

KENTUCKY RETIREMENT SYSTEMS

TO: Members of the Board

FROM: William A. Thielen, Esq.
Executive Director

DATE: February 20, 2014

SUBJECT: Quarterly Reports of the Audit Committee

The Audit Committee held its quarterly meeting on February 6, 2014. The purpose of the meeting was to review and discuss, among other miscellaneous audit related items, the following:

- *Review of Supplemental Payroll Report*

FINDINGS

Inactive Account Refunds with address changes are processed through supplemental payroll without verification of address change.

During the FYE 6/30/13 Supplemental Payroll Audit, it was noted that inactive refunds with address changes are processed without verification. Counselors can process a refund and change the address at the same time. The risk here is that a counselor could change the address and process a refund of an inactive account to be delivered to an address of their choice. This could go undetected because the member may be unaware they are owed a refund. Once a refund is processed the status shows as refunded, so the only way to determine an account was inactive for testing purposes is to look at the employment end date reported by the employer. The only way to currently verify the identity of the person requesting an inactive account refund and address change is to compare the signature from the refund form to the signature on the Membership information form (form 2001). However, the membership information form may not be on file as these forms are the responsibility of the employer and since one is required to be on file before the refund can be processed this form is sometimes obtained with the refund form. Currently the refund form is

processed, even with an address change as long as it is signed by the payee and a witness of member's choice without verification of the signature. Signatures can change over time and it can be difficult to compare signatures without being an expert.

During testing of a sample of supplemental payments the internal auditor was able to identify some inactive account refunds with address changes and compared the signatures on the refund form to the membership information form. The internal auditor is not an expert at signature verification, but can reasonably conclude that signatures appear to be authentic for the tested payments.

Good internal control over refund payments dictate that supporting documentation be obtained to verify address changes with inactive account refunds.

RECOMMENDATIONS

Internal audit recommends that business rules be added to START to hold refunds that have had an address change in the last thirty days, have been inactive for a year or more, and the refund is over \$500 for verification of the address change. Address verification could be obtained through the National Change of Address (NCOA) system, Lexus Nexis, white pages, or verification from the member.

MANAGEMENT'S COMMENTS

(Ms. Shauna Miller, Director Division of Member Services)

I agree with the findings and acknowledge that there is a potential risk involved with address updates of inactive accounts. Problem Incident Report (PIR) #28766 has been logged in the START system to add business rules to the refund module that will require management intervention in the event a counselor is processing a refund that meets certain criteria. Business rules will be put in place to flag an account that has been inactive for more than one year, has had an address change keyed in the last 30 days and has an accumulated account balance of \$500 or more. If these criteria exist the counselor will not be permitted to process the refund. A message will be given that will advise the counselor to notify manager. The manager will then obtain acceptable verification of the address change before processing the refund. A manager will be required to process and another manager will be required to QC approve the refund.

FINDINGS

Supplemental payroll checks are not secured prior to mailing. All supplemental payments are paid by checks. The supplemental payroll runs on Tuesday and checks are returned to the Retiree Services (Payroll) Division because some payments have other documentation to be attached before mailing. The checks are then placed in the mail basket in the accounting area or immediately handed back to mailroom staff, if it doesn't take too long to pull the checks that need to be held. For the times when checks are put into the mail basket, anyone walking by or with knowledge of this procedure has access to the checks. Once the checks are picked up by mailroom staff and delivered to the mailroom they are locked in a file cabinet until taken to the post office. Although, checks are secured in the mailroom all other documents with personal information processed for mailing and imaging are not secure since access is not limited. Staff and visitors in the building have access to the mailroom.

Good internal control over supplemental payments dictates that checks are kept in a secure location prior to being mailed.

RECOMMENDATIONS

Internal audit recommends that all supplement checks held in Retiree Services (Payroll) be secured in a locked file cabinet, immediately returned to mailroom staff, or call for special pickup. Once delivered to the mailroom all checks should be secured in a locked file cabinet until delivered to the post office.

Internal audit also recommends that mailroom access be limited to protect the sensitive information processed for mailing and imaging.

