least 8 years of service and have attained age 65. However, the age 65 requirement shall be reduced by one year for each five years of service, and one year for each year beyond the years of service needed to accrue a benefit of 100% of final average compensation, but with total reduction not to reduce the age requirement below 60. The full accrued benefit will also be payable upon completion of 27 years of service.

For purposes of determining years of service for vesting only, years of service under other authorized state systems will count.

Benefit Formula

The monthly retirement income, payable for the member’s lifetime, is based on the following formula:

Members who first participated before July 1, 1978, 5% of final average compensation multiplied by years of service, so long as his service continues without interruption. In no event shall the monthly retirement benefit exceed 100% of final average compensation. (Final average compensation means the average monthly compensation of the member for the 60 months of service immediately preceding retirement date, except for retirements occurring between January 1, 2003 and January 1, 2009, which shall use 36 months).



For an individual who first participated, or renewed former participation, between July 1, 1978 and June 30, 1980 the benefit shall be 4.15% of average compensation multiplied by years of service not to exceed 100% of average compensation.

For all other individuals, the benefit shall be 2.75% of average compensation multiplied by years of service not to exceed 100% of average compensation.

Early Retirement

Members who retire prior to normal retirement date with at least 8 years of service have two alternatives with regard to receiving retirement income as follows:

1. Upon reaching normal retirement age, the member may be vested with the right to receive a monthly service retirement allowance computed and payable on the basis of years of service and average salary for the 60 months prior to retirement, or
2. A member may elect to be paid, commencing as of the date of the election, a monthly service retirement allowance equivalent to the amount of monthly allowance that would have been paid had the member waited until reaching normal retirement age, but reduced in accordance with age at the time of election for each year under normal retirement age at the rate of 5% per year.

If the member has 27 or more years of service credit, there shall be no reduction for benefit commencement prior to normal retirement age. If the difference between the number of years of total governmental service and 27 is less than the difference between actual age and normal retirement age, the reduction shall be 5% for each year of service under 27.

Late Retirement

A judge may continue service beyond normal retirement age and continue to accrue service credits, but cannot receive a benefit in excess of 100% of final average compensation.

Disability Benefit

Condition

No service requirement.

Benefit

Upon determination of disability, a member will be eligible to receive $\frac{1}{2}$ of the monthly retirement income that would have been payable commencing at normal retirement date if this member had continued service until that date and then retired. In calculating the retirement income, average salary for the 5 years preceding disability will be used. When a disabled member reaches normal retirement date, the member may apply and start receiving the full amount of retirement income that would have been payable based upon the actual number of years of service and compensation, in lieu of the disability benefit.



Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income (other than an actuarially reduced income), or was receiving a disability income, the surviving spouse (if married to the member at the time of retirement) is entitled to receive a monthly allowance equal to $\frac{1}{2}$ of what the member was receiving for his/her lifetime.

If a member dies after retirement, and was at the time receiving an actuarially reduced allowance, or was not receiving an allowance, but had acquired a vested right to have received an allowance upon reaching normal retirement date, the surviving spouse (if married to the member at the time of retirement) is entitled to receive $\frac{1}{2}$ of the monthly allowance the member would have received at normal retirement date for his/her lifetime.

If an active member dies before retirement and before reaching normal retirement age, without regard to length of service, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly retirement income the member would have received commencing at the member's normal retirement date as if the member had continued in service until that date and then retired, computed on the basis of final compensation at the time of death.

If a member dies before retirement and after reaching normal retirement date, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly allowance the member would have been entitled to on the basis of years of service, had the member retired on his date of death, computed on the basis of final compensation at the time of death.

If a member is not married at the time of death, any death benefits described above to which a surviving spouse would have been entitled will be payable to the children of the deceased member until such time as the youngest child attains age 21, or for the life of a disabled child. Also, a member may designate that survivor benefits shall go in part or in total to minor children instead of the spouse.

If cumulative payments to the member and/or beneficiary do not exceed the member's total contributions to this plan, then the excess of such contributions over cumulative plan benefits paid shall be paid as an additional death benefit.

Termination Benefit

If a Judge ceases to be a member of the plan other than by death or disability without having completed at least 8 years of service, then the amount of the member's accumulated contributions shall be returned to the member. If, thereafter, this individual again becomes a holder of an office qualifying for membership in this plan then this individual shall not be entitled to credit for the prior period of service unless, at the time he again participates in the plan, the amount previously refunded is repaid with interest.

Excess Benefit

Certain members of this plan have benefits that exceed the 415(b) dollar limit. These members have an excess benefit for the amount that exceeds this dollar limit. This excess benefit is included in this plan's liabilities and is paid out of this plan's assets.



Cost-of-Living Adjustment

Ad hoc cost-of-living adjustments (COLA's) have been granted as noted below:

Effective Date of Increase	Percentage Increase	Increase Applies To Benefits Based on Service Prior To
7/1/1986	5%	6/30/1980
7/1/1988	5%	6/30/1982
7/1/1989	5%	6/30/1982
7/1/1990	5%	6/30/1990
7/1/1991	5%	6/30/1991
7/1/1993	3%	6/30/1993
7/1/1994	5%	6/30/1994
7/1/1995	5%	6/30/1995
7/1/1996	None	N/A
7/1/1997	None	N/A
8/1/1998	2.3%	N/A
7/1/1999	1.6%	N/A
7/1/2000	2.2%	N/A
7/1/2001	3.4%	N/A
7/1/2002	2.85%	N/A
7/1/2003	1.6%	N/A
7/1/2004	2.3%	N/A
7/1/2005	2.7%	N/A
7/1/2006	3.4%	N/A
7/1/2007	3.2%	N/A
7/1/2008	2.8%	N/A
7/1/2009 and later*	1.5%	N/A

*COLA's were suspended for fiscal years beginning in 2012 and later; COLA's after 7/1/2013 are not reflected in this valuation. No further COLA's will be granted without Board approval.

In addition, a provision for an on-going cost-of-living adjustment is made by statute. Effective August 1, 1998 and each July 1 thereafter, a recipient of a monthly pension shall receive a cost-of-living adjustment keyed to the Consumer Price Index. This COLA is excluded from the inviolable contract and can be repealed by the General Assembly at any time. Beginning July 1, 2009, if granted, this cost-of-living adjustment will be 1.50% for all retirees who have been retired in excess of one year and prorated for those retired less than one year.

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until granted, except for any anticipated COLA adjustments under the provision as in effect prior to August 1, 1998.



Summary of Benefits (Pension - Hybrid Tier)

Source

Sections 21.345-21.580 of the Kentucky Revised Statutes. {See 2013 Senate Bill 2}.

Eligibility for Membership

District, Circuit, Court of Appeals and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the KJRP-HT plan. Individuals commencing participation before January 1, 2014 became participants in the KJRP.

Hypothetical Member Accounts

The Hypothetical Member Account for each member is credited monthly with 9% of “creditable compensation” (including a 5% employee credit and a 4% state credit), as well as interest as described below. The Hypothetical Member Account balance on June 30 each year is equal to the sum of all prior contribution credits and all prior interest credits.

Employee Contributions

All members contribute 5% of their “creditable compensation” to help fund their pension benefit. Additionally, all members contribute 1% of their “creditable compensation” towards the retiree medical benefit.

State Contributions

The state contributes actuarially determined amounts to finance benefits.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Interest on Hypothetical Member Accounts

The Hypothetical Member Account will be credited with 4% annually. The credit will be applied on each June 30 based upon the Hypothetical Member Account balance from the preceding June 30. No interest credit is provided for contribution credits made in the current year.

Additionally, if the geometric average net investment return for the prior five years (or years since the effective date of the hybrid plan, if less) exceed 4%, members who were active and participating in the prior year will have their hypothetical accounts credited with 75% of the amount of the return over 4%. This additional interest credit is applied in the same method as the interest credit in the prior paragraph.



Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of service. However, for members who are at least age 57, members may retire if age plus service equals 87 years.

Benefit

A member will receive their accumulated Hypothetical Account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.

Early Retirement

A member who retires prior to normal retirement date with at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Termination Benefit

If a judge ceases to be a member of the plan prior to having 5 years of service, the amount of the member's accumulated contributions shall be returned to the member, including the member contributions and the interest applicable to this portion of the account. A member terminating with less than 5 years of service does not receive a refund of state contributions nor the interest applicable to this portion of the account.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income, the named beneficiary shall receive survivor benefits based upon the form of retirement benefits being received.

If a member with at least 5 years of service dies before retirement, the named beneficiary is entitled to receive a full refund of the accumulated Hypothetical Member Account. If a member with less than 5 years of service dies before retirement, the named beneficiary is entitled to receive a refund of the member's accumulated contributions, including the member contributions and the interest applicable to this portion of the account.



Summary of Benefits (OPEB Plan)

Eligibility

For those hired prior to January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KJRP Traditional Tier. For those hired on or after January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KJRP Hybrid Tier.

Benefits

Retirees and their covered spouses are provided access to the State of KY group medical plan. Benefits for eligible retirees and their covered spouses are provided for life.

Contributions

Traditional Tier

Retirees and their covered spouses are required to pay a portion of the medical insurance premiums to receive coverage under the group medical plan. The percentage will vary based on the number of years of service credit as follows:

<u>Years of Service Credit at Retirement</u>	<u>Percentage of Medical Insurance Premium Paid by the Plan</u>
20 or more	100%
15, but less than 20	75%
10, but less than 15	50%
4, but less than 10	25%
Less than 4	0%

Hybrid Tier

Retired members with at least 15 years of service, in addition to actual retirement benefits, will receive a monthly medical insurance benefit of ten dollars per year of service. The stipend can be used to decreased the cost of the member coverage only, and any excess cannot be used towards the cost of coverage for a spouse, dependent or beneficiary. The ten dollars per year of service was set as of January 1, 2014 and is set to increase with a 1.5% COLA each July 1.

All members contribute 1% of creditable compensation during active service. In addition, during retirement members must contribute the difference between the premium rates in effect that year and their monthly medical insurance stipend.



Actuarial Assumptions

Interest

6.5% per annum – this rate was selected by the KJRP Investment Committee and USI Consulting Group, and the Fund Investment Manager believe this to be a reasonable long-term rate of return assumption. This assumption reflects a 2.5% inflation assumption and a 4% real return assumption.

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, 6.5% was used for the discount rate/long-term rate of return assumption for GASB calculations.

Low-Default-Risk Obligation Interest rates

4.13% - S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2023

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); i.e., full generational mortality. For the OPEB Plan, the headcount weighted version of this table was used.

For the Hybrid plan, there is no pre-retirement mortality.

Terminations

None assumed

Salary Increases

1% for a rolling 5-year period beginning at the valuation date (currently effective through June 30, 2028) and 3.5% thereafter

Disability

None



Retirement Age

Retirements were assumed to occur as follow:

<u>Retirement Age</u>	<u>Percentage of Active Members Retiring</u>
NRA-5	15.00%
NRA-4	7.50%
NRA-3	7.50%
NRA-2	15.00%
NRA-1	20.00%
NRA	20.00%
Above NRA	33.33%*
Age 70	100.00%

NRA = Normal Retirement Age

In addition to these rates, for members of the traditional tier only, an extra 20% rate is assumed at the age a member reaches 27 years of service credit.

Post-Retirement Death Benefit

Assumption is that 70% of the judges would be married at retirement and the husband would be 3 years older than the wife on average.

Pre-Retirement Death Benefit

Assumption is that 70% of the judges would be survived by a spouse upon death prior to retirement and that the husband would be 3 years older than the wife on average.

Cost-of-Living Adjustment

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted.

Expenses

Estimated administrative expenses (assumed to be \$403,600 effective for the 2023-24 plan year).



Medical Insurance Premium Supplement

Plan Participation

100% of future eligible retirees are assumed to elect coverage at retirement.

Marital Status

70% of future retirees are assumed to cover a spouse in retirement, which males assumed to be 3 years older than female spouses on average. Current retiree coverage elections are assumed to persist each year in the future.

Medical Claims Cost for 2023-24

For pre-Medicare, retiree only claims and enrollment history for the Judicial and Legislative groups combined was used to develop the assumed claims costs for current and future retirees. Monthly experience for the three years ending January 2023 was projected to the valuation year at 6.25%, weighted using the sum-of-digits method, and spread over the covered population using the Yamamoto aging factors. The cost shown in the table below is for a male, age 65.

For post-Medicare the fully insured retiree-only rated Medicare Advantage PPO rates were adjusted to the valuation period and used as the assumed claims cost per covered post-Medicare participant.

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 16,865	\$ 4,263

Age Variance

Claims were adjusted downward using the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013 for attained ages 55 to 65. No aging was applied to the Medicare Advantage premium rates.

Health Care Cost Trend Rate

6.25% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075.

Administrative Expenses

Pre-Medicare administrative fees for the medical plan is assumed to be \$96 per annum per covered contract. Admin fees were assumed to increase 4% per year. Post-Medicare administrative fees are assumed to be included in the per capita claims cost.



Retiree Contribution Methodology

Traditional Tier

Retirees are required to pay a percentage of the premium rate in effect at retirement based on years of service, as described in the plan provisions section of the report. The total premium rates for 2023-24, before applying the percentage adjustment for service, are shown below:

<u>Participant Type</u>	<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
Member	\$ 10,696	\$ 4,263
Spouse	\$ 11,948	\$ 4,263

Hybrid Tier

Retirees are required to contribute 1% of creditable compensation during active service. Upon retirement, retirees must contribute the difference between the premium rates in effect each year and their monthly stipend.

The annual stipend amount for one year of service for the fiscal year ending June 30, 2024 is \$139.20 and is assumed to increase by 1.5% each July 1.

The total premium rates before the stipend for 2023-24 are the same as for the traditional tier:

<u>Participant Type</u>	<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
Member	\$ 10,696	\$ 4,263
Spouse	\$ 11,948	\$ 4,263

Coordination with Medicare

Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65.

Non-members

Judges electing not to participate are assumed to continue as non-members in the future.



Actuarial Methods

Funding Method

The actuarially calculated contribution is based on the methods and assumptions contained herein. The funded status of the plan would be different if market value of assets were used rather than actuarial value. The valuation of all benefits is based on the Entry Age Normal funding method. The actuarially determined contribution is generally based on the sum of the normal cost and a charge equivalent to a 20-year amortization of any current year's gains or losses, plus an additional charge for any amortization payments remaining for gains or losses that had occurred in prior years. If the plan has surplus assets, prior bases will be eliminated, and the surplus will be amortized over an open 20-year period. The normal cost represents the cost associated with one year of benefit accrual for active Plan participants plus plan expenses paid from the trust. The contribution policy is intended to fully amortize the unfunded liability in 20 years if all assumptions are realized.

Valuation Software

The actuarial liabilities shown in this report are determined using software purchased from an outside vendor which was developed for this purpose. Certain information is entered into this model in order to generate the liabilities. These inputs include economic and non-economic assumptions, plan provisions, and census information. We rely on the coding within the software to value the liabilities using the actuarial methods and assumptions selected. Both the input to and the output from the model is checked for accuracy and reviewed for reasonableness.



Asset Valuation Method

The determination of the actuarial value of assets is as follows:

1. Investment gains/losses are determined for each year by comparing the expected value of assets based on the assumed interest assumption to actual market value. Expected value of assets in each year shall be determined by projecting the market value of assets from the prior year using the assumed interest rate, plus contributions less benefit payments and plan expenses (adjusted with interest at the assumed rate). If the expected value of plan assets is different than the actual market value of plan assets then the difference is treated as a gain or loss for that year.
2. The amount of any gain or loss as determined above shall be recognized evenly over the subsequent five years.
3. The actuarial value of assets on any valuation date shall be equal to the market value of assets on that date adjusted as follows:
 - Reduced by 80% of a gain or increased by 80% of a loss from the preceding year
 - Reduced by 60% of a gain or increased by 60% of a loss from the 2nd preceding year
 - Reduced by 40% of a gain or increased by 40% of a loss from the 3rd preceding year
 - Reduced by 20% of a gain or increased by 20% of a loss from the 4th preceding year
4. In no event will the actuarial value of assets be less than 80% or greater than 120% of the current market value of assets

This asset valuation method is used in the determination of funding levels. The fair market value of assets is used for disclosure purposes under GASB Statement Nos. 67, 68, 74, and 75.

