

**Kentucky Public Pensions Authority
Quarterly Board Meeting
December 6, 2023 at 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--|---------------------------------|
| 1. Call to Order | Keith Percy |
| 2. Legal Opening Statement | Legal Services |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes – September 28, 2023 and October 17, 2023* | Keith Percy |
| 6. KPPA Audit Committee Report and Recommendations* | Kristen Coffey |
| a. Draft Fiscal Year Ended June 30, 2023 External Audit, includes Financial section of the Annual Report and GASB 67 and 74* | Adam Gordon |
| b. Discussion on Management Letter Comments | Adam Gordon |
| c. Auditor Communications with those Charged with Governance | Adam Gordon |
| d. DRAFT Management Response to FY 2022 GFOA ACFR Letter* | Connie Davis |
| e. Request for Infrastructure and Application Security Assessment* | Dominique McKinley |
| f. Completed Internal Audits* | Kristen Coffey |
| g. Approval of External Validation for Self-Assessment* | Kristen Coffey |
| 7. KPPA Ad Hoc Executive Director Search Committee Update* | William O'Mara |
| 8. Quarterly Financial Statements | Mike Lamb |
| 9. Approval for Annual Comprehensive Financial Report and Summary Annual Financial Report* | Connie Davis |
| 10. Investment Department Update* | Steve Willer |
| a. Investment Salary Range Discussion* | David Eager |
| 11. Administrative Regulations 105 KAR 1:215, 105 KAR 1:390, 105 KAR 1:470 and 104 KAR 1:455* | Carrie Bass
Jessica Beaubien |
| 12. Proposed KPPA Bylaw Revision* | Michael Board |
| 13. KPPA Update | David Eager |
| 14. New Business** | Keith Percy |

15. Closed Session**

Keith Percy

16. Adjourn*

Keith Percy

**Board Action Required*

***Board Action May Be Required*

MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
VIA LIVE VIDEO TELECONFERENCE
SEPTEMBER 28, 2023, AT 10:00 AM ET

At the meeting of the Kentucky Public Pensions Authority held on September 28, 2023, the following Members were present: Keith Percy (Chair), Prewitt Lane, William O'Mara, Betty Pendergrass, Dr. Merl Hackbart, Lynn Hampton, Jerry Powell, and William Summers, V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Connie Pettyjohn, Michael Board, Leigh Ann Davis, Victoria Hale, Carrie Bass, Jillian Hall, Jessica Beaubien, Lori Casey, D'Juan Surratt, Steve Willer, Ann Case, Michael Lamb, Connie Davis, Elizabeth Smith, Kristen Coffey, Ashley Gabbard, Katie Park, Shaun Case and Sherry Rankin.

Mr. Percy called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

Ms. Rankin advised that six (6) **Public Comments** were received and read each comment aloud.

1) Submitted by Terra Vincent

As a retiring state employee who started 7/16/03, I do not get the fully-paid health insurance that retirees for years have received. I get a monthly allowance of \$426 based on my 20 years of hazardous duty service. KPPA insurance is too expensive (nearly \$2,000 for the family PPO), so I am trying to find a job with a great insurance plan offering. I am very disappointed that SB209 was executed by KPPA in a fashion that does not allow for me to be reimbursed the \$426 that I have earned UNLESS a future employer pays nothing, or less than \$426. Even if I applied and was hired back as a state employee, I wouldn't be able to use the \$426 toward an employee plan. This leaves me with no tangible benefit in regards to health insurance following two decades of service to the Commonwealth. While I understand that changes had to and must be made for the pension system, the implementation of a reimbursement plan that ultimately does nothing for the retirees is very frustrating.

2) Submitted by Beverly Kelly

I am a retiree that served 28 years with Kentucky State. I draw a minimum pension from my retirement. Inflation has increased so much in the years since retiree received a cost of living that it makes it difficult for most to survive. Most retirements have a cost of living built in. Please consider supporting our retiree with a cost of living raise.

3) Submitted by Elinor R Shipley

Regarding the Humana and Baptist Medical Health Group (BMHG) contract dispute, why does Humana have an exclusive contract for the KPPA Medicare Advantage plans? Why doesn't KPPA offer multiple Medicare Advantage plans? How can KPPA state "retirees can expect the same level of service" when Humana is saying BMHG will no longer be covered by Humana Medicare Advantage? How can KPPA guarantee that retirees will not have increased costs for the same level of service? What is the process for retirees to insure continuity of care when their current doctors belong to BMHG? I am very concerned about Humana's ability to change the contract with KPPA during the first year of a multiyear contract granted exclusively to Humana.

4) Submitted by John C Coots

I retired from Louisville Metro Government in 2013 after serving our citizens for 27 years. I currently have Anthem insurance and am pleased with my coverage. I am however very concerned with the insurance plan your board is discussing today, 9/28/23. I am currently 58 years old. After I turn 65 in 7 years, I would like to expect the same coverage and benefits I have today. I currently have stage IIIb prostate cancer and use doctors affiliated with both Humana and Baptist (BHMG). I do not want to be required to switch providers down the road due to negotiations and decisions your board is making today. While working in Economic Development I was tasked with working with numerous government bodies, regulatory agencies, administrations and stakeholders. I ask that your board continue working with all stakeholders as well, including BHMG. Thank you for your time. Sincerely, John C. Coots

5) Submitted by Patricia P. Brodie

Please comment on the role of KPPA in the loss of Baptist Health providers coverage through Humana Medicare Advantage plans. I am one of many retirees, who will have potentially critical services loss. I am a retiree in Louisville, KY, and have only received communication on this issue

from Baptist Health and Humana. My most important provider, my cardiologist, is a Baptist Health provider who has treated me for 15 years. Since my Humana Medicare Advantage plan was a KPPA approved selection for my county, Jefferson, how is it possible that services were dropped prior to the end of the plan year without KPPA involvement? Please explain.

6) Submitted by Judy Lloyd

In reference to the Humana and Baptist Medical Health Group contract dispute. Why does Humana have an exclusive contract for the KPPA Medicare Advantage plans? How can KPPA state "retirees can expect the same level of service" when Humana is no longer honoring Baptist doctors? I am faced with finding new doctors or paying the increased costs for the same level of service. I am very concerned about Humana's ability to change the contract with KPPA during the first year of a multi-year contract. Why isn't KPPA offering an alternative insurance provider to the Medicare Advantage individuals. Thank you, Judy Lloyd

Mr. Peercy introduced agenda item **Approval of Meeting Minutes – June 28, 2023, and July 31, 2023** (Video 00:11:54 to 00:11:56). Mr. Summers made a motion and was seconded by Mr. Powell to approve both minutes as presented. The motion passed unanimously.

Mr. Peercy introduced agenda item **KPPA Audit Committee Report** (Video 00:11:57 to 00:23:15). Ms. Coffey stated that the KPPA Audit Committee held a special called meeting on July 26, 2023, and a regularly scheduled meeting on August 24, 2023. She briefly reviewed the job description of the Chief Auditor. Next, the Charter for the Division of Internal Audit was presented to the Authority Members. Ms. Coffey advised that a decision was needed regarding the approval of the Chief Auditor's weekly timesheet, leave requests, work schedule, and training/educational opportunity requests. These responsibilities may be performed by the Chair of the Audit Committee, the KPPA Chair, or delegated to a KPPA staff member, said Ms. Coffey. Mr. Powell made a motion to insert language in the Charter for the Division of Internal Audit delegating these tasks to the Director of Human Resources (Lori Casey). Mr. Lane seconded the motion and the motion passed unanimously.

Ms. Coffey advised that a decision was needed regarding who would review the performance of the Chief Auditor. Dr. Hackbart made a motion to insert language in the Charter for the Division of Internal Audit delegating the performance review of the Chief Auditor to the Chair of the KPPA Audit Committee. The motion was seconded by Mr. Summers and the motion passed unanimously.

Ms. Coffey presented a memo outlining proposed Audit Committee Agenda Items. To reduce the amount of duplicate information being presented at these meetings, a proposed schedule was created for commonly presented topics/items. The KPPA Audit Committee approved the proposed schedule, said Ms. Coffey. Next, the Fiscal Year 2023 Internal Audit Budget as of June 30, 2023, and Proposed FY 2024 Budgets as approved by the KPPA Audit Committee were presented. It was requested that the KPPA ratify the actions taken by the KPPA Audit Committee.

Mr. Peercy and Mr. Board advised that discussion of the final action item, 1. (e) Appointment of Chief Auditor, would take place during Closed Session.

Ms. Hampton made a motion to ratify the actions of the KPPA Audit Committee in items 1. (a-d) (p. 13, Meeting Materials) as modified by previous votes. The motion was seconded by Mr. Powell and passed unanimously.

Mr. Peercy introduced agenda item **Staffing** (Video 00:23:16 to 00:46:54). Ms. Adkins presented a memo discussing current staffing challenges at KPPA. She described the following actions to be taken to remedy the issue:

1. Adjust Salaries on Retirement System Counselor (RSC)
2. Increase Staff Count Maximums (CAP) to 284
3. Hire Internal Hearing Officers

Ms. Adkins noted that ERCE, Investments, and Legal are a few areas that currently need more staff or may need staff in the coming months. Additional positions may also be needed to implement the Strategic Plan once completed, Ms. Adkins advised.

Next, Ms. Surratt presented information regarding turnover in Retirement System Counselors (RSC). Current turnover for the counselor series is 20%. She stated that the starting salary for an RSC is not competitive. Ms. Surratt stated that the current starting salary of an RSC I is \$33,000 and proposed that the salary be increased to \$45,000 for the position of RSC I to aid recruitment and retention. She emphasized the cost associated with employee turnover and importance of Retirement System Counselors to Members. Ms. Lori Casey, Human Resources Director, reminded the Authority that these salary adjustments are subject to Personnel Cabinet approval. Ms. Adkins reported that there are sufficient funds within the current FY 2024 budget to accommodate for the estimated \$722,100

salary adjustments, if approved. Ms. Hampton requested a salary comparison report with the data gathered to justify the salary increases.

Mr. Board gave a short presentation discussing the challenges to recruit and retain contracts for qualified Hearing Officers with the KPPA Office of Legal Services. He provided data illustrating the significant increase in hearing requests since 2018. Mr. Board recommended that the Authority hire two new internal staff members to serve as Hearing Officers.

Mr. Peercy introduced agenda item ***FY25-26 Biennial Budget Recommendation*** (Video 00:46:55 to 01:01:29). Mr. Lamb presented the FY25-26 Biennial Budget Recommendation from the FY 2024 Budget Planning Workgroup. He briefly reviewed the drafted FY 2024 Administrative Budget, FY 25/26 Baseline Budget, and FY 25/26 Proposed KBUD Baseline Submission with the KPPA. Mr. Lamb advised that an Additional Budget Request would also be submitted to request an increase in KPPA's headcount. He provided an overview of this request.

Mr. O'Mara made a motion to approve the recommended FY2025/2026 Biennium Baseline Budget Submission of \$51,670,000 as well as the Additional Budget Request (ABR) in FY 2025 and FY 2026. The motion was seconded by Dr. Hackbart and passed unanimously.

Mr. Peercy introduced agenda item ***Cyber Insurance Policy*** (Video 01:001:30 to 01:05:23). Mr. Lamb announced that KPPA released a Request for Proposal (RFP) for a Cyber Insurance Policy. Bids were received and evaluated, said Mr. Lamb. He advised the policy was not budgeted for, but the cost would fit within the 2024 KPPA Administrative Budget. However, reserve funds may need to be utilized to pay the policy premium. Mr. Lamb requested that the KPPA approve the awarding of the Cyber Insurance Contract to the successful bidder including the associated cost to be paid out of the Administrative Budget and the reserve, if needed. Ms. Pendergrass made a motion to award a contract for Cyber Insurance upon completion of the process. The motion was seconded by Ms. Hampton and passed unanimously.

Mr. Peercy introduced agenda item ***Quarterly Financial Statements*** (Video 01:05:24 to 01:10:34). Mr. Lamb presented the Quarterly Financial Reports. He briefly reviewed these reports with the Authority Members. He reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of June 30, 2023. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes

in Fiduciary Net Position of the Pension Funds for the twelve-month period ending June 30, 2023. Mr. Lamb went on to present the CERS/KERS/SPRS Pension Fund Contribution Reports for the twelve-month period ending June 30, 2023. Lastly, he succinctly presented the FY 2022-2023 KPPA Administrative Budget and Budget-to-Actual Analysis for the fiscal year ending June 30, 2023. Separation/plan-specific expenses allocated based on the hybrid-percentage were highlighted by Mr. Lamb. Mr. Lamb reviewed the JP Morgan Chase Earnings and Fees and Hard Interest Earned for the fiscal year ending June 30, 2023. Lastly, the KRS Outstanding Invoices by Type and Employer and Penalty Invoices Reports were presented.

Mr. Peercy introduced agenda item ***Investment Department Update*** (Video 01:10:34 to 01:18:35). Mr. Willer stated that the KRS Investment Committee met on August 8, 2023, and the CERS Investment Committee met on August 30, 2023. No recommendations were made that required ratification approval by the Investment Committees and no actions were taken that required ratification by the CERS or KRS Boards of Trustees, said Mr. Willer. He provided a brief overview of the data presented to the Committees.

Mr. Peercy introduced agenda item ***Administrative Regulations 105 KAR 1:270 and 105 KAR 1:215*** (Video 01:18:36 to 01:22:05). Ms. Jessica Beaubien presented two (2) new Administrative Regulations to the Authority Members; Administrative Regulations 105 KAR 1:270 and 105 KAR 1:215.

She stated that 105 KAR 1:270, Federal Tax Withholding or Direct Rollover of Eligible Distributions, is an amendment to an existing administrative regulation which establishes the procedure for informing affected members, beneficiaries, and alternate payees of their rights regarding federal taxation rules and provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of eligible distributions. The amended regulation was presented to the KPPA Ad Hoc Regulation Committee on August 15, 2023, and was approved with recommended edits, said Ms. Beaubien. She advised that the edits were incorporated into the presented regulation.

Next, Ms. Beaubien presented Administrative Regulation 105 KAR 1:215, Administrative Hearing. Administrative Regulation 105 KAR 1:215 is an amendment to an existing regulation which provides the administrative appeals procedures for an affected person aggrieved by a decision of the agency,

or an employer required to pay additional actuarial costs. Ms. Beaubien reported that the amended regulation was presented to the KPPA Ad Hoc Regulation Committee on August 15, 2023, and was approved. She advised that the edits requested by the Committee were incorporated into the presented regulation.

Mr. Powell made a motion to approve Administrative Regulations 105 KAR 1:270 and 105 KAR 1:215 as presented, and to direct staff to file the regulations with the Office of the Regulations Complier at LRC. The motion was seconded by Ms. Hampton and passed unanimously.

Mr. Percy introduced agenda item ***KPPA Executive Director Position*** (Video 01:22:06 to 01:43:57). Mr. Percy orally presented historical information of past recruitments for position of Executive Director. He recommended three (3) options to execute the recruitment: (1) Utilize Deloitte, a search firm; (2) Hire internally; and (3) Announce the opening to internal and external candidates. There was extensive discussion regarding the pros and cons of these options and the recruitment process. Dr. Hackbart made a motion to identify/select an Executive Director Search Committee. The Committee works off the recommendations in terms of process and then reports to the KPPA at a Special Called Meeting to discuss and approve the process, said Dr. Hackbart Ms. Pendergrass seconded the motion and the motion passed unanimously.

Mr. Percy selected Ms. Lynn Hampton (KRS Chair), Ms. Betty Pendergrass (CERS Chair), Mr. Bill O'Mara (CERS Trustee) to serve on the Committee. The Authority Members requested that Mr. Percy (KRS Trustee and KPPA Chair) also serve on the Executive Director Search Committee.

Mr. Lane made a motion to execute the recruitment of the Executive Director without the use of a search firm. The motion was seconded by Ms. Pendergrass and the motion passed unanimously.

Mr. Percy introduced agenda item ***KPPA Meeting Calendar 2024*** (Video 01:43:58 to 01:46:12). Ms. Pendergrass advised of a modification to the proposed KPPA Meeting Calendar included in the Meeting Material. She stated that the CERS Board of Trustees will reschedule their quarterly meeting scheduled for December 9, 2024, to December 2, 2024. Mr. Summers made a motion to approve the 2024 KPPA Meeting Calendar as modified. The motion was seconded by Ms. Pendergrass and the motion passed unanimously.

Mr. Peercy introduced agenda item ***KPPA Update*** (Video 01:46:13 to 01:53:24). Mr. Eager provided the KPPA with a written report which was also presented to the CERS and KRS Boards of Trustees. He touched on the progress of the Strategic Plan development with Provaliant Staff. Ms. Erin Surratt provided a succinct update regarding the contract dispute between Humana and Baptist Health Medical Group.

Mr. Peercy introduced agenda item ***Legislative Update*** (Video 01:53:25 to 01:57:59). Mr. Eager reported that the KPPA Housekeeping Bill was reviewed by legislators. Representative DJ Johnson will be the bill sponsor, said Mr. Eager. He advised that the bill remained unchanged aside from a minor modification due to House Bill 587. Language regarding the leasing of property is also being drafted in cooperation with LRC. Mr. Eager stated that a one-time supplement or thirteenth retirement payment is an item of discussion, and the topic was raised at the September 26, 2023, Public Pension Oversight Board (PPOB) meeting.

Mr. Peercy introduced agenda item ***Paperless Project Presentation*** (Video 01:58:00 to 02:08:59). Ms. Surratt presented information on the KPPA 'Go Paperless' project focusing on electronic correspondence with Members. Beginning in Spring 2024, the project will provide Members with expanded Self Service features and easy access to information. Members will be able to opt-out of paperless if they choose, said Ms. Surratt. There is also an anticipated cost savings to KPPA in print and postage.

Mr. Peercy introduced agenda item ***New Business*** (Video 02:09:00 to 02:09:08) – None.

Mr. Peercy introduced agenda item ***Closed Session – Litigation and Personnel*** (Video 02:09:09 to 02:10:30). Ms. Hampton made a motion and was seconded by Mr. Powell to enter closed session for the purposes of litigation and personnel. The motion passed unanimously.

Mr. Peercy read the following closed session statement: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. Also, to consider the appointment, discipline, dismissal, and member account information of an employee pursuant to

61.810(1)(f) and 61.810(1)(k). It is necessary to enter closed session because of the sensitive nature of the material to be considered regarding this employee and the requirement of 61.661(1) that each member account be administered in a confidential manner.

**** Mr. Peercy called for a five-minute recess****

Closed Session (Video - Part 2 - 00:14:00 to 00:00:46). Mr. Peercy called the meeting back into open session. Mr. O'Mara made a motion to appoint Ms. Kristen Coffey as the KPPA Chief Auditor subject to her acceptance of the contract being offered by the KPPA. The motion was seconded by Mr. Powell and passed unanimously.

There being no further business, Mr. Peercy ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA held September 28, 2023, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

The remainder of this page left blank intentionally.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on September 28, 2023, were approved on December 6, 2023.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the September 28, 2023, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director, Office of Legal Services

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING
MEETING VIA LIVE VIDEO TELECONFERENCE
OCTOBER 17, 2023, AT 11:30 AM ET**

At the Special Called Meeting of the Board of the Kentucky Public Pensions Authority held on October 17, 2023, the following members were present: Keith Peercy (Chair), Dr. Merl Hackbart, Lynn Hampton, William O'Mara, Betty Pendergrass, Jerry Powell and William Summers, V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Leigh Ann Davis, Victoria Hale, Lori Casey, Kristen Coffey, Mike Lamb, Connie Davis, Steve Willer, Shaun Case, Katie Park, and Sherry Rankin.

Mr. Peercy called the meeting to order.

Mr. Board read the Legal Opening Statement.

Ms. Rankin called roll.

There being no ***Public Comment***, Mr. Peercy introduced agenda item ***Chief Auditor Contract*** (Video 00:07:06 to 00:32:02). The Authority approved to offer the contract for the Chief Auditor position to Ms. Kristen Coffey on September 28, 2023. Mr. Board stated that Ms. Coffey requested amendments to the contract; therefore, a meeting of the KPPA was required to discuss/approve the desired modifications. Mr. Board advised that minor typographical errors were corrected. He reviewed each requested amendment with the Authority Members.

1) A reference to the Charter for the Division of Internal Audit:

Ms. Coffey requested that a reference to the Charter for the Division of Internal Audit be added to the contract as it describes how the Chief Auditor is to conduct herself in carrying out the Charter mandate, said Mr. Board. He suggested that the requested reference to the Charter for the Division of Internal Audit be inserted under Section 1. Duties of the contract. The Authority requested that the reference be inserted into the sentence, "*Employee will report to the Board of the Kentucky Public Pensions Authority Board and shall perform her duties and discharge her responsibilities competently, carefully and faithfully as required herein and in the KPPA Policies,*

as applicable.”

Ms. Pendergrass proposed that the reference include the parenthetical phrase, *as amended*, to include any future amendments to the Charter for the Division of Internal Audit document.

The KPPA was in favor of these modifications.

2) Section 5. Early Termination of Employment, A. Termination for Cause:

Ms. Coffey noted that the third paragraph had an undefined cause, “... *“Cause” shall include but not be limited to...*” and may be replaced with the Charter reference.

Similar language is included in the contracts of the KPPA Executive Director and the CEOs of the Kentucky Retirement Systems (KRS) and County Employees Retirement System (CERS), said Mr. Board. After discussion, the Authority Members did not amend the language.

3) Section 5. Early Termination of Employment, B. Termination without Cause: It was requested that the language be softened or removed as it constructs an at-will situation as opposed to a contractual commitment with a term. Ms. Coffey added that if the section cannot be removed, updating the language to reflect a contract situation would suffice.

Mr. Board reported that the current language is included in the contracts of the KPPA Executive Director and the CEOs of the Kentucky Retirement Systems (KRS) and County Employees Retirement System (CERS). However, a parachute provision is included in each of those contracts.

It was noted that KPPA Division Directors do not have contractual agreements with parachute provisions; they are non-merit, at-will employees and are subject to Chapter 18A. The Authority Members discussed options for the inclusion of a parachute provision.

Ms. Hampton made a motion to accept the first amendment and the second amendment to the Chief Auditor contract as suggested by Ms. Kristen Coffey and amended by the Authority Members. Additionally, set the contract parachute provision at six months. Mr. Summers seconded the motion.

Ms. Pendergrass advised that the motion made regarding the seconded amendment to the contract was not the will of the Authority. Mr. Board confirmed the consensus of the Authority Members; (1) make the amendment requested in the opening paragraph under Duties; (2) make no changes to Section 5. Early Termination of Employment, A. Termination for Cause; and (3) add language for a six-month parachute provision to Section 5. Early Termination of Employment, B. Termination without Cause.

Ms. Hampton and the KPPA agreed; therefore, Ms. Hampton revised her motion. Ms. Hampton made a motion to amend Section 1. Duties to add clarifying language and to amend Section 5. Early Termination of Employment, B. Termination without Cause to add a parachute provision of six-months to the Chief Auditor contract. Mr. Summers seconded the motion. The motion passed unanimously.

Mr. Board stated that he would make the above amendments to the contract as soon as possible and provide the updated contract to Ms. Coffey.

Mr. Peercy introduced agenda item ***Closed Session (Part 1 - Video 00:32:03 to 00:32:50)***. Mr. Powell made a motion and was seconded by Ms. Pendergrass to enter closed session for the purpose of litigation. The motion passed unanimously.

Mr. Peercy read the following closed session statement: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege.

Closed Session (Part 2 - Video 00:00:22 to 00:00:36). Mr. Peercy stated that there was no reportable action as a result of the closed session discussion.

There being no further business, Mr. Peercy ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held October 17, 2023, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on October 17, 2023, were approved on December 6, 2023.

KPPA Chair

Executive Director

I have reviewed the Minutes of the October 17, 2023, Kentucky Public Pensions Authority Meeting for content, form, and legality.

Executive Director. Office of Legal Services



Kentucky Public Pensions Authority

Division of Internal Audit



Kentucky Public
Pensions Authority

To: Kentucky Public Pensions Authority

From: William O'Mara, Chair
KPPA Audit Committee

Kristen N. Coffey, CICA
KPPA Chief Auditor

Date: December 6, 2023

Subject: Summary of KPPA Audit Committee Meeting

The KPPA Audit Committee held a regularly scheduled meeting on November 27, 2023.

1. Requested actions by the Authority*

- a. Approve the fiscal year ended June 30, 2023 Annual Comprehensive Financial Report. Authorize KPPA staff to publish the audit on the KPPA website.
- b. Ratify approval of KPPA management's response to the fiscal year ended 2022 GFOA ACFR Letter.
- c. Ratify acceptance of the issued Infrastructure and Application Security Assessment. Authorize KPPA staff to implement corrective action.
- d. Ratify approval of the purchase of an Infrastructure and Application Security Assessment. Authorize KPPA staff to complete the procurement process.
- e. Ratify acceptance of the issued internal audits. Authorize KPPA staff to implement corrective action.
- f. Ratify approval for internal audit staff to obtain the external validation needed to complete the Self-Assessment.

2. The following other items were also discussed during the Audit Committee meeting. These were presented for informational purposes only.

- a. Auditor Communications with those Charged with Governance
- b. External Audit Management Letter Comments
- c. Information disclosures – *Three disclosures identified, effecting three members.*
- d. Anonymous Tips – *Seven open cases.*
- e. Internal Audit Budget – *77.02 % of budget remaining.*
- f. Status of current internal audits – *24 current projects – 3 completed, 16 in progress, and 5 not started.*
- g. KPPA serving as a co-host for the 2026 Association of Public Pension Fund Auditors Fall Conference.
- h. National Conference on Public Employee Retirement Systems – Best Governance Practices for Public Retirement Systems

***Authority action may be required**



Annual Comprehensive **Financial Report**

FOR THE FISCAL YEAR ENDED JUNE 30

2023

Prepared through the joint efforts of KPPA's team members.
Available online at kyret.ky.gov ☒

TABLE OF CONTENTS

INTRODUCTION

5	Management Responsibility Letter
6	Letter of Transmittal
8	Agency Structure
9	Governance
10	Professional Awards
11	Pension Benefits by County
12	Benefit Tiers

FINANCIAL

16	Report of Independent Auditors
20	Management's Discussion & Analysis
27	Historical Trends
29	Combining Statement of Fiduciary Net Position - Pension Funds
30	Combining Statement of Changes In Fiduciary Net Position - Pension Funds
31	Combining Statement of Fiduciary Net Position - Insurance Fund
32	Combining Statement of Changes in Fiduciary Net Position - Insurance Fund
33	Combining Statement of Fiduciary Net Position KPPA
34	Combining Statement of Changes in Fiduciary Net Position KPPA
35	Note A. Summary of Significant Accounting Policies
38	Note B. Descriptions & Contribution Information
44	Note C. Cash, Short-Term Investments & Securities Lending Collateral
45	Note D. Investments
72	Note E. Securities Lending Transactions
73	Note F. Risk of Loss
73	Note G. Contingencies
73	Note H. Defined Benefit Pension Plan
74	Note I. Income Tax Status
74	Note J. Equipment
74	Note K. Intangible Assets
75	Note L. Actuarial Valuation
76	Note M. GASB 67 and GASB 74 Valuations
84	Note N. Pension Legislation
86	Note O. Litigation
88	Note P. Reciprocity Agreement
89	Note Q. Reimbursement Of Retired-Reemployed and Active Member Health Insurance
90	Note R. General Fund Appropriations
90	Note S. Prisma Daniel Boone Fund Adjustment
90	Note T. Subsequent Events
91	Note U. Employer Cessation
91	Note V. Related Party

REQUIRED SUPPLEMENTARY INFORMATION

93	Schedule of Employers' NPL CERS Nonhazardous
93	CERS Hazardous
94	KERS Nonhazardous
94	KERS Hazardous
94	SPRS
95	Schedule of Changes in Employers' TPL CERS Nonhazardous
96	CERS Hazardous
97	KERS Nonhazardous
98	KERS Hazardous
99	SPRS
100	Notes to Schedule of Employers' Contributions
101	Schedule of Employers' Contributions Pension CERS Nonhazardous
101	CERS Hazardous
102	KERS Nonhazardous
102	KERS Hazardous
103	SPRS
104	Schedule of Employers' NOL CERS Nonhazardous
104	CERS Hazardous
105	KERS Nonhazardous
105	KERS Hazardous
105	SPRS
106	Schedule of Changes CERS Nonhazardous
107	CERS Hazardous
108	KERS Nonhazardous
109	KERS Hazardous
110	SPRS
111	Notes to Schedule of Employers' OPEB Contribution
113	Schedule of Employers' OPEB Contributions CERS Nonhazardous
113	CERS Hazardous
114	KERS Nonhazardous
114	KERS Hazardous
115	SPRS
116	Money Weighted Rates of Return
118	Schedule of Administrative Expenses
119	Schedule of Direct Investment Expenses
119	Schedule of Professional Consultant Fees
120	Report on Internal Control

**2023 Annual Comprehensive
Financial Report
For The Fiscal Year Ended
June 30, 2023**

TABLE OF CONTENTS

INVESTMENTS

123	Investment Overview
126	Investment Strategies
127	Investment Objectives
129	Investment Results
130	Benchmarks
131	Long-Term Results
132	Public Equity
133	Core Fixed Income
134	Specialty Credit
135	Private Equity
135	Real Estate
136	Real Return
136	Cash
137	Additional Schedules & Required Supplemental Information
137	Investment Advisors
143	External Investment Expense
144	Commissions
145	Fair Values By Plan

ACTUARIAL

148	Certification of Actuarial Results
152	Summary of Actuarial Assumptions
159	Summary of Actuarial Valuation Results
160	Recommended Employer Contribution Rates
163	Summary of Actuarial Unfunded Liabilities
167	Solvency Test
172	Active Member Valuation
176	Summary of Benefit Provisions CERS, KERS & SPRS Plans

STATISTICAL

182	Plan Statistics
184	Participating Employers
187	Member Monthly Benefit
188	Fiduciary Net Position
200	Schedule of Benefit Expenses
205	Active Refunds
206	Analysis of Initial Retirees
207	Payment Options
208	Employer Contribution Rates
209	Insurance Contracts
211	Glossary

INTRODUCTION

TABLE OF CONTENTS

<u>5</u>	<u>MANAGEMENT RESPONSIBILITY LETTER</u>
<u>6</u>	<u>LETTER OF TRANSMITTAL</u>
<u>8</u>	<u>AGENCY STRUCTURE</u>
<u>9</u>	<u>GOVERNANCE</u>
<u>10</u>	<u>PROFESSIONAL AWARDS</u>
<u>11</u>	<u>PENSION BENEFITS BY COUNTY</u>
<u>12</u>	<u>BENEFIT TIERS</u>

Management's Responsibility for Financial Reporting

Management has prepared the combining financial statements of Kentucky Public Pensions Authority (KPPA) and is responsible for the integrity and fairness of the information presented.

December 6, 2023: Management has prepared the combining financial statements of KPPA and is responsible for the integrity and fairness of the information presented. Some amounts included in the combining financial statements may be based upon estimates and judgments. These estimates and judgments were made utilizing the best business practices available. The accounting policies followed in the preparation of these combining financial statements conform to U.S. Generally Accepted Accounting Principles (GAAP). Financial information presented throughout the annual report is consistent with the combining financial statements.

Responsibility: Ultimate responsibility for the combining financial statements and Annual Comprehensive Financial Report (ACFR) rests with the KPPA Board (Board). The Executive Director and KPPA staff assist the Board in its responsibilities.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets safeguarded, and proper records maintained. These controls include standards in hiring and training employees, the establishment of an organizational structure, and the communications of policies and guidelines throughout the organization. The cost of a control should not exceed the benefits to be derived; the objective is to provide reasonable, rather than absolute, assurance that the combining financial statements are free of any material misstatements. These internal controls are reviewed by internal audit programs. All internal audit reports are submitted to the KPPA Audit Committee, KPPA, CERS and KRS Boards.

The Auditor of Public Accounts (APA) has conducted an independent audit of the combining financial statements in accordance with U.S. Generally Accepted Government Auditing Standards. This audit is described in their Independent Auditors' Report on pages 16 through 19 in the Financial Section. Management has provided the external auditors with full and unrestricted access to KPPA's staff to discuss their audit and related findings as to the integrity of the plan's financial reporting and the adequacy of internal controls for the preparation of combining financial statements.



David L. Eager

David L. Eager
Executive Director

M. Lamb

Michael B. Lamb, CPA
Chief Financial Officer

Rebecca H. Adkins

Rebecca H. Adkins
Deputy Executive Director

Connie Davis

Connie Davis, CIA, CGAP, CRMA
Director of Accounting

EXECUTIVE DIRECTOR'S MESSAGE



David Eager

David L. Eager
Executive Director

December 6, 2023

To the Trustees & Membership

On behalf of the Kentucky Public Pensions Authority and the Boards of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS), it is my honor to present the Annual Comprehensive Financial Report for the Fiscal Year (FY) ended June 30, 2023. This report, and the Summary Annual Financial Report, are provided as a resource for understanding the KPPA structure and the financial status of the systems KPPA operates.

Total assets in the systems administered by the Kentucky Public Pensions Authority (KPPA) increased to a record \$24.9 billion in Fiscal Year (FY) 2023, buoyed by strong investment returns, General Fund appropriations authorized by the legislature, and employer contributions. The blended FY return for all of the CERS and KRS hazardous and nonhazardous pension funds was 9.54%, while the blended return for the CERS and KRS hazardous and nonhazardous insurance trust fund was 10.15%.

Investment performance by system can be found on page 129. More information can be found in the Investments section of the KPPA website.

Those strong investment returns exceeded the median peer pension fund return of 7.64%, the target returns for those portfolios, and the actuarially assumed rates of return, which were 5.25% for the Kentucky Employees Retirement System (KERS) Nonhazardous and State Police Retirement System (SPRS) pension funds and 6.25% for all other pension and insurance funds.

Funding Improves

Thanks to strong investment returns for FY 2023 and funding approved by the General Assembly over and above the actuarially determined contribution (ADC) for KERS Nonhazardous and SPRS, as well as changes in some actuarial assumptions for CERS, the funded ratio of all three pension systems improved from FY 2022.

	2018	2019	2020	2021	2022	2023
CERS NH	52.7%	49.1%	49.4%	51.8%	52.0%	56.1%
CERS H	48.4%	45.3%	45.1%	46.7%	47.6%	51.4%
KERS NH	12.9%	13.4%	14.2%	16.8%	18.5%	21.8%
KERS H	55.5%	54.8%	55.3%	60.4%	63.2%	65.4%
SPRS	27.1%	27.0%	28.1%	30.7%	52.5%	54.0%

Insurance Funded Ratio

	2018	2019	2020	2021	2022	2023
CERS NH	76.7%	70.7%	78.5%	85.4%	132.1%	131.5%
CERS H	74.6%	75.8%	78.2%	84.3%	101.0%	100.7%
KERS NH	36.4%	36.3%	42.7%	50.2%	79.1%	81.7%
KERS H	130.0%	123.1%	126.0%	135.5%	172.2%	170.4%
SPRS	71.6%	71.3%	75.0%	82.0%	100.6%	100.5%

Commitments by the General Assembly and the Governor to fully fund contributions, and provide additional allocations, combined with prudent management by the Office of Investments and other staff, have all five pension funds on track to be fully funded by 2049.

To read the full actuarial reports, visit the Actuarial Valuations page on our website, under the Publications & Forms tab.

Ratings Boosts

Both S&P Global Ratings and Fitch Ratings raised their credit ratings for the Commonwealth in FY 2023. Governor Andy Beshear said on June 29, "We're showing everyone that our economy is booming, our pension systems are strong and our fiscal house is in order due to strong management."

For Fiscal Year 2023, the General Assembly allocated the full actuarially recommended contribution. Additionally, legislation passed in the 2022 General Assembly made additional appropriations to the KERS Nonhazardous plan of \$240 million for FY 2023 and FY 2024, and to the State Police Retirement System (SPRS) of \$215 million.

Strategic Plan

In March 2023 Provaliant Retirement, LLC of Scottsdale, Arizona, was selected through an RFP process to assist KPPA in developing the agency's first strategic plan since 2009. Provaliant is tasked with helping KPPA identify ways to improve efficiency, productivity, the quality of service delivery, governance practices, retaining and motivating employees, and promoting the best interest of members and stakeholders.

KPPA will collaborate with the CEOs and Trustees of CERS and KRS to develop strategic plans that are specific to each entity but that also complement one another. This months-long process is expected to yield plans with actions that will be implemented over time, in some cases years.

EXECUTIVE DIRECTOR'S MESSAGE

Financial Management

KPPA hired its first Chief Financial Officer, Michael Lamb, who is responsible for oversight of the accounting, budgeting, cash management, risk management, and procurement for KPPA, and for developing and maintaining accounting controls, conducting financial operations, and producing financial reporting for all of the systems operated by KPPA. Previously Mr. Lamb was General Manager, Enterprise Risk Management and Audit at Toyota Tusho America (TAI) Inc., in Georgetown, KY.

Cybersecurity

KPPA continues to make the security of our members' information our highest priority. Nation-wide news reports of cyberattacks and data breaches at large companies and government agencies are unfortunately all too frequent. Our Enterprise and Technology Services staff monitor an ever-changing cyberthreat landscape and take a variety of proactive measures to protect both member information and KPPA resources. All KPPA staff are routinely trained in cybersecurity issues to ensure they recognize suspicious activity and work to keep KPPA data secure, and security topics are covered in KPPA member newsletters to increase member security awareness. KPPA also has ongoing agency-wide planning and readiness efforts in disaster recovery, business continuity, and incident response.

Report from CERS CEO Ed Owens III

This fiscal year has been an exciting one for the CERS Board of Trustees and its membership. Our FY 2023 Actuarial Valuation shows we had an estimated annual return on net assets of over 10% for both the pension and insurance plans. Those returns ranked in the top five for public pension systems nationwide.

The Board increased the assumed rate of return from 6.25% to 6.50% for all four plans. This has the effect of lowering the employer contribution rate and decreasing our unfunded liability. Our pension plans are now approximately 56% funded while our insurance plans are over 100% funded.

Although employer contributions were lowered, the pension plans received approximately the same dollar amount of contributions as in the prior fiscal year due to strong growth in active membership and covered payroll.

The CERS Investment Committee and the Board are now focused on reviewing the system's asset allocation and making changes where appropriate. The goal will be to target the same level of investment return while reducing the amount of risk in the portfolio.

The Board of Trustees and I remain focused on protecting the assets of the CERS Trust while we ensure excellent service to the CERS members.

Report from KRS CEO John Chilton

As a part of the FY 2023 and 2024 budgets, the General Assembly provided full funding for the actuarially determined pension and health insurance contributions, plus additional amounts totaling \$695 million over fiscal years 2022 through 2024. The progress toward fully funding the actuarial liabilities will continue.

The KRS trustees continue to follow the evolving world of Environmental, Social, and Governance (ESG) issues as they relate to investments. In response to legislation passed in the 2023 Regular Session, KRS' corporate proxy voting history will be posted quarterly on the KPPA website. (Many ESG issues are addressed in corporate governance proposals by the corporations in which we invest.) Additionally, and importantly, the KRS Board monitors ongoing litigation in anticipation of favorably resolving longstanding cases.

This year, the Investment Committee worked with the KPPA Office of Investments to monitor KRS investments with a view to maximizing investment returns while minimizing investment risks. In fiscal year 2023, KPPA, CERS, and KRS have worked to further upgrade the Office of Investments team by adding investment professionals. Further staff additions are planned for FY 2024.

A Personal Update

In 2023, I signed a one-year contract that will end with my retirement. KPPA has formed a search committee comprising members of the KRS and CERS boards, which is in the process of identifying candidates to be the next KPPA Executive Director.

It has been my great honor to have served as KPPA's Executive Director these past eight years. During that time, KPPA has worked hard to improve member servicing. We enhanced our relationships with key stakeholders including members of the State Legislature and the Executive Branch, as well as retiree groups, members of the media, and the general public. And, we successfully strengthened employee morale, with 94% of our employees agreeing that they feel part of the KPPA team. KPPA is like a family, and I have been fortunate to have been a part of that family. No matter who sits in the Executive Director's office, KPPA's commitment to our Six Mandates will not waver, nor will our commitment to serving the retirees of state and local government and the State Police. KPPA will never stop working for our Members.

Acknowledgments

The preparation of this report has been a collaborative effort of KPPA Executive Management and the Accounting Division, Communications Division, Office of Investments, and the CERS and KRS CEOs. The contents have been reviewed by the Internal Audit Division. KPPA is responsible for all the information in the report and confidently presents it as a basis for understanding the stewardship of the systems operated by KPPA.

AGENCY STRUCTURE

As of December 6, 2023

The Kentucky Public Pensions Authority oversees the operations of CERS, KERS, and SPRS by providing administrative support, investment management, and conducting daily activities on behalf of the CERS, KRS, and KPPA Boards. The 8-member KPPA Board is made up of elected and appointed representatives from the CERS and KRS Boards. KPPA is led by an Executive Director who is appointed by the KPPA Board to work with the CERS and KRS Chief Executive Officers to carry out the statutory provisions of the Systems.



KPPA BOARD
Four (4) CERS and Four (4) KRS
Board Representatives

*Elected to position by KPPA Board

Keith Peercy
KPPA Chair*
Selected by KRS Chair

Betty Pendergrass
CERS Board Chair

Dr. Merl Hackbart
CERS Investment
Committee Chair

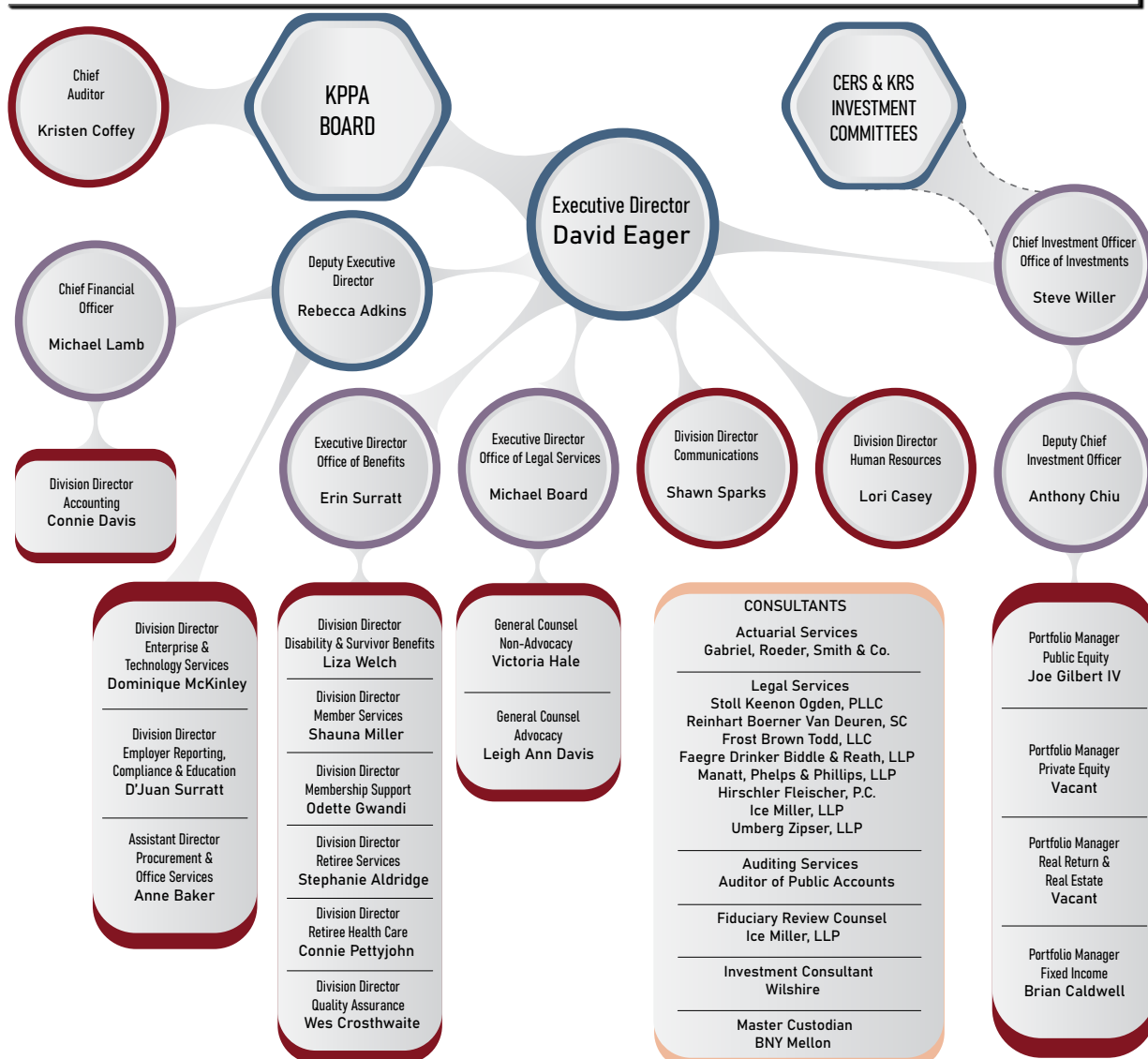
William O'Mara
CERS Trustee
Selected by CERS Chair

Jerry W. Powell
KPPA Vice Chair*
Selected by CERS Chair

Lynn Hampton
KRS Board Chair

C. Prewitt Lane
KRS Investment
Committee Chair

William Summers V
KRS Trustee
Selected by KRS Chair



Refer to the Investments Section for additional information regarding Investment Advisors (pages 137-142) and Schedules of Fees and Expenses (pages 143-144).

GOVERNANCE

As of December 6, 2023

The systems operated by KPPA are governed by two 9-member boards of trustees, each consisting of three elected members and six gubernatorial appointees serving four-year terms. The CERS Board of Trustees is responsible for governance of the CERS funds. The governance of the KERS funds and the SPRS funds are the responsibility of the KRS Board of Trustees. CERS and KRS each have a Chief Executive Officer who serves as a legislative and executive advisor to the respective boards and a General Counsel who provides legal services.

ELECTED BY MEMBERSHIP

APPOINTED BY GOVERNOR:
The Governor selects appointees from lists of candidates provided by the Kentucky Association of Counties (KACo), the Kentucky League of Cities (KLC), and the Kentucky School Boards Association (KSBA).

CERS BOARD OF TRUSTEES

Betty Pendergrass, Chair
George Cheatham, Vice Chair

General Counsel: Johnson Bowman Branco, LLP
Three (3) Elected Trustees
Six (6) Appointed by Governor



Ed Owens III
CERS Chief Executive Officer



Betty Pendergrass
Chair
Term ends March 31, 2025



Jerry Wayne Powell
Term ends March 31, 2025



Dr. Patricia P. Carver
Term ends March 31, 2025



George Cheatham
Vice Chair
Term ends March 31, 2025



J. Michael Foster
Term ends July 1, 2021*
Nominated by KACo



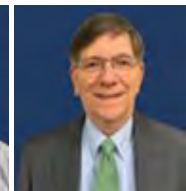
J.T. Fulkerson
Term ends July 1, 2021*
Nominated by KLC



Dr. Merl Hackbart
Term ends March 31, 2025
Nominated by KACo



Dr. Martin Milkman
Term ends July 1, 2025
Nominated by KSBA



William O'Mara
Term ends March 31, 2025
Nominated by KLC

*Trustee continues to serve until the Governor makes an appointment to fill the trustee position.

ELECTED BY MEMBERSHIP

APPOINTED BY GOVERNOR

KRS BOARD OF TRUSTEES

Lynn Hampton, Chair
C. Prewitt Lane, Vice Chair

General Counsel: Dentons Bingham Greenebaum
Three (3) Elected Trustees
Six (6) Appointed by Governor



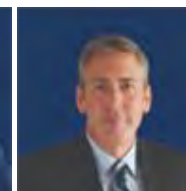
John E. Chilton
KRS Chief Executive Officer



Keith Peercy
Term ends March 31, 2027
Elected by SPRS



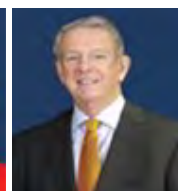
Dr. Crystal Miller
Term ends March 31, 2026
Elected by KERS



David Adkins
Term ends March 31, 2026
Elected by KERS



Lynn Hampton
Chair
Term ends June 17, 2026



C. Prewitt Lane
Vice Chair
Term ends June 17, 2027



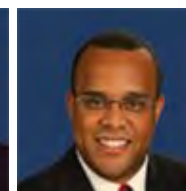
Pamela F. Thompson
Term ends June 17, 2027



Ramsey Bova
Term ends June 17, 2026



Mary G. Eaves
Term ends June 21, 2027

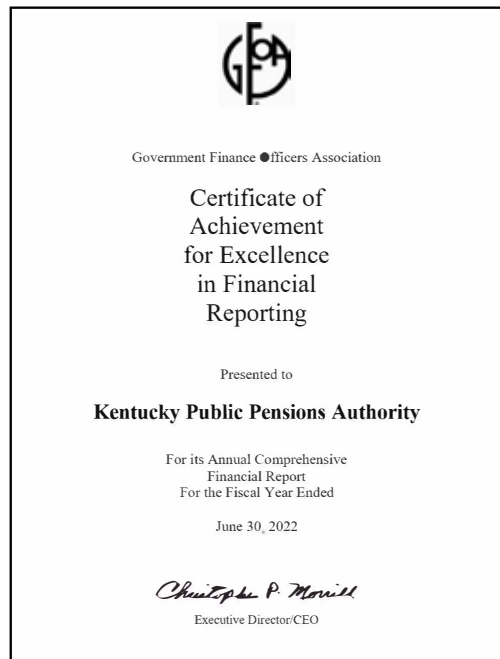


William Summers V
Term ends June 17, 2026

Professional Awards

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

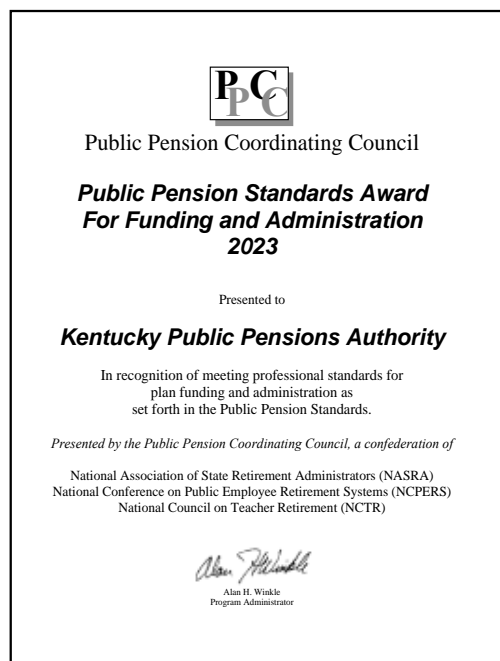
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kentucky Public Pensions Authority for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports and is valid for a period of one year. This is the 24th award earned by Kentucky Public Pensions Authority (formerly the Kentucky Retirement Systems). In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized document. The report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our 2023 report will continue to meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA for their consideration.



PUBLIC PENSIONS STANDARDS AWARD FOR FUNDING AND ADMINISTRATION

The Public Pension Coordinating Council awarded the Public Pensions Standards Award for Funding and Administration to the Kentucky Public Pensions Authority (KPPA) for 2023. This is the second award earned by KPPA.

The Public Pension Coordinating Council established the Public Pension Standards to reflect minimum expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark to measure public defined benefit plans. The Award for Funding and Administration is a distinguished national award recognizing pension programs meeting professional standards for plan design and administration as set forth in the Public Pension Standards. This award is valid for a period of one year. We believe KPPA will continue to meet these standards, and we will be applying for the award next year.



2023 Total Fiscal Year KPPA Pension Benefits Paid by County (in whole \$)								
County	Payees*	Total	County	Payees*	Total	County	Payees*	Total
Adair	546	\$9,450,928	Grant	663	\$12,632,492	McLean	328	\$4,697,725
Allen	453	6,195,939	Graves	970	15,499,440	Meade	515	7,651,712
Anderson	1,453	36,414,367	Grayson	860	13,876,998	Menifee	229	3,427,101
Ballard	264	3,853,581	Green	349	5,063,164	Mercer	826	14,965,991
Barren	1,176	17,713,891	Greenup	716	10,407,642	Metcalfe	328	4,381,967
Bath	423	6,687,345	Hancock	233	3,276,736	Monroe	301	3,655,016
Bell	708	11,491,733	Hardin	2,445	41,805,463	Montgomery	710	12,011,878
Boone	2,082	44,361,813	Harlan	660	10,033,044	Morgan	675	11,712,383
Bourbon	566	9,387,391	Harrison	502	8,199,335	Muhlenberg	840	11,257,321
Boyd	1,093	18,279,869	Hart	375	5,674,876	Nelson	1,194	21,582,376
Boyle	901	16,000,603	Henderson	1,180	20,061,538	Nicholas	223	3,215,898
Bracken	243	3,455,552	Henry	950	21,528,225	Ohio	681	7,987,304
Breathitt	528	8,309,077	Hickman	99	1,760,173	Oldham	1,438	30,825,732
Breckinridge	528	8,071,368	Hopkins	1,338	21,150,807	Owen	528	12,294,709
Bullitt	1,786	33,646,001	Jackson	354	4,683,606	Owsley	225	3,308,145
Butler	339	4,843,433	Jefferson	16,615	369,906,868	Pendleton	398	6,918,332
Caldwell	551	8,797,076	Jessamine	1,186	21,082,368	Perry	822	11,864,046
Calloway	1,148	16,849,921	Johnson	650	9,838,165	Pike	1,333	20,148,508
Campbell	1,633	32,119,113	Kenton	2,443	52,812,566	Powell	372	5,228,395
Carlisle	123	1,869,046	Knott	469	7,261,918	Pulaski	2,416	40,797,909
Carroll	336	5,602,948	Knox	650	10,158,452	Robertson	75	1,240,583
Carter	853	11,619,504	LaRue	409	6,665,674	Rockcastle	426	6,154,513
Casey	391	5,108,884	Laurel	1,367	22,660,418	Rowan	928	16,039,774
Christian	1,581	28,502,771	Lawrence	355	4,371,418	Russell	599	9,240,811
Clark	900	15,988,698	Lee	245	3,588,983	Scott	1,405	29,426,953
Clay	621	9,093,539	Leslie	278	4,182,851	Shelby	1,712	43,232,674
Clinton	319	4,220,477	Letcher	643	8,994,282	Simpson	321	4,046,578
Crittenden	233	3,368,253	Lewis	350	4,833,582	Spencer	581	13,361,441
Cumberland	202	2,968,583	Lincoln	730	9,573,329	Taylor	701	10,512,823
Daviess	2,889	52,148,288	Livingston	277	4,700,986	Todd	277	3,827,202
Edmonson	251	3,469,987	Logan	694	9,884,710	Trigg	566	9,423,519
Elliott	191	2,967,958	Lyon	363	7,412,991	Trimble	294	4,896,589
Estill	443	6,410,920	Madison	2,596	43,759,733	Union	392	4,650,980
Fayette	5,737	123,989,056	Magoffin	393	5,498,842	Warren	3,077	54,675,517
Fleming	507	8,412,462	Marion	587	8,611,210	Washington	369	5,922,484
Floyd	937	14,940,218	Marshall	965	14,691,500	Wayne	593	8,496,787
Franklin	6,277	194,303,907	Martin	278	3,274,633	Webster	382	5,098,924
Fulton	188	2,369,118	Mason	432	7,243,868	Whitley	1,219	17,591,520
Gallatin	129	2,255,537	McCracken	1,650	30,244,225	Wolfe	351	5,883,586
Garrard	474	\$7,007,182	McCreary	426	\$4,485,575	Woodford	1,125	\$28,324,791

Pension Benefits paid to retirees and beneficiaries of Kentucky Public Pensions Authority have a wide ranging impact on the state's economic health. In fiscal year 2023, KPPA paid over \$2 billion to its recipients. The majority, 92.79%, of these payments are issued to Kentucky residents. Each county in the Commonwealth receives at least \$1 million annually from KPPA, providing a stabilizing element for all local economies.

Total Retirement Payments For the Period ending June 30, 2023 (in Whole \$)			
	Payees	%	Payments
Retirement Eligible/Actuarial Refund **	636		\$9,453,983
Kentucky	116,523	92.79%	2,193,919,524
Out of State	9,843	7.21%	170,466,194
Grand Total	126,366	100.00%	\$2,364,385,718

*This table represents all payees receiving a monthly payment, retirement eligible refund, or actuarial refund during the fiscal year.

** Included in Kentucky and Out of State Payees and Payments, therefore, are not included in Grand Total Amount and percentage.

Benefit Tiers

KPPA administers three different benefit tiers. Each plan provides pension and insurance benefits based on the member's participation date:

- Tier 1: Members with a participation date prior to September 1, 2008.
- Tier 2: Members with a participation date of September 1, 2008 through December 31, 2013.
- Tier 3: Members with a participation date on or after January 1, 2014.

Membership as of June 30, 2023 (in Whole \$)						
Item	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	KPPA Total 2023
Members	255,055	22,316	126,830	14,556	2,852	421,609
Active Membership	81,217	9,181	30,854	3,875	868	125,995
Tier 1	22,824	2,798	12,091	865	325	38,903
Tier 2	10,859	1,709	4,709	564	180	18,021
Tier 3	47,534	4,674	14,054	2,446	363	69,071
Average Annual Salary	\$36,782	\$73,654	\$51,489	\$54,452	\$75,937	-
Average Age	47.3	38.1	45.7	39.7	36.9	-
Retired Membership	66,935	9,448	44,975	3,459	1,552	126,369
Tier 1	65,221	9,407	44,447	3,390	1,550	124,015
Tier 2	1,553	32	473	60	1	2,119
Tier 3	161	9	55	9	1	235
Average Annual Benefit	\$12,284	\$29,602	\$21,206	\$16,123	\$39,738	-
Average Age	71.3	62.9	70.8	66.0	64.4	-
Inactive Members	106,903	3,687	51,001	7,222	432	169,245
Tier 1	47,781	1,371	29,859	1,767	167	80,945
Tier 2	17,893	605	8,565	1,255	69	28,387
Tier 3	41,229	1,711	12,577	4,200	196	59,913

CERS was established on July 1, 1958 by the State Legislature.

CERS Nonhazardous - Fiduciary Net Position* (\$ in Thousands)			
Year	Pension	Insurance	Total
2014	\$6,528,146	\$1,878,711	\$8,406,857
2015	6,440,800	1,920,946	8,361,746
2016	6,141,396	1,908,550	8,049,946
2017	6,739,142	2,160,553	8,899,695
2018	7,086,322	2,346,767	9,433,089
2019	7,242,975	2,486,458	9,729,433
2020	7,110,889	2,498,051	9,608,940
2021	8,670,667	3,141,786	11,812,453
2022	8,062,346	2,981,224	11,043,570
2023	\$8,781,440	\$3,289,533	\$12,070,973

CERS Hazardous - Fiduciary Net Position* (\$ in Thousands)			
Year	Pension	Insurance	Total
2014	\$2,087,002	\$1,030,303	\$3,117,305
2015	2,078,202	1,056,480	3,134,682
2016	2,010,177	1,056,097	3,066,274
2017	2,227,679	1,179,313	3,406,992
2018	2,361,047	1,268,272	3,629,319
2019	2,429,613	1,324,809	3,754,422
2020	2,395,688	1,305,132	3,700,820
2021	2,934,421	1,607,811	4,542,232
2022	2,736,928	1,503,977	4,240,905
2023	\$3,055,797	1,613,586	\$4,669,383

KERS was established on July 1, 1956 by the State Legislature.

KERS Nonhazardous - Fiduciary Net Position* (\$ in Thousands)			
Year	Pension	Insurance	Total
2014	\$2,578,290	\$646,905	\$3,225,195
2015	2,327,782	665,639	2,993,421
2016	1,980,292	668,318	2,648,610
2017	2,092,781	781,406	2,874,187
2018	2,048,890	846,762	2,895,652
2019	2,286,625	942,136	3,228,761
2020	2,362,231	1,006,498	3,368,729
2021	3,085,014	1,353,123	4,438,137
2022	3,076,743	1,301,522	4,378,265
2023	\$3,607,206	\$1,465,489	\$5,072,695

KERS Hazardous - Fiduciary Net Position* (\$ in Thousands)			
Year	Pension	Insurance	Total
2014	\$561,484	\$433,525	\$995,009
2015	552,468	439,113	991,581
2016	527,880	437,397	965,277
2017	605,921	484,442	1,090,363
2018	651,173	513,384	1,164,557
2019	687,877	527,108	1,214,985
2020	697,366	514,740	1,212,106
2021	874,928	624,889	1,499,817
2022	819,237	579,902	1,399,139
2023	\$902,567	\$616,322	\$1,518,889

SPRS was established on July 1, 1958 by the State Legislature.

SPRS - Fiduciary Net Position* (\$ in Thousands)			
Year	Pension	Insurance	Total
2014	\$260,974	\$164,958	\$425,932
2015	247,229	164,714	411,943
2016	218,013	160,949	378,962
2017	256,383	178,191	434,574
2018	268,425	189,994	458,419
2019	287,242	200,128	487,370
2020	295,044	200,245	495,289
2021	357,660	246,004	603,664
2022	552,926	230,015	782,941
2023	\$592,826	\$246,797	\$839,623

KPPA Total Fiduciary Net Position

Fiduciary Net Position (\$ in Thousands)			
Year	Pension	Insurance	Total
2014	\$12,015,897	\$4,154,401	\$16,170,298
2015	11,646,481	4,246,892	15,893,373
2016	10,877,758	4,231,311	15,109,069
2017	11,921,906	4,783,905	16,705,811
2018	12,415,856	5,165,179	17,581,035
2019	12,934,332	5,480,639	18,414,971
2020	12,861,218	5,524,666	18,385,884
2021	15,922,690	6,973,613	22,896,303
2022	15,248,180	6,596,640	21,844,820
2023	\$16,939,836	\$7,231,727	\$24,171,563

* The Fiduciary Net Positions are the resources accumulated and held in trust to pay benefits.

FINANCIAL TABLE OF CONTENTS

16	<u>REPORT OF INDEPENDENT AUDITORS</u>
20	<u>MANAGEMENT'S DISCUSSION & ANALYSIS</u>
27	<u>HISTORICAL TRENDS</u>
29	<u>COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION FUNDS</u>
30	<u>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION FUNDS</u>
31	<u>COMBINING STATEMENT OF FIDUCIARY NET POSITION - INSURANCE FUND</u>
32	<u>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - INSURANCE FUND</u>
33	<u>COMBINING STATEMENT OF FIDUCIARY NET POSITION KPPA</u>
34	<u>COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION KPPA</u>
35	<u>NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>
38	<u>NOTE B. PLAN DESCRIPTIONS & CONTRIBUTION INFORMATION</u>
44	<u>NOTE C. CASH, SHORT-TERM INVESTMENTS & SECURITIES LENDING COLLATERAL</u>
45	<u>NOTE D. INVESTMENTS</u>
72	<u>NOTE E. SECURITIES LENDING TRANSACTIONS</u>
73	<u>NOTE F. RISK OF LOSS</u>
73	<u>NOTE G. CONTINGENCIES</u>
73	<u>NOTE H. DEFINED BENEFIT PENSION PLAN</u>
74	<u>NOTE I. INCOME TAX STATUS</u>
74	<u>NOTE J. EQUIPMENT</u>
74	<u>NOTE K. INTANGIBLE ASSETS</u>
75	<u>NOTE L. ACTUARIAL VALUATION</u>
76	<u>NOTE M. GASB 67 AND GASB 74 VALUATIONS</u>
84	<u>NOTE N. PENSION LEGISLATION</u>
86	<u>NOTE O. LITIGATION</u>
88	<u>NOTE P. RECIPROCITY AGREEMENT</u>
89	<u>NOTE Q. REIMBURSEMENT OF RETIRED-REEMPLOYED AND ACTIVE MEMBER HEALTH INSURANCE</u>
90	<u>NOTE R. GENERAL FUND APPROPRIATIONS</u>
90	<u>NOTE S. PRISMA DANIEL BOONE FUND ADJUSTMENT</u>
90	<u>NOTE T. SUBSEQUENT EVENTS</u>
91	<u>NOTE U. EMPLOYER CESSATION</u>
91	<u>NOTE V. RELATED PARTY</u>



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the Members
 Kentucky Public Pensions Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Kentucky Public Pensions Authority (KPPA)**, a (discretely presented) component unit of the Commonwealth of Kentucky, **as of and for the year ended June 30, 2023**, and the related notes to the financial statements, which collectively comprise KPPA's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above **present fairly**, in all material respects, the fiduciary net position of KPPA as of **June 30, 2023**, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis-of-Matter - Reporting Entity

As discussed in Note A, the financial statements present only the KPPA, and are not intended to present fairly the financial position of the Commonwealth of Kentucky, or the results of its operations in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KPPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KPPA's ability to continue as a going concern for a reasonable period of time.

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

Other Matter - Summarized Comparative Information

The financial statements of KPPA for the year ended June 30, 2022, were audited by another auditor, who expressed an unmodified opinion on those statements on December 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of administrative expense, direct investment expense, and professional consultant fees are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive annual report. The other information comprises the introductory, investment, actuarial and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on

the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023 on our consideration of KPPA's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KPPA's internal control over financial reporting and compliance.

Respectfully Submitted,

Farrah Petter, CPA
Assistant Auditor of Public Accounts
Frankfort, Ky

November 27, 2023

Management's Discussion & Analysis (Unaudited)

This section provides a discussion and analysis of the financial performance of the retirement and OPEB plans administered by the Kentucky Public Pensions Authority (KPPA) for the year ended June 30, 2023. The discussion and analysis of the plans' financial performance is within the context of the accompanying basic financial statements, notes to the financial statements, required supplementary schedules, and additional information following this section.

KPPA is responsible for administering cost-sharing, multiple-employer defined benefit pension plans for various employer agencies of Kentucky, along with a single-employer defined benefit pension plan and defined benefit OPEB plans. All plans are fiduciary plans.

The defined benefit pension plans include:

County Employees Retirement System (includes CERS Nonhazardous and CERS Hazardous)
Kentucky Employees Retirement System (includes KERS Nonhazardous and KERS Hazardous)
State Police Retirement System

The defined benefit OPEB plans are in the Kentucky Retirement System Insurance Trust Fund. The Insurance Fund provides health benefits for CERS Nonhazardous, CERS Hazardous, KERS Nonhazardous, KERS Hazardous, and SPRS plans for retired members and beneficiaries.

The Management Discussion and Analysis is the KPPA leadership summary of the management of the CERS, KERS, and SPRS Fiduciary Pension Plans (collectively the Pension Funds) and Insurance Trust Fund. KPPA is a component unit of the Commonwealth of Kentucky, (the Commonwealth) for financial and reporting purposes.

PENSION FUNDS

The following highlights are explained in more detail later in this report.

Total Pension Funds Fiduciary Net Position was \$15.2 billion at the beginning of the fiscal year and increased by 11.18% to \$16.9 billion as of June 30, 2023. The \$1.7 billion increase is primarily attributable to the appreciation in the fair value of investments.

CONTRIBUTIONS

Total contributions reported for fiscal year 2023 were \$2,723.8 million compared to \$2,653.1 million in fiscal year 2022. The increase is the result of a General Fund appropriation to KERS Nonhazardous in the amount of \$240.0 million; the increase in employer contribution rates for CERS Nonhazardous and CERS Hazardous; as well as an increase in covered payroll for all funds. These increases were offset by a General Fund appropriation to SPRS of \$215.0 million as well as Employer Cessation contributions of \$63.1 million in 2022.

INVESTMENTS

The investment portfolio for the Pension Funds reported a net return of 9.54% for fiscal year 2023 compared to a net negative return of 5.73% for fiscal year 2022.

The net appreciation in the fair value of investments for fiscal year 2023 was \$1,073.5 million compared to net depreciation of \$1,175.9 million for the previous fiscal year.

Interest, dividends, and net securities lending income for fiscal year 2023 was \$471.2 million compared to \$431.2 million in fiscal year 2022. All investment returns are reported net of fees and investment expenses, including carried interests. Investment expenses totaled \$171.6 million for fiscal year 2022 compared to \$108.9 million in the current fiscal year. The decrease in fees is the result of less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit. in fiscal year 2023.

DEDUCTIONS

Pension benefits paid to retirees and beneficiaries for fiscal year 2023 totaled \$2,380.1 million compared to \$2,328.6 million in fiscal year 2022, a 2.21% increase. The increase was due to a 1.63% increase in the number of retirees to 126,369. Refunded contributions paid to former members upon termination of employment for fiscal year 2023 totaled \$45.9 million compared to \$42.9 million in fiscal year 2022, a 6.99% increase, as more members elected a refund at employment termination.

Management's Discussion & Analysis (Unaudited)

KPPA's fiscal year 2023 Pension administrative expense totaled \$41.9 million compared to \$39.7 million in the prior year. The increase was mainly due to the state pay increase in salaries and employee retirement benefits.

INSURANCE FUND

The following highlights are explained in more detail later in this report.

The combined fiduciary net position of the Insurance Fund increased by \$635.1 million during fiscal year 2023. Total combined net position for the fiscal year was \$7,231.7 million. Total contributions and net investment income of \$997.8 million offset deductions of \$362.7 million which resulted in the net position increase.

CONTRIBUTIONS

Employer contributions of \$282.5 million were received in fiscal year 2023 compared to \$319.0 million in fiscal year 2022. Total contributions changed (11.44)% primarily due to a decrease in Employer Contribution Rates, Humana Gain Share Payment, and Employer Cessation Contributions.

The reimbursement of retired/reemployed health insurance for fiscal year 2023 totaled \$13.9 million compared to \$12.7 million in the prior fiscal year. The increase is due to an increase in retired/re-employed members for whom employers are paying health insurance reimbursements.

INVESTMENTS

Interest, dividends, and net securities lending income for fiscal year 2023 was \$200.5 million compared to \$193.5 million in fiscal year 2022. The increase in income and dividends is the result of an increase in allocation to the public equities and fixed income asset classes.

The investment portfolio reported a net return of 10.15% for the fiscal year, which was higher than fiscal year 2022's net negative return of 5.34%. The investment return was above the 6.25% assumed rate of return used for actuarial calculations.

The net appreciation in the fair value of investments for fiscal year 2023 was \$508.6 million compared to net depreciation of \$(482.5) million for the previous fiscal year. This \$991 million increase in fiscal year 2023 was due to favorable market returns compared to fiscal year 2022.

Investment expenses totaled \$51.9 million for fiscal year 2023 compared to \$84.0 million in the prior fiscal year. The decrease in fees is the result of less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit in fiscal year 2023.

DEDUCTIONS

Total insurance premiums, plus self-funded reimbursements were \$360.2 million for fiscal year 2023. The fiscal year 2023 insurance premiums were \$22.0 million less compared to fiscal year 2022, the number of covered lives only increased approximately 1% year-over-year.

Insurance administrative expenses for retirees under age 65, decreased from \$2.45 million in fiscal year 2022 to \$2.43 million in fiscal year 2023.

Management's Discussion & Analysis (Unaudited)

Using This Financial Report

Because of the long-term nature of a defined benefit pension plan and post-employment healthcare benefit plan, the combining financial statements alone cannot provide sufficient information to properly reflect the Plans' ongoing financial perspective. This financial report consists of three combining financial statements and two schedules of historical trend information. All plans within KPPA are included in the aforementioned combining financial statements. The Combining Statement of Fiduciary Net Position for the Pension Funds on page [29](#) and the Combining Statement of Fiduciary Net Position for the Insurance Fund on page [31](#) provide a snapshot of the financial position of each of the three systems as of fiscal year end 2023. The Combining Statement of Changes in Fiduciary Net Position for the Pension Funds on page [30](#), and the Combining Statement of Changes in Fiduciary Net Position for the Insurance Fund on page [31](#), summarize the additions and deductions that occurred for each of the ten funds during fiscal year 2023.

The economic assumptions for the Pension Funds and Insurance Fund for fiscal year 2023 are on page [75](#), the Schedules of Changes in Employers' Total Pension Liability on pages [95-99](#), the Schedules of the Employer Net Pension Liability on pages [93-94](#); the Schedule of Changes in Employers' Total Other Post-Employment Benefits (OPEB) Liability are on pages [106-110](#); and, the Schedule of the Employers' Net OPEB Liabilities are on pages [104-105](#). These schedules include current and historical trend information about the actuarially funded status of each plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. The Schedules of the Employers' Contributions – Pensions are on pages [101-103](#), and the Schedules of the Employers' Contributions – OPEB are on pages [113-115](#). These schedules present current and historical trend information about the annual required contributions and the contributions made in relation to the requirement. These schedules provide information that contributes to understanding the changes over time in the funded status of the plans.

Kentucky Public Pensions Authority Combined

KPPA's combined fiduciary net position changed by \$2,327 million in fiscal year 2023, compared to the fiduciary net position for the previous fiscal year. The increase in fiduciary net position for the fiscal year 2023 is primarily attributable to positive investment performance. This analysis focuses on the net position table and changes in the fiduciary net position table for KPPA's Pension and Insurance Funds.

Management's Discussion & Analysis (Unaudited)

Fiduciary Net Position As of June 30 (\$ in Thousands)

	Pension Plans			Insurance Plans			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Cash & Invest.	\$17,097,461	\$15,418,077	\$16,391,137	\$7,338,673	\$6,766,874	\$7,184,408	\$24,436,134	\$22,184,951	\$23,575,545
Receivables	361,735	337,832	361,429	87,154	77,410	122,132	448,889	415,242	483,561
Capital Assets	-	323	677	-	-	-	-	323	677
Total Assets	17,459,196	15,756,232	16,753,243	7,425,827	6,844,284	7,306,540	24,885,023	22,600,516	24,059,783
Total Liabilities	(519,360)	(508,052)	(830,553)	(194,100)	(247,644)	(332,927)	(713,460)	(755,696)	(1,163,480)
Fiduciary Net Position	\$16,939,836	\$15,248,180	\$15,922,690	\$7,231,727	\$6,596,640	\$6,973,613	\$24,171,563	\$21,844,820	\$22,896,303

Capital Assets include capital assets, intangible assets, depreciation and amortization.

Pension Plan Activities

Member contributions increased by \$46.6 million. This is primarily due to an increase in covered payroll across all funds. Retirement contributions are calculated by applying a percentage factor to salary and are remitted by each employer on behalf of members. Nonhazardous Tier 1 members pay pension contributions of 5.00% of creditable compensation and Hazardous Tier 1 members contribute 8.00% of creditable compensation; whereas, Nonhazardous Tier 2 and 3 members pay contributions of 6.00% of creditable compensation and Hazardous Tier 2 and 3 members contribute 9% of creditable compensation.

Employer contributions increased by \$62.0 million for fiscal year 2023. The increase in contributions was the result of the increase in covered payroll for all funds, and an increase in the employer contribution rates for CERS Nonhazardous and CERS Hazardous.

Total Pension Plans deductions increased by \$56.6 million. The 2.35% increase was primarily driven by the normal increase in retirements across all plans.

Net investment income increased by \$2,352.0 million. This is illustrated in the Investment Income Pension table on the next page. The increase in fair value of investments during fiscal year 2023 was the driving force of the increase in net investment income when compared to fiscal year 2022.

Overall, KPPA reported a net positive return of 9.54% for the fiscal year. This outperformed both the IPS policy benchmark return of 8.88% and the actuarial assumed rate of return of 6.25% used by CERS Nonhazardous, CERS Hazardous and KERS Hazardous, and 5.25% used by KERS Nonhazardous and SPRS.