MANAGEMENT'S COMMENTS

(Ms. Rebecca W. Stephens, Director Division of Retiree Payroll)

Agree with findings and recommendation. In nearly all instances, when KRS' mailroom staff hand deliver the checks to Retiree Payroll staff, the checks to be pulled are immediately pulled, and

remaining checks are directly handed back to mailroom staff for mailing. In those instances when the checks cannot be returned immediately, Retiree Payroll staff will contact mailroom staff that checks are ready for pick-up. At no time will checks be left unattended.

FINDINGS

No audit trail for maintain payroll schedule details – step report in START.

During review of the supplemental payroll approval process the internal auditor was unable to verify who processed each step on the payroll for the tested payroll cycles. Currently once a payroll cycle is processed the User ID shows as BATCHJOB\SUPPWKLY:Step and IT could not find an audit trail in START to be able to determine who kicked off the payroll for the cycle. IT was able to provide a listing from START to show that only three Retiree Services (Payroll) staff has access to create, process, and approve supplemental payroll. Even though we cannot determine who preformed each step of a payroll cycle, we can limit it to the three staff members that are indicated in the system as having access. However, as it currently stands we are unable to determine who approved a supplemental payroll cycle.

Good internal control over system access and documentation dictates that access is limited to required staff and documentation is available to identify who processed the payroll.

RECOMMENDATIONS

Internal audit recommends that an audit trail be created in START to indicate who preformed each step of the payroll cycle.

MANAGEMENT'S COMMENTS

(Ms. Rebecca W. Stephens, Director Division of Retiree Payroll)

Agree with findings and recommendation. Problem Incident Report #28700 has been created within KRS' issue tracking service to request a design modification to Payroll batch processes to create audit trail to record the staff person who scheduled and executed each step and ultimately who approved the payroll cycle.

FINDINGS

Supplement payroll for two periods were not properly posted in Great Plains.

During review of the supplemental payroll reconciliation process the internal auditor noted two issues in posting to Great Plains. For the April 2, 2013 supplemental payroll it was noted that this payroll was accrued on March 21, 2013 according to the entry in Great Plains. The staff accountant who posted this entry had an issue with Great Plains back dating all entries made on April 2, 2013 to March 21, 2013. However, even though this issue was known and system error was resolved, the April 2, 2013 supplemental payroll entry dated for March 21, 2013 was not corrected. The current controls did not detect this error and this entry is not in compliance with Generally Accepted Accounting Principles (GAAP). GAAP states that expenses must be accrued in the period in which they are incurred. This entry does not impact the financial statements and since the books are closed no correcting entry will be made.

For the May 15, 2013 supplemental payroll reconciliation the internal auditor noted that two accounts were not balanced. One account was understated and one overstated by \$2,575.73. During the year end reconciliation of the refund account, Accounting found this error and did a draw down to correct it. However, since account reconciliations are not performed on a regular basis the Accounting Department missed that the money had already been drawn down on May 15, 2013 and posted to the wrong account. This caused an overstatement in the wrong account that was found by the auditor. This error does impact the financial statements, but is immaterial. The Accounting Department was notified of this error and will correct it by returning the overstated amount to BNY Mellon and make a correcting entry in Great Plains.

Good internal controls dictate that account reconciliations are performed on a regular basis to ensure journal entry postings in Great Plains are correct.

RECOMMENDATIONS

Internal audit recommends that Accounting reconcile the supplemental payroll reports to Great Plains monthly to ensure journal entries have been correctly keyed.

MANAGEMENT'S COMMENTS

(Ms. Elizabeth Smith, Accounts Receivable Branch Manager & Todd E. Coleman, CPA, Controller)

Concur with Recommendation.

Incorrect posting date (GP backdating transactions) – This appears to be an isolated occurrence, however, staff have been advised to double check transaction dates when posted. In addition, anytime transactions are accidentally backdated, they will always be backed out and reposted correctly.