For purposes of GASB Statement Nos. 67, 68, 74, and 75, the market value of assets has been allocated between retirement related and medical premium supplement liabilities. This market value allocation is carried forward each year based on the following:

1. State and member contributions, as well as transfers for purchase of additional service, are allocated pro-rata reflecting the Annual Required Contribution for that year.
2. Benefits paid reflect actual benefits paid relative to retirement related benefits separately from medical premium supplements.
3. Preliminary assets are determined by adjusting beginning value for allocated State and member contributions and actual benefits paid.
4. Net investment return is allocated pro-rata based on the preliminary assets developed in the previous step.
5. Allocated assets as of the valuation date equal the preliminary balance plus the allocated share of investment income.

Actuarial value of assets is developed initially in total and then allocated between retirement related benefits and medical premium supplement benefits on a pro-rata basis reflecting allocated share of market value as of the valuation date.



GASB Statement No. 67

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2023</u>
Additions	
Contributions:	
Employer	\$4,981,800
Employee	<u>2,008,426</u>
Total Contributions	6,990,226
Transfer In Payments	0
Investment Income	56,555,063
Other	<u>0</u>
Total Additions	63,545,289
Deductions	
Benefit Payments / Refunds	26,786,774
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>26,786,774</u>
Net Increase in Net Position	36,758,515
Net Position Restricted for Pensions	
Beginning of Year Market Value of Assets	<u>390,889,642</u>
End of Year Market Value of Assets	<u><u>\$427,648,157</u></u>



Net Pension Liability

Determination of Net Pension Liability

	<u>June 30, 2023</u>
Total Pension Liability (6.5%)	382,515,060
Plan Fiduciary Net Position (Market Value of Assets)	<u>(427,648,157)</u>
Net Pension Liability	<u><u>(\$45,133,097)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.80%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability	(\$9,358,638)	(\$45,133,097)	(\$75,861,841)



Schedule of Changes in the Net Pension Liability and Related Ratios (Dollar amounts in millions)

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Pension Liability										
Service cost	\$5.0	\$5.0	\$5.0	\$4.9	\$4.1	\$4.1	\$3.5	\$3.6	\$4.3	\$4.3
Interest	21.9	22.2	23.4	23.8	22.7	22.9	23.4	23.7	23.8	23.9
Changes of benefit terms	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Differences between expected and actual experience	0.0	4.4	0.0	(8.8)	0.0	(0.1)	0.0	(5.3)	0.0	4.4
Changes of assumptions	29.1	(4.4)	0.0	(2.1)	0.0	(7.7)	0.0	9.1	(5.9)	0.0
Benefit Payments / Refunds	(21.8)	(22.3)	(22.9)	(23.0)	(23.2)	(24.2)	(24.4)	(24.4)	(25.0)	(26.8)
Net Change in Total Pension Liability	\$34.2	\$5.0	\$5.5	(\$5.3)	\$3.7	(\$4.9)	\$2.5	\$6.7	(\$2.8)	\$5.8
Total Pension Liability - beginning	332.1	366.3	371.3	376.8	371.5	375.2	370.3	372.7	379.5	376.7
Total Pension Liability - ending (a)	\$366.3	\$371.3	\$376.8	\$371.5	\$375.2	\$370.3	\$372.7	\$379.5	\$376.7	\$382.5
Plan Fiduciary Net Position (Market Value of Assets)										
Contributions - employer	\$10.8	\$15.1	\$15.2	\$12.0	\$12.0	\$8.7	\$8.7	\$6.8	\$7.1	\$5.0
Contributions - employee	2.8	1.9	1.8	1.6	2.0	1.5	1.7	1.9	2.4	2.0
Transfer In Payments	1.6	0.2	0.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Net investment income	33.2	25.6	8.7	34.6	27.1	38.6	19.5	122.8	(42.0)	56.5
Benefit Payments / Refunds	(21.8)	(22.2)	(22.9)	(23.0)	(23.2)	(24.2)	(24.4)	(24.4)	(25.0)	(26.8)
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Plan Fiduciary Net Position	\$26.6	\$20.7	\$2.9	\$25.2	\$18.4	\$24.6	\$5.6	\$107.1	(\$57.5)	\$36.7
Plan Fiduciary Net Position - beginning	217.3	243.9	264.6	267.5	292.7	311.1	335.7	341.3	448.4	390.9
Plan Fiduciary Net Position - ending (b)	\$243.9	\$264.6	\$267.5	\$292.7	\$311.1	\$335.7	\$341.3	\$448.4	\$390.9	\$427.6
Net Pension Liability - ending (a) - (b)	\$122.4	\$106.7	\$109.3	\$78.8	\$64.1	\$34.6	\$31.4	(\$68.9)	(\$14.2)	(\$45.1)
Plan Fiduciary Net Position as a % of the Total Pension Liability	66.6%	71.3%	71.0%	78.8%	82.9%	90.7%	91.6%	118.2%	103.8%	111.8%
Covered-employee payroll	\$32.9	\$31.9	\$31.9	\$30.3	\$30.6	\$30.6	\$30.9	\$29.5	\$29.8	\$27.7
Net Pension Liability as a % of covered-employee payroll	371.7%	334.5%	342.6%	260.1%	209.5%	113.1%	101.6%	(233.6%)	(47.7%)	(162.8%)
Discount Rate (traditional)	6.15%	6.41%	6.41%	6.24%	6.24%	6.47%	6.47%	6.50%	6.50%	6.50%
Discount Rate (hybrid)	n/a	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.50%	6.50%	6.50%



Schedule of Contributions

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution ¹	\$15.2	\$15.1	\$15.2	\$12.0	\$12.0	\$9.3	\$9.9	\$6.7	\$7.9	\$5.0
Contributions in relation to the actuarially determined contribution	10.8	15.1	15.2	12.0	12.0	8.7	8.7	6.8	7.1	5.0
Contribution deficiency (excess)	\$4.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.6	\$1.2	(\$0.1)	\$0.8	\$0.0
Covered-employee payroll	\$32.9	\$31.9	\$31.9	\$30.3	\$30.6	\$30.6	\$30.9	\$29.5	\$29.8	\$27.7
Contributions as a percentage of covered-employee payroll	32.8%	47.3%	47.6%	39.6%	39.2%	28.4%	28.2%	23.1%	23.8%	18.1%

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 67

GASB Statement No. 67 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 67, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. USI Consulting Group is prepared to assist the system as needed.



GASB Statement No. 68

Schedule of Changes in NPL, Deferrals, & Pension Expense

	Increase (Decrease)			Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	Pension Expense
	Total Pension Liability (a)	Plan Net Position (Assets) (b)	Net Pension Liability (a) - (b)			
Balances--at 06/30/2022	\$ 376,657,581	\$ 390,889,642	\$ (14,232,061)	\$ 64,580,220	\$ 68,104,019	
Changes for the Year:						
Service cost	4,270,153		4,270,153			4,270,153
Interest expense	23,962,280		23,962,280			23,962,280
Benefit changes						
Experience losses (gains)	4,411,820		4,411,820	2,205,910	-	2,205,910
Changes of assumptions	-		-	-	-	-
Contributions--State		4,981,800	(4,981,800)			
Contributions--Members		2,008,426	(2,008,426)			(2,008,426)
Transfer In Payments		-	-			
Net investment income		56,555,063	(56,555,063)			
Expected return on plan investments						(24,661,219)
Current expense of asset gain/loss						(6,378,769)
Non expensed asset gain/loss				-	25,515,075	
Refunds of contributions	-	-	-			
Benefits paid	(26,786,774)	(26,786,774)	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(4,981,770)		
Post-measurement Contribution				5,305,585		
Other changes						
Amortization of or change in beginning balances				(16,706,071)	(27,607,870)	(10,901,799)
Net Changes	<u>5,857,479</u>	<u>36,758,515</u>	<u>(30,901,036)</u>	<u>(14,176,346)</u>	<u>(2,092,795)</u>	<u>(13,511,870)</u>
Balances--at 06/30/2023	<u>\$ 382,515,060</u>	<u>\$ 427,648,157</u>	<u>\$ (45,133,097)</u>	<u>\$ 50,403,874</u>	<u>\$ 66,011,224</u>	<u>\$(13,511,870)</u>



Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the recognized pension expense/(income) will be (\$13,511,870). At June 30, 2024, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	As of June 30, 2023		Recognized in Pension Expense	As of June 30, 2024		Remaining Amort. Period
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	
Experience losses (gains)						
- 6/30/2017	44,753	-	5,354	39,399	-	7.360 years
- 6/30/2019	162,069	-	15,924	146,145	-	9.178 years
- 6/30/2021	-	1,275,722	(1,275,722)	-	-	0.000 years
- 6/30/2023	4,411,820	-	2,205,910	2,205,910	-	1.000 year
subtotal	4,618,642	1,275,722	951,466	2,391,454	-	
Change of assumptions						
- 6/30/2017	-	6,358	(761)	-	5,597	7.360 years
- 6/30/2021	2,213,318	-	2,213,318	-	-	0.000 years
- 6/30/2022	-	2,305,589	(2,305,589)	-	-	0.000 years
subtotal	2,213,318	2,311,947	(93,032)	-	5,597	
Net difference between projected and actual earnings on investments						
- 6/30/2019	-	3,780,520	(3,780,520)	-	-	0.000 years
- 6/30/2020	707,578	-	353,789	353,789	-	1.000 year
- 6/30/2021	-	60,735,829	(20,245,277)	-	40,490,552	2.000 years
- 6/30/2022	56,470,728	-	14,117,682	42,353,046	-	3.000 years
- 6/30/2023	-	31,893,844	(6,378,769)	-	25,515,075	4.000 years
subtotal	57,178,306	96,410,193	(15,933,095)	42,706,835	66,005,627	
Total	\$ 64,010,266	\$ 99,997,862	\$ (15,074,661)	\$ 45,098,289	\$ 66,011,224	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).



Pension Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	(9,926,148)
2026	(12,485,845)
2027	7,759,430
2028	(6,358,251)
2029	20,517
Thereafter	77,362

In addition, Governmental Accounting Standards Board Statement 71 ("GASB 71") requires contributions between the measurement date (July 1, 2023) and the disclosure date (June 30, 2024) for GASB 68 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ 4,411,820
Change of Assumptions Losses (gains)	-
<u>Asset Losses (gains)</u>	<u>(31,893,844)</u>
Total	\$ (27,482,024)



GASB Statement No. 74

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2023</u>
Additions	
Contributions	
Employer	0
Employee	<u>78,531</u>
Total Contributions	78,531
Investment Income	17,870,488
Other	<u>0</u>
Total Additions	<u>17,949,019</u>
Deductions	
Benefit Payments / Refunds	2,154,349
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>2,154,349</u>
Net Increase in Net Position	<u>15,794,670</u>
Net Position Restricted for OPEB	
Beginning of Year	<u>119,335,249</u>
End of Year	<u><u>\$135,129,919</u></u>



Net OPEB Liability

Determination of Net OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	49,266,254
Plan Fiduciary Net Position	<u>(135,129,919)</u>
Net OPEB Liability	<u><u>(\$85,863,665)</u></u>

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability 274.28%

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
June 30, 2023	(\$90,872,410)	(\$85,863,665)	(\$79,899,498)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
June 30, 2023	(\$80,118,178)	(\$85,863,665)	(\$90,672,165)



Schedule of Changes in the Net OPEB Liability and Related Ratios (Dollar amounts in millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total OPEB Liability										
Service cost	\$1.2	\$0.9	\$0.9	\$0.7	\$0.7	\$0.7	\$0.7			
Interest	4.6	3.3	3.6	3.0	3.2	2.5	2.5			
Changes of benefit terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Differences between expected and actual experience	(22.1)	0.0	(9.7)	0.0	(9.3)	0.0	8.5			
Changes of assumptions	5.6	0.0	0.1	0.0	(2.3)	0.0	(0.9)			
Benefit Payments / Refunds	(1.9)	(2.0)	(2.0)	(2.0)	(1.8)	(1.9)	(2.2)			
Net Change in Total OPEB Liability	(\$12.6)	\$2.2	(\$7.1)	\$1.8	(\$9.6)	\$1.3	\$8.6			
Total OPEB Liability - beginning	64.7	52.1	54.4	47.3	49.0	39.4	40.6			
Total OPEB Liability - ending (a)	\$52.1	\$54.4	\$47.3	\$49.0	\$39.4	\$40.6	\$49.2			
Plan Fiduciary Net Position										
Contributions - employer	\$1.2	\$1.2	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0			
Contributions - employee	0.1	0.2	0.0	0.0	0.1	0.1	0.1			
Transfers	0.0	0.1	0.0	0.0	0.0	0.0	0.0			
Net investment income	9.4	7.6	11.0	5.6	36.7	(12.8)	17.9			
Benefit Payments / Refunds	(1.9)	(2.0)	(2.0)	(2.0)	(1.8)	(1.9)	(2.2)			
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Net Change in Plan Fiduciary Net Position	\$8.8	\$7.1	\$9.1	\$3.7	\$35.0	(\$14.5)	\$15.8			
Plan Fiduciary Net Position - beginning	70.3	79.2	86.3	95.4	99.0	133.9	119.3			
Plan Fiduciary Net Position - ending (b)	\$79.2	\$86.3	\$95.4	\$99.0	\$133.9	\$119.3	\$135.0			
Net OPEB Liability - ending (a) - (b)	(\$27.0)	(\$31.9)	(\$48.0)	(\$50.1)	(\$94.5)	(\$78.7)	(\$85.8)			
Plan Fiduciary Net Position as a % of the Total OPEB Liability	152.0%	158.6%	201.7%	202.0%	339.8%	293.8%	274.4%			
Covered-employee payroll	\$30.3	\$30.6	\$30.6	\$30.9	\$29.5	\$29.8	\$26.7			
Net OPEB Liability as a % of covered-employee payroll	(89.1%)	(104.2%)	(156.9%)	(162.1%)	(320.3%)	(264.1%)	(321.3%)			
Discount Rate (Traditional)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%			
Discount Rate (Hybrid)	4.00%	4.00%	4.00%	4.00%	6.50%	6.50%	6.50%			



Schedule of Contributions

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Actuarially determined contribution ¹	\$1.2	\$1.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			
Contributions in relation to the actuarially determined contribution	\$1.2	\$1.2	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0			
Contribution deficiency (excess)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	\$0.0			
Covered-employee payroll	\$30.3	\$30.6	\$30.6	\$30.9	\$29.5	\$29.8	\$26.7			
Contributions as a percentage of covered-employee payroll	4.0%	3.9%	0.0%	0.0%	0.0%	0.3%	0.0%			

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 74

GASB Statement No. 74 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 74, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. USI Consulting Group is prepared to assist the system as needed.



GASB Statement No. 75

Schedule of Changes in NOL, Deferrals, & OPEB Expense

	Increase (Decrease)			Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)			
Balances--at 06/30/2022	\$40,619,947	\$119,335,249	(\$78,715,302)	\$17,465,683	\$22,029,058	
Changes for the Year:						
Service cost	702,812		702,812			702,812
Interest	2,545,947		2,545,947			2,545,947
Benefit changes	0		0			
Experience losses (gains)	8,459,232		8,459,232	5,639,488		2,819,744
Changes of assumptions	(907,335)		(907,335)		604,890	(302,445)
Contributions--Employer		0	0			
Contributions--members		78,531	(78,531)			
Net investment income		17,870,488	(17,870,488)			
Expected return on plan investments						(7,690,389)
Current expense of asset (gain)/loss						(2,036,020)
Non expensed asset gain/loss					8,144,079	
Refunds of contributions		0	0			
Benefits paid	(2,154,349)	(2,154,349)	0			
Administrative expenses		0	0			0
Recognition of Prior Post-measurement Post-measurement Contribution						
Other changes		0	0			
Amortization of or change in beginning balances				(4,416,837)	(9,937,572)	(5,520,735)
Net Changes	8,646,307	15,794,670	(7,148,363)	1,222,651	(1,188,603)	(9,481,086)
Balances--at 06/30/2023	\$49,266,254	\$135,129,919	(\$85,863,665)	\$18,688,334	\$20,840,455	(\$9,481,086)



OPEB Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the recognized OPEB expense will be (\$9,481,086). At June 30, 2024, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs from the following sources:

	As of June 30, 2023		Recognized in Pension Expense	As of June 30, 2024		Remaining Amort. Period
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	
Experience losses (gains)						
- 6/30/2017	2,805	-	335	2,470	-	7.360 years
- 6/30/2019	11,089	-	1,090	9,999	-	9.178 years
- 6/30/2021	-	2,250,460	(2,250,460)	-	-	0.000 years
- 6/30/2023	8,459,232	-	2,819,744	5,639,488	-	2.000 years
subtotal	8,473,126	2,250,460	570,709	5,651,957	-	
Change of assumptions						
- 6/30/2019	1,185	-	117	1,068	-	11.178 years
- 6/30/2021	-	567,604	(567,604)	-	-	0.000 years
- 6/30/2023	-	907,335	(302,445)	-	604,890	2.000 years
subtotal	1,185	1,474,939	(869,932)	1,068	604,890	
Net difference between projected and actual earnings on investments						
- 6/30/2019	-	1,073,765	(1,073,765)	-	-	0.000 years
- 6/30/2020	210,576	-	105,288	105,288	-	1.000 years
- 6/30/2021	-	18,137,229	(6,045,743)	-	12,091,486	2.000 years
- 6/30/2022	17,240,028	-	4,310,007	12,930,021	-	3.000 years
- 6/30/2023	-	10,180,099	(2,036,020)	-	8,144,079	4.000 years
subtotal	17,450,604	29,391,093	(4,740,233)	13,035,309	20,235,565	
Total	\$ 25,924,915	\$ 33,116,492	\$ (5,039,456)	\$ 18,688,334	\$ 20,840,455	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).