Management's Discussion & Analysis (Unaudited)

Changes in Fiduciary Net Position For the fiscal year ending June 30 (\$ in Thousands)									
	Pension Plans			Insurance Plans			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Additions:									
Member Cont.	\$312,045	\$290,471	\$274,533	\$-	\$-	\$-	\$312,045	\$290,471	\$274,533
Employer Cont.	1,167,276	1,091,160	1,724,309	194,788	217,318	346,026	1,362,064	1,308,478	2,070,335
Employer Pay Credit	105,738	80,710	68,447	-	-	-	105,738	80,710	68,447
Heath Ins. Cont.	(77)	(208)	(4)	32,378	27,791	24,409	32,301	27,583	24,405
Humana Gain Share	-	-	-	12,308	18,382	42,897	12,308	18,382	42,897
Pension Spiking Cont.	277	122	222	-	-	-	277	122	222
General Fund Appro.	240,000	215,000	384	-	-	-	240,000	215,000	384
Employer Cessation Cont.	-	63,113	175,600	-	2,405	28,400	-	65,518	204,000
Premiums Rec'd	-	-	-	(479)	364	563	(479)	364	563
Retired Reemp Ins.	-	-	-	13,870	12,667	12,535	13,870	12,667	12,535
Medicare Subsidy	-	-	-	4	2	3	4	2	3
AAL Contributions	898,545	912,705	-	87,674	101,637	-	986,219	1,014,342	-
Invest. Inc. (net)	1,435,702	(916,320)	3,150,288	657,211	(372,900)	1,377,531	2,092,913	(1,289,220)	4,527,819
Total Additions	4,159,506	1,736,753	5,393,779	997,754	7,666	1,832,364	5,157,260	1,744,419	7,226,143
Deductions:									
Benefit payments	2,380,090	2,328,594	2,263,388	-	-	-	2,380,090	2,328,594	2,263,388
Refunds	45,885	42,927	32,130	-	-	-	45,885	42,927	32,130
Admin. Exp.	41,875	39,742	36,789	2,427	2,454	2,354	44,302	42,196	39,143
Healthcare Costs	-	-	-	360,240	382,167	381,063	360,240	382,167	381,063
Excise Tax	-	-	-	-	18	-	-	18	-
Total Deductions	2,467,850	2,411,263	2,332,307	362,667	384,639	383,417	2,830,517	2,795,902	2,715,724
Increase (Decrease) in Fiduciary Net Position	1,691,656	(674,510)	3,061,472	635,087	(376,973)	1,448,947	2,326,743	(1,051,483)	4,510,419
Beginning of Period	15,248,180	15,922,690	12,861,218	6,596,640	6,973,613	5,524,666	21,844,820	22,896,303	18,385,884
End of Period	\$16,939,836	\$15,248,180	\$15,922,690	\$7,231,727	\$6,596,640	\$6,973,613	\$24,171,563	\$21,844,820	\$22,896,303

Management's Discussion & Analysis (Unaudited)

CERS			
As of June 30 (\$ in Thousands)			
CERS Nonhazardous Investment Income - Pension	2023	2022	2021
Increase (decrease) in fair value of investments	\$633,997	\$(1,011,822)	\$1,331,722
Investment income net of investment expense	178,004	136,769	135,711
Gain on sale of investments	3,416	374,057	316,798
Total Investment Income(loss) from Investing Activity	\$815,417	\$(500,996)	\$1,784,231
CERS Hazardous Investment Income - Pension	2023	2022	2021
Increase (decrease) in fair value of investments	\$220,000	\$(350,070)	\$447,895
Investment income net of investment expense	62,725	48,654	45,850
Gain on sale of investments	(760)	125,985	106,985
Total Investment Income (loss) from Investing Activity	\$281,965	\$(175,431)	\$600,730
KERS			
As of June 30 (\$ in Thousands)			
KERS Nonhazardous Investment Income - Pension	2023	2022	2021
Increase (decrease) in fair value of investments	\$153,469	\$(310,014)	\$380,850
Investment income net of investment expense	85,482	52,680	50,630
Gain on sale of investments	(18,693)	91,430	96,959
Total Investment Income (loss) from Investing Activity	\$220,258	\$(165,904)	\$528,439
KERS Hazardous Investment Income - Pension	2023	2022	2021
Increase (decrease) in fair value of investments	\$58,019	\$(102,300)	\$129,806
Investment income net of investment expense	20,658	15,111	13,943
Gain on sale of investments	(1,416)	35,348	31,173
Total Investment Income (loss) from Investing Activity	\$77,261	\$(51,841)	\$174,922
SPRS			
As of June 30 (\$ in Thousands)			
Investment Income - Pension	2023	2022	2021
Increase (decrease) in fair value of investments	\$29,536	\$(39,791)	\$45,055
Investment income net of investment expense	15,380	6,347	5,885
Gain on sale of investments	(4,115)	11,296	11,026
Total Investment Income (loss) from Investing Activity	\$40,801	\$(22,148)	\$61,966

Insurance Plan Activities

Employer contributions paid into the Insurance Plans decreased by \$36.5 million in fiscal year 2023 over the prior fiscal year. The decrease in employer contributions is directly related to a decrease in the employer contribution rate for the Insurance Plans.

Income from investment activities increased by \$1,030.1 million in fiscal year 2023 compared to fiscal year 2022. Overall, KPPA reported a net positive return of 10.15% for the fiscal year. This outperformed both the IPS policy benchmark of 9.27% and the actuarial assumed rate of return of 6.25% used by all of the Insurance Plan Funds.

Management's Discussion & Analysis (Unaudited)

CERS

As of June 30 (\$ in Thousands)

CERS Nonhazardous Investment Income - Insurance	2023	2022	2021
Increase (decrease) in fair value of investments	\$239,418	\$(360,292)	\$469,201
Investment income net of investment expense	65,959	51,633	41,009
Gain on sale of investments	626	137,960	109,383
Total Investment Income (loss) from Investing Activities	\$306,003	\$(170,699)	\$619,593
CERS Hazardous Investment Income - Insurance	2023	2022	2021
Increase (decrease) in fair value of investments	\$114,496	\$(177,397)	\$245,549
Investment income net of investment expense	32,131	24,818	20,284
Gain on sale of investments	2,112	74,126	56,984
Total Investment Income (loss) from Investing Activities	\$148,739	\$(78,453)	\$322,817

KERS

KERS Nonhazardous Investment Income - Insurance	2023	2022	2021
Increase (decrease) in fair value of investments	\$103,144	\$(146,482)	\$195,110
Investment income net of investment expense	32,069	20,023	18,478
Gain on sale of investments	(7,161)	40,904	45,007
Total Investment Income (loss) from Investing Activities	\$128,052	\$(85,555)	\$258,595
KERS Hazardous Investment Income - Insurance	2023	2022	2021
Increase (decrease) in fair value of investments	\$39,760	\$(63,789)	\$96,312
Investment income net of investment expense	13,089	9,471	8,372
Gain on sale of investments	142	26,912	21,791
Total Investment Income (loss) from Investing Activities	\$52,991	\$(27,406)	\$126,475

SPRS

Investment Income - Insurance	2023	2022	2021
Increase (decrease) in fair value of investments	\$16,156	\$(25,758)	\$38,253
Investment income net of investment expense	5,328	3,632	3,060
Gain on sale of investments	(58)	11,339	8,738
Total Investment Income (loss) from Investing Activities	\$21,426	\$(10,787)	\$50,051

Management's Discussion & Analysis (Unaudited)

Historical Trends

Accounting standards require that the Combining Statement of Fiduciary Net Position state asset values at fair value and include benefits and refunds due plan members and beneficiaries; unrealized investment income (loss); and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the Pension and Insurance Funds is provided in the Schedules of Net Pension Liability (NPL) on page [93-94](#) and Net OPEB Liability on pages [104-105](#). The asset values stated in the Schedules of Changes in Employers' Total Pension Liability (TPL) on pages [95-99](#) and Total OPEB Liability on pages [106-110](#) are the actuarial value of assets. The actuarial value of assets recognizes a portion of the difference between the fair value of assets and the expected fair value of assets based on the investment return assumption. The amount recognized each year is 20% of the difference between fair value and expected fair value. The actuarial accrued liability is calculated using the entry age normal cost funding method. This actuarial accrued liability is the measure of the cost of benefits that have been earned to date by CERS, KERS and SPRS' members, but not yet paid. The difference in value between the actuarial accrued liability and the actuarial value of assets is defined as the unfunded actuarial accrued liability.

The unfunded actuarial accrued liability from the June 30, 2023, actuarial valuation in the Pension Plans decreased by \$1,823.0 million for a total unfunded amount of \$23,278.5 million in fiscal year 2023, compared to an unfunded amount of \$25,101.5 million in fiscal year 2022. The overall decrease in the unfunded actuarial accrued liability is the result of an increase in the fair value of the assets due to favorable market conditions, an increase in employee salaries, and General Fund Appropriations during fiscal year 2023.

The Insurance Plan's unfunded actuarial accrued liability from the June 30, 2023, actuarial valuation for fiscal year 2023, was negative \$730.1 million compared to negative \$663.0 million for fiscal year 2022. This is a decrease in the unfunded actuarial accrued liability of \$67.1 million. The decrease in the unfunded actuarial accrued liability is the result of an increase in the fair value of the assets due to favorable market conditions and an increase in employee salaries during fiscal year 2023. Please see the charts on the following page for the unfunded actuarial accrued liability.

Annual required actuarially determined contributions by the employers and actual contributions made by employers and other contributing entities in relation to the required contributions, are provided in the Schedules of Employer Contributions - Pension on pages [101-103](#), and in the Schedules of Contributions - OPEB on pages [113-115](#). The difference in the annual required contributions and actual contributions made by employers and other contributing entities in the KERS and SPRS funds is attributable to the fact that the employer contribution rate set by the Kentucky General Assembly was less than the rate recommended by the KPPA actuary in prior years and adopted by the Board.

Information Requests

This financial report is designed to provide a general overview of the CERS, KERS, SPRS, and Insurance Fund finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

ATTN: Director of Accounting
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY. 40601
(502) 696-8800

Management's Discussion & Analysis (Unaudited)

Schedule of Unfunded Actuarial Accrued Liability CERS

As of June 30 (\$ in Millions)

Item	CERS Nonhazardous				CERS Hazardous			
	Pension		Insurance		Pension		Insurance	
	2023	2022	2023	2022	2023	2022	2023	2022
Actuarial Accrued Liability (AAL)	\$15,296	\$15,674	\$2,560	\$2,392	\$5,850	\$5,862	\$1,604	\$1,538
Actuarial Value of Assets	8,585	8,149	3,366	3,160	3,008	2,789	1,615	1,554
Unfunded AAL	\$6,711	\$7,525	\$(806)	\$(768)	\$2,842	\$3,073	\$(11)	\$(16)
Funded Ratio	56.12%	51.99%	131.48%	132.11%	51.42%	47.58%	100.70%	101.02%

Schedule of Unfunded Actuarial Accrued Liability KRS

As of June 30 (\$ in Millions)

Item	KERS Nonhazardous				KERS Hazardous				SPRS			
	Pension		Insurance		Pension		Insurance		Pension		Insurance	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Actuarial Accrued Liability (AAL)	\$16,304	\$16,576	\$1,877	\$1,782	\$1,363	\$1,316	\$364	\$347	\$1,092	\$1,067	\$244	\$233
Actuarial Value of Assets	3,552	3,065	1,533	1,409	891	832	620	598	590	560	245	234
Unfunded AAL	\$12,752	\$13,511	\$344	\$373	\$472	\$484	\$(256)	\$(251)	\$502	\$507	\$(1)	\$(1)
Funded Ratio	21.79%	18.49%	81.66%	79.08%	65.40%	63.22%	170.43%	172.23%	54.03%	52.46%	100.46%	100.62%

Combining Statement of Fiduciary Net Position - Pension

As of June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	Pension Total 2023	Pension Total 2022
ASSETS							
CASH AND SHORT-TERM INVESTMENTS							
Cash Deposits	\$662	\$262	\$375	\$141	\$35	\$1,475	\$367
Short-term Investments	303,178	134,692	648,780	89,143	133,780	1,309,573	1,116,933
Total Cash and Short-term Investments	303,840	134,954	649,155	89,284	133,815	1,311,048	1,117,300
RECEIVABLES							
Accounts Receivable	92,043	50,052	87,362	4,216	5,340	239,013	255,799
Accounts Receivable - Investments	58,587	20,435	31,172	6,728	5,800	122,722	82,033
Total Receivables	150,630	70,487	118,534	10,944	11,140	361,735	337,832
INVESTMENTS, AT FAIR VALUE							
Core Fixed Income	862,405	299,149	708,383	106,016	118,419	2,094,372	2,030,334
Public Equities	4,327,129	1,494,663	1,169,731	389,000	190,147	7,570,670	6,193,221
Private Equities	689,017	229,764	159,836	63,179	16,596	1,158,392	1,289,931
Specialty Credit	1,717,669	591,592	604,758	179,012	99,764	3,192,795	3,097,829
Derivatives	(2,478)	(862)	(2,045)	(306)	(342)	(6,033)	(2,864)
Real Return	268,971	89,758	72,726	24,325	10,693	466,473	417,816
Real Estate	545,935	173,707	179,034	50,564	21,466	970,706	882,759
Total Investments, at Fair Value	8,408,648	2,877,771	2,892,423	811,790	456,743	15,447,375	13,909,026
Securities Lending Collateral Invested	176,126	60,803	71,804	18,277	12,028	339,038	391,751
CAPITAL/INTANGIBLE ASSETS							
Capital Assets	1,701	153	929	91	11	2,885	2,885
Intangible Assets	9,961	827	5,920	494	100	17,302	17,300
Accumulated Depreciation	(1,701)	(153)	(929)	(91)	(11)	(2,885)	(2,885)
Accumulated Amortization	(9,961)	(827)	(5,920)	(494)	(100)	(17,302)	(16,977)
Total Capital Assets	-	-	-	-	-	-	323
Total Assets	9,039,244	3,144,015	3,731,916	930,295	613,726	17,459,196	15,756,232
LIABILITIES							
Accounts Payable	5,091	815	2,566	599	56	9,127	7,048
Investment Accounts Payable	76,587	26,600	50,340	8,852	8,816	171,195	109,253
Securities Lending Collateral	176,126	60,803	71,804	18,277	12,028	339,038	391,751
Total Liabilities	257,804	88,218	124,710	27,728	20,900	519,360	508,052
Total Fiduciary Net Position Restricted for Pension Benefits	\$8,781,440	\$3,055,797	\$3,607,206	\$902,567	\$592,826	\$16,939,836	\$15,248,180

See accompanying notes which are an integral part of these combining financial statements.

Note: The displayed fair values include investable assets held by each System and its associated contributions, payables, equipment and intangible assets; unlike those found in the Investment Section, which include only those investable assets held by each System.

Combining Statement of Changes In Fiduciary Net Position - Pension

For the fiscal year ending June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	Pension Total 2023	PensionTotal 2022
ADDITIONS							
Member Contributions	\$147,769	\$56,988	\$84,579	\$17,459	\$5,250	\$312,045	\$290,471
Employer Contributions	645,940	286,353	114,427	64,020	56,536	1,167,276	1,091,160
Employer Pay Credit	51,694	21,683	22,018	8,758	1,585	105,738	80,710
Actuarially Accrued Liability Contributions	-	-	898,545	-	-	898,545	912,705
General Fund Appropriations	-	-	240,000	-	-	240,000	215,000
Pension Spiking Contributions	46	186	16	29	-	277	122
Health Insurance Contributions (HB1)	(30)	(20)	(12)	(7)	(8)	(77)	(208)
Employer Cessation Contributions	-	-	-	-	-	-	63,113
Total Contributions	845,419	365,190	1,359,573	90,259	63,363	2,723,804	2,653,073
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments	637,413	219,240	134,776	56,603	25,421	1,073,453	(1,175,881)
Interest/Dividends	239,709	83,235	102,220	26,388	17,889	469,441	429,376
Total Investing Activities Income (loss)	877,122	302,475	236,996	82,991	43,310	1,542,894	(746,505)
Less: Investment Expense	52,170	17,541	15,206	4,915	2,227	92,059	75,187
Less: Performance Fees	10,465	3,295	1,866	910	336	16,872	96,462
Net Income (loss) from Investing Activities	814,487	281,639	219,924	77,166	40,747	1,433,963	(918,154)
From Securities Lending Activities							
Securities Lending Income	8,998	3,143	2,918	867	489	16,415	1,652
Less: Securities Lending Borrower Rebates (Income)/Expense	7,904	2,760	2,525	755	426	14,370	(505)
Less: Securities Lending Agent Fees	164	57	59	17	9	306	323
Net Income from Securities Lending	930	326	334	95	54	1,739	1,834
Net Investment Income (loss)	815,417	281,965	220,258	77,261	40,801	1,435,702	(916,320)
Total Additions	1,660,836	647,155	1,579,831	167,520	104,164	4,159,506	1,736,753
DEDUCTIONS							
Benefit Payments	894,351	319,594	1,023,704	78,636	63,805	2,380,090	2,328,594
Refunds	23,263	6,568	11,847	4,041	166	45,885	42,927
Administrative Expenses	24,128	2,124	13,817	1,513	293	41,875	39,742
Total Deductions	941,742	328,286	1,049,368	84,190	64,264	2,467,850	2,411,263
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	719,094	318,869	530,463	83,330	39,900	1,691,656	(674,510)
Total Fiduciary Net Position Restricted for Pension Benefits							
Beginning of Period	8,062,346	2,736,928	3,076,743	819,237	552,926	15,248,180	15,922,690
End of Period	\$8,781,440	\$3,055,797	\$3,607,206	\$902,567	\$592,826	\$16,939,836	\$15,248,180
<i>See accompanying notes, which are an integral part of these combining financial statements.</i>							

Combining Statement of Fiduciary Net Position - Insurance

As of June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	Insurance Total 2023	Insurance Total 2022
ASSETS							
CASH AND SHORT-TERM INVESTMENTS							
Cash Deposits	\$259	\$8	\$105	\$9	\$8	\$389	\$255
Short-term Investments	132,269	31,789	170,091	29,906	10,868	374,923	431,687
Total Cash and Short-term Investments	132,528	31,797	170,196	29,915	10,876	375,312	431,942
RECEIVABLES							
Accounts Receivable	14,558	7,560	13,244	334	956	36,652	39,915
Investment Accounts Receivable	22,443	10,253	11,749	4,294	1,763	50,502	37,495
Total Receivables	37,001	17,813	24,993	4,628	2,719	87,154	77,410
INVESTMENTS, AT FAIR VALUE							
Core Fixed Income	327,065	148,991	171,536	72,740	27,887	748,219	753,513
Public Equities	1,633,030	807,897	637,103	268,599	108,362	3,454,991	2,871,633
Specialty Credit	641,632	318,176	289,421	129,503	51,505	1,430,237	1,401,886
Private Equities	268,195	150,750	94,390	53,885	23,922	591,142	625,455
Derivatives	(908)	(412)	(478)	(200)	(78)	(2,076)	(934)
Real Return	82,403	43,561	31,681	17,472	6,563	181,680	164,241
Real Estate	196,683	107,912	60,926	45,368	17,319	428,208	372,994
Total Investments, at Fair Value	3,148,100	1,576,875	1,284,579	587,367	235,480	6,832,401	6,188,788
Securities Lending Cash Collateral Invested	59,513	29,266	26,420	11,270	4,491	130,960	146,144
Total Assets	3,377,142	1,655,751	1,506,188	633,180	253,566	7,425,827	6,844,284
LIABILITIES							
Accounts Payable	223	22	118	-	1	364	57,501
Investment Accounts Payable	27,873	12,877	14,161	5,588	2,277	62,776	43,999
Securities Lending Cash Collateral	59,513	29,266	26,420	11,270	4,491	130,960	146,144
Total Liabilities	87,609	42,165	40,699	16,858	6,769	194,100	247,644
Total Fiduciary Net Position Restricted for OPEB	\$3,289,533	\$1,613,586	\$1,465,489	\$616,322	\$246,797	\$7,231,727	\$6,596,640

See accompanying notes, which are an integral part of these combining financial statements.

Note: The displayed fair values include investable assets held by each System and its associated contributions, payables, equipment and intangible assets; unlike those found in the Investment Section, which include only those investable assets held by each System.

Combining Statement of Changes In Fiduciary Net Position - Insurance

For the fiscal year ending June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	Insurance Total 2023	Insurance Total 2022
ADDITIONS							
Employer Contributions	\$101,121	\$48,792	\$35,549	\$37	\$9,289	\$194,788	\$217,318
Actuarially Accrued Liability Contributions	-	-	87,674	-	-	87,674	101,637
Medicare Drug Reimbursement	-	-	4	-	-	4	2
Insurance Premiums	294	(546)	(27)	(69)	(131)	(479)	364
Humana Gain Share Payment	5,951	914	4,851	368	224	12,308	18,382
Retired Reemployed Healthcare	4,922	1,611	5,885	1,452	-	13,870	12,667
Health Insurance Contributions (HB1)	17,782	4,278	8,370	1,592	356	32,378	27,791
Employer Cessation Contributions	-	-	-	-	-	-	2,405
Total Contributions	130,070	55,049	142,306	3,380	9,738	340,543	380,566
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments	240,044	116,608	95,983	39,902	16,098	508,635	(482,477)
Interest/Dividends	88,629	43,939	42,258	17,802	7,164	199,792	192,803
Total Investing Activities Income (loss)	328,673	160,547	138,241	57,704	23,262	708,427	(289,674)
Less: Investment Expense	19,478	10,174	7,451	3,946	1,559	42,608	34,478
Less: Performance Fees	3,499	1,782	2,870	819	299	9,269	49,494
Net Income (loss) from Investing Activities	305,696	148,591	127,920	52,939	21,404	656,550	(373,646)
From Securities Lending Activities							
Securities Lending Income	2,775	1,336	1,124	460	195	5,890	679
Less: Securities Lending Borrower Rebates (Income)/Expense	2,414	1,162	969	399	169	5,113	(199)
Less: Securities Lending Agent Fees	54	26	23	9	4	116	132
Net Income (loss) from Securities Lending	307	148	132	52	22	661	746
Net Investment Income (loss)	306,003	148,739	128,052	52,991	21,426	657,211	(372,900)
Total Additions	436,073	203,788	270,358	56,371	31,164	997,754	7,666
DEDUCTIONS							
Healthcare Premiums Subsidies	123,587	93,485	103,952	19,748	14,290	355,062	377,014
Administrative Expenses	937	522	771	123	74	2,427	2,454
Self-Funded Healthcare Costs	3,240	172	1,668	80	18	5,178	5,153
Excise Tax Insurance	-	-	-	-	-	-	18
Total Deductions	127,764	94,179	106,391	19,951	14,382	362,667	384,639
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	308,309	109,609	163,967	36,420	16,782	635,087	(376,973)
Total Fiduciary Net Position Restricted for OPEB							
Beginning of Period	2,981,224	1,503,977	1,301,522	579,902	230,015	6,596,640	6,973,613
End of Period	\$3,289,533	\$1,613,586	\$1,465,489	\$616,322	\$246,797	\$7,231,727	\$6,596,640
See accompanying notes, which are an integral part of these combining financial statements.							

Combining Statement of Fiduciary Net Position

As of June 30, 2023 with Comparative Totals as of June 30, 2022 (\$ in Thousands)

ASSETS	Pension	Insurance	KPPA Total 2023	KPPA Total 2022
CASH AND SHORT-TERM INVESTMENTS				
Cash Deposits	\$1,475	\$389	\$1,864	\$622
Short-term Investments	1,309,573	374,923	1,684,496	1,548,620
Total Cash and Short-term Investments	1,311,048	375,312	1,686,360	1,549,242
RECEIVABLES				
Accounts Receivable	239,013	36,652	275,665	295,714
Accounts Receivable - Investments	122,722	50,502	173,224	119,528
Total Receivables	361,735	87,154	448,889	415,242
INVESTMENTS, AT FAIR VALUE				
Core Fixed Income	2,094,372	748,219	2,842,591	2,783,847
Public Equities	7,570,670	3,454,991	11,025,661	9,064,854
Private Equities	1,158,392	591,142	1,749,534	1,915,386
Specialty Credit	3,192,795	1,430,237	4,623,032	4,499,715
Derivatives	(6,033)	(2,076)	(8,109)	(3,798)
Real Return	466,473	181,680	648,153	582,057
Real Estate	970,706	428,208	1,398,914	1,255,753
Total Investments, at Fair Value	15,447,375	6,832,401	22,279,776	20,097,814
Securities Lending Cash Collateral Invested	339,038	130,960	469,998	537,895
CAPITAL/INTANGIBLE ASSETS				
Capital Assets	2,885	-	2,885	2,885
Intangible Assets	17,302	-	17,302	17,300
Accumulated Depreciation	(2,885)	-	(2,885)	(2,885)
Accumulated Amortization	(17,302)	-	(17,302)	(16,977)
Total Capital Assets	-	-	-	323
Total Assets	17,459,196	7,425,827	24,885,023	22,600,516
LIABILITIES				
Accounts Payable	9,127	364	9,491	64,549
Investment Accounts Payable	171,195	62,776	233,971	153,252
Securities Lending Cash Collateral	339,038	130,960	469,998	537,895
Total Liabilities	519,360	194,100	713,460	755,696
Total Fiduciary Net Position Restricted for Benefits	\$16,939,836	\$7,231,727	\$24,171,563	\$21,844,820

See accompanying notes which are an integral part of these combining financial statements.

Note: The displayed fair values include investable assets held by each System and its associated contributions, payables, equipment and intangible assets; unlike those found in the Investment Section, which include only those investable assets held by each System.

Combining Statement of Changes In Fiduciary Net Position

For the fiscal year ending June 30, 2023, with Comparative Totals as of June 30, 2022 (\$ in Thousands)

	Pension	Insurance	KPPA Total 2023	KPPA Total 2022
ADDITIONS				
Member Contributions	\$312,045	\$-	\$312,045	\$290,471
Employer Contributions	1,167,276	194,788	1,362,064	1,308,478
Employer Pay Credit	105,738	-	105,738	80,710
Actuarially Accrued Liability Contributions	898,545	87,674	986,219	1,014,342
Medicare Drug Reimbursement	-	4	4	2
Insurance Premiums	-	(479)	(479)	364
Humana Gain Share	-	12,308	12,308	18,382
General Fund Appropriations	240,000	-	240,000	215,000
Pension Spiking Contributions	277	-	277	122
Retired Reemployed Healthcare	-	13,870	13,870	12,667
Health Insurance Contributions (HB1)	(77)	32,378	32,301	27,583
Employer Cessation Contributions	-	-	-	65,518
Total Contributions	2,723,804	340,543	3,064,347	3,033,639
INVESTMENT INCOME				
From Investing Activities				
Net Appreciation (Depreciation) in FV of Investments	1,073,453	508,635	1,582,088	(1,658,358)
Interest/Dividends	469,441	199,792	669,233	622,179
Total Investing Activities Income (loss)	1,542,894	708,427	2,251,321	(1,036,179)
Less: Investment Expense	92,059	42,608	134,667	109,665
Less: Performance Fees	16,872	9,269	26,141	145,956
Net Income (loss) from Investing Activities	1,433,963	656,550	2,090,513	(1,291,800)
Securities Lending Income	16,415	5,890	22,305	2,331
Less: Securities Lending Borrower Rebates (Income)/Expense	14,370	5,113	19,483	(704)
Less: Securities Lending Agent Fees	306	116	422	455
Net Income from Securities Lending	1,739	661	2,400	2,580
Net Investment Income/Loss	1,435,702	657,211	2,092,913	(1,289,220)
Total Additions	4,159,506	997,754	5,157,260	1,744,419
DEDUCTIONS				
Benefit Payments	2,380,090	-	2,380,090	2,328,594
Refunds	45,885	-	45,885	42,927
Healthcare Premiums Subsidies	-	355,062	355,062	377,014
Self Funded Healthcare Costs	-	5,178	5,178	5,153
Administrative Expenses	41,875	2,427	44,302	42,196
Excise Tax Insurance	-	-	-	18
Total Deductions	2,467,850	362,667	2,830,517	2,795,902
Net Increase (Decrease) in Fiduciary Net Position Restricted for Benefits	1,691,656	635,087	2,326,743	(1,051,483)
Total Fiduciary Net Position Restricted for Benefits				
Beginning of Period	15,248,180	6,596,640	21,844,820	22,896,303
End of Period	\$16,939,836	\$7,231,727	\$24,171,563	\$21,844,820

See accompanying notes, which are an integral part of these combining financial statements.

NOTE A. Summary of Significant Accounting Policies

Kentucky Retirement Systems (KRS) is responsible for the administration of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS). HB 484, passed in the 2020 Legislative Session, also created a separate governing board in Kentucky Revised Statutes 78.782, County Employees Retirement System (CERS), to administer the statewide cost-sharing plans for local government employers. KPPA is responsible for administering the single personnel system for the pension plans, a system of accounting, day-to-day administrative needs of CERS and KRS, selecting consulting and service contractors to provide administrative services including an external auditor. KPPA is also responsible for promulgating administrative regulations on behalf of KRS and CERS, individually or collectively. It is additionally tasked with administering and operating any jointly held assets for KRS and CERS including, but not limited to real estate, office space, equipment, and supplies. KPPA staff manages assets in accordance with investment policies developed by the CERS and KRS Investment Committees and approved by each Board. KPPA staff recommends to the Boards the hiring, retention and termination of investment managers. Each Board is responsible for selection of investment services for the management and custody of the assets while KPPA is responsible for the remaining investment services.

This summary of KPPA's significant accounting policies is presented to assist in understanding the combining financial statements for CERS and KRS. The combining financial statements and notes are representations of KPPA's management, which is responsible for their integrity and objectivity. These accounting policies conform to Generally Accepted Accounting Principles (GAAP) and have been consistently applied in the preparation of the combining financial statements.

Basis of Accounting

KPPA's combining financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Premium payments are recognized when due and payable in accordance with the insurance terms of the plan. Administrative and investment expenses are recognized when incurred. The net position represents the five funds of CERS, KERS, SPRS and the five funds of the Kentucky Retirement Insurance Trust Fund (Insurance Fund) that have accumulated thus far to pay pension benefits for retirees, active and inactive members, and health care premiums for current and future employees.

Method Used to Value Investments

Investments are reported at fair value. Fair value is the price that would be received upon selling an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. See Investments Note D for further discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Gain (loss) on investments includes gains and losses on investments bought and sold as well as held during the fiscal year. Investment returns are recorded in all plans net of investment fees.

Investment Unitization

Within the plan accounting structure there are two primary types of accounts: Plan Accounts and Pool Accounts. Plan Accounts are the owners of the investment pool. An account is established for each plan/fund and these accounts hold Units of Participation that represent the plan's/fund's invested value of the investment pool. Pool Accounts are accounts that hold the assets of the investment pool where all investment related activity and earnings occur. The pooled accounts are the investment strategies of the pool. Units of Participation are bought and sold as each plan/fund contributes or withdraws cash or assets from the investment pool. The investment pool earnings are then allocated to plans utilizing a cost distribution method that allows for fluctuating prices experienced in capital markets. This involves earnings allocated to the plan accounts with an increase or decrease in cost on the Unit of Participation Holdings of the Plan Accounts. Correspondingly, the price of the Unit of Participation Holdings is updated to reflect change in fair value in the investment pool. Earnings are allocated based on the daily weighted average of Master Trust Units held by each plan/fund account during each monthly earnings period. This method is commonly used when plans make multiple contributions or withdrawals from the investment pool throughout the month as it eliminates allocation distortion due to large end of month cash flows.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equipment

Office equipment is valued at historical cost and depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Improvements, which increase the useful life of the equipment, are capitalized. Maintenance and repairs are charged as an expense when incurred. The capitalization threshold used in fiscal year 2023 was \$3,000 (see Equipment Note J for further information).

Intangible Assets

Intangible assets, currently computer software, are valued at historical cost and amortization is computed utilizing the straight-line method over the estimated useful lives of the assets which is ten years. The capitalization threshold used in fiscal year 2023 was \$3,000 (see Intangible Assets Note K for further information).

Accounts Receivable

Accounts Receivable consist of amounts due from employers. KPPA management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made. If amounts previously written off are collected, they will be credited to income when received.

The Investment Accounts Receivable and Investment Accounts Payable consist of investment management earnings and fee accruals, as well as all buys and sells of securities which have not closed as of the reporting date.

Payment of Benefits

Benefits are recorded when paid.

Expense Allocation

KPPA administrative expenses are allocated based on a hybrid allocation developed by the Boards. The hybrid allocation is based on a combination of plan membership and direct plan expenses. All investment related expenses are allocated in proportion to the percentage of investment assets held by each plan.

Component Unit

KPPA is a component unit of the Commonwealth of Kentucky (the Commonwealth) for financial reporting purposes.

CERS was created by the Kentucky General Assembly on July 1, 1958, pursuant to Kentucky Revised Statutes 78.520, and the separate governing board was created in 2021. KERS was created by the Kentucky General Assembly on July 1, 1956, pursuant to Kentucky Revised Statutes 61.515. SPRS was created by the Kentucky General Assembly on July 1, 1958, pursuant to Kentucky Revised Statutes 16.510. The KRS Insurance Trust Fund was created by the Kentucky General Assembly pursuant to Kentucky Revised Statutes 61.701. KPPA's administrative budget is subject to approval by the Kentucky General Assembly. Employer contribution rates for KERS and SPRS are also subject to legislative approval. Employer contribution rates for CERS are determined by the Board of CERS without further legislative review. The methods used to determine the employer rates for CERS and KRS (KERS and SPRS) are specified in Kentucky Revised Statutes 78.635 and 61.565. Employee contribution rates are set by statute and may be changed only by the Kentucky General Assembly.

Perimeter Park West, Incorporated (PPW) is governed by a three-member board selected by shareholders. Although it is legally separate from KPPA, PPW is reported as part of KPPA, because its sole ownership is Kentucky Retirement Systems, and therefore through unitization is owned by KERS, CERS, and SPRS. PPW functions as a real estate holding company for the offices used by the plans administered by KPPA.

Recent Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued *Statement Number 87 Leases*. The objective of this Statement is to address government lessee's recognition of lease liabilities, intangible assets, and report amortization expense for using the leased asset, interest expense on the lease liability, and note disclosures about the lease. Another objective of this Statement is to address government lessor's recognition of a lease receivable, deferred inflow, and report lease revenue, interest income, and note disclosures about the lease. Due to COVID-19, *Statement Number 87 Leases* was updated by GASB to extend the requirement of this standard to take effect for financial statements starting with the fiscal year that ends June 30, 2022. KPPA determined that the KPPA lease agreements are not material to the overall financial statements. Therefore, KPPA did not report the leases according to *Statement Number 87 Leases*.

GASB *Statement Number 96, Subscription-Based Information Technology Arrangements (SBITAs)* established standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement apply to financial statements of all state and local governments. The underlying accounting principles for SBITAs are similar to the standards established in *Statement Number 87, Leases*, as amended. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023. KPPA determined that the KPPA SBITAs lease agreements are not material to the overall financial statements. Therefore, KPPA did not report the SBITAs leases according to Statement Number 96 SBITAs.

GASB *Statement Number 100, Accounting Changes and Error Corrections* - an amendment of GASB *Statement No. 62*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2024. KPPA is evaluating the impact of the Statement to the financial report.

GASB *Statement Number 101, Compensated Absences*. The requirements of the Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024. KPPA is evaluating the impact of the Statement to the financial report.

Note B. Descriptions & Contribution Information

CERS Membership Combined As of June 30

Members	2023		
	Nonhazardous	Hazardous	Total
Retirees and Beneficiaries Receiving Benefits	66,935	9,448	76,383
Inactive Memberships	106,903	3,687	110,590
Active Members	81,217	9,181	90,398
Total	255,055	22,316	277,371
Number of Participating Employers			1,120

KERS Membership Combined As of June 30

Members	2023		
	Nonhazardous	Hazardous	Total
Retirees and Beneficiaries Receiving Benefits	44,975	3,459	48,434
Inactive Memberships	51,001	7,222	58,223
Active Members	30,854	3,875	34,729
Total	126,830	14,556	141,386
Number of Participating Employers			333

SPRS Membership As of June 30

Members	2023		
	Nonhazardous	Hazardous	Total
Retirees and Beneficiaries Receiving Benefits	-	1,552	1,552
Inactive Memberships	-	432	432
Active Members	-	868	868
Total	-	2,852	2,852
Number of Participating Employers			1

Note: Each person is only counted once in the Membership by System report. A member who has both a membership account and a retired account is included in the retired count. Members who have multiple membership accounts are included under the system where they most recently contributed. Members who have more than one retirement account are included in the system with the greatest service credit. If the retired accounts have equal service credit, they are counted first in SPRS, CERS Hazardous, KERS Hazardous, CERS Nonhazardous, then KERS Nonhazardous.

Retiree Medical Insurance Coverage As of June 30, 2023

	Single	Couple/ Family	Parent	Medicare Without Prescription	Medicare With Prescription
CERS Nonhazardous	8,721	524	234	1,921	29,542
CERS Hazardous	1,893	3,047	491	138	4,455
CERS Total	10,614	3,571	725	2,059	33,997
KERS Nonhazardous	6,693	553	433	957	22,976
KERS Hazardous	653	470	118	72	1,796
KERS Total	7,346	1,023	551	1,029	24,772
SPRS	230	434	92	17	1,022
Total	18,190	5,028	1,368	3,105	59,791

The total number of Participating Employers is 1,454.

Note: Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members receive either a percentage or dollar amount for insurance coverage. The counts are the number of medical plans contracted with the Department of Employee Insurance or Medicare vendor and are not representative of the number of persons.

Plan Descriptions

The County Employees Retirement System (CERS), the Kentucky Employees Retirement System (KERS), and the State Police Retirement System (SPRS) provide retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. KPPA provides administrative support to CERS, KERS, SPRS, and Kentucky Retirement System Insurance Trust Fund (Insurance Fund). In addition to executive management, the CERS, KERS, SPRS, and Insurance Fund share investment management, accounting, and information system services, the costs of which are allocated to the plans on an equitable basis.

CERS - County Employees Retirement System

CERS was established by Kentucky Revised Statutes 78.520. The CERS system is comprised of two plans - CERS Nonhazardous plan and CERS Hazardous plan. The CERS Nonhazardous plan was established to provide retirement benefits to all regular full-time members employed in positions of each participating county, city, school board, and any additional eligible local agencies electing to participate in CERS. The membership of the CERS Hazardous plan includes employees whose position is considered hazardous with principal job duties including, but are not limited to, active law enforcement, probation and parole officers, detectives, pilots, paramedics, and emergency medical technicians, with duties that require frequent exposure to a high degree of danger and also require a high degree of physical condition.

The responsibility for the general administration and operation of the plans within CERS is vested in the CERS Board of Trustees. The CERS Board of Trustees consists of 9 members. Six trustees are appointed by the governor and three are elected by CERS members (active, inactive, and/or retired). The six appointed trustees are selected from a list of candidates provided to the Governor's Office by one of three employer advocacy groups: Kentucky League of Cities, Kentucky Association of Counties, or Kentucky School Board Association. Of the six appointed trustees, three must have investment experience and three must have retirement experience as defined by statute. All appointments by the governor are subject to Senate confirmation.

KERS - Kentucky Employees Retirement System

KERS was established by Kentucky Revised Statutes 61.515. The KERS system is comprised of two plans - KERS Nonhazardous plan and KERS Hazardous plan. The KERS Nonhazardous plan was established to provide retirement benefits to all regular full-time members employed in positions of any state department, board, or agency directed by Executive Order to participate in KERS. The membership of the KERS Hazardous plan includes employees whose position is considered hazardous with principal job duties including, but are not limited to, active law enforcement, probation and parole officer, detective, pilots, paramedics, and emergency medical technicians, with duties that require frequent exposure to a high degree of danger and also require a high degree of physical condition.

The responsibility for the general administration and operation of KERS is vested with the Kentucky Retirement Systems (KRS) Board of Trustees. The KRS Board of Trustees consist of 9 members. Six trustees are appointed by the governor and three are elected. Of the elected trustees, two are elected by KERS members and one is elected by SPRS members. Active, inactive and retired members of the appropriate system are invited to participate in the election of trustees. Of the six appointed trustees, three must have investment experience and three must have retirement experience as defined by statute. All appointments by the governor are subject to Senate confirmation. The two trustees elected by the KERS membership must be members of or retired from KERS. The one trustee elected by the SPRS membership must be a member of or retired from SPRS.

SPRS - State Police Retirement System

SPRS is a single employer defined benefit pension plan and was established by Kentucky Revised Statutes 16.510 to provide retirement benefits to all full-time state troopers employed in positions by the Kentucky State Police. The responsibility for the general administration and operation of the SPRS is vested with the KRS Board of Trustees (see KERS - Kentucky Employees Retirement System for KRS Board composition).

Kentucky Retirement System Insurance Trust Fund

The Insurance Fund was established by Kentucky Revised Statutes 61.701 for the purpose of providing hospital and medical insurance benefits for eligible members receiving benefits from CERS Nonhazardous, CERS Hazardous, KERS Nonhazardous, KERS Hazardous, and SPRS (collectively the Insurance Fund). The responsibility for the general administration and operation of the Insurance Fund is vested with both the CERS Board of Trustees and the KRS Boards of Trustees. Each of the OPEB funds: CERS Nonhazardous, CERS Hazardous, KERS Nonhazardous, KERS Hazardous, and SPRS is legally separated with benefits only eligibility to be paid for each of the respective membership groups.

Cost of Living Adjustment (COLA)

Prior to July 1, 2009, COLAs were provided to retirees annually equal to the percentage increase in the annual average of the consumer price index (CPI) for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were to be limited to 1.50%.

In 2013 the General Assembly created a new law to govern how COLAs will be granted. Language included in Senate Bill 2 during the 2013 Regular Session states COLAs will only be granted in the future if the Systems' Boards determine that assets of the Systems are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs the payment of funds in the year the COLA is provided. Kentucky Revised Statutes 78.5518 governs how COLAs may be granted for members of CERS. The granting of COLAs for the KERS and SPRS membership is covered under Kentucky Revised Statutes 61.691.

No COLA has been granted since July 1, 2011.

Employer Contributions

Local government participating employers are required to contribute an actuarially determined rate for CERS pension contributions, per the Kentucky Revised Statutes 78.635. The CERS Board of Trustees establishes the employer contribution rate based on Kentucky Revised Statutes 78.454(33) each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky.

The Commonwealth is required to contribute at an actuarially determined rate for KERS and SPRS pensions. The KRS Board of Trustees recommends the rates each year following the annual actuarial valuation, but the rates are set by the legislature within the budget bill for each biennium. The contribution rates from July 1, 2022, through June 30, 2023, were set within HB 1, passed in the 2022 Regular Legislative Session, for KERS Nonhazardous, KERS Hazardous and SPRS employers.

The KERS Nonhazardous employer contribution rate shall include, (1) the normal cost contribution and (2) the prorated amount of the actuarially accrued liability assigned to each individual nonhazardous employer in accordance with Kentucky Revised Statutes 61.565(1)(d). Each employer pays the normal cost as a percentage of reported payroll plus a flat amount to cover the employer-specific actuarially accrued liability contribution for the fiscal year as determined by the annual valuation.

Per Kentucky Revised Statutes 61.565 and 16.645(18), normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of the last annual valuation preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS and SPRS.

For the fiscal year ended June 30, 2023, participating employers of CERS Nonhazardous, CERS Hazardous, KERS Hazardous, and SPRS contributed a percentage of each employee's creditable compensation. The actuarially determined rates set by the Boards for the fiscal year is a percentage of each employee's creditable compensation. Administrative costs of KPPA are financed through employer contributions and investment earnings. See the charts on the following page for the fiscal year employer contribution rates, including the actuarially recommended rates.

Contribution Rate Breakdown by Fund As of June 30, 2023

Fund	Pension		Insurance		Combined Total	
	Employer Contribution Rates	Actuarially Recommended Rates	Employer Contribution Rates	Actuarially Recommended Rates	Employer Contribution Rates	Actuarially Recommended Rates
CERS Nonhazardous**	23.40%	23.40%	3.39%	3.39%	26.79%	26.79%
CERS Hazardous**	42.81%	42.81%	6.78%	6.78%	49.59%	49.59%
KERS Nonhazardous *	7.82%	7.82%	2.15%	2.15%	9.97%	9.97%
KERS Hazardous	31.82%	31.82%	0.00%	0.00%	31.82%	31.82%
SPRS ***	85.32%	126.40%	14.11%	14.11%	99.43%	140.51%

* House Bill 8 passed during the 2021 legislative session required, beginning July 1, 2021, the KERS Nonhazardous employers pay the normal cost for all employees plus a flat amount which is equal to their assigned percentage of the annual dollar amount that is sufficient to amortize the total unfunded actuarial accrued liability of the system over a closed period. The percentage is based on the liability that was attributable to the agency as of June 30, 2019.

**House Bill 362 passed during the 2018 legislative session caps CERS employer contribution rate increases up to 12% per year over the prior fiscal year for the period of July 1, 2018 to June 30, 2028.

*** House Bill 1 passed during the 2022 legislative session included \$215 million in FY 2021-2022 for SPRS pension fund to be applied to the unfunded liability, which immediately lowered the SPRS contribution rate from the Fiscal Year 2022 146.06% rate to 99.43% for Fiscal Year 2023.

As of June 30, 2023, the date of the most recent actuarial valuation, membership consisted of:

TIER 1:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (Nonhazardous) or 8% (Hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

TIER 2:

Tier 2 plan members, who began participating on or after September 1, 2008, and before January 1, 2014, are required to contribute 6% (Nonhazardous) or 9% (Hazardous) of their annual creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation (KAR) 105 KAR 1:420). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% Health Insurance Contribution (HIC) to the 401(h) account is non-refundable and is forfeited.

TIER 3:

Tier 3 plan members, who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% (Nonhazardous) or 8% (Hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% (Non-Hazardous) or 7.5% (Hazardous) of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Tier 3

Interest is paid into the Tier 3 member's account. The account currently earns 4% interest credit on the member's accumulated account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the fund's five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if KPPA's GANIR for the previous five years exceeds 4%, then the member's account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). It is possible that one fund in KPPA may get an Upside Sharing Interest, while another may not.

Upside Sharing Interest

Upside Sharing Interest is credited to both the member contribution balance and Employer Pay Credit balance. Upside Sharing Interest is an additional interest credit. Member accounts automatically earn 4% interest annually. The GANIR is calculated on an individual fund basis.

The chart below shows the interest calculated on the members' balances as of June 30, 2022, and credited to each member's account on June 30, 2023.

(A-B) = C x 75% = D then B + D = Interest (\$ in Thousands)						
	A	B	C	D		
Fund	5-Year Geometric Average Return	Less Guarantee Rate of 4%	Upside Sharing Interest	Upside Sharing Interest X 75% = Upside Gain	Interest Rate Earned (4% + Upside)	Total Interest Credited to Member Accounts
CERS Nonhazardous	6.52%	4.00%	2.52%	1.89%	5.89%	\$25,233
CERS Hazardous	6.68%	4.00%	2.68%	2.01%	6.01%	\$8,761
KERS Nonhazardous	5.61%	4.00%	1.61%	1.21%	5.21%	\$9,667
KERS Hazardous	6.40%	4.00%	2.40%	1.80%	5.80%	\$3,186
SPRS	6.09%	4.00%	2.09%	1.57%	5.57%	\$513

Insurance Fund Description

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS, KERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The KPPA Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. KPPA submits the premium payments to DEI and Humana. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2023, insurance premiums withheld from benefit payments for KPPA's members were \$23.7 million and \$4.0 million for CERS Nonhazardous and Hazardous, respectively; \$19.5 million and \$1.4 million for KERS Nonhazardous and Hazardous, respectively; and, \$0.4 million for SPRS.

The amount of benefit paid by the Insurance Fund is based on years of service. For members who began participating prior to July 1, 2003, a percentage of the contribution rate is paid based on years of service with 100% of the contribution rate being paid with 20 years of service. Since the passage of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits have been calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, Nonhazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service. Hazardous employees whose participation began on or after July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a Hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned Hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. House Bill 1 (2008 Kentucky General Assembly) changed the minimum vesting requirement for participation in the health insurance plan to 15 years for members whose participation began on or after September 1, 2008. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. The Insurance Plan pays 100% of the contribution rate for hospital and medical insurance premiums for the spouse and dependents of members who die as a direct result of an act in the line of duty or from a duty-related injury.

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum benefit are as follows:

Portion Paid by Insurance Fund As of June 30, 2023	
Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

The amount of benefit paid by the Insurance Fund is based on years of service. For members participating on or after July 1, 2003, the dollar amounts of the benefit per year of service are as follows:

Dollar Contribution for Fiscal Year 2023 For Member participation date on or after July 1, 2003	
	(in Whole \$)
CERS Nonhazardous	\$14.20
CERS Hazardous	\$21.30
KERS Nonhazardous	\$14.20
KERS Hazardous	\$21.30
SPRS	\$21.30

Note C. Cash, Short-Term Investments & Securities Lending Collateral

The provisions of GASB *Statement No. 28 Accounting and Financial Reporting for Securities Lending Transactions* require that cash received as collateral on securities lending transactions and investments made with that cash must be reported as assets on the financial statements. The non-cash collateral is not reported because the securities received as collateral are unable to be pledged or sold unless the borrower defaults. In accordance with GASB No. 28, KPPA classifies certain other investments, not related to the securities lending program, as short-term. Cash and short-term investments consist of the following:

Cash, Short-Term Investments, & Securities Lending Collateral As of June 30, 2023 (\$ in Thousands)

CERS	Pension	Insurance
CERS Nonhazardous		
Cash	\$662	\$259
Short-Term Investments	303,178	132,269
Securities Lending Collateral Invested	176,126	59,513
Total	\$479,966	\$192,041
CERS Hazardous		
Cash	\$262	\$8
Short-Term Investments	134,692	31,789
Securities Lending Collateral Invested	60,803	29,266
Total	\$195,757	\$61,063
KERS		
	Pension	Insurance
KERS Nonhazardous		
Cash	\$375	\$105
Short-Term Investments	648,780	170,091
Securities Lending Collateral Invested	71,804	26,420
Total	\$720,959	\$196,616
KERS Hazardous		
Cash	\$141	\$9
Short-Term Investments	89,143	29,906
Securities Lending Collateral Invested	18,277	11,270
Total	\$107,561	\$41,185
SPRS		
	Pension	Insurance
Cash	\$35	\$8
Short-Term Investments	133,780	10,868
Securities Lending Collateral Invested	12,028	4,491
Total	\$145,843	\$15,367

Note D. Investments

Kentucky Revised Statutes 61.650 and 78.790 specifically state that the Board of Trustees for the respective retirement Plan(s) shall have the full and exclusive power to invest and reinvest the funds of the Plan(s) they govern. In addition, Kentucky Revised Statutes 61.645 and 78.782 require three (3) members of each Board to have at least ten (10) years of investment experience as defined by the statutes. The Boards of Trustees are required to establish Investment Committees who are specifically charged with implementing the investment policies adopted by the Board of Trustees and to act on behalf of the Board of Trustees on all investment-related matters. The Board of Trustees and the Investment Committee members are required to discharge their duty to invest the funds of the Plans in accordance with the "Prudent Person Rule" as set forth in Kentucky Revised Statutes 61.650 and 78.790 and to manage those funds consistent with the long-term nature of the trusts and solely in the interest of the members and beneficiaries. All internal investment staff of the Kentucky Public Pensions Authority, and investment consultants must adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute and all board trustees must adhere to the Code of Conduct for Members of a Pension Scheme Governing Body of the CFA Institute. The Boards of Trustees are authorized to adopt policies. The Boards of Trustees have adopted Investment Policy Statements (IPS) which define the framework for investing the assets of the Plans. The IPS is intended to provide general principles for establishing the investment goals of the Plans, the allocation of assets, employment of outside asset management, and monitoring the results of the respective Plans. A copy of each Board's IPS can be found on the KPPA website. By statutes, the Boards, through adopted written policies, shall maintain ownership and control over its assets held in its unitized managed custodial account. Additionally, the Investment Committees establish specific investment guidelines that are summarized below and are included in the Investment Management Agreement (IMA) for each investment management firm.

Equity

Public Equity

Investments may be made in common stock; securities convertible into common stock; preferred stock of publicly traded companies on stock markets; asset class relevant Exchange Traded Funds (ETFs); or any other type of security contained in a manager's benchmark. Each individual equity account has a comprehensive set of investment guidelines, which contains a listing of permissible investments, portfolio restrictions, and standards of performance.

Private Equity

Subject to the specific approval of the Investment Committees, Private Equity investments may be made for the purpose of creating a diversified portfolio of alternative investments under the Equity umbrella. Private equity investments are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional investments. Accordingly, total rates of return from private equity investments are expected to be greater than those that might be obtained from conventional public equity or debt investments.

Fixed Income

Core Fixed Income

The Core Fixed Income accounts may include, but are not limited to, the following securities: U.S. government and agency bonds; investment grade U.S. corporate credit; investment grade non-U.S. corporate credit; mortgages, including residential mortgage-backed securities; commercial mortgage-backed securities and whole loans; asset-backed securities; and, asset class relevant ETFs.

Specialty Credit

The Specialty Credit accounts may include, but are not limited to, the following types of securities and investments: non-investment grade U.S. corporate credit including both bonds and bank loans; non-investment grade non-U.S. corporate credit including bonds and bank loans; private debt; municipal bonds; non-U.S. sovereign debt; mortgages, including residential mortgage-backed securities; commercial mortgage backed securities and whole loans; asset-backed securities and emerging market debt (EMD), including both sovereign EMD and corporate EMD; and asset class relevant ETFs. Each individual Specialty Credit account shall have a comprehensive set of investment guidelines which contains a listing of permissible investments, portfolio restrictions, risk parameters, and standards of performance for the account.

Cash and Cash Equivalent Securities

The following short-term investment vehicles are considered acceptable: Publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages, municipal bonds, and collective short-term investment funds (STIFs), money market funds or instruments (including, but not limited to certificates of deposit, bank notes, deposit notes, bankers' acceptance and commercial paper) and repurchase agreements relating to the above instruments. Instruments may be selected from among those having an investment grade rating at the time of purchase by at least one recognized bond rating service. In cases where the instrument has a split rating, the lower of the two ratings shall prevail. All instruments shall have a maturity at the time of purchase that does not exceed 397 days.

Fixed income managers, who utilize cash equivalent securities as an integral part of their investment strategy, are exempt from the permissible investments contained in the preceding paragraph. Permissible short-term investments for Fixed Income managers shall be included in the investment manager's investment guidelines.

Inflation Protected

Real Estate and Real Return

Subject to the specific approval of the corresponding Investment Committee, investments may be made to create a diversified portfolio of alternative investments. Investments are made in equity and debt real estate for the purpose of achieving the highest total rate of return possible consistent with a prudent level of risk. The purpose of the Real Return investments are to identify strategies that provide both favorable stand-alone risk-adjusted returns as well as the benefit of hedging inflation for the broader plans.

Investment Expenses

In accordance with GASB *Statement No. 67 and No. 74, Financial Reporting for Pension Plans and Other Postemployment Benefit Plans other than Pension Plans*, KPPA has exercised professional judgment to report investment expenses. It is not cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses. In fiscal year 2015, KPPA changed Private Equity investment fees from a gross basis to a net basis. The Boards made the decision to enhance transparency reporting. Prior to 2015, the majority of the trusts' Private Equity investment fees were netted against investment activity which is the standard used within the Private Equity sector. Trusts' net investment income has always included these fees regardless of the reporting method used. During the 2017 Regular Session of the Kentucky General Assembly, legislators passed SB 2 which requires the reporting of all investment fees and expenses. KPPA staff continues to work with managers to enhance fee and expense reporting.

Derivatives

Derivative instruments are financial contracts that have various effective dates and maturity dates and whose values depend on the values of one or more underlying assets, reference rates, or financial indices. External managers and KPPA Investment Staff are permitted to invest in derivative securities, or strategies which make use of derivative investments, for exposure, cost efficiency and risk management purposes, if such investments do not cause the portfolio to be leveraged beyond a 100% invested position. Any derivative security shall be sufficiently liquid that it can be expected to be sold at, or near, its most recently quoted market price. Examples of such derivatives include, but are not limited to the following securities: foreign currency forward contracts; futures; options; and swaps.

For accounting and financial reporting purposes, all derivative instruments are considered investment derivative instruments. The derivatives have been segregated on the Combining Statement of Fiduciary Net Position for both the Pension and Insurance Funds.

In accordance with GASB *Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, KPPA provides additional disclosure regarding its derivatives. The charts included represent the derivatives by types as of June 30, 2023. The chart shows the change in fair value of derivative types as well as the current fair value and notional value. The notional value is the reference amount of the underlying asset times its current spot price. The trusts hold investments in options, commitments, futures, and forward foreign exchange contracts.

CERS Pension and Insurance Derivative Instruments - GASB 53
As of June 30, 2023 (\$ in Thousands)

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
CERS Nonhazardous - Pension				
FX Spots and Forwards	\$(855)	Investment	\$(21)	-
Futures	(528)	Investment	(2,457)	252,519
Commits and Options	(1)	Investment	-	-
Swaps	-	Investment	-	-
CERS Nonhazardous - Insurance				
FX Spots and Forwards	\$(263)	Investment	\$(5)	-
Futures	(253)	Investment	(902)	91,565
Commits and Options	(1)	Investment	-	-
Swaps	-	Investment	-	-
CERS Hazardous - Pension				
FX Spots and Forwards	\$(287)	Investment	\$(9)	-
Futures	(200)	Investment	(853)	87,554
Commits and Options	(1)	Investment	-	-
Swaps	-	Investment	-	-
CERS Hazardous - Insurance				
FX Spots and Forwards	\$(143)	Investment	\$(2)	-
Futures	(84)	Investment	(410)	41,897
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-

KERS Pension and Insurance Derivative Instruments - GASB 53
As of June 30, 2023 (\$ in Thousands)

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
KERS Nonhazardous - Pension				
FX Spots and Forwards	\$(152)	Investment	\$(3)	-
Futures	(816)	Investment	(2,042)	202,061
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-
KERS Nonhazardous - Insurance				
FX Spots and Forwards	\$(95)	Investment	\$(2)	-
Futures	(181)	Investment	(476)	47,464
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-
KERS Hazardous - Pension				
FX Spots and Forwards	\$(75)	Investment	\$(2)	-
Futures	(89)	Investment	(304)	30,667
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-
KERS Hazardous - Insurance				
FX Spots and Forwards	\$(3)	Investment	\$1	-
Futures	(70)	Investment	(202)	20,138
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-

SPRS Pension and Insurance Derivative Instruments - GASB 53**As of June 30, 2023 (\$ in Thousands)**

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
SPRS Pension				
FX Spots and Forwards	\$(32)	Investment	\$(1)	-
Futures	(127)	Investment	(341)	33,776
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-
SPRS Insurance				
FX Spots and Forwards	\$(22)	Investment	\$(1)	-
Futures	(26)	Investment	(77)	7,732
Commits and Options	-	Investment	-	-
Swaps	-	Investment	-	-

Derivative Instruments Subject to Counterparty Credit Risk - GASB 53
As of June 30, 2023

Pension						
Counterparty	S & P Ratings	CERS Percentage of Net Exposure	CERS Haz Percentage of Net Exposure	KERS Percentage of Net Exposure	KERS Haz Percentage of Net Exposure	SPRS Percentage of Net Exposure
Derivative Instruments - Pension						
Australia & New Zealand Banking Group Ltd	AA-	0.40%	0.15%	0.08%	0.04%	0.02%
The Bank of New York Mellon Corp	A	1.98%	0.69%	0.55%	0.19%	0.10%
Barclays PLC	BBB+	4.86%	1.90%	1.02%	0.50%	0.21%
Brown Brothers Harriman & Co	NR	0.45%	0.15%	0.12%	0.04%	0.02%
Canadian Imperial Bank of Commerce	A+	4.68%	1.83%	0.99%	0.48%	0.20%
Citigroup Inc	BBB+	9.64%	3.76%	2.03%	0.99%	0.42%
The Goldman Sachs Group Inc	BBB+	5.12%	2.00%	1.08%	0.53%	0.22%
HSBS Holding PLC	A-	6.30%	2.37%	1.46%	0.63%	0.28%
JPMorgan Chase & Co	A-	9.29%	3.54%	2.08%	0.94%	0.41%
Morgan Stanley	A-	4.94%	1.93%	1.04%	0.51%	0.21%
Royal Bank of Canada	AA-	2.63%	1.03%	0.55%	0.27%	0.11%
State Street Corp	A	2.97%	1.16%	0.62%	0.31%	0.13%
The Toronto-Dominion Bank	AA-	0.04%	0.01%	0.01%	0.00%	0.00%
UBS Group AG	A-	3.88%	1.52%	0.82%	0.40%	0.17%
TOTAL		57.18%	22.04%	12.45%	5.83%	2.50%

Derivative Instruments Subject to Counterparty Credit Risk - GASB 53
As of June 30, 2023

Insurance						
Counterparty	S & P Ratings	CERS Percentage of Net Exposure	CERS Haz Percentage of Net Exposure	KERS Percentage of Net Exposure	KERS Haz Percentage of Net Exposure	SPRS Percentage of Net Exposure
Derivative Instruments - Insurance						
Australia & New Zealand Banking Group Ltd	AA-	0.37%	0.15%	0.08%	0.04%	0.02%
The Bank of New York Mellon Corp	A	2.97%	1.03%	0.82%	0.28%	0.15%
Barclays PLC	BBB+	4.68%	1.83%	0.98%	0.48%	0.20%
Brown Brothers Harriman & Co	NR	0.57%	0.20%	0.16%	0.05%	0.03%
Canadian Imperial Bank of Commerce	A+	4.42%	1.72%	0.93%	0.46%	0.19%
Citigroup Inc	BBB+	9.10%	3.55%	1.91%	0.94%	0.39%
The Goldman Sachs Group Inc	BBB+	4.85%	1.90%	1.02%	0.50%	0.21%
HSBS Holding PLC	A-	6.71%	2.50%	1.59%	0.66%	0.31%
JPMorgan Chase & Co	A-	9.71%	3.67%	2.21%	0.97%	0.43%
Morgan Stanley	A-	4.68%	1.83%	0.98%	0.48%	0.20%
Royal Bank of Canada	AA-	2.51%	0.98%	0.53%	0.26%	0.11%
State Street Corp	A	2.80%	1.09%	0.59%	0.29%	0.12%
The Toronto-Dominion Bank	AA-	0.04%	0.01%	0.01%	0.00%	0.00%
UBS Group AG	A-	3.75%	1.46%	0.79%	0.39%	0.16%
TOTAL		57.16%	21.92%	12.60%	5.80%	2.52%

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that may occur as a result of a financial institution's failure, whereby KPPA deposits may not be returned. All non-investment related bank balances are held by JP Morgan Chase and each individual account is insured by the Federal Deposit Insurance Corporation (FDIC). None of these balances were exposed to custodial credit risk as they were either insured or collateralized at required levels.

Custodial Credit Risk for Deposits - GASB 40	
As of June 30, 2023 (\$ in Thousands)	
CERS Nonhazardous Pension	\$1,282
CERS Hazardous Pension	238
KERS Nonhazardous Pension	739
KERS Hazardous Pension	120
SPRS Pension	41
CERS Nonhazardous Insurance	267
CERS Hazardous Insurance	9
KERS Nonhazardous Insurance	122
KERS Hazardous Insurance	9
SPRS Insurance	15
Clearing	420
Excess Benefit	\$-
<i>Note: All the above balances are held at JPM Chase</i>	

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, KPPA will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. As of June 30, 2023, the currencies in the chart below were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in Trust's name. Below are total cash and securities held by Global Managers and consist of various currencies.

Custodial Credit Risk for Investments - GASB 40	
As of June 30, 2023 (\$ in Thousands)	
CERS	
CERS Nonhazardous Pension Fund Foreign Currency	\$1,139,262
CERS Hazardous Pension Fund Foreign Currency	394,304
CERS Nonhazardous Insurance Fund Foreign Currency	422,566
CERS Hazardous Insurance Fund Foreign Currency	208,415
KERS	
KERS Nonhazardous Pension Fund Foreign Currency	309,136
KERS Hazardous Pension Fund Foreign Currency	106,312
KERS Nonhazardous Insurance Fund Foreign Currency	181,188
KERS Hazardous Insurance Fund Foreign Currency	73,852
SPRS	
SPRS Pension Fund Foreign Currency	54,518
SPRS Insurance Fund Foreign Currency	31,668

Pension Plans Securities

CERS Pension Investment Summary - GASB 40

As of June 30, 2023 (\$ in Thousands)

Type	Fair Value	
	Nonhazardous	Hazardous
Core Fixed Income	\$862,405	\$299,149
Public Equities	4,327,129	1,494,663
Private Equities	689,017	229,764
Specialty Credit	1,717,669	591,592
Derivatives	(2,478)	(862)
Real Return	268,971	89,758
Real Estate	545,935	173,707
Short-Term Investments	303,178	134,692
Accounts Receivable (Payable), Net	(18,000)	(6,165)
Total	\$8,693,826	\$3,006,298

KERS Pension Investment Summary - GASB 40

As of June 30, 2023 (\$ in Thousands)

Type	Fair Value	
	Nonhazardous	Hazardous
Core Fixed Income	\$708,383	\$106,016
Public Equities	1,169,731	389,000
Private Equities	159,836	63,179
Specialty Credit	604,758	179,012
Derivatives	(2,045)	(306)
Real Return	72,726	24,325
Real Estate	179,034	50,564
Short-Term Investments	648,780	89,143
Accounts Receivable (Payable), Net	(19,168)	(2,124)
Total	\$3,522,035	\$898,809

SPRS Pension Investment Summary - GASB 40

As of June 30, 2023 (\$ in Thousands)

Type	Fair Value	
	Nonhazardous	Hazardous
Core Fixed Income		\$118,419
Public Equities		190,147
Private Equities		16,596
Specialty Credit		99,764
Derivatives		(342)
Real Return		10,693
Real Estate		21,466
Short-Term Investments		133,780
Accounts Receivable (Payable), Net		(3,016)
Total		\$587,507

Insurance Plans Securities

CERS Insurance Investment Summary - GASB 40

As of June 30, 2023 (\$ in Thousands)

Type	Fair Value	
	Nonhazardous	Hazardous
Core Fixed Income	\$327,065	\$148,991
Public Equities	1,633,030	807,897
Private Equities	268,195	150,750
Specialty Credit	641,632	318,176
Derivatives	(908)	(412)
Real Return	82,403	43,561
Real Estate	196,683	107,912
Short-Term Investments	132,269	31,789
Accounts Receivable (Payable), Net	(5,430)	(2,624)
Total	\$3,274,939	\$1,606,040

KERS Insurance Investment Summary - GASB 40

As of June 30, 2023 (\$ in Thousands)

Type	Fair Value	
	Nonhazardous	Hazardous
Core Fixed Income	\$171,536	\$72,740
Public Equities	637,103	268,599
Private Equities	94,390	53,885
Specialty Credit	289,421	129,503
Derivatives	(478)	(200)
Real Return	31,681	17,472
Real Estate	60,926	45,368
Short-Term Investments	170,091	29,906
Accounts Receivable (Payable), Net	(2,412)	(1,294)
Total	\$1,452,258	\$615,979

SPRS Insurance Investment Summary - GASB 40

As of June 30, 2023 (\$ in Thousands)

Type	Fair Value	
	Nonhazardous	Hazardous
Core Fixed Income		\$27,887
Public Equities		108,362
Private Equities		23,922
Specialty Credit		51,505
Derivatives		(78)
Real Return		6,563
Real Estate		17,319
Short-Term Investments		10,868
Accounts Receivable (Payable), Net		(514)
Total		\$245,834

Credit Risk Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The debt security portfolios are managed by the Office of Investments staff and by external investment management firms. All portfolio managers are required by the CERS IPS and/or the KRS IPS to maintain diversified portfolios. Each portfolio is also required to be in compliance with risk management guidelines that are assigned to them based upon the portfolio's specific mandate. In total, the Pension and Insurance Funds' debt securities portfolios are managed using the following guidelines adopted by the Board:

- Bonds, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities are permissible investments and may be held without restrictions.
- The duration of the core fixed income portfolios combined shall not vary from that of the system's Fixed Income Index by more than +/- 25% duration as measured by effective duration, modified duration or dollar duration except when the system's Investment Committee has determined a target duration to be used for an interim basis.
- The amount invested in the debt of a single corporation shall not exceed 5% of the total fair value of CERS' and KRS' assets.
- No public Fixed Income manager shall invest more than 5% of the fair value of assets held in any single issue Short-Term instrument with the exception of U.S. Government issued, guaranteed or agency obligations.

As of June 30, 2023, the Pension portfolio had \$831.5 million in debt securities rated below BBB- which does not include not rated (NR) or withdrawn (WD) securities.

Pension Debt Securities - GASB 40 As of June 30, 2023 (\$ in Thousands)					
Rating	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
AAA	\$207,873	\$72,715	\$162,203	\$25,275	\$27,227
AA+	8,740	3,126	5,859	1,031	997
AA	13,162	4,691	9,055	1,561	1,537
AA-	11,015	3,886	8,130	1,324	1,371
A+	15,385	5,343	12,412	1,892	2,083
A	26,441	9,236	20,812	3,221	3,491
A-	70,663	24,589	56,839	8,654	9,522
BBB+	88,622	30,861	71,103	10,839	11,908
BBB	81,093	28,561	60,285	9,801	10,186
BBB-	129,030	45,808	87,168	15,908	15,253
BB+	73,558	27,385	39,259	9,653	7,738
BB	59,932	22,588	30,788	8,588	6,646
BB-	64,488	24,051	34,781	9,481	7,526
B+	56,325	20,793	27,879	8,339	6,266
B	60,175	22,163	29,712	8,999	6,743
B-	46,043	16,790	21,348	7,039	5,069
CCC+	20,780	7,738	11,903	3,175	2,600
CCC	5,823	2,252	3,991	943	857
CCC-	416	163	310	68	65
D	183	62	34	28	13
NR	1,284,348	427,196	436,582	118,631	60,178
WD	1,012	384	207	115	50
Total Credit Risk Debt Securities	2,325,107	800,381	1,130,660	254,565	187,326
Government Agencies	9,824	3,540	6,204	1,147	1,061
Government Mortgage-Backed Securities	89,076	31,107	70,230	10,854	11,779
Government Issued Commercial Mortgage Backed	4,051	1,405	3,328	498	556
Government Collateralized Mortgage Obligations	12,474	4,510	7,678	1,449	1,317
Government Bonds	139,542	49,798	95,041	16,515	16,144
Total	\$2,580,074	\$890,741	\$1,313,141	\$285,028	\$218,183
<p><i>Note: These ratings are based on Standard & Poor's (S&P) Global Ratings. Where S&P ratings are unavailable, equivalent Fitch and Moody's Ratings are used as proxies.</i></p> <p><i>Differences due to rounding.</i></p> <p><i>Government Agencies, Government Mortgage-Backed Securities, Government Issued Commercial Mortgage Backed and Government Bonds are highly rated securities since they are backed by the US Government.</i></p> <p><i>The NR reported indicate a rating has not been assigned.</i></p>					

As of June 30, 2023, the Insurance portfolio had \$363.8 million in debt securities rated below BBB- which does not include not rated (NR) or withdrawn (WD) securities.

Insurance Debt Securities - GASB 40 As of June 30, 2023 (\$ in Thousands)					
Rating	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
AAA	\$54,971	\$24,966	\$28,440	\$11,503	\$4,717
AA+	1,695	759	821	252	150
AA	5,165	2,333	2,605	957	448
AA-	3,564	1,619	1,845	748	306
A+	5,911	2,686	3,117	1,300	504
A	9,236	4,197	4,791	1,955	792
A-	27,333	12,433	14,283	5,944	2,335
BBB+	32,388	14,733	16,921	7,045	2,767
BBB	30,076	13,615	15,500	6,035	2,589
BBB-	48,037	21,299	25,788	9,282	4,081
BB+	28,444	11,759	15,716	4,402	2,318
BB	25,065	9,815	15,003	4,060	1,928
BB-	26,617	10,328	16,604	4,684	2,011
B+	24,389	9,432	15,810	4,387	1,839
B	25,002	9,618	16,552	4,583	1,873
B-	19,162	7,233	13,410	3,642	1,408
CCC+	8,805	3,372	5,658	1,652	651
CCC	2,659	995	1,607	494	190
CCC-	203	76	118	37	15
D	86	32	75	18	6
NR	495,136	263,007	198,103	111,031	40,267
WD	316	132	169	22	28
Total Credit Risk Debt Securities	874,260	424,439	412,936	184,033	71,223
Government Agencies	4,076	1,833	2,017	683	357
Government Mortgage-Backed Securities	35,946	16,344	18,693	7,700	3,077
Government Issued Commercial Mortgage Backed	1,708	778	896	380	146
Government Collateralized Mortgage Obligations	4,646	2,088	2,290	762	407
Government Bonds	48,061	21,685	24,125	8,685	4,182
Total	\$968,697	\$467,167	\$460,957	\$202,243	\$79,392
<i>Differences due to rounding.</i>					
<i>Government Agencies, Government Mortgage-Backed Securities, Government Issued Commercial Mortgage Backed and Government Bonds are highly rated securities since they are backed by the US Government.</i>					
<i>The NR reported indicate a rating has not been assigned.</i>					
<i>The WD reported are ratings which have been withdrawn.</i>					

Concentration of Credit Risk Debt Securities

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's exposure in a single issuer. The total debt securities portfolio is managed using the following general guidelines adopted by the CERS and KRS Boards: bonds, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities are permissible investments and may be held without restrictions. The amount invested in the debt of a single issuer shall not exceed 5% of the total fair value of the Plans' fixed income assets.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration measures the sensitivity of the market prices of fixed income securities to changes in the yield curve and can be measured using two methodologies: effective or modified duration. Effective duration uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price, and makes adjustments for any bond features that would retire the bonds prior to maturity. The modified duration, similar to effective duration, measures the sensitivity of the market prices to changes in the yield curve, but does not assume the securities will be called prior to maturity.

Below are the fair values and modified durations for the combined fixed income securities.