Overstatement/Understatement of Retirement Payments (506) and Refunds (501) – The additional drawn down of funds on 09/16/2013 was done in error as stated by the auditor. The funds were sent back to JP Morgan Chase on 10/29/2013 and recorded with Withdrawal WDL000031796, CMTRX00012385. We have since implemented steps to prevent this from happening. The Journal Entry created to record the drawdown of funds and Checkwriter file must be verified for accuracy after posting. Creator and Verifier must be of the documents that these steps have happened. In addition, the Refund Account is reconciled monthly.

- *Review of Self – Assessment Quality Assurance Review Report – 2013 with Independent Validation Statement*

OPINION

The Division of Internal Audit of Kentucky Retirement Systems generally conforms to the Standards and the IIA's Code of Ethics.

OPPORTUNITIES FOR IMPROVEMENT

- 1. Audit work programs were documented with audit objectives but preliminary assessment of risks and/or assessment of possibility of fraud/errors relevant to the specific engagement activity were not documented in some examined audit workpapers. Engagement objectives reflect the results of the assessment. The documentation of these assessments in audit workpapers ensure that each audit is planned in accordance with the Standards 1220.A1 and A3; 2201; 2210.A1; and 2240.A1. Audit workpapers provide evidence of due professional care in the conduct of work performed. There should be an evidence of a risk assessment of the audit engagement in audit workpapers.*
- 2. A formal periodic assessments procedure for reviewing audit workpapers was established in the Internal Audit Procedures Manual, but not conducted per Standard 1311-1(4). Audit workpapers should be reviewed at least annually for periodic quality assurance purpose in accordance with the Standard.*
- 3. The audit work programs were reviewed and approved by the Director of Internal Audit during the review of audit work papers, but not prior to implementation of the audit. The work program should be approved prior to its implementation and any adjustments should also be approved promptly to ensure that audit is fully compliant with the Standards 2240.A1.*
- 4. One examined audit workpaper was not reviewed and/or signed by the Director of Internal Audit. The same audit workpaper was also not signed by the auditor who prepared the workpapers. After reviewing, engagement workpapers should have review date and supervisor's initials. Proper document of supervision of work papers conforms that objectives are achieved and quality is assured per Standard 2340.*
- 5. A few examined workpapers did not have Source (the information obtained from whom) of the document and Purpose of the work paper to support the conclusion. Audit workpaper should have the source of the document and purpose of the establishment of the workpaper. According to the Standard 2330-1, workpapers document the information obtained from whom, the analyses made, and the support for the conclusions and engagement results.*

- 6. A few examined audits did not have the documentation of the results of the entrance and/or exit conferences/meetings. In accordance with the Standard 2300 and Internal Audit Procedures Manual, auditor should document the results of its entrance and exit meetings in audit workpapers.*
- 7. Policies for retaining engagement records were established but policies for releasing of engagement records to internal and external parties were not developed and established. The Division of Internal Audit should consider the establishment of policies for the releasing of the engagement records to comply with any pertinent regulatory or other requirements and to ensure the conformance with Standard 2330.A1-1 and 2.*
- 8. One examined audit final report was not signed by the Director of Internal Audit and was not issued through the Director of Internal Audit. The same audit report was not distributed to all appropriate parties such as Chief Executive Officer, Chief Operations Officer, Controller, and General Counsel. Final communication should be reviewed and/or signed by the Director of Internal Audit; reports should be signed by the auditor; and, the final results should be communicated to all appropriate parties according to the Standards 2440; 2440.A1; and 2410-1(15).*
- 9. A few examined audits did not have documentation of the follow-up activities such as the evaluation of the status of the management efforts to correct observations and/or implement recommendations. The documentation of the follow-up activities ensures the conformity of the Standard 2500.*

EXTERNAL VALIDATORS RECOMMENDATIONS

- 1. Internal audit activities can play two separate yet complimentary roles in an organization. The first role is that of assurance provider. The assurance provider focuses on what has already happened and conducts compliance – based audits. The second role, consultant, is proactive and focuses on real – time improvement. While the roles are different, they are both important. The Kentucky Retirement Systems Internal audit*

activity has historically placed more emphasis on being an assurance provider, conducting compliance audits in key areas and providing valuable feedback. However, the internal audit activity could increase its role as consultant and further assist the organization in moving forward.