OPEB Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:

2025	(1,147,627)
2026	(1,252,915)
2027	2,275,529
2028	(2,034,477)
2029	1,542
Thereafter	5,827

In addition, Governmental Accounting Standards Board Statement 75 ("GASB 75") requires contributions between the measurement date (July 1, 2023) and the disclosure date (June 30, 2024) for GASB 75 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Gain-Loss Breakdown

Experience Losses (gains)	\$ 8,459,232
Change of Assumptions Losses (gains)	(907,335)
<u>Asset Losses (gains)</u>	<u>(10,180,099)</u>
Total	\$ (2,628,202)



Risk Assessment

Actuarial Standard of Practice No. 51

Actuarial funding valuation reports are required to include a discussion of the risk associated with measuring pension obligations and determining pension plan contributions. The risks that may reasonably be anticipated to significantly affect the plan's future financial condition are discussed below. USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.

Investment

Due to the plan's substantial equity exposure, investment returns will likely be much more volatile than the measurements of plan liabilities. Therefore, there is a risk that the funded status of the plan, as well as required plan contributions, could be volatile.

Assumed Rate of Return

Due to the plan's estimated duration of 8 to 11, a 1% decrease in the assumed rate of investment return would increase the measurement of the liability by 8% to 11%.

Longevity

Since nearly all of the plan liability is projected to be paid as annuities, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will fluctuate with changes in longevity. The ratio of retired life liability to total liability is 74%, suggesting there is less sensitivity to long-term changes in overall mortality improvement than a less mature plan.

Other demographic factors

Due to the eligibility for unreduced and subsidized retirement benefits, employees continuing in service for longer than expected will accrue additional benefits which may or may not result in larger liabilities. Conversely, employees retiring sooner than anticipated will accrue smaller benefits which may or may not result in smaller liabilities. Additionally, the difference between actual salary increases compared to the assumed increases based on the valuation assumption would impact the plan's funded status and contribution requirements.

Lump sums

No significant known risks. However, as the Hybrid Tier becomes a larger percentage of the total liability, this risk will become more significant. Since lump sum benefits are equal to the cash balance for the Hybrid Tier, lump sum payments have a comparable effect on both assets and liabilities.



Inflation

Inflation is a component of future interest rates and investment returns over a long period. As a result, changes to inflation can affect funded percentages.

Contribution Risk

Contribution Risk involves the plan not being appropriated at least the Annual Required Contribution. If this amount is not appropriated, the plan runs the risk of not having enough assets to pay benefits when they become due.

Low-Default-Risk Obligation

In accordance with Actuarial Standards of Practice (ASOP) No. 4, the actuary is required to provide a “Low-Default-Risk Obligation Measurement” (LDROM). The intended purpose of the measurement is to show what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds (whose cash flows approximately match the plan’s future benefit payments) using current interest rate conditions. While investing solely in bonds might typically be expected to reduce the plan’s investment risk, it would also likely reduce the plan’s long-term investment returns, thereby increasing the amount of expected contributions needed over the life of the plan (perhaps significantly). The plan’s current investment policy is likely to result in lower contributions needed to support the trust fund than an all-bond policy; however, it can be more volatile, resulting in larger changes year-to-year on funded status. This disclosure is intended to help the user understand the cost of investing in an all-bond portfolio, if the assumed investment return was based on current interest rates. This disclosure may also provide additional information regarding the security of benefits that participants have earned. This disclosure is required and does not imply the plan sponsor is considering investing solely in bonds. This disclosure may not be appropriate for other uses. As of the valuation date, the Low-Default-Risk Obligation Measurement (LDROM) for the plan is \$478 million. Using LDROM interest rates the Plan is 90% funded on a market value of asset basis, compared to a funded level of 112% using the Plan’s ongoing interest rates.

Other Factors

Due to recent and ongoing attempts to pass pension reform legislation at a state level, the plan be modified in the future. Future legislation may affect benefit levels or future contribution levels and could result in increases or decreases in the plan liabilities or funding status.

USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.



GASB Notes

Notes to GASB 67, 68, 74, and 75 Disclosures

1. Actuarial accrued liability is based on the entry age normal funding method.
2. Market value of assets as of July 1, 2007 was allocated between pension and OPEB obligations based on proportionate share of accrued liability on that date. Allocations in subsequent years are based on prior year allocated value adjusted for contributions and benefits paid during the year, with investment return (net of expenses) allocated proportionately between retirement and OPEB obligations. Actuarial value of assets is then allocated based on the market value of retirement and OPEB assets.
3. Actuarial value of assets uses a 5-year asset smoothing method.
4. Information used in preparing these exhibits has been extracted from past valuation reports.

Note: Above statements are partially based on information furnished by the prior actuary.

5. Covered payroll reflects payroll for all current plan members.
6. ADC based on full actuarial report (odd numbered years) immediately prior to each biennium. ADC amount shown is for basic valuation, without any future COLA reflected but with interest adjustment as appropriate.
7. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 67.
8. It is assumed the measurement date for GASB 68 will be 12 months before the disclosure date. For the year ending June 30, 2024, the measurement date is July 1, 2023 (the valuation date).
9. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 74.
10. It is assumed the measurement date for GASB 75 will be 12 months before the disclosure date. For the year ending June 30, 2024, the measurement date is July 1, 2023 (the valuation date).



Summary of Participant Data

Distribution of Active Participants with Average Compensation

Attained Age	Years of Credited Service										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	Over 39	
Under 25											
25-29											
30-34	2		1								3
	\$134,621		\$127,842								\$132,362
35-39	5	3									8
	\$133,266	\$132,362									\$132,927
40-44	6	9	2	4							21
	\$139,141	\$133,868	\$141,401	\$129,121							\$135,188
45-49	1	6	5	3	4	2					21
	\$141,401	\$139,141	\$135,977	\$133,685	\$137,523	\$135,968					\$137,106
50-54	2	4	4	7	14	9					40
	\$141,401	\$138,011	\$138,365	\$133,033	\$136,946	\$135,207					\$136,341
55-59	2	2	4	4	9	14	1				36
	\$134,621	\$142,108	\$138,331	\$132,544	\$138,250	\$141,519	\$129,121				\$138,655
60-64	1	6	5	3	6	8	5	2			36
	\$141,401	\$140,403	\$141,683	\$129,121	\$146,973	\$140,017	\$141,077	\$142,205			\$140,871
65-69		2	3	3	5	5	3	1			22
		\$135,328	\$137,352	\$138,250	\$142,767	\$137,337	\$140,324	\$142,815			\$139,171
Over 69			2	2	3	2	3	1		1	14
			\$141,401	\$135,968	\$149,047	\$142,815	\$140,324	\$129,121		\$142,815	\$141,458
Total	19	32	26	26	41	40	12	4		1	201
	\$137,119	\$137,065	\$138,484	\$132,807	\$140,351	\$139,063	\$139,704	\$139,086		\$142,815	\$137,997



Distribution of Inactive Participants with Average Annual Benefit - Annuities

Attained Age	All Retired and Beneficiaries	Traditional Terminated	Total
Under 50	2	0	2
	\$87,513	\$0	\$87,513
50 – 54	1	1	2
	\$28,986	\$48,159	\$38,573
55 – 59	13	2	15
	\$63,975	\$28,717	\$59,274
60 – 64	43	4	47
	\$67,291	\$20,059	\$63,271
65 – 69	74	1	75
	\$75,686	\$26,334	\$75,028
70 – 74	108	0	108
	\$72,280	\$0	\$72,280
75 – 79	77	0	77
	\$71,565	\$0	\$71,565
80 – 84	51	0	51
	\$65,058	\$0	\$65,058
85 – 89	13	0	13
	\$62,418	\$0	\$62,418
90 – 94	17	0	17
	\$45,312	\$0	\$45,312
Over 94	6	0	6
	\$38,120	\$0	\$38,120
Total	405	8	413
	\$69,075	\$26,520	\$68,251



Distribution of Inactive Participants with Average Benefits – Lump Sums

Attained Age	Cash Balance Terminated	Total
Under 50	2 \$31,631	2 \$31,631
50 – 54	1 \$7,346	1 \$7,346
55 – 59		
60 – 64		
65 – 69		
70 – 74		
75 – 79	1 \$11,942	1 \$11,942
80 – 84		
85 – 89		
90 – 94		
Over 94		
Total	4 \$20,638	4 \$20,638



Glossary of Terms

Amortization – The process of systematically recognizing prior gains and losses as a component of the Pension Expense.

Fiduciary Net Position – The market value of assets as of a specified measurement date.

Funded Status – The difference between the Fiduciary Net Position and the Total Pension Liability as of the measurement date.

Gain/Loss – A change in the value of either the Total Pension Liability or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Interest Cost – The amount recognized in a period determined as the increase in the Total Pension Liability due to the passage of time.

Pension Expense – The sum of Service Cost, Interest Cost, Expected Return on Assets and amortizations of Actuarial Gain/Loss over the average remaining service period (or the life expectancy) of plan participants expected to receive plan benefits plus a 5-year amortization of Asset Gain/Loss.

Service Cost – is the actuarial present value of benefits attributed to services rendered by employees during the measurement.

Total Pension Liability – The Entry Age Normal Accrued Liability.



Sensitivity Analysis

In accordance with HB 238, we are providing the following sensitivity analysis of the valuation results to changes in certain plan assumptions. Specifically we have looked at the effect of a one percent increase and decrease to the discount rate, salary scale, and healthcare cost trend rate assumptions.

Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Pension Plan			
Accrued Liability	\$418,289,519	\$382,515,060	\$351,786,316
Actuarial Value of Assets	404,534,407	404,534,407	404,534,407
Unfunded Past Service Liability	13,755,112	(22,019,347)	(52,748,091)
Funded Ratio	96.71%	105.76%	114.99%
Contribution as Percent of Salary	15.47%	2.23%	0.00%
OPEB Plan			
Accrued Liability	\$55,011,741	\$49,266,254	\$44,457,754
Actuarial Value of Assets	127,826,347	127,826,347	127,826,347
Unfunded Past Service Liability	(72,814,606)	(78,560,093)	(83,368,593)
Funded Ratio	232.36%	259.46%	287.52%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$473,301,260	\$431,781,314	\$396,244,070
Actuarial Value of Assets	532,360,754	532,360,754	532,360,754
Unfunded Past Service Liability	(59,059,494)	(100,579,440)	(136,116,684)
Funded Ratio	112.48%	123.29%	134.35%
Contribution as Percent of Salary	15.47%	2.23%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Salary Scale

	1% Decrease 0% for five years, 2.5% thereafter	Current Rate 1% for five years, 3.5% thereafter	1% Increase 2% for five years, 4.5% thereafter
Pension Plan			
Accrued Liability	\$381,540,291	\$382,515,060	\$383,417,357
Actuarial Value of Assets	404,534,407	404,534,407	404,534,407
Unfunded Past Service Liability	(22,994,116)	(22,019,347)	(21,117,050)
Funded Ratio	106.03%	105.76%	105.51%
Contribution as Percent of Salary	0.94%	2.23%	3.60%
OPEB Plan			
Accrued Liability	\$49,642,120	\$49,266,254	\$48,863,964
Actuarial Value of Assets	127,826,347	127,826,347	127,826,347
Unfunded Past Service Liability	(78,184,227)	(78,560,093)	(78,962,383)
Funded Ratio	257.50%	259.46%	261.60%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$431,182,411	\$431,781,314	\$432,281,321
Actuarial Value of Assets	532,360,754	532,360,754	532,360,754
Unfunded Past Service Liability	(101,178,343)	(100,579,440)	(100,079,433)
Funded Ratio	123.47%	123.29%	123.15%
Contribution as Percent of Salary	0.94%	2.23%	3.60%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Healthcare Cost Trend Rate

	1% Decrease in Trend Assumption	Current Rate in Trend Assumption	1% Increase in Trend Assumption
Pension Plan			
Accrued Liability	\$382,515,060	\$382,515,060	\$382,515,060
Actuarial Value of Assets	404,534,407	404,534,407	404,534,407
Unfunded Past Service Liability	(22,019,347)	(22,019,347)	(22,019,347)
Funded Ratio	105.76%	105.76%	105.76%
Contribution as Percent of Salary	2.23%	2.23%	2.23%
OPEB Plan			
Accrued Liability	\$44,257,509	\$49,266,254	\$55,230,421
Actuarial Value of Assets	127,826,347	127,826,347	127,826,347
Unfunded Past Service Liability	(83,568,838)	(78,560,093)	(72,595,926)
Funded Ratio	288.82%	259.46%	231.44%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$426,772,569	\$431,781,314	\$437,745,481
Actuarial Value of Assets	532,360,754	532,360,754	532,360,754
Unfunded Past Service Liability	(105,588,185)	(100,579,440)	(94,615,273)
Funded Ratio	124.74%	123.29%	121.61%
Contribution as Percent of Salary	2.23%	2.23%	2.23%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Projections

Pension Plan

In accordance with HB 238, we are also providing the following 30 year projection under the current plan assumptions and, if applicable, before any assumptions changes effective at the valuation date. For a list of assumptions changes effective as of July 1, 2023, please see page 7.

Year Beginning July 1	Contribution				Accrued Liability (\$M)				Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Requirement (\$M)*		Contribution (%)		Prior		Current		Prior		Current	
	Prior	Assumptions	Prior	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2023	\$ 5.3	\$ 5.3	19.1%	19.1%	\$ 382.5	\$ 382.5	\$ (22.0)	\$ (22.0)	106%	106%		
2024	\$ 0.7	\$ 0.7	3.0%	3.0%	\$ 379.2	\$ 379.2	\$ (39.5)	\$ (39.5)	110%	110%		
2025	\$ 0.7	\$ 0.7	3.3%	3.3%	\$ 374.8	\$ 374.8	\$ (53.4)	\$ (53.4)	114%	114%		
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 369.1	\$ 369.1	\$ (47.8)	\$ (47.8)	113%	113%		
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 362.5	\$ 362.5	\$ (55.8)	\$ (55.8)	115%	115%		
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 354.9	\$ 354.9	\$ (57.6)	\$ (57.6)	116%	116%		
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 346.5	\$ 346.5	\$ (59.7)	\$ (59.7)	117%	117%		
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 337.3	\$ 337.3	\$ (62.1)	\$ (62.1)	118%	118%		
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 327.4	\$ 327.4	\$ (64.6)	\$ (64.6)	120%	120%		
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 316.9	\$ 316.9	\$ (67.5)	\$ (67.5)	121%	121%		
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 305.7	\$ 305.7	\$ (70.5)	\$ (70.5)	123%	123%		
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 293.9	\$ 293.9	\$ (73.9)	\$ (73.9)	125%	125%		
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 281.7	\$ 281.7	\$ (77.5)	\$ (77.5)	128%	128%		
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 269.0	\$ 269.0	\$ (81.3)	\$ (81.3)	130%	130%		
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 255.7	\$ 255.7	\$ (85.4)	\$ (85.4)	133%	133%		
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 242.4	\$ 242.4	\$ (89.8)	\$ (89.8)	137%	137%		
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 229.0	\$ 229.0	\$ (94.5)	\$ (94.5)	141%	141%		
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 215.2	\$ 215.2	\$ (99.4)	\$ (99.4)	146%	146%		
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 201.3	\$ 201.3	\$ (104.7)	\$ (104.7)	152%	152%		
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 187.8	\$ 187.8	\$ (110.2)	\$ (110.2)	159%	159%		
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 174.4	\$ 174.4	\$ (116.1)	\$ (116.1)	167%	167%		
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 161.2	\$ 161.2	\$ (122.3)	\$ (122.3)	176%	176%		
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 148.6	\$ 148.6	\$ (128.8)	\$ (128.8)	187%	187%		
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 136.5	\$ 136.5	\$ (135.7)	\$ (135.7)	199%	199%		
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 124.8	\$ 124.8	\$ (143.0)	\$ (143.0)	215%	215%		
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 113.8	\$ 113.8	\$ (150.6)	\$ (150.6)	232%	232%		
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 103.5	\$ 103.5	\$ (158.6)	\$ (158.6)	253%	253%		
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 93.7	\$ 93.7	\$ (167.1)	\$ (167.1)	278%	278%		
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 84.6	\$ 84.6	\$ (175.9)	\$ (175.9)	308%	308%		
2052	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 76.2	\$ 76.2	\$ (185.2)	\$ (185.2)	343%	343%		
2053	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 68.5	\$ 68.5	\$ (195.0)	\$ (195.0)	385%	385%		
Sum of Contributions	\$ 6.7	\$ 6.7										

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 94.3% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.