Interest Rate Risk - Modified Duration - GASB 40				
As of June 30, 2023 (\$ in Thousands)				
CERS Pension				
TYPE	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
	Nonhazardous		Hazardous	
Asset Backed Securities	\$171,506	1.25	\$59,618	1.26
Financial Institutions	262,165	2.13	91,755	2.16
Collateralized Mortgage Obligations	26,945	1.70	9,655	1.68
Commercial Mortgage Backed Securities	72,219	2.41	25,294	2.42
Corporate Bonds - Industrial	463,720	3.28	170,564	3.36
Corporate Bonds - Utilities	61,802	3.24	21,870	3.26
Agencies	9,824	3.10	3,541	3.13
Government Bonds - Sovereign Debt	2,286	7.82	876	7.70
Mortgage Back Securities Pass-through - Not CMO's	89,885	6.25	31,412	6.24
Local Authorities - Municipal Bonds	11,852	8.92	4,470	9.04
Supranational - Multi-National Bonds	3,297	3.02	1,287	3.02
Treasuries	139,542	5.39	49,798	5.40
Unclassified	1,261,557	0.05	419,345	0.06
Other	3,474	3.38	1,256	3.46
Total	\$2,580,074	1.66	\$890,741	1.74

Interest Rate Risk - Modified Duration - GASB 40				
As of June 30, 2023 (\$ in Thousands)				
KERS Pension				
TYPE	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
	Nonhazardous		Hazardous	
Asset Backed Securities	\$136,084	1.22	\$21,123	1.23
Financial Institutions	181,697	2.21	33,993	2.11
Collateralized Mortgage Obligations	17,802	1.85	3,171	1.73
Commercial Mortgage Backed Securities	55,900	2.36	8,766	2.40
Corporate Bonds - Industrial	276,560	3.28	63,518	3.26
Corporate Bonds - Utilities	47,629	3.21	7,744	3.28
Agencies	6,204	2.83	1,147	3.05
Government Bonds - Sovereign Debt	719	9.83	243	8.01
Mortgage Back Securities Pass-through - Not CMO's	70,551	6.30	10,942	6.26
Local Authorities - Municipal Bonds	4,697	7.30	1,292	8.73
Supranational - Multi-National Bonds	693	3.02	340	3.02
Treasuries	95,041	5.29	16,515	5.37
Unclassified	417,566	0.03	115,805	0.08
Other	1,998	3.24	429	3.26
Total	\$1,313,141	2.15	\$285,028	1.90

Interest Rate Risk - Modified Duration - GASB 40**As of June 30, 2023 (\$ in Thousands)****SPRS Pension**

TYPE	Fair Value	Weighted Avg Modified Duration
Asset Backed Securities	\$22,936	1.22
Financial Institutions	32,687	2.18
Collateralized Mortgage Obligations	3,032	1.84
Commercial Mortgage Backed Securities	9,389	2.37
Corporate Bonds - Industrial	54,513	3.27
Corporate Bonds - Utilities	8,182	3.25
Agencies	1,061	2.86
Government Bonds - Sovereign Debt	135	9.47
Mortgage Back Securities Pass-through - Not CMO's	11,837	6.30
Local Authorities - Municipal Bonds	851	7.54
Supranational - Multi-National Bonds	142	3.02
Treasuries	16,144	5.30
Unclassified	56,909	0.07
Other	365	3.19
Total	\$218,183	2.33

Interest Rate Risk - Modified Duration - GASB 40**As of June 30, 2023 (\$ in Thousands)****CERS Insurance**

TYPE	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
	Nonhazardous		Hazardous	
Asset Backed Securities	\$61,877	1.28	\$28,032	1.28
Financial Institutions	102,479	2.17	44,549	2.17
Collateralized Mortgage Obligations	9,684	1.64	4,363	1.65
Commercial Mortgage Backed Securities	28,368	2.34	12,888	2.34
Corporate Bonds - Industrial	185,723	3.32	75,902	3.31
Corporate Bonds - Utilities	24,215	3.28	10,779	3.25
Agencies	4,076	3.31	1,834	3.30
Government Bonds - Sovereign Debt	775	8.78	341	8.83
Mortgage Back Securities Pass-through - Not CMO's	36,242	6.23	16,475	6.23
Local Authorities - Municipal Bonds	4,125	8.68	1,825	8.62
Supranational - Multi-National Bonds	1,098	2.93	477	2.93
Treasuries	48,061	5.58	21,685	5.58
Unclassified	460,740	0.05	247,482	0.04
Other	1,234	3.34	535	3.35
Total	\$968,697	1.72	\$467,167	1.54

Interest Rate Risk - Modified Duration - GASB 40**As of June 30, 2023 (\$ in Thousands)****KERS Insurance**

TYPE	Fair Value	Weighted Avg	Fair Value	Weighted Avg
		Modified Duration		Modified Duration
	Nonhazardous		Hazardous	
Asset Backed Securities	\$32,848	1.25	\$13,486	1.22
Financial Institutions	59,642	2.06	21,686	2.08
Collateralized Mortgage Obligations	4,829	1.67	1,691	1.78
Commercial Mortgage Backed Securities	14,699	2.33	5,977	2.29
Corporate Bonds - Industrial	108,115	3.12	33,008	3.02
Corporate Bonds - Utilities	12,733	3.29	5,012	3.23
Agencies	2,017	3.27	683	3.09
Government Bonds - Sovereign Debt	343	9.05	55	11.96
Mortgage Back Securities Pass-through - Not CMO's	18,826	6.24	7,723	6.28
Local Authorities - Municipal Bonds	1,880	8.39	392	6.13
Supranational - Multi-National Bonds	455	2.93	20	2.93
Treasuries	24,125	5.57	8,686	5.53
Unclassified	179,784	0.10	103,623	0.03
Other	661	3.06	201	2.81
Total	\$460,957	1.92	\$202,243	1.48

Interest Rate Risk - Modified Duration - GASB 40**As of June 30, 2023 (\$ in Thousands)****SPRS Insurance**

TYPE	Fair Value	Weighted Avg
		Modified Duration
Asset Backed Securities	\$5,269	1.29
Financial Institutions	8,450	2.18
Collateralized Mortgage Obligations	845	1.63
Commercial Mortgage Backed Securities	2,433	2.35
Corporate Bonds - Industrial	14,707	3.34
Corporate Bonds - Utilities	2,037	3.26
Agencies	357	3.33
Government Bonds - Sovereign Debt	71	8.68
Mortgage Back Securities Pass-through - Not CMO's	3,104	6.23
Local Authorities - Municipal Bonds	374	8.79
Supranational - Multi-National Bonds	103	2.93
Treasuries	4,182	5.59
Unclassified	37,355	0.05
Other	105	3.40
Total	\$79,392	1.74

Foreign Currency Risk

Foreign currency risk is the risk that occurs if exchange rates adversely affect the value of a non-U.S. dollar based investment or deposit within the portfolios. Currency risk exposure, or exchange rate risk, primarily resides with the portfolios Non-U.S. equity holdings, but also affects other asset classes. Neither KRS or CERS have a formal policy to limit foreign currency risk; however, some individual managers are given the latitude to hedge some currency exposures. All foreign currency transactions are classified as Short-Term Investments. All gains and losses associated with these transactions are recorded in the Net Appreciation (Depreciation) in Fair Value of Investments on the combining financial statements.

Foreign Currency Risk for the Pension - GASB 40

As of June 30, 2023 (\$ in Thousands)

	CERS		KERS		SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
Australian Dollar	\$29,149	\$10,121	\$8,031	\$2,722	\$1,423
Brazilian Real	20,506	7,154	5,598	1,922	996
Canadian Dollar	50,291	17,464	13,855	4,696	2,454
Chinese Yuan Renminbi	198	77	41	20	8
Colombian Peso	-	-	-	-	-
Czech Koruna	55	19	15	5	3
Danish Krone	47,598	16,512	13,137	4,441	2,325
Egyptian Pound	515	179	142	48	25
Euro	361,146	123,415	95,825	33,496	16,631
Hong Kong Dollar	92,125	31,959	25,426	8,596	4,501
Hungarian Forint	5,200	1,804	1,435	485	254
Indian Rupee	35,782	12,447	9,824	3,346	1,744
Indonesian Rupiah	24,579	8,754	6,439	2,344	1,171
Israeli Shekel	4,070	1,412	1,123	380	199
Japanese Yen	126,906	44,207	34,748	11,882	6,176
Malaysian Ringgit	3,041	1,159	682	307	135
Mexican Peso	7,577	2,701	1,981	723	361
New Taiwan Dollar	43,250	15,004	11,937	4,036	2,113
New Zealand Dollar	(112)	(44)	(24)	(12)	(5)
Norwegian Krone	6,436	2,357	1,588	628	298
Philippine Peso	1,809	706	380	186	78
Pound Sterling	119,679	41,516	33,033	11,167	5,847
Singapore Dollar	7,167	2,435	2,056	657	357
South African Rand	5,762	1,999	1,590	538	281
South Korean Won	33,021	11,570	8,940	3,107	1,598
Swedish Krona	23,430	8,128	6,468	2,186	1,144
Swiss Franc	72,398	25,115	19,985	6,756	3,537
Thai Baht	15,169	5,262	4,187	1,415	741
Turkish Lira	649	225	179	61	32
UAE Dirham	1,866	647	515	174	91
Total Foreign Investment Securities	1,139,262	394,304	309,136	106,312	54,518
U.S. Dollar	7,554,564	2,611,994	3,212,899	792,497	532,989
Total Investment Securities	\$8,693,826	\$3,006,298	\$3,522,035	\$898,809	\$587,507

Foreign Currency Risk for the Insurance Funds- GASB 40**As of June 30, 2023 (\$ in Thousands)**

	CERS		KERS		SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
Australian Dollar	\$10,814	\$5,295	\$4,868	\$1,896	\$800
Brazilian Real	7,409	3,616	3,327	1,265	553
Canadian Dollar	19,578	9,586	8,813	3,432	1,449
Chinese Yuan Renminbi	67	29	27	1	6
Czech Koruna	24	12	11	4	2
Danish Krone	17,696	8,671	7,970	3,120	1,308
Egyptian Pound	144	71	65	25	11
Euro	134,745	67,764	51,812	24,195	10,259
Hong Kong Dollar	33,352	16,342	15,021	5,880	2,465
Hungarian Forint	1,881	922	847	332	139
Indian Rupee	12,901	6,309	5,802	2,238	958
Indonesian Rupiah	8,717	4,181	3,867	1,279	677
Israeli Shekel	1,534	752	691	270	113
Japanese Yen	47,660	23,280	21,416	8,193	3,549
Malaysian Ringgit	963	431	407	55	86
Mexican Peso	2,660	1,274	1,179	386	207
New Taiwan Dollar	15,611	7,649	7,031	2,752	1,154
New Zealand Dollar	(34)	(15)	(14)	(1)	(3)
Norwegian Krone	2,207	1,031	961	247	181
Philippine Peso	610	265	253	11	57
Pound Sterling	45,183	22,140	20,349	7,966	3,339
Singapore Dollar	2,631	1,310	1,198	523	187
South African Rand	2,076	1,017	935	366	153
South Korean Won	12,345	6,004	5,530	2,047	929
Swedish Krona	8,715	4,270	3,925	1,537	644
Swiss Franc	26,515	12,993	11,942	4,675	1,960
Thai Baht	5,596	2,742	2,520	987	414
Turkish Lira	235	115	106	42	17
UAE Dirham	731	359	329	129	54
Total Foreign Investment Securities	422,566	208,415	181,188	73,852	31,668
U.S. Dollar	2,852,373	1,397,625	1,271,070	542,127	214,166
Total Investment Securities	\$3,274,939	\$1,606,040	\$1,452,258	\$615,979	\$245,834

Fair Value Measurement and Applications (GASB 72)

In accordance with GASB *Statement No. 72, Fair Value Measurement and Application*, KPPA provides this additional disclosure regarding the fair value of its Pension and Insurance investments. KPPA categorizes its fair value measurements within the fair value hierarchy established by GAAP.

KPPA defined the Fair Value Hierarchy and Levels as follows:

Level 1

Quoted prices (unadjusted) in an active market for identical assets or liabilities that KPPA has the ability to access at the measurement date (e.g., prices derived from NYSE, NASDAQ, Chicago Board of Trade, and Pink Sheets). Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices (unadjusted) in an active market for identical assets or liabilities that KPPA has the ability to access at the measurement date.

Level 2

Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

Level 3

Unobservable inputs for an asset or liability, which generally results in using the best information available for the valuation of the assets or liabilities being reported.

Net Asset Value (NAV)

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

Fair Value Measurements and Application (GASB 72) Pension As of June 30, 2023 (\$ in Thousands)

Asset Type	CERS Nonhazardous			Total	CERS Hazardous			Total
	Level			Fair Value	Level			Fair Value
	1	2	3		1	2	3	
Public Equity								
Emerging Markets	\$175,403	\$-	\$-	\$175,403	\$60,848	\$-	\$-	\$60,848
US Equity	2,611,245	-	-	2,611,245	897,812	-	-	897,812
Non-US Equity	1,043,031	-	502,197	1,545,228	361,831	-	175,812	537,643
Total Public Equity	3,829,679	-	502,197	4,331,876	1,320,491	-	175,812	1,496,303
Fixed Income								
Agencies	187	1,579	-	1,766	65	548	-	613
Asset-Backed	-	173,835	-	173,835	-	60,393	-	60,393
Bank & Finance	-	162,772	131,959	294,731	-	57,000	45,375	102,375
Cash & Cash Equivalent	14,956	12,892	-	27,848	5,188	4,470	-	9,658
Corporate	1,638	536,483	3,192	541,313	639	197,216	1,119	198,974
Healthcare	-	28,351	-	28,351	-	10,216	-	10,216
Insurance	-	5,231	-	5,231	-	1,873	-	1,873
Municipals	-	56,023	-	56,023	-	19,885	-	19,885
Sovereign Debt	-	35,889	-	35,889	-	13,983	-	13,983
US Government	114,528	98,071	-	212,599	40,012	34,229	-	74,241
Total Fixed Income	131,309	1,111,126	135,151	1,377,586	45,904	399,813	46,494	492,211
Derivatives								
Futures	(2,457)	-	-	(2,457)	(853)	-	-	(853)
Total Derivatives	(2,457)	-	-	(2,457)	(853)	-	-	(853)
Options	-	-	-	-	-	-	-	-
Real Return								
Real Return	101,240	-	296	101,536	34,864	-	94	34,958
Total Real Return	101,240	-	296	101,536	34,864	-	94	34,958
Total Investments at Fair Value	4,059,771	1,111,126	637,644	5,808,541	1,400,406	399,813	222,400	2,022,619
Investments Measured at NAV								
Specialty Credit	-	-	-	1,255,568	-	-	-	417,587
Private Equity	-	-	-	694,388	-	-	-	232,064
Real Estate	-	-	-	545,935	-	-	-	173,707
Real Return	-	-	-	167,200	-	-	-	54,268
Fixed Income	-	-	-	24,552	-	-	-	8,517
Non US Equity	-	-	-	20,497	-	-	-	7,110
Emerging Markets	-	-	-	4,748	-	-	-	1,647
US Equity	-	-	-	25,435	-	-	-	8,723
Total Investments Measured at NAV	-	-	-	2,738,323	-	-	-	903,623
Cash and Accruals	-	-	-	146,962	-	-	-	80,056
Total Investments	\$4,059,771	\$1,111,126	\$637,644	\$8,693,826	\$1,400,406	\$399,813	\$222,400	\$3,006,298

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

Fair Value Measurements and Application (GASB 72) Pension As of June 30, 2023 (\$ in Thousands)

Asset Type	KERS Nonhazardous			Total	KERS Hazardous			Total	SPRS			Total
	Level				Level				Level			
	1	2	3		Fair Value	1	2		3	Fair Value	1	
Public Equity												
Emerging Markets	\$48,410	\$-	\$-	\$48,410	\$16,366	\$-	\$-	\$16,366	\$8,569	\$-	\$-	\$8,569
US Equity	719,671	-	-	719,671	235,016	-	-	235,016	114,894	-	-	114,894
Non-US Equity	287,869	-	115,076	402,945	97,322	-	40,727	138,049	50,956	-	15,947	66,903
Total Public Equity	1,055,950	-	115,076	1,171,026	348,704	-	40,727	389,431	174,419	-	15,947	190,366
Fixed Income												
Agencies	154	1,297	-	1,451	23	194	-	217	26	217	-	243
Asset-Backed	-	137,491	-	137,491	-	21,374	-	21,374	-	23,246	-	23,246
Bank & Finance	-	130,260	41,264	171,524	-	20,209	18,949	39,158	-	22,045	10,885	32,930
Cash & Cash Equivalent	12,285	10,610	-	22,895	1,839	1,585	-	3,424	2,054	1,773	-	3,827
Corporate	344	355,946	2,248	358,538	169	71,641	394	72,204	71	66,574	389	67,034
Healthcare	-	19,261	-	19,261	-	3,524	-	3,524	-	3,392	-	3,392
Insurance	-	3,678	-	3,678	-	639	-	639	-	634	-	634
Sovereign Debt	-	7,935	-	7,935	-	3,708	-	3,708	-	1,608	-	1,608
US Government	90,080	77,606	-	167,686	13,949	11,960	-	25,909	15,111	13,012	-	28,123
Utilities	-	39,634	-	39,634	-	6,726	-	6,726	-	6,741	-	6,741
Total Fixed Income	102,863	783,718	43,512	930,093	15,980	141,560	19,343	176,883	17,262	139,242	11,274	167,778
Derivatives												
Futures	(2,042)	-	-	(2,042)	(304)	-	-	(304)	(341)	-	-	(341)
Total Derivatives	(2,042)	-	-	(2,042)	(304)	-	-	(304)	(341)	-	-	(341)
Real Return												
Real Return	40,264	-	95	40,359	10,085	-	25	10,110	4,027	-	10	4,037
Total Real Return	40,264	-	95	40,359	10,085	-	25	10,110	4,027	-	10	4,037
Total Investments at Fair Value	1,197,035	783,718	158,683	2,139,436	374,465	141,560	60,095	576,120	195,367	139,242	27,231	361,840
Investments Measured at NAV												
Specialty Credit	-	-	-	420,006	-	-	-	115,042	-	-	-	57,080
Private Equity	-	-	-	162,337	-	-	-	63,245	-	-	-	17,235
Real Estate	-	-	-	179,034	-	-	-	50,564	-	-	-	21,466
Real Return	-	-	-	31,917	-	-	-	14,661	-	-	-	6,222
Fixed Income	-	-	-	20,167	-	-	-	3,018	-	-	-	3,371
Non US Equity	-	-	-	5,657	-	-	-	1,913	-	-	-	1,001
Emerging Markets	-	-	-	1,310	-	-	-	443	-	-	-	232
US Equity	-	-	-	6,196	-	-	-	2,133	-	-	-	1,018
Total Investments Measured at NAV	-	-	-	826,624	-	-	-	251,019	-	-	-	107,625
Cash and Accruals	-	-	-	555,975	-	-	-	71,670	-	-	-	118,042
Total Investments	\$1,197,035	\$783,718	\$158,683	\$3,522,035	\$374,465	\$141,560	\$60,095	\$898,809	\$195,367	\$139,242	\$27,231	\$587,507

Note: The fair value hierarchies do not reflect cash and accruals thus totals differ from the Investment Summaries.

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application (GASB 72) Pension
As of June 30, 2023 (\$ in Thousands)

Asset Type	CERS Nonhazardous				CERS Hazardous			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Specialty Credit ⁽¹⁾	\$1,255,568	\$150,428	Daily - Quarterly	90 Days	\$417,587	\$50,178	Daily - Quarterly	90 Days
Real Estate ⁽²⁾	545,935	132,577			173,707	41,887		
Real Return ⁽³⁾	167,200	69,118	Daily	30 - 60 Days	54,268	26,345	Daily	30 - 60 Days
Private Equity ⁽⁴⁾	694,388	192,519			232,064	62,173		
Fixed Income ⁽⁵⁾	24,552	-	Daily		8,517	-	Daily	
Non US Equity ⁽⁵⁾	20,497	-	Daily		7,110	-	Daily	
US Equity ⁽⁵⁾	25,435	-	Daily		8,723	-	Daily	
Emerging Markets ⁽⁵⁾	4,748	-	Daily		1,647	-	Daily	
Total Investments Measured at NAV	\$2,738,323	\$544,642			\$903,623	\$180,583		

⁽¹⁾ This type includes 13 high yield specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. non-investment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt.

⁽²⁾ This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated.

⁽³⁾ This type includes 11 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts.

⁽⁴⁾ This type includes 35 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are redeemed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information.

⁽⁵⁾ This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.

The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application (GASB 72) Pension
As of June 30, 2023 (\$ in Thousands)

Asset Type	KERS Nonhazardous				KERS Hazardous				SPRS			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Specialty Credit ⁽¹⁾	\$420,006	\$42,235	Daily - Quarterly	90 Days	\$115,042	\$14,009	Daily - Quarterly	90 Days	\$57,080	\$4,514	Daily - Quarterly	90 Days
Real Estate ⁽²⁾	179,034	38,325			50,564	11,991			21,466	4,956		
Real Return ⁽³⁾	31,917	22,648	Daily	30 - 60 Days	14,661	3,212	Daily	30 - 60 Days	6,222	5,897	Daily	30 - 60 Days
Private Equity ⁽⁴⁾	162,337	37,797			63,245	16,422			17,235	4,884		
Fixed Income ⁽⁵⁾	20,167	-	Daily		3,018	-	Daily		3,371	-	Daily	
Non US Equity ⁽⁵⁾	5,657	-	Daily		1,913	-	Daily		1,001	-	Daily	
Emerging Markets ⁽⁵⁾	1,310	-	Daily		443	-	Daily		232	-	Daily	
US Equity ⁽⁵⁾	6,196	-	Daily		2,133	-	Daily		1,018	-	Daily	
Total Investments Measured at NAV	\$826,624	\$141,005			\$251,019	\$45,634			\$107,625	\$20,251		

⁽¹⁾ This type includes 13 high yield specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. non-investment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt.

⁽²⁾ This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated.

⁽³⁾ This type includes 11 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts.

⁽⁴⁾ This type includes 35 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are redeemed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information.

⁽⁵⁾ This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.

Fair Value Measurements and Application (GASB 72) Insurance As of June 30, 2023 (\$ in Thousands)

Asset Type	CERS Nonhazardous			Total	CERS Hazardous			Total
	Level				Level			
	1	2	3	Fair Value	1	2	3	Fair Value
Public Equity								
Emerging Markets	\$63,601	\$-	\$-	\$63,601	\$31,165	\$-	\$-	\$31,165
US Equity	977,621	-	-	977,621	485,287	-	-	485,287
Non-US Equity	387,713	-	-	387,713	189,980	-	-	189,980
Total Public Equity	1,428,935	-	-	1,428,935	706,432	-	-	706,432
Fixed Income								
Agencies	197	628	-	825	90	286	-	376
Asset-Backed	-	62,606	-	62,606	-	28,399	-	28,399
Bank & Finance	-	63,438	50,686	114,124	-	28,579	19,772	48,351
Cash & Cash Equivalent	4,936	5,726	-	10,662	2,249	2,606	-	4,855
Corporate	552	215,180	1,158	216,890	240	90,053	515	90,808
Healthcare	-	10,450	-	10,450	-	4,575	-	4,575
Insurance	-	1,793	-	1,793	-	797	-	797
Mortgage-backed securities	-	-	-	-	-	-	-	-
Municipals	-	21,754	-	21,754	-	9,820	-	9,820
Sovereign Debt	-	11,274	-	11,274	-	4,904	-	4,904
US Government	40,447	39,550	-	79,997	18,383	17,986	-	36,369
Total Fixed Income	46,132	432,399	51,844	530,375	20,962	188,005	20,287	229,254
Derivatives								
Futures	(902)	-	-	(902)	(410)	-	-	(410)
Total Derivatives	(902)	-	-	(902)	(410)	-	-	(410)
Real Return								
Real Return	26,908	-	-	26,908	13,867	-	-	13,867
Total Real Return	26,908	-	-	26,908	13,867	-	-	13,867
Total Investments at Fair Value	1,501,073	432,399	51,844	1,985,316	740,851	188,005	20,287	949,143
Investments Measured at NAV								
Specialty Credit	-	-	-	459,238	-	-	-	246,881
Private Equity	-	-	-	273,481	-	-	-	153,655
Real Estate	-	-	-	196,683	-	-	-	107,911
Real Return	-	-	-	51,674	-	-	-	27,545
Fixed Income	-	-	-	7,551	-	-	-	3,440
Non US Equity	-	-	-	213,696	-	-	-	106,177
Emerging Markets	-	-	-	1,865	-	-	-	914
US Equity	-	-	-	9,664	-	-	-	4,884
Total Investments Measured at NAV	-	-	-	1,213,852	-	-	-	651,407
Cash and Accruals	-	-	-	75,771	-	-	-	5,490
Total Investments	\$1,501,073	\$432,399	\$51,844	\$3,274,939	\$740,851	\$188,005	\$20,287	\$1,606,040

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

Fair Value Measurements and Application (GASB 72) Insurance As of June 30, 2023 (\$ in Thousands)

	KERS Nonhazardous			Total	KERS Hazardous			Total	SPRS			Total
	Level				Level				Level			
Asset Type	1	2	3	Fair Value	1	2	3	Fair Value	1	2	3	Fair Value
Public Equity												
Emerging Markets	\$28,644	\$-	\$-	\$28,644	\$11,214	\$-	\$-	\$11,214	\$4,700	\$-	\$-	\$4,700
US Equity	385,831	-	-	385,831	161,396	-	-	161,396	65,614	-	-	65,614
Non-US Equity	174,614	-	-	174,614	68,358	-	-	68,358	28,654	-	-	28,654
Total Public Equity	589,089	-	-	589,089	240,968	-	-	240,968	98,968	-	-	98,968
Fixed Income												
Agencies	104	329	-	433	44	140	-	184	17	54	-	71
Asset-Backed	-	33,205	-	33,205	-	13,684	-	13,684	-	5,324	-	5,324
Bank & Finance	-	33,301	39,480	72,781	-	13,665	10,181	23,846	-	5,372	3,889	9,261
Cash & Cash Equivalent	2,589	2,994	-	5,583	1,098	1,257	-	2,355	421	489	-	910
Corporate	229	118,023	633	118,885	10	38,859	232	39,101	52	17,350	98	17,500
Healthcare	-	5,462	-	5,462	-	1,904	-	1,904	-	881	-	881
Insurance	-	922	-	922	-	340	-	340	-	153	-	153
Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-
Municipals	-	11,144	-	11,144	-	4,200	-	4,200	-	1,878	-	1,878
Sovereign Debt	-	4,708	-	4,708	-	277	-	277	-	1,055	-	1,055
US Government	20,994	20,583	-	41,577	8,589	8,500	-	17,089	3,466	3,385	-	6,851
Total Fixed Income	23,916	230,671	40,113	294,700	9,741	82,826	10,413	102,980	3,956	35,941	3,987	43,884
Derivatives												
Futures	(476)	-	-	(476)	(202)	-	-	(202)	(77)	-	-	(77)
Total Derivatives	(476)	-	-	(476)	(202)	-	-	(202)	(77)	-	-	(77)
Real Return												
Real Return	11,905	-	-	11,905	5,444	-	-	5,444	2,125	-	-	2,125
Total Real Return	11,905	-	-	11,905	5,444	-	-	5,444	2,125	-	-	2,125
Total Investments at Fair Value	624,434	230,671	40,113	895,218	255,951	82,826	10,413	349,190	104,972	35,941	3,987	144,900
Investments Measured at NAV												
Specialty Credit	-	-	-	177,828	-	-	-	103,315	-	-	-	37,223
Private Equity	-	-	-	96,192	-	-	-	55,107	-	-	-	24,386
Real Estate	-	-	-	60,926	-	-	-	45,368	-	-	-	17,319
Real Return	-	-	-	18,622	-	-	-	11,104	-	-	-	4,091
Fixed Income	-	-	-	3,960	-	-	-	1,679	-	-	-	644
Non US Equity	-	-	-	52,287	-	-	-	29,313	-	-	-	10,097
Emerging Markets	-	-	-	840	-	-	-	329	-	-	-	137
US Equity	-	-	-	3,598	-	-	-	1,543	-	-	-	625
Total Investments Measured at NAV	-	-	-	414,253	-	-	-	247,758	-	-	-	94,522
Cash and Accruals												
Cash and Accruals	-	-	-	142,787	-	-	-	19,031	-	-	-	6,412
Total Investments	\$624,434	\$230,671	\$40,113	\$1,452,258	\$255,951	\$82,826	\$10,413	\$615,979	\$104,972	\$35,941	\$3,987	\$245,834

Note: The fair value hierarchies do not reflect cash and accruals thus totals differ from the Investment Summaries.

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application (GASB 72) Insurance As of June 30, 2023 (\$ in Thousands)								
Asset Type	Fair Value	CERS Nonhazardous				CERS Hazardous		
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Specialty Credit ⁽¹⁾	\$459,238	\$51,167	Daily - Quarterly	90 Days	\$246,881	\$27,542	Daily - Quarterly	90 Days
Real Estate ⁽²⁾	196,683	48,780			107,911	26,717		
Real Return ⁽³⁾	51,674	34,994	Daily	30 - 60 Days	27,545	12,901	Daily	30 - 60 Days
Private Equity ⁽⁴⁾	273,481	89,782			153,655	48,867		
Fixed Income ⁽⁵⁾	7,551	-	Daily		3,440	-	Daily	
Non US Equity ⁽⁵⁾	213,696	-	Daily		106,177	-	Daily	
Emerging Markets ⁽⁵⁾	1,865		Daily		914		Daily	
US Equity ⁽⁵⁾	9,664	-	Daily		4,884	-	Daily	
Total Investments Measured at NAV	\$1,213,852	\$224,723			\$651,407	\$116,027		
⁽¹⁾ This type includes 13 high yield specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. non-investment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt.								
⁽²⁾ This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated.								
⁽³⁾ This type includes 11 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts.								
⁽⁴⁾ This type includes 35 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are redeemed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information.								
⁽⁵⁾ This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.								

The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application (GASB 72) Insurance As of June 30, 2023 (\$ in Thousands)													
Asset Type	KERS Nonhazardous				KERS Hazardous				SPRS				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Specialty Credit ⁽¹⁾	\$177,828	\$19,647	Daily - Quarterly	90 Days	\$103,315	\$11,313	Daily - Quarterly	90 Days	\$37,223	\$4,186	Daily - Quarterly	90 Days	
Real Estate ⁽²⁾	60,926	15,082			45,368	11,274			17,319	4,299			
Real Return ⁽³⁾	18,622	15,410	Daily	30 - 60 Days	11,104	2,621	Daily	30 - 60 Days	4,091	1,359	Daily	30 - 60 Days	
Private Equity ⁽⁴⁾	96,192	18,026			55,107	16,208			24,386	7,407			
Fixed Income ⁽⁵⁾	3,960	-	Daily		1,679	-	Daily		644	-	Daily		
Non US Equity ⁽⁵⁾	52,287	-	Daily		29,313	-	Daily		10,097	-	Daily		
Emerging Markets ⁽⁵⁾	840	-	Daily		329	-	Daily		137	-	Daily		
US Equity ⁽⁵⁾	3,598	-	Daily		1,543	-	Daily		625	-	Daily		
Total Investments Measured at NAV	\$414,253	\$68,165			\$247,758	\$41,416			\$94,522	\$17,251			
⁽¹⁾ This type includes 13 high yield specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. non-investment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt.													
⁽²⁾ This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated.													
⁽³⁾ This type includes 11 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts.													
⁽⁴⁾ This type includes 35 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are redeemed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information.													
⁽⁵⁾ This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.													

Money-Weighted Rates of Return

In accordance with GASB *Statement No. 67, Financial Reporting for Pension Plans*, and GASB *Statement No. 74, Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans*, KPPA provides this additional disclosure regarding its money-weighted rate of return for the period of June 30, 2023. The money-weighted rate of return is a method of calculating period-by-period returns on the Pension and Insurance Funds' investments that adjusts for the changing amounts actually invested. For the purposes of this Statement, money-weighted rate of return is calculated as the internal rate of return on investments, net of investment expenses, then adjusted for the changing amounts actually invested.

Money-Weighted Rates of Return As of June 30 - Pension

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
2023	10.25%	10.35%	7.07%	9.46%	7.53%

Money-Weighted Rates of Return As of June 30 - Insurance

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
2023	10.32%	10.06%	9.89%	9.26%	9.44%

Note E. Securities Lending Transactions

Kentucky Revised Statutes 61.650 and 386.020(2) permit the Pension and Insurance Trust Funds to lend their securities to broker-dealers and other entities. KPPA utilizes a securities lending program to temporarily lend securities to qualified agents in exchange for either cash collateral or other securities with an initial fair value of 102% or 105% of the value of the borrowed securities. The borrowers of the securities simultaneously agree to return the borrowed securities in exchange for the collateral. The types of securities lent include U.S. Treasuries, U.S. Agencies, U.S. Corporate Bonds, U.S. Equities, Global Fixed Income Securities, and Global Equities Securities. Securities Lending transactions are accounted for in accordance with GASB 28. The net earnings for the Pension and Insurance Trust Funds was \$1.7 million and \$0.7 million, respectively.

The IPS does not address any restrictions on the amount of loans that can be made. As of June 30, 2023, KPPA had no credit risk exposure to borrowers because the collateral amounts received exceeded the amounts out on loan. The contracts with the custodial bank require them to indemnify KPPA if the borrowers fail to return the securities and one or both of the custodial banks have failed to live up to their contractual responsibilities relating to the lending of securities.

All securities loans can be terminated on demand by either party to the transaction. BNY Mellon invests cash collateral as permitted by state statute and Board policy. The agent, BNY Mellon, of the Funds cannot pledge or sell collateral securities received unless the borrower defaults. KPPA maintains a conservative approach to investing the cash collateral with BNY Mellon, emphasizing capital preservation, liquidity, and credit quality.

Cash collateral is invested in guaranteed, short-term obligations of the U.S. government, select government agencies and repurchase agreements with qualified agents. KPPA cannot pledge or sell collateral securities received unless the borrower defaults. BNY Mellon as the lending agent also indemnifies KPPA from any financial loss associated with a borrower's default and collateral inadequacy.

As of June 30, 2023, the average days to maturity for loans was one day, and the weighted average investment maturity of cash collateral investments was one day. The trusts had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts the borrowers owed the trust, and no losses resulted during the period.

Security lending programs can entail interest rate risk and credit risk. KPPA minimizes interest rate risk by limiting the term of cash collateral investments to several days. The credit risk is controlled by investing cash collateral in securities with qualities similar to the credit worthiness of lent securities.

As of June 30, 2023, the cash collateral received for the securities on loan for the Pension and Insurance Trust Funds was \$339.0 million and \$131.0 million, respectively. The securities non-cash collateral received a total of \$142.8 million and \$64.6 million, respectively. The collateral volume of the total underlying securities was \$481.8 million for Pension and \$195.6 million for the Insurance Trust Funds, respectively.

Securities Lending Cash Collateral						
As of June 30, 2023						
	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	Pension Total 2023
Pension	\$176,126	\$60,803	\$71,804	\$18,277	\$12,028	\$339,038
Insurance	\$59,513	\$29,266	\$26,420	\$11,270	\$4,491	\$130,960

Note F. Risk of Loss

KPPA is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the provisions of the Kentucky Revised Statutes the Office of Claims and Appeals is vested with full power and authority to investigate, hear proof, and compensate persons for damages sustained to either person or property as a result of negligence of the agency or any of its employees. Awards are limited to \$250,000 for a single claim and \$400,000 in aggregate per occurrence. Awards and a pro rata share of the operating cost of the Office of Claims and Appeals are paid from the fund of the agency having a claim or claims before the Office of Claims and Appeals.

Claims against the CERS Board, KRS Board and the KPPA Board, or any of its staff as a result of an actual or alleged breach of fiduciary duty, are self-insured effective May 26, 2019.

Claims for job-related illnesses or injuries to employees are insured by the state's self-insured workers' compensation program. Payments approved by the program are not subject to maximum limitations. All medical expenses related to a work injury or illness are paid based upon appropriate statutory and regulatory reductions, and up to 66.67% of wages for temporary disability. Each agency pays premiums based on fund reserves and payroll. Settlements did not exceed insurance coverage in any of the past three fiscal years. Thus, no secondary insurance had to be utilized. There were no claims which were appealed to the Kentucky Workers' Compensation Board.

Note G. Contingencies

In the normal course of business, KPPA is involved in litigation concerning the right of participants, or their beneficiaries, to receive benefits. KPPA does not anticipate any material losses for CERS, KERS, SPRS or the Insurance Fund as a result of the contingent liabilities. KPPA is involved in other litigation; therefore, please see Note O. Litigation, for further information.

Note H. Defined Benefit Pension Plan

KPPA is an agency within the Executive branch of the Commonwealth of Kentucky. All regular full-time employees in nonhazardous positions of any Kentucky State Department, Board, or Agency are directed by Executive Order (EO) to participate in KERS. These employees participate in KERS Nonhazardous, a cost-sharing, multiple-employer defined pension fund that provides retirement, disability, and death benefits to fund members. Fund benefits are extended to beneficiaries of fund members under certain circumstances. Tier 1 Fund members contributed 5% of creditable compensation for the fiscal year ended June 30, 2023. Tier 2 and Tier 3 Fund members contributed 6% of creditable compensation for the fiscal year ended June 30, 2023.

The chart below includes the covered payroll and contribution amounts for the employees of KPPA:

Payroll and Contributions as of June 30, 2023 (\$ in Thousands)	
Covered Payroll	\$15,947
Required Employer Contributions	\$1,590
Employer Percentage Contributed	100.00%
<i>Note: KRS 61.565, as amended by the 2021 Regular Legislative Session House Bill 8, requires the employers to contribute a normal cost for retirement plus and actuarially determined unfunded liability contribution. The Office of the State Budget Director determined the percentage of the contribution for FY 2023 for the Executive Branch to be 68.03% for the actuarially determined unfunded liability and 9.97% for the normal cost.</i>	

Note I. Income Tax Status

The Internal Revenue Service (IRS) has ruled that plans administered by KPPA qualify under Section 401(a) of the Internal Revenue Code are, generally, not subject to tax. The plans are subject to income tax on any unrelated business income (UBI).

Note J. Equipment

Equipment as of June 30, 2023 (\$ in Thousands)	
Equipment, cost	\$2,885
Less Accumulated Depreciation	(2,885)
Equipment, net	\$0

Note K. Intangible Assets

The provisions of GASB *Statement No. 51, Accounting and Financial Reporting for Intangible Assets*, requires that intangible assets be recognized in the Combining Statement of Fiduciary Net Position only if they are considered identifiable. In accordance with the Statement, KPPA has capitalized software costs as indicated below for the Strategic Technology Advancements for the Retirement of Tomorrow (START) project.

Software Expenses as of June 30 2023 (\$ in Thousands)	
Software, cost	\$17,302
Less Accumulated Amortization	(17,302)
Intangible Assets, net	\$0

Note L. Actuarial Valuation

KPPA's actuary, Gabriel, Roeder, Smith & Co. (GRS), completed the actuarial valuation for the calculation of the employer contribution rates for the CERS, KERS, SPRS and Insurance Fund for the period ended June 30, 2023. The last experience study was conducted with experience through June 30, 2022, adopted by the Board of Trustees on June 5, 2023 for first use in this actuarial valuation.

Economic Assumptions - Pension as of June 30

	CERS				KERS				SPRS	
	Nonhazardous		Hazardous		Nonhazardous		Hazardous			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assumed Investment Return	6.50%	6.25%	6.50%	6.25%	5.25%	5.25%	6.25%	6.25%	5.25%	5.25%
Inflation Factor	2.50%	2.30%	2.50%	2.30%	2.50%	2.30%	2.50%	2.30%	2.50%	2.30%
Payroll Growth	2.00%	2.00%	2.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Economic Assumptions - Insurance as of June 30

	CERS				KERS				SPRS	
	Nonhazardous		Hazardous		Nonhazardous		Hazardous			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assumed Investment Return	6.50%	6.25%	6.50%	6.25%	6.50%	6.25%	6.50%	6.25%	6.50%	6.25%
Inflation Factor	2.50%	2.30%	2.50%	2.30%	2.50%	2.30%	2.50%	2.30%	2.50%	2.30%
Payroll Growth	2.00%	2.00%	2.00%	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note M. Financial Report for (GASB 67) Pension

Plans and (GASB 74) Postemployment Benefit Plans

The following details actuarial information and assumptions utilized in determining the unfunded (overfunded) actuarial accrued liabilities for CERS, KERS, SPRS and Insurance Fund. Please note that calculations for TPL, net fiduciary position, NPL, total OPEB liability, net OPEB fiduciary position, and net OPEB liability are reported in the Plans' Required Supplementary Information (RSI) on pages [93-110](#) are based on June 30, 2022, actuarial valuations, rolled forward to June 30, 2023. The prior year valuations are used as the basis for the roll forward method and are applied to complete the current year pension and OPEB valuations as of the measurement date, June 30, 2023, in accordance with GASB *Statement No. 67*, paragraph 37, and GASB *Statement No. 74*, paragraph 41.

Financial Report for Pension Plan (GASB 67)

Basis of Calculations

GRS completed reports by plan in compliance with GASB *Statement No. 67 Financial Reporting for Pension Plans*. The TPL, NPL, and sensitivity information are based on an actuarial valuation date of June 30, 2022. The TPL was rolled forward from the valuation date to the Plans' fiscal year ended June 30, 2023, using generally accepted actuarial principles. Information disclosed for years prior to June 30, 2017, were prepared by KPPA's prior actuary. GRS will provide separate reports at a later date with additional accounting information determined in accordance with GASB *Statement No. 68, Accounting and Financial Reporting for Pensions*.

Assumptions

The CERS and KRS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and June 5, 2023, respectively. Based on the June 30, 2021, actuarial valuation report, the actuarial methods and assumptions used to calculate these contributions rates are:

- Investment Return - 6.25% for CERS Nonhazardous, and CERS Hazardous, KERS Hazardous, 5.25% for KERS Nonhazardous and SPRS.
- Inflation - 2.30% for all plans.
- Salary Increases - 3.30% to 10.30% for CERS Nonhazardous, 3.55% to 19.05% for CERS Hazardous, 3.30% to 15.30% for KERS Nonhazardous, 3.55% to 20.05% for KERS Hazardous, and 3.55% to 16.05% for SPRS, varies by service.
- Payroll Growth - 2% for CERS Nonhazardous and Hazardous, 0% for KERS Nonhazardous and Hazardous, and SPRS.
- Mortality - System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Plan Provisions

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include 48 or 60 times the member's monthly retirement allowance.

Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability of any of the plans.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances for each plan. This is a minimal change for members in the KERS hazardous, CERS hazardous, and SPRS plans, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the KERS hazardous, CERS hazardous, or SPRS plans.

Similarly, this is a relatively small change for future retirees in the KERS and CERS non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that

there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023 for the KERS non-hazardous and CERS non-hazardous plans is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

Discount Rate

A single discount rate of 5.25% was used for the KERS Nonhazardous pension plan and SPRS pension plan, a single discount rate of 6.25% was used for the KERS Hazardous pension plan, and a single discount rate of 6.50% was used for the CERS Nonhazardous pension plan and CERS Hazardous pension plan to measure the total pension liability for the fiscal year ending June 30, 2023. The single discount rate for CERS Nonhazardous and CERS Hazardous increased by 0.25% from 6.25% in fiscal year 2022 to 6.50% in fiscal year 2023. These single discount rates were based on the expected rate of return on pension plan investments. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy. The assumed future employer contributions for the CERS plans reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

Additional health care contributions (IRC 401(h) Subaccount)

Based on guidance issued by GASB in connection with GASB *Statement No. 74*, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered as an Other Post Employment Benefit (OPEB) asset. As a result, the reported pension fiduciary net positions as of June 30, 2017, and later are net of the 401(h) asset balance.

Additional Disclosures

These reports are based upon information furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" for each system and the reports titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023.

Financial Reporting for Postemployment Benefit Plans (GASB 74)

GRS completed reports by plan in compliance with GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* for the fiscal year ended June 30, 2023. GRS will provide separate reports at a later date with additional accounting information determined in accordance with GASB *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Basis of Calculations

The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles.

Assumptions

The discount rates used to calculate the total OPEB liability increased for each fund since the prior year (see further discussion on the calculation of the single discount rates later in this section). There were no other material assumption changes and it is GRS' opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB No. 74.

The actuarially determined contribution rates effective for fiscal year ended 2023 that are documented in the schedules were calculated as of June 30, 2021. Based on the June 30, 2021, actuarial valuation reports the actuarial methods and assumptions used to calculate the required contributions are:

- Investment Return - 6.25%.
- Inflation - 2.30%.
- Salary Increases - 3.30% to 10.30% for CERS Nonhazardous, 3.55% to 19.05% for CERS Hazardous, 3.30% to 15.30% for KERS Nonhazardous, 3.55% to 20.05% for KERS Hazardous, 3.55% to 16.05% for SPRS, varies by service.
- Payroll Growth - 2.00% for CERS Nonhazardous and CERS Hazardous, 0.00% for KERS Nonhazardous, KERS Hazardous, and SPRS.
- Mortality - System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- Health Care Trend Rates:
 - Pre-65 - Initial trend starting at 6.30% on January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
 - Post-65 - Initial trend starting at 6.30% on January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Plan Provisions

House Bill 506 passed during the 2023 legislative session and adjusted the minimum required separation period before a retiree may become reemployed to be one month for all circumstances for each plan. This is a minimal change for members in the KERS hazardous, CERS hazardous, and SPRS plans, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the KERS hazardous, CERS hazardous, or SPRS plans. Similarly, this is a relatively small change for future retirees in the KERS and CERS non-hazardous plans. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023 for the KERS non-hazardous and CERS nonhazardous plans is determined using these updated benefit provisions. There were no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable and appropriate, and comply with applicable requirements under GASB No. 74.

Implicit Employer Subsidy for non-Medicare retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Discount Rates

The following single discount rates were used to measure the total OPEB liability for the fiscal year ending June 30, 2023.

PLAN	FISCAL YEAR 2023	FISCAL YEAR 2022	CHANGE IN RATE
CERS Nonhazardous	5.93%	5.70%	0.23%
CERS Hazardous	5.97%	5.61%	0.36%
KERS Nonhazardous	5.94%	5.72%	0.22%
KERS Hazardous	5.94%	5.59%	0.35%
SPRS	6.02%	5.69%	0.33%

The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

Additional health care contributions (IRC 401(h) Subaccount)

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net position includes these 401(h) assets. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.

Additional Disclosures¹

The reports are based upon information furnished to GRS by the KPPA, which includes benefit provisions, membership information, and financial data. GRS did not audit this data and information, but GRS applied a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" for each system and the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for fiscal year ending June 30, 2023.

Target Asset Allocation

The long-term (10-year) expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables on the following page.

¹ Note: Data and information regarding GASB 67 and GASB 74 reporting was provided by GRS Retirement Consulting.

Target Asset Allocation - CERS Pension and Insurance As of June 30, 2023

Allocations apply to CERS Pension and Insurance Funds

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%

Target Asset Allocation - Pension As of June 30, 2023

Allocations apply to KERS Nonhazardous and SPRS Pension Funds

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	32.50%	5.90%
Private Equity	7.00%	11.73%
Fixed Income		
Core Fixed Income	20.50%	2.45%
Specialty Credit	15.00%	3.65%
Cash	5.00%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%

Target Asset Allocation - Pension and Insurance As of June 30, 2023

Allocations apply to KERS Hazardous Pension and all KRS Insurance Funds

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	15.00%	3.65%
Cash	1.50%	1.39%
Inflation Protected		
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%

NOTE: Minor deviations are expected between the actuarial assumed rate of return and the expected rate of return reported in the above charts. The actuarial assumed rates of return are based on a review of economic assumptions completed periodically as warranted but not longer than every 2 years; whereas, the expected rate of return is calculated annually for GASB purposes by taking the current asset allocation and applying the most relevant long term market expectations (March 2023) for each asset class.

Sensitivity of the NPL to Changes in the Discount Rate Fiscal Year 2023
As of June 30, 2023 (\$ in Thousands)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
	Current 6.50%	Current 6.50%	Current 5.25%	Current 6.25%	Current 5.25%
1% Decrease	\$8,101,230	\$3,404,287	\$14,159,095	\$580,511	\$577,298
Current Discount Rate	6,416,509	2,695,956	12,318,726	422,988	448,299
1% Increase	\$5,016,442	\$2,117,409	\$10,793,619	\$295,371	\$342,465

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate
As of June 30, 2023 (\$ in Thousands)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
	Single 5.93%	Single 5.97%	Single 5.94%	Single 5.94%	Single 6.02%
Sensitivity of the Net OPEB Liability to Changes in the Discount Rate					
1% Decrease	\$259,098	\$346,027	\$1,055,209	\$(155,851)	\$45,363
Single Discount Rate	(138,067)	136,823	784,592	(207,995)	15,341
1% Increase	\$(470,644)	\$(37,500)	\$557,024	\$(251,094)	\$(9,776)
Sensitivity of the Net OPEB Liability to Changes in the Current Healthcare Cost Trend Rate					
1% Decrease	\$(442,528)	\$1,559	\$575,159	\$(239,711)	\$(5,320)
Current Healthcare Cost Trend Rate	\$(138,067)	136,823	784,592	(207,995)	15,341
1% Increase	\$235,935	\$300,182	\$1,038,116	\$(169,294)	\$40,029

Development of Single Discount Rate for OPEB
As of June 30, 2023

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
2023					
Single Discount Rate	5.93%	5.97%	5.94%	5.94%	6.02%
Long-Term Expected Rate of Return	6.50%	6.50%	6.50%	6.50%	6.50%
Long-Term Municipal Bond Rate ⁽¹⁾	3.86%	3.86%	3.86%	3.86%	3.86%

Note: 1. Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.

Schedule of Employers' NPL - CERS Nonhazardous
As of June 30, 2023 (\$ in Thousands)

Total Pension Liability (TPL)	\$15,089,106
Plan Fiduciary Net Position	8,672,597
Net Pension Liability	\$6,416,509
Ratio of Plan Fiduciary Net Position to TPL	57.48%
Covered Payroll ⁽¹⁾	\$2,966,567
Net Pension Liability as a Percentage of Covered Payroll	216.29%

Schedule of Employers' NPL - CERS Hazardous
As of June 30, 2023 (\$ in Thousands)

Total Pension Liability (TPL)	\$5,731,148
Plan Fiduciary Net Position	3,035,192
Net Pension Liability	\$2,695,956
Ratio of Plan Fiduciary Net Position to TPL	52.96%
Covered Payroll ⁽¹⁾	\$714,837
Net Pension Liability as a Percentage of Covered Payroll	377.14%

Schedule of Employers' NPL - KERS Nonhazardous
As of June 30, 2023 (\$ in Thousands)

Total Pension Liability (TPL)	\$15,858,669
Plan Fiduciary Net Position	3,539,943
Net Pension Liability	\$12,318,726
Ratio of Plan Fiduciary Net Position to TPL	22.32%
Covered Payroll ⁽¹⁾	\$1,648,318
Net Pension Liability as a Percentage of Covered Payroll	747.35%

Schedule of Employers' NPL - KERS Hazardous
As of June 30, 2023 (\$ in Thousands)

Total Pension Liability (TPL)	\$1,316,521
Plan Fiduciary Net Position	893,533
Net Pension Liability	\$422,988
Ratio of Plan Fiduciary Net Position to TPL	67.87%
Covered Payroll ⁽¹⁾	\$223,922
Net Pension Liability as a Percentage of Covered Payroll	188.90%

Schedule of Employer's NPL - SPRS
As of June 30, 2023 (\$ in Thousands)

Total Pension Liability (TPL)	\$1,039,813
Plan Fiduciary Net Position	591,514
Net Pension Liability	\$448,299
Ratio of Plan Fiduciary Net Position to TPL	56.89%
Covered Payroll ⁽¹⁾	\$65,693
Net Pension Liability as a Percentage of Covered Payroll	682.42%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of the Employers' Net OPEB Liability - CERS Nonhazardous
As of June 30, 2023 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$3,260,308	\$3,398,375	\$(138,067)	104.23%	\$2,982,960	(4.63)%

⁽¹⁾ Based on derived compensation using the provided employer contribution information.

Schedule of the Employers' Net OPEB Liability - CERS Hazardous
As of June 30, 2023 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$1,771,015	\$1,634,192	\$136,823	92.27%	\$719,666	19.01%

⁽¹⁾ Based on derived compensation using the provided employer contribution information.

Schedule of the Employers' Net OPEB Liability - KERS Nonhazardous
As of June 30, 2023 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$2,317,344	\$1,532,752	\$784,592	66.14%	\$1,653,492	47.45%

⁽¹⁾ Based on derived compensation using the provided employer contribution information.

Schedule of the Employers' Net OPEB Liability - KERS Hazardous
As of June 30, 2023 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$417,361	\$625,356	\$(207,995)	149.84%	\$223,922	(92.89)%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023, derived compensation based on pension contribution information, as there were no required employer contributions for the insurance fund for FYE 2021, FYE 2022, and FYE 2023.

Schedule of the Employer's Net OPEB Liability-SPRS Plan
As of June 30, 2023 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$263,450	\$248,109	\$15,341	94.18%	\$65,830	23.30%

⁽¹⁾ Based on derived compensation using the provided employer contribution information.

Note N. Pension Legislation

2023 Regular Session

The 2023 Regular Session of the Kentucky General Assembly adjourned on Thursday, March 30, 2023. Highlights of the 2023 Session include:

BILLS OF DIRECT INTEREST TO OUR MEMBERS AND RETIREES

House Bill 444: Pay Raise for Government Workers; Allocation to Conduct a Full Salary Classification Study for State Government

House Bill 444 provides a 6% raise for workers in all three branches of government, effective July 1, 2023. The bill also authorizes an additional \$2,000 pay raise for all employees and elected officials in the Judicial Branch and allocates \$500,000 to provide additional contractual resources for the Personnel Cabinet to complete a full salary classification study by November 1, 2023.

The General Assembly originally requested a full salary classification study from the executive branch in July 2021. However, the resulting study presented to the Interim Joint Committee on Appropriations and Revenue in July 2022 did not contain the level of detail that legislators said they needed to make informed decisions. Therefore, the General Assembly allocated money to hire an outside vendor with the industry experience and appropriate resources needed to perform such a complex study.

House Bill 506: Establish a Partial Lump Sum Option (PLSO) for retirees and reduce required break for employment after retirement

House Bill 506 establishes a Partial Lump Sum Option (PLSO), with and without survivor rights, as a payment option for retiring members of the County Employees Retirement System (CERS), Kentucky Employees Retirement System (KERS), or State Police Retirement System (SPRS).

State law previously offered a PLSO to members who retired on or before January 1, 2009. For retirement dates effective January 1, 2024 and after, members will again be allowed to choose a retirement payment option that offers a lump-sum payment equal to 12, 24, 36, 48 or 60 months of payments of the Basic/Annuity or Survivorship 100% payment options and a lifetime monthly benefit that is actuarially reduced to reflect the lump-sum payment.

The bill also changes the required break in service before a retiree may return to work with a participating employer and continue to receive their retirement allowance. Currently, in almost all reemployment situations, a three (3) calendar month break in service from the retired member's retirement date is required before returning to employment with a participating employer or their retirement benefit will be voided.

Under House Bill 506, the break in service is reduced to only one (1) month for retirees in most all reemployment situations. Prearranged agreements to return to employment with a participating employer made prior to a member's retirement date continue to be prohibited by law for all members. Additionally, all required forms must be completed if a retired member reemploys with a participating employer within twelve (12) months of their effective retirement date.

These changes take effect for retirement dates January 1, 2024 and after.

ADMINISTRATIVE BILLS FOR KPPA

House Bill 551: Legalize Sports Wagering in Kentucky and Create Wagering Administration Fund: Portion of Remaining Funds to go to KY Permanent Pension Fund

House Bill 551 legalizes sports wagering in Kentucky and creates the Wagering Administration Fund to pay for the administrative expenses involved with overseeing sports wagering activities. After administrative costs have been paid, a portion of any remaining funds in the Wagering Administration Fund will be deposited in the Kentucky Permanent Pension Fund established in Kentucky Revised Statutes 42.205. This fund was created in 2016 to address the Commonwealth's unfunded pension liabilities. Each system operated by KPPA is potentially eligible to receive funding from this account, if authorized by the General Assembly in an enacted biennial budget bill.

House Bill 587: Internal audit functions at KPPA

House Bill 587 requires the Kentucky Public Pensions Authority (KPPA) to appoint or contract for the services of an Internal Auditor who will report directly to the KPPA board. The Internal Auditor will be exempt from the hiring and employment provisions of Kentucky Revised Statutes Chapter 18A, Chapter 45A, and 64.640, and is authorized by the Authority to appoint employees under his or her direct supervision. The Internal Auditor will also have an annual performance review conducted by the Authority.

The Legislative Research Commission (LRC) did not request an Actuarial Analysis from KPPA for this bill; however, the Internal Auditor position has been in place at KPPA (the agency was then known as “Kentucky Retirement Systems”) since 2003 so there are no significant administrative cost increases expected.

House Bill 236: Fiduciary duties owed to the state-administered retirement systems

House Bill 236 amends Kentucky Revised Statutes 61.650 and 78.790 to stipulate that fiduciaries shall consider the sole interest of the systems’ members and beneficiaries using only factors with “... a direct and material connection to the financial risk or financial return of an investment.” In particular, the bill prohibits the consideration of environmental, social, and governance (ESG) interests in making investment decisions.

The bill also requires the CERS and KRS Boards to adopt proxy guidelines and ensure that all proxy votes are executed by either the Board or the Board’s designee in accordance with the Board’s proxy voting policy; or a proxy voting service that has acknowledged a fiduciary duty in writing and who commits to following the Board’s policy. Finally, House Bill 236 requires a report of proxy votes to be provided to the Boards at least once a quarter.

Because our systems are, and have always been, fiduciaries who are required to invest solely in the interest of our members and retirees, KPPA and the other state-administered retirement systems submitted Actuarial Analysis letters to the General Assembly that said there is no expected actuarial impact from this bill. However, the letters from each of the systems covered by this bill say there is an expected increase in administrative costs for each plan to cover the cost of compiling and reporting proxy votes on a quarterly basis.

State Senate Confirms Gubernatorial Appointments to KRS Board

State law requires that gubernatorial appointments to the KRS Board of Trustees receive Senate approval. On March 30, three (3) Senate Resolutions confirming Governor Andy Beshear’s recent appointments to the KRS board were unanimously adopted by a vote of 37-0:

1. **Senate Resolution 152**, sponsored by Senator Julie Raque Adams, confirmed the reappointment of E. Lynn Hampton to the Kentucky Retirement Systems Board of Trustees for a term expiring June 17, 2026;
2. **Senate Resolution 226**, sponsored by Senator Jimmy Higdon, confirmed the appointment of Ramsey Bova to the Kentucky Retirement Systems Board of Trustees for a term expiring June 17, 2026; and
3. **Senate Resolution 251**, sponsored by Senator Julie Raque Adams, confirmed the reappointment of William E. Summers V to the Kentucky Retirement Systems Board of Trustees for a term expiring June 17, 2026.

The Resolutions only required Senate confirmation and did not need to be adopted in the House.

Note O. Litigation

Seven Counties

Seven Counties Services, Inc. (Seven Counties) filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Western District of Kentucky (the Bankruptcy Court) in April 2013. Seven Counties provides mental health services for the Cabinet for Health and Family Services for the greater Louisville, Kentucky area and surrounding counties. Seven Counties participated in KERS for approximately twenty-five years. Seven Counties identified KERS as a creditor with a primary objective of discharging its continuing obligation to remit retirement contributions for approximately 1,300 employees and to terminate its participation in KERS. If Seven Counties is successful in discharging its obligations to KERS, the estimated member pension and insurance actuarial accrued liability is in the range of \$145 to \$150 million.

KERS opposed Seven Counties' attempt to discharge its obligations and terminate its participation. KERS asserted that Seven Counties is a Governmental Unit properly participating in KERS by Executive Order issued in 1978 and thus ineligible for Chapter 11 relief. Consequently, Seven Counties would remain statutorily obligated to continue participation and remit contributions. On May 30, 2014, the Bankruptcy Court held that Seven Counties was not a Governmental Unit and could move forward with its Chapter 11 bankruptcy case. The Bankruptcy Court further held that Seven Counties' statutory obligation to participate in and remit contributions to KERS was a "contract" eligible for rejection. KERS appealed this decision.

On August 24, 2018, the U.S. Court of Appeals for the Sixth Circuit (the Sixth Circuit) issued a two to one Opinion affirming the decision that Seven Counties is eligible to file for bankruptcy under Chapter 11. However, the Sixth Circuit went on to state, "lacking state court precedent characterizing the nature of the relationship between Seven Counties and KERS, we certify that question to the Kentucky Supreme Court." KERS filed a petition to have the Opinion Reheard En Banc by the entire Sixth Circuit. On October 5, 2018, the Sixth Circuit issued an order holding the petition in abeyance pending a response from the Kentucky Supreme Court on the certified question of law. On November 1, 2018, the Supreme Court of Kentucky issued an Order granting certification of the question. The certified question of law was briefed by the parties and oral arguments were held before the Supreme Court of Kentucky on March 6, 2019. On August 29, 2019, the Supreme Court of Kentucky ruled that Seven Counties' participation in and its contributions to KERS are based on a statutory obligation. The Supreme Court of Kentucky's ruling was forwarded to the Sixth Circuit for further consideration.

On July 20, 2020, the Sixth Circuit Court of Appeals issued an Opinion stating that they affirmed their previous determination that Seven Counties was eligible to file a Chapter 11 bankruptcy case. The Sixth Circuit also reversed the conclusion that Seven Counties can reject its obligation to participate as an executory contract and that Seven Counties need not maintain its statutory contribution obligation during the pendency of the bankruptcy. The Sixth Circuit dismissed Seven Counties' cross appeal and remanded the case for further proceedings consistent with the opinion. KERS again filed a petition to have the Opinion regarding Seven Counties' ability to file a Chapter 11 bankruptcy Reheard En Banc by the entire Sixth Circuit. This petition was denied in an Order dated September 11, 2020. The case was remanded back to the Bankruptcy Court.

The parties were able to stipulate to the principal amount of Seven Counties unpaid employer contributions for the post-petition time-frame of April 6, 2014 through February 5, 2015. A limited hearing occurred in February 2022 regarding whether interest is applicable to the stipulated amount. The Bankruptcy Court entered an order that set the amount of the contributions, but did not order Seven Counties to pay that amount. The order was silent regarding the application of interest. Both Seven Counties and KERS appealed the Bankruptcy Court's order to the United States District Court where it will be joined with the pending appeal of the confirmation of Seven Counties' reorganization plan.

The United States District Court refused to hear the appeals stating that the Bankruptcy Court's order was not final and appealable. That left KERS in a position where no relief was possible; the Bankruptcy Court would not enter an order requiring payment, and the District Court would not hear an appeal. This forced KERS to once again appeal the United States Court of Appeals for the Sixth Circuit. The matter is now fully briefed before that court and parties are awaiting oral arguments.

Mayberry

In December 2017, certain members and beneficiaries of the Kentucky Retirement Systems filed litigation (Mayberry et al v. KKR et al) against certain Hedge Fund Sellers, Investment, Actuarial and Fiduciary Advisors, Annual Report Certifiers, and certain (past and present) Kentucky Retirement Systems' Trustees and Officers in Franklin Circuit Court. The litigation alleges (in summary) that actuarial assumptions, fees, statements and disclosures harmed the financial status of the Retirement Systems. While Kentucky Retirement Systems is designated a "Defendant," that designation is a technical formality in so much as Kentucky Retirement Systems is a "nominal defendant." On

April 20, 2018, the Kentucky Retirement Systems and the plaintiffs filed a joint notice with the Court advising that Kentucky Retirement Systems does not intend to challenge its status as a “nominal defendant.” Since then, the Franklin Circuit Court ruled on various Defendants’ Motions to Dismiss, denying nearly all of them. On January 10, 2019, KKR, Henry Kravis and George Roberts (collectively, “KKR Parties”) amended their Answer to assert cross claims against Kentucky Retirement Systems. Certain Officer and Trustee Defendants appealed the denial of their Motion to Dismiss on immunity grounds to the Court of Appeals, and that appeal was transferred to the Kentucky Supreme Court. The hedge fund defendants filed a Petition for Writ of Prohibition in the Court of Appeals, arguing the Plaintiffs lacked standing to bring the action. That Petition was granted on April 23, 2019. Plaintiffs promptly appealed the Court of Appeals’ decision to the Supreme Court of Kentucky. On July 9, 2020, the Supreme Court of Kentucky issued an Opinion stating that the plaintiffs, as beneficiaries of a defined-benefit plan who have received all of their vested benefits so far and are legally entitled to receive their benefits for the rest of their lives, do not have a concrete stake in this case and therefore lack standing to bring this claim. The case was remanded to the circuit court with directions to dismiss the complaint. Thereafter, plaintiffs filed a motion seeking to amend their complaint to add parties (Tier 3 members of the Retirement Systems) and claims that would purportedly correct the standing defect identified by the Supreme Court of Kentucky. Furthermore, the Attorney General of the Commonwealth of Kentucky sought leave to intervene in this action through a motion filed July 20, 2020, and an Intervening Complaint on July 22, 2020. The Defendants filed motions seeking to have the case dismissed. On December 28, 2020, Franklin Circuit Court issued an Order dismissing the Complaint filed by the Plaintiffs, denied Plaintiffs’ Motion to file a Second Amended Complaint, and granted the Office of the Attorney General’s Motion to Intervene. A variety of additional motions and pleadings were filed, including an original action by the Tier 3 Group. This original action is still in the initial stages and is pending with Franklin Circuit Court. (Tia Taylor, et al. v KKR & Co. L.P., et al.) On January 12, 2021, Franklin Circuit Court issued a scheduling Order granting the Attorney General until February 1, 2021 to file an Amended Intervening Complaint, granting the Tier 3 Group until February 11, 2021 to file a Motion to Intervene in this action. Additional extension orders were granted for the Attorney General intervention. The Attorney General filed an Amended Complaint on May 24, 2021. On June 14, 2021, the Tier 3 Group’s Motion to Intervene in the Attorney General action was denied. In the spring of 2022, Franklin Circuit Judge Phillip Shepherd recused and this matter was assigned to Judge Thomas Wingate.

Following the Attorney General’s intervention, the Defendant’s challenged the intervention as beyond the scope of the remand from the Supreme Court in July of 2020. Franklin Circuit Court denied that motion and the matter was on appeal when this case was assigned to Judge Thomas Wingate. Judge Wingate placed the matter in abeyance pending a decision on whether the Attorney General’s intervention was proper. The Court of Appeals held that the Attorney General should not have been allowed to intervene and the Attorney General is currently seeking Discretionary Review by the Supreme Court.

Simultaneously with his intervention, the Attorney General filed a separate, stand-alone case with an identical complaint to protect against the possibility that his intervention would be deemed improper. That matter is now proceeding.

A number of related cases have also developed based on issues raised in the above referenced Mayberry action. There has been an action filed by a number of the Trustees and Officers named in Mayberry seeking reimbursement by Kentucky Retirement Systems of legal fees. Kentucky Retirement Systems has also filed an action against Hallmark Specialty Insurance seeking a declaratory judgement that Hallmark has a duty to defend and indemnify Kentucky Retirement Systems in the Mayberry action. Two of the hedge fund Defendants in the Mayberry action have also filed an action in the United States District Court for the Eastern District of Kentucky naming individual members of the former KRS Board of Trustees as Defendants. This action is seeking a judgment declaring that the Trustees violated Plaintiffs’ right to due process as well as an award of costs and attorneys’ fees. Three actions have also been filed in Delaware regarding the Mayberry action. One filed by Prisma Capital Partners and one filed by Blackstone Alternative Asset Management allege breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. The third was filed by Prisma Capital Partners against the Daniel Boone Fund, LLC. Additionally, an action has been filed by PAAMCO against Kentucky Retirement Systems in California also alleging breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. Finally, on August 2, 2021, Blackstone Alternative Asset Management, L.P. (BAAM) filed an action against the Kentucky Public Pensions Authority, the Board of Trustees of the Kentucky Retirement Systems, the Board of Trustees of the County Employees Retirement System, the Kentucky Retirement Systems Insurance Fund, and the Kentucky Retirement Systems Pension Fund (collectively “Defendants”) for breach of contract. The Defendants filed a Motion to Dismiss on September 8, 2021. The last of these additional actions, the suit filed by BAAM, was dismissed by Franklin Circuit Court. The Court of Appeals upheld the dismissal, and BAAM is seeking Discretionary Review by the Supreme Court. The rest of these cases remain active in various stages of litigation.

Bayhills

In 2018, Kentucky Retirement Systems sued Bayhills for breach of contract seeking to terminate Bayhills as investment managers. Kentucky Retirement Systems filed the suit in Franklin Circuit Court, but Bayhills removed it to federal district court. Kentucky Retirement Systems successfully had the case remanded back to state court. The case is now pending before Franklin Circuit Court. The Court entered an injunction preventing Bayhills from paying themselves management and other fees during the litigation. Bayhills has appealed this ruling to the Court of Appeals. The Court of Appeals and the Kentucky Supreme Court denied Bayhills their requested relief on appeal. Litigation is still ongoing.

Kentucky State Lodge & Linda Cook

In January and February 2022, two complaints were filed on behalf of specific named plaintiffs and others similarly situated based on the same facts that gave rise to the former River City Fraternal Order of Police (FOP) complaint. KPPA was aware that the River City FOP case impacted more individuals than the named plaintiffs and had been working on legislative and regulatory solutions. Legislation passed by the 2022 General Assembly allows individuals negatively impacted by the Medicare Secondary Payer Act (MSPA) to receive their health insurance through the Kentucky Employees Health Plan, and KPPA has promulgated a regulation to reimburse those individuals who had to pay for health insurance consistent with the Sixth Circuit Opinion. The two lawsuits from January and February are currently in the discovery phase concerning class certification. In addition to the MSPA issue, the two new suits allege that requiring Medicare eligible members to pay for Medicare Part B violates their right to “free” health insurance under their inviolable contract.

Mountain Comprehensive Care Center & Adanta

In 2022, Mountain Comprehensive Care Center and Adanta filed separate suits challenging the actuarially accrued liability assigned these two entities via the process outlined in KRS 61.565, known as House Bill 8 from the 2021 Regular Session of the Kentucky General Assembly. The suits challenge not only the liability assigned to them, but they challenge the constitutionality of the statutory scheme. These suits are currently in the early stages of litigation.

Note P. Reciprocity Agreement

In accordance with Kentucky Revised Statutes 78.5536 and 61.702, CERS and KRS have reciprocity agreements with Teachers' Retirement System of Kentucky (TRS), and Judicial Form Retirement System (JFRS) for the payment of insurance benefits for those members who have creditable service in CERS, KERS, and/or SPRS, and TRS and/or JFRS systems.

Note Q. Reimbursement of Retired Re-Employed Health Insurance, Active Member Health Insurance Contributions, and Retired Re-Employed Employer Contributions

Reimbursement of Retired Re-Employed Health Insurance

If a retiree is re-employed in a regular full-time position and has chosen health insurance coverage through KPPA, the employer is required to reimburse KPPA for the health insurance premium paid on the retiree's behalf, not to exceed the cost of the single premium rate. Exceptions for retired members who re-employ as a police officer, sheriff or school resource officer exist which may exempt employers from paying employer contributions and health insurance reimbursements if certain requirements are met. For the fiscal year ended June 30, 2023, the reimbursement totaled \$13.9 million.

Active Member Health Insurance Contributions

For new plan participants after August 31, 2008, an active member contribution of 1% in addition to the member pension contribution is required. This 1% is applicable to all Nonhazardous and Hazardous funds, and reported in the Insurance Fund. For the fiscal year ended June 30, 2023, members paid into the Insurance Fund \$32.4 million.

Retired Re-Employed Employer Contributions

Employers are required to report employer contributions on retired members who are employed in a regular full-time position. These members are referred to as retired re-employed members. These are reported within the employer contributions on the financial statements. Please see the chart below for the breakdown.

Retired Reemployed Healthcare Contributions As of June 30, 2023 (\$ in Thousands)	CERS		KERS		SPRS	KPPA Total
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		
Amount	\$4,922	\$1,611	\$5,885	\$1,452	\$-	\$13,870

Retired Reemployed Employer Contributions As of June 30, 2023 (\$ in Thousands)	CERS		KERS		SPRS	KPPA Total
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		
Amount	\$20,057	\$8,001	\$5,797	\$2,940	\$-	\$36,795

Note R. General Fund Appropriations

During the 2022 Regular Session of the Kentucky General Assembly, HB1 allocated an additional \$485 million in general fund dollars to the KERS plans and the SPRS plan. This amount includes \$215 million in FY 2021-2022 for the SPRS pension fund to be applied to the unfunded liability, which immediately lowered the SPRS contribution rate from 146.06% to 99.43% for the 2022-2023 fiscal year. The rest of the \$485 million will consist of \$135 million in each fiscal year of the biennium (2022-23 and 2023-24) for the KERS Nonhazardous pension fund to be applied to the unfunded liability. Also, House Bill 604 allocated \$105 million in fiscal year 2023 and fiscal year 2024 to be applied to the unfunded liability of the KERS Nonhazardous pension plan.

General Fund Appropriations (\$ in Thousands)			
Fiscal Year	KERS Nonhazardous	SPRS	KPPA Total
2021-2022	\$-	\$215,000	\$215,000
2022-2023	\$240,000	\$-	\$240,000
2023-2024	\$240,000	\$-	\$240,000
Total	\$480,000	\$215,000	\$695,000

Note S. Prisma Daniel Boone Fund

The funds invested with Prisma Daniel Boone Fund continue to be held in a contingency reserve to cover potential obligations arising from the Mayberry Action (see Note O for details of Mayberry Case). The total reported in reserve as of June 30, 2023, is \$97.7 million for the Pension Plans and \$40.6 million for the Insurance Plan. This is based on the May 31, 2023, report because Absolute Return managers are reported on a one month lag.

Note T. Subsequent Events

Management has evaluated the period June 30, 2023 to December 6, 2023 (the date the combining financial statements were available to be issued) for items requiring recognition or disclosure in the combining financial statements.

Note U. Employer Cessation

Kentucky Revised Statutes 61.522, 61.523 and 78.535 allow for an employer of KERS or CERS to make an election to cease participating in the systems operated by KPPA. The statutes require that the employer ceasing from the plan must pay the employer's portion of the unfunded liability as calculated by the actuary. HB 1 of the 2019 Regular Session established a one-time, voluntary cessation window for KERS Quasi-Governmental Employers, including universities and community colleges, to cease participation for its nonhazardous employees by June 30, 2020. SB 249 of the 2020 Regular session extended the cessation date to June 30, 2021. HB 1 also added additional parameters apart from the normal cessation process including a soft freeze option (Tier 1 and Tier 2 employees continue to earn service credit after the cessation date), created an installment payment option and established different discount rates for use in calculating the cost. Northern Kentucky University (NKU) and Kentucky Housing Corporation (KHC) elected to cease participation effective June 30, 2021, under HB 1. HB 8 of the 2021 Regular Session further adjusted the discount rate to be used to calculate the cessation cost for universities and community colleges. NKU elected a soft-freeze, lump sum payment option, and its actuarially determined estimated portion of the cessation cost was \$204.0 million. NKU paid \$175.6 million for the pension portion and \$28.4 million for the insurance portion of the cessation cost in the 2021 fiscal year. The final cost was calculated in early 2022, and NKU received refunds of \$(13.4) million for the pension portion, and \$(8.5) million for the insurance portion of the cessation cost. KHC did not make a payment in fiscal year 2021. KHC elected a hard freeze, lump sum payment option, and its actuarially determined estimated portion of the cessation cost was \$87.4 million. KHC paid \$76.5 million for the pension portion and \$10.9 million for the insurance portion of the cessation cost. The deadline has passed for Quasi-Governmental Employers to cease participation under special provisions, therefore, any future cessations will be calculated under normal parameters unless new legislation is enacted.

Note V. Related Party

Perimeter Park West, Incorporated (PPW) was established in 1998 as a 501(c) (25) corporation located at 1260 and 1270 Louisville Road, Frankfort, Kentucky. As such, PPW can only acquire and hold title to real property. The only source of revenue for the Corporation is rent paid from lessees, and interest on account balances. Currently, KPPA is the only lessee. When cash in excess of \$500,000 is on hand at PPW, the money is paid back to the PPW shareholders in the form of dividends. PPW's expenses are for the maintenance of the property. Title to the property is held in the name of PPW and there is no mortgage on the property. KPPA does not have title to the property, however, CERS and KRS maintains PPW as an investment on the financial statements and the Pension plans are the sole shareholders. PPW's market value was \$7.3 million as of June 30, 2023. PPW is audited annually and submits IRS Form 990 as required for this entity. The purposes of PPW are as an investment for the Pension plans; and to protect the Pension and Insurance Trusts of CERS, KERS, and SPRS should someone become injured on the property. If this occurred and a lawsuit was filed against the property, the suit would be filed against PPW instead of the KPPA, CERS or KRS.