In order to increase its consulting presence, the internal audit activity needs the support and confidence of management. Based on our interviews with management, it is evident that the internal audit activity oftentimes is not seen as a consulting resource. The internal audit activity should be marketed as a resource to provide these services to its internal customers. Additionally, in order to be proactive in the consulting role, the internal audit activity should be included in executive management meetings in an advisory and information-seeking role. Maintaining an advisory, not decision – making, role within the executive management team will allow the internal audit activity to better understand current organizations risks and advise on internal controls without jeopardizing its independence.

- 2. While conducting interviews with internal audits key stakeholders, it became apparent that the greatest area of concern was assurance within the information systems. The accuracy and reliability of KRS' information systems are heavily relied upon by all its customers, internal and external. Although external audits are performed annually to assess general controls, the consequence was that audits performed should include all areas of risk for all KRS' information systems on a regular, ongoing basis.*

While information systems are included in the annual audit plan at a high level, the extent of management's concern for information systems assurance does not appear to be reflected on the plan. Internal audit should ensure that information systems are adequately populated on the audit universe and considered during the annual risk assessment process (Standard 2120 – Risk Management). The current skills, capabilities, and technical knowledge of the internal audit staff are appropriate for activities on the existing annual audit plan. However, current resources are not adequate for a more detailed review of information systems. Due to the critical nature of resources, the chief audit executive should maintain ongoing communications and dialog with senior

management and the board on the adequacy of resources for the internal audit activity.

- 3. Internal audit conducts annual risk assessments of the audit universe to determine which areas should be audited each year. To assess organizational risk, information is gathered in various manners, including previous audit issues, years since previous audit conducted, audit frequency (e.g. annual, bi-annual), and most notably, feedback from senior management and the Board regarding their greatest areas of concern. Internal audit distributes a survey via email to solicit feedback from senior management and other key staff members. Internal audit should expand methods of receiving feedback from key stakeholders by conducting follow-up interviews, allowing for entity-wide feedback instead of focus of individual areas, and involve Board members more in the risk assessment process.*
- *Review of Quarterly Financial Statements – 12/31/2013*
 - *Review of Management Comments to the Auditor of Public Accounts Audit dated June 30, 2013*
 - *Management Follow up on Audit Findings and Recommendations Summary Dashboard*
 - *Review of Fiscal Year End June 30, 2013, End of Year Audit Requirements*
 - *Review of Employer Penalty/Waiver List*
 - *Review of Internal Audit Budget 09/30/2013*
 - *Review of Anonymous Reporting*
 - *Review of SEC Filings (Investments)*
 - *Review of Investment Compliance Report*
 - *Special County Employees Retirement System Board Election Memoranda*
 - *Kentucky Employees Retirement System Board Election Memoranda*

- *State Police Employee Retirement System Board Election Memoranda*
- *Annual Review of the Charters of the Audit Committee and the Division of Internal Audit*
- *Kentucky Retirement Systems Travel Policy and Procedures (Amendment)*
- *Kentucky Retirement Systems Fixed Assets Policy (Amendment)*

RECOMMENDATION: The Audit Committee requests that the Board ratify the actions taken by the Audit Committee.

KENTUCKY RETIREMENT SYSTEMS

TO: Members of the Board

FROM: William A. Thielen
Executive Director

DATE: February 20, 2014

SUBJECT: Fiduciary Liability Insurance Policy

The Board's fiduciary liability insurance coverage under a policy issued by Alterra America Insurance Company (Alterra) will expire April 25, 2014. This policy was obtained through a bidding process conducted by the Division of State Risk & Insurance Services of the Kentucky Finance and Administration Cabinet. The coverage that is currently effective with Alterra, including the basic policy terms, is summarized below. A comparison of the coverage Alterra is offering for the period April 25, 2014 through April 25, 2015 is also provided below. Additionally, a copy of the Alterra proposal accompanies this memorandum