OPEB Plan

Year Beginning July 1	Contribution				Funded Ratio					
	Requirement (\$M)		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		(Assets/Liabilities)	
	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Assumptions	Current
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 50.2	\$ 49.3	\$ (77.7)	\$ (78.6)	255%	259%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 51.4	\$ 50.4	\$ (86.2)	\$ (87.2)	268%	273%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 52.3	\$ 51.2	\$ (95.3)	\$ (96.4)	282%	288%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.1	\$ 51.9	\$ (98.5)	\$ (99.7)	285%	292%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.5	\$ 52.2	\$ (106.5)	\$ (107.8)	299%	307%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.8	\$ 52.4	\$ (113.0)	\$ (114.3)	310%	318%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 54.0	\$ 52.5	\$ (119.9)	\$ (121.3)	322%	331%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 54.1	\$ 52.4	\$ (127.3)	\$ (128.8)	335%	346%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.9	\$ 52.2	\$ (135.2)	\$ (136.8)	351%	362%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.5	\$ 51.7	\$ (143.6)	\$ (145.4)	368%	381%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.0	\$ 51.0	\$ (152.7)	\$ (154.6)	388%	403%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 52.3	\$ 50.3	\$ (162.3)	\$ (164.4)	410%	427%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 51.5	\$ 49.4	\$ (172.7)	\$ (174.8)	435%	454%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 50.5	\$ 48.4	\$ (183.7)	\$ (186.0)	464%	484%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 49.5	\$ 47.2	\$ (195.4)	\$ (197.9)	495%	519%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 48.4	\$ 46.0	\$ (207.9)	\$ (210.6)	530%	558%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 47.2	\$ 44.8	\$ (221.3)	\$ (224.1)	569%	600%
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 46.0	\$ 43.5	\$ (235.5)	\$ (238.5)	612%	648%
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 44.8	\$ 42.2	\$ (250.7)	\$ (253.9)	660%	702%
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.5	\$ 40.9	\$ (266.8)	\$ (270.2)	713%	761%
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 42.1	\$ 39.5	\$ (284.0)	\$ (287.6)	775%	828%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 40.7	\$ 38.1	\$ (302.2)	\$ (306.1)	843%	903%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 39.2	\$ 36.5	\$ (321.7)	\$ (325.8)	921%	993%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 37.6	\$ 35.0	\$ (342.4)	\$ (346.8)	1011%	1091%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 36.1	\$ 33.5	\$ (364.5)	\$ (369.2)	1110%	1202%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 34.5	\$ 31.9	\$ (387.9)	\$ (392.9)	1224%	1332%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 32.8	\$ 30.2	\$ (412.9)	\$ (418.2)	1359%	1485%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 31.1	\$ 28.6	\$ (439.5)	\$ (445.2)	1513%	1657%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 29.4	\$ 27.0	\$ (467.8)	\$ (473.8)	1691%	1855%
2052	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 27.7	\$ 25.4	\$ (497.9)	\$ (504.3)	1897%	2085%
2053	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 26.0	\$ 23.8	\$ (530.0)	\$ (536.8)	2138%	2355%
Sum of Contributions	\$ 0.0	\$ 0.0								





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Kentucky Legislators Retirement Plan

ACTUARIAL VALUATION REPORT

as of July 1, 2023

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Introduction

An actuarial valuation of the Kentucky Legislators Retirement Plan (“KLRP”) has been performed as of July 1, 2023. Actuarial valuations are based on the integrity of employee data, plan asset data, plan provisions and an extensive set of assumptions regarding future events. There is necessary uncertainty with any actuarial calculation based on the accuracy of the data provided, the correct interpretation of plan provisions and the realization of the assumptions made. These results were based on participant data and asset information provided by the Kentucky Judicial Form Retirement System. This information was not audited but was reviewed for reasonableness.

Detailed explanations of the actuarial assumptions and methods used in the report are contained in later sections of this report. Also included in this report is a summary of the provisions of the plan as we understand them.

This report provides details on the actuarial valuation underlying the required contribution to the KLRP for plan years commencing in 2024 and 2025. This determination was performed pursuant to Kentucky Revised Statute (“KRS”) §21.525 for the retirement system defined in KRS §6.500 to §6.577. KRS §21.525, as well as other statutes found in KRS Chapter 21 cited hereafter, are made applicable to KLRP by KRS §6.525.

Governmental Accounting Standards Board Statement 67 (“GASB 67”) and Statement 74 (“GASB 74”) establish financial reporting standards for defined benefit pension plans and other postemployment benefit (OPEB) plans sponsored by employers that are subject to governmental accounting standards. Governmental Accounting Standards Board Statement 68 (“GASB 68”) and Statement (“GASB 75”) provide standards for reporting pension and OPEB expenditures and expense, and related liabilities and assets for such plans. The purpose of this report is to provide pertinent financial statement disclosure information for the fiscal year ending in 2023. Actuarial computations under Statements 67, 68, 74, and 75 are for purposes of fulfilling plan and employer governmental accounting requirements and may not be appropriate for other purposes. This report has been prepared on a basis consistent with our understanding of the statements and does not constitute legal, accounting, tax or investment advice.

Statements 68 and 75 set forth a methodology for the calculation of the annual Pension Expense for the upcoming fiscal year. GASB 68 and GASB 75 provide a method for reflecting prior gains and losses from asset and plan experience, as well as other areas including plan amendments. Amounts not reflected previously or in the upcoming year are reflected in the Deferred Outflows and Inflows of Resources shown.

USI Consulting Group does not have access to and is not providing information concerning liabilities other than benefits, such as for legal or accounting fees.

USI Consulting Group is not aware of any significant events subsequent to the current year’s measurement date that could materially affect the information contained in this report.

We are not aware of any relationship between the plan or plan sponsor and USI Consulting Group which would impair or appear to impair our objectivity.



To the best of our knowledge, all information provided in this report is complete and accurate and disclosures for GASB purposes have been determined in accordance with generally accepted accounting principles.

Consolidation of Traditional and Hybrid Tier Reports

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of KLRP have been treated as one plan for all calculations. All results prior to July 1, 2021 contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared and all results contained will be calculated based on the full plan containing both tiers of benefits.



Summary of Report

An actuarial valuation of the Kentucky Legislators Retirement Plan (“KLRP”) was conducted as of July 1, 2023. The purpose of the valuation is to determine the cost implications of the plan including a determination of annual funding levels for the fiscal years beginning July 1, 2024 and July 1, 2025.

It is our understanding that this plan is a “governmental plan” as defined in Internal Revenue Code Section 414(d) and this report has been prepared on that basis.

On the basis of the valuation, it has been determined that the annual funding requirements for the State for the fiscal year beginning in 2024 for the plan, prior to adjusting with interest, as described in the Summary of Benefits section of this report, are as follows:

	Total Amount	Percent of Payroll
Annual Required Contribution	\$ 0	0.00%

The Annual Required Contribution is determined based on assumptions and methods set forth in the statute and established by the KLRP Investment Committee and is calculated using asset and liability values as of July 1, 2023. This amount is used to determine contributions for the fiscal years beginning July 1, 2024 and July 1, 2025.

Due to the lag period between the calculated date and the actual contributions, we have adjusted the Annual Required Contributions for the plan years 2024-2025 and 2025-2026 with one and two years of interest, respectively, at the interest rate assumption of 6.50%.

	2024-2025 (1 year of interest)	2025-2026 (2 years of interest)
Annual Required Contribution (with interest)	\$ 0	\$ 0



Summary of Selected Plan Information ¹

	Plan Year Beginning			
	7/1/2023	7/1/2021	7/1/2019	7/1/2017
Number of Participants				
Active	96	101	103	103
Terminated Vested	45	47	43	43
Retired	202	190	184	170
Beneficiaries	57	55	54	50
Total	400	393	384	366
Average Age (for actives)	55.6	56.3	56.7	56.9
Average Service (for actives)	8.3	9.9	10.5	11.6
Annual Covered Payroll	\$ 4,117,781	\$ 4,201,280	\$ 4,325,106	\$ 4,403,681
Average Salary	42,894	41,597	41,991	42,754
Accrued Liability	86,174,500	88,236,153	91,606,035	95,323,591
Actuarial Asset Value	154,143,593	135,825,827	117,958,055	105,059,586
Market Asset Value	163,007,757	168,952,342	127,018,375	110,399,622
Unfunded Accrued Liability (UAL)	(67,969,093)	(47,589,674)	(26,352,020)	(9,735,995)
Annual Funding Level ²				
State Portion of Normal Cost	\$ 280,634	\$ 383,826	\$ 442,244	\$ 742,333
Expected Employee Contributions	197,873	239,927	241,669	240,094
Total Normal Cost	478,507	623,753	683,913	982,427
State Annual Required Contribution	0	27,008	362,691	1,086,237
Percent of Covered Payroll	0.00%	0.64%	8.39%	24.67%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.

²In accordance with KRS 21.405 (does not recognize cost of living increases effective after the most recent valuation date) and KRS 21.525 (legally prescribed funding method).



Legislative and Regulatory Background

State statutes were amended in 2013 such that all participants entering KLRP on or after January 1, 2014 will be covered under a hybrid cash balance/OPEB tier; those entering before that date will continue to be covered under the traditional defined benefit/OPEB tier. The legislation making this change also restricted the availability of future cost-of-living adjustments (COLA's) to plan benefits.

Sensitivity analysis along with 30-year projections of results (before and after any assumption changes) have been included in this report pursuant to HB 238, passed in 2016.

Senate Bill 32, effective on July 13, 2022, changed the amortization method of the unfunded liability in the calculation of the Annual Required Contribution for valuations as of July 1, 2023 and later. This method is described in detail in the Actuarial Methods section later in this report.



Actuarial Soundness

A plan that has adopted a reasonable funding method, that adopts reasonable assumptions and which contributes at a rate at or above the recommended contribution rate (based on these reasonable methods and assumptions), could be considered to be actuarially sound.

In order to ensure KLRP is funded in an “actuarially sound manner”, we would recommend the following:

1. Reflect a 1.5% future COLA assumption when calculating the funding requirement for KLRP, to the extent future cost-of-living increases are expected to occur, or intended to be provided.
2. Contribute at least the recommended contribution each year.

Deviations from these recommendations may result in an “actuarially unsound” approach to funding KLRP and may eventually result in KLRP becoming insolvent – that is, exhausting assets at which time all future benefits would be provided on a pay as you go basis.

Although the Actuarial Standards of Practice 4 “Measuring Pension Obligations” allows for plan liabilities to be calculated under a legally prescribed method, the statement goes on to say,

“If, in the actuary’s professional judgment, such an actuarial cost method or amortization method is significantly inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming that all actuarial assumptions will be realized and that the plan sponsor or other contributing entity will make contributions when due, the actuary should disclose this.”

It is our professional actuarial opinion that the current legally prescribed method, which (per KRS 21.405) does not recognize cost of living increases effective after the most recent valuation (assuming future increases are expected), is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized.



Changes in Actuarial Assumptions

The following changes were made to the actuarial assumptions effective June 30, 2023:

	Previous	Current
Medical Trend Rates	6.25% decreasing to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	6.25% decreasing to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075

The medical claims aging table change described above resulted in a decrease in liabilities and no change in the annual required contribution.

Summaries of the plan provisions, actuarial assumptions and methods can be found in the Basis of Valuation section of this report.



Actuarial Certification

The information contained in this document (including any attachments) is not intended by USI Consulting Group, to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer. The information and valuation results shown in this report are, to the best of our knowledge, complete and accurate and are based upon the following:

1. Employee census data as of July 1, 2023, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
2. Financial data as of June 30, 2023, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions and methods as established either by statute or the KLRP Investment Committee. The actuarial assumptions currently adopted by the Committee appear to be reasonable, both individually and in aggregate. However, exclusion of retiree cost-of-living adjustments that could be reasonably anticipated to occur in future years (or for which there is an intent to provide in future years) would not reflect our best estimate of expected experience under the plan. As such, the valuation results presented in this report do not fully reflect the potential liability for future retiree cost-of-living adjustments.
4. In our opinion, the assumptions selected are not expected to have a significant bias. That is, the results shown should not be overly optimistic or pessimistic.
5. For purposes of GASB 67, 68, 74, and 75 disclosures, assets were split between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2008 and have been brought forward each year from that date based on actual cash flows and a prorata allocation of investment return. This methodology, initiated by the prior actuary, was based on guidance from the plan's auditor.

We believe the information is sufficiently complete and reliable. This report provides actuarial advice and does not constitute legal, accounting, tax or investment advice.



The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles. It is our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date. We are senior consultants for USI Consulting Group, members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Certified by:

Matthew Widick, F.S.A., E.A., C.E.R.A., M.A.A.A.
Senior Actuarial Consultant

Date

Joseph Meyers, F.S.A., E.A., M.A.A.A.
Vice President and Consulting Actuary
(OPEB Plan Only)

Date

USI Consulting Group
5301 Virginia Way, Suite 400
Brentwood, TN 37027



Annual Required Contribution

Determination of Annual Required Contribution as of July 1, 2023

1. Accrued Liability	<u>Pension</u>	+	<u>OPEB</u>	=	<u>Total</u>
Actives					
Actives *	9,205,714		-		9,205,714
Medical Premium Supplement	-		3,485,657		3,485,657
Total Active Liability	<u>9,205,714</u>		<u>3,485,657</u>		<u>12,691,371</u>
Inactives					
Retired	46,583,169		-		46,583,169
Deferred Vested *	5,577,766		-		5,577,766
Beneficiaries	6,692,361		-		6,692,361
Medical Premium Supplement	-		14,629,833		14,629,833
Total Inactive Liability	<u>58,853,296</u>		<u>14,629,833</u>		<u>73,483,129</u>
Total Accrued Liability	68,059,010		18,115,490		86,174,500
2. Valuation Assets	86,304,769		67,838,824		154,143,593
3. Unfunded Past Service Liability	(18,245,759)		(49,723,334)		(67,969,093)
4. Gross Normal Cost					
Retirement Related *	367,910		-		367,910
Medical Premium Supplement Related	-		110,597		110,597
Total Normal Cost	<u>367,910</u>		<u>110,597</u>		<u>478,507</u>
5. Annual Covered Payroll	4,117,781		4,117,781		4,117,781
6. Estimated Employee Contributions for the Next 12 Months	171,985		25,888		197,873
7. Net Normal Cost (4 - 6)	195,925		84,709		280,634
8. Estimated Administrative Expenses	208,400		55,500		263,900
9. Amortization of Unfunded Liability	(1,554,854)		(4,237,287)		(5,792,141)
10. Preliminary Annual Required Contribution (max (0, 7 + 8 + 9))	-		-		-
11. Payment as a Percentage of Covered Payroll (10 / 5)	0.00%		0.00%		0.00%



Liability Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 66,834,840	\$ 17,901,354
<u>Hybrid Tier</u>	<u>1,224,170</u>	<u>214,136</u>
Total	\$ 68,059,010	\$ 18,115,490

Gross Normal Cost Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 160,931	\$ 66,688
<u>Hybrid Tier</u>	<u>206,979</u>	<u>43,909</u>
Total	\$ 367,910	\$ 110,597

Estimated Employee Contribution Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 42,547	\$ -
<u>Hybrid Tier</u>	<u>129,438</u>	<u>25,888</u>
Total	\$ 171,985	\$ 25,888



Estimated Cost of a One-Time COLA as of July 1, 2023

It is our understanding, effective July 1, 2013, that any future COLA's must be pre-funded (either by additional contributions or by excess assets).