The current lease between PPW and KPPA was entered into on December 5, 2019, and continued thereafter until altered by a new agreement or termination of the lease. The premises, consisting of 85,357 square feet, are rented for the fiscal year period of July 1 to June 30. The contractual lease payments through June 30, 2027, are:

FY 2023 - \$961,968

FY 2024 - \$961,968

FY 2025 - \$961,968

FY 2026 - \$961,968

FY 2027 - \$961,968

REQUIRED SUPPLEMENTARY INFORMATION

INCLUDING GASB 67 AND 74

<u>93</u>	<u>Schedule of Employers' NPL CERS Nonhazardous</u>
<u>93</u>	<u>CERS Hazardous</u>
<u>94</u>	<u>KERS Nonhazardous</u>
<u>94</u>	<u>KERS Hazardous</u>
<u>94</u>	<u>SPRS</u>
<u>95</u>	<u>Schedule of Changes in Employers' CERS Nonhazardous</u>
<u>96</u>	<u>CERS Hazardous</u>
<u>97</u>	<u>KERS Nonhazardous</u>
<u>98</u>	<u>KERS Hazardous</u>
<u>99</u>	<u>SPRS</u>
<u>100</u>	<u>Notes to Schedule of Employers' Contributions</u>
<u>101</u>	<u>Schedule of Employers' Contributions Pension CERS Nonhazardous</u>
<u>101</u>	<u>CERS Hazardous</u>
<u>102</u>	<u>KERS Nonhazardous</u>
<u>102</u>	<u>KERS Hazardous</u>
<u>103</u>	<u>SPRS</u>
<u>104</u>	<u>Schedule of Employers' NOL CERS Nonhazardous</u>
<u>104</u>	<u>CERS Hazardous</u>
<u>105</u>	<u>KERS Nonhazardous</u>
<u>105</u>	<u>KERS Hazardous</u>
<u>105</u>	<u>SPRS</u>
<u>106</u>	<u>Schedule of Changes NOL CERS Nonhazardous</u>
<u>107</u>	<u>CERS Hazardous</u>
<u>108</u>	<u>KERS Nonhazardous</u>
<u>109</u>	<u>KERS Hazardous</u>
<u>110</u>	<u>SPRS</u>
<u>111</u>	<u>Notes to Schedule of Employers' OPEB Contribution</u>
<u>113</u>	<u>Schedule of Employers' OPEB Contributions CERS Nonhazardous</u>
<u>113</u>	<u>CERS Hazardous</u>
<u>114</u>	<u>KERS Nonhazardous</u>
<u>114</u>	<u>KERS Hazardous</u>
<u>115</u>	<u>SPRS</u>
<u>116</u>	<u>Money Weighted Rates of Return</u>
<u>120</u>	<u>Report on Internal Control</u>

Schedule of Employers' NPL - CERS Nonhazardous Pension
As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2023	\$15,089,106	\$8,672,597	\$6,416,509	57.48%	\$2,966,567	216.29%
2022	15,192,599	7,963,586	7,229,013	52.42%	2,835,173	254.98%
2021	14,941,437	8,565,652	6,375,785	57.33%	2,446,612	260.60%
2020	14,697,244	7,027,327	7,669,917	47.81%	2,462,752	311.44%
2019	14,192,966	7,159,921	7,033,045	50.45%	2,424,796	290.05%
2018	13,109,268	7,018,963	6,090,305	53.54%	2,454,927	248.08%
2017	12,540,545	6,687,237	5,853,308	53.32%	2,376,290	246.32%
2016	11,065,013	6,141,395	4,923,618	55.50%	2,417,187	203.69%
2015	10,740,325	6,440,800	4,299,525	59.97%	2,296,716	187.20%
2014	\$9,772,522	\$6,528,146	\$3,244,376	66.80%	\$2,272,270	142.78%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of Employers' NPL - CERS Hazardous Pension
As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2023	\$5,731,148	\$3,035,192	\$2,695,956	52.96%	\$714,837	377.14%
2022	5,769,691	2,718,234	3,051,457	47.11%	666,346	457.94%
2021	5,576,567	2,914,408	2,662,159	52.26%	572,484	465.02%
2020	5,394,732	2,379,704	3,015,028	44.11%	559,551	538.83%
2019	5,176,003	2,413,708	2,762,295	46.63%	553,541	499.02%
2018	4,766,794	2,348,337	2,418,457	49.26%	562,853	429.68%
2017	4,455,275	2,217,996	2,237,279	49.78%	526,559	424.89%
2016	3,726,115	2,010,174	1,715,941	53.95%	526,334	326.02%
2015	3,613,308	2,078,202	1,535,106	57.52%	483,641	317.41%
2014	\$3,288,826	\$2,087,002	\$1,201,824	63.46%	\$479,164	250.82%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of Employers' NPL - KERS Nonhazardous Pension As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2023	\$15,858,669	\$3,539,943	\$12,318,726	22.32%	\$1,648,318	747.35%
2022	16,281,188	3,013,845	13,267,343	18.51%	1,432,960	925.87%
2021	16,335,657	3,018,660	13,316,997	18.48%	1,441,337	923.93%
2020	16,472,733	2,308,080	14,164,653	14.01%	1,476,156	959.56%
2019	16,356,674	2,233,672	14,123,002	13.66%	1,485,854	950.50%
2018	15,608,221	2,004,446	13,603,775	12.84%	1,509,955	900.94%
2017	15,445,206	2,056,870	13,388,336	13.32%	1,602,396	835.52%
2016	13,379,781	1,980,292	11,399,489	14.80%	1,631,025	698.92%
2015	12,359,673	2,327,783	10,031,890	18.83%	1,544,234	649.64%
2014	\$11,550,110	\$2,578,291	\$8,971,819	22.32%	\$1,577,496	568.74%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of Employers' NPL - KERS Hazardous Pension As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2023	\$1,316,521	\$893,533	\$422,988	67.87%	\$223,922	188.90%
2022	1,318,494	810,978	507,516	61.51%	188,648	269.03%
2021	1,311,767	866,140	445,627	66.03%	172,725	258.00%
2020	1,251,027	690,350	560,677	55.18%	171,840	326.28%
2019	1,227,226	680,932	546,294	55.49%	160,600	340.16%
2018	1,150,610	645,485	505,125	56.10%	152,936	330.29%
2017	1,098,630	601,529	497,101	54.75%	178,511	278.47%
2016	919,517	527,879	391,638	57.41%	158,828	246.58%
2015	895,433	552,468	342,965	61.70%	128,680	266.53%
2014	\$816,850	\$561,484	\$255,366	68.74%	\$129,076	197.84%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of Employer's NPL - SPRS Pension As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2023	\$1,039,813	\$591,514	\$448,299	56.89%	\$65,693	682.42%
2022	1,057,752	551,699	506,053	52.16%	48,061	1,052.94%
2021	1,055,824	356,346	699,478	33.75%	47,873	1,461.11%
2020	1,049,237	293,949	755,288	28.02%	49,019	1,540.81%
2019	1,035,000	286,165	748,835	27.65%	49,515	1,512.34%
2018	969,622	267,572	702,050	27.60%	50,346	1,394.45%
2017	943,271	255,737	687,534	27.11%	54,065	1,271.68%
2016	795,421	218,012	577,409	27.41%	46,685	1,236.82%
2015	734,156	247,228	486,928	33.68%	45,765	1,063.97%
2014	\$681,118	\$260,974	\$420,144	38.32%	\$44,616	941.69%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

**Schedule of Changes in Employers' TPL - CERS Nonhazardous
As of June 30 (\$ in Thousands)**

Total Pension Liability (TPL)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$283,633	\$272,250	\$280,165	\$280,092	\$254,643	\$254,169	\$193,082	\$209,101	\$207,400	\$192,482
Interest	\$920,862	906,401	892,309	861,720	794,935	760,622	803,555	780,587	733,002	710,526
Benefit Changes	\$3,862	-	4,106	-	-	15,708	-	-	-	-
Difference between Expected and Actual Experience	\$511,721	(49,439)	(91,776)	173,345	87,377	279,401	(208,015)	-	49,966	-
Changes of Assumptions	\$(905,957)	-	-	-	727,351	-	1,388,800	-	606,293	-
Benefit Payments	\$(917,614)	(878,050)	(840,611)	(810,879)	(780,608)	(741,177)	(701,891)	(665,000)	(628,858)	(597,136)
Net Change in TPL	(103,493)	251,162	244,193	504,278	1,083,698	568,723	1,475,532	324,687	967,803	305,872
TPL – Beginning	15,192,599	14,941,437	14,697,244	14,192,966	13,109,268	12,540,545	11,065,013	10,740,325	9,772,522	9,466,650
TPL – Ending (a)	\$15,089,106	\$15,192,599	\$14,941,437	\$14,697,244	\$14,192,966	\$13,109,268	\$12,540,545	\$11,065,013	\$10,740,325	\$9,772,522
Plan Fiduciary Net Position ⁽¹⁾										
Contributions – Employer	\$697,681	\$606,807	\$472,228	\$475,416	\$393,453	\$358,017	\$333,554	\$284,105	\$298,565	\$324,231
Contributions – Member ⁽²⁾	147,769	186,648	165,698	168,994	159,064	160,370	150,715	141,674	140,311	128,568
Refunds of Contributions	(23,263)	(19,789)	(13,862)	(14,918)	(14,387)	(14,608)	(14,430)	(13,753)	(13,523)	(14,286)
Retirement Benefit	(894,351)	(858,261)	(826,749)	(795,960)	(766,221)	(726,569)	(687,461)	(651,246)	(615,335)	(582,850)
Net Investment Income ⁽²⁾	805,303	(494,801)	1,762,739	56,178	390,664	573,829	825,900	(40,800)	110,568	895,530
Administrative Expense	(24,128)	(22,670)	(21,729)	(22,304)	(21,659)	(19,592)	(19,609)	(19,385)	(18,212)	(18,615)
Other	-	-	-	-	44 ⁽⁵⁾	361 ⁽⁵⁾	(42,827) ⁽⁴⁾	-	10,280	-
Net Change in Plan Fiduciary Net Position	709,011	(602,066)	1,538,325	(132,594)	140,958	331,808	545,843	(299,405)	(87,346)	732,578
Plan Fiduciary Net Position - Beginning	7,963,586	8,565,652	7,027,327	7,159,921	7,018,963	6,687,237	6,141,395	6,440,800	6,528,146	5,795,568
Prior Year Adjustment	-	-	-	-	-	(82)	-	-	-	-
Plan Fiduciary Net Position – Ending (b)	8,672,597	7,963,586	8,565,652	7,027,327	7,159,921	7,018,963	6,687,237	6,141,395	6,440,800	6,528,146
Net Pension Liability – Ending (a) – (b)	\$6,416,509	\$7,229,013	\$6,375,785	\$7,669,917	\$7,033,045	\$6,090,305	\$5,853,308	\$4,923,618	\$4,299,525	\$3,244,376
Plan Fiduciary Net Position as a Percentage	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Covered Payroll ⁽³⁾	\$2,966,567	\$2,835,173	\$2,446,612	\$2,462,752	\$2,424,796	\$2,454,927	\$2,376,290	\$2,417,187	\$2,296,716	\$2,272,270
Net Pension Liability as a Percentage of Covered Payroll	216.29%	254.98%	260.60%	311.44%	290.05%	248.08%	246.32%	203.69%	187.20%	142.78%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. Assets totaled \$108,843,000 as of June 30, 2023.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later. For fiscal year 2023, 401(h) contributions equaled \$(30,000); and associated investment return equaled \$10,113,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

**Schedule of Changes in Employers' TPL - CERS Hazardous
As of June 30 (\$ in Thousands)**

Total Pension Liability (TPL)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$115,389	\$109,683	\$109,350	\$109,887	\$77,426	\$81,103	\$58,343	\$66,249	\$71,934	\$66,761
Interest	350,413	338,799	327,963	314,762	289,741	270,694	270,860	262,886	247,008	238,665
Benefit Changes	-	-	333	-	-	2,172	-	-	-	-
Difference between Expected and Actual Experience	97,750	56,197	38,850	73,696	27,364	205,882	92,588	-	41,935	-
Changes of Assumptions	(275,934)	-	-	-	276,541	-	536,667	-	166,849	-
Benefit Payments	(326,161)	(311,555)	(294,661)	(279,616)	(261,863)	(248,332)	(229,299)	(216,327)	(203,244)	(192,299)
Net Change in TPL	(38,543)	193,124	181,835	218,729	409,209	311,519	729,159	112,807	324,482	113,127
TPL – Beginning	5,769,691	5,576,567	5,394,732	5,176,003	4,766,794	4,455,275	3,726,115	3,613,308	3,288,826	3,175,699
TPL – Ending (a)	\$5,731,148	\$5,769,691	\$5,576,567	\$5,394,732	\$5,176,003	\$4,766,794	\$4,455,275	\$3,726,115	\$3,613,308	\$3,288,826
Plan Fiduciary Net Position ⁽¹⁾										
Contributions – Employer	\$308,223	\$222,028	\$172,205	\$168,443	\$138,053	\$127,660	\$115,947	\$105,713	\$108,071	\$115,240
Contributions – Member ⁽²⁾	56,987	69,565	62,367	63,236	58,661	61,089	60,101	52,972	47,692	43,722
Refunds of Contributions	(6,568)	(5,766)	(4,662)	(3,814)	(2,854)	(4,214)	(2,315)	(2,879)	(3,111)	(2,664)
Retirement Benefit	(319,593)	(305,789)	(289,999)	(275,802)	(259,009)	(244,118)	(226,984)	(213,448)	(200,134)	(189,635)
Net Investment Income ⁽²⁾	280,033	(174,217)	596,641	15,914	132,232	191,324	270,473	(9,020)	37,104	288,490
Administrative Expense	(2,124)	(1,995)	(1,848)	(1,981)	(1,726)	(1,504)	(1,421)	(1,366)	(1,288)	(1,721)
Other	-	-	-	-	14 ⁽⁵⁾	111 ⁽⁵⁾	(7,979) ⁽⁴⁾	-	2,865	-
Net Change in Plan Fiduciary Net Position	316,958	(196,174)	534,704	(34,004)	65,371	130,348	207,822	(68,028)	(8,801)	253,432
Plan Fiduciary Net Position – Beginning	2,718,234	2,914,408	2,379,704	2,413,708	2,348,337	2,217,996	2,010,174	2,078,202	2,087,002	1,833,570
Prior Year Adjustment	-	-	-	-	-	(7)	-	-	-	-
Plan Fiduciary Net Position – Ending (b)	3,035,192	2,718,234	2,914,408	2,379,704	2,413,708	2,348,337	2,217,996	2,010,174	2,078,202	2,087,002
Net Pension Liability – Ending (a) – (b)	\$2,695,956	\$3,051,457	\$2,662,159	\$3,015,028	\$2,762,295	\$2,418,457	\$2,237,279	\$1,715,941	\$1,535,106	\$1,201,824
Plan Fiduciary Net Position as a Percentage	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%
Covered Payroll ⁽³⁾	\$714,837	\$666,346	\$572,484	\$559,551	\$553,541	\$562,853	\$526,559	\$526,334	\$483,641	\$479,164
Net Pension Liability as a Percentage of Covered Payroll	377.14%	457.94%	465.02%	538.83%	499.02%	429.68%	424.89%	326.02%	317.41%	250.82%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. Assets totaled \$20,605,000 as of June 30, 2023.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later. For fiscal year 2023, 401(h) contributions equaled \$(20,000): and associated investment return equaled \$1,931,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

**Schedule of Changes in Employers' TPL - KERS Nonhazardous
As of June 30 (\$ in Thousands)**

Total Pension Liability (TPL)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$163,563	\$165,616	\$171,472	\$179,702	\$184,988	\$195,681	\$143,858	\$139,631	\$143,847	\$133,361
Interest	827,579	830,440	838,084	832,178	793,163	785,123	870,725	891,897	859,509	853,653
Benefit Changes	2,024	-	2,091	-	-	9,624	-	-	-	-
Difference between Expected and Actual Experience	310,954	(15,034)	(130,268)	115,515	70,529	153,565	(134,379)	-	30,958	-
Changes of Assumptions	(691,088)	-	-	-	700,464	-	2,145,530	923,999	694,592	-
Benefit Payments	(1,035,551)	(1,035,491)	(1,018,455)	(1,011,336)	(1,000,691)	(980,978)	(960,309)	(935,419)	(919,343)	(903,564)
Net Change in TPL	(422,519)	(54,469)	(137,076)	116,059	748,453	163,015	2,065,425	1,020,108	809,563	83,450
TPL – Beginning	16,281,188	16,335,657	16,472,733	16,356,674	15,608,221	15,445,206	13,379,781	12,359,673	11,550,110	11,466,660
TPL – Ending (a)	\$15,858,669	\$16,281,188	\$16,335,657	\$16,472,733	\$16,356,674	\$15,608,221	\$15,445,206	\$13,379,781	\$12,359,673	\$11,550,110
Plan Fiduciary Net Position ⁽¹⁾										
Contributions – Employer Other ⁽⁶⁾	\$1,275,007	\$1,116,869	\$1,134,232	\$948,592	\$1,035,462	\$689,143	\$757,121	\$513,084	\$521,691	\$296,836
Contributions – Member ⁽²⁾	84,579	89,607	90,202	96,594	93,759	104,972	100,543	106,494	104,606	97,487
Refunds of Contributions	(11,847)	(12,116)	(8,953)	(11,523)	(12,342)	(13,603)	(11,819)	(12,130)	(13,552)	(13,627)
Retirement Benefit	(1,023,704)	(1,023,375)	(1,009,502)	(999,813)	(988,349)	(967,375)	(948,490)	(923,288)	(905,791)	(889,937)
Net Investment Income ⁽²⁾	215,880	(162,461)	516,223	52,499	112,371	144,881	220,985	(20,663)	44,570	337,923
Administrative Expense	(13,817)	(13,339)	(11,622)	(11,941)	(11,712)	(10,692)	(10,957)	(10,989)	(10,474)	(11,145)
Other	-	-	-	0	37 ⁽⁵⁾	301 ⁽⁵⁾	(30,805) ⁽⁴⁾	-	8,442	-
Net Change in Fiduciary Net Position	526,098	(4,815)	710,580	74,408	229,226	(52,373)	76,578	(347,491)	(250,508)	(182,463)
Plan Fiduciary Net Position – Beginning	3,013,845	3,018,660	2,308,080	2,233,672	2,004,446	2,056,870	1,980,292	2,327,783	2,578,291	2,760,754
Prior Year Adjustment	-	-	-	-	-	(51)	-	-	-	-
Plan Fiduciary Net Position – Ending (b)	3,539,943	3,013,845	3,018,660	2,308,080	2,233,672	2,004,446	2,056,870	1,980,292	2,327,783	2,578,291
Net Pension Liability – Ending (a) – (b)	\$12,318,726	\$13,267,343	\$13,316,997	\$14,164,653	\$14,123,002	\$13,603,775	\$13,388,336	\$11,399,489	\$10,031,890	\$8,971,819
Plan Fiduciary Net Position as a Percentage	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.32%	14.80%	18.83%	22.32%
Covered Payroll ⁽³⁾	\$1,648,318	\$1,432,960	\$1,441,337	\$1,476,156	\$1,485,854	\$1,509,955	\$1,602,396	\$1,631,025	\$1,544,234	\$1,577,496
Net Pension Liability as a Percentage of Covered Payroll	747.35%	925.87%	923.93%	959.56%	950.50%	900.94%	835.52%	698.92%	649.64%	568.74%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. Assets totaled \$67,263,000 as of June 30, 2023.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2023 401(h) contributions equaled \$(12,000); and associated investment return equaled \$4,378,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

⁽⁶⁾ Includes \$63.1 million and \$175.6 million employer cessation contributions for fiscal year 2022 and 2021, respectively.

**Schedule of Changes in Employers' TPL - KERS Hazardous
As of June 30 (\$ in Thousands)**

Total Pension Liability (TPL)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service Cost	\$26,852	\$26,885	\$28,450	\$25,568	\$27,117	\$28,641	\$21,081	\$20,751	\$18,729
Interest	79,822	79,422	75,743	74,357	69,657	66,536	66,589	64,851	61,005
Benefit Changes	-	-	26	-	-	705	-	-	-
Difference between Expected and Actual Experience	(1,773)	(17,557)	34,789	(1,095)	1,395	24,215	26,902	-	6,067
Changes of Assumptions	(24,197)	-	-	-	50,658	-	127,878	-	52,165
Benefit Payments	(82,677)	(82,023)	(78,268)	(75,029)	(72,211)	(68,117)	(63,338)	(61,518)	(59,383)
Net Change in TPL	(1,973)	6,727	60,740	23,801	76,616	51,980	179,112	24,084	78,583
TPL – Beginning	1,318,494	1,311,767	1,251,027	1,227,226	1,150,610	1,098,630	919,517	895,433	816,850
TPL – Ending (a)	\$1,316,521	\$1,318,494	\$1,311,767	\$1,251,027	\$1,227,226	\$1,150,610	\$1,098,630	\$919,517	\$895,433
Plan Fiduciary Net Position ⁽¹⁾									
Contributions – Employer	\$72,807	\$59,055	\$62,200	\$59,115	\$55,259	\$43,661	\$52,974	\$23,759	\$28,536
Contributions - Member ⁽²⁾	17,459	20,588	19,961	19,769	17,118	17,891	17,524	15,739	13,207
Refunds of Contributions	(4,041)	(4,976)	(4,380)	(3,168)	(2,684)	(2,501)	(2,106)	(2,211)	(2,610)
Retirement Benefit	(78,636)	(77,047)	(73,888)	(71,861)	(69,527)	(65,616)	(61,231)	(59,306)	(56,773)
Net Investment Income ⁽²⁾	76,479	(51,317)	173,152	6,739	36,380	51,467	70,994	(1,653)	8,701
Administrative Expense	(1,513)	(1,465)	(1,255)	(1,176)	(1,103)	(975)	(919)	(916)	(844)
Other	-	-	-	-	4 ⁽⁵⁾	33 ⁽⁵⁾	(3,586) ⁽⁴⁾	-	767
Net Change in Plan Fiduciary Net Position	82,555	(55,162)	175,790	9,418	35,447	43,960	73,650	(24,588)	(9,016)
Plan Fiduciary Net Position – Beginning	810,978	866,140	690,350	680,932	645,485	601,529	527,879	552,468	561,484
Prior Year Adjustment	-	-	-	-	-	(4)	-	-	-
Fiduciary Net Position – Ending (b)	893,533	810,978	866,140	690,350	680,932	645,485	601,529	527,879	552,468
Net Pension Liability – Ending (a) – (b)	\$422,988	\$507,516	\$445,627	\$560,677	\$546,294	\$505,125	\$497,101	\$391,638	\$342,965
Plan Fiduciary Net Position as a Percentage	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.75%	57.41%	61.70%
Covered Payroll ⁽³⁾	\$223,922	\$188,648	\$172,725	\$171,840	\$160,600	\$152,936	\$178,511	\$158,828	\$128,680
Net Pension Liability as a Percentage of Covered Payroll	188.90%	269.03%	258.00%	326.28%	340.16%	330.29%	278.47%	246.58%	266.53%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. Assets totaled \$9,034,000 as of June 30, 2023.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later. For fiscal years 2023, 401(h) contributions equaled \$(7,000); and associated investment return equaled \$781,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

Schedule of Changes in Employer's TPL - SPRS
As of June 30 (\$ in Thousands)

Total Pension Liability (TPL)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$13,229	\$12,158	\$12,530	\$13,192	\$11,726	\$11,890	\$8,297	\$8,402	\$7,695	\$7,142
Interest	53,853	53,740	53,417	52,697	49,301	47,978	51,769	52,951	50,661	50,391
Benefit Changes	-	3,130	35	-	-	184	-	-	-	-
Difference between Expected and Actual Experience	10,204	(2,700)	4,127	10,859	20,952	25,126	8,143	-	9,331	-
Changes of Assumptions	(31,255)	-	-	0	44,510	-	136,602	56,191	40,201	-
Benefit Payments	(63,970)	(64,400)	(63,522)	(62,511)	(61,111)	(58,827)	(56,960)	(56,279)	(54,850)	(53,239)
Net Change in TPL	(17,939)	1,928	6,587	14,237	65,378	26,351	147,850	61,265	53,038	4,294
TPL - Beginning	1,057,752	1,055,824	1,049,237	1,035,000	969,622	943,271	795,421	734,156	681,118	676,824
TPL - Ending (a)	\$1,039,813	\$1,057,752	\$1,055,824	\$1,049,237	\$1,035,000	\$969,622	\$943,271	\$795,421	\$734,156	\$681,118
Plan Fiduciary Net Position ⁽¹⁾										
Contributions - Employer	\$58,120	\$277,341	\$59,650	\$59,453	\$60,048	\$46,877	\$63,239	\$25,822	\$31,990	\$20,279
Contributions - Member ⁽²⁾	5,250	4,773	4,752	4,767	5,062	5,522	5,348	5,263	5,244	5,075
Refunds of Contributions	(166)	(280)	(273)	(88)	(162)	(22)	(26)	(11)	(85)	(213)
Retirement Benefit	(63,804)	(64,120)	(63,249)	(62,423)	(60,949)	(58,805)	(56,934)	(56,268)	(54,765)	(53,026)
Net Investment Income ⁽²⁾	40,708	(22,088)	61,729	6,341	14,816	18,437	26,795	(3,843)	3,426	40,374
Administrative Expense	(293)	(273)	(212)	(266)	(225)	(194)	(181)	(178)	(201)	(215)
Other	-	-	-	-	3 ⁽⁵⁾	21 ⁽⁵⁾	(517) ⁽⁴⁾	-	645	-
Net Change in Plan Fiduciary Net Position	39,815	195,353	62,397	7,784	18,593	11,836	37,724	(29,215)	(13,746)	12,274
Plan Fiduciary Net Position - Beginning	551,699	356,346	293,949	286,165	267,572	255,737	218,012	247,228	260,974	248,700
Prior Year Adjustment	-	-	-	-	-	(1)	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	591,514	551,699	356,346	293,949	286,165	267,572	255,737	218,012	247,228	260,974
Net Pension Liability - Ending (a) - (b)	\$448,299	\$506,053	\$699,478	\$755,288	\$748,835	\$702,050	\$687,534	\$577,409	\$486,928	\$420,144
Plan Fiduciary Net Position as a Percentage	56.89%	52.16%	33.75%	28.02%	27.65%	27.60%	27.11%	27.41%	33.68%	38.32%
Covered Payroll ⁽³⁾	\$65,693	\$48,061	\$47,873	\$49,019	\$49,515	\$50,346	\$54,065	\$46,685	\$45,765	\$44,616
Net Pension Liability as a Percentage of Covered Payroll	682.42%	1,052.94%	1,461.11%	1,540.81%	1,512.34%	1,394.45%	1,271.68%	1,236.82%	1,063.97%	941.69%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. Assets totaled \$1,312,000 as of June 30, 2023.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later. For fiscal year 2023, 401(h) contributions equaled (\$8,000); and associated investment return equaled \$93,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

The actuarially determined contributions effective for fiscal year ending 2023 that are documented in the schedules on the following pages, were calculated as of June 30, 2021. Based on the June 30, 2021, actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Notes to Schedule of Employers' Contribution					
Item	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Determined by the Actuarial Valuation as of:	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth	2.00%	2.00%	0.00%	0.00%	0.00%
Investment Return:	6.25%	6.25%	5.25%	6.25%	5.25%
Inflation:	2.30%	2.30%	2.30%	2.30%	2.30%
Salary Increase:	3.30% to 10.30%, varies by service	3.55% to 19.05%, varies by service	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service	3.55% to 16.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.	N/A	N/A	N/A

Schedule of Employers' Contributions Pension - CERS Nonhazardous
As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$697,634	\$697,681	\$(47)	\$2,966,567	23.52%
2022	636,071	606,807	29,264	2,835,173	21.40%
2021	582,538	472,228	110,310	2,446,612	19.30%
2020	554,612	475,416	79,196	2,462,752	19.30%
2019	529,575	393,453	136,122	2,424,796	16.23%
2018	355,473	358,017	(2,544)	2,454,927	14.58%
2017	331,492	333,554	(2,062)	2,376,290	14.04%
2016	282,767	284,106	(1,339)	2,417,187	11.75%
2015	297,715	298,566	(851)	2,296,716	13.00%
2014	\$324,231	\$324,231	\$-	\$2,272,270	14.27%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017, and later.

Schedule of Employers' Contributions Pension - CERS Hazardous
As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$308,037	\$308,223	\$(186)	\$714,837	43.12%
2022	269,542	222,028	47,514	666,346	33.32%
2021	240,558	172,205	68,353	572,484	30.08%
2020	206,922	168,443	38,479	559,551	30.10%
2019	197,559	138,053	59,506	553,541	24.94%
2018	124,953	127,660	(2,707)	562,853	22.68%
2017	114,316	115,947	(1,631)	526,559	22.02%
2016	104,952	105,713	(761)	526,334	20.08%
2015	107,514	108,071	(557)	483,641	22.35%
2014	\$115,240	\$115,240	\$-	\$479,164	24.05%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017, and later.

Schedule of Employers' Contributions Pension - KERS Nonhazardous As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$1,034,918	\$1,275,007	\$(240,089)	\$1,648,318	77.35%
2022	1,048,861	1,116,869	(68,008)	1,432,960	77.94%
2021	1,056,211	1,134,232	(78,021)	1,441,337	78.69%
2020	1,048,513	948,592	99,921	1,476,156	64.26%
2019	1,055,402	1,035,462	19,940	1,485,854	69.69%
2018	633,879	689,143	(55,264)	1,509,955	45.64%
2017	623,813	757,121	(133,308)	1,602,396	47.25%
2016	512,670	513,084	(414)	1,631,025	31.46%
2015	520,948	521,691	(743)	1,544,234	33.78%
2014	\$520,765	\$296,836	\$223,929	\$1,577,496	18.82%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

Schedule of Employers' Contributions Pension - KERS Hazardous As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$72,778	\$72,807	\$(29)	\$223,922	32.51%
2022	59,052	59,055	(3)	188,648	31.30%
2021	62,181	62,200	(19)	172,725	36.01%
2020	59,096	59,115	(19)	171,840	34.40%
2019	55,230	55,259	(29)	160,600	34.41%
2018	31,321	43,661	(12,340)	152,936	28.55%
2017	37,630	52,974	(15,344)	178,511	29.68%
2016	23,690	23,759	(69)	158,828	14.96%
2015	28,374	28,536	(162)	128,680	22.18%
2014	\$13,570	\$11,670	\$1,900	\$129,076	9.04%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

Schedule of Employer's Contributions Pension - SPRS
As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$58,120	\$58,120	\$-	\$65,693	88.47%
2022	62,341	277,341	(215,000)	48,061	577.06%
2021	59,263	59,650	(387)	47,873	124.60%
2020	58,358	59,453	(1,095)	49,019	121.29%
2019	58,948	60,048	(1,100)	49,515	121.27%
2018	36,033	46,877	(10,844)	50,346	93.11%
2017	35,937	63,240	(27,303)	54,065	116.97%
2016	25,723	25,822	(99)	46,685	55.31%
2015	31,444	31,990	(546)	45,765	69.90%
2014	\$25,808	\$20,279	\$5,529	\$44,616	45.45%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal years ended 2017, and later.

Schedule of the Employers' Net OPEB Liability - CERS Nonhazardous
As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$3,260,308	\$3,398,375	\$(138,067)	104.23%	\$2,982,960	(4.63)%
2022	5,053,498	3,079,984	1,973,514	60.95%	2,843,218	69.41%
2021	5,161,251	3,246,801	1,914,450	62.91%	2,619,695	73.08%
2020	4,996,309	2,581,613	2,414,696	51.67%	2,620,585	92.14%
2019	4,251,466	2,569,511	1,681,955	60.44%	2,577,378	65.26%
2018	4,189,606	2,414,126	1,775,480	57.62%	2,570,156	69.08%
2017	\$4,222,878	\$2,212,536	\$2,010,342	52.39%	\$2,480,130	81.06%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of the Employers' Net OPEB Liability - CERS Hazardous
As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$1,771,015	\$1,634,192	\$136,823	92.27%	\$719,666	19.01%
2022	2,374,457	1,522,671	851,786	64.13%	668,667	127.39%
2021	2,436,383	1,627,824	808,559	66.81%	613,985	131.69%
2020	2,245,222	1,321,117	924,105	58.84%	596,001	155.05%
2019	2,080,574	1,340,714	739,860	64.44%	583,632	126.77%
2018	1,993,941	1,280,982	712,959	64.24%	588,526	121.14%
2017	\$2,015,673	\$1,189,001	\$826,672	58.99%	\$542,710	152.32%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of the Employers' Net OPEB Liability - KERS Nonhazardous
As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$2,317,344	\$1,532,752	\$784,592	66.14%	\$1,653,492	47.45%
2022	3,576,530	1,364,419	2,212,111	38.15%	1,437,132	153.93%
2021	3,698,804	1,419,477	2,279,327	38.38%	1,452,345	156.94%
2020	3,599,557	1,060,649	2,538,908	29.47%	1,482,431	171.27%
2019	3,217,985	995,089	2,222,896	30.92%	1,515,953	146.63%
2018	3,262,117	891,205	2,370,912	27.32%	1,573,898	150.64%
2017	\$3,353,332	\$817,370	\$2,535,962	24.37%	\$1,593,097	159.18%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of the Employers' Net OPEB Liability - KERS Hazardous
As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$417,361	\$625,356	\$(207,995)	149.84%	\$223,922	(92.89)%
2022	595,789	588,162	7,627	98.72%	188,648	4.04%
2021	622,152	633,677	(11,525)	101.85%	172,725	(6.67)%
2020	564,524	521,755	42,769	92.42%	182,209	23.47%
2019	507,204	534,053	(26,849)	105.29%	151,448	(17.73)%
2018	485,904	519,072	(33,168)	106.83%	190,317	(17.43)%
2017	\$494,869	\$488,838	\$6,031	98.78%	\$171,087	3.53%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023 derived compensation based on pension contribution information, as there were no required employer contributions for the insurance fund for FYE 2021, FYE 2022, and FYE 2023. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of the Employer's Net OPEB Liability - SPRS
As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2023	\$263,450	\$248,109	\$15,341	94.18%	\$65,830	23.30%
2022	351,453	231,242	120,211	65.80%	48,600	247.35%
2021	364,899	247,318	117,581	67.78%	47,155	249.35%
2020	339,942	201,340	138,602	59.23%	48,231	287.37%
2019	312,553	201,206	111,347	64.38%	48,780	228.26%
2018	301,012	190,847	110,165	63.40%	50,064	220.05%
2017	\$313,234	\$178,838	\$134,396	57.09%	\$48,873	274.99%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

**Schedule of Changes in Employers' Net OPEB Liability - CERS Nonhazardous
As of June 30 (\$ in Thousands)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$98,045	\$138,225	\$132,407	\$131,289	\$119,011	\$122,244	\$85,468
Interest on Total OPEB liability	283,330	263,390	262,128	236,126	240,352	242,048	240,854
Benefit Changes	5,153	74,108	3,359	-	-	4,306	-
Difference between Expected and Actual Experience	(2,134,260)	(68,111)	(340,831)	505,843	(404,301)	(240,568)	(6,641)
Assumption Changes	120,132	(323,247)	282,975	60,225	268,842	(4,876)	520,286
Benefit Payments ^{(1) (2)}	(165,590)	(192,118)	(175,096)	(188,640)	(162,044)	(156,426)	(140,120)
Net Change in Total OPEB Liability	(1,793,190)	(107,753)	164,942	744,843	61,860	(33,272)	699,847
Total OPEB Liability - Beginning	5,053,498	5,161,251	4,996,309	4,251,466	4,189,606	4,222,878	3,523,031
Total OPEB Liability - Ending (a)	\$3,260,308	\$5,053,498	\$5,161,251	\$4,996,309	\$4,251,466	\$4,189,606	\$4,222,878
Plan Fiduciary Net Position							
Contributions – Employer ⁽²⁾	\$151,052	\$187,204	\$186,509	\$179,521	\$168,905	\$145,809	\$133,326
Contributions – Member	17,751	15,925	13,613	12,964	11,801	10,825	9,158
Benefit Payments ^{(1) (2)}	(165,590)	(192,118)	(175,096)	(188,640)	(162,044)	(156,426)	(140,120)
OPEB Plan Net Investment Income	316,115	(176,895)	641,084	9,160	137,591	202,068	264,782
OPEB Plan Administrative Expense	(937)	(933)	(922)	(903)	(877)	(761)	(789)
Other ⁽⁴⁾	-	-	-	-	9	75	-
Net Change in Plan Fiduciary Net Position	318,391	(166,817)	665,188	12,102	155,385	201,590	266,357
Plan Fiduciary Net Position – Beginning	3,079,984	3,246,801	2,581,613	2,569,511	2,414,126	2,212,536	1,946,179
Plan Fiduciary Net Position – Ending (b)	3,398,375	3,079,984	3,246,801	2,581,613	2,569,511	2,414,126	2,212,536
Net OPEB Liability – Ending (a) – (b)	\$(138,067)	\$1,973,514	\$1,914,450	\$2,414,696	\$1,681,955	\$1,775,480	\$2,010,342
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Covered Payroll ⁽³⁾	\$2,982,960	\$2,843,218	\$2,619,695	\$2,620,585	\$2,577,378	\$2,570,156	\$2,480,130
Net OPEB Liability as a Percentage of Covered Payroll	(4.63)%	69.41%	73.08%	92.14%	65.26%	69.08%	81.06%

⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).

⁽²⁾ Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$45,007,734 for fiscal year 2023.

⁽³⁾ Based on derived compensation using the provided employer contribution information.

⁽⁴⁾ Northern Trust Settlement.

This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

**Schedule of Changes in Employers' Net OPEB Liability - CERS Hazardous
As of June 30 (\$ in Thousands)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$36,330	\$52,265	\$48,413	\$47,443	\$32,623	\$33,948	\$20,493
Interest on Total OPEB liability	130,614	120,640	116,710	115,998	116,768	118,009	113,166
Benefit Changes	-	44,909	1,146	-	-	484	-
Difference between Expected and Actual Experience	(646,006)	(7,814)	(47,937)	38,156	(103,317)	(100,348)	(2,470)
Assumption Changes	(31,947)	(176,969)	159,106	46,925	116,618	(2,500)	391,061
Benefit Payments ^{(1) (2)}	(92,433)	(94,957)	(86,277)	(83,874)	(76,059)	(71,325)	(63,656)
Net Change in Total OPEB Liability	(603,442)	(61,926)	191,161	164,648	86,633	(21,732)	458,594
Total OPEB Liability - Beginning	2,374,457	2,436,383	2,245,222	2,080,574	1,993,941	2,015,673	1,557,079
Total OPEB Liability - Ending (a)	\$1,771,015	\$2,374,457	\$2,436,383	\$2,245,222	\$2,080,574	\$1,993,941	\$2,015,673
Plan Fiduciary Net Position							
Contributions – Employer ⁽²⁾	\$49,547	\$66,320	\$63,509	\$59,662	\$60,445	\$51,615	\$44,325
Contributions – Member	4,258	3,654	3,098	2,762	2,458	2,173	1,708
Benefit Payments ^{(1) (2)}	(92,433)	(94,957)	(86,277)	(83,874)	(76,059)	(71,325)	(63,656)
OPEB Plan Net Investment Income	150,671	(79,668)	326,905	2,315	73,317	109,854	143,892
OPEB Plan Administrative Expense	(522)	(502)	(528)	(462)	(434)	(376)	(381)
Other ⁽⁴⁾	-	-	-	-	5	40	-
Net Change in Plan Fiduciary Net Position	111,521	(105,153)	306,707	(19,597)	59,732	91,981	125,888
Plan Fiduciary Net Position – Beginning	1,522,671	1,627,824	1,321,117	1,340,714	1,280,982	1,189,001	1,063,113
Plan Fiduciary Net Position – Ending (b)	1,634,192	1,522,671	1,627,824	1,321,117	1,340,714	1,280,982	1,189,001
Net OPEB Liability – Ending (a) – (b)	\$136,823	\$851,786	\$808,559	\$924,105	\$739,860	\$712,959	\$826,672
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%
Covered Payroll ⁽³⁾	\$719,666	\$668,667	\$613,985	\$596,001	\$583,632	\$588,526	\$542,710
Net OPEB Liability as a Percentage of Covered Payroll	19.01%	127.39%	131.69%	155.05%	126.77%	121.14%	152.32%

⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).

⁽²⁾ Employer contributions include expected benefits due to the implicit subsidy for members under age 65, equal to (\$856,422) for fiscal year 2023.

⁽³⁾ Based on derived compensation using the provided employer contribution information.

⁽⁴⁾ Northern Trust Settlement.

This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

**Schedule of Changes in Employers' Net OPEB Liability - KERS Nonhazardous
As of June 30 (\$ in Thousands)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$43,199	\$62,548	\$58,831	\$59,600	\$61,345	\$66,360	\$46,992
Interest	200,910	190,531	191,624	179,811	186,820	191,178	192,911
Benefit Changes	3,209	21,884	1,382	-	-	1,865	-
Difference between Expected and Actual Experience	(1,440,201)	(37,249)	(231,631)	288,235	(302,189)	(191,147)	(3,921)
Changes of Assumptions	61,925	(206,907)	220,184	13,767	158,004	(11,235)	414,835
Benefit Payments ^{(1) (2)}	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
Net Change in Total OPEB Liability	(1,259,186)	(122,274)	99,247	381,572	(44,132)	(91,215)	511,216
Total OPEB Liability - Beginning	3,576,530	3,698,804	3,599,557	3,217,985	3,262,117	3,353,332	2,842,116
Total OPEB Liability - Ending (a)	\$2,317,344	\$3,576,530	\$3,698,804	\$3,599,557	\$3,217,985	\$3,262,117	\$3,353,332
Plan Fiduciary Net Position							
Contributions – Employer ⁽²⁾⁽⁵⁾	\$156,543	\$181,294	\$223,661	\$208,300	\$201,155	\$152,985	\$162,636
Contributions – Member	8,358	6,547	6,318	6,128	5,963	5,786	5,156
Benefit Payments ^{(1) (2)}	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
OPEB Plan Net Investment Income	132,431	(88,998)	270,811	11,820	45,749	64,028	94,239
OPEB Plan Administrative Expense	(771)	(820)	(819)	(847)	(875)	(760)	(861)
Other ⁽⁴⁾	-	-	-	-	4	32	-
Net Change in Plan Fiduciary Net Position	168,333	(55,058)	358,828	65,560	103,884	73,835	121,569
Plan Fiduciary Net Position – Beginning	1,364,419	1,419,477	1,060,649	995,089	891,205	817,370	695,801
Plan Fiduciary Net Position – Ending (b)	1,532,752	1,364,419	1,419,477	1,060,649	995,089	891,205	817,370
Net OPEB Liability – Ending (a) – (b)	\$784,592	\$2,212,111	\$2,279,327	\$2,538,908	\$2,222,896	\$2,370,912	\$2,535,962
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.37%
Covered Payroll ⁽³⁾	\$1,653,492	\$1,437,132	\$1,452,345	\$1,482,431	\$1,515,953	\$1,573,898	\$1,593,097
Net OPEB Liability as a Percentage of Covered Payroll	47.45%	153.93%	156.94%	171.27%	146.63%	150.64%	159.18%

⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).

⁽²⁾ Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$27,435,836 for fiscal year 2023.

⁽³⁾ Based on derived compensation using the provided employer contribution information.

⁽⁴⁾ Northern Trust Settlement.

⁽⁵⁾ Includes \$2.4 million and \$28.4 million employer cessation contribution for fiscal year 2022, and 2021, respectively.

This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of Changes in Employers' Net OPEB Liability - KERS Hazardous As of June 30 (\$ in Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$9,435	\$14,474	\$13,633	\$11,548	\$12,337	\$12,893	\$8,002
Interest on Total OPEB liability	32,737	30,599	29,254	28,101	27,990	28,500	27,591
Benefit Changes	-	10,289	48	-	-	167	-
Difference between Expected and Actual Experience	(198,459)	(12,515)	(6,402)	27,668	(30,947)	(31,240)	(1,029)
Assumption Changes	(1,820)	(46,406)	42,022	11,428	31,687	(581)	89,401
Benefit Payments ^{(1) (2)}	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
Net Change in Total OPEB Liability	(178,428)	(26,363)	57,628	57,320	21,300	(8,965)	107,347
Total OPEB Liability - Beginning	595,789	622,152	564,524	507,204	485,904	494,869	387,522
Total OPEB Liability - Ending (a)	\$417,361	\$595,789	\$622,152	\$564,524	\$507,204	\$485,904	\$494,869
Plan Fiduciary Net Position							
Contributions – Employer ⁽²⁾	\$2,282	\$4,116	\$3,556	\$7,441	\$5,556	\$5,165	\$4,579
Contributions – Member	1,584	1,227	1,167	1,105	934	909	811
Benefit Payments ^{(1) (2)}	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
OPEB Plan Net Investment Income	53,772	(27,929)	128,244	704	28,373	42,950	59,614
OPEB Plan Administrative Expense	(123)	(125)	(118)	(123)	(117)	(104)	(105)
Other ⁽⁴⁾	-	-	-	-	2	18	-
Net Change in Plan Fiduciary Net Position	37,194	(45,515)	111,922	(12,298)	14,981	30,234	48,281
Plan Fiduciary Net Position – Beginning	588,162	633,677	521,755	534,053	519,072	488,838	440,557
Plan Fiduciary Net Position – Ending (b)	625,356	588,162	633,677	521,755	534,053	519,072	488,838
Net OPEB Liability – Ending (a) – (b)	\$(207,995)	\$7,627	\$(11,525)	\$42,769	\$(26,849)	\$(33,168)	\$6,031
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.78%
Covered Payroll ⁽³⁾	\$223,922	\$188,648	\$172,725	\$182,209	\$151,448	\$190,317	\$171,087
Net OPEB Liability as a Percentage of Covered Employee Payroll	(92.89)%	4.04%	(6.67)%	23.47%	(17.73)%	(17.43)%	3.53%

⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).

⁽²⁾ Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$792,418 for fiscal year 2023.

⁽³⁾ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023, derived compensation based on pension contribution information, as there were no required employer contributions for the insurance fund for FYE 2021, FYE 2022, and FYE 2023.

⁽⁴⁾ Northern Trust Settlement.

This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of Changes in Employer's Net OPEB Liability - SPRS
As of June 30 (\$ in Thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$4,092	\$5,605	\$5,218	\$5,389	\$4,816	\$6,087	\$4,147
Interest on Total OPEB liability	19,608	18,592	17,984	17,600	17,724	18,432	17,993
Benefit Changes	-	4,975	101	-	-	34	-
Difference between Expected and Actual Experience	(98,425)	(5,952)	(6,318)	13,810	(14,295)	(23,320)	(573)
Assumption Changes	404	(21,937)	21,784	4,578	16,483	(358)	57,312
Benefit Payments ^{(1) (2)}	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
Net Change in Total OPEB Liability	(88,003)	(13,446)	24,957	27,389	11,541	(12,222)	66,756
Total OPEB Liability - Beginning	351,453	364,899	339,942	312,553	301,012	313,234	246,478
Total OPEB Liability - Ending (a)	\$263,450	\$351,453	\$364,899	\$339,942	\$312,553	\$301,012	\$313,234
Plan Fiduciary Net Position							
Contributions – Employer ⁽²⁾	\$8,755	\$9,343	\$9,381	\$12,873	\$12,623	\$8,535	\$7,862
Contributions – Member	348	230	209	196	176	155	131
Benefit Payments ^{(1) (2)}	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
OPEB Plan Net Investment Income	21,520	(10,847)	50,289	1,124	10,815	16,470	21,627
OPEB Plan Administrative Expense	(74)	(73)	(89)	(71)	(69)	(62)	(66)
Other ⁽⁴⁾	-	-	-	-	1	8	-
Net Change in Plan Fiduciary Net Position	16,867	(16,076)	45,978	134	10,359	12,009	17,431
Plan Fiduciary Net Position – Beginning	231,242	247,318	201,340	201,206	190,847	178,838	161,407
Plan Fiduciary Net Position – Ending (b)	248,109	231,242	247,318	201,340	201,206	190,847	178,838
Net OPEB Liability – Ending (a) – (b)	\$15,341	\$120,211	\$117,581	\$138,602	\$111,347	\$110,165	\$134,396
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.18%	65.80%	67.78%	59.23%	64.38%	63.40%	57.09%
Covered Payroll ⁽³⁾	\$65,830	\$48,600	\$47,155	\$48,231	\$48,780	\$50,064	\$48,873
Net OPEB Liability as a Percentage of Covered Payroll	23.30%	247.35%	249.35%	287.37%	228.26%	220.05%	274.99%
⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).							
⁽²⁾ Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to (\$533,552) for fiscal year 2023.							
⁽³⁾ Based on derived compensation using the provided employer contribution information.							
⁽⁴⁾ Northern Trust Settlement.							
This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.							

The actuarially determined contribution effective for fiscal year ending 2023 that is documented in the following schedule was calculated as of June 30, 2021. Separate contribution rates are determined for each fund based on the liabilities associated with the current active members, former inactive members, and members receiving benefits from each respective fund, as well as the separately maintained asset balances for each fund.

Based on the June 30, 2021, actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions follow.

Notes to Schedule of Employers' OPEB Contributions					
Item	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Determined by the Actuarial Valuation as of:	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Amortization Method:	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases.
Payroll Growth Rate:	2.00%	2.00%	0.00%	0.00%	0.00%
Investment Return:	6.25%	6.25%	6.25%	6.25%	6.25%
Inflation:	2.30%	2.30%	2.30%	2.30%	2.30%
Salary Increase:	3.30% to 10.30%, varies by service.	3.55% to 19.05%, varies by service.	3.30% to 15.30%, varies by service.	3.55% to 20.05%, varies by service.	3.55% to 16.05%, varies by service.
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

Notes to Schedule of Employers' OPEB Contributions

Item	CERS	CERS	KERS	KERS	SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
Healthcare Trend Rates:					
Pre-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Schedule of Employers' OPEB Contributions - CERS Nonhazardous
As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$101,122	\$106,044	\$(4,922)	\$2,982,960	3.55%
2022	118,551	123,366	(4,815)	2,843,218	4.34%
2021	142,249	129,903	12,346	2,619,695	4.96%
2020	124,740	129,267	(4,527)	2,620,585	4.93%
2019	160,055	139,655	20,400	2,577,378	5.42%
2018	120,797	124,619	(3,822)	2,570,156	4.85%
2017	122,270	120,712	1,558	2,480,130	4.87%
2016	110,987	111,836	(849)	2,352,762	4.75%
2015	119,511	119,444	67	2,296,716	5.20%
2014	\$130,652	\$123,278	\$7,374	\$2,272,270	5.43%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - CERS Nonhazardous.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information.

Schedule of Employers' OPEB Contributions - CERS Hazardous
As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$48,793	\$50,404	\$(1,611)	\$719,666	7.00%
2022	58,375	59,905	(1,530)	668,667	8.96%
2021	60,539	59,799	740	613,985	9.74%
2020	56,739	57,897	(1,158)	596,001	9.71%
2019	71,028	62,272	8,756	583,632	10.67%
2018	55,027	56,002	(975)	588,526	9.52%
2017	53,131	51,537	1,594	542,710	9.50%
2016	64,253	67,619	(3,366)	492,851	13.72%
2015	69,103	71,778	(2,675)	483,641	14.84%
2014	\$74,360	\$74,792	-\$432	\$479,164	15.61%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ended 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - CERS Hazardous.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information.

Schedule of Employers' OPEB Contributions - KERS Nonhazardous As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$123,952	\$129,108	\$(5,156)	\$1,653,492	7.81%
2022	135,809	140,694	(4,885)	1,437,132	9.79%
2021	161,936	186,676	(24,740)	1,452,345	12.85%
2020	183,821	175,007	8,814	1,482,431	11.81%
2019	187,978	178,964	9,014	1,515,953	11.81%
2018	132,365	136,419	(4,054)	1,573,898	8.67%
2017	133,024	152,356	(19,332)	1,593,097	9.56%
2016	121,899	135,816	(13,917)	1,529,249	8.88%
2015	130,455	135,940	(5,485)	1,544,234	8.80%
2014	\$208,881	\$166,610	\$42,271	\$1,577,496	10.56%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ended 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - KERS Nonhazardous.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information.

Schedule of Employers' OPEB Contributions - KERS Hazardous As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$-	\$1,489	\$(1,489)	\$223,922	0.66%
2022	-	1,281	(1,281)	188,648	0.68%
2021	-	1,300	(1,300)	172,725	0.75%
2020	4,482	5,776	(1,294)	182,209	3.17%
2019	3,726	4,970	(1,244)	151,448	3.28%
2018	2,550	5,288	(2,738)	190,317	2.78%
2017	4,688	5,620	(932)	171,087	3.28%
2016	9,186	16,766	(7,580)	147,563	11.36%
2015	13,152	14,882	(1,730)	128,680	11.57%
2014	\$15,627	\$23,874	\$(8,247)	\$129,076	18.50%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ended 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - KERS Hazardous.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023, derived compensation based on pension contribution information as there were no required employer contributions for the insurance fund for FYE 2021, FYE 2022 and FYE 2023.

Schedule of Employer's OPEB Contributions - SPRS
As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2023	\$9,289	\$9,289	\$-	\$65,830	14.11%
2022	8,782	8,782	-	48,600	18.07%
2021	9,285	9,285	-	47,155	19.69%
2020	13,133	13,133	-	48,231	27.23%
2019	13,283	13,288	(5)	48,780	27.24%
2018	9,062	9,397	(335)	50,064	18.77%
2017	9,222	9,222	-	48,873	18.87%
2016	8,553	10,237	(1,684)	45,551	22.47%
2015	9,890	10,382	(492)	45,765	22.69%
2014	\$20,879	\$14,493	\$6,386	\$44,616	32.48%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ended 2023 is based on the contribution rate calculated with the June 30, 2021, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - SPRS.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information

Money-Weighted Rates of Return

In accordance with GASB, KPPA provides this additional disclosure regarding the money-weighted rate of return for the Pension Funds and Insurance Fund. The money-weighted rate of return is a method of calculating period-by-period returns on Pension Funds' and Insurance Fund's investments that adjusts for the changing amounts actually invested. For purposes of this statement, money-weighted rate of return is calculated as the internal rate of return on Pension Funds' and Insurance Fund's investments, net of Pension Funds' and Insurance Fund's investment expense, adjusted for the changing amounts actually invested.

See below for the money-weighted rates of return for multiple periods including fiscal year June 30, 2023, as calculated by the custodian bank, BNY Mellon:

Money - Weighted Rates of Return As of June 30					
	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Pension					
2023	10.25%	10.35%	7.07%	9.46%	7.53%
2022	(5.83)%	(6.02)%	(5.29)%	(5.94)%	(5.80)%
2021	25.72%	25.58%	22.53%	25.21%	21.70%
2020	0.84%	0.71%	2.35%	0.96%	2.21%
2019	5.72%	5.76%	5.77%	5.68%	5.67%
2018	8.82%	8.82%	7.63%	8.69%	7.68%
2017	13.80%	13.72%	12.08%	13.45%	12.50%
2016	(0.62)%	(0.46)%	(0.97)%	(0.33)%	(1.76)%
2015	1.90%	1.95%	2.30%	1.84%	1.80%
2014	15.56%	15.50%	15.50%	15.65%	15.66%
Insurance					
	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
2023	10.32%	10.06%	9.89%	9.26%	9.44%
2022	(5.49)%	(4.95)%	(6.22)%	(4.43)%	(4.43)%
2021	24.81%	24.99%	25.16%	24.99%	25.36%
2020	0.36%	0.27%	0.98%	0.21%	0.64%
2019	5.73%	5.78%	5.04%	5.56%	5.73%
2018	9.22%	9.35%	7.95%	8.93%	9.39%
2017	13.67%	13.69%	13.77%	13.75%	13.69%
<i>Note: This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.</i>					

Additional Supporting Schedules

Schedule of Administrative Expenses

Schedule of Direct Investment Expenses

Schedule of Professional Consultant Fees

Report on Internal Control

Schedule of Administrative Expenses
As of June 30 (\$ in Thousands)

	2023	2022
Personnel		
Salaries and Per Diem	\$16,432	\$15,803
Pension, Insurance Related Benefits	16,534	16,165
Unemployment Compensation	9	-
Employee Training	11	10
Total Personnel	32,986	31,978
Contractual		
Actuarial Services	491	474
Audit Services	110	142
Human Resource Consulting	-	6
Legal Counsel	1,007	1,126
Medical Review Services	1,413	1,593
Miscellaneous	131	124
Total Contractual	3,152	3,465
Communication		
Printing	68	77
Telephone	113	123
Postage	352	377
Travel	84	32
Total Communication	617	609
Internal Audit		
Travel/Conferences	\$2	2
Dues/Subscriptions	1	1
Miscellaneous	24	-
Total Internal Audit	27	3
Investments-Pension Funds		
Travel/Conferences	22	7
Dues/Subscriptions	13	13
Total Investments	35	15
Rentals		
Office Space	1,000	1,013
Equipment	90	92
Total Rentals	1,090	1,103
Information Technology		
Software	2,725	2,972
Total Information Technology	2,725	2,972
Miscellaneous		
Utilities	153	142
Supplies	71	83
Insurance	6	5
Dues & Subscriptions	61	52
Maintenance	1	-
Other	56	34
COVID Expenses	5	13
Total Miscellaneous	353	336
Depreciation/Amortization/Accruals	890	(739)
Total Pension Fund Administrative Expense	41,875	39,742
Healthcare Fees	2,427	2,454
Total Insurance Fund Administrative Expense	2,427	2,454
Total Contractual Services	\$44,302	\$42,196

Pension Fund Schedule of Direct Investment Expenses
As of June 30, 2023 (\$ in Thousands)

	CERS		KERS		SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
Security Lending Fees					
Borrower (Income) Rebates	\$7,904	\$2,760	\$2,525	\$755	\$426
Lending Agent Fees	164	57	59	17	9
Total Security Lending	8,068	2,817	2,584	772	435
Contractual Services					
Investment Management	51,121	17,180	14,788	4,806	2,155
Security Custody	743	256	298	77	51
Investment Consultant	306	105	120	32	21
Performance Fees	10,465	3,295	1,866	910	336
Total Contractual Services	\$62,635	\$20,836	\$17,072	\$5,825	\$2,563

Insurance Fund Schedule of Direct Investment Expenses
As of June 30, 2023 (\$ in Thousands)

	CERS		KERS		SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
Security Lending Fees					
Borrower (Income) Rebates	\$2,414	\$1,162	\$969	\$399	\$169
Lending Agent Fees	54	26	23	9	4
Total Security Lending	2,468	1,188	992	408	173
Contractual Services					
Investment Management	18,972	9,925	7,229	3,850	1,521
Security Custody	390	192	172	74	29
Investment Consultant	116	57	50	22	9
Performance Fees	3,499	1,782	2,870	819	299
Total Contractual Services	\$22,977	\$11,956	\$10,321	\$4,765	\$1,858

Schedule of Professional Consultant Fees
As of June 30 (\$ in Thousands)

	2023	2022
Actuarial Services	\$491	\$474
Medical Review Services	1,413	1,593
Audit Services	110	142
Legal Counsel	1,007	1,126
Human Resource Consulting	-	6
Miscellaneous	131	124
Total	\$3,152	\$3,465



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Members
Kentucky Public Pensions Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Kentucky Public Pensions Authority (KPPA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise KPPA's basic financial statements, and have issued our report thereon dated November 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards*
(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

Farrah Petter, CPA
Assistant Auditor of Public Accounts
Frankfort, Ky

November 27, 2023

INVESTMENTS

TABLE OF CONTENTS

<u>123</u>	<u>INVESTMENT OVERVIEW</u>
<u>126</u>	<u>INVESTMENT STRATEGIES</u>
<u>127</u>	<u>INVESTMENT OBJECTIVES</u>
<u>129</u>	<u>INVESTMENT RESULTS</u>
<u>130</u>	<u>BENCHMARKS</u>
<u>131</u>	<u>LONG-TERM RESULTS</u>
<u>132</u>	<u>PUBLIC EQUITY</u>
<u>133</u>	<u>CORE FIXED INCOME</u>
<u>134</u>	<u>SPECIALTY CREDIT</u>
<u>135</u>	<u>PRIVATE EQUITY</u>
<u>135</u>	<u>REAL ESTATE</u>
<u>136</u>	<u>REAL RETURN</u>
<u>136</u>	<u>CASH</u>
<u>137</u>	<u>ADDITIONAL SCHEDULES & REQUIRED SUPPLEMENTAL INFORMATION</u>
<u>137</u>	<u>INVESTMENT ADVISORS AND ASSETS UNDER MANAGEMENT</u>
<u>143</u>	<u>EXTERNAL INVESTMENT EXPENSE</u>
<u>144</u>	<u>COMMISSIONS</u>
<u>145</u>	<u>FAIR VALUES BY PLAN</u>

Investment Overview

This section of the report was compiled by KPPA investment staff using information provided by Wilshire Associates and the Bank of New York Mellon. Except otherwise noted, investment returns are based on investment asset fair value and calculated using time-weighted return calculation methodologies.

Investment returns play an important role at KPPA in terms of funding status of the plans and continued funding of operations. The Investment Committees of each Board of Trustees is committed to maximizing the long-term total rate of return on investments, given the appropriate level of risk, for the sole benefit of the members in the plans. The overall investment performance goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefits and administrative funding requirements (see Investment Objectives later in this section).

Investments are managed by professional investment management firms and the KPPA Investment Staff based upon statutory investment authority, the investment policies adopted by the KRS Board of Trustees and the CERS Board of Trustees. The investment staff coordinates and monitors the investments of the trust assets and assists the Investment Committees in the formulation and implementation of investment policies and long-term investment strategy.

Asset Allocation and Diversification

The Trustees recognize that asset allocation is the primary driver of long-term investment performance and therefore review asset allocation on a regular basis. Asset allocation is a process designed to construct an optimal long-term asset mix that achieves a specific set of investment objectives. The Investment Policy Statement establishes the plans' asset allocation policy as designed to meet those objectives.

The asset allocation policies are adopted to provide for diversification of assets in an effort to maximize the long-term returns on investments consistent with prudent levels of market and economic risks. Of all the components of investment strategy formulation, the determination of asset allocation targets is the most important decision.

Risk is further diversified through active and passive management using multiple investment management firms and KPPA Investment Staff with a variety of investment styles. The total investment performance is not dependent upon the outcome of just one particular investment style or manager.

KPPA develops specific contractual investment guidelines for each external manager and each internally managed account that control the risk of high concentrations in a particular sector, industry, or security.

Diversification of the assets among various asset classes, investment management styles, and individual securities mitigates risk and enhances the potential of the investment portfolios to achieve their respective long-term objectives.

The following tables show each Plans' asset allocation targets as specified in their respective Investment Policy Statement and the actual asset allocation of the Plans as of June 30, 2023.

Board Policies vs. Actual Asset Allocation
As of June 30, 2023

Pension	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return	Total Plan
CERS Nonhazardous Policy Target Asset Allocation	50.00%	10.00%	10.00%	10.00%	0.00%	7.00%	13.00%	100.00%
CERS Nonhazardous Actual Asset Allocation	50.46%	7.93%	10.22%	19.98%	1.97%	6.28%	3.16%	100.00%
CERS Hazardous Policy Target Asset Allocation	50.00%	10.00%	10.00%	10.00%	0.00%	7.00%	13.00%	100.00%
CERS Hazardous Actual Asset Allocation	50.41%	7.64%	10.25%	19.92%	2.95%	5.78%	3.05%	100.00%
KERS Nonhazardous Policy Target Asset Allocation	32.50%	7.00%	20.50%	15.00%	5.00%	10.00%	10.00%	100.00%
KERS Nonhazardous Actual Asset Allocation	33.66%	4.54%	20.72%	17.42%	16.45%	5.08%	2.13%	100.00%
KERS Hazardous Policy Target Asset Allocation	43.50%	10.00%	10.00%	15.00%	1.50%	10.00%	10.00%	100.00%
KERS Hazardous Actual Asset Allocation	43.88%	7.03%	12.15%	20.23%	8.31%	5.63%	2.77%	100.00%
SPRS Policy Target Asset Allocation	32.50%	7.00%	20.50%	15.00%	5.00%	10.00%	10.00%	100.00%
SPRS Actual Asset Allocation	32.83%	2.83%	20.76%	17.32%	20.75%	3.65%	1.86%	100.00%

NOTE: The actual asset allocations are calculated by taking the fair value of each asset class as a percentage of total portfolio for the plans combined.

Board Policies vs. Actual Asset Allocation
As of June 30, 2023

Insurance	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return	Total Plan
CERS Nonhazardous Policy Target Asset Allocation	50.00%	10.00%	10.00%	10.00%	0.00%	7.00%	13.00%	100.00%
CERS Nonhazardous Actual Asset Allocation	50.55%	8.19%	10.24%	19.86%	2.58%	6.01%	2.57%	100.00%
CERS Hazardous Policy Target Asset Allocation	50.00%	10.00%	10.00%	10.00%	0.00%	7.00%	13.00%	100.00%
CERS Hazardous Actual Asset Allocation	50.99%	9.39%	9.52%	20.02%	0.59%	6.72%	2.77%	100.00%
KERS Nonhazardous Policy Target Asset Allocation	43.50%	10.00%	10.00%	15.00%	1.50%	10.00%	10.00%	100.00%
KERS Nonhazardous Actual Asset Allocation	44.51%	6.50%	12.11%	20.32%	10.13%	4.20%	2.23%	100.00%
KERS Hazardous Policy Target Asset Allocation	43.50%	10.00%	10.00%	15.00%	1.50%	10.00%	10.00%	100.00%
KERS Hazardous Actual Asset Allocation	44.22%	8.75%	12.11%	21.26%	3.40%	7.37%	2.89%	100.00%
SPRS Policy Target Asset Allocation	43.50%	10.00%	10.00%	15.00%	1.50%	10.00%	10.00%	100.00%
SPRS Actual Asset Allocation	44.71%	9.73%	11.63%	21.22%	2.93%	7.05%	2.73%	100.00%

NOTE: The actual asset allocations are calculated by taking the fair value of each asset class as a percentage of total portfolio for the plans combined.

Investment Strategies

Diversification

The Pension and Insurance portfolios are diversified on several levels, primarily through the use of the aforementioned asset class allocations. Asset allocations are evaluated on a periodic basis and represent an efficient allocation to maximize returns and minimize risks at a level appropriate for each system. The individual asset classes are diversified through the use of multiple portfolios that are managed by both the Office of Investments Staff and external Investment Managers. Finally, portfolios within each of the asset classes are diversified through both investment styles and the selection of individual securities. Each portfolio advisor is afforded discretion to diversify its portfolio(s) within the parameters established by the Boards.

Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with the IPS target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among asset classes and investment advisors. The rebalancing policies call for a rebalancing to within its allocation ranges if an asset class exceeds or falls outside its allowable range as defined in the IPS.

Performance Review

At least once each quarter, the Investment Committees, on behalf of the Boards, review the performance of the portfolio to determine compliance with the IPS. The Investment Committees also review a report created and presented by the KPPA Compliance Officer. The Compliance Officer performs tests daily, monthly, and quarterly to assure compliance with the restrictions imposed by the IPS.

Investment Consulting

The Boards employ qualified independent industry leading external consultants to assist in asset allocation studies, asset allocation recommendations, manager searches and other investment related consulting functions. Consultants also provide performance reports covering both the internally managed and externally managed assets.

Investment Objectives

The Trustees recognize that as long-term investors, the primary aim is that the portfolios meet their performance objectives in the long-term while understanding that this may not necessarily occur in the short term. The overall investment performance goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefits and administrative funding requirements. The following descriptions represent general standards of measurement that will be used as guidelines for the various classes of investments and managers of the Plans.

Public Asset Class Allocations

Short-term: For periods less than five years or a full market cycle, the Asset Class Allocation should exceed the returns of the appropriate Index.

Intermediate & Long-term: For periods greater than five years or a full market cycle, the Asset Class Allocation should exceed the appropriate Index, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the Index.

Individual Public Security Portfolios

Short-term: For periods less than five years or a full market cycle, individual portfolios should exceed the returns of their market goal or benchmark.

Intermediate & Long-term: For periods greater than five years or a full market cycle, individual portfolios should exceed the return of their market goal or benchmark, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the benchmark.

Alternative Assets

Private Equity

The Private Equity portfolio should seek to achieve both short-term and intermediate/long term Net Internal Rate of Returns that provide yields in excess of core equity investments.

Short-term: Alternative investments should earn a Net Internal Rate of Return (IRR) that place the investment above the median Net IRR of other similar funds, of the same vintage year.

Intermediate & Long-term: The private equity portfolio should earn a return that meets or exceeds the Systems Private Equity Index. Individual private equity investments should earn a Net IRR above the median Net IRR of other similar funds, of the same vintage year.

Real Estate

Relative Return: The Real Estate portfolio is expected to generate returns, net of all fees and expenses, in excess of the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index lagged 1 calendar quarter.

Absolute Return: The long-term real return objective for the Real Estate portfolio is five percent over the Barclays Capital U.S. 7-10 Year Treasury Bond Index, net of investment management fees.

Real Return

Short-term: For periods less than five years or a full market cycle, the allocation should achieve an annual rate of return that exceeds the appropriate benchmark (the weighted average return of the underlying investment benchmarks) annually over a complete market cycle, net of all investment management fees.

Strategic objective: For periods greater than five years or a full market cycle, the allocation should not only outperform the short-term benchmark, but also achieve a rate of return that exceeds CPI + 300 basis points.

Investment Results

For the purposes of this report, total return information has been reported net of investment manager fees and investment expenses with audited data since July 2011. At the manager or individual account level, returns have been reported net of fees since July 2011 and gross of fees are used for prior historical data. All rates of return are calculated using time-weighted rates of return.

Fiscal Year 2023 Results

Please see the tables below for the net returns reported for the fiscal year ended June 30, 2023.

Net Returns As of June 30, 2023 (\$ in Thousands)

Pension Funds	Fair Value	% of Total	1 Year		3 Years		5 Years		GANIR	10 Years		Inception	
			Plan	Index	Plan	Index	Plan	Index		Plan	Index	Plan	Index
CERS	\$8,693,826	52.03%	10.24%	9.54%	9.26%	8.83%	6.82%	6.55%	6.52%	7.27%	6.92%	8.85%	8.86%
CERS Hazardous	3,006,298	17.99%	10.33%	9.54%	9.18%	8.83%	6.76%	6.55%	6.68%	7.24%	6.92%	8.85%	8.86%
KERS	3,522,035	21.08%	6.96%	7.02%	7.52%	7.11%	6.11%	5.70%	5.61%	6.65%	6.44%	8.69%	8.74%
KERS Hazardous	898,809	5.38%	9.46%	8.70%	8.83%	9.01%	6.58%	6.66%	6.40%	7.14%	6.97%	8.82%	8.88%
SPRS	587,507	3.52%	7.58%	7.02%	7.68%	7.11%	6.17%	5.70%	6.09%	6.61%	6.41%	8.68%	8.73%
Total	\$16,708,475	100.00%	9.54%	8.88%	8.88%	8.46%	6.68%	6.41%		7.16%	6.90%	8.82%	8.86%

Net Returns As of June 30, 2023 (\$ in Thousands)

Insurance Funds	Fair Value	% of Total	1 Year		3 Years		5 Years		10 Years		Inception	
			Plan	Index	Plan	Index	Plan	Index	Plan	Index	Plan	Index
CERS	\$3,274,939	45.52%	10.33%	9.54%	9.20%	8.62%	6.68%	6.28%	7.24%	6.90%	7.37%	7.56%
CERS Hazardous	1,606,040	22.32%	10.11%	9.54%	9.35%	8.62%	6.76%	6.28%	7.30%	6.90%	7.39%	7.56%
KERS	1,452,258	20.18%	9.87%	8.70%	8.88%	8.75%	6.46%	6.49%	6.85%	6.97%	7.26%	7.58%
KERS Hazardous	615,979	8.56%	9.29%	8.70%	9.25%	8.87%	6.65%	6.43%	7.17%	6.96%	7.35%	7.58%
SPRS	245,834	3.42%	9.46%	8.70%	9.43%	8.87%	6.88%	6.43%	7.35%	6.98%	7.40%	7.58%
Total	\$7,195,050	100.00%	10.15%	9.27%	9.22%	8.81%	6.70%	6.39%	7.21%	7.03%	7.36%	7.60%

Benchmarks

The benchmarks are weighted averages that are composites of the various asset class indices that exist within each of the investment portfolios. The Modified Dietz Method, as its basis for calculations, is used to determine the performance of an investment portfolio based on a time weighted cash flow. The various asset class benchmarks are shown below:

Benchmarks and Allocation Guidelines As of June 30, 2023

Asset Allocation by Plan				
			KERS Hazardous Pension/KERS Nonhazardous, and SPRS Insurance	
Index	Asset Class	ALL CERS	Nonhazardous/SPRS Pension	
Equity				
MSCI ACWI	Public Equity	50.00%	32.50%	43.50%
Russell 3000 Quarter Lagged + 300 bps	Private Equity	10.00%	7.00%	10.00%
Fixed Income				
Bloomberg US Aggregate	Core Fixed Income	10.00%	20.50%	10.00%
50% Bloomberg US High Yield/50% Morningstar LSTA Leveraged Loan	Specialty Credit	10.00%	15.00%	15.00%
FTSE 3-Month US Treasury Bill	Cash	0.00%	5.00%	1.50%
Inflation Protected				
NCREIF ODCE	Real Estate	7.00%	10.00%	10.00%
US CPI + 3%	Real Return	13.00%	10.00%	10.00%

Note: These benchmarks are intended to be objective, measurable, investable/replicable, and representative of the investment mandates. The benchmarks are developed from publicly available information and accepted by the investment advisor and KPPA as the neutral position consistent with the investment mandate and status. KPPA Investment Staff and our Consultant recommend the indices and benchmarks, which are reviewed and approved by the Investment Committee and ratified by the KRS and CERS Boards. It is anticipated that as KRS and CERS funds continue to diversify through other markets and asset classes, both the Pension Funds' and Insurance Funds' total benchmarks will evolve to reflect these exposures.

Long-Term Results

The chart below displays the growth of \$1,000 over the course of 10 years given the performance of the portfolios compared to the benchmark and the actuarial assumed rate of return. As of June 30, 2023, the actuarial rate of return for KERS Nonhazardous and SPRS pension was 5.25% and 6.25% for all other funds.

Since June 30, 2014, returns ranged from a minimum of (5.73)% in 2022 to a maximum of 25.00% in 2021. For fiscal year 2023, the annualized total net returns of each Plan exceeded their respective actuarially assumed rates of return. Translating these returns into dollars, a beginning balance of \$1,000 in fiscal year 2014 would have a balance of \$1,996 in fiscal year 2023. The annualized benchmark would have a balance of \$1,961.

Pension Trust Growth As of June 30 (in Whole \$)											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Return		15.55%	2.01%	(0.52)%	13.47%	8.57%	5.83%	1.15%	25.00%	(5.73)%	9.54%
Performance BM		14.91%	3.13%	(0.19)%	13.28%	7.91%	6.00%	0.50%	24.07%	(5.76)%	8.88%
Actuarial Assumed ROR CERS Nonhazardous, CERS Hazardous and KERS Hazardous		7.75%	7.75%	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Actuarial Assumed ROR KERS Nonhazardous and SPRS		7.75%	7.75%	7.50%	6.75%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Pension	\$1,000	\$1,156	\$1,179	\$1,173	\$1,331	\$1,445	\$1,529	\$1,546	\$1,933	\$1,822	\$1,996
Performance Benchmark	1,000	1,149	1,185	1,183	1,340	1,446	1,533	1,540	1,911	1,801	1,961
Actuarial Assumed ROR CERS Nonhazardous, CERS Hazardous and KERS Hazardous	1,000	1,078	1,161	1,248	1,342	1,426	1,515	1,609	1,710	1,817	1,930
Actuarial Assumed ROR KERS Nonhazardous and SPRS	\$1,000	\$1,078	\$1,161	\$1,248	\$1,332	\$1,402	\$1,476	\$1,553	\$1,635	\$1,721	\$1,811

The chart below shows theoretical annual returns for the Insurance portfolio since June 30, 2014, where returns range from a minimum of (5.34%) in 2022 to a maximum of 24.95% in 2021. As of June 30, 2023, the Insurance portfolio earned 10.15% versus the annualized benchmark return of 9.27%. The chart below indicates that with a beginning balance of \$1,000 in fiscal year 2014, the Insurance portfolio would have a balance of \$2,006 compared to the actuarially assumed rate of return balance of \$1,930 and the annualized benchmark return would have a balance of \$2,001 at the end of the 10-year period.

Insurance Trust As of June 30 (in Whole \$)											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Return		14.89%	1.86%	(0.09)%	13.72%	9.05%	5.67%	0.48%	24.95%	(5.34)%	10.15%
Performance BM		15.03%	3.79%	0.03%	13.55%	8.48%	5.89%	0.13%	23.84%	(5.21)%	9.27%
Actuarial Assumed ROR		7.75%	7.75%	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Insurance	\$1,000	\$1,149	\$1,170	\$1,169	\$1,330	\$1,450	\$1,532	\$1,540	\$1,924	\$1,821	\$2,006
Performance Benchmark	1,000	1,150	1,194	1,194	1,356	1,471	1,558	1,560	1,932	1,831	2,001
Actuarial Assumed ROR	\$1,000	\$1,078	\$1,161	\$1,248	\$1,342	\$1,426	\$1,515	\$1,609	\$1,710	\$1,817	\$1,930

Public Equity

For the fiscal year, the KPPA Pension Public Equity portfolio outperformed the benchmark by 121 basis points (bps), 17.74% versus the benchmark return of 16.53% (KPPA Insurance Public Equity: 17.60%). Relative outperformance was primarily driven by stock selection, most notably, broad outperformance across the international portion of the portfolio.