<u>2013-2014 Coverage/Terms</u>	<u>2014-2015 Proposed Coverage/Terms</u>
Liability Limit: \$5,000,000	\$5,000,000
Deductible: \$200,000	\$250,000
Coverage Period: 1 year	1 year
Term: 4-25-13 – 4-25-14	4-25-14 to 4-25-15
Annual Premium: \$64,876.12	\$64,675.58

As you can see, the coverage and terms remain virtually the same, except the deductible is increased from \$200,000 to \$250,000 and the premium for the renewal policy is \$200.54 less than the current year. The policy does cover attorney fees, subject to the deductible amount (\$250,000) and the coverage limit (\$5,000,000).

As always, the Board could decide not to renew the policy and self-insure the fiduciary liability risk.

RECOMMENDATION: The Executive Director recommends that the Board authorize the renewal of its fiduciary liability insurance coverage with Alterra effective April 25, 2014 at the premium quoted, unless the Board decides to self-insure its fiduciary liability risk.



**KENTUCKY RETIREMENT SYSTEMS
INVESTMENTS**



TO: Kentucky Retirement System Board of Trustees

FROM: David Peden, Interim Chief Investment Officer

DATE: February 20, 2014

SUBJECT: Investment Committee Quarterly Report

The Investment Committee held its regularly scheduled meeting on February 4, 2014. The purpose of the meeting was to evaluate investment activities, program structure, management, controls, and performance results of the Pension and Insurance Funds, for the quarter ending December 31, 2013, along with various other subjects.

The meeting began with approval of the minutes for the previous Investment Committee meetings held on November 4, 2013 and November 20, 2013.

KRS Investment Staff and consultant R.V. Kuhns presented a fixed income recommendation to the investment committee. It was approved by the investment committee to invest up to 1% of the portfolio or roughly \$125 million in a separate account managed by Cerberus Capital Management that will invest in a middle market direct lending strategy. No placement agent was used to source this investment.

KRS Investment Staff and consultant R.V. Kuhns reviewed a Non U.S. equity structure study and presented Non U.S. equity manager changes to the investment committee. Those changes included the recommendation to hire four new investment managers in the Non U.S. equity sector and the rebalancing of the existing KRS Non U.S. equity portfolio. The new investment managers approved by the investment committee are American Century Investments, Franklin Templeton, LSV Asset Management, and Lazard Asset Management. No placement agents were used to source these investments. The proposed sizing for the restructured Non-U.S. equity portfolio is below.

Manager	Current Intl LC Allocation		Target Intl LC Allocation	
Boston Co	957,537,475.81	33.459%	196,750,088.70	6.875%
Pyramis	942,894,458.06	32.947%	393,500,177.40	13.750%
American Century	-	0.000%	196,750,088.70	6.875%
Franklin Templeton	-	0.000%	196,750,088.70	6.875%
Lazard	-	0.000%	393,500,177.40	13.750%
LSV	-	0.000%	196,750,088.70	6.875%
BlackRock	961,387,538.14	33.594%	1,287,818,762.40	45.000%

KRS Investment Staff and consultant Albourne recommended an initial investment of approximately 40 basis points of exposure for all KRS plans, or approximately \$60 million in aggregate using November 30, 2013 plan allocations, in an equal-weighted portfolio of the following hedge funds: Luxor Capital Partners, Coatue Qualified Partners, and Pine River Fund. This recommendation was approved by the KRS Investment Committee. No placement agents were used to source these investments.

Chris Schelling, Deputy CIO and Director of Absolute Return, and consultant Albourne presented the absolute return annual manager reviews and the real return annual manager reviews. Questions were encouraged and addressed throughout both reports.

KRS Investment Staff recommended a change in private equity consultant from Altius & Associates to Pension Consulting Alliance, Inc ('PCA'). The recommendation was approved by the KRS Investment Committee after a discussion with staff and a presentation by PCA regarding their capabilities and firm philosophy.