Approximate Cost of One Time 1.5% COLA

1. Liability In Payment	
a) Retired	46,583,169
b) Beneficiaries	6,692,361
Total Liability In Payment	<u>53,275,530</u>
2. Desired COLA Percentage	1.50%
3. Estimated Cost of One Time COLA for First Year (1 * 2)	799,133*
4. Estimated Cost of One Time COLA for Second Year (3 * 1.015)	811,120*

* Cost of 1.5% COLA increase applied to all members in pay status as of the valuation date.



Actuarial Asset Value

Determination of Actuarial Asset Value as of July 1, 2023

	2022-23 Plan Year	2021-22 Plan Year	2020-21 Plan Year 6.5%	2019-20 Plan Year 6.5%
Interest Return Assumption	6.50%	6.50%	(4.0% hybrid)	(4.0% hybrid)
Market Value at Beginning of Year Amount	\$ 147,905,526	\$ 168,952,342	\$ 128,659,045	\$ 127,018,375
Interest to End of Year	9,613,859	10,981,902	8,350,561	8,247,663
Employer Contributions Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Member Contributions Amount	218,996	255,221	287,931	234,509
Interest to End of Year	7,117	8,295	7,815	6,235
Transfers from KERS Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Benefits Paid Amount	6,389,760	6,122,225	5,963,934	5,843,788
Interest to End of Year	207,667	198,972	193,682	189,923
Expected End of Year Assets	151,148,071	173,876,563	131,147,736	129,473,071
Market Value at End of Year	163,007,757	147,905,526	168,952,342	128,659,045
Investment Gain (Loss)	11,859,686	(25,971,037)	37,804,606	(814,026)
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value Adjustment	(9,487,749)	15,582,622	(15,121,842)	162,805
Actuarial Asset Value (Market Value plus Adjustment)	\$ 154,143,593			

	Retirement	Medical Supplement
Market Value at Beginning of Year	\$84,604,342	\$63,301,184
State Contributions	-	-
Member Contributions	195,406	23,590
Transfers In Payments	-	-
Distributions	5,442,665	947,095
Allocated Investment Return	11,910,718	9,362,277
Market Value at End of Year	\$91,267,801	\$71,739,956
Allocation of Actuarial Asset Value	\$86,304,769	\$67,838,824



Summary of Benefits (Pension - Traditional Tier)

This summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility of benefits. Liabilities and plan provisions are based on the plan data and provisions as of July 1, 2023.

Source

Sections 6.500-6.577 of the Kentucky Revised Statutes, and those statutes in KRS Chapter 21, specifically adopted by KRS 6.525.

Eligibility for Membership

Members of the General Assembly may elect to make monthly contributions within 30 days after taking office, and thereby become eligible for membership in the KLRP plan. Individuals commencing participation on or after January 1, 2014 will participate in the hybrid plan.

Employee Contributions

Members entering the plan on or after September 1, 2008 must contribute 6% of their “creditable compensation”. Members entering the plan prior to September 1, 2008 must contribute 5% of their “creditable compensation”. Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, then employee contributions shall cease.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of legislative service, or have additional service credit under other authorized state systems so that when added to legislative service credit equals at least 8 years of credit. However, the age 65 requirement shall be reduced by one year for each five years of service, and one year for each year served beyond the years of service needed to accrue a benefit of 100% of final average compensation, but with total reduction not to reduce the age requirement below 60. The full accrued benefit will also be payable upon completion of 27 years of service credit.

Benefit Formula

A member will receive a retirement income at normal retirement date payable monthly for life equal to a percentage of final average compensation multiplied by years of service. In no event shall retirement income exceed 100% of final average compensation. (Beginning January 1, 2003, the final average compensation means the average monthly compensation of the member for his or her highest 36 months of State salary. Prior to 2003, final compensation was the average of the 60 months of legislative salary preceding retirement).



The benefit rates vary according to date of legislative service begins, as follows:

1. If a legislator was a member of the plan on July 1, 1982, and entered legislative service prior to July 1, 1978, the benefit rate is 5.00% for all KLRP service.
2. If a legislator was a member of the plan on July 1, 1982 and entered legislative service between July 1, 1978 and June 30, 1980, the benefit rate is 4.15% for all KLRP service.
3. If a legislator was a member of the plan on July 1, 1982 and entered legislative service between July 1, 1980 and June 30, 1982, the benefit rate is 3.50% for all KLRP service.
4. For legislators entering KLRP service after June 30, 1982, the benefit rate is 2.75%.

Early Retirement

A member who retires prior to normal retirement date and has met the service requirement for normal retirement has two alternatives with regard to receiving retirement income as follows:

1. Upon reaching normal retirement age, the member may be vested with the right to receive a monthly service retirement allowance computed and payable on the basis of years of service and applicable average, or
2. A member may elect to be paid, commencing as of the date of the election, a monthly service retirement allowance equivalent to the amount of monthly allowance that would have been paid had the member waited until reaching normal retirement age, but reduced in accordance with age at the time of election for each year under normal retirement age at the rate of 5% per year.

If the member has 27 or more years of service credit, there shall be no reduction for benefit commencement prior to normal retirement age. If the difference between the number of years of total governmental service and 27 is less than the difference between actual age and normal retirement age, the reduction shall be 5% for each year of service under 27.

Late Retirement

A legislator may continue service beyond normal retirement age and continue to accrue service credits, but cannot receive a benefit in excess of 100% of final average compensation.

Disability Benefit

Condition

No service requirement.

Benefit

Upon determination of disability, a member will be eligible to receive $\frac{1}{2}$ of the monthly retirement income that would have been payable commencing at normal retirement date if this member had continued service until that date and then retired. In calculating the retirement income, average salary for the 3 years preceding disability will be used. When a disabled member reaches normal retirement date, the member may apply and start receiving the full amount of retirement income that would have been payable based upon the actual number of years of service and compensation, in lieu of the disability benefit.



Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income (other than an actuarially reduced income), or was receiving a disability income, the surviving spouse (if married to the member at the time of retirement) is entitled to receive a monthly allowance equal to $\frac{1}{2}$ of what the member was receiving for his/her lifetime.

If a member dies after retirement, and was at the time receiving an actuarially reduced allowance, or was not receiving an allowance, but had acquired a vested right to have received an allowance upon reaching normal retirement date, the surviving spouse (if married to the member at the time of retirement) is entitled to receive $\frac{1}{2}$ of the monthly allowance the member would have received at normal retirement date for his/her lifetime.

If an active member dies before retirement and before reaching normal retirement age, without regard to length of service, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly retirement income the member would have received commencing at the member's normal retirement date as if the member had continued in service until that date and then retired, computed on the basis of final compensation at the time of death.

If a member dies before retirement and after reaching normal retirement date, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly allowance the member would have been entitled to on the basis of years of service, had the member retired on his date of death, computed on the basis of final compensation at the time of death.

If a member is not married at the time of death, any death benefits described above to which a surviving spouse would have been entitled will be payable to the children of the deceased member until such time as the youngest child attains age 21, or for the life of a disabled child. Also, a member may designate that survivor benefits shall go in part or in total to minor children instead of the spouse.

If cumulative payments to the member and/or beneficiary do not exceed the member's total contributions to this plan, then the excess of such contributions over cumulative plan benefits paid shall be paid as an additional death benefit.

Termination Benefit

If a legislator ceases to be a member of the plan other than by death or disability prior to meeting the eligibility requirements for normal retirement, the amount of the member's accumulated contributions shall be returned to the member. If, thereafter, this individual again becomes a holder of an office qualifying for membership in this plan, this individual shall not be entitled to credit for the prior period of service unless, at the time he again participates in the plan, the amount previously refunded is repaid with interest.

Prior Service Credit

Credit in KERS or TRS, for legislative service prior to the creation of this plan on July 1, 1980, can be (and in many instances was) transferred to and become credit in this plan, upon transfer to this plan of the accumulated contributions plus interest (member's and state's) that were made to acquire the credit.



Cost-of-Living Adjustment

Ad hoc cost-of-living adjustments (COLA's) have been granted as noted below:

Effective Date of Increase	Percentage Increase	Increase Applies To Benefits Based on Service Prior To
7/1/1986	5%	6/30/1980
7/1/1988	5%	6/30/1982
7/1/1989	5%	6/30/1982
7/1/1990	5%	6/30/1990
7/1/1991	5%	6/30/1991
7/1/1993	3%	6/30/1993
7/1/1994	5%	6/30/1994
7/1/1995	5%	6/30/1995
7/1/1996	None	N/A
7/1/1997	None	N/A
8/1/1998	2.3%	N/A
7/1/1999	1.6%	N/A
7/1/2000	2.2%	N/A
7/1/2001	3.4%	N/A
7/1/2002	2.85%	N/A
7/1/2003	1.6%	N/A
7/1/2004	2.3%	N/A
7/1/2005	2.7%	N/A
7/1/2006	3.4%	N/A
7/1/2007	3.2%	N/A
7/1/2008	2.8%	N/A
7/1/2009 and later*	1.5%	N/A

*COLA's were suspended for fiscal years beginning in 2012 and later; COLA's after 7/1/2013 are not reflected in this valuation. No further COLA's will be granted without Board approval.

In addition, a provision for an on-going cost-of-living adjustment is made by statute. Effective August 1, 1998 and each July 1 thereafter, a recipient of a monthly pension shall receive a cost-of-living adjustment keyed to the Consumer Price Index. This COLA is excluded from the inviolable contract and can be repealed by the General Assembly at any time. Beginning July 1, 2009, if granted, this cost-of-living adjustment will be 1.50% for all retirees who have been retired in excess of one year and prorated for those retired less than one year.

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until granted, except for any anticipated COLA adjustments under the provision as in effect prior to August 1, 1998.



Summary of Benefits (Pension - Hybrid Tier)

Source

Sections 6.500-6.577 of the Kentucky Revised Statutes, and those statutes in KRS Chapter 21, specifically adopted by KRS 6.525. {See 2013 Senate Bill 2}.

Eligibility for Membership

Members of the General Assembly may elect to make monthly contributions within 30 days after taking office, and thereby become eligible for membership in the KLRP-HT plan. Individuals commencing participation before January 1, 2014 became participants in the KLRP.

Hypothetical Member Accounts

The Hypothetical Member Account for each member is credited monthly with 9% of “creditable compensation” (including a 5% employee credit and a 4% state credit), as well as interest as described below. The Hypothetical Member Account balance on June 30 each year is equal to the sum of all prior contribution credits and all prior interest credits.

Employee Contributions

All members contribute 5% of their “creditable compensation” to help fund their pension benefit. Additionally, all members contribute 1% of their “creditable compensation” towards the retiree medical benefit.

State Contributions

The state contributes actuarially determined amounts to finance benefits.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Interest on Hypothetical Member Accounts

The Hypothetical Member Account will be credited with 4% annually. The credit will be applied on each June 30 based upon the Hypothetical Member Account balance from the preceding June 30. No interest credit is provided for contribution credits made in the current year.

Additionally, if the geometric average net investment return for the prior five years (or years since the effective date of the hybrid plan, if less) exceed 4%, members who were active and participating in the prior year will have their hypothetical accounts credited with 75% of the amount of the return over 4%. This additional interest credit is applied in the same method as the interest credit in the prior paragraph.



Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of service. However, for members who are at least age 57, members may retire if age plus service equals 87 years.

Benefit

A member will receive their accumulated Hypothetical Account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.

Early Retirement

A member who retires prior to normal retirement date with at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Termination Benefit

If a legislator ceases to be a member of the plan prior to having 5 years of service, the amount of the member's accumulated contributions shall be returned to the member, including the member contributions and the interest applicable to this portion of the account. A member terminating with less than 5 years of service does not receive a refund of state contributions nor the interest applicable to this portion of the account.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income, the named beneficiary shall receive survivor benefits based upon the form of retirement benefits being received.

If a member with at least 5 years of service dies before retirement, the named beneficiary is entitled to receive a full refund of the accumulated Hypothetical Member Account. If a member with less than 5 years of service dies before retirement, the named beneficiary is entitled to receive a refund of the member's accumulated contributions, including the member contributions and the interest applicable to this portion of the account.



Summary of Benefits (OPEB Plan)

Eligibility

For those hired prior to January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KLRP Traditional Tier. For those hired on or after January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KLRP Hybrid Tier.

Benefits

Retirees and their covered spouses are provided access to the State of KY group medical plan. Benefits for eligible retirees and their covered spouses are provided for life.

Contributions

Traditional Tier

Retirees and their covered spouses are required to pay a portion of the medical insurance premiums to receive coverage under the group medical plan. The percentage will vary based on the number of years of service credit as follows:

Years of Service Credit at Retirement	Percentage of Medical Insurance Premium Paid by the Plan
20 or more	100%
19, but less than 20	95%
18, but less than 19	90%
17, but less than 18	85%
16, but less than 17	80%
15, but less than 16	75%
14, but less than 15	70%
13, but less than 14	65%
12, but less than 13	60%
11, but less than 12	55%
10, but less than 11	50%
4, but less than 10	25%
Less than 4	0%

Hybrid Tier

Retired members with at least 15 years of service, in addition to actual retirement benefits, will receive a monthly medical insurance benefit of ten dollars per year of service. The stipend can be used to decreased the cost of the member coverage only, and any excess cannot be used towards the cost of coverage for a spouse, dependent or beneficiary. The ten dollars per year of service was set as of January 1, 2014 and is set to increase with a 1.5% COLA each July 1.

All members contribute 1% of creditable compensation during active service. In addition, during retirement members must contribute the difference between the premium rates in effect that year and their monthly medical insurance stipend.



Actuarial Assumptions

Interest

6.5% per annum – this rate was selected by the KLRP Investment Committee and USI Consulting Group, and the Fund Investment Manager believe this to be a reasonable long-term rate of return assumption. This assumption reflects a 2.5% inflation assumption and a 4% real return assumption.

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, 6.5% was used for the discount rate/long-term rate of return assumption for GASB calculations.

Low-Default-Risk Obligation Interest rates

4.13% - S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2023

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); i.e., full generational mortality. For the OPEB Plan, the headcount weighted version of this table was used.

For the Hybrid plan, there is no pre-retirement mortality.

Terminations

2003 SOA Turnover Basic Age Table

Salary Increases

1% for a rolling 5-year period beginning at the valuation date (currently effective through June 30, 2028) and 3.5% thereafter.

Liabilities have been adjusted to reflect the potential impact of non-legislative salaries on future pension benefits in the traditional tier. The liabilities for members (including terminated members) who could be impacted by non-legislative salaries have been increased by 40% to recognize the potential increase in plan liability.

Disability

None



Retirement Age

Retirements were assumed to occur as follow:

<u>Retirement Age</u>	<u>Percentage of Active Members Retiring</u>
NRA-5	15.00%
NRA-4	7.50%
NRA-3	7.50%
NRA-2	15.00%
NRA-1	20.00%
NRA	20.00%
Above NRA	33.33%*
Age 70	100.00%

NRA = Normal Retirement Age

In addition to these rates, for members of the traditional tier only, an extra 20% rate is assumed at the age a member reaches 27 years of service credit.

Post-Retirement Death Benefit

Assumption is that 70% of the legislators would be married at retirement and the husband would be 3 years older than the wife on average.

Pre-Retirement Death Benefit

Assumption is that 70% of the legislators would be survived by a spouse upon death prior to retirement and that the husband would be 3 years older than the wife on average.

Cost-of-Living Adjustment

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted.

Expenses

Estimated administrative expenses (assumed to be \$263,900 effective for the 2023-24 plan year).



Medical Insurance Premium Supplement

Plan Participation

100% of future eligible retirees are assumed to elect coverage at retirement.

Marital Status

70% of future retirees are assumed to cover a spouse in retirement, which males assumed to be 3 years older than female spouses on average. Current retiree coverage elections are assumed to persist each year in the future.

Medical Claims Cost for 2023-24

For pre-Medicare, retiree only claims and enrollment history for the Judicial and Legislative groups combined was used to develop the assumed claims costs for current and future retirees. Monthly experience for the three years ending January 2023 was projected to the valuation year at 6.25%, weighted using the sum-of-digits method, and spread over the covered population using the Yamamoto aging factors. The cost shown in the table below is for a male, age 65.