During the 12-months ending June 30, 2023, the KPPA Pension U.S. equity portion of the portfolio underperformed the R3000, 18.54% versus 18.95%; while the aggregate KPPA Insurance U.S. equity mandates returned 18.44%. Stock selection was solid across most strategies, especially within the mid, small, and microcap strategies. The only significant source of relative weakness came from the internal factor-based portfolio (11.31% vs 19.59%); however, this was less about stock selection and more about allocation tilts. The strategy's tilts, smaller in terms of market cap and towards value, weighed on relative performance (growth outpaced value by over 15%). Since inception, the Pension U.S. equity mandates have returned 11.30%, underperforming the benchmark by 9bps, while the Insurance U.S. equity mandates earned 9.92% annualized, outpacing the portfolio's benchmark by 2bps.

For the fiscal year, the KPPA Pension Non-U.S. equity mandates combined to outperform the MSCI ACWI Ex-US by 396bps, returning 16.43% versus 12.47%; while the aggregate KPPA Insurance international mandates returned 16.28%. Relative outperformance can best be attributed to broad based outperformance of the individual strategies. Most notably within the developed large cap and emerging market mandates (especially the dedicated value piece). Since inception, the Pension Non-U.S. equity mandates have returned 3.46%, underperforming the benchmark by 4bps, while the Insurance Non-U.S. equity mandates earned 3.44% annualized, outpacing the portfolio's benchmark by 60bps.

Return on Public Equity As of June 30, 2023

	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Public equity						
Pension	4/1/1984	17.74%	10.87%	7.55%	8.57%	10.21%
Performance Benchmark		16.53%	10.83%	7.52%	8.46%	10.05%
Insurance	7/1/1992	17.60%	10.88%	7.53%	8.62%	8.57%
Performance Benchmark		16.53%	10.81%	7.49%	8.47%	8.37%

Note: Current Pension and Insurance benchmarks are Global Equity: MSCI ACWI; US Equity: Russell 3000; Non-US Equity: MSCI ACWI Ex-US

Pension Top 10 Public Equity Holdings As of June 30, 2023 (\$ in Thousands)

Company	Shares	Fair Value
APPLE INC	1,188,746	\$230,581
ISHARES CORE S&P MIDCAP ETF	840,865	219,869
MICROSOFT CORP	597,830	203,585
LAZARD EMERG MKT EQY-INST	6,625,310	109,318
AMAZON.COM INC	717,712	93,561
NVIDIA CORP	198,845	84,115
ALPHABET INC	477,670	57,177
TESLA INC	216,610	56,702
META PLATFORMS INC	177,862	51,043
ALPHABET INC	410,886	49,705
Total	11,452,336	\$1,155,656

Insurance Top 10 Public Equity Holdings As of June 30, 2023 (\$ in Thousands)

Company	Shares	Fair Value
APPLE INC	530,743	\$102,948
ISHARES CORE S&P MIDCAP ETF	381,139	99,660
MICROSOFT CORP	266,915	90,895
LAZARD EMERG MKT EQY-INST	3,059,536	50,483
AMAZON.COM INC	320,439	41,773
NVIDIA CORP	88,779	37,555
ALPHABET INC	213,267	25,528
TESLA INC	96,711	25,316
META PLATFORMS INC	79,411	22,789
ALPHABET INC	183,450	22,192
Total	5,220,390	\$519,139

A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>.

Core Fixed Income

For the fiscal year ended June 30, 2023, the Pension Core Fixed Income portfolio outperformed the benchmark by 2.21%, with a return of 1.27% compared to the Bloomberg U.S. Aggregate which returned (0.94)%. The Insurance Core Fixed Income portfolio posted a 1.14% rate of return, which outperformed the Bloomberg U.S. Aggregate Bond Index by 2.08%. Relative outperformance was driven by the shorter duration profile and tactical allocation to front end investment grade credit as rates rose and credit spreads tightened. Since inception, the Pension Core Fixed Income portfolio has outperformed the benchmark by 0.87%; while the Insurance Core Fixed Income portfolio has outperformed by 0.59% annually.

Return on Core Fixed Income As of June 30, 2023

Portfolio	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Pension	7/1/2013	1.27%	(0.35)%	2.23%	2.39%	2.39%
Performance Benchmark	7/1/2013	(0.94)%	(3.96)%	77.00%	1.52%	1.52%
Insurance	7/1/2013	1.14%	(0.48)%	2.06%	2.11%	2.11%
Performance Benchmark	7/1/2013	(0.94)%	(3.96)%	77.00%	1.52%	1.52%

Note: Pension and Insurance benchmark is Bloomberg US Aggregate.

Pension 2022 Top 10 Core Fixed Income Holdings As of June 30, 2023 (\$ in Thousands)

Issuer	Shares	Fair Value
U S TREASURY BILL	37,100,000	\$36,151
U S TREASURY NOTE	15,221,000	14,883
U S TREASURY NOTE	14,935,000	14,604
CHARTER COMM OPERATING 10/19	10,597,562	10,585
U S TREASURY NOTE	9,905,000	9,779
CITIGROUP INC	10,053,000	9,596
SANTANDER DRIVE AUTO RECEI 6 B	9,365,000	9,160
US TREAS-CPI INFLAT	9,510,942	9,115
U S TREASURY NOTE	9,296,000	8,960
U S TREASURY NOTE	9,207,000	8,875
Total	135,190,504	\$131,708

Insurance Top 10 Core Fixed Income Holdings As of June 30, 2023 (\$ in Thousands)

Issuer	Shares	Fair Value
U S TREASURY BILL	11,535,000	\$11,240
U S TREASURY NOTE	5,933,000	5,801
CHARTER COMM OPERATING 10/19	3,607,468	3,603
US TREAS-CPI INFLAT	3,506,255	3,360
CITIGROUP INC	3,391,000	3,237
SANTANDER DRIVE AUTO RECEI 6 B	3,300,000	3,228
U S TREASURY NOTE	3,139,000	3,026
US TREAS-CPI INFLAT	3,006,550	2,932
U S TREASURY NOTE	2,995,000	2,929
MICROCHIP TECHNOLOGY INC	2,907,000	2,895
Total	43,320,273	\$42,251

Note: A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>.

Specialty Credit

For the fiscal year ended June 30, 2023, the Pension Specialty Credit portfolio returned 7.16%, underperforming the benchmark by 2.78% which returned 9.94% for the year. The Insurance Specialty Credit portfolio posted a 7.37% rate of return, underperforming the benchmark by 2.57%. Since inception, the Pension and Insurance Specialty Credit portfolios have outperformed their respective benchmarks by 1.97% and 1.84%, respectively.

Return on Specialty Credit As of June 30, 2023

Portfolio	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Pension	7/1/2017	7.16%	7.72%	5.66%	N/A	5.70%
Performance Benchmark	7/1/2017	9.94%	4.76%	3.78%	N/A	3.73%
Insurance	7/1/2017	7.37%	7.78%	5.61%	N/A	5.57%
Performance Benchmark	7/1/2017	9.94%	4.76%	3.78%	N/A	3.73%

Note: Pension and Insurance benchmark is 50% Bloomberg US High Yield/50% Morningstar LSTA Leveraged Loan.

Pension Top 10 Specialty Credit Holdings As of June 30, 2023 (\$ in Thousands)

Issuer	Fair Value
TRANSDIGM INC 144A	\$3,688
INDONESIA TREASURY BOND	3,428
AMERICAN AIRLINES INC/AAD 144A	3,263
U S TREASURY NOTE	3,116
HUDBAY MINERALS INC 144A	2,975
U S TREASURY NOTE	2,973
MEDLINE BORROWER LP 144A	2,940
MEXICAN BONOS	2,771
UBER TECHNOLOGIES INC 144A	2,692
NFP CORP 144A	2,675
Total	\$30,519

Insurance Top 10 Specialty Credit Holdings As of June 30, 2023 (\$ in Thousands)

Issuer	Fair Value
TRANSDIGM INC 144A	\$1,637
AMERICAN AIRLINES INC/AAD 144A	1,316
MEDLINE BORROWER LP 144A	1,269
HUDBAY MINERALS INC 144A	1,224
U S TREASURY NOTE	1,177
INDONESIA TREASURY BOND	1,158
NFP CORP 144A	1,152
UBER TECHNOLOGIES INC 144A	1,111
TABEO LLC	1,105
UNITED AIRLINES INC 144A	1,067
Total	\$12,216

Note: A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>.

Private Equity

For the fiscal year ended June 30, 2023, the Pension Private Equity portfolio posted a return of (1.55%), while the Insurance Private Equity portfolio returned 1.99%. The Investment Committee acknowledges the difficulty in assessing short term performance for Private Equity. Performance is typically based on quarterly estimates of each underlying business's value, and managers are often slow to mark valuations up or down. This can distort relative performance against a public market benchmark during periods when that index moves dramatically, such as fiscal year 2023. A better indication of program performance would be the mid- to longer-term time periods because more underlying company holdings have likely transacted at a specific (rather than estimated) valuation.

For the five years ended June 30, 2023, the Pension and Insurance Private Equity portfolios returned 13.91% and 13.25%, respectively. Over the past 10 years, the Pension portfolio trailed its benchmark by 1.57% but still produced a 13.39% return. The Insurance portfolio return of 14.42% was below its benchmark of 14.96%. Since inception in 2002, the Pension and Insurance portfolio's have reported a 11.82% return and a 10.96% return, respectively.

Return on Private Equity As of June 30, 2023

Portfolio	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Pension	7/1/2002	(1.55)%	19.70%	13.91%	13.39%	11.82%
Performance Benchmark		(5.58)%	21.56%	13.51%	14.96%	11.83%
Insurance	7/1/2002	1.99%	21.29%	13.25%	14.42%	10.96%
Performance Benchmark		(5.58)%	21.56%	13.51%	14.96%	11.39%

Note: Pension and Insurance Benchmark 5 years and beyond is the Russell 3000 Lagged + 300bps. For shorter term periods, the benchmark matches actual performance experienced.

Real Estate

For the fiscal year ended June 30, 2023, the Pension Real Estate portfolio saw returns of (2.69)%, exceeding its benchmark return of (3.91)%. The Insurance Real Estate portfolio also surpassed the benchmark, returning (3.06)% compared to (3.91)%. For the five years ending June 30, 2023, both the Pension and Insurance portfolios outperformed the benchmarks return by 3.82% and 3.73%, respectively.

Return on Real Estate As of June 30, 2023

Portfolio	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Pension	7/1/1984	(2.69)%	11.12%	10.38%	9.81%	6.64%
Performance Benchmark		(3.91)%	7.46%	6.56%	8.47%	6.47%
Insurance	5/1/2009	(3.06)%	10.84%	10.29%	9.76%	9.60%
Performance Benchmark		(3.91)%	7.46%	6.56%	8.47%	6.18%

Note: Pension and Insurance benchmark is NCREIF ODCE

Real Return

For the fiscal year ended June 30, 2023, the Pension Real Return portfolio returned 12.77%, outperforming its benchmark of 7.05%. The Insurance Real Return portfolio posted a return of 11.12%, also outperforming its benchmark return of 7.05% for the period. These returns were driven by strong returns from the portfolio's midstream energy assets. Since inception, the Pension and Insurance Real Return portfolios have outperformed their respective benchmarks by 0.70% and 0.42% respectively.

Return on Real Return As of June 30, 2023

Portfolio	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Pension	7/1/2011	12.77%	12.72%	6.42%	4.71%	4.83%
Performance Benchmark		7.05%	12.76%	6.45%	4.06%	4.13%
Insurance	7/1/2011	11.12%	11.64%	6.28%	4.54%	4.60%
Performance Benchmark		7.05%	11.94%	6.45%	4.11%	4.18%

Note: Pension and Insurance benchmark is Real Return Custom BM

Cash

For the fiscal year ended June 30, 2023, the Pension Cash portfolio returned 3.38%, underperforming its benchmark, the FTSE 3-Month US Treasury Bill by 0.37%. The Insurance Cash portfolio also underperformed the index, posting a return of 3.36% during the same 12-month period.

As the accompanying table indicates, longer-term Cash portfolios have performed well compared to their benchmark. For the ten years ending June 30, 2023, the Pension portfolio has outperformed its benchmark by 0.23% on an annualized basis. Since its inception, the Pension portfolio has exceeded its benchmark by 0.39%. The Insurance portfolio has also outperformed its benchmark return over the ten-year and since inception periods by 0.05% and 0.10%, respectively.

Return on Cash As of June 30, 2023

Portfolio	Inception Date	Fiscal Year	3-Year	5-Year	10-Year	Inception
Pension	1/1/1988	3.38%	1.24%	1.59%	1.21%	3.31%
Performance Benchmark		3.75%	1.33%	1.57%	0.98%	2.92%
Insurance	7/1/1992	3.36%	1.22%	1.48%	1.03%	2.45%
Performance Benchmark		3.75%	1.33%	1.57%	0.98%	2.35%

Note: Pension and Insurance benchmark is FTSE Treasury Bill-3 Month

Additional Schedules

The following schedules contain information on the assets under management for each firm KPPA employs and assets managed by KPPA Investment Staff, external investment-related expenses, commissions paid, and portfolio summaries for each of the five Pension and Insurance plans for the fiscal year ended June 30, 2023.

Investment Managers & Assets Under Management Active Mandate- Alphabetical by Manager As of June 30, 2023 (\$ in Thousands)	
Advisor	Assets Under Management
Internally Managed by KPPA	\$6,450,344
Adams Street	398,733
American Century Investments	630,265
Arctos Sports	15,932
Arrowmark	791,520
Axiom	134,745
Barings Real Estate	73,237
Blue Torch	202,971
BlackRock ACWI Ex-US	1,244,103
Benefit Street Partners	190,165
CapitalSpring	109,111
Cerberus	264,646
Columbia Threadneedle Investments	651,672
Franklin Templeton	516,336
Harrison Street	379,873
IFM	100,191
JP Morgan Emerging Markets	208,991
Lazard Asset Management	733,778
Loomis, Sayles & Company	565,896
Lord Abbett & Co	1,949,208
LSV Asset Management	742,141
Manulife Investment Management	411,250
Marathon Asset Management	678,947
Mesa West	80,232
Middle Ground	237,081
New State	5,713
Next Century	209,484
NISA Investment Advisors	409,182
Northern Trust Global Investments	448,010
Prologis	446,942
Pzena Emerging Markets	250,520
River Road Asset Management	422,233
Shenkman Capital Management	368,954
Stockbridge	167,132
Strategic Value Partners	134,147
Tortoise	262,496
Waterfall Asset Management	417,598
Westfield Capital	501,881
White Oak Global Advisors	197,334
Assets Under Management	\$22,002,994

Investment Managers & Assets Under Management
Managers With Terminated or Runoff Status - Alphabetical by Manager
As of June 30, 2023 (\$ in Thousands)

Advisor	Assets Under Management
AMERRA	\$88,701
Ares	28,047
Bay Hills	275,503
Black Diamond	105,788
Blackstone	34,598
BTG Pactual	37,653
Crestview	82,202
CVC	33,082
DAG Ventures	25,200
Fundamental	87,507
Leonard Green	127,529
Harvest Partners	66,848
H.I.G	32,732
Horsley Bridge	102,505
Kayne Anderson	52,281
Keyhaven	35,609
Levine Leichtman	123,208
Lubert-Adler	41,709
Patron	67,981
Prisma	138,330
Rubenstein	12,898
Triton	19,408
Vista Equity	101,914
Walton Street	29,707
Other	149,591
Assets Under Management	1,900,531
Total	\$23,903,525

Note: Totals reflect external manager assets under management, therefore totals will differ from Total Fair Values.

Note: The managers have been separated by actively managed and terminated/runoff. Managers who are actively managed are either fully funded or are in the investment phase of the strategy. Managers who are in a terminated or runoff status are in the process of liquidation or are in the final investment phase awaiting payout. Managers who are in runoff or have been liquidated with a de minimis balance are reported as "Other".

Investment Managers & Assets Under Management by Fund and Asset Class

Pension Funds

As of June 30, 2023 (\$ in Thousands)

Advisor/Asset Class	CERS	CERS	KERS	KERS	SPRS	KPPA
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		Total
Core Fixed Income	\$1,060,135	\$396,945	\$1,309,194	\$183,950	\$243,898	\$3,194,122
Lord Abbett & Co.	595,920	206,712	489,491	73,257	81,828	1,447,208
Loomis, Sayles & Company Core	172,930	59,986	142,045	21,258	23,746	419,965
NISA Investment Advisors	119,377	41,409	98,057	14,675	16,392	289,910
Internally Managed by KPPA	171,908	88,838	579,601	74,760	121,932	1,037,039
Private Equity	\$642,586	\$215,566	\$140,853	\$59,178	\$14,991	\$1,073,174
Ares	12,576	4,292	-	1,138	359	18,365
Bay Hills	105,534	33,832	61,042	10,671	4,948	216,027
Black Diamond	42,958	14,662	-	3,887	1,225	62,732
Blackstone	13,217	6,382	45	1,142	3	20,789
Crestview	34,851	11,528	10,233	3,342	1,319	61,273
CVC	14,822	5,059	-	1,341	423	21,645
DAG Ventures	9,817	3,060	8,198	1,039	540	22,654
Leonard Green	44,536	17,609	501	3,831	33	66,510
Harvest Partners	25,138	7,701	-	2,111	45	34,995
H.I.G.	12,962	5,111	978	1,170	256	20,477
Horsley Bridge	39,945	12,435	33,444	4,229	2,201	92,254
Kayne Anderson	18,717	5,829	-	1,595	-	26,141
Keyhaven	14,264	4,729	3,904	1,362	531	24,790
Levine Leichtman	46,289	14,735	-	4,000	304	65,328
Middle Ground	101,195	32,636	13,647	9,005	1,570	158,053
New State	2,184	740	767	220	88	3,999
Strategic Value Partners	58,823	18,932	7,420	5,206	854	91,235
Triton	8,703	2,970	-	787	248	12,708
Vista	36,055	13,324	674	3,102	44	53,199
Public Equity	\$4,387,288	\$1,515,428	\$1,185,535	\$394,373	\$192,859	\$7,675,483
American Century Investments	245,257	85,081	67,689	22,884	11,982	432,893
Axiom	51,666	17,923	14,259	4,821	2,524	91,193
BlackRock ACWI Ex-US	502,146	175,794	115,064	40,723	15,946	849,673
Franklin Templeton	200,399	69,519	55,309	18,699	9,790	353,716
Lazard Asset Management	284,436	98,672	78,502	26,540	13,896	502,046
LSV Asset Management	287,533	99,746	79,357	26,829	14,047	507,512
Next Century	85,215	29,196	19,790	6,962	3,292	144,455
Northern Trust	182,037	62,369	42,276	14,871	7,032	308,585
River Road Asset Management	167,570	57,413	38,916	13,690	6,473	284,062
Westfield Capital	199,424	68,326	46,314	16,292	7,704	338,060
JP Morgan Emerging Markets	81,921	28,419	22,610	7,644	4,002	144,596
Pzena Emerging Markets	97,499	33,823	26,909	9,097	4,763	172,091
Internally Managed by KPPA	2,002,185	689,147	578,540	185,321	91,408	3,546,601
Real Estate	\$543,796	\$173,041	\$179,035	\$50,381	\$21,400	\$967,653
Barings Real Estate	28,842	9,120	9,577	2,620	1,107	51,266
Fundamental Partners	34,462	10,897	11,442	3,130	1,323	61,254
Harrison Street	145,075	45,377	51,993	12,884	6,147	261,476
Lubert-Adler	18,945	5,931	1,910	1,649	626	29,061
Patron	10,293	3,255	3,418	935	395	18,296
Mesa West	45,110	14,228	8,435	4,044	1,300	73,117
Prologis	180,184	56,976	59,826	16,366	6,918	320,270
Rubenstein	6,264	1,952	-	535	192	8,943

Stockbridge	59,533	18,984	26,196	5,215	2,527	112,455
Walton Street	13,406	4,489	4,358	1,462	500	24,215
Internally Managed by KPPA	1,682	1,832	1,880	1,541	365	7,300
Real Return	\$265,891	\$88,872	\$74,244	\$24,136	\$10,772	\$463,915
AMERRA	41,141	12,990	-	3,688	1,866	59,685
Arctos	5,353	2,294	2,485	64	637	10,833
BTG Pactual	17,959	5,755	-	1,550	717	25,981
IFM	39,745	13,687	11,701	3,604	1,397	70,134
Prisma	55,623	17,619	17,874	4,664	1,935	97,715
Tortoise	105,999	36,503	42,156	10,559	4,217	199,434
Internally Managed by KPPA	71	24	28	7	3	133
Specialty Credit	\$1,736,704	\$598,727	\$613,464	\$181,854	\$101,769	\$3,232,518
Adams Street	154,908	52,233	50,636	15,058	6,279	279,114
Arrowmark	299,730	99,086	87,645	27,173	10,826	524,460
Blue Torch	78,813	26,611	25,734	7,732	3,190	142,080
Benefit Street Partners	75,343	24,954	18,961	6,811	1,760	127,829
CapitalSpring	45,017	14,910	11,329	4,069	1,052	76,377
Cerberus	109,189	36,164	27,479	9,870	2,551	185,253
Columbia Threadneedle Investments	185,302	72,714	138,034	30,216	28,950	455,216
Manulife Investment Management	174,059	67,951	36,585	17,923	7,506	304,024
Marathon Asset Management	243,559	80,026	128,494	21,709	11,601	485,389
Shenkman Capital Management	134,546	45,350	24,819	20,533	9,549	234,797
Waterfall Asset Management	157,150	52,534	43,844	13,611	16,657	283,796
White Oak Global Advisors	79,088	26,194	19,904	7,149	1,848	134,183
Other	\$57,426	\$17,719	\$19,710	\$4,937	\$1,818	\$101,610
Total Assets Under Management	\$8,693,826	\$3,006,298	\$3,522,035	\$898,809	\$587,507	\$16,708,475

Investment Managers & Assets Under Management by Fund and Asset Class

Insurance Funds

As of June 30, 2023 (\$ in Thousands)

Advisor/Asset Class	CERS	CERS	KERS	KERS	SPRS	KPPA
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous		Total
Core Fixed Income	\$420,096	\$162,357	\$323,022	\$95,556	\$35,795	\$1,036,826
Lord Abbett & Co.	219,437	99,962	115,088	48,803	18,710	502,000
Loomis, Sayles & Company Core	63,790	29,059	33,456	14,187	5,439	145,931
NISA Investment Advisors	52,137	23,750	27,344	11,596	4,445	119,272
Internally Managed by KPPA	84,732	9,586	147,134	20,970	7,201	269,623
Private Equity	\$248,225	\$140,024	\$89,824	\$49,794	\$22,354	\$550,221
Ares	5,517	2,984	-	728	453	9,682
Bay Hills	30,767	16,599	4,228	5,079	2,803	59,476
Black Diamond	24,533	13,270	-	3,238	2,015	43,056
Blackstone	7,563	4,526	7	1,161	552	13,809
Crestview	11,402	6,160	709	1,675	983	20,929
CVC	6,517	3,525	-	860	535	11,437
DAG Ventures	1,031	553	568	273	121	2,546
Leonard Green	29,259	17,577	5,681	5,967	2,535	61,019
Harvest Partners	13,525	8,090	5,402	3,458	1,378	31,853
H.I.G.	6,785	3,883	68	991	528	12,255
Horsley Bridge	4,130	2,211	2,316	1,103	491	10,251
Kayne Anderson	10,822	6,535	4,757	2,902	1,124	26,140
Keyhaven	5,965	3,224	270	852	508	10,819
Levine Leichtman	25,228	14,943	9,055	6,134	2,520	57,880
Middle Ground	22,551	11,726	37,230	5,391	2,130	79,028
New State	772	397	329	155	61	1,714
Strategic Value Partners	15,694	8,315	13,291	4,356	1,256	42,912
Triton	3,817	2,065	-	504	314	6,700
Vista	22,347	13,441	5,913	4,967	2,047	48,715
Public Equity	\$1,655,332	\$818,974	\$646,377	\$272,367	\$109,920	\$3,502,970
American Century Investments	90,100	44,149	40,578	15,886	6,659	197,372
Axiom	19,882	9,742	8,954	3,505	1,469	43,552
BlackRock	205,868	102,342	48,766	27,934	9,520	394,430
Franklin Templeton	74,236	36,376	33,433	13,089	5,486	162,620
Lazard Asset Management	105,785	51,835	47,643	18,651	7,818	231,732
LSV Asset Management	107,108	52,483	48,238	18,884	7,916	234,629
Next Century	31,045	15,788	11,318	4,896	1,982	65,029
Northern Trust	66,562	33,850	24,267	10,497	4,249	139,425
River Road Asset Management	65,963	33,546	24,048	10,403	4,211	138,171
Westfield Capital	78,209	39,773	28,512	12,334	4,993	163,821
JP Morgan Emerging Markets	29,396	14,404	13,239	5,183	2,173	64,395
Pzena Emerging Markets	35,803	17,543	16,125	6,312	2,646	78,429
Internally Managed by KPPA	745,375	367,143	301,256	124,793	50,798	1,589,365
Real Estate	\$196,063	\$107,577	\$60,735	\$45,225	\$17,265	\$426,865
Barings Real Estate	10,089	5,537	3,120	2,333	892	21,971
Fundamental Partners	12,055	6,616	3,728	2,788	1,066	26,253
Harrison Street	54,328	29,716	17,161	12,431	4,761	118,397
Lubert-Adler	5,826	3,177	1,794	1,343	508	12,648
Mesa West	23,106	12,755	6,404	5,394	2,026	49,685
Patron	3,267	1,793	1,010	756	289	7,115
Prologis	58,168	31,921	17,987	13,453	5,143	126,672
Rubenstein	1,825	992	560	420	158	3,955
Stockbridge	24,923	13,730	8,111	5,721	2,192	54,677

Walton Street	2,476	1,340	860	586	230	5,492
Real Return	\$81,721	\$43,148	\$31,164	\$17,269	\$6,502	\$179,804
AMERRA	13,437	7,418	3,857	3,128	1,176	29,016
Arctos	2,613	892	1,466	64	64	5,099
BTG Pactual	5,284	2,903	1,801	1,221	463	11,672
IFM	13,917	7,171	5,119	2,880	970	30,057
Prisma	18,179	10,185	6,404	4,252	1,595	40,615
Tortoise	28,165	14,514	12,461	5,698	2,224	63,062
Internally Managed by KPPA	126	65	56	26	10	283
Specialty Credit	\$650,513	\$321,591	\$295,123	\$130,980	\$52,176	\$1,450,383
Adams Street	54,239	28,654	21,037	11,317	4,372	119,619
Arrowmark	121,025	65,933	43,270	26,899	9,933	267,060
Blue Torch	27,573	14,493	10,886	5,722	2,217	60,891
Benefit Street Partners	27,857	15,193	10,590	6,394	2,302	62,336
CapitalSpring	14,628	7,978	5,561	3,358	1,209	32,734
Cerberus	35,480	19,350	13,487	8,144	2,932	79,393
Columbia Threadneedle Investments	88,956	33,320	51,530	16,306	6,344	196,456
Manulife Investment Management	54,709	23,758	22,649	976	5,134	107,226
Marathon Asset Management	85,275	46,613	34,167	20,444	7,059	193,558
Shenkman Capital Management	52,978	19,629	46,499	11,164	3,887	134,157
Waterfall Asset Management	59,572	31,278	24,719	13,778	4,455	133,802
White Oak Global Advisors	28,221	15,392	10,728	6,478	2,332	63,151
Other	\$22,989	\$12,369	\$6,013	\$4,788	\$1,822	\$47,981
Total Assets Under Management	\$3,274,939	\$1,606,040	\$1,452,258	\$615,979	\$245,834	\$7,195,050

External Investment Expenses - Pension Asset Class/Type Breakdown

For the fiscal year ending June 30, 2023 (\$ in Thousands)

	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Fee for Long Balance	\$7	\$-	\$-	\$-	\$-	\$-	\$-	\$7
Securities Lending Fee Rebate	10,181	-	1,475	2,060	-	654	-	\$14,370
Investment Advisory Fees	13,222	6,858	2,759	18,968	-	3,643	7,666	\$53,116
Performance/Incentive Fees	-	(206)	-	18,303	-	1,788	(3,013)	\$16,872
Securities Lending Fees	144	-	42	56	-	64	-	\$306
Taxes and Insurance	-	609	-	-	-	-	-	\$609
Administration	180	-	-	-	1,904	-	-	\$2,084
Miscellaneous	28	3,429	-	28,288	-	1,007	1,424	\$34,176
Commission on Future Contracts	3	-	52	3	-	-	-	\$58
Consultant Fees	-	-	-	-	584	-	-	\$584
Custodial Fees	-	-	-	-	1,425	-	-	\$1,425
	\$23,765	\$10,690	\$4,328	\$67,678	\$3,913	\$7,156	\$6,077	\$123,607

External Investment Expenses - Insurance Asset Class/Type Breakdown

For the fiscal year ending June 30, 2023 (\$ in Thousands)

	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Fee for Long Balance	\$4	\$-	\$-	\$-	\$-	\$-	\$-	\$4
Securities Lending Fee Rebate	3,449	-	627	831	-	206	-	\$5,113
Investment Advisory Fees	6,115	4,438	1,028	8,251	-	1,646	3,468	\$24,946
Performance/Incentive Fees	-	960	-	8,673	-	809	(1,173)	\$9,269
Securities Lending Fees	59	-	14	23	-	20	-	\$116
Taxes and Insurance	-	306	-	-	-	-	-	\$306
Administration	81	-	-	-	827	-	-	\$908
Miscellaneous	12	1,608	-	12,578	-	504	611	\$15,313
Commission on Future Contracts	1	-	18	1	-	-	-	\$20
Consultant Fees	-	-	-	-	254	-	-	\$254
Custodial Fees	-	-	-	-	857	-	-	\$857
	\$9,721	\$7,312	\$1,687	\$30,357	\$1,938	\$3,185	\$2,906	\$57,106

The Governmental Accounting Standards Board recognizes that it may not be possible or cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses of the plan. KPPA has displayed all investment related fees and expenses identifiable and captured by our custodial bank, BNY Mellon and KPPA staff.

External Expenses

For the fiscal year ending June 30, 2023 (\$ in Thousands)

Expense	Fees Paid	Share of Total
Portfolio Management		
Pension Funds	\$106,922	59.17%
Insurance Fund	50,766	28.09%
Securities Lending		
Pension Funds	14,676	8.12%
Insurance Fund	5,229	2.90%
Custody		
Pension Funds	1,425	0.79%
Insurance Fund	857	0.47%
Consultant		
Pension Funds	584	0.32%
Insurance Fund	254	0.14%
Total Pension Funds		
	123,607	68.40%
Total Insurance Fund		
	57,106	31.60%
Total Expenses		
	\$180,713	100.00%

Schedule of Commissions Paid (in whole \$)

For the fiscal year ending June 30, 2023

Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	44,926,514	\$829,621	0.0185
Non U.S. Equities	261,291,961	\$1,256,670	0.0048
Total	306,218,475	\$2,086,291	0.01

Fair Values (FV) - Pension Funds

As of June 30, 2023 (\$ in Thousands)

	CERS Nonhazardous		CERS Hazardous		KERS Nonhazardous		KERS Hazardous	
	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV
Assets								
Equity								
Public Equity	\$4,387,287	50.46%	\$1,515,428	50.41%	\$1,185,535	33.66%	\$394,373	43.88%
Private Equity	689,035	7.93%	229,769	7.64%	159,851	4.54%	63,181	7.03%
Fixed Income								
Core Fixed Income	888,421	10.22%	308,173	10.25%	729,672	20.72%	109,211	12.15%
Specialty Credit	1,736,726	19.98%	598,736	19.92%	613,468	17.42%	181,856	20.23%
Cash	171,714	1.97%	88,772	2.95%	579,522	16.45%	74,740	8.31%
Inflation Protected								
Real Return	274,708	3.16%	91,713	3.05%	74,952	2.13%	24,885	2.77%
Real Estate	545,935	6.28%	173,707	5.78%	179,035	5.08%	50,563	5.63%
TOTAL PORTFOLIO	\$8,693,826		\$3,006,298		\$3,522,035		\$898,809	

Fair Values (FV) - Insurance Funds

As of June 30, 2023 (\$ in Thousands)

	CERS Nonhazardous		CERS Hazardous		KERS Nonhazardous		KERS Hazardous	
	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV
Assets								
Equity								
Public Equity	\$1,655,332	50.55%	\$818,974	50.99%	\$646,377	44.51%	\$272,367	44.22%
Private Equity	268,197	8.19%	150,751	9.39%	94,391	6.50%	53,886	8.75%
Fixed Income								
Core Fixed Income	335,463	10.24%	152,820	9.52%	175,932	12.11%	74,605	12.11%
Specialty Credit	650,533	19.86%	321,600	20.02%	295,131	20.32%	130,980	21.26%
Cash	84,633	2.58%	9,538	0.59%	147,091	10.13%	20,951	3.40%
Inflation Protected								
Real Return	84,098	2.57%	44,445	2.77%	32,410	2.23%	17,822	2.89%
Real Estate	196,683	6.01%	107,912	6.72%	60,926	4.20%	45,368	7.37%
TOTAL PORTFOLIO	\$3,274,939		\$1,606,040		\$1,452,258		\$615,979	

Fair Values (FV) - Pension Funds

As of June 30, 2023 (\$ in Thousands)

	SPRS		Total	
	Fair Value	% of Total FV	Fair Value	% of Total FV
Assets				
Equity				
Public Equity	\$192,859	32.83%	\$7,675,482	45.94%
Private Equity	16,598	2.83%	1,158,434	6.93%
Fixed Income				
Core Fixed Income	121,978	20.76%	2,157,455	12.91%
Specialty Credit	101,770	17.32%	3,232,556	19.35%
Cash	121,919	20.75%	1,036,667	6.20%
Inflation Protected				
Real Return	10,917	1.86%	477,175	2.86%
Real Estate	21,466	3.65%	970,706	5.81%
TOTAL PORTFOLIO	\$587,507		\$16,708,475	

Fair Values (FV) - Insurance Funds

As of June 30, 2023 (\$ in Thousands)

	SPRS		Total	
	Fair Value	% of Total FV	Fair Value	% of Total FV
Assets				
Equity				
Public Equity	\$109,920	44.71%	\$3,502,970	48.68%
Private Equity	23,923	9.73%	591,148	8.22%
Fixed Income				
Core Fixed Income	28,602	11.63%	767,422	10.67%
Specialty Credit	52,177	21.22%	1,450,421	20.16%
Cash	7,194	2.93%	269,407	3.74%
Inflation Protected				
Real Return	6,699	2.73%	185,474	2.58%
Real Estate	17,319	7.05%	428,208	5.95%
TOTAL PORTFOLIO	\$245,834		\$7,195,050	

ACTUARIAL

TABLE OF CONTENTS

<u>148</u>	<u>CERTIFICATION OF ACTUARIAL RESULTS</u>
<u>152</u>	<u>SUMMARY OF ACTUARIAL ASSUMPTIONS</u>
<u>159</u>	<u>SUMMARY OF ACTUARIAL VALUATION RESULTS</u>
<u>160</u>	<u>RECOMMENDED EMPLOYER CONTRIBUTION RATES</u>
<u>163</u>	<u>SUMMARY OF ACTUARIAL UNFUNDED LIABILITIES</u>
<u>167</u>	<u>SOLVENCY TEST</u>
<u>172</u>	<u>ACTIVE MEMBER VALUATION</u>
<u>176</u>	<u>SUMMARY OF BENEFIT PROVISIONS CERS, KERS & SPRS PLANS</u>



Certification of Actuarial Results

Re: Certification for the Actuarial Results as of June 30, 2023.

Dear Boards of Trustees:

Actuarial valuations are prepared annually as of June 30, for the County Employees Retirement System (CERS), the Kentucky Employees Retirement System (KERS), and the State Police Retirement System (SPRS). These reports describe the current actuarial condition of the Systems and document the calculated employer contribution requirements as well as the changes in the financial condition since the prior actuarial valuation.

Under Kentucky Statute, the Board of Trustees of the Kentucky Retirement System (KRS) must recommend the employer contribution requirement for KERS and SPRS for the fiscal years beginning July 1, 2024 and ending June 30, 2026. The Board of Trustees of the County Employees Retirement System must certify the employer contribution rates for CERS for the fiscal year beginning July 1, 2024 and ending June 30, 2025. The contribution requirements determined by June 30, 2023 actuarial valuations are intended to become effective twelve months after the valuation date and, as such, are intended to be used by the Board for recommending these required contributions effective July 1, 2024.

These contributions are calculated based on the membership data and plan assets as of June 30, 2023. These calculations are also based on the benefit provisions in effect as of June 30, 2023.

FINANCING OBJECTIVES AND FUNDING POLICY

The Kentucky Public Pensions Authority (KPPA) administers pension and health insurance funds to provide for monthly retirement income and retiree health insurance benefits. The total employer contribution requirement is comprised of a contribution to each respective fund.

The employer contribution is determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (26 years remaining as of June 30, 2023). Gains and losses incurring in years after June 30, 2019 are amortized as separate, closed 20-year amortization bases.

If the contributions made are equal to the Actuarially Determined Contribution (ADC), and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 26-year period remaining from the original closed 30-year amortization base. Accordingly, the ADC under the funding policy can be considered a "Reasonable Actuarially Determined Contribution" as required by the Actuarial Standards of Practice.

House Bill 8 passed during the 2021 legislative session and changed how employer contributions are allocated and collected from the participating employers in the KERS non-hazardous fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

HB 1 and HB 604 were enacted in the 2022 legislative session and provided an additional \$135 million and \$105 million in appropriations to finance the unfunded actuarial accrued liability in the KERS non-hazardous retirement fund in FY 2023 and FY 2024. The previous year's valuation reflected the appropriations for FY 2023 in the calculated contribution requirement, and the appropriations for FY 2024 have been reflected in the contribution requirement in this year's valuation.



PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, assumption changes, or actuarial losses, it should increase over time, until it reaches at least 100%. As of June 30, 2023, the funded ratios for the pension and health insurance funds are as follows:

Funding Level As of June 30										
System	2023		2022		2021		2020		2019	
	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance
CERS										
Nonhazardous	56.1%	131.5%	52.0%	132.1%	51.8%	85.4%	49.4%	78.5%	49.1%	70.7%
CERS Hazardous	51.4%	100.7%	47.6%	101.0%	46.7%	84.3%	45.1%	78.2%	45.3%	75.8%
KERS										
Nonhazardous	21.8%	81.7%	18.5%	79.1%	16.8%	50.2%	14.2%	42.7%	13.4%	36.3%
KERS Hazardous	65.4%	170.4%	63.2%	172.2%	60.4%	135.5%	55.3%	126.0%	54.8%	123.1%
SPRS	54.0%	100.5%	52.5%	100.6%	30.7%	82.0%	28.1%	75.0%	27.0%	71.3%

ASSUMPTIONS AND METHODS

The Boards of Trustees, in consultation with the actuary, set the actuarial assumptions and methods used in the actuarial valuation. An experience study was conducted after the June 30, 2022 actuarial valuation and the Board adopted updated assumptions for use in this actuarial valuation.

The updated assumptions include:

Demographic Assumptions:

- Post-retirement mortality rates were updated based on KPPA experience.
- Mortality improvement assumption was updated to the ultimate rates of the MP-2020 mortality improvement scale.
- Rates of termination prior to retirement were increased.
- Rates of disability incidence for the KERS non-hazardous fund and CERS funds were decreased.
- The percentage of members assumed to cover spouses in the retiree health insurance plan at retirement was increased for the SPRS fund.



Economic Assumptions:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by 0.20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds and 3.55% in the hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption for the CERS pension funds and all insurances funds was increased from 6.25% to 6.50%.
- The Tier 3 cash balance interest crediting rate assumption was increased to 5.90% for the KERS non-hazardous and SPRS pension funds and to 6.75% for the KERS hazardous and CERS pension funds.

In our opinion, all the assumptions and methods adopted by the Boards Trustees satisfy the requirements in the Actuarial Standards of Practice that are applicable for actuarial valuations of public retirement systems.

It is our opinion that the actuarial assumptions used to perform these valuations are internally consistent and reasonably reflect the anticipated future experience of the Systems. The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution requirements, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

ADDITIONAL DISCLOSURES

The benefit structure is outlined in this section of the annual report. GRS prepared the following schedules in the actuarial section: *Summary of Actuarial Valuation Results, Recommended Employer Contribution Rates, Summary of Actuarial Unfunded Liabilities, the Solvency Test, the Summary of Active Member Valuation Data, the Summary of Retired Member Valuation Data, Summary of the Assumptions and Methods, and the Summary of the Benefit Provisions.*

In addition, GRS prepared the following schedules in the financial section in accordance with GASB Statement No. 67: *Net Pension Liability Schedule, Discount Rate Sensitivity Analysis, Schedule of Changes in the Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability, and the Schedule of Employers' Contributions.*

DATA

Member data for retired, active and inactive members was supplied as of June 30, 2023, by KPPA staff. The staff also supplied asset information as of June 30, 2023. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KPPA.



CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Retirement Systems as of June 30, 2023. All of our work conforms with generally accepted actuarial principles and practices, and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All three of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

Gabriel, Roeder, Smith & Co.

A handwritten signature in dark ink, appearing to read "Daniel J. White".

Daniel J. White, FSA, MAAA, EA
Senior Consultant

A handwritten signature in dark ink, appearing to read "Janie Shaw".

Janie Shaw, ASA, MAAA
Consultant

A handwritten signature in dark ink, appearing to read "Krysti Kiesel".

Krysti Kiesel, ASA, MAAA
Senior Analyst and Actuary

Summary of Actuarial Assumptions

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Boards and statutory funding requirements. Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of the Actuarial Experience Study. In general, the assumptions and methods used in the June 30, 2023 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted, and adopted by the Boards in May and June 2023.

1. Actuarial Cost Method: The actuarial valuation was prepared using the entry age normal cost (EANC) method as required by state statute. Under this method, the present value of future benefits is determined for each member and allocated equitably as a level percentage of payroll from the member's entry age into the plan to the assumed age of exit from the plan. The portion of the present value of future benefits allocated to the current valuation year is called the normal cost. The portion of the present value of future benefits allocated to prior years of service is called the actuarial accrued liability. The unfunded actuarial accrued liability represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. Relative to the pension fund and the insurance fund, an employer contribution has been established to pay for both the normal cost and the amount needed to amortize the unfunded actuarial accrued liability (UAAL).

2. UAAL Amortization Method: Effective for the June 30, 2019 valuation, the actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period. Gains and losses incurring in future years are amortized as separated closed 20-year amortization bases. This amortization cost is calculated using a 0.00% payroll growth assumption for the KERS and SPRS Funds and a 2.00% payroll growth assumption for the CERS Funds. Effective for fiscal years ending June 30, 2022 and later, the amortization cost for the KERS Nonhazardous funds is allocated amongst employers as a dollar amount based on the employers' actuarial accrued liability as of June 30, 2019. The amortization cost for the remaining funds is divided by covered payroll and included in the contribution rate, payable by employers as a percentage of pay.

3. Asset Valuation Method: The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the investment return assumption. The amount recognized each year is 20% of the difference between market value and expected market value.

4. Retiree Insurance Funding Policy: Effective for the June 30, 2019 valuation, the actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019, over a closed 30-year amortization period. Gains and losses incurring in future years are amortized as separated closed 20-year amortization bases. This amortization cost is calculated using a 0.00% payroll growth assumption for the KERS and SPRS Funds and a 2.00% payroll growth assumption for the CERS Funds. Effective for fiscal years ending June 30, 2022 and later, the amortization cost for the KERS Nonhazardous funds is allocated amongst employers as a dollar amount based on the employers' actuarial accrued liability as of June 30, 2019. The amortization cost for the remaining funds is divided by covered payroll and included in the contribution rate, payable by employers as a percentage of pay.

5. Investment Return Assumption: The future investment earnings of plan assets are assumed to accumulate at a rate of 6.50% per annum for the CERS Nonhazardous Retirement System, the CERS Hazardous Retirement System, and all Insurance Systems. This rate consists of a 2.50% price inflation component and a 4.00% real rate of return component. The assumed rate of return for the KERS Hazardous pension fund is 6.25% and consists of a 2.50% inflationary component and a 3.75% real rate of return component. The assumed rate of return for the KERS Nonhazardous pension fund and the SPRS pension fund is 5.25% and consist of a 2.50% inflationary component and a 2.75% real rate of return component. This assumption was adopted in 2023.

6. Salary Increase Assumptions: Active member salaries are assumed to increase at the rates provided in Table 1. The rates include a price inflation and productivity component, and an additional increase due to promotion based upon plan experience. The price inflation component is 2.50% for all plans and the productivity component is 0.80% for the nonhazardous systems and 1.05% for the hazardous systems. This assumption was adopted in 2023.

Table 1. Salary Increase Assumptions

Service	CERS	CERS	KERS	KERS	SPRS
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	
0	10.30%	19.05%	15.30%	20.05%	16.05%
1	7.30%	9.05%	6.80%	7.55%	8.55%
2	6.30%	7.05%	6.05%	6.55%	7.55%
3	5.30%	6.05%	5.80%	6.55%	5.55%
4	5.05%	5.80%	5.30%	5.55%	5.55%
5	4.80%	5.55%	4.80%	5.05%	5.55%
6	4.55%	5.55%	4.55%	4.55%	5.55%
7	4.30%	5.05%	4.30%	4.05%	4.55%
8	4.05%	5.05%	4.05%	4.05%	4.55%
9	4.05%	4.55%	3.80%	3.55%	3.55%
10	3.80%	4.55%	3.80%	3.55%	3.55%
11	3.80%	4.05%	3.30%	3.55%	3.55%
12	3.55%	4.05%	3.30%	3.55%	3.55%
13	3.55%	4.05%	3.30%	3.55%	3.55%
14	3.55%	3.80%	3.30%	3.55%	3.55%
15+	3.30%	3.80%	3.30%	3.55%	3.55%
16+	3.30%	3.55%	3.30%	3.55%	3.55%

7. Health Care Cost Trend Rate:

The costs for retiree medical premiums are assumed to increase according to the assumptions provided in Table 2.

Table 2: Health Care Cost Trend Rate (See footnotes 1-2)

Year	Non-Medicare Plans ⁽¹⁾	Medicare Plans ⁽¹⁾	Dollar Contribution ⁽²⁾
2025	6.80%	8.50%	1.50%
2026	6.55%	8.00%	1.50%
2027	6.30%	8.00%	1.50%
2028	6.05%	8.00%	1.50%
2029	5.80%	7.50%	1.50%
2030	5.55%	7.00%	1.50%
2031	5.30%	6.50%	1.50%
2032	5.05%	6.00%	1.50%
2033	4.90%	5.50%	1.50%
2034	4.75%	5.00%	1.50%
2035	4.60%	4.50%	1.50%
2036	4.45%	4.05%	1.50%
2037	4.30%	4.05%	1.50%
2038+	4.05%	4.05%	1.50%

⁽¹⁾ All increases are assumed to occur on January 1. The 2024 premiums were known at the time of the June 30, 2023, valuation and were incorporated into the liability measurement.

⁽²⁾ Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

8. Payroll Growth Assumption: For purposes of determining the amortization cost to finance the unfunded actuarial accrued liability, the active member payroll (or amortization payments for the KERS Nonhazardous fund) is assumed to increase at a rate of 0.00% per year for KERS (Nonhazardous and Hazardous) and SPRS and the active member payroll in CERS (Nonhazardous and Hazardous) is assumed to increase at the rate of 2.00% per annum. This assumption was adopted in 2017.

9. Retiree Cost of Living Adjustments (COLA): SB2 only allows the Cost of Living Adjustments (COLAs) to be awarded on a biennial basis if the State Legislature so authorizes and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

10. Retirement Rate Assumptions: The probability, or the likelihood, that a member will retire at a specified age or level of service is provided in Table 3. These assumptions were adopted in 2023.

Table 3a: Retirement Rate Assumptions CERS (See footnotes 1 - 3)

Nonhazardous						Hazardous		
Age					Service	CERS Members Participating before 9/1/2008 ⁽²⁾	CERS Members Participating between 9/1/2008 and 1/1/2014 ⁽³⁾	CERS Members Participating after 1/1/2014 ⁽³⁾
	CERS Normal Retirement	CERS Early Retirement ⁽¹⁾						
	Male	Female	Male	Female				
Under 45	35.00%	27.00%			5	17.00%		
45	35.00%	27.00%			6	17.00%		
46	35.00%	27.00%			7	17.00%		
47	35.00%	27.00%			8	17.00%		
48	35.00%	27.00%			9	17.00%		
49	35.00%	27.00%			10	17.00%		
50	30.00%	27.00%			11	17.00%		
51	30.00%	27.00%			12	17.00%		
52	30.00%	27.00%			13	17.00%		
53	30.00%	27.00%			14	17.00%		
54	30.00%	27.00%			15	17.00%		
55	30.00%	27.00%	4.00%	5.00%	16	17.00%		
56	30.00%	27.00%	4.00%	5.00%	17	17.00%		
57	30.00%	27.00%	4.00%	5.00%	18	17.00%		
58	30.00%	27.00%	4.00%	5.00%	19	17.00%		
59	30.00%	27.00%	4.00%	5.00%	20	30.00%		
60	30.00%	27.00%	4.00%	8.00%	21	22.50%		
61	30.00%	27.00%	4.00%	9.00%	22	18.00%		
62	30.00%	40.00%	15.00%	20.00%	23	21.00%		
63	30.00%	35.00%	15.00%	18.00%	24	24.00%		
64	30.00%	30.00%	15.00%	16.00%	25	27.00%	21.60%	16.00%
65	30.00%	30.00%			26	30.00%	24.00%	16.00%
66	30.00%	27.00%			27	33.00%	26.40%	16.00%
67	30.00%	27.00%			28	36.00%	28.80%	16.00%
68	30.00%	27.00%			29	39.00%	31.20%	16.00%
69	30.00%	27.00%			30+	39.00%	31.20%	100.00%
70	30.00%	27.00%						
71	30.00%	27.00%						
72	30.00%	27.00%						
73	30.00%	27.00%						
74	30.00%	27.00%						
75	100.00%	100.00%						

(1) The annual rate of retirement is 11% for male members and 12% for female members with 25-26 years of service.

(2) The annual rate of retirement is 100% at age 62.

(3) The annual rate of retirement is 100% at age 60.

Nonhazardous System: There is a 1% increase in the first two years a member becomes eligible under the age of 65. For members hired after 7/1/2003, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

Hazardous System: For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 62 to reflect the different retiree health insurance benefit.

Table 3b: Retirement Rate Assumptions KERS (See footnotes 1 - 3)

Age	Non-Hazardous					Hazardous			
	KERS Normal Retirement		KERS Early Retirement ⁽¹⁾		Service	KERS Members participating before 9/1/2008 ⁽²⁾		KERS Members participating between 9/1/2008 and 1/1/2014 ⁽³⁾	KERS Members participating after 1/1/2014 ⁽³⁾
	Male	Female	Male	Female		Age 55-61	Age 62+		
Under 45	20.00%	33.00%			5	10.00%	35.00%		
45	21.00%	33.00%			6	10.00%	35.00%		
46	22.00%	33.00%			7	10.00%	35.00%		
47	23.00%	33.00%			8	10.00%	35.00%		
48	24.00%	33.00%			9	10.00%	35.00%		
49	25.00%	33.00%			10	10.00%	35.00%		
50	26.00%	33.00%			11	10.00%	35.00%		
51	27.00%	33.00%			12	10.00%	35.00%		
52	28.00%	33.00%			13	10.00%	35.00%		
53	29.00%	33.00%			14	10.00%	35.00%		
54	30.00%	33.00%			15	10.00%	35.00%		
55	30.00%	33.00%	5.00%	5.00%	16	10.00%	35.00%		
56	30.00%	33.00%	5.00%	5.00%	17	10.00%	35.00%		
57	30.00%	33.00%	5.00%	5.00%	18	10.00%	35.00%		
58	30.00%	33.00%	5.00%	5.00%	19	10.00%	35.00%		
59	30.00%	33.00%	5.00%	5.00%	20	50.00%	50.00%		
60	30.00%	33.00%	5.00%	8.00%	21	32.00%	32.00%		
61	30.00%	33.00%	8.00%	9.00%	22	32.00%	32.00%		
62	35.00%	35.00%	15.00%	20.00%	23	32.00%	32.00%		
63	30.00%	33.00%	15.00%	18.00%	24	32.00%	32.00%		
64	30.00%	33.00%	15.00%	16.00%	25	32.00%	32.00%	25.60%	16.00%
65	30.00%	33.00%			26	32.00%	32.00%	25.60%	16.00%
66	30.00%	33.00%			27	32.00%	32.00%	25.60%	16.00%
67	30.00%	33.00%			28	32.00%	32.00%	25.60%	16.00%
68	30.00%	33.00%			29	32.00%	32.00%	25.60%	16.00%
69	30.00%	33.00%			30+	32.00%	32.00%	25.60%	100.00%
70	30.00%	33.00%							
71	30.00%	33.00%							
72	30.00%	33.00%							
73	30.00%	33.00%							
74	30.00%	33.00%							
75	100.00%	100.00%							

(1) The annual rate of retirement is 12% for male members and 14% for female members with 25-26 years of service.

(2) The annual rate of retirement is 100% at age 65.

(3) The annual rate of retirement is 100% at age 60.

Nonhazardous System: There is a 1% increase in the first two years a member becomes eligible under the age of 65. For members hired after 7/1/2003, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

Hazardous System: For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

Table 3c: Retirement Rate Assumptions SPRS (See footnotes 1 - 2)

Service	Hazardous		
	SPRS Members Participating before 9/1/2008 ⁽¹⁾	SPRS Members participating between 9/1/2008 and 1/1/2014 ⁽²⁾	SPRS Members participating after 1/1/2014 ⁽²⁾
20	22.00%		
21	22.00%		
22	22.00%		
23	28.00%		
24	28.00%		
25	28.00%	17.60%	16.00%
26	28.00%	17.60%	16.00%
27	28.00%	17.60%	16.00%
28	44.00%	22.40%	16.00%
29	44.00%	22.40%	16.00%
30	44.00%	22.40%	100.00%
31	58.00%	22.40%	
32	58.00%	22.40%	
33	58.00%	35.20%	
34	58.00%	35.20%	
35	58.00%	35.20%	
36	58.00%	46.40%	
37	58.00%	46.40%	
38	58.00%	46.40%	
39	58.00%	46.40%	
40+	58.00%	46.40%	

(1) The annual rate of service retirement is 100% at age 55.

(2) The annual rate of service retirement is 100% at age 60.

For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 55 to reflect the different retiree health insurance benefit.

11. Mortality Assumptions: Pre-retirement mortality: PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Table 4a provides the life expectancy for a non-disabled retiree in future years based on the assumption with full generational projection:

Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

These mortality assumptions were adopted in 2023. Table 4b provides sample annual rates of mortality in the base year of each table (2023 for the retired member mortality rates and 2010 for the active member and disabled member mortality rates).

Table 4a: Life Expectancy for an Age 65 Retiree in Years

Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	19.8	20.2	20.6	21.0	21.3
Female	22.4	22.7	23.1	23.4	23.7

Table 4b: Sample Annual Rate of Mortality

Age	Active Member Mortality		Active Member Mortality		Retired Member Mortality		Disabled Member Mortality	
	Nonhazardous		Hazardous					
	Males	Females	Males	Females	Males	Females	Males	Females
20	0.04%	0.01%	0.04%	0.02%	0.03%	0.01%	0.62%	0.35%
22	0.03%	0.01%	0.04%	0.02%	0.03%	0.01%	0.53%	0.29%
32	0.04%	0.02%	0.04%	0.03%	0.04%	0.02%	0.59%	0.46%
42	0.08%	0.04%	0.07%	0.06%	0.07%	0.04%	1.14%	1.13%
52	0.18%	0.10%	0.14%	0.10%	0.32%	0.21%	2.73%	2.38%
62	0.37%	0.22%	0.32%	0.19%	0.94%	0.55%	4.02%	3.08%
72	0.84%	0.60%	0.98%	0.60%	2.38%	1.48%	6.52%	4.86%

12. Withdrawal Rates: The probability, or likelihood, of active members terminating employment prior to retirement is provided in Table 5. The rates below include the pre-retirement mortality rates described in item #11. These assumptions were adopted in 2023.

Table 5: Selected Rates of Termination Prior to Retirement

CERS Nonhazardous		CERS Hazardous	KERS Nonhazardous		KERS Hazardous	SPRS	
Years of Service			Years of Service			Years of Service	
1	20.00%	20.00%	1	22.00%	32.50%	1	15.00%
2	17.92%	10.48%	2	18.10%	25.58%	2	5.30%
3	14.35%	8.33%	3	14.73%	19.66%	3	4.14%
4	12.26%	7.06%	4	12.77%	16.19%	4	3.47%
5	10.78%	6.18%	5	11.37%	13.73%	5	2.98%
6	9.63%	5.47%	6	10.29%	11.82%	6	2.61%
7	8.69%	4.91%	7	9.41%	10.26%	7	2.30%
8	7.90%	4.43%	8	8.66%	8.93%	8	2.05%
9	7.21%	4.01%	9	8.01%	7.79%	9	1.83%
10	6.60%	3.66%	10	7.44%	6.79%	10	1.63%
11	6.06%	3.32%	11	6.93%	5.89%	11	1.45%
12	5.57%	3.02%	12	6.47%	5.07%	12	1.29%
13	5.12%	2.76%	13	6.04%	4.33%	13	1.14%
14	4.70%	2.51%	14	5.65%	3.64%	14	1.01%
15	4.32%	2.28%	15	5.29%	3.00%	15	0.88%
16	3.97%	2.07%	16	4.95%	2.42%	16	0.77%
17	3.63%	1.86%	17	4.64%	1.86%	17	0.66%
18	3.32%	1.68%	18	4.36%	1.34%	18	0.56%
19	3.04%	1.50%	19	4.07%	0.86%	19	0.46%
20	2.75%	1.33%	20	3.82%	0.39%	20	0.37%
21	2.48%	0.00%	21	3.56%	0.00%	21	0.00%
22	2.23%	0.00%	22	3.32%	0.00%	22	0.00%
23	2.00%	0.00%	23	3.10%	0.00%	23	0.00%
24	1.77%	0.00%	24	2.88%	0.00%	24	0.00%
25	1.55%	0.00%	25	2.67%	0.00%	25	0.00%
26+	0.00%	0.00%	26+	0.00%	0.00%	26+	0.00%

13. Rates of Disablement: CERS/KERS/SPRS provides disability benefits for those individuals meeting specific qualifications established by state law. This assumption provides the probability, or likelihood, that a member will become disabled during the course of employment for various age levels. These assumptions were adopted in 2023.

Table 6: Sample Rates of Disablement

Nearest Age	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
	Probability	Probability	Probability	Probability	Probability
20	0.04%	0.06%	0.03%	0.05%	0.05%
30	0.06%	0.11%	0.05%	0.08%	0.09%
40	0.13%	0.24%	0.11%	0.18%	0.20%
50	0.37%	0.67%	0.31%	0.50%	0.56%
60	0.97%	1.75%	0.80%	1.32%	1.46%

14. Assumption Changes Since Prior Valuation: Demographic and Economic assumptions were updated based on the 2022 experience study. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

Summary of Actuarial Valuation Results					
Recommended Contribution Rate (FY 2025) ⁽¹⁾	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Pension Fund Contribution	19.71%	36.49%	6.99%	23.74%	65.79%
Insurance Fund Contribution	0.00%	2.12%	1.45%	0.00%	2.31%
Actuarially Determined Employer Contributions Rate ⁽²⁾ , payable as a percentage of payroll	19.71%	38.61%	8.44%	23.74%	68.10%
Amortization Cost to be Allocated, if applicable	N/A	N/A	\$856,561,041	N/A	N/A
Funded Status as of Valuation Date As of June 30, 2023 (in Whole \$)					
Pension Fund					
Actuarial Liability	\$15,296,428,191	\$5,849,996,034	\$16,304,277,475	\$1,363,036,563	\$1,091,794,728
Actuarial Value of Assets	8,585,072,563	3,008,146,724	3,552,471,492	891,460,165	589,848,255
Unfunded Liability on Actuarial Value of Assets	6,711,355,628	2,841,849,310	12,751,805,983	471,576,398	501,946,473
Funding Ratio on Actuarial Value of Assets	56.12%	51.42%	21.79%	65.40%	54.03%
Market Value of Assets	8,672,597,255	3,035,192,206	3,539,942,510	893,533,383	591,514,353
Unfunded Liability on Market Value of Assets	\$6,623,830,936	\$2,814,803,828	\$12,764,334,965	\$469,503,180	\$500,280,375
Funding Ratio on Market Value of Assets	56.70%	51.88%	21.71%	65.55%	54.18%
Insurance Fund					
Actuarial Liability	\$2,560,387,062	\$1,604,146,747	\$1,877,108,617	\$363,512,398	\$244,058,286
Actuarial Value of Assets	3,366,332,261	1,615,348,695	1,532,894,678	619,518,838	245,171,996
Unfunded Liability on Actuarial Value of Assets	(805,945,199)	(11,201,948)	344,213,939	(256,006,440)	(1,113,710)
Funding Ratio on Actuarial Value of Assets	131.48%	100.70%	81.66%	170.43%	100.46%
Market Value of Assets	3,398,374,988	1,634,191,785	1,532,752,170	625,356,052	248,109,091
Unfunded Liability on Market Value of Assets	\$(837,987,926)	\$(30,045,038)	\$344,356,447	\$(261,843,654)	\$(4,050,805)
Funding Ratio on Market Value of Assets	132.73%	101.87%	81.65%	172.03%	101.66%
Member Data (See Footnotes)					
Number of Active Members	78,810	9,205	31,383	3,886	868
Total Annual Payroll (Active Members) ⁽³⁾	\$2,898,812,630	\$677,987,564	\$1,615,867,787	\$211,601,653	\$65,912,885
Average Annual Pay (Active Members)	\$36,782	\$73,654	\$51,489	\$54,452	\$75,937
Number of Retired Members & Beneficiaries	70,932	11,603	48,409	4,887	1,697
Average Annual Retirement Allowance	\$12,056	\$27,366	\$20,333	\$15,320	\$37,298
Number of Vested Inactive Members	50,491	1,835	31,085	2,326	324
Number of Inactive Members Due a Refund	60,595	2,452	24,895	6,251	390
⁽¹⁾ Rates do reflect the CERS phase-in provisions, which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, the actuarially determined employer contribution rates are below this threshold for FYE2025, and therefore, the rates shown above are equal to the actuarially determined rates.					
⁽²⁾ For the KERS Nonhazardous fund, contribution rate includes the normal cost portion of the contribution requirement only. Amortization cost will be allocated to employers as a dollar amount.					
⁽³⁾ Annual payroll included in the Summary of Actuarial Valuation Results is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ending June 30, 2023.					

CERS Funds

The Insurance Fund contribution rates and the employer contribution rates for CERS Nonhazardous and CERS Hazardous shown in the tables below are the full funding rates presented by the actuary in the 2014 through 2023 annual valuations.

House Bill 362 was enacted during the 2018 legislative session that limits the annual increase in the CERS employer contribution over the prior fiscal year to 12% per year for the period of July 1, 2018 to June 30, 2028, or until the full actuarial required contribution is met.

Recommended Employer Contribution Rates

As of June 30

CERS (Nonhazardous Employers)

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2014	2015-2016	4.23%	8.19%	12.42%	4.88%	17.30%
2015	2016-2017	3.80%	10.15%	13.95%	4.93%	18.88%
2016	2017-2018	3.70%	10.78%	14.48%	4.70%	19.18%
2017	2018-2019	5.85%	15.99%	21.84%	6.21%	28.05%
2018	2019-2020	5.80%	16.72%	22.52%	4.76%	27.28%
2019	2020-2021	6.63%	17.18%	23.81%	5.43%	29.24%
2020	2021-2022	6.46%	17.42%	23.88%	4.17%	28.05%
2021	2022-2023	6.30%	17.10%	23.40%	3.39%	26.79%
2022	2023-2024	6.06%	17.28%	23.34%	0.00%	23.34%
2023	2024-2025	5.29%	14.42%	19.71%	0.00%	19.71%

CERS (Hazardous Employers)

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2014	2015-2016	6.21%	14.05%	20.26%	13.42%	33.68%
2015	2016-2017	4.52%	17.19%	21.71%	9.79%	31.50%
2016	2017-2018	4.40%	17.80%	22.20%	9.35%	31.55%
2017	2018-2019	6.78%	28.91%	35.69%	12.17%	47.86%
2018	2019-2020	6.35%	30.63%	36.98%	9.52%	46.50%
2019	2020-2021	11.36%	30.66%	42.02%	9.86%	51.88%
2020	2021-2022	11.00%	32.23%	43.23%	8.73%	51.96%
2021	2022-2023	10.71%	32.10%	42.81%	6.78%	49.59%
2022	2023-2024	10.34%	30.77%	41.11%	2.58%	43.69%
2023	2024-2025	9.77%	26.72%	36.49%	2.12%	38.61%

The insurance fund contribution rates and the employer contribution rates for CERS Nonhazardous and CERS Hazardous shown in the above tables are the full funding rates presented by the actuary in the 2014 through 2023 annual valuations. However, in the case of CERS Nonhazardous and CERS Hazardous, in 2006 the actuary recommended a five-year phase-in of the rate which requires the payment of the insurance benefit normal cost with a five-year phase-in of the unfunded accrued liability (UAL) associated with the insurance funds. In 2008 this recommendation was changed to a ten-year phase-in from the initial starting date. This phase-in was complete and the full actuarial rates were paid in FYE 2018. HB 362 (passed during the 2018 legislative session) limited the employer contribution rate increases to 12% per year over the prior fiscal year for the period of July 1, 2018 to June 30, 2028. SB 249 (passed during the 2020 legislative session) froze the contribution rates for one year so that the rates for FYE 2021 were equal to FYE 2020. As of FYE 2023, the CERS contributions rates were fully phased-in and the actual employer contribution rates equaled the actuarially determined rates shown above.

KERS Funds

The contribution rates for KERS Nonhazardous and KERS Hazardous shown in the tables below are the full funding rates presented by the actuary for 2014 through 2023 annual valuations. However, actual employer contributions were less than the recommended rates for years 2009 through 2014. SB 2 (2013 Legislative Regular Session) required full funding starting in fiscal year 2015. HB 265 from the 2018 legislative session reduced the employer contribution rate for KERS quasi-governmental agencies to the fiscal year 2018 rate for fiscal year 2019, which was 49.47%. The 2019 Special Legislative Session HB 1 sets the employer contribution rate at 49.47%, retroactive to July 1, 2019, for fiscal year 2020 for KERS quasi-governmental agencies. House Bill 8 passed during the 2021 legislative session and changed how employer contributions are allocated and collected from the participating employers in the KERS Nonhazardous Fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

Recommended Employer Contribution Rates

As of June 30

KERS (Nonhazardous Employers)

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2014	2015-2016	4.10%	29.47%	33.57%	7.74%	41.31%
2015	2016-2017	3.60%	35.33%	38.93%	8.35%	47.28%
2016	2017-2018	4.93%	37.05%	41.98%	8.41%	50.39%
2017	2018-2019	8.17%	62.86%	71.03%	12.40%	83.43%
2018	2019-2020	7.98%	66.56%	74.54%	10.65%	85.19%
2019	2020-2021	7.99%	65.29%	73.28%	11.15%	84.43%
Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Insurance Fund: Normal Cost	Normal Cost Contribution	Amortization Cost to be Allocated	
2020	2021-2022	7.90%	2.20%	10.10%	\$1,039,849,248	
2021	2022-2023	7.82%	2.15%	9.97%	\$994,421,476	
2022	2023-2024	7.74%	1.86%	9.60%	\$905,892,818	
2023	2024-2025	6.99%	1.45%	8.44%	\$856,561,041	

KERS (Hazardous Employers)

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2014	2015-2016	5.69%	11.40%	17.09%	7.12%	24.21%
2015	2016-2017	6.93%	14.15%	21.08%	2.74%	23.82%
2016	2017-2018	6.44%	14.04%	20.48%	1.34%	21.82%
2017	2018-2019	9.67%	24.72%	34.39%	2.46%	36.85%
2018	2019-2020	9.24%	25.18%	34.42%	0.00%	34.42%
2019	2020-2021	9.21%	26.79%	36.00%	0.00%	36.00%
2020	2021-2022	8.84%	24.59%	33.43%	0.00%	33.43%
2021	2022-2023	8.78%	23.04%	31.82%	0.00%	31.82%
2022	2023-2024	8.60%	21.52%	30.12%	0.00%	30.12%
2023	2024-2025	7.71%	16.03%	23.74%	0.00%	23.74%

The contribution rates for KERS Nonhazardous and KERS Hazardous shown in the above tables are the full funding rates presented by the actuary in the 2014 through 2023 annual valuations. HB 265 (passed during the 2018 legislative session), HB 1 (passed during the 2019 special legislative session), and HB 352 (passed during the 2020 legislative session) reduced the FYE 2019-2021 employer contribution rate to 49.47% for Regional Mental Health/Mental Retardation Boards, Local and District Health Departments, State Universities, Community Colleges and any other agencies eligible to voluntarily cease participating in the KERS Nonhazardous fund. HB 8 (passed during the 2021 legislative session) changed how employer contributions are allocated and collected amongst employers in the KERS Nonhazardous fund effective for FYE2022. The normal cost is collected as a percentage of covered payroll and the amortization cost is allocated to employers as a dollar amount based on their accrued liability as of June 30, 2019. Amortization cost shown above reflects the amortization required as of the valuation date and does not reflect any adjustment for the cessation of any employers after the valuation date.

SPRS Funds

The contribution rates for SPRS shown in the below tables are the full funding rates presented by the actuary in the 2014 through 2023 annual valuations. However, the actual employer contribution rates have been less than those shown below. As a result of HB1 passed in 2008 the statute called for an employer contribution rate at an increasing percentage of the full funding rates. SB2 (2013 Regular Legislative Session) eliminated this phase-in beginning with the June 30, 2013, actuarial valuation.

Recommended Employer Contribution Rates

As of June 30

SPRS Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2014	2015-2016	8.39%	50.05%	58.44%	19.17%	77.61%
2015	2016-2017	8.77%	57.70%	66.47%	18.87%	85.34%
2016	2017-2018	11.16%	60.41%	71.57%	18.10%	89.67%
2017	2018-2019	16.21%	102.84%	119.05%	27.23%	146.28%
2018	2019-2020	15.81%	104.73%	120.54%	19.50%	140.04%
2019	2020-2021	19.39%	104.40%	123.79%	19.69%	143.48%
2020	2021-2022	19.04%	108.95%	127.99%	18.07%	146.06%
2021	2022-2023	18.60%	66.72%	85.32%	14.11%	99.43%
2022	2023-2024	19.49%	65.90%	85.39%	3.68%	89.07%
2023	2024-2025	19.41%	46.38%	65.79%	2.31%	68.10%

The contribution rates for SPRS shown in the above tables are the full funding rates presented by the actuary in the 2014 through 2023 annual valuations.