Brian Carter, Investment Analyst III, gave an update on the KRS Cash Investment program and its use of repurchase agreements. Jeff Kidwell from AVM, LP gave a presentation on the repurchase agreement market, specifically highlighting the difference between tri-party repo and bi-lateral repo. No recommendation or action was taken as this was provided for educational purposes only.

Erica Bradley presented the Quarterly Compliance report. The Management Update was given by David Peden, Interim CIO, which included a review of some of the standard quarterly reports. These reports included the: Monthly Performance Update, Investment Division Budget Report and the quarterly Manager Meeting and Related Expense Tracking Report, the Internally Managed Portfolio Asset Report, Internally Managed Portfolio Transactions Report, Securities Lending Report, Domestic Equity Commissions Report, Global Equity Commissions Report, and the Securities Litigation Report were provided for informational purposes.

The Standing Quarterly Committee Topics, Potential Future Topics List, and an overview of the supplied articles of interest were reviewed. Questions were encouraged and addressed throughout the reports.

David Peden, Interim CIO, gave an update on the custodial transition from Northern Trust to BNY Mellon.

The KRS Investment Committee went into closed session to discuss pending litigation.

Please see the next page for a summary of the Pension and Insurance performance information ending December 31, 2013.

Pension Funds Performance Overview								
Rates of Return (%) as of December 31, 2013								
	One Year		Three Years		Five Years		Ten Years	
	Fund	Index	Fund	Index	Fund	Index	Fund	Index
Equity	23.73	22.38	9.96	10.09	14.97	15.17	6.94	6.82
Fixed Income	-0.03	-1.35	5.54	4.03	6.93	5.21	5.07	4.83
Private Equity	15.11	26.25	13.30	16.02	9.67	20.40	10.16	8.97
Real Estate	9.17	11.96	10.88	13.17	N/A		N/A	
Absolute Return	12.08	8.54	N/A		N/A		N/A	
Real Return	-4.37	2.33	N/A		N/A		N/A	
Cash Equivalents	0.64	0.05	0.41	0.07	0.66	0.10	2.16	1.59
Total Fund	12.70	13.33	8.12	8.34	11.25	11.96	6.40	6.49

Insurance Funds Performance Overview								
Rates of Return (%) as of December 31, 2013								
	One Year		Three Years		Five Years		Ten Years	
	Fund	Index	Fund	Index	Fund	Index	Fund	Index
Equity	23.59	21.90	9.62	10.05	14.55	14.85	6.78	6.45
Fixed Income	-0.18	-1.35	5.64	4.62	6.69	6.29	5.59	5.17
Private Equity	16.34	26.25	13.45	16.11	12.18	19.41	8.28	8.40
Real Estate	8.85	11.96	11.28	13.17	N/A		N/A	
Absolute Return	11.99	8.54	N/A		N/A		N/A	
Real Return	-4.92	2.30	N/A		N/A		N/A	
Cash Equivalents	0.27	0.05	0.33	0.07	0.29	0.10	1.98	1.59
Total Fund	12.33	13.23	7.23	8.46	11.90	13.18	6.09	6.24

RECOMMENDATION: The Board is requested to ratify the actions of the Investment Committee.

KENTUCKY RETIREMENT SYSTEMS

TO: Members of the Board
FROM: William A. Thielen
DATE: February 20, 2014
SUBJECT: Participation of Additional Agencies and Hazardous Positions

PARTICIPATION—NONHAZARDOUS

A request by Southeast South Central Educational Cooperative to participate in the County Employees Retirement System (CERS) under non-hazardous coverage was brought before the Board at the December 5, 2013 meeting. At that meeting the request of the agency was deferred for additional information.

RECOMMENDATION: The Executive Director recommends that the Board continue to defer a decision on the participation of Southeast South Central Educational Cooperative until the agency can acquire a private letter ruling from the Internal Revenue Service that it is a governmental entity for purposes of participation in CERS.

THE FOLLOWING AGENCIES ARE ASKING FOR HAZARDOUS DUTY COVERAGE ON POSITIONS FOR EMPLOYEES WHO HAVE A PARTICIPATION DATE PRIOR TO SEPTEMBER 1, 2008.