For post-Medicare the fully insured retiree-only rated Medicare Advantage PPO rates were adjusted to the valuation period and used as the assumed claims cost per covered post-Medicare participant.

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 16,865	\$ 4,263

Age Variance

Claims were adjusted downward using the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013 for attained ages 55 to 65. No aging was applied to the Medicare Advantage premium rates.

Health Care Cost Trend Rate

6.25% grading to 5.20% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075.

Administrative Expenses

Pre-Medicare administrative fees for the medical plan is assumed to be \$96 per annum per covered contract. Admin fees were assumed to increase 4% per year. Post-Medicare administrative fees are assumed to be included in the per capita claims cost.



Retiree Contributions Methodology

Traditional Tier

Retirees are required to pay a percentage of the premium rate in effect at retirement based on years of service, as described in the plan provisions section of the report. The total premium rates for 2023-24, before applying the percentage adjustment for service, are shown below:

<u>Participant Type</u>	<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
Member	\$ 10,696	\$ 4,263
Spouse	\$ 11,948	\$ 4,263

Hybrid Tier

Retirees are required to contribute 1% of creditable compensation during active service. Upon retirement, retirees must contribute the difference between the premium rates in effect each year and their monthly stipend.

The annual stipend amount for one year of service for the fiscal year ending June 30, 2024 is \$139.20 and is assumed to increase by 1.5% each July 1.

The total premium rates before the stipend for 2023-24 are the same as for the traditional tier:

<u>Participant Type</u>	<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
Member	\$ 10,696	\$ 4,263
Spouse	\$ 11,948	\$ 4,263

Coordination with Medicare

Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65.

Non-members

Legislators electing not to participate are assumed to continue as non-members in the future.



Actuarial Methods

Funding Method

The actuarially calculated contribution is based on the methods and assumptions contained herein. The funded status of the plan would be different if market value of assets were used rather than actuarial value. The valuation of all benefits is based on the Entry Age Normal funding method. The actuarially determined contribution is generally based on the sum of the normal cost and a charge equivalent to a 20-year amortization of any current year's gains or losses, plus an additional charge for any amortization payments remaining for gains or losses that had occurred in prior years. If the plan has surplus assets, prior bases will be eliminated, and the surplus will be amortized over an open 20-year period. The normal cost represents the cost associated with one year of benefit accrual for active Plan participants plus plan expenses paid from the trust. The contribution policy is intended to fully amortize the unfunded liability in 20 years if all assumptions are realized.

Valuation Software

The actuarial liabilities shown in this report are determined using software purchased from an outside vendor which was developed for this purpose. Certain information is entered into this model in order to generate the liabilities. These inputs include economic and non-economic assumptions, plan provisions, and census information. We rely on the coding within the software to value the liabilities using the actuarial methods and assumptions selected. Both the input to and the output from the model is checked for accuracy and reviewed for reasonableness.



Asset Valuation Method

The determination of the actuarial value of assets is as follows:

1. Investment gains/losses are determined for each year by comparing the expected value of assets based on the assumed interest assumption to actual market value. Expected value of assets in each year shall be determined by projecting the market value of assets from the prior year using the assumed interest rate, plus contributions less benefit payments and plan expenses (adjusted with interest at the assumed rate). If the expected value of plan assets is different than the actual market value of plan assets then the difference is treated as a gain or loss for that year.
2. The amount of any gain or loss as determined above shall be recognized evenly over the subsequent five years.
3. The actuarial value of assets on any valuation date shall be equal to the market value of assets on that date adjusted as follows:
 - Reduced by 80% of a gain or increased by 80% of a loss from the preceding year
 - Reduced by 60% of a gain or increased by 60% of a loss from the 2nd preceding year
 - Reduced by 40% of a gain or increased by 40% of a loss from the 3rd preceding year
 - Reduced by 20% of a gain or increased by 20% of a loss from the 4th preceding year
4. In no event will the actuarial value of assets be less than 80% or greater than 120% of the current market value of assets

This asset valuation method is used in the determination of funding levels. The fair market value of assets is used for disclosure purposes under GASB Statement Nos. 67, 68, 74, and 75.

For purposes of GASB Statement Nos. 67, 68, 74, and 75, the market value of assets has been allocated between retirement related and medical premium supplement liabilities. This market value allocation is carried forward each year based on the following:

1. State and member contributions, as well as transfers for purchase of additional service, are allocated pro-rata reflecting the Annual Required Contribution for that year.
2. Benefits paid reflect actual benefits paid relative to retirement related benefits separately from medical premium supplements.
3. Preliminary assets are determined by adjusting beginning value for allocated State and member contributions and actual benefits paid.
4. Net investment return is allocated pro-rata based on the preliminary assets developed in the previous step.
5. Allocated assets as of the valuation date equal the preliminary balance plus the allocated share of investment income.

Actuarial value of assets is developed initially in total and then allocated between retirement related benefits and medical premium supplement benefits on a pro-rata basis reflecting allocated share of market value as of the valuation date.



GASB Statement No. 67

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2023</u>
Additions	
Contributions:	
Employer	\$0
Employee	195,406
Total Contributions	<u>195,406</u>
Transfer In Payments	0
Investment Income	11,910,718
Other	0
Total Additions	<u>12,106,124</u>
Deductions	
Benefit Payments / Refunds	5,442,665
Administrative Expenses	0
Other	0
Total Deductions	<u>5,442,665</u>
Net Increase in Net Position	6,663,459
Net Position Restricted for Pensions	
Beginning of Year Market Value of Assets	<u>84,604,342</u>
End of Year Market Value of Assets	<u><u>\$91,267,801</u></u>



Net Pension Liability

Determination of Net Pension Liability

	<u>June 30, 2023</u>
Total Pension Liability (6.5%)	68,059,010
Plan Fiduciary Net Position (Market Value of Assets)	<u>(91,267,801)</u>
Net Pension Liability	<u><u>(\$23,208,791)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	134.10%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	<u>1% Decrease (5.5%)</u>	<u>Current Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
Net Pension Liability	(\$16,978,474)	(\$23,208,791)	(\$28,540,291)



Schedule of Changes in the Net Pension Liability and Related Ratios (Dollar amounts in millions)

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Pension Liability										
Service cost	\$1.0	\$1.0	\$0.9	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5	\$0.6	\$0.6
Interest	4.9	5.1	5.2	5.3	4.6	4.6	4.5	4.6	4.5	4.5
Changes of benefit terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Differences between expected and actual experience	0.0	(3.4)	0.0	(6.4)	0.0	(2.8)	0.0	(2.0)	0.0	(2.7)
Changes of assumptions	3.7	(1.5)	0.0	(0.2)	0.0	(0.3)	0.0	2.6	(1.3)	0.0
Benefit Payments / Refunds	(3.5)	(3.7)	(4.0)	(4.2)	(4.5)	(4.7)	(5.0)	(5.1)	(5.2)	(5.4)
Net Change in Total Pension Liability	\$6.1	(\$2.5)	\$2.1	(\$4.7)	\$0.8	(\$2.5)	\$0.1	\$0.6	(\$1.4)	(\$3.0)
Total Pension Liability - beginning	72.6	78.7	76.2	78.4	73.6	74.4	71.9	72.0	72.6	71.1
Total Pension Liability - ending (a)	\$78.7	\$76.2	\$78.4	\$73.6	\$74.4	\$71.9	\$72.0	\$72.6	\$71.1	\$68.1
Plan Fiduciary Net Position (Market Value of Assets)										
Contributions - employer	\$1.8	\$3.4	\$3.4	\$2.4	\$2.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Contributions - employee	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.2	0.2
Transfer In Payments	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net investment income	7.9	5.6	2.0	7.9	6.2	8.6	4.3	26.7	(8.7)	11.9
Benefit Payments / Refunds	(3.5)	(3.7)	(4.0)	(4.2)	(4.5)	(4.7)	(5.0)	(5.1)	(5.2)	(5.4)
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Change in Plan Fiduciary Net Position	\$6.4	\$5.5	\$1.7	\$6.6	\$4.4	\$4.1	(\$0.5)	\$21.9	(\$13.7)	\$6.7
Plan Fiduciary Net Position - beginning	48.2	54.6	60.1	61.9	68.4	72.8	76.9	76.4	98.3	84.6
Plan Fiduciary Net Position - ending (b)	\$54.6	\$60.1	\$61.9	\$68.4	\$72.8	\$76.9	\$76.4	\$98.3	\$84.6	\$91.3
Net Pension Liability - ending (a) - (b)	\$24.1	\$16.1	\$16.5	\$5.2	\$1.6	(\$5.0)	(\$4.4)	(\$25.7)	(\$13.5)	(\$23.2)
Plan Fiduciary Net Position as a % of the Total Pension Liability	69.4%	78.9%	79.0%	92.9%	97.8%	107.0%	106.1%	135.4%	119.0%	134.1%
Covered-employee payroll	\$5.0	\$4.9	\$4.9	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.1
Net Pension Liability as a % of covered-employee payroll	483.2%	328.6%	336.7%	118.2%	36.4%	(116.3%)	(102.3%)	(611.9%)	(321.4%)	(565.9%)
Discount Rate (traditional)	6.50%	6.85%	6.85%	6.45%	6.45%	6.50%	6.50%	6.50%	6.50%	6.50%
Discount Rate (hybrid)	n/a	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.50%	6.50%	6.50%



Schedule of Contributions

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution ¹	\$3.2	\$3.4	\$3.4	\$2.4	\$2.4	\$1.1	\$1.2	\$0.4	\$0.6	\$0.0
Contributions in relation to the actuarially determined contribution	1.8	3.4	3.4	2.4	2.4	0.0	0.0	0.0	0.0	0.0
Contribution deficiency (excess)	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0	\$1.1	\$1.2	\$0.4	\$0.6	\$0.0
Covered-employee payroll	\$5.0	\$4.9	\$4.9	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.1
Contributions as a percentage of covered-employee payroll	36.1%	69.3%	69.4%	54.9%	54.8%	0.0%	0.0%	0.0%	0.0%	0.0%

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 67

GASB Statement No. 67 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 67, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. USI Consulting Group is prepared to assist the system as needed.



GASB Statement No. 68

Schedule of Changes in NPL, Deferrals, & Pension Expense

	Increase (Decrease)			Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	Pension Expense
	Total Pension Liability (a)	Plan Net Position (Assets) (b)	Net Pension Liability (a) - (b)			
Balances--at 06/30/22	\$ 71,119,553	\$ 84,604,342	\$ (13,484,789)	\$ 12,724,993	\$ 14,941,366	
Changes for the Year:						
Service cost	557,752		557,752			557,752
Interest expense	4,496,879		4,496,879			4,496,879
Benefit changes						
Experience losses (gains)	(2,672,509)		(2,672,509)	-	1,336,254	(1,336,255)
Changes of assumptions	-		-	-	-	-
Contributions--State		-	-			
Contributions--Members		195,406	(195,406)			(195,406)
Transfer In Payments		-	-			
Net investment income		11,910,718	(11,910,718)			
Expected return on plan investments						(5,270,498)
Current expense of asset gain/loss						(1,328,044)
Non expensed asset gain/loss				-	5,312,176	
Benefits paid	(5,442,665)	(5,442,665)	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(28,764)		
Post-measurement Contribution				30,634		
Other changes						
Amortization of or change in beginning balances				(3,659,127)	(6,142,531)	(2,483,404)
Net Changes	(3,060,543)	6,663,459	(9,724,002)	(3,657,257)	505,899	(5,558,976)
Balances--at 06/30/23	\$ 68,059,010	\$ 91,267,801	\$ (23,208,791)	\$ 9,067,736	\$ 15,447,265	\$ (5,558,976)



Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the recognized pension expense/(income) will be (\$5,558,976). At June 30, 2024, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	As of June 30, 2023			As of June 30, 2024		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Recognized in Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	8,932	-	1,497	7,435	-	4.970 years
- 6/30/2019	23,675	-	3,056	20,619	-	6.747 years
- 6/30/2021	-	443,386	(443,386)	-	-	0.000 years
- 6/30/2023	-	2,672,509	(1,336,255)	-	1,336,254	1.000 year
subtotal	23,675	3,115,895	(1,776,585)	28,054	1,336,254	
Change of assumptions						
- 6/30/2017	-	1,663	(279)	-	1,384	4.970 years
- 6/30/2021	587,869	-	587,869	-	-	0.000 years
- 6/30/2022	-	466,175	(466,175)	-	-	0.000 years
subtotal	587,869	467,838	121,415	-	1,384	
Net difference between projected and actual earnings on investments						
- 6/30/2019	-	833,965	(833,965)	-	-	0.000 years
- 6/30/2020	191,072	-	95,535	95,537	-	1.000 year
- 6/30/2021	-	13,196,177	(4,398,726)	-	8,797,451	2.000 years
- 6/30/2022	11,884,681	-	2,971,170	8,913,511	-	3.000 years
- 6/30/2023	-	6,640,220	(1,328,044)	-	5,312,176	4.000 years
subtotal	12,075,753	20,670,362	(3,494,030)	9,009,048	14,109,627	
Total	\$ 12,687,297	\$ 24,254,095	\$ (5,149,200)	\$ 9,037,102	\$ 15,447,265	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).



Pension Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	(3,992,043)
2025	(2,751,325)
2026	1,647,401
2027	(1,323,770)
2028	4,235
Thereafter	5,339

In addition, Governmental Accounting Standards Board Statement 71 ("GASB 71") requires contributions between the measurement date (July 1, 2023) and the disclosure date (June 30, 2024) for GASB 68 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ (2,672,509)
Change of Assumptions Losses (gains)	-
<u>Asset Losses (gains)</u>	<u>(6,640,220)</u>
Total	\$ (9,312,729)



GASB Statement No. 74

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2023</u>
Additions	
Contributions	
Employer	0
Employee	<u>23,590</u>
Total Contributions	23,590
Investment Income	9,362,277
Other	<u>0</u>
Total Additions	<u>9,385,867</u>
 Deductions	
Benefit Payments / Refunds	947,095
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>947,095</u>
Net Increase in Net Position	<u>8,438,772</u>
 Net Position Restricted for OPEB	
Beginning of Year	<u>63,301,184</u>
End of Year	<u><u>\$71,739,956</u></u>



Net OPEB Liability

Determination of Net OPEB Liability

	<u>June 30, 2023</u>
Total OPEB Liability	18,115,490
Plan Fiduciary Net Position	<u>(71,739,956)</u>
Net OPEB Liability	<u><u>(\$53,624,466)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 396.01%

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
June 30, 2023	(\$55,408,318)	(\$53,624,466)	(\$51,494,764)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

<u>Net OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
June 30, 2023	(\$51,461,967)	(\$53,624,466)	(\$55,414,005)



Schedule of Changes in the Net OPEB Liability and Related Ratios (Dollar amounts in millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total OPEB Liability										
Service cost	\$0.4	\$0.3	\$0.3	\$0.1	\$0.2	\$0.1	\$0.1			
Interest	2.0	1.4	1.5	1.2	1.3	1.0	1.0			
Changes of benefit terms	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Differences between expected and actual experience	(10.6)	0.0	(4.4)	0.0	(4.8)	0.0	2.4			
Changes of assumptions	2.3	0.0	0.0	0.0	(0.4)	0.0	(0.3)			
Benefit Payments / Refunds	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)			
Net Change in Total OPEB Liability	(\$6.6)	\$0.9	(\$3.4)	\$0.5	(\$4.5)	\$0.2	\$2.3			
Total OPEB Liability - beginning	28.6	22.0	23.1	19.7	20.2	15.7	15.9			
Total OPEB Liability - ending (a)	\$22.0	\$23.1	\$19.7	\$20.2	\$15.7	\$15.9	\$18.2			
Plan Fiduciary Net Position										
Contributions - employer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			
Contributions - employee	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Net investment income	4.9	3.9	5.7	2.9	19.2	(6.5)	9.4			
Benefit Payments / Refunds	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)			
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Net Change in Plan Fiduciary Net Position	\$4.2	\$3.1	\$4.9	\$2.1	\$18.4	(\$7.4)	\$8.5			
Plan Fiduciary Net Position - beginning	37.8	42.0	45.1	50.1	52.2	70.7	63.3			
Plan Fiduciary Net Position - ending (b)	\$42.0	\$45.1	\$50.1	\$52.2	\$70.7	\$63.3	\$71.7			
Net OPEB Liability - ending (a) - (b)	(\$20.0)	(\$22.1)	(\$30.4)	(\$32.1)	(\$55.0)	(\$47.4)	(\$53.5)			
Plan Fiduciary Net Position as a % of the Total OPEB Liability	190.9%	195.2%	254.3%	258.4%	450.3%	398.1%	394.0%			
Covered-employee payroll	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.0			
Net OPEB Liability as a % of covered-employee payroll	(454.5%)	(502.3%)	(707.0%)	(746.5%)	(1,309.5%)	(1,128.6%)	(1,337.5%)			
Discount Rate (Traditional)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%			
Discount Rate (Hybrid)	4.00%	4.00%	4.00%	4.00%	6.50%	6.50%	6.50%			



Schedule of Contributions

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Actuarially determined contribution	\$0.0	\$0.0	\$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	\$0.0	\$0.0			
Contribution deficiency (excess)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0			
Covered-employee payroll	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2	\$4.2	\$4.0			
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			

¹Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 74

GASB Statement No. 74 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 74, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. USI Consulting Group is prepared to assist the system as needed.