Summary of Actuarial Unfunded Liabilities
As of June 30 (\$ in Thousands)
CERS (Nonhazardous Pension Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liability		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$9,772,523	\$6,117,134	\$6,507,300	\$3,655,389	\$3,265,222	62.60%	66.59%
2015	10,740,325	6,474,849	6,416,854	4,265,477	4,323,472	60.29%	59.75%
2016	11,076,457	6,535,372	6,106,187	4,541,084	4,970,270	59.00%	55.13%
2017	12,803,509	6,764,873	6,687,237	6,038,636	6,116,272	52.84%	52.23%
2018	13,191,505	6,950,225	7,018,963	6,241,280	6,172,542	52.69%	53.21%
2019	14,356,114	7,049,527	7,159,921	7,306,587	7,196,192	49.10%	49.87%
2020	14,610,867	7,220,607	7,027,327	7,390,260	7,583,540	49.42%	48.10%
2021	14,894,907	7,715,884	8,565,652	7,179,023	6,329,254	51.80%	57.51%
2022	15,674,220	8,148,912	7,963,586	7,525,308	7,710,634	51.99%	50.81%
2023	\$15,296,428	\$8,585,072	\$8,672,597	\$6,711,356	\$6,623,831	56.12%	56.70%

CERS (Nonhazardous Insurance Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liability		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$2,616,915	\$1,831,199	\$1,899,557	\$785,715	\$717,357	69.98%	72.59%
2015	2,907,827	1,997,456	1,948,454	910,371	959,373	68.69%	67.01%
2016	2,988,121	2,079,811	1,943,757	908,310	1,044,364	69.60%	65.05%
2017	3,355,151	2,227,401	2,212,536	1,127,750	1,142,616	66.39%	65.94%
2018	3,092,623	2,371,430	2,414,126	721,193	678,497	76.68%	78.06%
2019	3,567,947	2,523,249	2,569,511	1,044,698	998,435	70.72%	72.02%
2020	3,392,086	2,661,351	2,581,613	730,735	810,473	78.46%	76.11%
2021	3,450,485	2,947,312	3,246,801	503,172	203,683	85.42%	94.10%
2022	2,391,990	3,160,084	3,079,984	(768,094)	(687,994)	132.11%	128.76%
2023	\$2,560,387	\$3,366,332	\$3,398,375	\$(805,945)	\$(837,988)	131.48%	132.73%

CERS (Hazardous Pension Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liability		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$3,288,826	\$1,967,640	\$2,082,998	\$1,321,186	\$1,205,827	59.83%	63.34%
2015	3,613,308	2,096,783	2,073,397	1,516,525	1,539,911	58.03%	57.38%
2016	3,704,456	2,139,119	2,003,669	1,565,337	1,700,787	57.74%	54.09%
2017	4,649,047	2,238,320	2,217,996	2,410,726	2,431,051	48.15%	47.71%
2018	4,792,548	2,321,721	2,348,337	2,470,827	2,444,211	48.44%	49.00%
2019	5,245,365	2,375,106	2,413,708	2,870,258	2,831,657	45.28%	46.02%
2020	5,431,298	2,447,885	2,379,704	2,983,413	3,051,595	45.07%	43.81%
2021	5,629,458	2,628,621	2,914,408	3,000,837	2,715,050	46.69%	51.77%
2022	5,861,691	2,788,714	2,718,234	3,072,977	3,143,457	47.58%	46.37%
2023	\$5,849,996	\$3,008,147	\$3,035,192	\$2,841,849	\$2,814,804	51.42%	51.88%

CERS (Hazardous Insurance Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liability		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$1,493,864	\$997,733	\$1,034,308	\$496,131	\$459,557	66.79%	69.24%
2015	1,504,015	1,087,707	1,061,561	416,308	442,454	72.32%	70.58%
2016	1,558,818	1,135,784	1,062,602	423,034	496,216	72.86%	68.17%
2017	1,788,433	1,196,780	1,189,001	591,653	599,431	66.92%	66.48%
2018	1,684,028	1,256,306	1,280,982	427,722	403,046	74.60%	76.07%
2019	1,732,879	1,313,659	1,340,714	419,221	392,165	75.81%	77.37%
2020	1,740,971	1,362,028	1,321,117	378,943	419,854	78.23%	75.88%
2021	1,751,203	1,475,635	1,627,824	275,568	123,379	84.26%	92.95%
2022	1,538,131	1,553,761	1,522,671	(15,630)	15,460	101.02%	98.99%
2023	\$1,604,147	\$1,615,349	\$1,634,192	\$(11,202)	\$(30,045)	100.70%	101.87%

Summary of Actuarial Unfunded Liabilities**As of June 30 (\$ in Thousands)****KERS (Nonhazardous Pension Fund)**

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$11,550,110	\$2,423,957	\$2,560,420	\$9,126,154	\$8,989,691	20.99%	22.17%
2015	12,359,673	2,350,990	2,307,858	10,008,683	10,051,815	19.02%	18.67%
2016	13,224,698	2,112,287	1,953,422	11,112,412	11,271,276	15.97%	14.77%
2017	15,591,641	2,123,623	2,056,870	13,468,018	13,534,771	13.62%	13.19%
2018	15,675,232	2,019,278	2,004,446	13,655,954	13,670,786	12.88%	12.79%
2019	16,466,427	2,206,280	2,233,672	14,260,147	14,232,755	13.40%	13.57%
2020	16,348,962	2,323,298	2,308,080	14,025,663	14,040,882	14.21%	14.12%
2021	16,321,373	2,735,876	3,018,660	13,585,497	13,302,713	16.76%	18.50%
2022	16,576,631	3,065,263	3,013,845	13,511,368	13,562,786	18.49%	18.18%
2023	\$16,304,277	\$3,552,471	\$3,539,942	\$12,751,806	\$12,764,335	21.79%	21.71%

KERS (Nonhazardous Insurance Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$2,226,760	\$621,237	\$664,776	\$1,605,523	\$1,561,984	27.90%	29.85%
2015	2,413,705	695,018	687,684	1,718,687	1,726,021	28.79%	28.49%
2016	2,456,678	743,270	695,189	1,713,408	1,761,489	30.26%	28.30%
2017	2,683,496	823,918	817,370	1,859,578	1,866,126	30.70%	30.46%
2018	2,435,506	887,121	891,205	1,548,385	1,544,301	36.42%	36.59%
2019	2,733,065	991,427	995,089	1,741,639	1,737,977	36.28%	36.41%
2020	2,564,788	1,095,959	1,060,649	1,468,829	1,504,139	42.73%	41.35%
2021	2,574,112	1,291,472	1,419,477	1,282,640	1,154,634	50.17%	55.14%
2022	1,782,386	1,409,553	1,364,419	372,833	417,967	79.08%	76.55%
2023	\$1,877,109	\$1,532,895	\$1,532,752	\$344,214	\$344,357	81.66%	81.65%

KERS (Hazardous Pension Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$816,850	\$527,897	\$559,504	\$288,953	\$257,346	64.63%	68.50%
2015	895,433	556,688	550,120	338,746	345,313	62.17%	61.44%
2016	936,706	559,487	524,679	377,219	412,027	59.73%	56.01%
2017	1,121,420	607,159	601,529	514,261	519,891	54.14%	53.64%
2018	1,151,923	639,262	645,485	512,661	506,438	55.50%	56.04%
2019	1,226,195	671,647	680,932	554,548	545,262	54.77%	55.53%
2020	1,283,770	709,587	690,350	574,183	593,420	55.27%	53.78%
2021	1,295,243	782,496	866,141	512,747	429,102	60.41%	66.87%
2022	1,316,825	832,436	810,978	484,389	505,847	63.22%	61.59%
2023	\$1,363,037	\$891,460	\$893,534	\$471,577	\$469,503	65.40%	65.55%

KERS (Hazardous Insurance Fund)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$396,987	\$419,396	\$435,504	(22,409)	(38,517)	105.64%	109.70%
2015	374,904	451,514	441,626	(76,610)	(66,722)	120.43%	117.80%
2016	377,745	473,160	440,596	(95,415)	(62,851)	125.26%	116.64%
2017	419,440	493,458	488,838	(74,019)	(69,399)	117.65%	116.55%
2018	393,481	511,441	519,072	(117,961)	(125,592)	129.98%	131.92%
2019	426,705	525,315	534,053	(98,610)	(107,348)	123.11%	125.16%
2020	427,977	539,251	521,755	(111,275)	(93,778)	126.00%	121.91%
2021	424,456	575,025	633,677	(150,569)	(209,221)	135.47%	149.29%
2022	347,044	597,701	588,162	(250,657)	(241,118)	172.23%	169.48%
2023	\$363,512	\$619,519	\$625,356	\$(256,007)	\$(261,844)	170.43%	172.03%

Summary of Actuarial Unfunded Liabilities As of June 30 (\$ in Thousands)

SPRS (Pension)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liability		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$681,118	\$242,742	\$260,763	\$438,377	\$420,355	35.64%	38.28%
2015	734,156	248,388	246,968	485,769	487,188	33.83%	33.64%
2016	775,160	234,568	217,594	540,593	557,566	30.26%	28.07%
2017	967,145	261,320	255,737	705,824	711,408	27.02%	26.44%
2018	989,528	268,259	267,572	721,269	721,956	27.11%	27.04%
2019	1,045,318	282,162	286,165	763,156	759,153	26.99%	27.38%
2020	1,053,157	296,126	293,949	757,031	759,208	28.12%	27.91%
2021	1,053,260	323,250	356,346	730,009	696,914	30.69%	33.83%
2022	1,067,447	559,973	551,699	507,474	515,748	52.46%	51.68%
2023	\$1,091,795	\$589,848	\$591,514	\$501,947	\$500,281	54.03%	54.18%

SPRS (Insurance)

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liability		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2014	\$234,271	\$155,595	\$165,168	\$78,676	\$69,103	66.42%	70.50%
2015	254,839	167,775	165,018	87,064	89,821	65.84%	64.75%
2016	257,197	172,704	161,366	84,494	95,831	67.15%	62.74%
2017	276,641	180,464	178,838	96,178	97,803	65.23%	64.65%
2018	262,088	187,535	190,847	74,553	71,242	71.55%	72.82%
2019	276,809	197,395	201,206	79,415	75,604	71.31%	72.69%
2020	276,143	207,018	201,340	69,126	74,803	74.97%	72.91%
2021	272,406	223,251	247,318	49,154	25,088	81.96%	90.79%
2022	232,798	234,239	231,242	(1,441)	1,556	100.62%	99.33%
2023	\$244,058	\$245,172	\$248,109	\$(1,114)	\$(4,051)	100.46%	101.66%

Solvency Test**As of June 30 (\$ in Thousands)****CERS (Nonhazardous Pension Fund)**

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$1,204,383	\$5,873,279	\$2,694,860	\$6,117,134	100.00%	83.60%	0.00%
2015	1,216,585	6,489,863	3,033,878	6,474,849	100.00%	81.00%	0.00%
2016	1,231,027	6,785,530	3,059,900	6,535,372	100.00%	78.20%	0.00%
2017	1,277,432	7,731,682	3,794,396	6,764,873	100.00%	71.00%	0.00%
2018	1,269,287	8,196,719	3,725,500	6,950,225	100.00%	69.30%	0.00%
2019	1,280,679	8,905,545	4,169,890	7,049,527	100.00%	64.80%	0.00%
2020	1,312,554	9,088,237	4,210,077	7,220,607	100.00%	65.00%	0.00%
2021	1,324,826	9,397,968	4,172,112	7,715,883	100.00%	68.00%	0.00%
2022	1,335,758	10,021,345	4,317,117	8,148,912	100.00%	68.00%	0.00%
2023	\$1,341,594	\$9,791,605	\$4,163,230	\$8,585,073	100.00%	74.00%	0.00%

CERS (Nonhazardous Insurance Fund)

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$-	\$1,318,183	\$1,298,732	\$1,831,199	100.00%	100.00%	39.50%
2015	-	1,372,597	1,535,231	1,997,456	100.00%	100.00%	40.70%
2016	-	1,484,937	1,503,184	2,079,811	100.00%	100.00%	39.60%
2017	-	1,603,438	1,751,713	2,227,401	100.00%	100.00%	35.60%
2018	-	1,525,322	1,567,301	2,371,430	100.00%	100.00%	54.00%
2019	-	1,830,692	1,737,255	2,523,249	100.00%	100.00%	39.90%
2020	-	1,746,160	1,645,926	2,661,351	100.00%	100.00%	55.60%
2021	-	1,835,734	1,614,751	2,947,312	100.00%	100.00%	68.80%
2022	-	1,055,375	1,336,615	3,160,084	100.00%	100.00%	100.00%
2023	\$-	\$1,256,529	\$1,303,858	\$3,366,332	100.00%	100.00%	100.00%

CERS (Hazardous Pension Fund)

Actuarial Liabilities								
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets			
					(1)	(2)	(3)	
2014	\$415,070	\$2,077,517	\$796,239	\$1,967,640	100.00%	74.70%	0.00%	
2015	422,359	2,297,703	893,246	2,096,783	100.00%	72.90%	0.00%	
2016	428,713	2,388,712	887,031	2,139,119	100.00%	71.60%	0.00%	
2017	458,808	2,910,601	1,279,638	2,238,320	100.00%	61.10%	0.00%	
2018	442,637	3,151,057	1,198,853	2,321,721	100.00%	59.60%	0.00%	
2019	458,559	3,399,954	1,386,852	2,375,106	100.00%	56.40%	0.00%	
2020	454,801	3,606,091	1,370,407	2,447,885	100.00%	55.30%	0.00%	
2021	457,391	3,777,313	1,394,754	2,628,621	100.00%	57.50%	0.00%	
2022	468,325	3,915,964	1,477,402	2,788,714	100.00%	59.30%	0.00%	
2023	\$476,005	\$3,905,983	\$1,468,008	\$3,008,147	100.00%	64.80%	0.00%	

CERS (Hazardous Insurance Fund)

Actuarial Liabilities								
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets			
					(1)	(2)	(3)	
2014	\$-	\$700,312	\$793,553	\$997,733	100.00%	100.00%	37.50%	
2015	-	790,714	713,301	1,087,707	100.00%	100.00%	41.60%	
2016	-	879,360	679,458	1,135,784	100.00%	100.00%	37.70%	
2017	-	994,764	793,669	1,196,780	100.00%	100.00%	25.50%	
2018	-	1,001,717	682,311	1,256,306	100.00%	100.00%	37.30%	
2019	-	1,072,861	660,018	1,313,659	100.00%	100.00%	36.50%	
2020	-	1,154,389	586,582	1,362,028	100.00%	100.00%	35.40%	
2021	-	1,217,527	533,676	1,475,635	100.00%	100.00%	48.40%	
2022	-	1,045,022	493,109	1,553,761	100.00%	100.00%	100.00%	
2023	\$-	\$1,163,315	\$440,832	\$1,615,349	100.00%	100.00%	100.00%	

Solvency Test**As of June 30 (\$ in Thousands)****KERS (Nonhazardous Pension Fund)**

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$928,558	\$8,870,693	\$1,750,860	\$2,423,957	100.00%	16.90%	0.00%
2015	925,934	9,437,468	1,996,271	2,350,990	100.00%	15.10%	0.00%
2016	920,120	10,010,168	2,294,410	2,112,286	100.00%	11.90%	0.00%
2017	934,559	11,608,346	3,048,736	2,123,623	100.00%	10.20%	0.00%
2018	892,033	11,929,018	2,854,180	2,019,278	100.00%	9.40%	0.00%
2019	881,020	12,513,230	3,072,176	2,206,280	100.00%	10.60%	0.00%
2020	869,196	12,467,523	3,012,243	2,323,298	100.00%	11.70%	0.00%
2021	877,142	12,425,951	3,018,279	2,735,876	100.00%	15.00%	0.00%
2022	859,591	12,700,595	3,016,445	3,065,263	100.00%	17.40%	0.00%
2023	\$889,146	\$12,013,685	\$3,401,447	\$3,552,471	100.00%	22.20%	0.00%

KERS (Nonhazardous Insurance Fund)

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$-	\$1,425,605	\$801,155	\$621,237	100.00%	43.60%	0.00%
2015	-	1,428,350	985,355	695,018	100.00%	48.70%	0.00%
2016	-	1,483,636	973,042	743,270	100.00%	50.10%	0.00%
2017	-	1,575,294	1,108,202	823,918	100.00%	52.30%	0.00%
2018	-	1,475,954	959,552	887,121	100.00%	60.10%	0.00%
2019	-	1,686,605	1,046,461	991,427	100.00%	58.80%	0.00%
2020	-	1,589,742	975,045	1,095,959	100.00%	68.90%	0.00%
2021	-	1,609,775	964,337	1,291,472	100.00%	80.20%	0.00%
2022	-	967,051	815,335	1,409,553	100.00%	100.00%	54.30%
2023	\$-	\$1,040,344	\$836,765	\$1,532,895	100.00%	100.00%	58.90%

KERS (Hazardous Pension Fund)

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$83,664	\$581,231	\$151,955	\$527,897	100.00%	76.40%	0.00%
2015	83,606	633,189	178,638	556,688	100.00%	74.70%	0.00%
2016	86,705	648,482	201,519	559,487	100.00%	72.90%	0.00%
2017	93,350	746,350	281,720	607,159	100.00%	68.80%	0.00%
2018	89,106	810,311	252,506	639,262	100.00%	67.90%	0.00%
2019	86,663	879,818	259,713	671,647	100.00%	66.50%	0.00%
2020	95,528	898,128	290,114	709,587	100.00%	68.40%	0.00%
2021	97,559	916,431	281,254	782,496	100.00%	74.70%	0.00%
2022	94,538	946,328	275,959	832,436	100.00%	78.00%	0.00%
2023	\$103,310	\$929,321	\$330,406	\$891,460	100.00%	84.80%	0.00%

KERS (Hazardous Insurance Fund)

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$-	\$206,477	\$190,509	\$419,396	100.00%	100.00%	100.00%
2015	-	221,115	153,789	451,514	100.00%	100.00%	100.00%
2016	-	228,361	149,384	473,160	100.00%	100.00%	100.00%
2017	-	243,816	175,623	493,458	100.00%	100.00%	100.00%
2018	-	248,775	144,706	511,441	100.00%	100.00%	100.00%
2019	-	282,070	144,635	525,315	100.00%	100.00%	100.00%
2020	-	281,924	146,053	539,251	100.00%	100.00%	100.00%
2021	-	288,015	136,441	575,025	100.00%	100.00%	100.00%
2022	-	232,585	114,459	597,701	100.00%	100.00%	100.00%
2023	\$-	\$250,189	\$113,323	\$619,519	100.00%	100.00%	100.00%

Solvency Test
As of June 30 (\$ in Thousands)
SPRS (Pension Fund)

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$41,831	\$563,011	\$76,276	\$242,742	100.00%	35.70%	0.00%
2015	41,567	605,855	86,734	248,388	100.00%	34.10%	0.00%
2016	41,871	636,499	96,791	234,568	100.00%	30.30%	0.00%
2017	44,798	773,982	148,365	261,320	100.00%	28.00%	0.00%
2018	43,835	800,788	144,905	268,259	100.00%	28.00%	0.00%
2019	41,948	848,396	154,974	282,162	100.00%	28.30%	0.00%
2020	40,831	863,579	148,747	296,126	100.00%	29.60%	0.00%
2021	42,035	860,801	150,423	323,250	100.00%	32.70%	0.00%
2022	42,027	870,200	155,220	559,973	100.00%	59.50%	0.00%
2023	\$47,394	\$825,683	\$218,717	\$589,848	100.00%	65.70%	0.00%

SPRS (Insurance Fund)

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2014	\$-	\$143,402	\$90,869	\$155,595	100.00%	100.00%	13.40%
2015	-	170,447	84,392	167,775	100.00%	98.40%	0.00%
2016	-	177,094	80,103	172,704	100.00%	97.50%	0.00%
2017	-	186,390	90,251	180,464	100.00%	96.80%	0.00%
2018	-	183,151	78,937	187,535	100.00%	100.00%	5.60%
2019	-	199,959	76,850	197,395	100.00%	98.70%	0.00%
2020	-	207,638	68,506	207,018	100.00%	99.70%	0.00%
2021	-	206,707	65,699	223,251	100.00%	100.00%	25.20%
2022	-	172,664	60,134	234,239	100.00%	100.00%	100.00%
2023	\$-	\$176,587	\$67,471	\$245,172	100.00%	100.00%	100.00%

Active Member Valuation

Summary of Active Member Valuation Data

As of June 30 (\$ in Thousands)

CERS Nonhazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase In Average Pay	Average Age	Average Years of Service Credit
2014	1,101	81,115	\$2,272,270	\$28	2.50%	48.1	9.6
2015	1,092	80,852	2,296,716	28	1.40%	48.0	9.5
2016	1,095	80,664	2,352,762	29	2.70%	47.9	9.4
2017	1,096	82,198	2,452,407	30	2.29%	47.9	9.4
2018	1,092	81,818	2,466,801	30	1.06%	47.7	9.2
2019	1,094	81,506	2,521,860	31	2.62%	47.7	9.1
2020	1,087	81,250	2,565,391	32	2.05%	47.8	9.1
2021	1,084	77,367	2,528,735	33	3.52%	48.0	9.4
2022	1,084	77,849	2,691,171	35	5.76%	47.6	9.1
2023	1,086	78,810	\$2,898,813	\$37	6.40%	47.3	8.8

CERS Hazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase In Average Pay	Average Age	Average Years of Service Credit
2014	254	9,194	479,164	52	3.00%	39.2	10.6
2015	246	9,172	483,641	53	1.20%	39.1	10.6
2016	246	9,084	492,851	54	2.90%	39.1	10.6
2017	250	9,495	541,633	57	5.14%	39.2	10.5
2018	247	9,263	533,618	58	0.99%	38.5	10.2
2019	243	9,474	559,353	59	2.49%	38.6	10.1
2020	243	9,419	568,558	60	2.24%	38.4	10.0
2021	241	9,173	578,355	63	4.45%	38.4	10.0
2022	240	9,184	620,934	68	7.23%	38.3	10.0
2023	239	9,205	677,988	74	8.94%	38.1	9.8

⁽¹⁾ Annual payroll included in the Schedule of Active Member Valuation Data is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ending June 30, 2023.

Member data in actuarial section will differ from reported data in other ACFR sections. For this section, the data is reported by account instead of by person (ex: a member could have vested service in KERS, but is currently active in CERS and is reported in two membership categories).

KERS Nonhazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase In Average Pay	Average Age	Average Years of Service Credit
2014	353	40,365	\$1,577,496	\$39	0.40%	44.8	10.5
2015	348	39,056	1,544,234	40	1.20%	45.0	10.6
2016	349	37,779	1,529,249	40	2.40%	45.1	10.7
2017	342	37,234	1,531,535	41	1.62%	45.4	10.9
2018	338	35,139	1,471,477	42	1.81%	45.2	10.8
2019	331	33,696	1,437,647	43	1.88%	45.4	11.0
2020	313	31,703	1,387,761	44	2.60%	45.7	11.2
2021	321	30,186	1,349,330	45	2.12%	46.0	11.6
2022	319	29,551	1,355,267	46	2.60%	46.0	11.4
2023	320	31,383	\$1,615,868	\$51	12.27%	45.7	10.9

KERS Hazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase In Average Pay	Average Age	Average Years of Service Credit
2014	18	4,024	\$129,076	\$32	0.30%	40.6	7.4
2015	17	3,886	128,680	33	3.20%	40.7	7.5
2016	17	3,959	147,563	37	12.60%	40.4	7.5
2017	18	4,047	162,418	40	7.67%	40.3	7.6
2018	18	3,929	158,213	40	0.34%	39.8	7.3
2019	18	3,705	150,446	41	0.84%	39.8	7.3
2020	19	4,094	170,826	42	2.76%	39.8	7.3
2021	19	3,827	162,836	43	1.97%	40.1	7.7
2022	19	3,617	165,637	46	7.63%	40.0	7.6
2023	19	3,886	\$211,602	\$54	18.91%	39.7	7.2

SPRS Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase In Average Pay	Average Age	Average Years of Service Credit
2014	1	855	\$44,616	\$52	4.00%	37.8	10.9
2015	1	937	45,765	49	(6.40)%	36.8	9.8
2016	1	908	45,551	50	2.71%	37.0	10.0
2017	1	903	48,598	54	7.28%	37.5	10.6
2018	1	886	48,808	55	2.36%	37.3	10.5
2019	1	883	47,752	54	(1.83)%	36.7	10.0
2020	1	798	46,145	58	6.93%	37.5	10.7
2021	1	775	45,338	59	1.17%	37.7	11.1
2022	1	844	47,885	57	(3.02)%	36.5	10.1
2023	1	868	\$65,913	\$76	33.84%	36.9	10.5

⁽¹⁾ Annual payroll included in the Schedule of Active Member Valuation Data is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ending June 30, 2023.

Member data in actuarial section will differ from reported data in other Annual Report sections. For this section, the data is reported by account instead of by person (ex: a member could have vested service in KERS, but is currently active in CERS and is reported in two membership categories).

Summary of Retired Member Valuation Data As of June 30 (\$ in Thousands)

CERS (Nonhazardous)

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase In Allowances	Average Annual Allowance
2014	3,480	1,221	49,935	\$33,975	\$8,996	\$582,958	4.48%	\$12
2015	4,020	1,304	52,651	44,962	10,369	617,551	5.93%	12
2016	4,409	721	56,339	49,487	5,822	661,217	7.07%	12
2017	4,141	1,467	59,013	47,074	40,823	667,468	0.95%	11
2018	4,650	1,725	61,938	57,343	14,436	710,374	6.43%	11
2019	4,472	1,871	64,539	53,392	16,649	747,117	5.17%	12
2020	3,550	2,675	65,414	40,409	24,066	763,459	2.19%	12
2021	4,350	2,558	67,206	51,859	23,756	791,562	3.68%	12
2022	4,693	3,010	68,889	58,456	29,341	820,678	3.68%	12
2023	4,753	2,710	70,932	\$62,416	\$27,922	\$855,173	4.20%	\$12

CERS (Hazardous)

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase In Allowances	Average Annual Allowance
2014	469	116	7,646	\$9,940	\$1,567	\$191,008	4.58%	\$25
2015	526	138	8,034	13,430	2,284	202,153	5.84%	25
2016	604	75	8,563	14,642	1,494	215,302	6.50%	25
2017	576	141	8,998	15,102	3,724	226,680	5.28%	25
2018	779	190	9,587	22,292	3,297	245,675	8.38%	26
2019	608	172	10,023	16,096	2,957	258,813	5.35%	26
2020	621	192	10,452	19,621	3,643	274,791	6.17%	26
2021	651	245	10,858	18,939	4,855	288,876	5.13%	27
2022	674	301	11,231	19,629	6,539	301,966	4.53%	27
2023	672	300	11,603	\$21,528	\$5,964	\$317,529	5.15%	\$27

⁽¹⁾ The Annualized Retirement Allowance is the annualized value of the monthly retirement allowance for retired members and beneficiaries as of the valuation date. Consequently, the values will not match the fiscal year total benefit payments recorded in the financial section. Headcounts and hazardous benefits for members receiving benefits in both the nonhazardous and hazardous fund have been included in the hazardous funds' summaries above. Additional \$25,156,000 in KERS Nonhazardous annual benefits and \$29,929,000 in CERS Nonhazardous benefits not included in June 30, 2023 summary above.

Member data in actuarial section will differ from reported data in other Annual Report sections. For this section, the data is reported by account instead of by person (ex: a member could have vested service in KERS, but is currently active in CERS and is reported in two membership categories).

KERS (Nonhazardous)

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase In Allowances	Average Annual Allowance
2014	2,067	1,038	41,223	\$31,433	\$15,143	\$866,047	(0.70)%	\$21
2015	2,140	1,094	42,269	32,433	14,902	833,578	2.02%	21
2016	2,441	706	44,004	61,294	9,942	934,930	5.81%	21
2017	2,181	1,269	44,916	35,150	48,778	921,302	(1.46)%	21
2018	2,853	1,243	46,526	50,360	18,711	952,951	3.44%	20
2019	2,226	1,342	47,410	36,115	20,359	968,706	1.65%	20
2020	1,806	1,883	47,333	29,576	30,319	967,963	(0.08)%	20
2021	2,026	1,659	47,700	32,264	27,794	972,434	0.46%	20
2022	2,471	1,976	48,195	42,661	33,726	981,369	0.92%	20
2023	2,115	1,901	48,409	\$35,508	\$32,596	\$984,280	0.30%	\$20

KERS (Hazardous)

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase In Allowances	Average Annual Allowance
2014	256	66	3,620	\$3,762	\$612	\$54,272	6.16%	\$15
2015	203	65	3,758	3,144	985	56,431	3.98%	15
2016	237	29	3,966	3,028	458	59,001	4.55%	15
2017	206	79	4,093	2,771	2,609	59,162	0.27%	14
2018	321	44	4,370	5,394	507	64,050	8.26%	15
2019	227	60	4,537	4,242	769	67,523	5.42%	15
2020	214	123	4,628	3,102	1,543	69,081	2.31%	15
2021	263	165	4,726	3,681	1,959	70,803	2.49%	15
2022	300	176	4,850	4,978	2,093	73,689	4.08%	15
2023	210	173	4,887	\$3,101	\$1,924	\$74,867	1.60%	\$15

SPRS State Police Retirement System

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase In Allowances	Average Annual Allowance
2014	95	28	1,413	\$3,360	\$833	\$53,432	4.96%	\$38
2015	62	15	1,460	1,947	449	54,930	2.80%	38
2016	65	10	1,515	2,004	285	56,650	3.13%	37
2017	30	9	1,536	1,046	443	57,253	1.06%	37
2018	81	17	1,600	2,837	464	59,626	4.14%	37
2019	74	27	1,647	2,735	957	61,404	2.98%	37
2020	61	39	1,669	2,411	1,382	62,432	1.68%	37
2021	55	51	1,673	1,967	1,699	62,700	0.43%	37
2022	76	47	1,702	2,948	1,868	63,780	1.72%	37
2023	43	48	1,697	\$1,308	\$1,793	\$63,294	(0.76)%	\$37

⁽¹⁾ The Annualized Retirement Allowance is the annualized value of the monthly retirement allowance for retired members and beneficiaries as of the valuation date. Consequently, the values will not match the fiscal year total benefit payments recorded in the financial section. Headcounts and hazardous benefits for members receiving benefits in both the nonhazardous and hazardous fund have been included in the hazardous funds' summaries above. Additional \$25,156,000 in KERS Nonhazardous annual benefits and \$29,929,000 in CERS Nonhazardous benefits not included in June 30, 2023 summary above.

Member data in actuarial section will differ from reported data in other Annual Report sections. For this section, the data is reported by account instead of by person (ex: a member could have vested service in KERS, but is currently active in CERS and is reported in two membership categories).

Summary of Benefit Provisions CERS, KERS, and SPRS Plans

Plan Funding

State statute requires active members to contribute 5% of creditable compensation for nonhazardous members and 8% of creditable compensation for hazardous members. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the Boards to be necessary for the actuarial soundness of the systems, as required by KRS 78.635 and KRS 61.565. KERS rates are subject to state budget approval.

Membership Eligibility

For all regular full-time non-school board employees to be eligible for membership, they must average 100 or more hours of work per month over a fiscal or calendar year. For all regular full-time school board employees to be eligible for membership, they must average 80 hours of work per month over the actual days worked during the school year.

Retirement Eligibility for Nonhazardous Employees

Age	Years of Service	Allowance Reduction
Tier 1 Members Whose Participation Began Before 9/1/2008		
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Tier 2 Members Whose Participation Began On or After 9/1/2008 but before 1/1/2014		
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for next five years before age 65 or Rule of 87 (age plus years of service)
Tier 3 Members Whose Participation Began On or After 1/1/2014		
65	5	None
57	Rule of 87	None

Retirement Eligibility for Hazardous

Age	Years of Service	Allowance Reduction
Tier 1 Members Whose Participation Began Before 9/1/2008		
55	1 month	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 55 or 20 years of service.
Tier 2 Members Whose Participation Began On or After 9/1/2008 but before 1/1/2014		
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 60 or 25 years of service.
Tier 3 Members Whose Participation Began On or After 1/1/2014		
60	5	None
Any	25	None

Benefit Formula for Nonhazardous**Tier 1: Members whose participation began before 9/1/2008**

Final Compensation	Benefit Factor		Years of Service
Average of the five highest years of compensation	CERS 2.20% if:	Member begins participating prior to 8/1/2004.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	CERS 2.00% if:	Member begins participating on or after 8/1/2004 but before 9/1/2008.	
	KERS 1.97% if:	Member does not have 13 months of service credit for 1/1/1998-1/1/1999.	
	KERS 2.00% if:	Member has 13 months of service credit from 1/1/1998-1/1/1999.	
	KERS 2.20% if:	Member has 20 or more years of service, including 13 months from 1/1/1998-1/1/1999 and retires by 1/1/2009.	

If a member retires with less than four years of service credit, the member's benefit is equal to the actuarially equivalent of two times their member contribution balance with interest.

Benefit Formula Nonhazardous**Tier 2: Members whose participation began on or after 9/1/2008 but before 1/1/2014**

Final Compensation	Benefit Factor		Years of Service
Average of the last five years of compensation	CERS & KERS increasing percent based on service at retirement up to 30 years* plus 2.00% for each year of service over 30 years		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	*Service	Multiplier	
	10 years or less	1.10%	
	10-20 years	1.30%	
	20-26 years	1.50%	
	26-30 years	1.75%	

Benefit Formula for Hazardous for Tier 1: Members whose participation began before 9/1/2008

Final Compensation	Benefit Factor		Years of Service
Average of the three highest years of compensation	CERS 2.50% if:	Member begins participating before 9/1/2008.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	KERS 2.49% if:		
	SPRS 2.50% if:		
If a member retires with less than four years of service, the member's benefit is equal to the actuarially equivalent of two times their member contribution balance with interest.			

Benefit Formula for Hazardous for Tier 2: Members whose participation began on or after 9/1/2008 but before 1/1/2014

Final Compensation	Benefit Factor		Years of Service
Average of the three highest complete years of compensation	CERS, KERS, & SPRS increasing percent based on service at retirement*		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	*Service	Multiplier	
	10 years or less	1.30%	
	10-20 years	1.50%	
	20-25 years	2.25%	
	25+ years	2.50%	
Member begins participating on or after 9/1/2008 but before 1/1/2014.			

Benefit Formula for Hazardous for Tier 3: Members whose participation began on or after 1/1/2014

Each year that the member is active, a 7.50% employer pay credit and the employee's 8.00% contribution will be credited to each member's hypothetical cash balance account. The hypothetical account will earn interest at a minimum rate of 4%, annually. If the geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest in that year equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.

Benefit Formula**Tier 3: Members whose participation began on or after 1/1/2014****Accumulated Account Balance / Actuarial Factor = Monthly Life Annuity**

Accumulated Account Balance					
	Member	Employer	Base Annual	Upside Sharing	Actuarial
	Contributions	Contributions	Interest	Interest (FY 2023)	Factor
CERS Nonhazardous	5.00%	4.00%	4.00%	5.89%	See www.kyret.ky.gov for most recent Actuarial Factors
CERS Hazardous	8.00%	7.50%	4.00%	6.01%	
KERS Nonhazardous	5.00%	4.00%	4.00%	5.21%	
KERS Hazardous	8.00%	7.50%	4.00%	5.80%	
SPRS	8.00%	7.50%	4.00%	5.57%	

Note: Accumulated Account Balance is comprised of member contributions, employer contributions, annual interest and annual upside sharing interest. For additional information on the calculation of the annual interest for Tier 3 see Upside Sharing Interest in Note B.

Note: Please see Plan Provisions for additional details.

Summary of Benefit Provisions CERS, KERS SPRS Plans

Post-Retirement Death Benefits

If the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit. If a member has more than one account with the systems administered by KPPA, only one death benefit shall be paid. A death benefit is subject to taxation.

Disability Benefits

Members participating before 8/1/2004 may qualify for disability retirement provided the member has at least 60 months of service credit* and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula.

Members participating on or after 8/1/2004 but before 1/1/2014 may qualify for disability retirement provided the member has at least 60 months of service credit*. Benefits are computed as 20% for Nonhazardous and 25% for Hazardous of member's monthly final rate of pay or the amount calculated under the Benefit Formula based upon actual service, whichever is higher.

Members participating on or after 1/1/2014 may qualify for disability retirement provided the member has at least 60 months of service credit. The account which includes member contributions, employer pay credits and interest credits can be withdrawn from the System as a lump sum or an annuity equal to the greater Benefits are computed as 20% for Nonhazardous and 25% for Hazardous of the member's monthly final rate of pay or the annuity computed as if eligible for unreduced retirement benefit, whichever is greater.

Members disabled in the line of duty, or due to a duty-related injury, may be eligible for special benefits.

*Service requirements may be waived if line of duty or duty related.

Pre-Retirement Death Benefits

The beneficiary, which shall be the spouse unless another person was named beneficiary after the marriage date, of a deceased active member is eligible for a monthly benefit if the member died while in the line of duty; or due to a duty-related injury, with a minimum of one (1) month of service credit. If the member's death did not occur in the line of duty or as a result of a duty-related injury, the beneficiary is eligible for a monthly benefit under the following conditions: 1. The member was eligible to retire at the time of death. 2. The member was under the age of 65 (for nonhazardous members) or under the age of 55 (for hazardous members) with a minimum of 60 months of service credit and was employed by a participating agency at the time of death. 3. The member was no longer employed by a participating agency at the time of death but had accumulated a minimum of 144 months of service credit. If the deceased member does not meet one of the eligibility requirements the beneficiary will receive a lump-sum payment from the member's accumulated account balance..

Cost of Living Adjustment (COLA)

Senate Bill 2 passed during the 2013 legislative session, eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

Health Insurance Benefits

For members participating prior to July 1, 2003, CERS, KERS, and SPRS pay a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn a minimum of 10 years (120 months) of service credit to qualify for health insurance benefits upon retirement. Members participating on or after September 1, 2008, are required to earn a minimum of 15 years (180 months) of service credit to qualify for health insurance benefits upon retirement. The monthly health insurance contribution will be \$10 for each year of nonhazardous and \$15 for each year of hazardous earned service increased by 1.5% annually.

Refunds

Upon termination of employment, a refund of the member's accumulated account balance is available to the member.

Interest on Accounts

For employees participating prior to September 1, 2008, the interest paid is set by the Boards of Trustees and will not be less than 2.0%. For employees participating on or after September 1, 2008, but before January 1, 2014, interest will be credited at a rate of 2.5%. For employees participating on or after January 1, 2014, interest will be credited at a minimum rate of 4.0% (see Note B for additional details on the annual interest calculation).

Benefit Changes since the Prior Valuation

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member's Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option.

House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

STATISTICAL TABLE OF CONTENTS

<u>182</u>	<u>PLAN STATISTICS</u>
<u>184</u>	<u>PARTICIPATING EMPLOYERS</u>
<u>187</u>	<u>MEMBER MONTHLY BENEFIT</u>
<u>188</u>	<u>FIDUCIARY NET POSITION</u>
<u>200</u>	<u>SCHEDULE OF BENEFIT EXPENSES</u>
<u>205</u>	<u>ACTIVE REFUNDS</u>
<u>206</u>	<u>ANALYSIS OF INITIAL RETIREES</u>
<u>207</u>	<u>PAYMENT OPTIONS</u>
<u>208</u>	<u>EMPLOYER CONTRIBUTION RATES</u>
<u>209</u>	<u>INSURANCE CONTRACTS</u>
<u>211</u>	<u>GLOSSARY</u>

Plan Statistics

Definitions

Active members are those members who are currently employed by a participating agency and contributing to KPPA as a condition of employment.

Inactive members are those members who are no longer employed with a participating agency but have not yet retired or taken a refund of contributions.

Retired members include both members and beneficiaries who are receiving a monthly benefit from KPPA.

A single member may have multiple accounts, which contribute to one pension. Each person is only counted once in the Membership by System report. A member who has both a membership account and a retired account is included in the retired count. Members who have multiple membership accounts are included under the system where they most recently contributed. Members who have more than one retirement account are included in the system with the greatest service credit. If the retired accounts have equal service credit, they are counted first in SPRS, CERS Hazardous, KERS Hazardous, CERS Nonhazardous, then KERS Nonhazardous. These tables do not include individuals receiving payments under dependent child accounts, Qualified Domestic Relations Orders, or multiple beneficiary accounts.

CERS Nonhazardous Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2014	82,494	70,231	46,112	198,837
2015	82,969	72,965	48,515	204,449
2016	83,346	75,904	51,673	210,923
2017	84,401	78,940	54,018	217,359
2018	84,435	81,608	56,629	222,672
2019	84,632	85,300	58,933	228,865
2020	83,458	90,673	60,877	235,008
2021	80,378	95,682	63,566	239,626
2022	80,263	101,508	65,266	247,037
2023	81,217	106,903	66,935	255,055

CERS Hazardous Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2014	9,189	2,038	6,066	17,293
2015	9,188	2,142	6,389	17,719
2016	9,139	2,309	6,834	18,282
2017	9,321	2,442	7,186	18,949
2018	9,285	2,581	7,647	19,513
2019	9,402	2,702	8,000	20,104
2020	9,350	2,924	8,431	20,705
2021	9,138	3,243	8,814	21,195
2022	9,149	3,481	9,121	21,751
2023	9,181	3,687	9,448	22,316

KERS Nonhazardous Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2014	40,500	41,213	38,022	119,735
2015	39,289	42,479	38,827	120,595
2016	38,121	43,926	40,099	122,146
2017	36,725	44,848	40,813	122,386
2018	34,845	45,768	42,175	122,788
2019	33,432	46,721	42,874	123,027
2020	31,190	48,583	43,592	123,365
2021	29,709	49,679	44,469	123,857
2022	29,069	50,529	44,952	124,550
2023	30,854	51,001	44,975	126,830

KERS Hazardous Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2014	4,094	3,318	2,467	9,879
2015	3,932	3,761	2,575	10,268
2016	3,987	4,067	2,739	10,793
2017	4,061	4,363	2,823	11,247
2018	3,963	4,716	3,010	11,689
2019	3,779	5,094	3,146	12,019
2020	4,112	5,838	3,242	13,192
2021	3,809	6,513	3,339	13,661
2022	3,607	6,889	3,440	13,936
2023	3,875	7,222	3,459	14,556

SPRS Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2014	861	239	1,279	2,379
2015	940	257	1,324	2,521
2016	924	262	1,379	2,565
2017	910	278	1,393	2,581
2018	891	290	1,445	2,626
2019	899	313	1,484	2,696
2020	798	349	1,523	2,670
2021	775	389	1,540	2,704
2022	844	402	1,562	2,808
2023	868	432	1,552	2,852

Kentucky Public Pensions Authority Membership Totals As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2014	137,138	117,039	93,946	348,123
2015	136,318	121,604	97,630	355,552
2016	135,517	126,468	102,724	364,709
2017	135,418	130,871	106,233	372,522
2018	133,419	134,963	110,906	379,288
2019	132,144	140,130	114,437	386,711
2020	128,908	148,367	117,665	394,940
2021	123,809	155,506	121,728	401,043
2022	122,932	162,809	124,341	410,082
2023	125,995	169,245	126,369	421,609

Principal Participating Employers in CERS As of June 30, 2023

Participating Employer	Rank	Covered Employees	% of Total System
JEFFERSON COUNTY BOARD OF EDUCATION	1	5,029	5.54%
LOUISVILLE JEFFERSON COUNTY METRO GOVERNMENT	2	4,495	4.96%
FAYETTE COUNTY BOARD OF EDUCATION	3	2,009	2.22%
LEXINGTON FAYETTE URBAN COUNTY GOVERNMENT	4	1,635	1.80%
JUDICIAL DEPARTMENT ADMINISTRATIVE OFFICE OF THE COURTS	5	1,442	1.59%
BOONE COUNTY BOARD OF EDUCATION	6	1,143	1.26%
HARDIN COUNTY BOARD OF EDUCATION	7	1,053	1.16%
BULLITT COUNTY BOARD OF EDUCATION	8	1,040	1.15%
SCOTT COUNTY BOARD OF EDUCATION	9	874	0.96%
WARREN COUNTY BOARD OF EDUCATION	10	872	0.96%
ALL OTHERS		71,093	78.40%
Total		90,685	100.00%

Schedule of Participating Employers in CERS As of June 30, 2023

Agency Classification	Number of Agencies	Covered Employees
Airport Boards	5	538
Ambulance Services	18	413
Area Development Districts	14	686
Boards of Education	171	45,868
Cities	222	10,381
Community Action Agencies	21	2,820
Conservation Districts	49	63
County Attorneys	75	543
County Clerks	16	580
Development Authorities	6	8
Fire Departments	29	1,140
Fiscal Courts	118	10,946
Hospitals & Clinics (incl. Dental)	1	298
Housing Authorities	39	410
Jailers	2	69
Libraries	86	1,298
Other Retirement Systems	2	3
P1 State Agencies	4	1,443
Parks and Recreation	6	63
Planning Commissions	16	204
Police Departments	2	13
Riverport Authorities	5	71
Sanitation Districts	8	320
Sheriff Departments	12	700
Special Districts & Boards	47	1,401
Tourist Commissions	25	199
Urban Government Agencies	2	6,130
Utility Boards	119	4,077
Total	1,120	90,685
Total Employees By Tier Levels		
Tier 1		25,830
Tier 2		12,575
Tier 3		52,280

Principal Participating Employers in KERS As of June 30, 2023

Participating Employer	Rank	Covered Employees	% of Total System
DEPARTMENT FOR COMMUNITY BASED SERVICES	1	4,341	12.29%
DEPARTMENT OF HIGHWAYS	2	3,560	10.08%
DEPARTMENT OF CORRECTIONS	3	3,351	9.49%
JUDICIAL DEPARTMENT ADMINISTRATIVE OFFICE OF THE COURTS	4	1,443	4.09%
DEPARTMENT OF JUVENILE JUSTICE	5	1,036	2.93%
UNIFIED PROSECUTORIAL SYSTEM	6	899	2.55%
KENTUCKY STATE POLICE	7	867	2.46%
DEPARTMENT OF REVENUE	8	686	1.94%
DEPARTMENT OF PARKS	9	622	1.76%
ENVIRONMENTAL PROTECTION	10	618	1.75%
ALL OTHERS		17,887	50.66%
Total		35,310	100.00%

Schedule of Participating Employers in KERS As of June 30, 2023

Agency Classification	Number of Agencies	Covered Employees
County Attorneys	58	268
Health Departments	60	2,158
Master Commissioner	31	54
Non-P1 State Agencies	33	597
Other Retirement Systems	1	20
P1 State Agencies	133	28,272
Regional Mental Health Units	10	2,433
Universities	7	1,508
Total	333	35,310

Total Employees By Tier Levels

Tier 1	13,252
Tier 2	5,354
Tier 3	16,704

Schedule of Participating Employers in SPRS As of June 30, 2023

Agency Classification	Number of Agencies	Covered Employees
Kentucky State Police - Uniformed Police Officers	1	868

Total Employees By Tier Levels

Tier 1	325
Tier 2	180
Tier 3	363

Average Monthly Benefit by Length of Service in CERS As of June 30, 2023 (in Whole \$)

Service Credit Range	CERS Nonhazardous		CERS Hazardous	
	Number of Accounts	Average Monthly Benefit	Number of Accounts	Average Monthly Benefit
Under 5 years	11,156	\$169	1,303	\$437
5 or more but less than 10	11,855	349	1,173	724
10 or more but less than 15	12,158	549	1,164	1,291
15 or more but less than 20	10,312	836	1,299	1,898
20 or more but less than 25	13,128	1,038	4,804	2,708
25 or more but less than 30	14,618	1,958	1,629	3,714
30 or more but less than 35	3,233	2,719	429	4,443
35 or more	881	3,819	85	5,529
Total	77,341	\$979	11,886	\$2,257

Average Monthly Benefit by Length of Service in KERS As of June 30, 2023 (in Whole \$)

Service Credit Range	KERS Nonhazardous		KERS Hazardous	
	Number of Accounts	Average Monthly Benefit	Number of Accounts	Average Monthly Benefit
Under 5 years	6,933	\$178	970	\$206
5 or more but less than 10	6,240	442	892	576
10 or more but less than 15	5,901	739	830	1,042
15 or more but less than 20	5,052	1,089	754	1,571
20 or more but less than 25	5,523	1,438	1,319	2,057
25 or more but less than 30	13,704	2,301	215	2,929
30 or more but less than 35	6,681	3,239	62	3,746
35 or more	2,490	4,600	6	4,231
Total	52,524	\$1,645	5,048	\$1,261

Average Monthly Benefit by Length of Service in SPRS As of June 30, 2023 (in Whole \$)

Service Credit Range	Number of Accounts	Average Monthly Benefit
Under 5 years	151	\$562
5 or more but less than 10	58	951
10 or more but less than 15	73	1,452
15 or more but less than 20	126	2,142
20 or more but less than 25	561	2,752
25 or more but less than 30	499	3,803
30 or more but less than 35	221	4,782
35 or more	60	6,169
Total	1,749	\$3,079

Note: These tables reflect the Average Monthly Pension Benefit. A single member may have multiple accounts, which contribute to one pension. These tables do not reflect dependent child accounts, Qualified Domestic Relations Order (QDRO) accounts or multiple beneficiary accounts.

Fiduciary Net Position - CERS

As of June 30 (\$ in Thousands)

Fiscal Year	Nonhazardous			Hazardous		
	Pension	Insurance	Total	Pension	Insurance	Total
2014	\$6,528,147	\$1,878,711	\$8,406,858	\$2,087,002	\$1,030,303	\$3,117,305
2015	6,440,800	1,920,946	8,361,746	2,078,202	1,056,480	3,134,682
2016	6,141,396	1,908,550	8,049,946	2,010,177	1,056,097	3,066,274
2017	6,739,142	2,160,553	8,899,695	2,227,679	1,179,313	3,406,992
2018	7,086,322	2,346,767	9,433,089	2,361,047	1,268,272	3,629,319
2019	7,242,975	2,486,458	9,729,433	2,429,613	1,324,809	3,754,422
2020	7,110,889	2,498,051	9,608,940	2,395,688	1,305,132	3,700,820
2021	8,670,667	3,141,786	11,812,453	2,934,421	1,607,811	4,542,232
2022	8,062,346	2,981,224	11,043,570	2,736,928	1,503,977	4,240,905
2023	\$8,781,440	\$3,289,533	\$12,070,973	\$3,055,797	\$1,613,586	\$4,669,383

Fiduciary Net Position - KERS

As of June 30 (\$ in Thousands)

Fiscal Year	Nonhazardous			Hazardous		
	Pension	Insurance	Total	Pension	Insurance	Total
2014	\$2,578,290	\$646,905	\$3,225,195	\$561,484	\$433,525	\$995,009
2015	2,327,782	665,639	2,993,421	552,468	439,113	991,581
2016	1,980,292	668,318	2,648,610	527,880	437,397	965,277
2017	2,092,781	781,406	2,874,187	605,921	484,442	1,090,363
2018	2,048,890	846,762	2,895,652	651,173	513,384	1,164,557
2019	2,286,625	942,136	3,228,761	687,877	527,108	1,214,985
2020	2,362,231	1,006,498	3,368,729	697,366	514,740	1,212,106
2021	3,085,014	1,353,123	4,438,137	874,928	624,889	1,499,817
2022	3,076,743	1,301,522	4,378,265	819,237	579,902	1,399,139
2023	\$3,607,206	\$1,465,489	\$5,072,695	\$902,567	\$616,322	\$1,518,889

Fiduciary Net Position - SPRS

As of June 30 (\$ in Thousands)

Fiscal Year	Pension	Insurance	Total
2014	\$260,974	\$164,958	\$425,932
2015	247,229	164,714	411,943
2016	218,013	160,949	378,962
2017	256,383	178,191	434,574
2018	268,425	189,994	458,419
2019	287,242	200,128	487,370
2020	295,044	200,245	495,289
2021	357,660	246,004	603,664
2022	552,926	230,015	782,941
2023	\$592,826	\$246,797	\$839,623

Fiduciary Net Position - KPPA

As of June 30 (\$ in Thousands)

Fiscal Year	Pension	Insurance	Total
2014	\$12,015,897	\$4,154,402	\$16,170,299
2015	11,646,481	4,246,892	15,893,373
2016	10,877,757	4,231,311	15,109,068
2017	11,921,906	4,783,905	16,705,811
2018	12,415,856	5,165,179	17,581,035
2019	12,934,332	5,480,639	18,414,971
2020	12,861,218	5,524,666	18,385,884
2021	15,922,690	6,973,613	22,896,303
2022	15,248,180	6,596,640	21,844,820
2023	\$16,939,836	\$7,231,727	\$24,171,563

Note: For additional historical data for all charts presented, please visit our website for previous annual reports at <https://kyret.ky.gov/Publications/Pages/Annual-Reports.aspx>

Changes in Fiduciary Net Position - CERS Nonhazardous Pension Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Members' Contributions	\$122,459	\$133,637	\$133,987	\$150,714	\$160,370	\$159,064	\$168,994	\$165,698	\$186,648	\$147,769
Employers' Contributions	324,231	297,714	282,767	331,493	355,473	393,302	475,311	472,196	606,772	645,940
Health Insurance Contributions (HB1)	6,109	6,674	7,687	9,158	10,826	11,801	5	(1)	(60)	(30)
Net Investment Income (Loss)	895,531	110,569	(40,799)	825,901	578,377	394,558	56,682	1,784,231	(500,996)	815,417
Bank of America Settlement	-	10,280	-	-	-	-	-	-	-	-
Northern Trust Settlement	-	-	-	-	361	44	-	-	-	-
Employer Pay Credit										51,694
Pension Spiking	-	850	1,339	2,061	2,544	151	105	32	35	46
Total Additions	1,348,330	559,724	384,981	1,319,327	1,107,951	958,920	701,097	2,422,156	292,399	1,660,836
Deductions										
Benefit Payments	582,850	615,335	651,247	687,460	726,568	766,221	795,960	826,749	858,260	894,351
Refunds	14,286	13,524	13,754	14,430	14,608	14,387	14,918	13,862	19,789	23,263
Administrative Expenses	18,615	18,212	19,078	19,614	19,592	21,659	22,304	21,767	22,670	24,128
Capital Project Expenses	-	-	307	77	-	-	-	-	-	-
Total Deductions	615,751	647,071	684,385	721,581	760,768	802,267	833,182	862,378	900,719	941,742
Net Increase (Decrease) in Fiduciary Net Position	\$732,579	(\$87,347)	(\$299,404)	\$597,746	\$347,183	\$156,653	(\$132,085)	\$1,559,778	(\$608,321)	\$719,094

CERS Nonhazardous Insurance Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employers' Contributions	\$121,161	\$115,836	\$108,269	\$117,310	\$120,798	\$135,570	\$124,740	\$124,697	\$118,550	\$101,121
Net Investment Income (Loss)	232,330	36,731	(1,422)	259,586	197,520	133,697	8,656	619,593	(170,699)	306,003
Retired Re-employed (HB1)	2,117	3,608	3,567	3,402	3,821	4,085	4,528	5,206	4,816	4,922
Member Drug Reimbursement	6	-	-	1	11	6	4	3	1	-
Premiums Received from Retirees	1,450	582	629	707	637	616	596	555	534	294
Humana Gain Share	-	-	-	-	-	3,574	-	20,676	8,912	5,951
Northern Trust Settlement	-	-	-	-	75	9	-	-	-	-
Health Insurance Contributions (HB1)	-	-	-	-	-	-	12,959	13,614	15,985	17,782
Total Additions	357,064	156,757	111,043	381,006	322,862	277,557	151,483	784,344	(21,901)	436,073
Deductions										
Health Insurance Premiums	96,804	113,734	122,713	124,573	131,631	133,005	135,094	136,263	134,428	123,587
Administrative Expenses	508	782	726	789	761	877	903	884	933	937
Self-Funded Healthcare Costs	-	-	-	3,635	4,248	3,979	3,887	3,462	3,288	3,240
Excise Tax Insurance	-	6	-	6	6	6	6	-	12	-
Total Deductions	97,312	114,522	123,439	129,003	136,646	137,867	139,890	140,609	138,661	127,764
Net Increase (Decrease) in Fiduciary Net Position	\$259,751	\$42,235	(\$12,396)	\$252,003	\$186,216	\$139,690	\$11,593	\$643,735	(\$160,562)	\$308,309

Changes in Fiduciary Net Position - CERS Hazardous Pension Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Members' Contributions	\$42,631	\$46,609	\$51,554	\$60,102	\$61,089	\$58,661	\$63,236	\$62,367	\$69,565	\$56,988
Employers' Contributions	115,240	107,515	104,952	114,315	124,953	137,664	168,201	172,089	221,968	286,353
Employer Pay Credit										21,683
Health Insurance Contributions (HB1)	1,091	1,084	1,418	1,708	2,173	2,458	1	2	(104)	(20)
Net Investment Income (Loss)	288,490	37,104	(9,021)	270,473	192,174	132,970	15,992	600,730	(175,431)	281,965
Bank of America Settlement	-	2,865	-	-	-	-	-	-	-	-
Northern Trust Settlement	-	-	-	-	111	14	-	-	-	-
Pension Spiking	-	557	762	1,632	2,707	387	242	116	60	186
Total Additions	447,452	195,734	149,665	448,230	383,207	332,154	247,672	835,304	116,058	647,155
Deductions										
Benefit Payments	189,635	200,134	213,448	226,985	244,119	259,008	275,802	290,000	305,790	319,594
Refunds	2,664	3,111	2,879	2,315	4,214	2,854	3,814	4,662	5,766	6,568
Administrative Expenses	1,721	1,289	1,337	1,421	1,504	1,726	1,981	1,910	1,995	2,124
Capital Project Expenses	-	-	26	7	-	-	-	-	-	-
Total Deductions	194,020	204,534	217,690	230,728	249,837	263,588	281,597	296,572	313,551	328,286
Net Increase (Decrease) in Fiduciary Net Position	\$253,431	\$(8,800)	\$(68,025)	\$217,502	\$133,370	\$68,566	\$(33,925)	\$538,732	\$(197,493)	\$318,869

CERS Hazardous Insurance Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employers' Contributions	\$74,265	\$71,008	\$66,757	\$50,743	\$55,027	\$61,106	\$56,739	\$58,451	\$58,374	\$48,792
Net Investment Income (Loss)	125,278	20,283	1,102	142,929	109,004	72,580	2,237	322,817	(78,453)	148,739
Retired Re-employed (HB1)	526	770	862	794	975	1,166	1,158	1,348	1,530	1,611
Member Drug Reimbursement	-	-	-	-	-	-	-	-	-	-
Premiums Received from Retirees	32	10	(106)	(301)	(265)	(53)	(32)	(149)	(271)	(546)
Humana Gain Share	-	-	-	-	-	506	-	2,990	1,259	914
Northern Trust Settlement	-	-	-	-	40	5	-	-	-	-
Health Insurance Contributions (HB1)	-	-	-	-	-	-	2,760	3,096	3,758	4,278
Total Additions	200,101	92,071	68,615	194,165	164,781	135,310	62,862	388,553	(13,803)	203,788
Deductions										
Health Insurance Premiums	60,843	65,553	68,518	70,407	74,844	78,190	81,849	85,151	89,319	93,485
Administrative Expenses	275	339	480	381	376	434	462	466	502	522
Self-Funded Healthcare Costs	-	-	-	160	603	149	228	257	210	172
Total Deductions	61,117	65,894	68,998	70,948	75,823	78,773	82,539	85,874	90,031	94,179
Net Increase (Decrease) in Fiduciary Net Position	\$138,983	\$26,177	\$(383)	\$123,216	\$88,958	\$56,537	\$(19,677)	\$302,679	\$(103,834)	\$109,609

Changes in Fiduciary Net Position - KERS Nonhazardous Pension Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Members' Contributions	\$92,941	\$100,424	\$101,677	\$100,544	\$104,972	\$93,759	\$96,594	\$90,202	\$89,607	\$84,579
Employers' Contributions	296,836	520,948	512,670	644,803	619,988	948,866	948,578	1,134,180	141,027	114,427
Employer Pay Credit										22,018
General Fund Appropriations	-	-	-	58,193	67,574	75,858	-	-	912,705	240,000
Health Insurance Contributions (HB1)	4,546	4,181	4,817	5,156	5,786	5,963	1	(8)	(13)	(12)
Actuarially Accrued Liability Contributions										898,545
Employer Cessation	-	-	-	53,215	17	10,643	20	-	63,113	-
Net Investment Income (Loss)	337,923	44,570	(20,662)	220,985	147,577	114,918	53,696	528,439	(165,904)	220,258
Bank of America Settlement	-	8,442	-	-	-	-	-	-	-	-
Northern Trust Settlement	-	-	-	-	301	37	-	-	-	-
Pension Spiking	-	743	414	909	1,564	95	(6)	52	24	16
Total Additions	732,246	679,308	598,916	1,083,805	947,779	1,250,139	1,098,883	1,752,865	1,040,559	1,579,831
Deductions										
Benefit Payments	889,937	905,790	923,288	948,489	967,374	988,349	999,813	1,009,501	1,023,375	1,023,704
Refunds	13,627	13,552	12,130	11,819	13,603	12,342	11,523	8,953	12,116	11,847
Administrative Expenses	11,145	10,474	10,807	10,974	10,692	11,712	11,941	11,627	13,339	13,817
Capital Project Expenses	-	-	181	34	-	-	-	-	-	-
Total Deductions	914,709	929,816	946,406	971,316	991,669	1,012,403	1,023,277	1,030,081	1,048,830	1,049,368
Net Increase (Decrease) in Fiduciary Net Position	\$(182,463)	\$(250,508)	\$(347,490)	\$112,489	\$(43,890)	\$237,736	\$75,606	\$722,784	\$(8,271)	\$530,463

KERS Nonhazardous Insurance Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employers' Contributions	\$164,176	\$132,208	\$131,935	\$133,024	\$132,364	\$173,576	\$170,479	\$153,571	\$31,611	\$35,549
Actuarially Accrued Liability Contributions	-	-	-	-	-	-	-	-	101,637	87,674
Net Investment Income (Loss)	96,738	8,690	(3,904)	90,915	61,331	43,202	10,624	258,595	(85,555)	128,052
Retired Re-employed (HB1)	2,433	3,732	3,880	3,765	4,055	3,996	4,502	4,705	5,041	5,885
Member Drug Reimbursement	8	-	-	1	5	3	2	-	-	4
Premiums Received from Retirees	918	272	240	248	216	184	183	182	182	(27)
Humana Gain Share Payment	-	-	-	-	-	3,079	-	17,167	7,321	4,851
Employer Cessations	-	-	-	15,567	-	1,391	25	28,400	2,405	-
Northern Trust Settlement	-	-	-	-	32	4	-	-	-	-
Health Insurance Contribution (HB1)	-	-	-	-	-	-	6,127	6,326	6,560	8,370
Total Additions	264,273	144,902	132,151	243,520	198,003	225,435	191,942	468,946	69,202	270,358
Deductions										
Health Insurance Premiums	112,671	123,127	126,550	127,648	130,069	127,221	125,006	119,897	118,451	103,952
Administrative Expenses	736	893	818	861	760	875	847	815	821	771
Self-Funded Healthcare Costs	-	2,145	2,095	1,920	1,819	1,962	1,724	1,609	1,525	1,668
Excise Tax Insurance	-	3	6	3	3	3	3	-	6	-
Total Deductions	113,407	126,168	129,469	130,432	132,651	130,061	127,580	122,321	120,803	106,391
Net Increase (Decrease) in Fiduciary Net Position	\$150,866	\$18,734	\$2,679	\$113,088	\$65,352	\$95,374	\$64,362	\$346,625	\$(51,601)	\$163,967

Changes in Fiduciary Net Position - KERS Hazardous Pension Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Members' Contributions	\$11,995	\$12,670	\$15,055	\$17,523	\$17,891	\$17,118	\$19,769	\$19,961	\$20,588	\$17,459
Employers' Contributions	11,670	28,374	23,690	37,630	32,790	55,229	59,096	62,182	59,052	64,020
Employer Pay Credit										8,758
General Fund Appropriations	-	-	-	15,000	10,000	-	-	-	-	-
Health Insurance Contributions (HB1)	551	537	684	811	909	934	4	3	(5)	(7)
Net Investment Income (Loss)	80,724	8,701	(1,652)	70,993	51,848	36,704	6,805	174,922	(51,841)	77,261
Bank of America Settlement	-	767	-	-	-	-	-	-	-	-
Northern Trust Settlement	-	-	-	-	33	4	-	-	-	-
Pension Spiking	-	162	70	344	871	29	19	18	3	29
Total Additions	104,941	51,211	37,847	142,301	114,342	110,018	85,693	257,086	27,797	167,520
Deductions										
Benefit Payments	54,320	56,774	59,306	61,231	65,616	69,527	71,861	73,889	77,047	78,636
Refunds	2,830	2,609	2,211	2,106	2,501	2,684	3,168	4,380	4,976	4,041
Administrative Expenses	897	844	903	919	975	1,103	1,176	1,255	1,465	1,513
Capital Project Expenses	-	-	15	4	-	-	-	-	-	-
Total Deductions	58,048	60,227	62,435	64,260	69,092	73,314	76,205	79,524	83,488	84,190
Net Increase (Decrease) in Fiduciary Net Position	\$46,892	\$(9,016)	\$(24,588)	\$78,041	\$45,250	\$36,704	\$9,488	\$177,562	\$(55,691)	\$83,330

KERS Hazardous Insurance Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employers' Contributions	\$23,336	\$14,173	\$15,929	\$4,688	\$4,302	\$3,725	\$4,482	\$23	\$1	\$37
Net Investment Income (Loss)	52,214	7,793	(882)	59,188	42,567	28,049	638	126,475	(27,406)	52,991
Retired Re-employed (HB1)	538	709	837	932	986	1,245	1,294	1,276	1,280	1,452
Member Drug Reimbursement	-	-	-	-	-	-	1	-	1	-
Premiums Received from Retirees	37	14	(13)	(51)	(50)	(19)	(5)	(11)	(54)	(69)
Humana Gain Share	-	-	-	-	-	213	-	1,253	548	368
Northern Trust Settlement	-	-	-	-	18	2	-	-	-	-
Health Insurance Contributions (HB1)	-	-	-	-	-	-	1,100	1,164	1,232	1,592
Total Additions	76,126	22,689	15,871	64,757	47,823	33,215	7,510	130,180	(24,398)	56,371
Deductions										
Health Insurance Premiums	15,405	17,000	17,490	17,562	18,697	19,280	19,630	19,800	20,355	19,748
Administrative Expenses	78	101	97	105	104	117	123	118	125	123
Self-Funded Healthcare Costs	-	-	-	45	79	94	125	112	109	80
Excise Tax Insurance	-	-	-	-	-	-	-	-	-	-
Total Deductions	15,482	17,101	17,587	17,712	18,880	19,491	19,878	20,030	20,589	19,951
Net Increase (Decrease) in Fiduciary Net Position	\$60,642	\$5,588	\$(1,716)	\$47,045	\$28,943	\$13,724	\$(12,368)	\$110,150	\$(44,987)	\$36,420

Changes in Fiduciary Net Position - SPRS Pension Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Members' Contributions	\$5,005	\$5,150	\$5,149	\$5,349	\$5,522	\$5,062	\$4,767	\$4,752	\$4,773	\$5,250
Employers' Contributions	20,279	31,444	25,723	38,028	36,486	58,947	58,358	59,262	62,341	56,536
Employer Pay Credit										1,585
General Fund Appropriations	-	-	-	25,000	10,000	1,086	1,086	384	215,000	-
Health Insurance Contributions (HB1)	70	94	113	131	155	176	-	-	(26)	(8)
Net Investment Income (Loss)	40,374	3,427	(3,841)	26,795	18,487	14,863	6,359	61,966	(22,148)	40,801
Bank of America Settlement	-	646	-	-	-	-	-	-	-	-
Northern Trust Settlement	-	-	-	-	21	3	-	-	-	-
Pension Spiking	-	546	99	210	392	15	9	4	-	-
Total Additions	65,729	41,307	27,243	95,513	71,063	80,152	70,579	126,368	259,940	104,164
Deductions										
Benefit Payments	53,026	54,766	56,268	56,935	58,805	60,948	62,423	63,249	64,121	63,805
Refunds	214	85	11	26	22	162	88	273	280	166
Administrative Expenses	215	201	176	181	194	225	266	230	273	293
Capital Project Expenses	-	-	4	1	-	-	-	-	-	-
Total Deductions	53,454	55,052	56,459	57,143	59,021	61,335	62,777	63,752	64,674	64,264
Net Increase (Decrease) in Fiduciary Net Position	\$12,276	\$(13,745)	\$(29,216)	\$38,370	\$12,042	\$18,817	\$7,802	\$62,616	\$195,266	\$39,900

SPRS Insurance Fund

As of June 30 (\$ in Thousands)

Additions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employers' Contributions	\$14,498	\$10,379	\$10,228	\$9,222	\$9,397	\$13,282	\$13,133	\$9,284	\$8,782	\$9,289
Net Investment Income (Loss)	20,508	2,921	(48)	21,570	16,420	10,766	1,108	50,051	(10,787)	21,426
Retired Re-employed (HB1)	(5)	3	9	-	-	6	-	-	-	-
Member Drug Reimbursement	-	-	-	-	-	-	-	-	-	-
Premiums Received from Retirees	11	1	(29)	(55)	(41)	(13)	(12)	(14)	(27)	(131)
Humana Gain Share	-	-	-	-	-	144	-	811	342	224
Northern Trust Settlement	-	-	-	-	8	1	-	-	-	-
Health Insurance contributions (HB1)	-	-	-	-	-	-	196	209	256	356
Total Additions	35,012	13,304	10,160	30,737	25,784	24,186	14,425	60,341	(1,434)	31,164
Deductions										
Health Insurance Premiums	12,688	13,483	13,836	13,405	13,881	13,942	14,215	14,487	14,461	14,290
Administrative Expenses	58	65	89	66	62	69	71	71	73	74
Self-Funded Healthcare Costs	-	-	-	24	38	40	22	25	21	18
Excise Tax Insurance	-	-	-	-	-	-	-	-	-	-
Total Deductions	12,745	13,548	13,925	13,495	13,981	14,051	14,308	14,583	14,555	14,382
Net Increase (Decrease) in Fiduciary Net Position	\$22,267	\$(244)	\$(3,765)	\$17,242	\$11,803	\$10,135	\$117	\$45,758	\$(15,989)	\$16,782

The following tables include individuals receiving a monthly benefit as of June 30 in the indicated fiscal year. A single member may have multiple accounts which contribute to one pension. This table represents all individuals receiving a benefit including dependent children, Qualified Domestic Relations Order (QDRO) accounts and multiple beneficiary accounts. If a member has died or a disability decision is pending, the monthly benefit amount is reflected as zero until the account status changes.