Louisville Jefferson County Metro Government has requested hazardous duty coverage for the following positions with an effective date of July 1, 2014:

Firefighter – S	Fire Training Officer – S
Fire Captain – S	Fire Battalion Chief – Fire Marshal – S
Fire Battalion Chief – S	Fire Apparatus Operator/Sergeant - S

There are no employees to be covered under hazardous duty at this time. Attached is a copy of the Position Questionnaire and Job Description.

The Bell County Fiscal Court has requested hazardous duty coverage for the following position with an effective date of March 1, 2014:

Sheriff

There are no employees to be covered under hazardous duty at this time. Attached is a copy of the Position Questionnaire and Job Description.

HAZARDOUS POSITIONS (FOR EMPLOYEES HIRED 9/1/08 OR AFTER)

Louisville Jefferson County Metro Government has requested hazardous duty coverage for the following positions with an effective date of July 1, 2014:

Firefighter – S	Fire Training Officer – S
Fire Captain – S	Fire Battalion Chief – Fire Marshal – S
Fire Battalion Chief – S	Fire Apparatus Operator/Sergeant - S

There are no employees to be covered under hazardous duty at this time. Attached are copies of the is a copy of the Position Questionnaire and Job Description.

The Bell County Fiscal Court has requested hazardous duty coverage for the following position with an effective date of March 1, 2014:

Sheriff

There is one (1) employee to be covered under hazardous duty at this time. Attached is a copy of the Position Questionnaire and Job Description.

The City of Bowling Green has requested hazardous duty coverage for the following positions with a **retroactive** date of **September 1, 2013**:

Fire Apparatus Operator/EMT
Fire Apparatus Operator

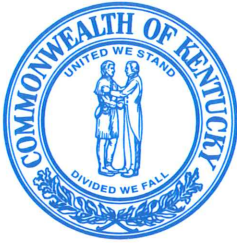
There is one (1) employee to be covered under hazardous duty at this time. Attached are copies of the Position Questionnaires and the Job Descriptions.

The Estill County EMS has requested hazardous duty coverage for the following positions with a **retroactive** date of September 1, 2008:

Paramedic	EMT
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There are twenty two (22) employees to be covered under hazardous duty at this time. Attached are copies of the Position Questionnaires and Job Descriptions.

RECOMMENDATION: The positions for which hazardous duty has been requested are presented for discussion.



KENTUCKY RETIREMENT SYSTEMS

William A. Thielen, Executive Director

Perimeter Park West ▼ 1260 Louisville Road ▼ Frankfort, Kentucky 40601
kyret.ky.gov ▼ Phone: 502-696-8800 ▼ Fax: 502-696-8822



KENTUCKY RETIREMENT SYSTEMS BOARD OF TRUSTEES

Resolution No. 1-2014

A RESOLUTION CONCERNING FULL FUNDING OF KENTUCKY RETIREMENT SYSTEMS BY THE COMMONWEALTH OF KENTUCKY

WHEREAS, the ratios of existing assets to liabilities (funded status) for benefits already earned by members of the Kentucky Employees Retirement System (KERS) and the Kentucky State Police Retirement System (SPRS) are at 23.2% and 37.1% respectively, based on the actuarial value of assets as of June 30, 2013.

NOW THEREFORE, The Board of Trustees of the Kentucky Retirement Systems, by a vote of its members taken in public session at its regular quarterly meeting held February 20, 2014, hereby resolves that the Kentucky General Assembly of the Commonwealth of Kentucky should fund the KERS and SPRS plans at 100% of the actuarially recommended contribution rate (ARC) in the next biennial budget and thereafter, as recommended in the budgets proposed for the 2015 and 2016 fiscal years by Governor Steve Beshear.

The Kentucky Retirement System Board of Trustees hereby directs staff to transmit a copy of this resolution to the members of the Kentucky General Assembly.

Approved this 20th day of February 2014

THE KENTUCKY RETIREMENT SYSTEMS BOARD OF TRUSTEES

By: _____

Randy Overstreet
Randy Overstreet, Chair