GASB Statement No. 75

Schedule of Changes in NOL, Deferrals, & OPEB Expense

	Increase (Decrease)			Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)			
Balances--at 06/30/2022	\$15,858,518	\$63,301,184	(\$47,442,666)	\$9,038,051	\$11,197,852	
Changes for the Year:						
Service cost	109,463		109,463			109,463
Interest	976,358		976,358			976,358
Benefit changes	0		0			
Experience losses (gains)	2,437,557		2,437,557	1,625,038		812,519
Changes of assumptions	(319,311)		(319,311)		212,874	(106,437)
Contributions--Employer		0	0			
Contributions--members		23,590	(23,590)			
Net investment income		9,362,277	(9,362,277)			
Expected return on plan investments						(4,085,036)
Current expense of asset (gain)/loss						(1,055,448)
Non expensed asset gain/loss					4,221,793	
Refunds of contributions		0	0			
Benefits paid	(947,095)	(947,095)	0			
Administrative expenses		0	0			0
Recognition of Prior Post-measurement Contribution Post-measurement Contribution						
Other changes		0	0			
Amortization of or change in beginning balances				(2,291,913)	(4,873,460)	(2,581,547)
Net Changes	2,256,972	8,438,772	(6,181,800)	(666,875)	(438,793)	(5,930,128)
Balances--at 06/30/2023	\$18,115,490	\$71,739,956	(\$53,624,466)	\$8,371,176	\$10,759,059	(\$5,930,128)



OPEB Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the recognized OPEB expense will be (\$5,930,128). At June 30, 2024, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs from the following sources:

	As of June 30, 2023		Recognized in Pension Expense	As of June 30, 2024		
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	3,598	-	603	2,995	-	4.970 years
- 6/30/2019	6,425	-	830	5,595	-	6.847 years
- 6/30/2021	-	1,077,553	(1,077,553)	-	-	0.000 years
- 6/30/2023	2,437,557	-	812,519	1,625,038	-	2.000 years
subtotal	2,447,580	1,077,553	(263,601)	1,633,628	-	
Change of assumptions						
- 6/30/2019	1,340	-	173	1,167	-	6.847 years
- 6/30/2021	-	90,232	(90,232)	-	-	0.000 years
- 6/30/2023	-	319,311	(106,437)	-	212,874	2.000 years
subtotal	1,340	409,543	(196,496)	1,167	212,874	
Net difference between projected and actual earnings on investments						
- 6/30/2019	-	543,480	(543,480)	-	-	0.000 years
- 6/30/2020	134,539	-	67,270	67,269	-	1.000 years
- 6/30/2021	-	9,486,587	(3,162,195)	-	6,324,392	2.000 years
- 6/30/2022	8,892,149	-	2,223,037	6,669,112	-	3.000 years
- 6/30/2023	-	5,277,241	(1,055,448)	-	4,221,793	4.000 years
subtotal	9,026,688	15,307,308	(2,470,816)	6,736,381	10,546,185	
Total	\$ 11,475,608	\$ 16,794,404	\$ (2,930,913)	\$ 8,371,176	\$ 10,759,059	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).



OPEB Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:

2025	(1,219,649)
2026	(1,286,920)
2027	1,169,196
2028	(1,053,843)
2029	1,586
Thereafter	1,748

In addition, Governmental Accounting Standards Board Statement 75 ("GASB 75") requires contributions between the measurement date (July 1, 2023) and the disclosure date (June 30, 2024) for GASB 75 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ 2,437,557
Change of Assumptions Losses (gains)	(319,311)
<u>Asset Losses (gains)</u>	<u>(5,277,241)</u>
Total	\$ (3,158,995)



Risk Assessment

Actuarial Standard of Practice No. 51

Actuarial funding valuation reports are required to include a discussion of the risk associated with measuring pension obligations and determining pension plan contributions. The risks that may reasonably be anticipated to significantly affect the plan's future financial condition are discussed below. USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.

Investment

Due to the plan's substantial equity exposure, investment returns will likely be much more volatile than the measurements of plan liabilities. Therefore, there is a risk that the funded status of the plan, as well as required plan contributions, could be volatile.

Assumed Rate of Return

Due to the plan's estimated duration of 8 to 10, a 1% decrease in the assumed rate of investment return would increase the measurement of the liability by 8% to 10%.

Longevity

Since nearly all of the plan liability is projected to be paid as annuities, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will fluctuate with changes in longevity. The ratio of retired life liability to total liability is 77%, suggesting there is less sensitivity to long-term changes in overall mortality improvement than a less mature plan.

Other demographic factors

Due to the eligibility for unreduced and subsidized retirement benefits, employees continuing in service for longer than expected will accrue additional benefits which may or may not result in larger liabilities. Conversely, employees retiring sooner than anticipated will accrue smaller benefits which may or may not result in smaller liabilities. Additionally, the difference between actual salary increases compared to the assumed increases based on the valuation assumption would impact the plan's funded status and contribution requirements.

Lump sums

No significant known risks. However, as the Hybrid Tier becomes a larger percentage of the total liability, this risk will become more significant. Since lump sum benefits are equal to the cash balance for the Hybrid Tier, lump sum payments have a comparable effect on both assets and liabilities.



Inflation

Inflation is a component of future interest rates and investment returns over a long period. As a result, changes to inflation can affect funded percentages.

Non-Legislative Salaries

Pension benefits can be increased by future non-legislative salaries and the liability for active and deferred vested participants has been increased by 40% to reflect his possibility. The effect of non-legislative salaries may have a larger or smaller impact than is reflected by the 40% load factor. Additionally, future legislation may eliminate or reduce the effect of this provision.

Contribution Risk

Contribution Risk involves the plan not being appropriated at least the Annual Required Contribution. If this amount is not appropriated, the plan runs the risk of not having enough assets to pay benefits when they become due.

Low-Default-Risk Obligation

In accordance with Actuarial Standards of Practice (ASOP) No. 4, the actuary is required to provide a “Low-Default-Risk Obligation Measurement” (LDROM). The intended purpose of the measurement is to show what the funding liability would be if the plan invested its assets solely in a portfolio of high-quality bonds (whose cash flows approximately match the plan’s future benefit payments) using current interest rate conditions. While investing solely in bonds might typically be expected to reduce the plan’s investment risk, it would also likely reduce the plan’s long-term investment returns, thereby increasing the amount of expected contributions needed over the life of the plan (perhaps significantly). The plan’s current investment policy is likely to result in lower contributions needed to support the trust fund than an all-bond policy; however, it can be more volatile, resulting in larger changes year-to-year on funded status. This disclosure is intended to help the user understand the cost of investing in an all-bond portfolio, if the assumed investment return was based on current interest rates. This disclosure may also provide additional information regarding the security of benefits that participants have earned. This disclosure is required and does not imply the plan sponsor is considering investing solely in bonds. This disclosure may not be appropriate for other uses. As of the valuation date, the Low-Default-Risk Obligation Measurement (LDROM) for the plan is \$85 million. Using LDROM interest rates the Plan is 108% funded on a market value of asset basis, compared to a funded level of 134% using the Plan’s ongoing interest rates.

Other Factors

Due to recent and ongoing attempts to pass pension reform legislation at a state level, the plan be modified in the future. Future legislation may affect benefit levels or future contribution levels and could result in increases or decreases in the plan liabilities or funding status.

USI Consulting Group can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.



GASB Notes

Notes to GASB 67, 68, 74, and 75 Disclosures

1. Actuarial accrued liability is based on the entry age normal funding method.
2. Market value of assets as of July 1, 2007 was allocated between pension and OPEB obligations based on proportionate share of accrued liability on that date. Allocations in subsequent years are based on prior year allocated value adjusted for contributions and benefits paid during the year, with investment return (net of expenses) allocated proportionately between retirement and OPEB obligations. Actuarial value of assets is then allocated based on the market value of retirement and OPEB assets.
3. Actuarial value of assets uses a 5-year asset smoothing method.
4. Information used in preparing these exhibits has been extracted from past valuation reports.

Note: Above statements are partially based on information furnished by the prior actuary.

5. Covered payroll reflects payroll for all current plan members.
6. ADC based on full actuarial report (odd numbered years) immediately prior to each biennium. ADC amount shown is for basic valuation, without any future COLA reflected but with interest adjustment as appropriate.
7. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 67.
8. It is assumed the measurement date for GASB 68 will be 12 months before the disclosure date. For the year ending June 30, 2024, the measurement date is July 1, 2023 (the valuation date).
9. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 74.
10. It is assumed the measurement date for GASB 75 will be 12 months before the disclosure date. For the year ending June 30, 2024, the measurement date is July 1, 2023 (the valuation date).



Summary of Participant Data

Distribution of Active Participants with Average Compensation

Attained Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	Over 39	Total
Under 25											
25-29											
30-34	1	2									3
	\$41,411	\$39,107									\$39,875
35-39	1	3		1							5
	\$40,047	\$40,331		\$44,211							\$41,050
40-44	3	4	1	1	1						10
	\$44,696	\$37,527	\$47,878	\$48,835	\$53,863						\$43,477
45-49	2	7	1	2							12
	\$44,999	\$41,819	\$41,914	\$42,037							\$42,393
50-54	7	5	3				2				17
	\$44,224	\$41,498	\$41,103			\$44,955					\$42,958
55-59	1	5	4	2	1	2					15
	\$42,643	\$41,050	\$43,540	\$48,448	\$57,182	\$46,256					\$44,576
60-64	1	8	2	1	1	1			1		15
	\$42,643	\$41,884	\$46,296	\$44,098	\$42,825	\$43,761		\$47,386			\$43,225
65-69	1	2	2	2	1	1					9
	\$43,053	\$41,829	\$43,849	\$42,503	\$38,818	\$50,052					\$43,143
Over 69		2	4		1			1	2		10
		\$33,300	\$41,095		\$50,441		\$46,588	\$42,913			\$41,383
Total	17	38	17	9	5	6	1	3			96
	\$43,732	\$40,529	\$43,055	\$44,791	\$48,626	\$46,039	\$46,588	\$44,404			\$42,894



Distribution of Inactive Participants with Average Annual Benefit - Annuities

Attained Age	All Retired and Beneficiaries	Traditional Terminated	Total
Under 50	0	6	6
	\$0	\$9,230	\$9,230
50 – 54	3	7	10
	\$17,383	\$14,387	\$15,286
55 – 59	6	9	15
	\$17,541	\$11,619	\$13,988
60 – 64	16	9	25
	\$24,629	\$18,424	\$22,395
65 – 69	36	2	38
	\$21,937	\$24,288	\$22,061
70 – 74	52	0	52
	\$26,469	\$0	\$26,469
75 – 79	57	0	57
	\$18,059	\$0	\$18,059
80 – 84	43	0	43
	\$22,065	\$0	\$22,065
85 – 89	30	0	30
	\$19,102	\$0	\$19,102
90 – 94	14	0	14
	\$17,972	\$0	\$17,972
Over 94	2	0	2
	\$26,048	\$0	\$26,048
Total	259	33	292
	\$21,516	\$14,396	\$20,711



Distribution of Inactive Participants with Average Benefits – Lump Sums

Attained Age	Cash Balance Terminated	Total
Under 50	1 \$4,561	1 \$4,561
50 – 54	3 \$33,696	3 \$33,696
55 – 59	1 \$9,953	1 \$9,953
60 – 64	2 \$7,329	2 \$7,329
65 – 69	4 \$5,271	4 \$5,271
70 – 74	1 \$4,215	1 \$4,215
75 – 79		
80 – 84		
85 – 89		
90 – 94		
Over 94		
Total	12 \$12,963	12 \$12,963



Glossary of Terms

Amortization – The process of systematically recognizing prior gains and losses as a component of the Pension Expense.

Fiduciary Net Position – The market value of assets as of a specified measurement date.

Funded Status – The difference between the Fiduciary Net Position and the Total Pension Liability as of the measurement date.

Gain/Loss – A change in the value of either the Total Pension Liability or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Interest Cost – The amount recognized in a period determined as the increase in the Total Pension Liability due to the passage of time.

Pension Expense – The sum of Service Cost, Interest Cost, Expected Return on Assets and amortizations of Actuarial Gain/Loss over the average remaining service period (or the life expectancy) of plan participants expected to receive plan benefits plus a 5-year amortization of Asset Gain/Loss.

Service Cost – is the actuarial present value of benefits attributed to services rendered by employees during the measurement.

Total Pension Liability – The Entry Age Normal Accrued Liability.



Sensitivity Analysis

In accordance with HB 238, we are providing the following sensitivity analysis of the valuation results to changes in certain plan assumptions. Specifically we have looked at the effect of a one percent increase and decrease to the discount rate, salary scale, and healthcare cost trend rate assumptions.

Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Pension Plan			
Accrued Liability	\$74,289,327	\$68,059,010	\$62,727,510
Actuarial Value of Assets	86,304,769	86,304,769	86,304,769
Unfunded Past Service Liability	(12,015,442)	(18,245,759)	(23,577,259)
Funded Ratio	116.17%	126.81%	137.59%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$20,277,989	\$18,115,490	\$16,325,951
Actuarial Value of Assets	67,838,824	67,838,824	67,838,824
Unfunded Past Service Liability	(47,560,835)	(49,723,334)	(51,512,873)
Funded Ratio	334.54%	374.48%	415.53%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$94,567,316	\$86,174,500	\$79,053,461
Actuarial Value of Assets	154,143,593	154,143,593	154,143,593
Unfunded Past Service Liability	(59,576,277)	(67,969,093)	(75,090,132)
Funded Ratio	163.00%	178.87%	194.99%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Salary Scale

	1% Decrease	Current Rate	1% Increase
	0% for five years, 2.5% thereafter	1% for five years, 3.5% thereafter	2% for five years, 4.5% thereafter
Pension Plan			
Accrued Liability	\$68,013,357	\$68,059,010	\$68,152,174
Actuarial Value of Assets	86,304,769	86,304,769	86,304,769
Unfunded Past Service Liability	(18,291,412)	(18,245,759)	(18,152,595)
Funded Ratio	126.89%	126.81%	126.64%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$18,158,122	\$18,115,490	\$18,069,489
Actuarial Value of Assets	67,838,824	67,838,824	67,838,824
Unfunded Past Service Liability	(49,680,702)	(49,723,334)	(49,769,335)
Funded Ratio	373.60%	374.48%	375.43%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$86,171,479	\$86,174,500	\$86,221,663
Actuarial Value of Assets	154,143,593	154,143,593	154,143,593
Unfunded Past Service Liability	(67,972,114)	(67,969,093)	(67,921,930)
Funded Ratio	178.88%	178.87%	178.78%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Healthcare Cost Trend Rate

	1% Decrease in Trend Assumption	Current Rate in Trend Assumption	1% Increase in Trend Assumption
Pension Plan			
Accrued Liability	\$68,059,010	\$68,059,010	\$68,059,010
Actuarial Value of Assets	86,304,769	86,304,769	86,304,769
Unfunded Past Service Liability	(18,245,759)	(18,245,759)	(18,245,759)
Funded Ratio	126.81%	126.81%	126.81%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$16,331,638	\$18,115,490	\$20,245,192
Actuarial Value of Assets	67,838,824	67,838,824	67,838,824
Unfunded Past Service Liability	(51,507,186)	(49,723,334)	(47,593,632)
Funded Ratio	415.38%	374.48%	335.09%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$84,390,648	\$86,174,500	\$88,304,202
Actuarial Value of Assets	154,143,593	154,143,593	154,143,593
Unfunded Past Service Liability	(69,752,945)	(67,969,093)	(65,839,391)
Funded Ratio	182.65%	178.87%	174.56%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 10 of this report for the asset and liabilities split between the Pension and OPEB plans.