Schedule of Benefit Expenses CERS Nonhazardous

As of June 30 (in Whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2014				
Average Benefit	\$596	\$1,042	\$856	\$613
Number of Accounts	11,885	34,911	4,729	1,110
Total Monthly Benefits	\$7,081,048	\$36,375,607	\$4,047,035	\$680,784
% of Total Monthly Benefits	14.70%	75.49%	8.40%	1.41%
Fiscal Year 2015				
Average Benefit	\$612	\$1,044	\$862	\$616
Number of Accounts	12,749	36,746	4,854	1,161
Total Monthly Benefits	\$7,801,662	\$38,375,001	\$4,186,130	\$715,032
% of Total Monthly Benefits	15.27%	75.13%	8.20%	1.40%
Fiscal Year 2016				
Average Benefit	\$623	\$1,045	\$874	\$626
Number of Accounts	14,014	39,066	5,118	1,268
Total Monthly Benefits	\$8,724,563	\$40,823,334	\$4,472,723	\$793,726
% of Total Monthly Benefits	15.92%	74.48%	8.16%	1.45%
Fiscal Year 2017				
Average Benefit	\$634	\$1,050	\$883	\$616
Number of Accounts	14,792	40,873	5,280	1,318
Total Monthly Benefits	\$9,374,583	\$42,912,604	\$4,661,375	\$811,542
% of Total Monthly Benefits	16.23%	74.29%	8.07%	1.41%
Fiscal Year 2018				
Average Benefit	\$647	\$1,062	\$892	\$645
Number of Accounts	15,713	42,918	5,425	1,359
Total Monthly Benefits	\$10,169,605	\$45,560,863	\$4,838,284	\$875,980
% of Total Monthly Benefits	16.55%	74.15%	7.87%	1.43%
Fiscal Year 2019				
Average Benefit	\$668	\$1,067	\$901	\$657
Number of Accounts	16,710	44,594	5,479	1,363
Total Monthly Benefits	\$11,167,300	\$47,580,052	\$4,934,518	\$895,303
% of Total Monthly Benefits	17.29%	73.68%	7.64%	1.39%
Fiscal Year 2020				
Average Benefit	\$673	\$1,070	\$904	\$667
Number of Accounts	17,378	45,973	5,405	1,370
Total Monthly Benefits	\$11,693,581	\$49,186,433	\$4,888,554	\$913,574
% of Total Monthly Benefits	17.54%	73.76%	7.33%	1.37%
Fiscal Year 2021				
Average Benefit	\$684	\$1,074	\$909	\$688
Number of Accounts	18,581	47,970	5,518	1,432
Total Monthly Benefits	\$12,717,667	\$51,532,707	\$5,016,308	\$984,964
% of Total Monthly Benefits	18.10%	73.35%	7.14%	1.40%
Fiscal Year 2022				
Average Benefit	\$701	\$1,082	\$914	\$723
Number of Accounts	19,172	49,431	5,444	1,470
Total Monthly Benefits	\$13,435,298	\$53,468,946	\$4,977,131	\$1,062,739
% of Total Monthly Benefits	18.42%	73.30%	6.82%	1.46%
Fiscal Year 2023				
Average Benefit	\$717	\$1,095	\$920	\$753
Number of Accounts	19,864	50,658	5,303	1,516
Total Monthly Benefits	\$14,247,555	\$55,453,257	\$4,876,441	\$1,141,532
% of Total Monthly Benefits	18.82%	73.23%	6.44%	1.51%

Schedule of Benefit Expenses - CERS Hazardous

As of June 30 (in Whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2014				
Average Benefit	\$1,467	\$2,437	\$1,125	\$1,008
Number of Accounts	1,974	4,873	695	119
Total Monthly Benefits	\$2,895,353	\$11,876,578	\$781,685	\$119,935
% of Total Monthly Benefits	18.47%	75.77%	4.99%	0.77%
Fiscal Year 2015				
Average Benefit	\$1,480	\$2,448	\$1,145	\$954
Number of Accounts	2,097	5,139	688	127
Total Monthly Benefits	\$3,103,613	\$12,581,191	\$787,549	\$121,103
% of Total Monthly Benefits	18.70%	75.82%	4.75%	0.73%
Fiscal Year 2016				
Average Benefit	\$1,494	\$2,453	\$1,137	\$975
Number of Accounts	2,269	5,485	742	143
Total Monthly Benefits	\$3,388,890	\$13,452,235	\$843,463	\$139,353
% of Total Monthly Benefits	19.01%	75.47%	4.73%	0.78%
Fiscal Year 2017				
Average Benefit	\$1,509	\$2,473	\$1,138	\$997
Number of Accounts	2,394	5,764	794	149
Total Monthly Benefits	\$3,612,099	\$14,255,349	\$903,238	\$148,515
% of Total Monthly Benefits	19.09%	75.35%	4.77%	0.78%
Fiscal Year 2018				
Average Benefit	\$1,542	\$2,505	\$1,141	\$1,110
Number of Accounts	2,540	6,189	811	158
Total Monthly Benefits	\$3,917,668	\$15,503,185	\$925,221	\$175,316
% of Total Monthly Benefits	19.09%	75.55%	4.51%	0.85%
Fiscal Year 2019				
Average Benefit	\$1,546	\$2,522	\$1,163	\$1,166
Number of Accounts	2,655	6,488	822	168
Total Monthly Benefits	\$4,104,061	\$16,365,945	\$956,017	\$195,932
% of Total Monthly Benefits	18.98%	75.69%	4.42%	0.91%
Fiscal Year 2020				
Average Benefit	\$1,590	\$2,554	\$1,174	\$1,205
Number of Accounts	2,771	6,864	814	169
Total Monthly Benefits	\$4,406,958	\$17,527,561	\$955,266	\$203,646
% of Total Monthly Benefits	19.08%	75.90%	4.14%	0.88%
Fiscal Year 2021				
Average Benefit	\$1,615	\$2,569	\$1,169	\$1,253
Number of Accounts	2,908	7,211	846	173
Total Monthly Benefits	\$4,698,033	\$18,522,964	\$988,745	\$216,818
% of Total Monthly Benefits	19.23%	75.83%	4.05%	0.89%
Fiscal Year 2022				
Average Benefit	\$1,649	\$2,586	\$1,173	\$1,329
Number of Accounts	2,979	7,494	858	182
Total Monthly Benefits	\$4,910,951	\$19,377,298	\$1,006,030	\$241,826
% of Total Monthly Benefits	19.23%	75.88%	3.94%	0.95%
Fiscal Year 2023				
Average Benefit	\$1,690	\$2,616	\$1,196	\$1,437
Number of Accounts	3,061	7,784	853	188
Total Monthly Benefits	\$5,171,930	\$20,360,195	\$1,020,135	\$270,089
% of Total Monthly Benefits	19.28%	75.91%	3.80%	1.01%

Schedule of Benefit Expenses - KERS Nonhazardous

As of June 30 (in Whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2014				
Average Benefit	\$992	\$1,911	\$987	\$886
Number of Accounts	6,678	33,106	2,706	954
Total Monthly Benefits	\$6,624,472	\$63,255,779	\$2,671,749	\$845,468
% of Total Monthly Benefits	9.03%	86.18%	3.64%	1.15%
Fiscal Year 2015				
Average Benefit	\$992	\$1,901	\$996	\$909
Number of Accounts	6,896	33,940	2,696	983
Total Monthly Benefits	\$6,843,193	\$64,503,048	\$2,684,720	\$893,407
% of Total Monthly Benefits	9.13%	86.09%	3.58%	1.19%
Fiscal Year 2016				
Average Benefit	\$989	\$1,886	\$1,005	\$902
Number of Accounts	7,390	35,192	2,770	1,014
Total Monthly Benefits	\$7,312,293	\$66,383,638	\$2,784,928	\$914,804
% of Total Monthly Benefits	9.45%	85.77%	3.60%	1.18%
Fiscal Year 2017				
Average Benefit	\$992	\$1,883	\$1,013	\$924
Number of Accounts	7,628	35,890	2,772	1,028
Total Monthly Benefits	\$7,565,780	\$67,591,003	\$2,807,938	\$950,318
% of Total Monthly Benefits	9.59%	85.65%	3.56%	1.20%
Fiscal Year 2018				
Average Benefit	\$998	\$1,879	\$1,019	\$940
Number of Accounts	8,070	37,141	2,767	1,007
Total Monthly Benefits	\$8,049,794	\$69,780,011	\$2,818,593	\$946,466
% of Total Monthly Benefits	9.87%	85.52%	3.45%	1.16%
Fiscal Year 2019				
Average Benefit	\$993	\$1,876	\$1,029	\$933
Number of Accounts	8,387	37,751	2,751	997
Total Monthly Benefits	\$8,328,706	\$70,826,696	\$2,831,527	\$930,110
% of Total Monthly Benefits	10.04%	85.42%	3.41%	1.12%
Fiscal Year 2020				
Average Benefit	\$984	\$1,872	\$1,031	\$937
Number of Accounts	8,622	38,233	2,676	987
Total Monthly Benefits	\$8,483,484	\$71,585,386	\$2,759,983	\$924,459
% of Total Monthly Benefits	10.13%	85.47%	3.30%	1.10%
Fiscal Year 2021				
Average Benefit	\$984	\$1,864	\$1,036	\$949
Number of Accounts	9,046	39,020	2,698	1,019
Total Monthly Benefits	\$8,897,420	\$72,724,923	\$2,796,355	\$966,951
% of Total Monthly Benefits	10.42%	85.17%	3.27%	1.13%
Fiscal Year 2022				
Average Benefit	\$987	\$1,860	\$1,031	\$966
Number of Accounts	9,279	39,508	2,609	1,033
Total Monthly Benefits	\$9,155,941	\$73,489,369	\$2,690,544	\$997,608
% of Total Monthly Benefits	10.61%	85.12%	3.12%	1.16%
Fiscal Year 2023				
Average Benefit	\$982	\$1,861	\$1,034	\$956
Number of Accounts	9,464	39,505	2,531	1,024
Total Monthly Benefits	\$9,291,103	\$73,531,803	\$2,615,997	\$979,166
% of Total Monthly Benefits	10.75%	85.09%	3.03%	1.13%

Schedule of Benefit Expenses - KERS Hazardous

As of June 30 (in Whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2014				
Average Benefit	\$971	\$1,560	\$649	\$749
Number of Accounts	1,851	1,497	191	89
Total Monthly Benefits	\$1,797,900	\$2,335,190	\$123,867	\$66,679
% of Total Monthly Benefits	41.58%	54.01%	2.86%	1.54%
Fiscal Year 2015				
Average Benefit	\$986	\$1,556	\$661	\$714
Number of Accounts	1,912	1,566	193	90
Total Monthly Benefits	\$1,884,477	\$2,436,923	\$127,477	\$64,250
% of Total Monthly Benefits	41.76%	54.00%	2.82%	1.42%
Fiscal Year 2016				
Average Benefit	\$984	\$1,542	\$663	\$730
Number of Accounts	2,046	1,658	194	94
Total Monthly Benefits	\$2,011,530	\$2,557,114	\$128,663	\$68,605
% of Total Monthly Benefits	42.21%	53.65%	2.70%	1.44%
Fiscal Year 2017				
Average Benefit	\$993	\$1,541	\$662	\$721
Number of Accounts	2,101	1,719	205	96
Total Monthly Benefits	\$2,086,732	\$2,648,685	\$135,625	\$69,255
% of Total Monthly Benefits	42.24%	53.61%	2.75%	1.40%
Fiscal Year 2018				
Average Benefit	\$1,002	\$1,551	\$684	\$737
Number of Accounts	2,215	1,877	205	100
Total Monthly Benefits	\$2,218,520	\$2,911,409	\$140,174	\$73,704
% of Total Monthly Benefits	41.52%	54.48%	2.62%	1.38%
Fiscal Year 2019				
Average Benefit	\$1,020	\$1,561	\$708	\$744
Number of Accounts	2,269	1,987	208	99
Total Monthly Benefits	\$2,315,435	\$3,101,783	\$147,342	\$73,702
% of Total Monthly Benefits	41.07%	55.01%	2.61%	1.31%
Fiscal Year 2020				
Average Benefit	\$1,017	\$1,561	\$701	\$739
Number of Accounts	2,334	2,061	207	94
Total Monthly Benefits	\$2,374,412	\$3,216,376	\$145,112	\$69,433
% of Total Monthly Benefits	40.90%	55.40%	2.50%	1.20%
Fiscal Year 2021				
Average Benefit	\$1,021	\$1,551	\$701	\$751
Number of Accounts	2,414	2,164	215	97
Total Monthly Benefits	\$2,464,831	\$3,355,473	\$150,742	\$72,837
% of Total Monthly Benefits	40.78%	55.52%	2.49%	1.21%
Fiscal Year 2022				
Average Benefit	\$1,032	\$1,560	\$711	\$786
Number of Accounts	2,434	2,267	216	96
Total Monthly Benefits	\$2,512,089	\$3,536,881	\$153,476	\$75,437
% of Total Monthly Benefits	40.01%	56.34%	2.44%	1.20%
Fiscal Year 2023				
Average Benefit	\$1,040	\$1,565	\$703	\$843
Number of Accounts	2,441	2,296	213	98
Total Monthly Benefits	\$2,538,237	\$3,592,494	\$149,801	\$82,626
% of Total Monthly Benefits	39.89%	56.46%	2.35%	1.30%

Schedule of Benefit Expenses - SPRS

As of June 30 (in Whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2014				
Average Benefit	\$3,621	\$3,197	\$1,346	\$2,196
Number of Accounts	146	1,172	75	23
Total Monthly Benefits	\$528,611	\$3,747,012	\$100,974	\$49,197
% of Total Monthly Benefits	11.94%	84.66%	2.28%	1.11%
Fiscal Year 2015				
Average Benefit	\$3,578	\$3,189	\$1,347	\$2,153
Number of Accounts	150	1,213	75	23
Total Monthly Benefits	\$536,649	\$3,867,971	\$101,018	\$49,524
% of Total Monthly Benefits	11.78%	84.91%	2.22%	1.09%
Fiscal Year 2016				
Average Benefit	\$3,579	\$3,135	\$1,269	\$2,008
Number of Accounts	155	1,277	82	25
Total Monthly Benefits	\$554,743	\$4,002,993	\$104,056	\$50,196
% of Total Monthly Benefits	11.77%	84.95%	2.21%	1.07%
Fiscal Year 2017				
Average Benefit	\$3,611	\$3,135	\$1,278	\$2,008
Number of Accounts	149	1,303	82	25
Total Monthly Benefits	\$538,032	\$4,084,771	\$104,788	\$50,196
% of Total Monthly Benefits	11.26%	85.50%	2.19%	1.05%
Fiscal Year 2018				
Average Benefit	\$3,642	\$3,128	\$1,289	\$2,082
Number of Accounts	153	1,361	83	26
Total Monthly Benefits	\$557,249	\$4,257,579	\$107,019	\$54,127
% of Total Monthly Benefits	11.20%	85.56%	2.15%	1.09%
Fiscal Year 2019				
Average Benefit	\$3,607	\$3,138	\$1,298	\$2,082
Number of Accounts	156	1,401	83	26
Total Monthly Benefits	\$562,630	\$4,395,857	\$107,737	\$54,127
% of Total Monthly Benefits	10.99%	85.85%	2.10%	1.06%
Fiscal Year 2020				
Average Benefit	\$3,628	\$3,154	\$1,339	\$2,137
Number of Accounts	152	1,440	80	26
Total Monthly Benefits	\$551,470	\$4,541,490	\$107,148	\$55,558
% of Total Monthly Benefits	10.49%	86.41%	2.04%	1.06%
Fiscal Year 2021				
Average Benefit	\$3,542	\$3,160	\$1,287	\$2,137
Number of Accounts	156	1,468	84	26
Total Monthly Benefits	\$552,551	\$4,638,826	\$108,101	\$55,558
% of Total Monthly Benefits	10.32%	86.63%	2.02%	1.04%
Fiscal Year 2022				
Average Benefit	\$3,565	\$3,163	\$1,275	\$2,077
Number of Accounts	159	1,481	83	25
Total Monthly Benefits	\$566,764	\$4,683,959	\$105,787	\$51,931
% of Total Monthly Benefits	10.48%	86.60%	1.96%	0.96%
Fiscal Year 2023				
Average Benefit	\$3,550	\$3,146	\$1,294	\$2,077
Number of Accounts	155	1,486	83	25
Total Monthly Benefits	\$550,304	\$4,674,802	\$107,386	\$51,931
% of Total Monthly Benefits	10.22%	86.82%	1.99%	0.97%

Active Refunds Report For the Period ended June 30, 2023 (in Whole \$)							
System	Tier	Active Termination Refunds		Active Death Refunds		Totals	
		Number of Refunds	Amount of Refunds	Number of Refunds	Amount of Refunds	Number of Refunds	Amount of Refunds
CERS Nonhazardous	1	276	\$3,642,939	169	\$338,656	445	\$3,981,595
	2	457	6,452,888	51	156,026	508	6,608,914
	3	1,849	12,368,533	92	282,340	1,941	12,650,873
	Total	2,582	22,464,360	312	777,022	2,894	23,241,382
CERS Hazardous	1	21	620,357	1	616	22	620,973
	2	40	2,277,137	-	-	40	2,277,137
	3	174	3,316,045	-	-	174	3,316,045
	Total	235	6,213,539	1	616	236	6,214,155
KERS Nonhazardous	1	168	2,334,981	98	184,293	266	2,519,274
	2	203	3,488,346	16	79,384	219	3,567,730
	3	626	5,285,615	22	59,301	648	5,344,916
	Total	997	11,108,942	136	322,978	1,133	11,431,920
KERS Hazardous	1	8	184,704	5	12,303	13	197,007
	2	38	933,351	2	7,316	40	940,667
	3	205	2,771,039	3	24,561	208	2,795,600
	Total	251	3,889,094	10	44,180	261	3,933,274
SPRS	1	2	46,983	-	-	2	46,983
	2	2	103,622	-	-	2	103,622
	3	3	618	-	-	3	618
	Total	7	151,223	-	-	7	151,223
TOTALS		4,072	\$43,827,158	459	\$1,144,796	4,531	\$44,971,954

Analysis of Initial Retirees As of June 30 (in Whole \$)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Fiscal Year 2014					
Number of Accounts	3,529	430	2,037	245	77
Average Service Credit (months)	182	194	202	165	260
Average Final Compensation	\$33,816	\$57,718	\$46,480	\$46,595	\$70,009
Average Monthly Benefit	\$879	\$2,021	\$1,278	\$1,296	\$3,322
Average System Payment for Health Insurance	\$486	\$1,279	\$534	\$937	\$1,378
Fiscal Year 2015					
Number of Accounts	4,084	496	2,078	191	55
Average Service Credit (months)	188	204	204	164	251
Average Final Compensation	\$34,561	\$59,589	\$47,187	\$47,148	\$67,862
Average Monthly Benefit	\$913	\$2,178	\$1,308	\$1,280	\$3,009
Average System Payment for Health Insurance	\$489	\$1,254	\$549	\$906	\$1,376
Fiscal Year 2016					
Number of Accounts	4,151	522	2,043	205	57
Average Service Credit (months)	190	212	207	160	234
Average Final Compensation	\$34,632	\$58,977	\$47,429	\$44,494	\$65,535
Average Monthly Benefit	\$932	\$2,303	\$1,351	\$1,225	\$2,953
Average System Payment for Health Insurance	\$501	\$1,277	\$558	\$870	\$1,425
Fiscal Year 2017					
Number of Accounts	4,151	544	2,094	191	30
Average Service Credit (months)	191	203	208	146	241
Average Final Compensation	\$34,779	\$58,384	\$46,753	\$47,604	\$68,401
Average Monthly Benefit	\$940	\$2,236	\$1,339	\$1,150	\$2,935
Average System Payment for Health Insurance	\$510	\$1,247	\$558	\$872	\$1,192
Fiscal Year 2018					
Number of Accounts	4,570	696	2,682	328	68
Average Service Credit (months)	195	211	223	167	241
Average Final Compensation	\$37,683	\$65,407	\$48,552	\$51,219	\$71,132
Average Monthly Benefit	\$1,027	\$2,528	\$1,481	\$1,392	\$3,035
Average System Payment for Health Insurance	\$531	\$1,300	\$578	\$1,033	\$1,365
Fiscal Year 2019					
Number of Accounts	4,283	541	1,993	234	63
Average Service Credit (months)	193	198	204	174	254
Average Final Compensation	\$37,412	\$64,646	\$47,824	\$51,901	\$73,795
Average Monthly Benefit	\$997	\$2,366	\$1,355	\$1,532	\$3,341
Average System Payment for Health Insurance	\$513	\$1,231	\$569	\$1,015	\$1,391
Fiscal Year 2020					
Number of Accounts	3,584	580	1,755	195	54
Average Service Credit (months)	189	221	211	150	245
Average Final Compensation	\$36,968	\$67,994	\$47,069	\$51,021	\$78,468
Average Monthly Benefit	\$935	\$2,715	\$1,352	\$1,242	\$3,313
Average System Payment for Health Insurance	\$539	\$1,361	\$579	\$1,013	\$1,404
Fiscal Year 2021					
Number of Accounts	3,967	531	1,644	201	32
Average Service Credit (months)	194	209	201	143	217
Average Final Compensation	\$38,245	\$68,216	\$46,600	\$49,664	\$72,942
Average Monthly Benefit	\$987	\$2,589	\$1,276	\$1,248	\$2,872
Average System Payment for Health Insurance	\$543	\$1,326	\$560	\$1,019	\$1,347

Analysis of Initial Retirees As of June 30 (in Whole \$) Continued

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Fiscal Year 2022					
Number of Accounts	3,975	496	1,910	221	46
Average Service Credit (months)	198	205	213	165	245
Average Final Compensation	\$39,244	\$70,218	\$48,028	\$52,575	\$76,377
Average Monthly Benefit	\$1,048	\$2,691	\$1,389	\$1,515	\$3,287
Average System Payment for Health Insurance	\$576	\$1,336	\$599	\$1,020	\$1,345
Fiscal Year 2023					
Number of Accounts	4,003	498	1,479	136	13
Average Service Credit (months)	194	216	190	146	186
Average Final Compensation	\$41,262	\$77,761	\$50,304	\$52,473	\$73,081
Average Monthly Benefit	\$1,101	\$3,029	\$1,332	\$1,315	\$2,737
Average System Payment for Health Insurance	\$625	\$1,503	\$640	\$1,151	\$1,208

Note: This table represents all individuals who had an initial retirement date within the fiscal year.

Payment Options Selected by Retired Members As of June 30, 2023 (in Whole \$)

	Basic	Other	Period Certain	Pop Up	Social Security Adjustment	Survivorship	Annuity
CERS Nonhazardous							
Number of Accounts	33,185	26	11,314	12,064	2,289	18,398	65
Monthly Benefits	\$27,776,553	\$46,638	\$10,388,401	\$15,144,926	\$3,131,754	\$19,222,394	\$8,119
CERS Hazardous							
Number of Accounts	1,976	36	1,112	4,658	600	3,504	-
Monthly Benefits	\$3,911,427	\$60,706	\$2,321,508	\$11,979,911	\$1,020,349	\$7,528,447	\$-
KERS Nonhazardous							
Number of Accounts	19,393	23	6,715	10,163	3,243	12,971	16
Monthly Benefits	\$28,657,458	\$45,511	\$10,289,411	\$20,547,866	\$5,618,055	\$21,255,419	\$4,349
KERS Hazardous							
Number of Accounts	1,414	6	553	1,402	318	1,350	5
Monthly Benefits	\$1,573,156	\$5,498	\$695,779	\$2,105,151	\$352,552	\$1,629,635	\$1,387
SPRS							
Number of Accounts	189	1	132	754	182	491	-
Monthly Benefits	\$545,008	\$3,084	\$383,635	\$2,588,617	\$364,615	\$1,499,465	\$-
KPPA Total							
Number of Accounts	56,157	92	19,826	29,041	6,632	36,714	86
Monthly Benefits	\$62,463,602	\$161,437	\$24,078,734	\$52,366,471	\$10,487,325	\$51,135,360	\$13,855

The information in this table represents accounts administered by KPPA. A single member may have multiple accounts, which contribute to one pension.

Employer Contribution Rates

In CERS, KERS, and SPRS, both the employee and the employer contribute a percentage of creditable compensation to KPPA.

The employee contribution rate is set by state statute. Nonhazardous employees contribute 5% while Hazardous duty members contribute 8%. Employees hired on or after September 1, 2008, contribute an additional 1% to health insurance.

CERS employer contribution rates are set by the CERS Board under Kentucky Revised Statutes 78.635 based on an annual actuarial valuation, unless altered by legislation enacted by the Kentucky General Assembly. The CERS employer contribution rates for fiscal year 2008 through 2009 were reduced from the actuarially recommended rate as a result of the passage of House Bill (HB) 1 during the 2008 Extraordinary Session of the Kentucky General Assembly. Also, during its 2009 Regular Session, the Kentucky General Assembly enacted HB 117, which mandated an extension of the phase-in of insurance contribution rates that had been previously approved by the KPPA Board in 2006 from five years to 10 years to further mitigate the impact of the application of GASB Statements 43 and 45 on CERS employer contribution rates for health insurance. During the 2018 Regular Session of the Kentucky General Assembly, HB 362 capped CERS employer contribution rate increases to no more than 12% per year over the prior fiscal year for the period of July 1, 2018 to June 30, 2028, or until the actuarial recommended contribution was met. Fiscal year 2022 was the last year for the 12% cap for CERS. The actual pension and insurance employer contribution rates that were paid are shown below.

Under Kentucky Revised Statutes 61.565, KERS and SPRS employer contribution rates are set by the KRS Board based on an annual actuarial valuation. However, KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. For fiscal years 2003 through 2014, the Kentucky General Assembly suspended Kentucky Revised Statutes 61.565 in the budget in order to provide an employer contribution rate that is less than the amount recommended by the Board's consulting actuary. For fiscal years 2018 thru 2021, the legislature amended the KERS Nonhazardous rate for quasi-government agencies to 49.47%. The table in the Actuarial Section shows the KERS and SPRS employer contribution rates that were actuarial recommended rates in the annual valuation without any adjustments. House Bill 8 passed during the 2021 legislative session changed how employer contributions are allocated and collected from the participating employers in the KERS Nonhazardous Fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

Employer Contribution Rates (%) As of June 30										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CERS Nonhazardous										
Actual Rate	18.89%	17.67%	17.06%	18.68%	19.18%	21.48%	24.06%	24.06%	26.95%	26.79%
CERS Hazardous										
Actual Rate	35.70%	34.31%	32.95%	31.06%	31.55%	35.34%	39.58%	39.58%	44.33%	49.59%
KERS Nonhazardous*										
Actual Rate	26.79%	38.77%	38.77%	48.59%	49.47%	83.43%	83.43%	84.43%	10.10%	9.97%
KERS Hazardous										
Actual Rate	32.21%	26.34%	26.34%	23.82%	23.70%	36.85%	36.85%	36.00%	33.43%	31.82%
SPRS										
Actual Rate	71.15%	75.76%	75.76%	89.21%	91.24%	146.28%	146.28%	143.48%	146.06%	99.43%
*2021 House Bill 8 changed the manner in which KERS Nonhazardous pays employer contributions. Beginning in FY22, each employer pays the normal cost, which is the rate stated above, along with an actuarial accrued liability payment that is calculated and provided by the actuary.										

Insurance Contracts

KPPA provides medical insurance and other managed care coverage for eligible retired members.

Participation in the insurance program is optional and requires the completion of the proper forms at the time of retirement in order to obtain the insurance coverage. KPPA provides access to health insurance coverage through the Kentucky Employees' Health Plan (KEHP) for recipients until they reach age 65 and/or become Medicare eligible. After a retired member becomes eligible for Medicare, coverage is available through a Medicare eligible plan offered by KPPA. A retired member's spouse and/or dependents may also be covered on health insurance through KPPA.

Insurance Benefits Paid to Retirees & Beneficiaries					
Participating in a KPPA Health Insurance Plan As of June 30, 2023 (in Whole \$)					
	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
Number	40,942	10,024	31,612	3,109	1,795
Average Service Credit (Months)	267	277	312	264	320
Average Monthly System Payment for Health Insurance	\$349	\$1,051	\$370	\$732	\$956
Average Monthly Member Payment for Health Insurance	\$55	\$42	\$55	\$45	\$25
Total Monthly Payment for Health Insurance	\$15,657,298	\$8,954,858	\$12,613,727	\$1,985,695	\$1,357,854

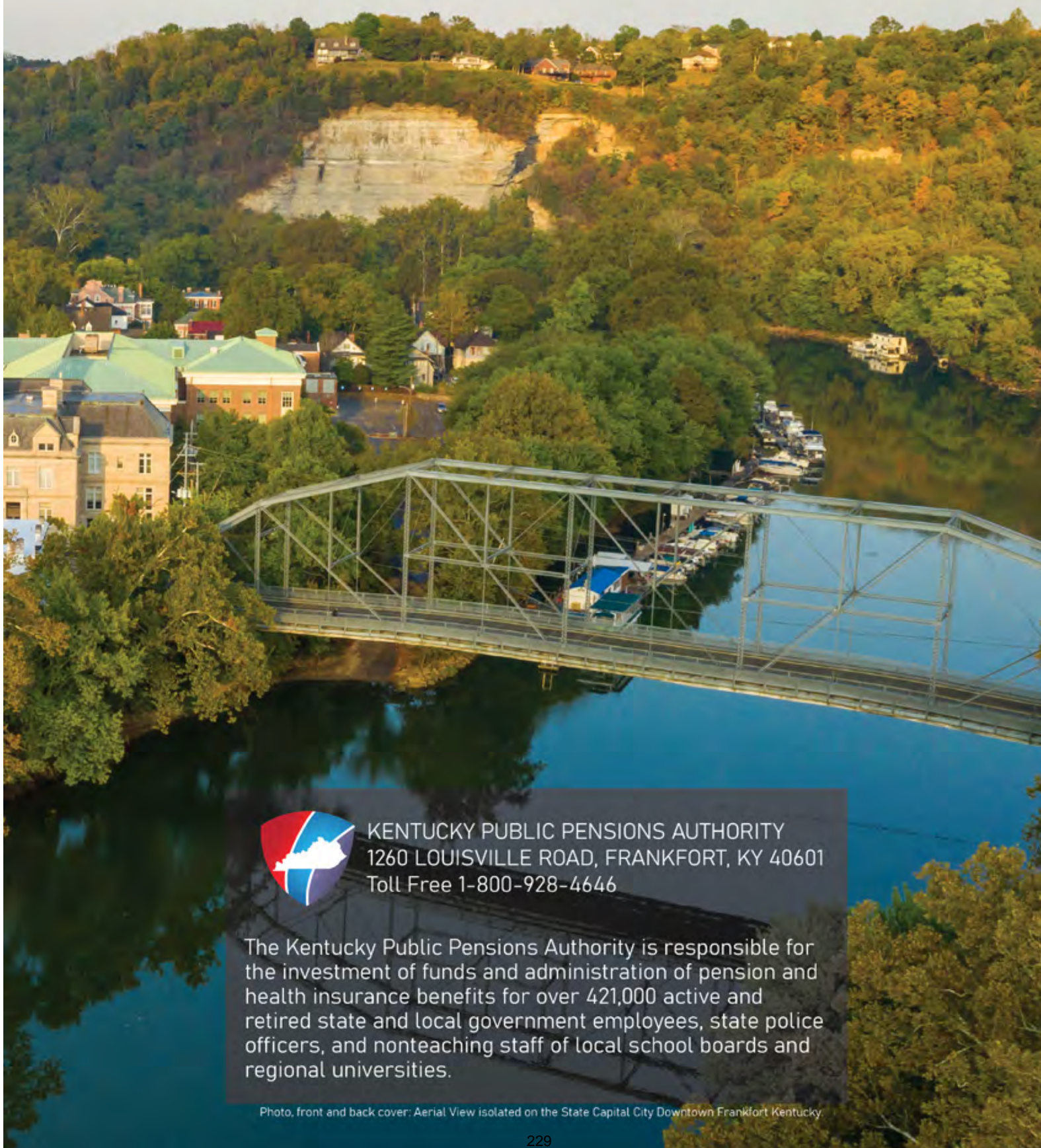
Insurance Contracts by Type As of June 30

CERS Nonhazardous										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEHP Parent Plus	278	242	235	222	231	214	210	218	225	234
KEHP Couple/Family	546	473	465	462	510	530	519	508	543	524
KEHP Single	7,843	8,098	8,164	8,313	8,802	8,912	8,751	8,685	8,692	8,721
Medicare without Prescription	2,583	2,531	2,499	2,462	2,389	2,278	2,183	2,081	1,958	1,921
Medicare with Prescription	20,200	21,520	23,007	24,247	25,476	26,848	27,786	28,472	29,001	29,542
CERS Hazardous										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEHP Parent Plus	432	456	378	395	422	430	425	473	468	491
KEHP Couple/Family	2,184	2,255	2,321	2,387	2,571	2,648	2,816	2,894	2,961	3,047
KEHP Single	1,447	1,500	1,595	1,645	1,712	1,746	1,731	1,768	1,810	1,893
Medicare without Prescription	89	107	114	125	119	121	116	120	134	138
Medicare with Prescription	2,510	2,697	2,969	3,205	3,388	3,658	3,911	4,103	4,284	4,455
KERS Nonhazardous										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEHP Parent Plus	506	452	441	411	460	441	433	428	434	433
KEHP Couple/Family	797	714	656	663	696	700	666	633	612	553
KEHP Single	9,491	9,251	8,876	8,627	8,638	8,304	7,942	7,415	7,141	6,693
Medicare without Prescription	1,370	1,303	1,286	1,229	1,179	1,141	1,089	1,026	989	957
Medicare with Prescription	17,738	18,577	19,447	20,215	21,117	21,713	22,271	22,648	22,903	22,976
KERS Hazardous										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEHP Parent Plus	110	110	97	88	96	103	112	104	116	118
KEHP Couple/Family	448	448	439	432	478	493	491	491	477	470
KEHP Single	647	656	663	667	686	699	677	667	686	653
Medicare without Prescription	56	62	66	72	73	83	82	82	84	72
Medicare with Prescription	1,104	1,177	1,302	1,401	1,495	1,584	1,662	1,693	1,746	1,796
SPRS										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEHP Parent Plus	78	81	77	79	74	77	85	89	90	92
KEHP Couple/Family	444	441	447	420	426	454	459	448	454	434
KEHP Single	263	265	246	251	253	224	226	221	217	230
Medicare without Prescription	20	16	18	17	21	16	16	13	14	17
Medicare with Prescription	712	777	850	897	941	975	998	1,003	1,016	1,022
KPPA Total										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KEHP Parent Plus	1,404	1,341	1,228	1,195	1,283	1,265	1,265	1,312	1,333	1,368
KEHP Couple/Family	4,419	4,331	4,328	4,364	4,681	4,825	4,951	4,974	5,047	5,028
KEHP Single	19,691	19,770	19,544	19,503	20,091	19,885	19,327	18,756	18,546	18,190
Medicare without Prescription	4,118	4,019	3,983	3,905	3,781	3,639	3,486	3,322	3,179	3,105
Medicare with Prescription	42,264	44,748	47,575	49,965	52,417	54,778	56,628	57,919	58,950	59,791

Acronym Glossary for Kentucky Retirement Systems

As of December 6, 2023

Phrase	Acronym
Actuarially Determined Contribution	ADC
Annual Required Contribution	ARC
Annual Comprehensive Financial Report	ACFR
Board of Trustees	Board
Collateralized Mortgage Obligations	CMO
Commonwealth of Kentucky	Commonwealth
Consumer Price Index	CPI
Department of Employee Insurance	DEI
Emerging Market Debt	EMD
Executive Order	EO
Exchange Traded Funds	ETFs
Fiscal Year	FY
Generally Accepted Accounting Principles	GAAP
Governmental Accounting Standards Board	GASB
Gabriel, Roeder, Smith & Co.	GRS
House Bill	HB
Investment Management Agreement	IMA
Investment Policy Statement	IPS
Internal Revenue Service	IRS
Information Technology	IT
Kentucky Administrative Regulations	KAR
Kentucky Employees' Health Plan	KEHP
Kentucky Public Pensions Authority	KPPA
Kohlberg, Kravis, Roberts	KKR
Kentucky Retirement Systems	KRS
Net Asset Value	NAV
Net OPEB Liability	NOL
Net Pension Liability	NPL
Not Rated	NR
Other post-employment benefits	OPEB
Pacific Alternative Asset Management Company	PAAMCO
Perimeter Park West Incorporated	PPW
Qualified Domestic Relations Order	QDRO
Required Supplementary Information	RSI
Senate Bill	SB
Senate Resolution	SR
Strategic Technology Advancements for the Retirement of Tomorrow	START
Short Term Investment Funds	STIFs
Total Pension Liability	TPL
Teachers' Retirement System	TRS
Unfunded Actuarial Accrued Liability	UAAL
Unfunded Accrued Liability	UAL
Unrelated Business Income	UBI



KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 LOUISVILLE ROAD, FRANKFORT, KY 40601
Toll Free 1-800-928-4646

The Kentucky Public Pensions Authority is responsible for the investment of funds and administration of pension and health insurance benefits for over 421,000 active and retired state and local government employees, state police officers, and nonteaching staff of local school boards and regional universities.

Photo, front and back cover: Aerial View isolated on the State Capital City Downtown Frankfort Kentucky

County Employees Retirement System

GASB No. 67 Accounting Valuation Report
As of June 30, 2023

DRAFT





November 9, 2023

Board of Trustees
County Employees Retirement System
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB 67 Reporting – Actuarial Information – County Employees Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **County Employees Retirement System (CERS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans” for the fiscal year ending June 30, 2023. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 67 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the County Employees Retirement System only in its entirety and only with the permission of the Board.

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2023 using generally accepted actuarial principles. GASB 67 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022”, and include a change in the investment return assumption from 6.25% to 6.50%. The Total Pension Liability as of June 30, 2023 is determined using these updated assumptions.

Plan Provisions

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include to 48 or 60 times the member’s monthly retirement allowance.

Board of Trustees
November 9, 2023
Page 2

Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances for each plan. This is a minimal change for members in the hazardous plan, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe this provision in House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

Single Discount Rate

A single discount rate of 6.50% for the non-hazardous and hazardous plans was used to measure the total pension liability for the fiscal year ending June 30, 2023. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.



Board of Trustees
November 9, 2023
Page 3

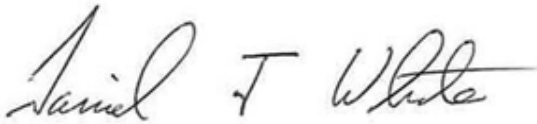
Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" and the "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All three of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

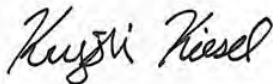
Gabriel Roeder Smith & Co.



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Janie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, MAAA
Consultant and Actuary



Table of Contents

			Page
	COVER LETTER		
SECTION 1	SUPPORTING EXHIBITS		
	EXHIBIT 1	— SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY	2
	EXHIBIT 2	— SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY	4
	EXHIBIT 3	— SCHEDULE OF EMPLOYERS' CONTRIBUTIONS	6
	EXHIBIT 4	— SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE	9



SECTION 1

EXHIBIT 1a

Schedule of the Employers' Net Pension Liability – CERS Non-Hazardous Plan
(\$ in thousands)

Fiscal Year Ending June 30, (1)	Total Pension Liability (2)	Plan Fiduciary Net Position (3)	Employers' Net Pension Liability (Asset) (4) = (2) - (3)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (5) = (3) / (2)	Covered Employee Payroll ¹ (6)	Net Pension Liability as a Percentage of Covered Employee Payroll (7) = (4) / (6)
2023	\$ 15,089,106	\$ 8,672,597	\$ 6,416,509	57.48%	\$ 2,966,567	216.29%
2022	15,192,599	7,963,586	7,229,013	52.42%	2,835,173	254.98%
2021	14,941,437	8,565,652	6,375,785	57.33%	2,446,612	260.60%
2020	14,697,244	7,027,327	7,669,917	47.81%	2,462,752	311.44%
2019	14,192,966	7,159,921	7,033,045	50.45%	2,424,796	290.05%
2018	13,109,268	7,018,963	6,090,305	53.54%	2,454,927	248.08%
2017	12,540,545	6,687,237	5,853,308	53.32%	2,376,290	246.32%
2016	11,065,013	6,141,395	4,923,618	55.50%	2,417,187	203.69%
2015	10,740,325	6,440,800	4,299,525	59.97%	2,296,716	187.20%
2014	9,772,522	6,528,146	3,244,376	66.80%	2,272,270	142.78%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

EXHIBIT 1b

Schedule of the Employers' Net Pension Liability – CERS Hazardous Plan
(\$ in thousands)

Fiscal Year Ending June 30, (1)	Total Pension Liability (2)	Plan Fiduciary Net Position (3)	Employers' Net Pension Liability (Asset) (4) = (2) - (3)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (5) = (3) / (2)	Covered Employee Payroll ¹ (6)	Net Pension Liability as a Percentage of Covered Employee Payroll (7) = (4) / (6)
2023	\$ 5,731,148	\$ 3,035,192	\$ 2,695,956	52.96%	\$ 714,837	377.14%
2022	5,769,691	2,718,234	3,051,457	47.11%	666,346	457.94%
2021	5,576,567	2,914,408	2,662,159	52.26%	572,484	465.02%
2020	5,394,732	2,379,704	3,015,028	44.11%	559,551	538.83%
2019	5,176,003	2,413,708	2,762,295	46.63%	553,541	499.02%
2018	4,766,794	2,348,337	2,418,457	49.26%	562,853	429.68%
2017	4,455,275	2,217,996	2,237,279	49.78%	526,559	424.89%
2016	3,726,115	2,010,174	1,715,941	53.95%	526,334	326.02%
2015	3,613,308	2,078,202	1,535,106	57.52%	483,641	317.41%
2014	3,288,826	2,087,002	1,201,824	63.46%	479,164	250.82%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

EXHIBIT 2a

Schedule of the Employers' Net Pension Liability – CERS Non-Hazardous Plan

(\$ in thousands)

Change in the Net Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$ 283,633	\$ 272,250	\$ 280,165	\$ 280,092	\$ 254,643	\$ 254,169	\$ 193,082	\$ 209,101	\$ 207,400	\$ 192,482
Interest	920,862	906,401	892,309	861,720	794,935	760,622	803,555	780,587	733,002	710,526
Benefit Changes	3,862	0	4,106	0	0	15,708	0	0	0	0
Difference between actual and expected experience	511,721	(49,439)	(91,776)	173,345	87,377	279,401	(208,015)	0	49,966	0
Assumption Changes	(905,957)	0	0	0	727,351	0	1,388,800	0	606,293	0
Benefit Payments	(917,614)	(878,050)	(840,611)	(810,879)	(780,608)	(741,177)	(701,891)	(665,000)	(628,858)	(597,136)
Net Change in Total Pension Liability	\$ (103,493)	\$ 251,162	\$ 244,193	\$ 504,278	\$ 1,083,698	\$ 568,723	\$ 1,475,532	\$ 324,687	\$ 967,803	\$ 305,872
Total Pension Liability - Beginning	\$ 15,192,599	\$ 14,941,437	\$ 14,697,244	\$ 14,192,966	\$ 13,109,268	\$ 12,540,545	\$ 11,065,013	\$ 10,740,325	\$ 9,772,522	\$ 9,466,650
Total Pension Liability - Ending (a)	\$ 15,089,106	\$ 15,192,599	\$ 14,941,437	\$ 14,697,244	\$ 14,192,966	\$ 13,109,268	\$ 12,540,545	\$ 11,065,013	\$ 10,740,325	\$ 9,772,522
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 697,681	\$ 606,807	\$ 472,228	\$ 475,416	\$ 393,453	\$ 358,017	\$ 333,554	\$ 284,105	\$ 298,565	\$ 324,231
Contributions - Member ²	147,769	186,648	165,698	168,994	159,064	160,370	150,715	141,674	140,311	128,568
Refunds of contributions to members	(23,263)	(19,789)	(13,862)	(14,918)	(14,387)	(14,608)	(14,430)	(13,753)	(13,523)	(14,286)
Retirement benefits	(894,351)	(858,261)	(826,749)	(795,960)	(766,221)	(726,569)	(687,461)	(651,246)	(615,335)	(582,850)
Net Investment Income ²	805,303	(494,801)	1,762,739	56,178	390,664	573,829	825,900	(40,800)	110,568	895,530
Administrative Expense	(24,128)	(22,670)	(21,729)	(22,304)	(21,659)	(19,592)	(19,609)	(19,385)	(18,212)	(18,615)
Other	0	0	0	0	44 ⁵	361 ⁵	(42,827) ⁴	0	10,280	0
Net Change in Plan Fiduciary Net Position	\$ 709,011	\$ (602,066)	\$ 1,538,325	\$ (132,594)	\$ 140,958	\$ 331,808	\$ 545,843	\$ (299,405)	\$ (87,346)	\$ 732,578
Plan Fiduciary Net Position - Beginning	\$ 7,963,586	\$ 8,565,652	\$ 7,027,327	\$ 7,159,921	\$ 7,018,963	\$ 6,687,237	\$ 6,141,395	\$ 6,440,800	\$ 6,528,146	\$ 5,795,568
Prior Year Adjustment	0	0	0	0	0	(82)	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 8,672,597	\$ 7,963,586	\$ 8,565,652	\$ 7,027,327	\$ 7,159,921	\$ 7,018,963	\$ 6,687,237	\$ 6,141,395	\$ 6,440,800	\$ 6,528,146
Net Pension Liability - Ending (a) - (b)	\$ 6,416,509	\$ 7,229,013	\$ 6,375,785	\$ 7,669,917	\$ 7,033,045	\$ 6,090,305	\$ 5,853,308	\$ 4,923,618	\$ 4,299,525	\$ 3,244,376
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%
Covered Employee Payroll³	\$ 2,966,567	\$ 2,835,173	\$ 2,446,612	\$ 2,462,752	\$ 2,424,796	\$ 2,454,927	\$ 2,376,290	\$ 2,417,187	\$ 2,296,716	\$ 2,272,270
Net Pension Liability as a Percentage of Covered Employee Payroll	216.29%	254.98%	260.60%	311.44%	290.05%	248.08%	246.32%	203.69%	187.20%	142.78%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$108,843,000 as of June 30, 2023² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2023, 401(h) contributions equaled -\$30,000; and associated investment return equaled \$10,113,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later⁵ Northern Trust Settlement

EXHIBIT 2b

Schedule of the Employers' Net Pension Liability – CERS Hazardous Plan (\$ in thousands)

Change in the Net Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$ 115,389	\$ 109,683	\$ 109,350	\$ 109,887	\$ 77,426	\$ 81,103	\$ 58,343	\$ 66,249	\$ 71,934	\$ 66,761
Interest	350,413	338,799	327,963	314,762	289,741	270,694	270,860	262,886	247,008	238,665
Benefit Changes	0	0	333	0	0	2,172	0	0	0	0
Difference between actual and expected experience	97,750	56,197	38,850	73,696	27,364	205,882	92,588	0	41,935	0
Assumption Changes	(275,934)	0	0	0	276,541	0	536,667	0	166,849	0
Benefit Payments	(326,161)	(311,555)	(294,661)	(279,616)	(261,863)	(248,332)	(229,299)	(216,327)	(203,244)	(192,299)
Net Change in Total Pension Liability	\$ (38,543)	\$ 193,124	\$ 181,835	\$ 218,729	\$ 409,209	\$ 311,519	\$ 729,159	\$ 112,807	\$ 324,482	\$ 113,127
Total Pension Liability - Beginning	\$ 5,769,691	\$ 5,576,567	\$ 5,394,732	\$ 5,176,003	\$ 4,766,794	\$ 4,455,275	\$ 3,726,115	\$ 3,613,308	\$ 3,288,826	\$ 3,175,699
Total Pension Liability - Ending (a)	\$ 5,731,148	\$ 5,769,691	\$ 5,576,567	\$ 5,394,732	\$ 5,176,003	\$ 4,766,794	\$ 4,455,275	\$ 3,726,115	\$ 3,613,308	\$ 3,288,826
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 308,223	\$ 222,028	\$ 172,205	\$ 168,443	\$ 138,053	\$ 127,660	\$ 115,947	\$ 105,713	\$ 108,071	\$ 115,240
Contributions - Member ²	56,987	69,565	62,367	63,236	58,661	61,089	60,101	52,972	47,692	43,722
Refunds of contributions to members	(6,568)	(5,766)	(4,662)	(3,814)	(2,854)	(4,214)	(2,315)	(2,879)	(3,111)	(2,664)
Retirement benefits	(319,593)	(305,789)	(289,999)	(275,802)	(259,009)	(244,118)	(226,984)	(213,448)	(200,134)	(189,635)
Net Investment Income ²	280,033	(174,217)	596,641	15,914	132,232	191,324	270,473	(9,020)	37,104	288,490
Administrative Expense	(2,124)	(1,995)	(1,848)	(1,981)	(1,726)	(1,504)	(1,421)	(1,366)	(1,288)	(1,721)
Other	0	0	0	0	14 ⁵	111 ⁵	(7,979) ⁴	0	2,865	0
Net Change in Plan Fiduciary Net Position	\$ 316,958	\$ (196,174)	\$ 534,704	\$ (34,004)	\$ 65,371	\$ 130,348	\$ 207,822	\$ (68,028)	\$ (8,801)	\$ 253,432
Plan Fiduciary Net Position - Beginning	\$ 2,718,234	\$ 2,914,408	\$ 2,379,704	\$ 2,413,708	\$ 2,348,337	\$ 2,217,996	\$ 2,010,174	\$ 2,078,202	\$ 2,087,002	\$ 1,833,570
Prior Year Adjustment	0	0	0	0	0	(7)	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 3,035,192	\$ 2,718,234	\$ 2,914,408	\$ 2,379,704	\$ 2,413,708	\$ 2,348,337	\$ 2,217,996	\$ 2,010,174	\$ 2,078,202	\$ 2,087,002
Net Pension Liability - Ending (a) - (b)	\$ 2,695,956	\$ 3,051,457	\$ 2,662,159	\$ 3,015,028	\$ 2,762,295	\$ 2,418,457	\$ 2,237,279	\$ 1,715,941	\$ 1,535,106	\$ 1,201,824
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%	63.46%
Covered Employee Payroll³	\$ 714,837	\$ 666,346	\$ 572,484	\$ 559,551	\$ 553,541	\$ 562,853	\$ 526,559	\$ 526,334	\$ 483,641	\$ 479,164
Net Pension Liability as a Percentage of Covered Employee Payroll	377.14%	457.94%	465.02%	538.83%	499.02%	429.68%	424.89%	326.02%	317.41%	250.82%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$20,605,000 as of June 30, 2023² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2023, 401(h) contributions equaled -\$20,000; and associated investment return equaled \$1,931,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later⁵ Northern Trust Settlement

EXHIBIT 3a**Schedule of Employers' Contributions – CERS Non-Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution ¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ²	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 697,634	\$ 697,681	\$ (47)	\$ 2,966,567	23.52%
2022	636,071	606,807	29,264	2,835,173	21.40%
2021	582,538	472,228	110,310	2,446,612	19.30%
2020	554,612	475,416	79,196	2,462,752	19.30%
2019	529,575	393,453	136,122	2,424,796	16.23%
2018	355,473	358,017	(2,544)	2,454,927	14.58%
2017	331,492	333,554	(2,062)	2,376,290	14.04%
2016	282,767	284,106	(1,339)	2,417,187	11.75%
2015	297,715	298,566	(851)	2,296,716	13.00%
2014	324,231	324,231	0	2,272,270	14.27%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



EXHIBIT 3b**Schedule of Employers' Contributions – CERS Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution ¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ²	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 308,037	\$ 308,223	\$ (186)	\$ 714,837	43.12%
2022	269,542	222,028	47,514	666,346	33.32%
2021	240,558	172,205	68,353	572,484	30.08%
2020	206,922	168,443	38,479	559,551	30.10%
2019	197,559	138,053	59,506	553,541	24.94%
2018	124,953	127,660	(2,707)	562,853	22.68%
2017	114,316	115,947	(1,631)	526,559	22.02%
2016	104,952	105,713	(761)	526,334	20.08%
2015	107,514	108,071	(557)	483,641	22.35%
2014	115,240	115,240	0	479,164	24.05%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



Notes to Schedule of Employers' Contributions for FYE 2023

The actuarially determined contributions effective for fiscal year ending 2023 that are documented in the schedules on the previous pages were calculated as of June 30, 2021. Based on the June 30, 2021 actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Item	CERS Non-Hazardous Plan	CERS Hazardous Plan
Determined by the Actuarial Valuation as of:	June 30, 2021	June 30, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	2.00%	2.00%
Investment Return:	6.25%	6.25%
Inflation:	2.30%	2.30%
Salary Increases:	3.30% to 10.30%, varies by service	3.55% to 19.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-In provision:	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018



EXHIBIT 4

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
(\$ in thousands)

Table 1. Sensitivity of the Net Pension Liability to Changes in the Discount Rate for CERS (Non-Hazardous)

1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
\$ 8,101,230	\$ 6,416,509	\$ 5,016,442

Table 2. Sensitivity of the Net Pension Liability to Changes in the Discount Rate for CERS (Hazardous)

1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
\$ 3,404,287	\$ 2,695,956	\$ 2,117,409

Kentucky Employees Retirement System

GASB No. 67 Accounting Valuation Report
As of June 30, 2023

DRAFT





November 9, 2023

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB 67 Reporting – Actuarial Information – Kentucky Employees Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **Kentucky Employees Retirement System (KERS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans” for the fiscal year ending June 30, 2023. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 67 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board.

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2023 using generally accepted actuarial principles. GASB 67 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022”. The Total Pension Liability as of June 30, 2023 is determined using these updated assumptions.

Plan Provisions

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include to 48 or 60 times the member’s monthly retirement allowance.

Board of Trustees
November 9, 2023
Page 2

Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances for each plan. This is a minimal change for members in the hazardous plan, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

Single Discount Rate

Single discount rates of 5.25% for the non-hazardous plan and 6.25% for the hazardous plan were used to measure the total pension liability for the fiscal year ending June 30, 2023. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.



Board of Trustees
November 9, 2023
Page 3

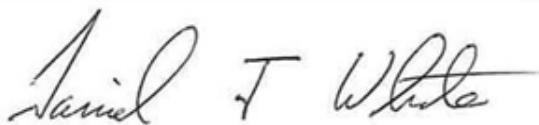
Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" and the "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

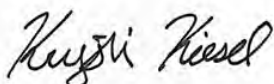
Gabriel Roeder Smith & Co.



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Janie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, MAAA
Consultant and Actuary



Table of Contents

			Page
	COVER LETTER		
SECTION 1	SUPPORTING EXHIBITS		
	EXHIBIT 1	— SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY	2
	EXHIBIT 2	— SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY	4
	EXHIBIT 3	— SCHEDULE OF EMPLOYERS' CONTRIBUTIONS	6
	EXHIBIT 4	— SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE	9



SECTION 1

EXHIBIT 1a

Schedule of the Employers' Net Pension Liability – KERS Non-Hazardous Plan
(\$ in thousands)

Fiscal Year Ending June 30, (1)	Total Pension Liability (2)	Plan Fiduciary Net Position (3)	Employers' Net Pension Liability (Asset) (4) = (2) - (3)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (5) = (3) / (2)	Covered Employee Payroll ¹ (6)	Net Pension Liability as a Percentage of Covered Employee Payroll (7) = (4) / (6)
2023	\$ 15,858,669	\$ 3,539,943	\$ 12,318,726	22.32%	\$ 1,648,318	747.35%
2022	16,281,188	3,013,845	13,267,343	18.51%	1,432,960	925.87%
2021	16,335,657	3,018,660	13,316,997	18.48%	1,441,337	923.93%
2020	16,472,733	2,308,080	14,164,653	14.01%	1,476,156	959.56%
2019	16,356,674	2,233,672	14,123,002	13.66%	1,485,854	950.50%
2018	15,608,221	2,004,446	13,603,775	12.84%	1,509,955	900.94%
2017	15,445,206	2,056,870	13,388,336	13.32%	1,602,396	835.52%
2016	13,379,781	1,980,292	11,399,489	14.80%	1,631,025	698.92%
2015	12,359,673	2,327,783	10,031,890	18.83%	1,544,234	649.64%
2014	11,550,110	2,578,291	8,971,819	22.32%	1,577,496	568.74%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

EXHIBIT 1b

Schedule of the Employers' Net Pension Liability – KERS Hazardous Plan
(\$ in thousands)

Fiscal Year Ending June 30, (1)	Total Pension Liability (2)	Plan Fiduciary Net Position (3)	Employers' Net Pension Liability (Asset) (4) = (2) - (3)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (5) = (3) / (2)	Covered Employee Payroll ¹ (6)	Net Pension Liability as a Percentage of Covered Employee Payroll (7) = (4) / (6)
2023	\$ 1,316,521	\$ 893,533	\$ 422,988	67.87%	\$ 223,922	188.90%
2022	1,318,494	810,978	507,516	61.51%	188,648	269.03%
2021	1,311,767	866,140	445,627	66.03%	172,725	258.00%
2020	1,251,027	690,350	560,677	55.18%	171,840	326.28%
2019	1,227,226	680,932	546,294	55.49%	160,600	340.16%
2018	1,150,610	645,485	505,125	56.10%	152,936	330.29%
2017	1,098,630	601,529	497,101	54.75%	178,511	278.47%
2016	919,517	527,879	391,638	57.41%	158,828	246.58%
2015	895,433	552,468	342,965	61.70%	128,680	266.53%
2014	816,850	561,484	255,366	68.74%	129,076	197.84%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

EXHIBIT 2a

Schedule of the Employers' Net Pension Liability – KERS Non-Hazardous Plan

(\$ in thousands)

Change in the Net Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$ 163,563	\$ 165,616	\$ 171,472	\$ 179,702	\$ 184,988	\$ 195,681	\$ 143,858	\$ 139,631	\$ 143,847	\$ 133,361
Interest	827,579	830,440	838,084	832,178	793,163	785,123	870,725	891,897	859,509	853,653
Benefit Changes	2,024	0	2,091	0	0	9,624	0	0	0	0
Difference between actual and expected experience	310,954	(15,034)	(130,268)	115,515	70,529	153,565	(134,379)	0	30,958	0
Assumption Changes	(691,088)	0	0	0	700,464	0	2,145,530	923,999	694,592	0
Benefit Payments	(1,035,551)	(1,035,491)	(1,018,455)	(1,011,336)	(1,000,691)	(980,978)	(960,309)	(935,419)	(919,343)	(903,564)
Net Change in Total Pension Liability	\$ (422,519)	\$ (54,469)	\$ (137,076)	\$ 116,059	\$ 748,453	\$ 163,015	\$ 2,065,425	\$ 1,020,108	\$ 809,563	\$ 83,450
Total Pension Liability - Beginning	\$ 16,281,188	\$ 16,335,657	\$ 16,472,733	\$ 16,356,674	\$ 15,608,221	\$ 15,445,206	\$ 13,379,781	\$ 12,359,673	\$ 11,550,110	\$ 11,466,660
Total Pension Liability - Ending (a)	\$ 15,858,669	\$ 16,281,188	\$ 16,335,657	\$ 16,472,733	\$ 16,356,674	\$ 15,608,221	\$ 15,445,206	\$ 13,379,781	\$ 12,359,673	\$ 11,550,110
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 1,275,007	\$ 1,116,869 ⁶	\$ 1,134,232 ⁶	\$ 948,592	\$ 1,035,462	\$ 689,143	\$ 757,121	\$ 513,084	\$ 521,691	\$ 296,836
Contributions - Member ²	84,579	89,607	90,202	96,594	93,759	104,972	100,543	106,495	104,606	97,487
Refunds of contributions to members	(11,847)	(12,116)	(8,953)	(11,523)	(12,342)	(13,603)	(11,819)	(12,130)	(13,552)	(13,627)
Retirement benefits	(1,023,704)	(1,023,375)	(1,009,502)	(999,813)	(988,349)	(967,375)	(948,490)	(923,288)	(905,791)	(889,937)
Net Investment Income ²	215,880	(162,461)	516,223	52,499	112,371	144,881	220,985	(20,663)	44,570	337,923
Administrative Expense	(13,817)	(13,339)	(11,622)	(11,941)	(11,712)	(10,692)	(10,957)	(10,989)	(10,474)	(11,145)
Other	0	0	0	0	37 ⁵	301 ⁵	(30,805) ⁴	0	8,442	0
Net Change in Plan Fiduciary Net Position	\$ 526,098	\$ (4,815)	\$ 710,580	\$ 74,408	\$ 229,226	\$ (52,373)	\$ 76,578	\$ (347,491)	\$ (250,508)	\$ (182,463)
Plan Fiduciary Net Position - Beginning	\$ 3,013,845	\$ 3,018,660	\$ 2,308,080	\$ 2,233,672	\$ 2,004,446	\$ 2,056,870	\$ 1,980,292	\$ 2,327,783	\$ 2,578,291	\$ 2,760,754
Prior Year Adjustment	0	0	0	0	0	(51)	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 3,539,943	\$ 3,013,845	\$ 3,018,660	\$ 2,308,080	\$ 2,233,672	\$ 2,004,446	\$ 2,056,870	\$ 1,980,292	\$ 2,327,783	\$ 2,578,291
Net Pension Liability - Ending (a) - (b)	\$ 12,318,726	\$ 13,267,343	\$ 13,316,997	\$ 14,164,653	\$ 14,123,002	\$ 13,603,775	\$ 13,388,336	\$ 11,399,489	\$ 10,031,890	\$ 8,971,819
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.32%	14.80%	18.83%	22.32%
Covered Employee Payroll³	\$ 1,648,318	\$ 1,432,960	\$ 1,441,337	\$ 1,476,156	\$ 1,485,854	\$ 1,509,955	\$ 1,602,396	\$ 1,631,025	\$ 1,544,234	\$ 1,577,496
Net Pension Liability as a Percentage of Covered Employee Payroll	747.35%	925.87%	923.93%	959.56%	950.50%	900.94%	835.52%	698.92%	649.64%	568.74%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$67,263,000 as of June 30, 2023

² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2023, 401(h) contributions equaled -\$12,000; and associated investment return equaled \$4,378,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later

⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later

⁵ Northern Trust Settlement

⁶ Includes \$63.1 million and \$175.6 million employer cessation contributions in fiscal years 2022 and 2021, respectively



EXHIBIT 2b

Schedule of the Employers' Net Pension Liability – KERS Hazardous Plan (\$ in thousands)

Change in the Net Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$ 26,852	\$ 26,885	\$ 28,450	\$ 25,568	\$ 27,117	\$ 28,641	\$ 21,081	\$ 20,751	\$ 18,729	\$ 16,880
Interest	79,822	79,422	75,743	74,357	69,657	66,536	66,589	64,851	61,005	59,594
Benefit Changes	0	0	26	0	0	705	0	0	0	0
Difference between actual and expected experience	(1,773)	(17,557)	34,789	(1,095)	1,395	24,215	26,902	0	6,067	0
Assumption Changes	(24,197)	0	0	0	50,658	0	127,878	0	52,165	0
Benefit Payments	(82,677)	(82,023)	(78,268)	(75,029)	(72,211)	(68,117)	(63,338)	(61,518)	(59,383)	(57,151)
Net Change in Total Pension Liability	\$ (1,973)	\$ 6,727	\$ 60,740	\$ 23,801	\$ 76,616	\$ 51,980	\$ 179,112	\$ 24,084	\$ 78,583	\$ 19,323
Total Pension Liability - Beginning	\$ 1,318,494	\$ 1,311,767	\$ 1,251,027	\$ 1,227,226	\$ 1,150,610	\$ 1,098,630	\$ 919,517	\$ 895,433	\$ 816,850	\$ 797,527
Total Pension Liability - Ending (a)	\$ 1,316,521	\$ 1,318,494	\$ 1,311,767	\$ 1,251,027	\$ 1,227,226	\$ 1,150,610	\$ 1,098,630	\$ 919,517	\$ 895,433	\$ 816,850
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 72,807	\$ 59,055	\$ 62,200	\$ 59,115	\$ 55,259	\$ 43,661	\$ 52,974	\$ 23,759	\$ 28,536	\$ 11,670
Contributions - Member ²	17,459	20,588	19,961	19,769	17,118	17,891	17,524	15,739	13,207	12,546
Refunds of contributions to members	(4,041)	(4,976)	(4,380)	(3,168)	(2,684)	(2,501)	(2,106)	(2,211)	(2,610)	(2,830)
Retirement benefits	(78,636)	(77,047)	(73,888)	(71,861)	(69,527)	(65,616)	(61,231)	(59,306)	(56,773)	(54,320)
Net Investment Income ²	76,479	(51,317)	173,152	6,739	36,380	51,467	70,994	(1,653)	8,701	80,724
Administrative Expense	(1,513)	(1,465)	(1,255)	(1,176)	(1,103)	(975)	(919)	(916)	(844)	(897)
Other	0	0	0	0	4 ⁵	33 ⁵	(3,586) ⁴	0	767	0
Net Change in Plan Fiduciary Net Position	\$ 82,555	\$ (55,162)	\$ 175,790	\$ 9,418	\$ 35,447	\$ 43,960	\$ 73,650	\$ (24,588)	\$ (9,016)	\$ 46,893
Plan Fiduciary Net Position - Beginning	\$ 810,978	\$ 866,140	\$ 690,350	\$ 680,932	\$ 645,485	\$ 601,529	\$ 527,879	\$ 552,468	\$ 561,484	\$ 514,591
Prior Year Adjustment	0	0	0	0	0	(4)	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 893,533	\$ 810,978	\$ 866,140	\$ 690,350	\$ 680,932	\$ 645,485	\$ 601,529	\$ 527,879	\$ 552,468	\$ 561,484
Net Pension Liability - Ending (a) - (b)	\$ 422,988	\$ 507,516	\$ 445,627	\$ 560,677	\$ 546,294	\$ 505,125	\$ 497,101	\$ 391,638	\$ 342,965	\$ 255,366
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.75%	57.41%	61.70%	68.74%
Covered Employee Payroll³	\$ 223,922	\$ 188,648	\$ 172,725	\$ 171,840	\$ 160,600	\$ 152,936	\$ 178,511	\$ 158,828	\$ 128,680	\$ 129,076
Net Pension Liability as a Percentage of Covered Employee Payroll	188.90%	269.03%	258.00%	326.28%	340.16%	330.29%	278.47%	246.58%	266.53%	197.84%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$9,034,000 as of June 30, 2023² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2023, 401(h) contributions equaled -\$7,000; and associated investment return equaled \$781,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later⁵ Northern Trust Settlement

EXHIBIT 3a

Schedule of Employers' Contributions – KERS Non-Hazardous Plan
(\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution ¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ²	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 1,034,918	\$ 1,275,007	\$ (240,089)	\$ 1,648,318	77.35%
2022	1,048,861	1,116,869	(68,008)	1,432,960	77.94%
2021	1,056,211	1,134,232	(78,021)	1,441,337	78.69%
2020	1,048,513	948,592	99,921	1,476,156	64.26%
2019	1,055,402	1,035,462	19,940	1,485,854	69.69%
2018	633,879	689,143	(55,264)	1,509,955	45.64%
2017	623,813	757,121	(133,308)	1,602,396	47.25%
2016	512,670	513,084	(414)	1,631,025	31.46%
2015	520,948	521,691	(743)	1,544,234	33.78%
2014	520,765	296,836	223,929	1,577,496	18.82%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution requirement calculated with the June 30, 2021 actuarial valuation.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



EXHIBIT 3b**Schedule of Employers' Contributions – KERS Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution ¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ²	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 72,778	\$ 72,807	\$ (29)	\$ 223,922	32.51%
2022	59,052	59,055	(3)	188,648	31.30%
2021	62,181	62,200	(19)	172,725	36.01%
2020	59,096	59,115	(19)	171,840	34.40%
2019	55,230	55,259	(29)	160,600	34.41%
2018	31,321	43,661	(12,340)	152,936	28.55%
2017	37,630	52,974	(15,344)	178,511	29.68%
2016	23,690	23,759	(69)	158,828	14.96%
2015	28,374	28,536	(162)	128,680	22.18%
2014	13,570	11,670	1,900	129,076	9.04%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



Notes to Schedule of Employers' Contributions for FYE 2023

The actuarially determined contributions effective for fiscal year ending 2023 that are documented in the schedules on the previous pages were calculated as of June 30, 2021. Based on the June 30, 2021 actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Item	KERS Non-Hazardous Plan	KERS Hazardous Plan
Determined by the Actuarial Valuation as of:	June 30, 2021	June 30, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	0.00%	0.00%
Investment Return:	5.25%	6.25%
Inflation:	2.30%	2.30%
Salary Increases:	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019



EXHIBIT 4

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
(\$ in thousands)

Table 1. Sensitivity of the Net Pension Liability to Changes in the Discount Rate for KERS (Non-Hazardous)

1.00% Decrease (4.25%)	Current Discount Rate (5.25%)	1.00% Increase (6.25%)
\$ 14,159,095	\$ 12,318,726	\$ 10,793,619

Table 2. Sensitivity of the Net Pension Liability to Changes in the Discount Rate for KERS (Hazardous)

1.00% Decrease (5.25%)	Current Discount Rate (6.25%)	1.00% Increase (7.25%)
\$ 580,511	\$ 422,988	\$ 295,371

State Police Retirement System

GASB No. 67 Accounting Valuation Report

As of June 30, 2023

DRAFT





September 20, 2023

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB 67 Reporting – Actuarial Information – State Police Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **State Police Retirement System (SPRS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans” for the fiscal year ending June 30, 2023. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 67 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board.

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2023 using generally accepted actuarial principles. GASB 67 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022”. The Total Pension Liability as of June 30, 2023 is determined using these updated assumptions.

Plan Provisions

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, with the lump-sum payment options expanded to include to 48 or 60 times the member’s monthly retirement allowance.

Board of Trustees
September 20, 2023
Page 2

Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances for each plan. This is a minimal change for members in SPRS, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

Single Discount Rate

A single discount rate of 5.25% was used to measure the total pension liability for the fiscal year ending June 30, 2023. This single discount rate was based on the expected rate of return on pension plan investments. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.

Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" and the "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more

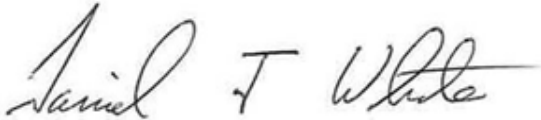


Board of Trustees
September 20, 2023
Page 3

information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023. To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All three of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

Gabriel Roeder Smith & Co.



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Janie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, MAAA
Senior Analyst and Actuary



Table of Contents

			Page
	COVER LETTER		
SECTION 1	SUPPORTING EXHIBITS		
	EXHIBIT 1	— SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY	2
	EXHIBIT 2	— SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY	3
	EXHIBIT 3	— SCHEDULE OF EMPLOYERS' CONTRIBUTIONS	4
	EXHIBIT 4	— SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE	6



SECTION 1

DRAFT

EXHIBIT 1

Schedule of the Employers' Net Pension Liability – SPRS Plan
(\$ in thousands)

Fiscal Year Ending June 30,	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Employee Payroll ¹	Net Pension Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2023	\$ 1,039,813	\$ 591,514	\$ 448,299	56.89%	\$ 65,693	682.42%
2022	1,057,752	551,699	506,053	52.16%	48,061	1,052.94%
2021	1,055,824	356,346	699,478	33.75%	47,873	1,461.11%
2020	1,049,237	293,949	755,288	28.02%	49,019	1,540.81%
2019	1,035,000	286,165	748,835	27.65%	49,515	1,512.34%
2018	969,622	267,572	702,050	27.60%	50,346	1,394.45%
2017	943,271	255,737	687,534	27.11%	54,065	1,271.68%
2016	795,421	218,012	577,409	27.41%	46,685	1,236.82%
2015	734,156	247,228	486,928	33.68%	45,765	1,063.97%
2014	681,118	260,974	420,144	38.32%	44,616	941.69%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

EXHIBIT 2

Schedule of the Employers' Net Pension Liability – SPRS Plan

(\$ in thousands)

Change in the Net Pension Liability	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service Cost	\$ 13,229	\$ 12,158	\$ 12,530	\$ 13,192	\$ 11,726	\$ 11,890	\$ 8,297	\$ 8,402	\$ 7,695	\$ 7,142
Interest	53,853	53,740	53,417	52,697	49,301	47,978	51,769	52,951	50,661	50,391
Benefit Changes	0	3,130	35	0	0	184	0	0	0	0
Difference between actual and expected experience	10,204	(2,700)	4,127	10,859	20,952	25,126	8,143	0	9,331	0
Assumption Changes	(31,255)	0	0	0	44,510	0	136,602	56,191	40,201	0
Benefit Payments	(63,970)	(64,400)	(63,522)	(62,511)	(61,111)	(58,827)	(56,960)	(56,279)	(54,850)	(53,239)
Net Change in Total Pension Liability	\$ (17,939)	\$ 1,928	\$ 6,587	\$ 14,237	\$ 65,378	\$ 26,351	\$ 147,850	\$ 61,265	\$ 53,038	\$ 4,294
Total Pension Liability - Beginning	\$ 1,057,752	\$ 1,055,824	\$ 1,049,237	\$ 1,035,000	\$ 969,622	\$ 943,271	\$ 795,421	\$ 734,156	\$ 681,118	\$ 676,824
Total Pension Liability - Ending (a)	\$ 1,039,813	\$ 1,057,752	\$ 1,055,824	\$ 1,049,237	\$ 1,035,000	\$ 969,622	\$ 943,271	\$ 795,421	\$ 734,156	\$ 681,118
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 58,120	\$ 277,341	\$ 59,650	\$ 59,453	\$ 60,048	\$ 46,877	\$ 63,239	\$ 25,822	\$ 31,990	\$ 20,279
Contributions - Member ²	5,250	4,773	4,752	4,767	5,062	5,522	5,348	5,263	5,244	5,075
Refunds of contributions to members	(166)	(280)	(273)	(88)	(162)	(22)	(26)	(11)	(85)	(213)
Retirement benefits	(63,804)	(64,120)	(63,249)	(62,423)	(60,949)	(58,805)	(56,934)	(56,268)	(54,765)	(53,026)
Net Investment Income ²	40,708	(22,088)	61,729	6,341	14,816	18,437	26,795	(3,843)	3,426	40,374
Administrative Expense	(293)	(273)	(212)	(266)	(225)	(194)	(181)	(178)	(201)	(215)
Other	0	0	0	0	3 ⁵	21 ⁵	(517) ⁴	0	645	0
Net Change in Plan Fiduciary Net Position	\$ 39,815	\$ 195,353	\$ 62,397	\$ 7,784	\$ 18,593	\$ 11,836	\$ 37,724	\$ (29,215)	\$ (13,746)	\$ 12,274
Plan Fiduciary Net Position - Beginning	\$ 551,699	\$ 356,346	\$ 293,949	\$ 286,165	\$ 267,572	\$ 255,737	\$ 218,012	\$ 247,228	\$ 260,974	\$ 248,700
Prior Year Adjustment	0	0	0	0	0	(1)	0	0	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 591,514	\$ 551,699	\$ 356,346	\$ 293,949	\$ 286,165	\$ 267,572	\$ 255,737	\$ 218,012	\$ 247,228	\$ 260,974
Net Pension Liability - Ending (a) - (b)	\$ 448,299	\$ 506,053	\$ 699,478	\$ 755,288	\$ 748,835	\$ 702,050	\$ 687,534	\$ 577,409	\$ 486,928	\$ 420,144
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.89%	52.16%	33.75%	28.02%	27.65%	27.60%	27.11%	27.41%	33.68%	38.32%
Covered Employee Payroll³	\$ 65,693	\$ 48,061	\$ 47,873	\$ 49,019	\$ 49,515	\$ 50,346	\$ 54,065	\$ 46,685	\$ 45,765	\$ 44,616
Net Pension Liability as a Percentage of Covered Employee Payroll	682.42%	1052.94%	1461.11%	1540.81%	1512.34%	1394.45%	1271.68%	1236.82%	1063.97%	941.69%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$1,312,000 as of June 30, 2023

² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2023, 401(h) contributions equaled -\$8,000; and associated investment return equaled \$93,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later

⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later

⁵ Northern Trust Settlement



EXHIBIT 3

Schedule of Employers' Contributions – SPRS Plan
(\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll²	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 58,120	\$ 58,120	\$ -	\$ 65,693	88.47%
2022	62,341	277,341	(215,000)	48,061	577.06%
2021	59,263	59,650	(387)	47,873	124.60%
2020	58,358	59,453	(1,095)	49,019	121.29%
2019	58,948	60,048	(1,100)	49,515	121.27%
2018	36,033	46,877	(10,844)	50,346	93.11%
2017	35,937	63,240	(27,303)	54,065	116.97%
2016	25,723	25,822	(99)	46,685	55.31%
2015	31,444	31,990	(546)	45,765	69.90%
2014	25,808	20,279	5,529	44,616	45.45%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation, as amended by HB1 passed during the 2022 legislative session.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



Notes to Schedule of Employers' Contributions for FYE 2023

The actuarially determined contribution effective for fiscal year ending 2023 that is documented in the schedule on the previous page was calculated as of June 30, 2021. Based on the June 30, 2021 actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Item	SPRS Plan
Determined by the Actuarial Valuation as of:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	0.00%
Investment Return:	5.25%
Inflation:	2.30%
Salary Increases:	3.55% to 16.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

EXHIBIT 4

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
 (\$ in thousands)

1.00% Decrease (4.25%)	Current Discount Rate (5.25%)	1.00% Increase (6.25%)
\$ 577,298	\$ 448,299	\$ 342,465



County Employees Retirement System

GASB No. 74 Accounting Valuation Report
As of June 30, 2023

DRAFT





November 9, 2023

Board of Trustees
County Employees Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB No. 74 Reporting – Actuarial Information – County Employees Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **County Employees Retirement System (CERS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" for the fiscal year ending June 30, 2023. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 74 and are not applicable for other purposes, such as determining the plan's funding requirements. The plan's liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the County Employees Retirement Systems only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. GASB No. 74 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". Additionally, the discount rate used to calculate the total OPEB liability increased from 5.70% to 5.93% for the non-hazardous plan and from 5.61% to 5.97% for the hazardous plan (see further discussion on the calculation of the single discount rate later in this letter). The Total OPEB Liability as of June 30, 2023 is determined using these updated assumptions.

Board of Trustees
November 9, 2023
Page 2

Plan Provisions

House Bill 506 passed during the 2023 legislative session and adjusted the minimum required separation period before a retiree may become reemployed to be one month for all circumstances for each System maintained by KPPA. This is a minimal change for members in the hazardous plan, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There were no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable and appropriate, and comply with applicable requirements under GASB No. 74.

Implicit Employer Subsidy for Non-Medicare Retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Single Discount Rate

Single discount rates of 5.93% for the non-hazardous plan and 5.97% for the hazardous plan were used to measure the total OPEB liability for the fiscal year ending June 30, 2023. They are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.



Board of Trustees
November 9, 2023
Page 3

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net position includes these 401(h) assets. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.

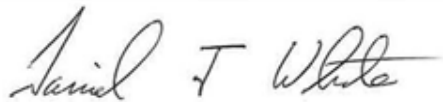
Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" and the "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

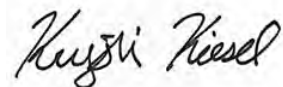
Gabriel Roeder Smith & Company



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Janie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, MAAA
Consultant and Actuary



Table of Contents

			Page
	COVER LETTER		
SECTION 1	SUPPORTING EXHIBITS		
	EXHIBIT 1 — SCHEDULE OF EMPLOYERS' NET OPEB LIABILITY		2
	EXHIBIT 2 — DEVELOPMENT OF THE SINGLE DISCOUNT RATE		4
	EXHIBIT 3 — SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY		5
	EXHIBIT 4 — SCHEDULE OF EMPLOYERS' CONTRIBUTIONS		7
	EXHIBIT 5 — SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTHCARE TREND RATE		10
APPENDIX 1	DEVELOPMENT OF BASELINE CLAIMS COST		



SECTION 1

EXHIBIT 1a

Schedule of the Employers' Net OPEB Liability – CERS Non-Hazardous Plan
(\$ in thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Employee Payroll ¹	Net OPEB Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2023	\$ 3,260,308	\$ 3,398,375	\$ (138,067)	104.23%	\$ 2,982,960	-4.63%
2022	5,053,498	3,079,984	1,973,514	60.95%	2,843,218	69.41%
2021	5,161,251	3,246,801	1,914,450	62.91%	2,619,695	73.08%
2020	4,996,309	2,581,613	2,414,696	51.67%	2,620,585	92.14%
2019	4,251,466	2,569,511	1,681,955	60.44%	2,577,378	65.26%
2018	4,189,606	2,414,126	1,775,480	57.62%	2,570,156	69.08%
2017	4,222,878	2,212,536	2,010,342	52.39%	2,480,130	81.06%

Note:

¹ Based on derived compensation using the provided employer contribution information.

EXHIBIT 1b

Schedule of the Employers' Net OPEB Liability – CERS Hazardous Plan
(\$ in thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Employee Payroll ¹	Net OPEB Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2023	\$ 1,771,015	\$ 1,634,192	\$ 136,823	92.27%	\$ 719,666	19.01%
2022	2,374,457	1,522,671	851,786	64.13%	668,667	127.39%
2021	2,436,383	1,627,824	808,559	66.81%	613,985	131.69%
2020	2,245,222	1,321,117	924,105	58.84%	596,001	155.05%
2019	2,080,574	1,340,714	739,860	64.44%	583,632	126.77%
2018	1,993,941	1,280,982	712,959	64.24%	588,526	121.14%
2017	2,015,673	1,189,001	826,672	58.99%	542,710	152.32%

Note:

¹ Based on derived compensation using the provided employer contribution information.

EXHIBIT 2**Development of Single Discount Rate**

	CERS Non-Hazardous	CERS Hazardous
Single Discount Rate	5.93%	5.97%
Long-Term Expected Rate of Return	6.50%	6.50%
Long-Term Municipal Bond Rate ¹	3.86%	3.86%

Notes:

¹ Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.



EXHIBIT 3a**Schedule of the Employers' Net OPEB Liability – CERS Non-Hazardous Plan**
(\$ in thousands)

Change in the Net OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 98,045	\$ 138,225	\$ 132,407	\$ 131,289	\$ 119,011	\$ 122,244	\$ 85,468
Interest on the total OPEB liability	283,330	263,390	262,128	236,126	240,352	242,048	240,854
Benefit Changes	5,153	74,108	3,359	0	0	4,306	0
Difference between actual and expected experience	(2,134,260)	(68,111)	(340,831)	505,843	(404,301)	(240,568)	(6,641)
Assumption Changes	120,132	(323,247)	282,975	60,225	268,842	(4,876)	520,286
Benefit Payments ^{1,2}	(165,590)	(192,118)	(175,096)	(188,640)	(162,044)	(156,426)	(140,120)
Net Change in Total OPEB Liability	(1,793,190)	(107,753)	164,942	744,843	61,860	(33,272)	699,847
Total OPEB Liability - Beginning	\$ 5,053,498	\$ 5,161,251	\$ 4,996,309	\$ 4,251,466	\$ 4,189,606	\$ 4,222,878	\$ 3,523,031
Total OPEB Liability - Ending (a)	\$ 3,260,308	\$ 5,053,498	\$ 5,161,251	\$ 4,996,309	\$ 4,251,466	\$ 4,189,606	\$ 4,222,878
Plan Fiduciary Net Position							
Contributions - Employer ²	\$ 151,052	\$ 187,204	\$ 186,509	\$ 179,521	\$ 168,905	\$ 145,809	\$ 133,326
Contributions - Member	17,751	15,925	13,613	12,964	11,801	10,825	9,158
Benefit Payments ^{1,2}	(165,590)	(192,118)	(175,096)	(188,640)	(162,044)	(156,426)	(140,120)
OPEB Plan Net Investment Income	316,115	(176,895)	641,084	9,160	137,591	202,068	264,782
OPEB Plan Administrative Expense	(937)	(933)	(922)	(903)	(877)	(761)	(789)
Other	0	0	0	0	9 ⁴	75 ⁴	0
Net Change in Plan Fiduciary Net Position	318,391	(166,817)	665,188	12,102	155,385	201,590	266,357
Plan Fiduciary Net Position - Beginning	\$ 3,079,984	\$ 3,246,801	\$ 2,581,613	\$ 2,569,511	\$ 2,414,126	\$ 2,212,536	\$ 1,946,179
Plan Fiduciary Net Position - Ending (b)	\$ 3,398,375	\$ 3,079,984	\$ 3,246,801	\$ 2,581,613	\$ 2,569,511	\$ 2,414,126	\$ 2,212,536
Net OPEB Liability - Ending (a) - (b)	(138,067)	1,973,514	1,914,450	2,414,696	1,681,955	1,775,480	2,010,342
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Covered Employee Payroll³	\$ 2,982,960	\$ 2,843,218	\$ 2,619,695	\$ 2,620,585	\$ 2,577,378	\$ 2,570,156	\$ 2,480,130
Net OPEB Liability as a Percentage of Covered Employee Payroll	-4.63%	69.41%	73.08%	92.14%	65.26%	69.08%	81.06%

Notes:

¹ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).² Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$45,007,734 for fiscal year 2023.³ Based on derived compensation using the provided employer contribution information.⁴ Northern Trust Settlement

EXHIBIT 3b

Schedule of the Employers' Net OPEB Liability – CERS Hazardous Plan
(\$ in thousands)

Change in the Net OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 36,330	\$ 52,265	\$ 48,413	\$ 47,443	\$ 32,623	\$ 33,948	\$ 20,493
Interest on the total OPEB liability	130,614	120,640	116,710	115,998	116,768	118,009	113,166
Benefit Changes	0	44,909	1,146	0	0	484	0
Difference between actual and expected experience	(646,006)	(7,814)	(47,937)	38,156	(103,317)	(100,348)	(2,470)
Assumption Changes	(31,947)	(176,969)	159,106	46,925	116,618	(2,500)	391,061
Benefit Payments ^{1,2}	(92,433)	(94,957)	(86,277)	(83,874)	(76,059)	(71,325)	(63,656)
Net Change in Total OPEB Liability	(603,442)	(61,926)	191,161	164,648	86,633	(21,732)	458,594
Total OPEB Liability - Beginning	\$ 2,374,457	\$ 2,436,383	\$ 2,245,222	\$ 2,080,574	\$ 1,993,941	\$ 2,015,673	\$ 1,557,079
Total OPEB Liability - Ending (a)	\$ 1,771,015	\$ 2,374,457	\$ 2,436,383	\$ 2,245,222	\$ 2,080,574	\$ 1,993,941	\$ 2,015,673
Plan Fiduciary Net Position							
Contributions - Employer ²	\$ 49,547	\$ 66,320	\$ 63,509	\$ 59,662	\$ 60,445	\$ 51,615	\$ 44,325
Contributions - Member	4,258	3,654	3,098	2,762	2,458	2,173	1,708
Benefit Payments ^{1,2}	(92,433)	(94,957)	(86,277)	(83,874)	(76,059)	(71,325)	(63,656)
OPEB Plan Net Investment Income	150,671	(79,668)	326,905	2,315	73,317	109,854	143,892
OPEB Plan Administrative Expense	(522)	(502)	(528)	(462)	(434)	(376)	(381)
Other	0	0	0	0	5 ⁴	40 ⁴	0
Net Change in Plan Fiduciary Net Position	111,521	(105,153)	306,707	(19,597)	59,732	91,981	125,888
Plan Fiduciary Net Position - Beginning	\$ 1,522,671	\$ 1,627,824	\$ 1,321,117	\$ 1,340,714	\$ 1,280,982	\$ 1,189,001	\$ 1,063,113
Plan Fiduciary Net Position - Ending (b)	\$ 1,634,192	\$ 1,522,671	\$ 1,627,824	\$ 1,321,117	\$ 1,340,714	\$ 1,280,982	\$ 1,189,001
Net OPEB Liability - Ending (a) - (b)	136,823	851,786	808,559	924,105	739,860	712,959	826,672
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%
Covered Employee Payroll³	\$ 719,666	\$ 668,667	\$ 613,985	\$ 596,001	\$ 583,632	\$ 588,526	\$ 542,710
Net OPEB Liability as a Percentage of Covered Employee Payroll	19.01%	127.39%	131.69%	155.05%	126.77%	121.14%	152.32%

Notes:

¹ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).² Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to -\$856,422 for fiscal year 2023.³ Based on derived compensation using the provided employer contribution information.⁴ Northern Trust Settlement

EXHIBIT 4a**Schedule of Employers' Contributions – CERS Non-Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending ¹	Actuarially Determined Contribution ²	Total Employer Contributions ³	Contribution Deficiency (Excess)	Covered Employee Payroll ⁴	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 101,122	\$ 106,044	\$ (4,922)	\$ 2,982,960	3.55%
2022	118,551	123,366	(4,815)	2,843,218	4.34%
2021	142,249	129,903	12,346	2,619,695	4.96%
2020	124,740	129,268	(4,528)	2,620,585	4.93%
2019	160,055	139,655	20,400	2,577,378	5.42%
2018	120,797	124,619	(3,822)	2,570,156	4.85%
2017	122,270	120,712	1,558	2,480,130	4.87%
2016	110,987	111,836	(849)	2,352,762	4.75%
2015	119,511	119,444	67	2,296,716	5.20%
2014	130,652	123,278	7,374	2,272,270	5.43%

Notes:

¹ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

² Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

³ Employer contributions do not include the expected implicit subsidy included in exhibit 3.