Projections

Pension Plan

In accordance with HB 238, we are also providing the following 30 year projection under the current plan assumptions and, if applicable, before any assumptions changes effective at the valuation date. For a list of assumptions changes effective as of July 1, 2023, please see page 7.

Year Beginning July 1	Contribution				Accrued Liability (\$M)				Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Requirement (\$M)*		Contribution (%)		Prior		Current		Prior		Current	
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 68.1	\$ 68.1	\$ (18.2)	\$ (18.2)	127%	127%		
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 66.4	\$ 66.4	\$ (21.9)	\$ (21.9)	133%	133%		
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 64.9	\$ 64.9	\$ (25.7)	\$ (25.7)	140%	140%		
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 63.2	\$ 63.2	\$ (25.4)	\$ (25.4)	140%	140%		
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 61.4	\$ 61.4	\$ (28.1)	\$ (28.1)	146%	146%		
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 59.4	\$ 59.4	\$ (29.5)	\$ (29.5)	150%	150%		
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 57.4	\$ 57.4	\$ (31.1)	\$ (31.1)	154%	154%		
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 55.3	\$ 55.3	\$ (32.7)	\$ (32.7)	159%	159%		
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 53.3	\$ 53.3	\$ (34.4)	\$ (34.4)	165%	165%		
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 51.1	\$ 51.1	\$ (36.2)	\$ (36.2)	171%	171%		
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 48.9	\$ 48.9	\$ (38.1)	\$ (38.1)	178%	178%		
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 46.7	\$ 46.7	\$ (40.2)	\$ (40.2)	186%	186%		
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 44.4	\$ 44.4	\$ (42.3)	\$ (42.3)	195%	195%		
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 42.2	\$ 42.2	\$ (44.6)	\$ (44.6)	206%	206%		
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 40.0	\$ 40.0	\$ (46.9)	\$ (46.9)	217%	217%		
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 37.8	\$ 37.8	\$ (49.4)	\$ (49.4)	231%	231%		
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 35.6	\$ 35.6	\$ (52.1)	\$ (52.1)	246%	246%		
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 33.4	\$ 33.4	\$ (54.8)	\$ (54.8)	264%	264%		
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 31.3	\$ 31.3	\$ (57.8)	\$ (57.8)	285%	285%		
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 29.2	\$ 29.2	\$ (60.8)	\$ (60.8)	308%	308%		
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 27.2	\$ 27.2	\$ (64.1)	\$ (64.1)	336%	336%		
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 25.2	\$ 25.2	\$ (67.5)	\$ (67.5)	368%	368%		
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 23.2	\$ 23.2	\$ (71.0)	\$ (71.0)	406%	406%		
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 21.4	\$ 21.4	\$ (74.8)	\$ (74.8)	450%	450%		
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.6	\$ 19.6	\$ (78.7)	\$ (78.7)	502%	502%		
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.9	\$ 17.9	\$ (82.9)	\$ (82.9)	563%	563%		
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.3	\$ 16.3	\$ (87.2)	\$ (87.2)	635%	635%		
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.8	\$ 14.8	\$ (91.8)	\$ (91.8)	720%	720%		
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.4	\$ 13.4	\$ (96.6)	\$ (96.6)	821%	821%		
2052	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.1	\$ 12.1	\$ (101.6)	\$ (101.6)	940%	940%		
2053	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.9	\$ 10.9	\$ (106.9)	\$ (106.9)	1081%	1081%		
Sum of Contributions	\$ 0.0	\$ 0.0										

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 0% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.



OPEB Plan

Year Beginning July 1	Contribution Requirement (\$M)		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Prior		Prior		Prior		Prior		Prior	
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.4	\$ 18.1	\$ (49.4)	\$ (49.7)	368%	375%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.5	\$ 18.2	\$ (54.7)	\$ (55.1)	396%	403%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.2	\$ (60.4)	\$ (60.7)	425%	434%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.2	\$ (62.9)	\$ (63.3)	438%	448%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.2	\$ (68.0)	\$ (68.4)	466%	476%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.1	\$ (72.2)	\$ (72.7)	488%	502%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.4	\$ 17.9	\$ (76.8)	\$ (77.3)	517%	532%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.3	\$ 17.7	\$ (81.7)	\$ (82.2)	546%	564%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.1	\$ 17.5	\$ (86.8)	\$ (87.4)	580%	599%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.8	\$ 17.2	\$ (92.4)	\$ (92.9)	619%	640%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.6	\$ 17.0	\$ (98.2)	\$ (98.8)	658%	681%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.3	\$ 16.6	\$ (104.5)	\$ (105.1)	704%	733%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.0	\$ 16.3	\$ (111.1)	\$ (111.8)	754%	786%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.8	\$ 16.1	\$ (118.2)	\$ (118.9)	804%	839%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.5	\$ 15.7	\$ (125.7)	\$ (126.5)	862%	906%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.2	\$ 15.4	\$ (133.7)	\$ (134.6)	925%	974%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.8	\$ 15.0	\$ (142.3)	\$ (143.2)	1001%	1055%
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.4	\$ 14.5	\$ (151.4)	\$ (152.3)	1083%	1150%
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.9	\$ 14.1	\$ (161.0)	\$ (162.0)	1181%	1249%
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.4	\$ 13.6	\$ (171.3)	\$ (172.4)	1290%	1368%
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.9	\$ 13.1	\$ (182.2)	\$ (183.4)	1411%	1500%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.4	\$ 12.5	\$ (193.9)	\$ (195.1)	1547%	1661%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.9	\$ 12.0	\$ (206.2)	\$ (207.5)	1698%	1829%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.4	\$ 11.5	\$ (219.4)	\$ (220.8)	1869%	2020%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 11.8	\$ 11.0	\$ (233.4)	\$ (234.9)	2078%	2235%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 11.3	\$ 10.4	\$ (248.3)	\$ (249.9)	2297%	2503%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.7	\$ 9.9	\$ (264.2)	\$ (265.9)	2569%	2786%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.2	\$ 9.3	\$ (281.1)	\$ (282.8)	2856%	3141%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 9.6	\$ 8.8	\$ (299.0)	\$ (300.9)	3215%	3519%
2052	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 9.0	\$ 8.2	\$ (318.1)	\$ (320.1)	3634%	4004%
2053	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 8.4	\$ 7.7	\$ (338.5)	\$ (340.6)	4130%	4523%
Sum of Contributions	\$ 0.0	\$ 0.0								





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: October 20, 2023

SUBJECT: 2022 Regular Session – Budget Request and Legislative Discussion

The 2024 Regular Session of the General Assembly is scheduled to begin on Tuesday, January 2, 2024. The 60-day session will include the passage of biennial budget bills for the executive, judicial, and legislative branches of government for Fiscal Years ending June 30, 2025 and 2026.

Staff expect the full 60-day session to be active, but believes the topic of pension will likely not as prominent as years past. Staff has included this memo to inform the Board of the agency’s budget request and have a discussion regarding a few legislative issues.

Budget Request:

Judicial and Legislative branch budget requests are the result of July 1, 2023 funding valuations recently completed by USI, Inc. In addition, with a change initiated during the 2021 budget process, JFRS is now incorporating expected administrative expenses into the Actuarially Determined Employer Contribution (ADEC) calculation and paying all administrative expenses out of the JRP and LRP Trust Funds on a prorated basis. As a result, staff must include a request for Restricted Funds as part of the budget request for authorization to spend during the upcoming fiscal years.

Below is a summary of proposed budget requests and supporting documents have been attached to provide additional detail with regards to the restricted fund administrative expense request. [Staff is asking for Board approval on both the Legislative and Judicial Budget Requests.](#)

Plan	FY2025	FY2026
JRP Budget Request (ADEC + Interest)	\$660,000	\$703,000
LRP Budget Request (ADEC + Interest)	\$0	\$0
Restricted Fund Request (Admin Exp)	\$695,000	\$700,200

2024 Legislative Discussion

JFRS most recently pursued housekeeping legislation during the 2022 Regular Session, when Senate Bill 32, sponsored by Senator Higdon successfully passed both chambers. The legislation included several long-term goals, including the modernization of the JFRS amortization policy and cleanup of existing language that had been voided.

During the 2023 session, staff did not pursue any legislation, but rather used the shorter 30-day session to build relationships, educate new legislators regarding JFRS, and have discussions regarding the JRP and LRP plans. In

preparation for the 2024 Regular Session, staff would like to discuss a short list of legislative items encountered while administering the plans and advising members.

The below only impacts Cash Balance members and covers three primary topics: Vesting, Interest Credits, and the Fixed-Dollar Insurance Subsidy. The items focus on situations where Cash Balance Plans across the Commonwealth are not administered consistently with one and another. Most of the differences are due to technical differences in statutory language governing the plans or subsequent legislative changes that have occurred since the creation of the Cash Balance plans in 2013, while others are likely just unexpected outcomes that come with creating a new and dynamic tier of benefits.

1. Vesting – Staff has discovered some inconsistency between administrators (KPPA and JFRS) regarding a member’s ability to consolidate service across retirement plans for the purpose of vesting and eligibility for benefits.

First, current statutory language found in KRS Chapters 61 and 78 which govern the KPPA plans, does not provide that KPPA consider a member’s service outside of KPPA for the purpose of vesting. Only service with a system administered by KPPA is included which implies that service credited at LRP or JRP is excluded. For example, if a LRP or JRP member accrues 10 years of JFRS service, and then takes a four-year position in a state government position, those prior 10 years of service cannot be combined to “vest” at KPPA. However, in a similar example, if the same employee had 10 years of CERS service (in lieu of LRP or JRP), those 10 years could be combined for a total of 14 and allow them to vest with KERS.

Secondly, concerning the JFRS plans, KRS Chapter 21 does provide that service with KERS, CERS, SPRS can be used for the purpose of vesting. So any member at LRP can combine service accrued at KPPA to reach vesting.

The result is what appears to be an inconsistent authority between administrators. KPPA does not have reciprocity outside their plans, whereas JFRS does. In addition, historically, dating back to the creation of these plans, a member has had the right to combine service across plans for the purpose of eligibility and vesting.

2. Interest Credits: Similarly, as current statutory language reads, there is some inconsistency regarding how interest credits are applied to inactive Cash Balance accounts. In short, JFRS language does not provide for any upside sharing regardless of any other active service, whereas KPPA does consider some other active service accrued in other qualified plans for upside sharing.

JFRS statutory language, found in KRS 21.402, provides that only “*a member who contributed to the hybrid cash balance plan during the fiscal year*” is eligible to receive the upside sharing. As an example, if an existing LRP member were elected as a judge, their inactive balance with LRP would only receive the base 4% although they would be active and still contributing to JRP.

KPPA statutes do include some reciprocity for interest crediting, at least with the other plans administered by KPPA. A member of KERS does not have reciprocity with LRP or JRP, but if they contribute to any underlying plan administered by KPPA (KERS, CERS, SPRS), all of their Cash Balance accounts do receive upside sharing.

Again, this appears to be an inconsistency between the KPPA and JFRS Cash Balance plans. Like vesting, it is not consistent with how the plans have operated historically. Members have always been able to consolidate accounts to reduce early retirement penalties or reach full retirement benefits.

3. Fixed Dollar Insurance Subsidy: Lastly, the fixed dollar subsidy provided to eligible Cash Balance members of JRP and LRP is not consistent with that of non-hazardous members of KERS. While the Cash Balance tier of benefits was created as of January 1, 2014 for both KPPA and JFRS, the underlying insurance benefits for members of each plan are not both tied to similar language. While technical in nature, the overall result is that any new

Judge or Legislator who has elected JRP or LRP since January 2014 would have the right to a larger fixed dollar health insurance subsidy if they had elected to participate in KERS. In addition, more recently, additional legislation has further adjusted the fixed dollar subsidy, while no changes have been made to the language in Chapter 21 governing the JFRS plans.

As staff has become more increasingly aware of the differences in the administration of KPPA's and JFRS' Cash Balance plans, staff has tried very hard to clearly and accurately highlight each of these differences with newly elected officials. Communicating the unique dynamics and the technical differences of each plan is difficult, especially when dealing with individuals who are less knowledgeable of their pension benefits and find themselves with just a 30-day period to make retirement decisions that are irrevocable. In some cases, such as the insurance side, outside of a legislative change, there are limited options.

In closing, staff acknowledges the difficult aspect of this discussion and the fact that all three items outlined above would likely result in the impacted members receiving an additional benefit, including an increased insurance subsidy. However, staff feels it is prudent to have a discussion and obtain feedback since current members of both JRP and LRP are affected. Concerning pension expenses, the impact would be limited in number and unnoticed from a liability standpoint. On the insurance side, if the plans were aligned with KPPA members, there would be more financial impact given the increased number of members, however, both plans are more than fully funded. It would be surprising to staff if additional employer contributions would be required.

Judicial Form Retirement System - 2024-26 Biennial Budget Request

Administrative Expenses

	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	2023-2024 Budgeted	2024-2025 Projected	2025-2026 Projected
Personnel	606,800	485,800	508,700	443,300	523,200	528,700	533,900
Salaries & Benefits	425,300	376,700	343,600	320,700	345,200	350,700	355,900
Board Per Diems	6,300	10,100	4,900	4,900	5,000	5,000	5,000
Legal	40,700	16,300	24,000	16,800	30,000	30,000	30,000
Audit	33,800	17,800	53,700	39,000	60,000	60,000	60,000
Actuary	100,700	64,900	82,500	61,900	83,000	83,000	83,000
Operating	105,000	97,200	133,100	151,860	166,300	166,300	166,300
Meeting/Travel Expense	4,400	4,400	3,200	2,500	3,000	3,000	3,000
Technology and Communications	15,600	17,000	19,100	18,500	20,000	20,000	20,000
Software	400	500	19,900	20,000	35,500	35,500	35,500
Postage	1,100	1,800	1,100	3,900	4,000	4,000	4,000
Insurance	50,000	50,100	51,700	58,900	60,000	60,000	60,000
Custodian	19,700	10,600	24,900	36,700	30,800	30,800	30,800
Printing/Duplicating	1,900	2,200	2,000	-	-	-	-
Office Supplies	1,500	1,800	2,200	2,600	3,000	3,000	3,000
Subscriptions	1,700	2,000	200	1,960	2,000	2,000	2,000
Office Equipment/Furnishings	100	-	2,000	-	-	-	-
Rental/Office Maintenance	8,600	6,800	6,800	6,800	8,000	8,000	8,000
Total	711,800	583,000	641,800	595,160	689,500	695,000	700,200

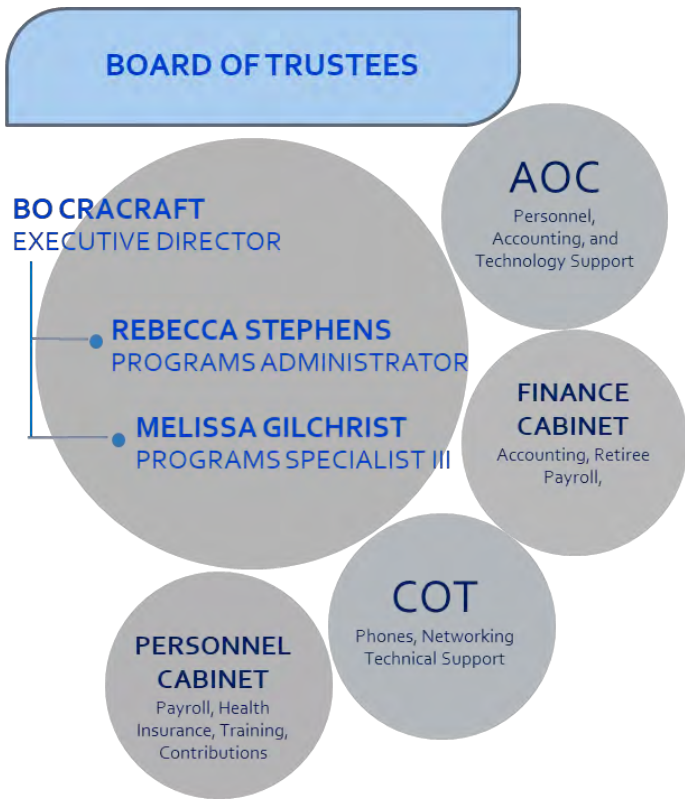
APPENDIX

- Organization Chart &
Service Providers



JUDICIAL FORM RETIREMENT SYSTEM

Organizational Structure



Service Providers