⁴ Based on derived compensation using the provided employer contribution information.



EXHIBIT 4b**Schedule of Employers' Contributions – CERS Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending ¹	Actuarially Determined Contribution ²	Total Employer Contributions ³	Contribution Deficiency (Excess)	Covered Employee Payroll ⁴	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 48,793	\$ 50,404	\$ (1,611)	\$ 719,666	7.00%
2022	58,375	59,905	(1,530)	668,667	8.96%
2021	60,539	59,799	740	613,985	9.74%
2020	56,739	57,897	(1,158)	596,001	9.71%
2019	71,028	62,272	8,756	583,632	10.67%
2018	55,027	56,002	(975)	588,526	9.52%
2017	53,131	51,537	1,594	542,710	9.50%
2016	64,253	67,619	(3,366)	492,851	13.72%
2015	69,103	71,778	(2,675)	483,641	14.84%
2014	74,360	74,792	(432)	479,164	15.61%

Notes:

¹ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

² Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

³ Employer contributions do not include the expected implicit subsidy included in exhibit 3.

⁴ Based on derived compensation using the provided employer contribution information.



Notes to Schedule of Employers' Contributions for FYE 2023

The actuarially determined contributions effective for fiscal year ending 2023 that are documented in the schedule on the previous pages were calculated as of June 30, 2021. Based on the June 30, 2021 actuarial valuation report, the actuarial methods and assumptions used to calculate these contributions are below:

Item	CERS Non-Hazardous	CERS Hazardous
Determine by the Actuarial Valuation as of:	June 30, 2021	June 30, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%	2.00%
Investment Return:	6.25%	6.25%
Inflation:	2.30%	2.30%
Salary Increases:	3.30% to 10.30%, varies by service	3.55% to 19.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates: Pre-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.



EXHIBIT 5a

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate
CERS Non-Hazardous Plan
(\$ in thousands)

Table 1. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

1.00% Decrease, 4.93%	Current Discount Rate, 5.93%	1.00% Increase, 6.93%
\$ 259,098	\$ (138,067)	\$ (470,644)

Table 2. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ (442,528)	\$ (138,067)	\$ 235,935



EXHIBIT 5b

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate
CERS Hazardous Plan
(\$ in thousands)

Table 1. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

1.00% Decrease, 4.97%	Current Discount Rate, 5.97%	1.00% Increase, 6.97%
\$ 346,027	\$ 136,823	\$ (37,500)

Table 2. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ 1,559	\$ 136,823	\$ 300,182



APPENDIX 1

Appendix 1

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were developed using retiree claims experience for calendar years 2020 through 2022. The claims were projected on an incurred claim basis, adjusted for prescription drug rebates, and loaded for administrative expense. The per capita costs shown in the table below also include HRA contributions for retirees on the CDHP plans. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The fully-insured premiums paid to the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2023, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees.

Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

FOR THOSE NOT ELIGIBLE FOR MEDICARE (as of January 1, 2023)		
AGE	MALE	FEMALE
40	\$373.36	\$606.68
50	605.22	745.56
60	1,028.58	1,012.80
64	1,250.79	1,180.40

FOR THOSE ELIGIBLE FOR MEDICARE (as of January 1, 2023)		
AGE	MALE	FEMALE
65	\$78.14	\$73.71
75	91.43	89.21
85	96.68	97.82

Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Blake Orth

Blake Orth, FSA, EA, MAAA



Kentucky Employees Retirement System

GASB No. 74 Accounting Valuation Report
As of June 30, 2023

DRAFT





November 9, 2023

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB No. 74 Reporting – Actuarial Information – Kentucky Employees Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **Kentucky Employees Retirement System (KERS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans" for the fiscal year ending June 30, 2023. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 74 and are not applicable for other purposes, such as determining the plan's funding requirements. The plan's liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles. GASB No. 74 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". Additionally, the discount rate used to calculate the total OPEB liability increased from 5.72% to 5.94% for the non-hazardous plan and from 5.59% to 5.94% for the hazardous plan (see further discussion on the calculation of the single discount rate later in this letter). The Total OPEB Liability as of June 30, 2023 is determined using these updated assumptions.

Board of Trustees
November 9, 2023
Page 2

Plan Provisions

House Bill 506 passed during the 2023 legislative session and adjusted the minimum required separation period before a retiree may become reemployed to be one month for all circumstances for each System maintained by KPPA. This is a minimal change for members in the hazardous plan, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the non-hazardous plan. But as the minimum separation period was previously three months in almost every circumstance, we have assumed that there would be a 1.0% increase in the rate of retirement for each of the first two years a non-hazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023 for the non-hazardous plan is determined using these updated benefit provisions.

There were no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable and appropriate, and comply with applicable requirements under GASB No. 74.

Implicit Employer Subsidy for Non-Medicare Retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Single Discount Rate

Single discount rates of 5.94% for the non-hazardous plan and 5.94% for the hazardous plan were used to measure the total OPEB liability for the fiscal year ending June 30, 2023. They are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.



Board of Trustees
November 9, 2023
Page 3

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net position includes these 401(h) assets. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.

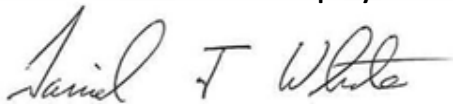
Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" and the "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

Gabriel Roeder Smith & Company



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Jamie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, MAAA
Consultant and Actuary



Table of Contents

			Page
	COVER LETTER		
SECTION 1	SUPPORTING EXHIBITS		
	EXHIBIT 1 — SCHEDULE OF EMPLOYERS' NET OPEB LIABILITY		2
	EXHIBIT 2 — DEVELOPMENT OF THE SINGLE DISCOUNT RATE		4
	EXHIBIT 3 — SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY		5
	EXHIBIT 4 — SCHEDULE OF EMPLOYERS' CONTRIBUTIONS		7
	EXHIBIT 5 — SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTHCARE TREND RATE		10
APPENDIX 1	DEVELOPMENT OF BASELINE CLAIMS COST		



SECTION 1

EXHIBIT 1a

Schedule of the Employers' Net OPEB Liability – KERS Non-Hazardous Plan
(\$ in thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Employee Payroll ¹	Net OPEB Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2023	\$ 2,317,344	\$ 1,532,752	\$ 784,592	66.14%	\$ 1,653,492	47.45%
2022	3,576,530	1,364,419	2,212,111	38.15%	1,437,132	153.93%
2021	3,698,804	1,419,477	2,279,327	38.38%	1,452,345	156.94%
2020	3,599,557	1,060,649	2,538,908	29.47%	1,482,431	171.27%
2019	3,217,985	995,089	2,222,896	30.92%	1,515,953	146.63%
2018	3,262,117	891,205	2,370,912	27.32%	1,573,898	150.64%
2017	3,353,332	817,370	2,535,962	24.37%	1,593,097	159.18%

Note:

¹ Based on derived compensation using the provided employer contribution information.

EXHIBIT 1b

Schedule of the Employers' Net OPEB Liability – KERS Hazardous Plan
(\$ in thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Employee Payroll ¹	Net OPEB Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2023	\$ 417,361	\$ 625,356	\$ (207,995)	149.84%	\$ 223,922	-92.89%
2022	595,789	588,162	7,627	98.72%	188,648	4.04%
2021	622,152	633,677	(11,525)	101.85%	172,725	-6.67%
2020	564,524	521,755	42,769	92.42%	182,209	23.47%
2019	507,204	534,053	(26,849)	105.29%	151,448	-17.73%
2018	485,904	519,072	(33,168)	106.83%	190,317	-17.43%
2017	494,869	488,838	6,031	98.78%	171,087	3.53%

Note:

¹ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023, derived compensation based on pension contribution information, as there were no required employer contributions for the insurance fund for FYE2021, FYE2022, and FYE2023.



EXHIBIT 2**Development of Single Discount Rate**

	<u>KERS Non-Hazardous</u>	<u>KERS Hazardous</u>
Single Discount Rate	5.94%	5.94%
Long-Term Expected Rate of Return	6.50%	6.50%
Long-Term Municipal Bond Rate ¹	3.86%	3.86%

Notes:

¹ Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.



EXHIBIT 3a

Schedule of the Employers' Net OPEB Liability – KERS Non-Hazardous Plan
(\$ in thousands)

Change in the Net OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 43,199	\$ 62,548	\$ 58,831	\$ 59,600	\$ 61,345	\$ 66,360	\$ 46,992
Interest on the total OPEB liability	200,910	190,531	191,624	179,811	186,820	191,178	192,911
Benefit Changes	3,209	21,884	1,382	0	0	1,865	0
Difference between actual and expected experience	(1,440,201)	(37,249)	(231,631)	288,235	(302,189)	(191,147)	(3,921)
Assumption Changes	61,925	(206,907)	220,184	13,767	158,004	(11,235)	414,835
Benefit Payments ^{1,2}	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
Net Change in Total OPEB Liability	(1,259,186)	(122,274)	99,247	381,572	(44,132)	(91,215)	511,216
Total OPEB Liability - Beginning	\$ 3,576,530	\$ 3,698,804	\$ 3,599,557	\$ 3,217,985	\$ 3,262,117	\$ 3,353,332	\$ 2,842,116
Total OPEB Liability - Ending (a)	\$ 2,317,344	\$ 3,576,530	\$ 3,698,804	\$ 3,599,557	\$ 3,217,985	\$ 3,262,117	\$ 3,353,332
Plan Fiduciary Net Position							
Contributions - Employer ²	\$ 156,543	\$ 181,294 ⁵	\$ 223,661 ⁵	\$ 208,300	\$ 201,155	\$ 152,985	\$ 162,636
Contributions - Member	8,358	6,547	6,318	6,128	5,963	5,786	5,156
Benefit Payments ^{1,2}	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
OPEB Plan Net Investment Income	132,431	(88,998)	270,811	11,820	45,749	64,028	94,239
OPEB Plan Administrative Expense	(771)	(820)	(819)	(847)	(875)	(760)	(861)
Other	0	0	0	0	4 ⁴	32 ⁴	0
Net Change in Plan Fiduciary Net Position	168,333	(55,058)	358,828	65,560	103,884	73,835	121,569
Plan Fiduciary Net Position - Beginning	\$ 1,364,419	\$ 1,419,477	\$ 1,060,649	\$ 995,089	\$ 891,205	\$ 817,370	\$ 695,801
Plan Fiduciary Net Position - Ending (b)	\$ 1,532,752	\$ 1,364,419	\$ 1,419,477	\$ 1,060,649	\$ 995,089	\$ 891,205	\$ 817,370
Net OPEB Liability - Ending (a) - (b)	784,592	2,212,111	2,279,327	2,538,908	2,222,896	2,370,912	2,535,962
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.37%
Covered Employee Payroll³	\$ 1,653,492	\$ 1,437,132	\$ 1,452,345	\$ 1,482,431	\$ 1,515,953	\$ 1,573,898	\$ 1,593,097
Net OPEB Liability as a Percentage of Covered Employee Payroll	47.45%	153.93%	156.94%	171.27%	146.63%	150.64%	159.18%

Notes:

¹ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).² Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$27,435,836 for fiscal year 2023.³ Based on derived compensation using the provided employer contribution information.⁴ Northern Trust Settlement⁵ Includes \$2.4 million and \$28.4 million employer cessation contribution for fiscal years 2022 and 2021, respectively

EXHIBIT 3b

Schedule of the Employers' Net OPEB Liability – KERS Hazardous Plan
(\$ in thousands)

Change in the Net OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 9,435	\$ 14,474	\$ 13,633	\$ 11,548	\$ 12,337	\$ 12,893	\$ 8,002
Interest on the total OPEB liability	32,737	30,599	29,254	28,101	27,990	28,500	27,591
Benefit Changes	0	10,289	48	0	0	167	0
Difference between actual and expected experience	(198,459)	(12,515)	(6,402)	27,668	(30,947)	(31,240)	(1,029)
Assumption Changes	(1,820)	(46,406)	42,022	11,428	31,687	(581)	89,401
Benefit Payments ^{1,2}	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
Net Change in Total OPEB Liability	(178,428)	(26,363)	57,628	57,320	21,300	(8,965)	107,347
Total OPEB Liability - Beginning	\$ 595,789	\$ 622,152	\$ 564,524	\$ 507,204	\$ 485,904	\$ 494,869	\$ 387,522
Total OPEB Liability - Ending (a)	\$ 417,361	\$ 595,789	\$ 622,152	\$ 564,524	\$ 507,204	\$ 485,904	\$ 494,869
Plan Fiduciary Net Position							
Contributions - Employer ²	\$ 2,282	\$ 4,116	\$ 3,556	\$ 7,441	\$ 5,556	\$ 5,165	\$ 4,579
Contributions - Member	1,584	1,227	1,167	1,105	934	909	811
Benefit Payments ^{1,2}	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
OPEB Plan Net Investment Income	53,772	(27,929)	128,244	704	28,373	42,950	59,614
OPEB Plan Administrative Expense	(123)	(125)	(118)	(123)	(117)	(104)	(105)
Other	0	0	0	0	2 ⁴	18 ⁴	0
Net Change in Plan Fiduciary Net Position	37,194	(45,515)	111,922	(12,298)	14,981	30,234	48,281
Plan Fiduciary Net Position - Beginning	\$ 588,162	\$ 633,677	\$ 521,755	\$ 534,053	\$ 519,072	\$ 488,838	\$ 440,557
Plan Fiduciary Net Position - Ending (b)	\$ 625,356	\$ 588,162	\$ 633,677	\$ 521,755	\$ 534,053	\$ 519,072	\$ 488,838
Net OPEB Liability - Ending (a) - (b)	(207,995)	7,627	(11,525)	42,769	(26,849)	(33,168)	6,031
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability							
	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.78%
Covered Employee Payroll³	\$ 223,922	\$ 188,648	\$ 172,725	\$ 182,209	\$ 151,448	\$ 190,317	\$ 171,087
Net OPEB Liability as a Percentage of Covered Employee Payroll	-92.89%	4.04%	-6.67%	23.47%	-17.73%	-17.43%	3.53%

Notes:

¹ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).

² Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$792,418 for fiscal year 2023.

³ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023, derived compensation based on pension contribution information, as there were no required employer contributions for the insurance fund for FYE2021, FYE2022, and FYE2023.

⁴ Northern Trust Settlement



EXHIBIT 4a**Schedule of Employers' Contributions – KERS Non-Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending ¹	Actuarially Determined Contribution ²	Total Employer Contributions ³	Contribution Deficiency (Excess)	Covered Employee Payroll ⁴	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 123,952	\$ 129,108	\$ (5,156)	\$ 1,653,492	7.81%
2022	135,809	140,694	(4,885)	1,437,132	9.79%
2021	161,936	186,676	(24,740)	1,452,345	12.85%
2020	183,821	175,006	8,815	1,482,431	11.81%
2019	187,978	178,964	9,014	1,515,953	11.81%
2018	132,365	136,419	(4,054)	1,573,898	8.67%
2017	133,024	152,356	(19,332)	1,593,097	9.56%
2016	121,899	135,816	(13,917)	1,529,249	8.88%
2015	130,455	135,940	(5,485)	1,544,234	8.80%
2014	208,881	166,610	42,271	1,577,496	10.56%

Notes:

¹ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

² Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

³ Employer contributions do not include the expected implicit subsidy included in exhibit 3.

⁴ Based on derived compensation using the provided employer contribution information.



EXHIBIT 4b**Schedule of Employers' Contributions – KERS Hazardous Plan**
(\$ in thousands)

Fiscal Year Ending ¹	Actuarially Determined Contribution ²	Total Employer Contributions ³	Contribution Deficiency (Excess)	Covered Employee Payroll ⁴	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 0	\$ 1,489	\$ (1,489)	\$ 223,922	0.66%
2022	0	1,281	(1,281)	188,648	0.68%
2021	0	1,300	(1,300)	172,725	0.75%
2020	4,482	5,776	(1,294)	182,209	3.17%
2019	3,726	4,970	(1,244)	151,448	3.28%
2018	2,550	5,288	(2,738)	190,317	2.78%
2017	4,688	5,620	(932)	171,087	3.28%
2016	9,186	16,766	(7,580)	147,563	11.36%
2015	13,152	14,882	(1,730)	128,680	11.57%
2014	15,627	23,874	(8,247)	129,076	18.50%

Notes:

¹ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

² Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

³ Employer contributions do not include the expected implicit subsidy included in exhibit 3.

⁴ Based on derived compensation using the provided employer contribution information. For 2021, 2022, and 2023, derived compensation based on pension contribution information, as there were no required employer contributions for the insurance fund for FYE2021, FYE2022, and FYE2023.



Notes to Schedule of Employers' Contributions for FYE 2023

The actuarially determined contributions effective for fiscal year ending 2023 that are documented in the schedule on the previous pages were calculated as of June 30, 2021. Based on the June 30, 2021 actuarial valuation report, the actuarial methods and assumptions used to calculate these contributions are below:

Item	KERS Non-Hazardous	KERS Hazardous
Determine by the Actuarial Valuation as of:	June 30, 2021	June 30, 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	0.00%	0.00%
Investment Return:	6.25%	6.25%
Inflation:	2.30%	2.30%
Salary Increases:	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates: Pre-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.



EXHIBIT 5a

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate
KERS Non-Hazardous Plan
(\$ in thousands)

Table 1. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

1.00% Decrease, 4.94%	Current Discount Rate, 5.94%	1.00% Increase, 6.94%
\$ 1,055,209	\$ 784,592	\$ 557,024

Table 2. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ 575,159	\$ 784,592	\$ 1,038,116



EXHIBIT 5b

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate
KERS Hazardous Plan
(\$ in thousands)

Table 1. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

1.00% Decrease, 4.94%	Current Discount Rate, 5.94%	1.00% Increase, 6.94%
\$ (155,851)	\$ (207,995)	\$ (251,094)

Table 2. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ (239,711)	\$ (207,995)	\$ (169,294)



APPENDIX 1

Appendix 1

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were developed using retiree claims experience for calendar years 2020 through 2022. The claims were projected on an incurred claim basis, adjusted for prescription drug rebates, and loaded for administrative expense. The per capita costs shown in the table below also include HRA contributions for retirees on the CDHP plans. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The fully-insured premiums paid to the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2023, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees.

Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

FOR THOSE NOT ELIGIBLE FOR MEDICARE (as of January 1, 2023)		
AGE	MALE	FEMALE
40	\$373.36	\$606.68
50	605.22	745.56
60	1,028.58	1,012.80
64	1,250.79	1,180.40

FOR THOSE ELIGIBLE FOR MEDICARE (as of January 1, 2023)		
AGE	MALE	FEMALE
65	\$78.14	\$73.71
75	91.43	89.21
85	96.68	97.82

Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Blake Orth

Blake Orth, FSA, EA, MAAA



State Police Retirement System

GASB No. 74 Accounting Valuation Report

As of June 30, 2023

DRAFT





September 27, 2023

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB No. 74 Reporting – Actuarial Information – State Police Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **State Police Retirement System (SPRS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other than Pension Plans” for the fiscal year ending June 30, 2023. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 74 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles. GASB No. 74 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. The exhibits provided in this report include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022”. Additionally, the discount rate used to calculate the total OPEB liability increased from 5.69% to 6.02% (see further discussion on the calculation of the single discount rate later in this letter). The Total OPEB Liability as of June 30, 2023 is determined using these updated assumptions.

Board of Trustees
September 27, 2023
Page 2

Plan Provisions

House Bill 506 passed during the 2023 legislative session and adjusted the minimum required separation period before a retiree may become reemployed to be one month for all circumstances for each System maintained by KPPA. This is a minimal change for members in SPRS, as the minimum separation period is currently one month for members who become reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who become reemployed on a part-time basis or in any non-hazardous position. We believe House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability.

There were no other plan provision changes that would materially impact the total OPEB liability since June 30, 2022. It is our opinion that these procedures for determining the information contained in these reports are reasonable and appropriate, and comply with applicable requirements under GASB No. 74.

Implicit Employer Subsidy for Non-Medicare Retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Single Discount Rate

A single discount rate of 6.02% was used to measure the total OPEB liability for the fiscal year ending June 30, 2023. It is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.



Board of Trustees
September 27, 2023
Page 3

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net position includes these 401(h) assets. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.

Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2022" and the "2022 Actuarial Experience Study for the Period Ending June 30, 2022" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2023.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. White and Ms. Shaw are Enrolled Actuaries. All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

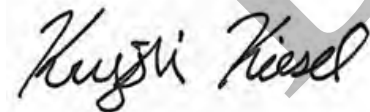
Gabriel Roeder Smith & Co.



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Janie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, MAAA
Senior Analyst and Actuary



Table of Contents

			Page
	COVER LETTER		
SECTION 1	SUPPORTING EXHIBITS		
	EXHIBIT 1 — SCHEDULE OF EMPLOYERS' NET OPEB LIABILITY		2
	EXHIBIT 2 — DEVELOPMENT OF THE SINGLE DISCOUNT RATE		3
	EXHIBIT 3 — SCHEDULE OF CHANGES IN EMPLOYERS' NET OPEB LIABILITY		4
	EXHIBIT 4 — SCHEDULE OF EMPLOYERS' CONTRIBUTIONS		5
	EXHIBIT 5 — SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTHCARE TREND RATE		7
APPENDIX 1	DEVELOPMENT OF BASELINE CLAIMS COST		



SECTION 1

DRAFT

EXHIBIT 1

Schedule of the Employers' Net OPEB Liability
(\$ in thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Employee Payroll ¹	Net OPEB Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2023	\$ 263,450	\$ 248,109	\$ 15,341	94.18%	\$ 65,830	23.30%
2022	351,453	231,242	120,211	65.80%	48,600	247.35%
2021	364,899	247,318	117,581	67.78%	47,155	249.35%
2020	339,942	201,340	138,602	59.23%	48,231	287.37%
2019	312,553	201,206	111,347	64.38%	48,780	228.26%
2018	301,012	190,847	110,165	63.40%	50,064	220.05%
2017	313,234	178,838	134,396	57.09%	48,873	274.99%

Note:

¹ Based on derived compensation using the provided employer contribution information.

EXHIBIT 2**Development of Single Discount Rate**

	<u>SPRS</u>
Single Discount Rate	6.02%
Long-Term Expected Rate of Return	6.50%
Long-Term Municipal Bond Rate ¹	3.86%

Notes:

¹ Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.



EXHIBIT 3**Schedule of the Employers' Net OPEB Liability**
(\$ in thousands)

Change in the Net OPEB Liability	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 4,092	\$ 5,605	\$ 5,218	\$ 5,389	\$ 4,816	\$ 6,087	\$ 4,147
Interest on the total OPEB liability	19,608	18,592	17,984	17,600	17,724	18,432	17,993
Benefit Changes	0	4,975	101	0	0	34	0
Difference between actual and expected experience	(98,425)	(5,952)	(6,318)	13,810	(14,295)	(23,320)	(573)
Assumption Changes	404	(21,937)	21,784	4,578	16,483	(358)	57,312
Benefit Payments ^{1,2}	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
Net Change in Total OPEB Liability	(88,003)	(13,446)	24,957	27,389	11,541	(12,222)	66,756
Total OPEB Liability - Beginning	\$ 351,453	\$ 364,899	\$ 339,942	\$ 312,553	\$ 301,012	\$ 313,234	\$ 246,478
Total OPEB Liability - Ending (a)	\$ 263,450	\$ 351,453	\$ 364,899	\$ 339,942	\$ 312,553	\$ 301,012	\$ 313,234
Plan Fiduciary Net Position							
Contributions - Employer ²	\$ 8,755	\$ 9,343	\$ 9,381	\$ 12,873	\$ 12,623	\$ 8,535	\$ 7,862
Contributions - Member	348	230	209	196	176	155	131
Benefit Payments ^{1,2}	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
OPEB Plan Net Investment Income	21,520	(10,847)	50,289	1,124	10,815	16,470	21,627
OPEB Plan Administrative Expense	(74)	(73)	(89)	(71)	(69)	(62)	(66)
Other	0	0	0	0	1 ⁴	8 ⁴	0
Net Change in Plan Fiduciary Net Position	16,867	(16,076)	45,978	134	10,359	12,009	17,431
Plan Fiduciary Net Position - Beginning	\$ 231,242	\$ 247,318	\$ 201,340	\$ 201,206	\$ 190,847	\$ 178,838	\$ 161,407
Plan Fiduciary Net Position - Ending (b)	\$ 248,109	\$ 231,242	\$ 247,318	\$ 201,340	\$ 201,206	\$ 190,847	\$ 178,838
Net OPEB Liability - Ending (a) - (b)	15,341	120,211	117,581	138,602	111,347	110,165	134,396
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.18%	65.80%	67.78%	59.23%	64.38%	63.40%	57.09%
Covered Employee Payroll³	\$ 65,830	\$ 48,600	\$ 47,155	\$ 48,231	\$ 48,780	\$ 50,064	\$ 48,873
Net OPEB Liability as a Percentage of Covered Employee Payroll	23.30%	247.35%	249.35%	287.37%	228.26%	220.05%	274.99%

Notes:

¹ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).² Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to -\$533,552 for fiscal year 2023.³ Based on derived compensation using the provided employer contribution information.⁴ Northern Trust Settlement

EXHIBIT 4**Schedule of Employers' Contributions**

(\$ in thousands)

Fiscal Year Ending ¹	Actuarially Determined Contribution ²	Total Employer Contributions ³	Contribution Deficiency (Excess)	Covered Employee Payroll ⁴	Actual Contributions as a Percentage of Covered Payroll
2023	\$ 9,289	\$ 9,289	\$ 0	\$ 65,830	14.11%
2022	8,782	8,782	0	48,600	18.07%
2021	9,285	9,285	0	47,155	19.69%
2020	13,133	13,133	0	48,231	27.23%
2019	13,283	13,288	(5)	48,780	27.24%
2018	9,062	9,397	(335)	50,064	18.77%
2017	9,222	9,222	0	48,873	18.87%
2016	8,553	10,237	(1,684)	45,551	22.47%
2015	9,890	10,382	(492)	45,765	22.69%
2014	20,879	14,493	6,386	44,616	32.48%

Notes:

¹ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

² Actuarially determined contribution for fiscal year ending 2023 is based on the contribution rate calculated with the June 30, 2021 actuarial valuation.

³ Employer contributions do not include the expected implicit subsidy included in exhibit 3.

⁴ Based on derived compensation using the provided employer contribution information.



Notes to Schedule of Employers' Contributions for FYE 2023

The actuarially determined contribution effective for fiscal year ending 2023 that is documented in the schedule on the previous page was calculated as of June 30, 2021. Based on the June 30, 2021 actuarial valuation report, the actuarial methods and assumptions used to calculate the contribution are below:

Item	SPRS
Determine by the Actuarial Valuation as of:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	0.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.55% to 16.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Healthcare Trend Rates: Pre-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.



EXHIBIT 5

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate
(\$ in thousands)

Table 1. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

1.00% Decrease, 5.02%	Current Discount Rate, 6.02%	1.00% Increase, 7.02%
\$ 45,363	\$ 15,341	\$ (9,776)

Table 2. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
\$ (5,320)	\$ 15,341	\$ 40,029



APPENDIX 1

Appendix 1

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were developed using retiree claims experience for calendar years 2020 through 2022. The claims were projected on an incurred claim basis, adjusted for prescription drug rebates, and loaded for administrative expense. The per capita costs shown in the table below also include HRA contributions for retirees on the CDHP plans. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The fully-insured premiums paid to the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2023, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees.

Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

FOR THOSE NOT ELIGIBLE FOR MEDICARE (as of January 1, 2023)		
AGE	MALE	FEMALE
40	\$373.36	\$606.68
50	605.22	745.56
60	1,028.58	1,012.80
64	1,250.79	1,180.40

FOR THOSE ELIGIBLE FOR MEDICARE (as of January 1, 2023)		
AGE	MALE	FEMALE
65	\$78.14	\$73.71
75	91.43	89.21
85	96.68	97.82

Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Blake Orth

Blake Orth, FSA, EA, MAAA



F-14 (Revised 6/2021)

Record of Control Weakness or Noncompliance

For APA Use Only:

Agency	Kentucky Public Pensions Authority
Audit Section	Investments
Test Workpaper Reference	102a
Finding Reference #	2023-KPPA-001
Known Questioned Costs	0
Likely Questioned Costs	0

Condition and Context (Nature of the Weakness or Noncompliance)

The Kentucky Public Pensions Authority (KPPA) investment accounting branch performs reconciliations of investment activity recorded between their custodian, Bank of New York Mellon (BNYM), and their accounting system, Great Plains (GP). While the reconciliations occurred, the reconciliation documentation only had the typed names of the preparer and reviewer and there were no indicators of when the reconciliation occurred. Beginning in July 2023, KPPA updated their internal control process to address this issue.

Cause

KPPA did not design the internal controls to ensure investment reconciliations appropriately documented the time of the reconciliation and to prevent the rollforward of the preparer and reviewer names.

Effect

Properly documented approvals are effective internal controls to prevent and to detect and correct potential misstatements with regards to investment reconciliations. Misstatements in the reconciliation process may occur when approvals are rolled forward on a document and the time of the reconciliation is not documented.

Criteria

Sound internal controls over the investment reconciliation process ensure the investment balances recorded in the accounting system contain complete and accurate information for financial reporting. A complete and accurate reconciliation of investment activity is necessary in order to ensure financial statement reporting requirements are met in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) pronouncements.

Recommendation

As noted above, KPPA updated their investment reconciliation processes for FY 2024. We recommend KPPA review those processes to ensure sufficient evidence of proper approvals were documented in the investment reconciliation process.

F-14 (Revised 6/2021)

Record of Control Weakness or Noncompliance**NOTE TO RESPONDENT:**

Please provide management's response and planned corrective action with all the required elements using the format below.

Corrective Action Plans

2 CFR 200, Subpart F, § 511(c) (Uniform Guidance) requires the auditee to prepare a Corrective Action Plan (CAP).

Based on the Uniform Guidance:

- §200.26 defines corrective action as “action taken by the auditee that: (a) Corrects identified deficiencies; (b) Produces recommended improvements; or (c) Demonstrates that audit findings are either invalid or do not warrant auditee action.”
- The CAP should address both federal audit findings and all findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* included in the current year auditor's report.
- The CAP must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
- If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

Other Requirements

KRS 43.090 requires your agency to notify the Legislative Research Commission and the Auditor of Public Accounts of the audit recommendations that have been implemented and of the audit recommendations that have not been implemented within 60 days of the completion of the final audit report. For any recommendations that have not been implemented, a reason for failure to implement audit recommendations must also be provided.

Management's Response and Planned Corrective Action
Finding Reference # 2023-KPPA-001

To be completed by the responding agency:

Response prepared by:	Connie Davis
<i>Note: The APA is requesting the official response of the agency's management. It is the responsibility of the preparer to ensure all internal approvals of the response have been obtained.</i>	
Person responsible for corrective action:	Connie Davis
Date response prepared:	November 14, 2023
Estimated corrective action completion date:	Completed

Management's Response and Planned Corrective Action:

We concur with the finding and have updated procedures to ensure the proper oversight is documented.

F-14 (Revised 6/2021)

Record of Control Weakness or Noncompliance

For APA Use Only:

Agency	Kentucky Public Pensions Authority
Audit Section	Expenditures
Test Workpaper Reference	D05.02a
Finding Reference #	2023-KPPA-002
Known Questioned Costs	\$0
Likely Questioned Costs	\$0

Condition and Context (Nature of the Weakness or Noncompliance)

The Kentucky Public Pensions Authority (KPPA) manages multiple pension and health plans, including the County Employees Retirement System (CERS) hazardous and nonhazardous and the Kentucky Employees Retirement System (KERS) hazardous and nonhazardous plans. KPPA pays a monthly healthcare premium subsidy to Humana and the Department of Employee Insurance (DEI) for retired members. KPPA cash management branch sets up and requests wire transfers from the custodian bank accounts to the trust fund cash clearing accounts to cover the monthly insurance premium obligations for Humana and DEI. The healthcare premium subsidy and wire amounts appear on KPPA reports. The wire transfer requests and reports were reviewed and the following discrepancies noted:

- During May 2023, the KERS nonhazardous insurance account transferred \$2,419,507 and the CERS nonhazardous insurance account transferred \$1,924,760, as requested; however, the accounts were inadvertently switched on the request. Thus, the funds were transferred to the incorrect accounts resulting in KERS nonhazardous insurance being overcharged and CERS nonhazardous insurance being undercharged by \$494,747.
- During April 2023, the calculation of the subsidy amount used in the calculation of the insurance amount to be transferred totaled \$398. This amount was switched between the KERS nonhazardous and KERS hazardous, resulting in KERS nonhazardous being overcharged and KERS hazardous being undercharged by \$398.
- During October 2022, the KERS nonhazardous insurance account transferred \$5,033,988 but should have transferred \$5,033,958, an overcharge of \$30. The KERS nonhazardous pension account was undercharged \$30 having transferred \$1,636,185 when it should have been \$1,636,215.

In addition to the errors identified above, the same employee creating the breakout of the different wire amounts was also responsible for approving the wires once they were set up in the custodial bank's system.

Cause

KPPA's internal controls over the wire transfers did not identify errors and did not prevent a segregation of duties issue between the preparation and review process.

Effect

Incorrect amounts were requested from the custodial bank for one pension plan and several of the insurance plan accounts. The net difference for pension funds indicate an understatement of \$30 and the net difference for insurance funds indicate an overstatement of \$30 on the financial statements in the benefit payments and healthcare premium subsidy expenditures, respectively. The difference by fund are as follows:

- KERS nonhazardous insurance-overcharged \$495,175.

F-14 (Revised 6/2021)

Record of Control Weakness or Noncompliance

- KERS hazardous insurance-undercharged \$398.
- CERS nonhazardous insurance-undercharged \$494,747.
- KERS nonhazardous pension-undercharged \$30.

Failure to segregate duties could lead to undetected errors in the healthcare premium subsidy wire amounts as well as incorrect financial reports.

Criteria

Effective internal controls over wire transfers ensure healthcare premium subsidy transactions contain accurate information for financial reporting and appropriate information for making management decisions.

The objective of segregation of duties is to ensure that assigned duties are separated such that no one employee is in a position both to commit and conceal errors in the normal course of performing their assigned duties. In general, the principal incompatible duties to be segregated are:

- Authorization of transactions,
- Custody of assets,
- Recording or reporting of transactions, and
- Performing reconciliations.

Adequate segregation of duties reduces the likelihood that errors, either intentional or unintentional, will remain undetected. This is carried out by providing for separate processing by different individuals at various stages of a transaction and for independent reviews of the work performed.

Recommendation

We recommend KPPA review the procedures over wire transfers to ensure effective review of wire transactions and adequate segregation of duties.

F-14 (Revised 6/2021)

Record of Control Weakness or Noncompliance

NOTE TO RESPONDENT:

Please provide management's response and planned corrective action with all the required elements using the format below.

Corrective Action Plans

2 CFR 200, Subpart F, § 511(c) (Uniform Guidance) requires the auditee to prepare a Corrective Action Plan (CAP).

Based on the Uniform Guidance:

- §200.26 defines corrective action as “action taken by the auditee that: (a) Corrects identified deficiencies; (b) Produces recommended improvements; or (c) Demonstrates that audit findings are either invalid or do not warrant auditee action.”
- The CAP should address both federal audit findings and all findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* included in the current year auditor's report.
- The CAP must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.
- If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons.

Other Requirements

KRS 43.090 requires your agency to notify the Legislative Research Commission and the Auditor of Public Accounts of the audit recommendations that have been implemented and of the audit recommendations that have not been implemented within 60 days of the completion of the final audit report. For any recommendations that have not been implemented, a reason for failure to implement audit recommendations must also be provided.

Management's Response and Planned Corrective Action
Finding Reference # 2023-KPPA-002

To be completed by the responding agency:

Response prepared by:	Connie Davis
<i>Note: The APA is requesting the official response of the agency's management. It is the responsibility of the preparer to ensure all internal approvals of the response have been obtained.</i>	
Person responsible for corrective action:	Connie Davis
Date response prepared:	November 14, 2023
Estimated corrective action completion date:	Completed

Management's Response and Planned Corrective Action:

We concur with the finding and have corrected the errors noted above. Procedures have been updated to include a review/approval of all wire transactions before instructions are sent for processing.



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Keith Peercy, Chairperson
Board of Trustees
Kentucky Public Pension Authority
1260 Louisville Road
Frankfort, KY 40601

We have audited the financial statements of the Kentucky Public Pension Authority (KPPA) as of and for the year ended June 30, 2023 and have issued our report thereon dated November 27, 2023.

Statement on Auditing Standards AU-C 260, *The Auditor's Communication with Those Charged with Governance*, requires us to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility over the KPPA financial reporting process.

This information is intended solely for the information and use of the KPPA management, Audit Committee, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

Farrah Petter, CPA
Assistant Auditor of Public Accounts

November 27, 2023

c: *David Eager, Executive Director*
Rebecca Adkins, Deputy Executive Director

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D



Board of Trustees
Kentucky Public Pension Authority
Page 2

Required Communications

Statement on Auditing Standards AU-C 260 requires the auditor to provide those charged with governance with additional information regarding the scope and results of the audit that may assist them in overseeing management's financial reporting and disclosure process. For purposes of this statement "those charged with governance" means the person(s) with responsibility for overseeing the strategic direction of the entity and the obligations related to the accountability of the entity, which includes overseeing the financial reporting process. We have identified the Kentucky Public Pension Authority Board of Trustees members as individuals charged with governance. As permitted by auditing standards, we are providing communications to a representative of this group of individuals, which we have determined to be the Board Chair, and are also providing copies of the letter to the KPPA's management.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 11, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of KPPA solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings, if any, regarding significant control deficiencies over financial reporting, material weaknesses, material noncompliance, and other matters noted during our audit in a separate letter to you dated November 27, 2023. Additional findings were also communicated in a separate letter to management dated November 27, 2023, which did not rise to level necessary to be disclosed in the audit report but still warranted attention by KPPA.

Board of Trustees
Kentucky Public Pension Authority
Page 3

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Management's override of controls is a mandatory risk in accordance with auditing standards.
- Improper revenue recognition is a presumed risk of material misstatement in auditing standards.
- Ineffective reconciliations among multiple computer programs is a risk.

Qualitative Aspects of the Entity's Significant Accounting Practices²

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by KPPA is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive

Board of Trustees
Kentucky Public Pension Authority
Page 4

because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimates related to the fair value of its investments on the Net Asset Value (NAV) of units of the investee. Management's estimate of the NAV is based on the investment manager's NAV since it is a practical resource based on the underlying fair value of investments held by the investee less any liabilities.
- Management's disclosure of the net pension liability in Note M to the financial statements. Management's estimate of the net pension liability is based on KPPA's actuarial valuations and the methods and assumptions used in determining the amounts are disclosed in the notes.
- Management's disclosure of the net OPEB liability of KPPA in Note M of the financial statements. Management's estimate of the OPEB liability is based on KPPA's actuarial valuations and the methods and assumptions used in determining the amounts are disclosed in the notes.

We evaluated the key factors and assumptions used to develop the NAV, net pension liability, and OPEB liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We believe the financial statement disclosures affecting KPPA's financial statements are sufficient, consistent, and generally acceptable.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures.

Identified or Suspected Fraud

We did not identify or obtain any information that indicates fraud may have occurred or be suspected.

Significant Difficulties Encountered during the Audit

We are required to inform those charged with governance of any significant difficulties encountered during the audit, including significant delays in obtaining information, extensive unexpected effort required to obtain sufficient appropriate audit evidence, the unavailability of expected information, and other matters.

Board of Trustees
Kentucky Public Pension Authority
Page 5

We encountered no significant difficulties in dealing with management relating to the performance of the audit. The employees and management of KPPA provided the auditors with appropriate, timely documentation, and made time available to assist auditors in the performance of audit procedures. The auditors appreciate all of the time and assistance provided to them during the conduct of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Based on our audit, no misstatements were presented to management for consideration. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements identified during the audit.

Disagreements with Management

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

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances identified that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 27, 2023.

Management's Consultations with Other Accountants

Board of Trustees
Kentucky Public Pension Authority
Page 6

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with KPPA, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as KPPA's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in KPPA's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the management, board of trustees, and others within KPPA and is not intended to be and should not be used by anyone other than these specified parties.



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



Kentucky Public
Pensions Authority

December 6, 2023

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, IL 60601-1210

RE: Certificate of Achievement for Excellence in Financial Reporting
Report #00835

Pursuant to the instructions included in the report referenced above, responses to the comments and suggestions for improvement of Kentucky Public Pensions Authority's (KPPA) Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2022, follow:

Comment 102: Introductory Section

The organization chart (or other discussion of the administrative organization) should inform readers of the specific location within the investment section where information can be found regarding investment professionals who provide services to the postemployment benefit system.

Management concurs with the recommendation. The page numbers have been added to the organization chart to inform the readers of the specific location within the investment section where information can be found regarding investment professionals who provide services to the postemployment benefit system.

The transmittal letter should address the system members or pool participants, as well as others (e.g., the governing board).

Management concurs with the recommendation. The transmittal letter addresses the members as well as the governing boards.

Comment 118: Statistical Section

Benefit and refund deductions should present benefits by type (e.g., age and service benefits, disability benefits) in the schedule of changes in net position or in a separate schedule.

Management concurs with the recommendation. For the 2023 ACFR, the Schedule of Benefit Expenses and the Active Refunds schedules present the benefit expenses in the Schedule of Changes in Net Position.

Benefits and refund deductions should present refunds by type (e.g., death, separation) in the schedule of changes in net position or in a separate schedule.

Management concurs with the recommendation. For the 2023 ACFR, the Schedule of Benefit Expenses and the Active Refunds schedules present the benefit and refund reductions in the Schedule of Changes in Net Position.

Should you have any questions regarding our responses, or our ACFR for FYE 2023, please do not hesitate to telephone me directly at (502) 696-8604.

Sincerely,



Rebecca H. Adkins
Executive Director, Office of Operations

Enclosure

cc: David L. Eager
Executive Director

Connie A. Davis, CIA, CGAP, CRMA
Director of Accounting

Michael B. Lamb, CPA
Chief Financial Officer



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road · Frankfort, Kentucky 40601
kyret.ky.gov · Phone: 502-696-8800 · Fax: 502-696-8822



Kentucky Public
Pensions Authority

MEMORANDUM

TO: David L. Eager
Executive Director

FROM: Dominique McKinley
Division Director, Enterprise & Technology Services

DATE: November 15, 2023

SUBJECT: Information Security Assessment Summaries

Since 2006, KPPA has contracted with a third party to perform an annual assessment of the security of the KPPA information infrastructure. In August to October timeframe of 2023, Crowe performed an information security assessment that included the following activities:

- **External Penetration Assessment:** The objective of the External Penetration Assessment was to assess the ability of the KPPA network to resist attacks from external threats. Crowe identified KPPA systems and services that were accessible on the KPPA external network. Crowe then attempted to identify and verify vulnerabilities that could allow an attacker to gain elevated access to the KPPA network or to gain access to sensitive information. Crowe also assessed the security awareness of KPPA employees through surreptitious attempts to persuade employees to divulge information and execute malicious programs.
- **Internal Penetration Assessment:** The objective of the Internal Penetration Assessment was to assess the ability of the KPPA network to resist attacks from internal threats. Crowe identified KPPA systems and services that were accessible on the KPPA internal network. Crowe then attempted to identify and verify vulnerabilities that could allow an attacker to gain elevated access to the KPPA network or to gain access to sensitive information. Crowe also assessed the security awareness of KPPA employees through surreptitious attempts to persuade employees to gain access to the internal network and employee workstations.
- **Microsoft 365 Security Assessment:** The overall objective of the assessment was to assess the ability of KPPA's Office 365 configuration to resist attacks from the perspective of an external attacker as well as internal malicious user role or accidental exposure.

- **Application Assessment:** The objective of the Application Code Assessment is to identify the KPPA Line of Business applications to resist attacks from malicious actors. This was assessed by attempting to identify and verify vulnerabilities that could allow an attacker unauthorized access to the application or to sensitive data.

Significant Findings

Finding Criticality	Information Security Assessment	Resolved Findings to Date
Low Risk	19	4
Moderate Risk	13	5
High Risk	2	1
Total Findings	34	10

** Note: Three of the Low Risk findings are related to the Application Assessment.

Crowe has documented the assessment findings in their report dated May 2022. Due to the threat level has increased in the cyber security world, Crowe raised their scoring level compared to past years.

High Risk – Requires immediate remedy and, if left uncorrected, exposes KPPA to significant or immediate risk of loss, asset misappropriation, data compromise or interruption, fines and penalties, or increased regulatory scrutiny.

Moderate Risk – Requires timely remedy and, if left uncorrected, may expose KPPA to risk of loss or misappropriation of company assets, compromise of data, fines and penalties, or increased regulatory scrutiny. These issues should be resolved in a timely manner, but after any high priority issues.

Low Risk – Should be addressed as time and resources permit. While it is not considered to represent significant or immediate risk, repeated oversights without corrective action or compensating controls could lead to increased exposure or scrutiny.

Additional Recommendations

The annual third-party information security audit is a critical measurement of how well KPPA is protecting our resources and member data. In addition to the findings from the assessments, I recommend the following:

Third Party Infrastructure Assessment

- A third party information security audit should once again be approved and conducted to ensure remediation efforts were successful and to identify any new risks and vulnerabilities. The assessment should be conducted in 2024.

Assessment Remediation

- The Division of Enterprise & Technology Services should continue to ensure that issues identified in the Crowe assessment report, along with issues identified in previous assessment reports, are remediated and that controls remain in place when system changes occur. All recommendations should be implemented or in the case of business needs that make implementation not feasible, the risk of not implementing should be addressed through the formal security exemption process.

Personnel Related

- KPPA needs to proactively continue to make security-focused training available to all business and technical employees, as well as targeted security awareness materials related to the mission and operations of KPPA. This training will meet regulatory requirements and help ensure that our staff members protect member data and resources.

cc: John Chilton, KRS Chief Executive Officer
 Ed Owens, CERS Chief Executive Officer
 Rebecca H. Adkins, Executive Director, Office of Operations
 Erin Surratt, Executive Director, Office of Benefits
 Steve Willer, Executive Director, Office of Investments
 Michael Board, General Counsel, Office of Legal Services
 Lori Casey, Division Director, Human Resources
 Connie Davis, Division Director, Accounting
 Kristen Coffey, Chief Auditor



KPPA
Kentucky Public Pensions Authority

**Review of Investment Manager Fees
As of August 25, 2023**

Issued November 17, 2023

Lead Auditor: Madeline Evans

Acronyms

The following acronyms will be used throughout the report:

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KERS - Kentucky Employees Retirement System
4. SPRS - State Police Retirement System
5. KRS - Kentucky Retirement System
6. CEO - Chief Executive Officer
7. CIO - Chief Investment Officer
8. CFO - Chief Financial Officer
9. Investment Operations – KPPA Division of Accounting, Investment Operations Branch
10. KPPA Management Team – KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Operations, and the KPPA CFO
11. BNY Mellon - Bank of New York Mellon
12. AUM – Assets Under Management
13. RMS – Research Management System
14. DETS – Division of Enterprise and Technology Services

Objectives

The objectives of our Review of Investment Manager Fees audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state and federal statutes and regulations as well as policies established by the KPPA, CERS, and KRS Boards and procedures developed by KPPA staff.

Overall Opinion

Process complies with relevant statutes, regulations, policies, and procedures. Internal controls are established and working effectively and efficiently.

Executive Summary

The following reportable findings were noted during our review of Review of Investment Manager Fees. The related recommendations can be found in the Audit Results section of the report.

1. Lack of centralized storage location for investment information.
2. Management fees paid did not match fees reported by external investment manager.

We noted one other matter that we communicated to the Office of Investments and the Division of Accounting in a separate letter dated November 17, 2023.

Commendations

We want to thank Office of Investments and Investment Operations staff for the time spent working with the audit team on this project. Specifically, the Public Equity Portfolio Manager and the Accounting Assistant Director for Investment Operations helped internal audit staff immensely with their understanding of how to recalculate fees for invoiced managers and how to check the reasonability of fees charged for non-invoiced fees.

Scope, and Sampling

The scope of the audit was July 1, 2022 to June 30, 2023. Auditor created a database to show each manager listed in eVestment and the corresponding asset class and status. This list was then compared to a list of managers provided by Office of Investments and a list of managers provided by Investment Operations staff to confirm that both groups were working with the same group of managers and that each list matched the information in eVestment. There are 124 active managers:

- Twenty-one invoiced managers – investment managers send invoices to KPPA for payment of manager fees paid. These fees go through an extra review process prior to payment.
- Forty-five active managers, and
- Fifty-eight managers identified as de minimis. Active and de minimis managers do not use invoices. De minimis managers are seen as separate from the active managers because they often do not have manager fees charged because they do not have a balance that makes up at least 10 basis points of the overall Pension or Insurance assets under management.

Twenty investment managers were randomly sampled proportionate to their asset class and status with a 95% confidence interval. This sample represents 15% of the total testing population.

Risks, Controls, and Testing Methodology

See Appendix A for details on the risks noted during the audit, the controls established to mitigate the risks, and the testing methodology utilized to confirm the effectiveness and efficiency of the established controls.

Recommendations for Future Audits

1. Ensure the management fee report provided to Trustees shows the correct amount charged in management fees.
2. Ensure external investment managers are submitting needed information in a timely manner.
3. Review amount of investment management and performance fees paid by KPPA in proportion to the amount managed and the returns received. Compare this to the industry standard as well as similarly sized pension systems. *Note: this was a concern raised by a KRS Trustee during an Investment Committee meeting.*
4. Ensure investment administrative fees are processed correctly.
5. Review the Office of Investments Due Diligence process.

Background

See Appendix B for details on background of this investment manager fee review process.

Use of Report

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Management Team; and the Division of Accounting. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.

Audit Results**1. Lack of Centralized Storage Location for Investment Information**

Responsible Area(s):	Office of Investments and Investment Operations
Condition:	<ol style="list-style-type: none"> 1. Staff in the Office of Investments and Investment Operations do not utilize the same list of investment managers. 2. There is not a centralized storage location for investment contracts. Instead, contracts may be stored on the Investments shared drive, on SharePoint, or in eVestments. 3. During testing, it was determined that the invoice for Shenkman 3Q 2022 was not saved to SharePoint. However, the invoice was later found on the Investments shared drive. 4. During testing, it appeared that the accruals for Shenkman and Tortoise 3Q 2022 were out of balance. It was determined this was the result of the prior quarter's invoices being paid late, which led to one accrual adjustment to be made in 3Q 2022 instead of two separate adjustments for each quarter. 5. Permissions on the Investment Manager Fees SharePoint site do not enforce the appropriate level of segregate the duties.
Criteria:	KPPA has adopted the COSO framework. Principle 3 of the COSO framework states that "management should establish organizational structure, assign responsibility, and delegate authority to achieve the entities objectives."
Cause:	<ol style="list-style-type: none"> 1. The list of investment managers submitted by Investment Operations staff was generated from Nexen. This list still included some managers who had been terminated but their account had not yet been closed. The Office of Investments submitted a list that is updated by staff in the Office of Investments; Investment Operations staff do not have access to this document. 2. The Office of Investments assigned one staff member to upload all documents into eVestment. This staff member was assigned to other tasks that often took priority over updating eVestment. 3. Uploading invoices to SharePoint and the associated workflow is a new process due to the recent implementation of Microsoft 365. 4. The 2Q 2022 Shenkman invoice was paid late because only one staff member received the email with the initial invoice. That staff member did not realize the invoice had not been received by those responsible for initiating the payment process. The 2Q 2022 Tortoise invoice was received late because the investment manager, in their words, was having "large discussions." 5. SharePoint was initially intended to be used only as a notification system and not as a part of the approval process. SharePoint cannot currently segregate permissions between preparing and approving a document while still giving appropriate access to other parts of the Office of Investments TeamSite.
Effect:	<ol style="list-style-type: none"> 1. Documentation is duplicated across the Investments shared drive, SharePoint and eVestment. If a document changes, but is only updated in one location, staff may not be utilizing the final version of the document. For example, staff could use an older version of a contract when reviewing fees. 2. As noted in condition 4, invoices may be paid late, which could result in late fees being owed by KPPA or an invoice not going through the appropriate review and approval processes. 3. Other approval processes set up in SharePoint may not segregate the permissions of preparer and approver appropriately.
Recommendations:	Based on conversations with Office of Investments staff, it is the understanding of audit staff that the Office of Investments agrees that there is a need for a sole repository of investment documentation. With this objective in mind, the CIO and CFO

[3]

	<p>should establish a workgroup comprised of staff from the Office of Investments and Investment Operations to upload all documentation that needs to be retained for each investment manager. The workgroup should also consider the following:</p> <ol style="list-style-type: none"> 1. Establishing guidelines on what should be saved in a centralized repository of documents. Any official procedures for uploading information to the central repository should be documented. 2. Determining whether there are requirements for documentation uploaded in a centralized repository. Any official requirements should be documented. 3. Establishing appropriate permissions to segregate duties in the centralized repository. 4. Ensuring that each investment manager has the correct contact information for emailing invoices. <p>Additionally, KPPA has implemented Microsoft 365 in an effort to streamline information and document sharing between team members and departments and to also promote collaboration through its cloud-based services as a way to decrease duplicative documents. As a result, the shared drives used by departments at KPPA will be eliminated. The use of a central repository supports the initiative of collaboration among staff and reduced reliance on the shared drives.</p>
Recurring Issue:	No
Management Response:	<p>KPPA staff agree with the Internal Audit recommendations and concur that there is a lack of centralized storage for investment information. The Office of Investments and the Investment Operations Branch will investigate the appropriate solution to put into place while taking the Internal Audit recommendations into full consideration. We do want to clarify a few items within the detail of the audit finding as follows:</p> <ol style="list-style-type: none"> 1. Condition 1: The Office of investments and Investment Operations do utilize the same list(s) of investment managers; however, we do not reconcile all the sources in which we utilize, resulting in discrepancies between the multiple lists. A centralized storage location, with a reconciled list of managers, would help ensure a complete list is being utilized by all relevant parties, and we will work to incorporate that into the appropriate solution. 2. Condition 3: This was an oversight while implementing a new process, however, the appropriate documentation was maintained, just not in a centralized storage location. 3. Cause 1 – NEXEN was also the source of the information the Office of Investments provided, but staff had simply removed accounts where managers had been terminated but custody accounts remained open based on our interpretation of the information requested by audit. 4. Cause 2 – Office of Investments utilized multiple interns to assist in the initial upload of documents to eVestment which constituted the bulk of the work to onboard the system. Routine maintenance and uploading of new documents did not constitute excessive work for a single staff member even with additional duties and provided a gatekeeper and control function. 5. Cause 4 – Investment staff is reaching out to managers to ensure appropriate distribution lists are used for all invoicing. 6. Effect 2 - All investment invoices will require a separate signature and approval by two authorized individuals going forward.
Implementation Date:	June 28, 2024
Auditor Response:	Auditor agrees with the plan of action described in management's response. Internal Audit would be happy to be included in the development of the centralized location, if the CIO and CFO believe this would be beneficial. Additionally, in relation to cause 2, the information is based on what was provided to audit staff during the audit. The finding, including the cause, was

	provided to staff multiple times prior to the release of the draft report. If clarification had been requested during those reviews, audit staff would have been happy to adjust the cause.
--	---

2. Management Fees Paid Do Not Match to Reported Manager Fees

Responsible Area(s):	Investment Operations
Condition:	<p>BNY Mellon staff and the Investment Operations staff member who prepared the reconciliation included the loan administration fee of \$46,875 between pension and insurance as a part of the manager fee payment made to one investment manager.</p> <p><i>Note: KPPA Investment Operations staff corrected the mistake on September 1, 2023.</i></p>
Criteria:	200 Kentucky Administrative Regulation 38:070 states, "Each fiscal officer shall develop and document internal controls to both prevent and detect abuse, unintentional errors, and the fraudulent disbursement of funds or use of state assets...An internal control plan shall include...Reconciliation of agency accounts on a timely basis...."
Cause:	The reconciliation worksheet used by Investment Operations staff failed to detect the error because the reviewer did not compare the information entered in the reconciliation worksheet to the source document (the manager's quarterly statement). The reasoning for not reviewing this specific manager's source document was that the reviewer only spot checks some managers, rather than reviewing the source document for every manager.
Effect:	Manager fees reported on the KPPA website for June 2023 were overstated by 10% for this specific manager. Despite the misclassification, there was no impact to the financial statements since loan administration fee and management fees are shown as one line item called investment expenses.
Recommendations:	<p>The Investment Operations staff member who reviews the reconciliation between the manager fee entered by BNY Mellon and the fee reported by investment manager should utilize the source document when completing the review. We understand that this could be a burdensome task given the number of managers that are reviewed. We encourage Office of Investments and Investment Operations staff to create a workgroup to determine if comparing manager fees entered by BNY Mellon to the fees reported by the investment manager can be covered in a different existing procedure.</p> <ol style="list-style-type: none"> 1. Consider removing managers who submit invoices from the reconciliation process since these managers are reviewed as a part of the accrual process. 2. Consider submitting each asset class separately for review so the reviewer is focused on smaller sets of data. 3. Determine if the reasonability check currently conducted by Investment Operations staff could also compare the BNY Mellon manager fee to the fee reported by the investment manager. For any recalculated rate that differs five basis points or more from the contracted rate, the reviewer should compare the information on the spreadsheet to the source document to ensure the correct information is noted in the spreadsheet. As an example, the manager noted in the condition had a recalculated rate that was six basis points higher than the contracted rate. If a review of the source document had been conducted the error would have potentially been caught at that time. Using the correct management fee amount would have resulted in a difference of three basis points between the recalculated amount and the contracted amount. 4. Consider telling BNY Mellon that the posting of management fees (non-invoiced) will be the sole responsibility of KPPA Investment Operations staff. Investment Operations staff would then develop official procedures to approve the posting of these fees.

Recurring Issue:	No
Management Response:	Investment Operations has updated their procedures to include the following language, “During the review process, if the fees posted by BNY Mellon exceed the threshold, then the first step will be to ensure the fee has been posted correctly by comparing the fee posted to the manager’s report.” Had this been done in this instance the error would have been noted and corrected.
Implementation Date:	June 28, 2024
Auditor Response:	On November 16, 2023, audit staff confirmed that procedures on the Investment Operations SharePoint called "Manager Fee for Website" have been updated with a statement instructing readers to compare the manager's statement against what was keyed into Nexen by BNY Mellon staff. We commend staff for already implementing one of the recommendations. We encourage Office of Investments and Investment Operations staff to continue reviewing the other recommendations made by audit staff.

Appendix A

Risks and Testing Methodology

Risk:	Policies and procedures not accurate.
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.
Control:	Procedures are reviewed annually by the staff member who usually performs the task.
Testing Methodology:	Reviewed procedures related to the management fee payment processes for completeness and clarity.
Test Result:	Clarification and instruction needed in some procedures. This was addressed in the management letter.

Risk:	Segregation of duties.
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.
Control:	<ol style="list-style-type: none"> 1. SharePoint Permissions - DETS assigns users to the Investments TeamSite within SharePoint where invoices are saved and marked as approved. 2. 2 Types of Approval – Portfolio managers review and approve the invoice when the wire is approved in Nexen. 3. Nexen Requirements – Nexen does not allow the same person to approve a wire that he or she prepared. Portfolio managers do not have the ability to prepare or approve a wire transaction.
Testing Methodology:	<ol style="list-style-type: none"> 1. Permission Capabilities – Talked with DETS staff in charge of creating the management fee folder about permissions by user type. 2. Invoice Approvals from Investments – Confirmed that approval of the invoice came from the appropriate Portfolio manager. 3. Unique users to prep and approve wires – Confirmed that unique users keyed and approved wires in Nexen. 4. Nexen Access testing – Confirmed that Portfolio managers do not have Instruction Information capture permission in their list of permissions showing that they cannot key or approve wires.
Test Result:	SharePoint permissions were not appropriate (See Finding #1)

Risk:	Staff not properly trained to perform job duties.
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.
Control:	New employees shadow the process.
Testing Methodology:	Confirmed that tasks were completed despite absence of the individual primarily responsible for the task, thus showing that other staff have been properly trained.
Test Result:	No exceptions noted

Risk:	Lack of Back-ups in Key Areas of KPPA
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.

Control:	Back-up established if primary individual is unavailable.
Testing Methodology:	Confirmed that the named backup completed the task when the main staff member was not able to complete a task.
Test Result:	No exceptions noted.

Risk:	Board of Trustees may not receive proper information timely.
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.
Control:	<ol style="list-style-type: none"> 1. CIO prepares memo of fees and presents it at the Investment Committee meetings. 2. Investment Operations staff creates a report showing management fees by plan.
Testing Methodology:	<ol style="list-style-type: none"> 1. Confirmed that the Investment Quarterly Update report was included in meeting materials posted on the KPPA website. 2. Confirmed that the management fee report was included in meeting materials posted on the KPPA website.
Test Result:	No exceptions noted.

Risk:	Violation of record retention policy.
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.
Control:	<ol style="list-style-type: none"> 1. Contracts are uploaded to eVestment. 2. Invoices are uploaded SharePoint.
Testing Methodology:	<ol style="list-style-type: none"> 1. Reviewed eVestments to determine if contracts of the sampled managers had been uploaded. 2. Reviewed SharePoint to determine if invoices of the sampled managers had been uploaded.
Test Result:	No exceptions noted.

Risk:	Lack of oversight of manager fees.
COSO Element:	Control Environment
COSO Principle:	Oversight body and management establishes organizational structure, assigns responsibilities, and delegates authority to achieve entity's objectives.
Control:	<ol style="list-style-type: none"> 1. Invoiced Fees are recalculated by Public Equity Portfolio Manager or the Specialty Credit and Fixed Income Portfolio manager. 2. Non-Invoiced Fees are checked for reasonability by the CIO and/or Deputy CIO. Reasonability is also checked by Investment Operations staff who calculate the fee rate used and then compare that rate to the contracted rate.
Testing Methodology:	<ol style="list-style-type: none"> 1. Recalculated contract rate to ensure rate charged was within five basis points of the invoiced amount for Public Equity managers and 5% for Specialty Credit or Fixed Income managers. 2. Verified that the reasonability check performed by Investment Operations staff noted deviations greater than five basis points and that these items were sent to the Office of Investments for review. Confirmed that the worksheet used by Investment Operations had the correct fee schedule for sampled managers.
Test Result:	No exceptions noted.

Risk:	Invoices not paid timely or accurately.
COSO Element:	Control Activities
COSO Principle:	Management implements controls activities through policies.
Control:	<ol style="list-style-type: none"> 1. Invoices are paid by due date or within 30 days of invoice receipt if no due date is provided. 2. Invoices are compared to BNY Mellon wire details.
Testing Methodology:	<ol style="list-style-type: none"> 1. Compared due date to BNY Mellon value date to ensure invoice was paid timely. 2. Compared invoice amount to BNY Mellon wire amount to ensure the proper fee amount was paid.
Test Result:	No exceptions noted.

Risk:	Invoiced fees not accrued and adjusted correctly.
COSO Element:	Control Activities
COSO Principle:	Management implements controls activities through policies.
Control:	Accruals and adjustments keyed by BNY Mellon staff are compared to invoices sent by external investment managers.
Testing Methodology:	Recalculated accruals for sampled invoiced managers.
Test Result:	Second quarter 2022 invoices for Shenkman and Tortoise were not paid until the third quarter 2022 causing third quarter 2022 accruals to have a non-zero balance. (See finding #1)

Risk:	BNY staff do not key fees correctly.
COSO Element:	Control Activities
COSO Principle:	Management implements controls activities through policies.
Control:	Non-invoiced manager fees are keyed into Nexen by BNY Mellon staff. Investment Operations staff compare this to the external investment manager reports.
Testing Methodology:	Compared manager reported fees to the amount keyed into Nexen by BNY Mellon staff.
Test Result:	The BNY Mellon posting for White Oak managers fees for the second quarter 2023 differed from the fees reported by the external investment manager (See Finding #2).

Risk:	Website not accurate
COSO Element:	Control Activities
COSO Principle:	Management implements controls activities through policies.
Control:	<ol style="list-style-type: none"> 1. Manager fees are posted to the website quarterly through a report that Investment Operations staff generates from BNY Mellon. The Office of Investments approves the report before it is posted. 2. Management fees are shown in the Annual Comprehensive Financial Report. 3. The Performance Net of Fees chart is included in Investment Committee meeting materials.
Testing Methodology:	<ol style="list-style-type: none"> 1. Confirmed that Web Help Desk tickets to post reports to the website were created after the Office of Investments approved the report. 2. Confirmed that all management fees from the report generated by Investment Operations staff were shown on the report posted to the website. 3. Confirmed that the Investment Expense section of Annual Comprehensive Financial Report showed total management fees. 4. Confirmed that the Performance Net of Fees chart was included in Investment Committee meeting materials.
Test Result:	No exceptions noted.

Appendix B

As of June 2023, KPPA monitors a total of 158 custody accounts at BNY Mellon. This audit reviewed 124 investment managers. The 34 accounts that were excluded included internally managed accounts, cash accounts, closed accounts, accounts in litigation, and terminated account. Of the 124 active managers, 21 since an invoice for manager fees and 103 are paid through adding fees to a capital call or netting against distributions or earnings. The following step for reviewing invoiced and non-invoiced fees were tested from 8/1/2023 to 9/26/2023.

Invoice Payment Process

External investment managers email invoices or notifications to the appropriate Investment Operations staff and corresponding Portfolio Manager. The attached invoices are downloaded and saved to the Investments shared drive. The Public Equity Portfolio Manager reviews, reconciles, and approves all Public Equity invoices. The process for Fixed Income is identical and is provided by the Fixed Income and Specialty Credit Portfolio Manager. The review of invoices by portfolio managers is explained in the fee recalculation section.

1. Retirement Investment Specialist III uploads the investment manager invoice to SharePoint for record retention and starts the workflow process. This sends an automated email to the CIO or Deputy CIO for all invoices.
2. The CIO or Deputy CIO confirms that invoiced fees have been checked by the Public Equity Portfolio Manager and Fixed Income and Specialty Credit Portfolio manager. If work is shown, the invoice is marked approved in SharePoint which sends an automated notification email to the Retirement Investment Specialist III.
3. Retirement Investment Specialist III keys the payment into BNY Mellon's secure portal, Nexen. The wire is approved by the Investment Operations Assistant Director or the Retirement Systems Investment Branch Manager. This must be completed by the due date specified by the investment manager from the email in step 1. If there is no due date given, this process is completed as soon as possible.
4. Retirement Investment Specialist III emails the investment manager and corresponding asset class director stating the wire has been approved.
5. Retirement Investment Specialist III prints (as a PDF document) the receipt from BNY Mellon showing wire details then combines the receipt, original invoice, approving email from Office of Investments staff, and the email created in step #4. The combined documents are saved in the Investment drive.

Fee Recalculations for Invoiced Fees

All Public Equity manager fees are paid through the invoicing process. The Public Equity Portfolio Manager compares the invoiced amount to his recalculation according to the contracted fee schedule with the following steps:

1. Generates the Statement of Changes in Net Assets from Nexen for each month in the quarter to calculate the quarter end AUM. This is done for the Pension and Insurance funds administered by each investment manager.
2. Prorates contributions and withdraws made within the month based on the ratio of days in the month that assets were managed. This proration adjusts the given month's AUM.
3. Calculates the total average AUM with any adjusted AUM based on the summation the Pension and Insurance balances.

4. Applies the fee schedule to the total average AUM calculated in the step above to determine the total fee owed. Below is an example from the worksheet created by the Public Equity Portfolio Manager showing how the average AUM is calculated and applied to a fee schedule.

7/31	Market Value-PENSION		290,774,973.30
	Market Value-INSURANCE		140,738,046.83
8/31	Market Value-PENSION		278,181,970.20
	Market Value-INSURANCE		134,643,349.52
9/30	Market Value-PENSION		\$251,744,510.86
	Market Value-INSURANCE		\$121,848,669.12
	Avg Market Value		405,977,173.28
	First \$200 Million	0.39%	\$195,000.00
	Over \$200 Million	0.37%	190,528.89
			\$385,528.89

5. Splits the total fee owed into proportional Pension and Insurance specific amounts. Each fund's portion is found by dividing the fund's average balance by the average market market value. The resulting percentage is then multiplied by the total fee to get the fund specific amount owed.

Pension and Insurance Breakdown		
PENSION % of Total MV		67.38%
INSURANCE %t of Total MV		32.62%
Fees Billed to PENSION		\$259,788.10
Fees Billed to INSURANCE		\$125,740.78
		CHECK

6. Compares the recalculated amount to the invoiced amount. If the difference between the recalculation and invoiced amount is within five basis points (0.05%), the invoice is approved, and a screen shot of the recalculation is printed to PDF and combined with the original invoice and the corresponding Statement of Change in Net Assets into one document. This document is sent to the Retirement Investment Specialist III to show approval of fees charged.

The Fixed Income and Specialty Credit Portfolio Manager recalculates invoiced manager fees for Specialty Credit Fixed Income through the following process:

1. Generates Statement of Change in Net Assets from Nexen for each month in the quarter. This is done for Pension and Insurance.
2. Enters each AUM in the worksheet created maintained by the Fixed Income and Specialty Credit Portfolio Manager.
3. Applies the fee rate to the average monthly AUM for the corresponding quarter and determines the difference between the recalculated amount and the invoiced amount. The recalculated amount should be within 5% of the invoiced amount.
4. Combines the screen shot of work completed, Statement of Changes in Net Assets, and original invoice. Uploads this information to SharePoint.

Non-Invoiced Fees

The CIO and Deputy CIO oversee reviewing manager fees for Private Equity, Real Estate, Real Return, and some Specialty Credit managers who do not use invoices to pay manager fees. Fees identified in manager financial statements are checked for reasonability by the CIO and Deputy CIO against the contracted fee schedule. These fees are not recalculated. Non-invoiced fees do not need direct approval from the CIO or Deputy CIO because they are not paid from the master trust cash accounts like invoiced fees. Action is only required if an issue is noted by the CIO or Deputy CIO during their reasonability review. In those instances, the CIO or Deputy CIO will reach out to the external investment manager to resolve the noted concern. Past fees can be checked, if needed, by pulling the Statement of Change in Net Assets report, the investment manager's quarterly statement, investment manager's transparency report, and corresponding fee schedule for the quarterly fee in question.

Comparing BNY Mellon Reported Fees to Investment Manager Reported Fees

To ensure that BNY Mellon keyed the information correctly, a Retirement Investment Specialist III finds the difference between fees reported on the manager's Statement of Change in Net Assets and the manager's quarterly or monthly report, which shows how much they charged in management fees. If these differ, Investment Operations staff will ask BNY Mellon for an explanation as well as request a correction to any error found.

Comparing Accruals to Payments Made

The BNY Mellon Accounting Team accrues fees only for investment managers who invoice KPPA or investment managers that use unit redemptions fees based on the fee schedule on a monthly basis using the BNY Mellon month end valuation. Variations between the BNY Mellon Accounting Team's calculations and the investment manager's calculations from invoices are often caused by differences in valuation timing and frequency because many investment managers use daily valuations as opposed to monthly or quarterly valuations. Once per quarter, Investment Operations staff verify that the BNY Mellon Accounting Team accrued these fees correctly and backed out any needed adjustments representing the difference between the BNY Mellon Accounting Team calculation and the investment manager's calculation shown in invoices.

All needed information for this check is found in the drilldown of the Statement of Change in Net Assets report generated in Nexen. The Retirement Systems Investment Branch Manager completes this task and can drill into the "investment advisory fees," which shows all posted accruals and actual payments made within the quarter along with any adjustments made by the BNY Mellon Accounting Team. The sum of accruals and adjustments should equal the sum of invoices paid. An Investment Operations team member sends the completed work to the Accounting Assistant Director of Investment Operations for review and approval through email. No variations are acceptable.

Quarterly Management Fee Report for Website

Starting in 2017, the Accounting Assistant Director of Investment Operations or the Retirement Systems Investment Branch Manager began generating a quarterly report from Nexen, which shows the fees and market values of each account through the reported quarter. This report is a specialized version of the KPPA Expenses - General Ledger Detail and only select Investment Operations staff have access to this report. This worksheet is used to check the reasonability of fees charged by recalculating the fee rate used by dividing the fees charged by the AUM shown on the report. This recalculation is then annualized and compared to the contracted fee schedule of

each account. A variance of five basis points is allowed. Anything that over this range is noted for further review by the portfolio manager for the asset class.

Anything in de minimis status, which is defined as a manager overseeing less than 10 basis points of the overall AUM for the Pension or Insurance fund, is combined into one line item for each asset class that needs the line item. Any funds which are internally managed are also combined into their own line item for the report. Finally, the version of this file from BNY Mellon is formatted to be posted on the KPPA website. Investment Operations staff email the whole file showing all work and corresponding notes to all Office of Investments staff for their review. The Retirement Systems Investment Branch Manager logs a web help desk ticket with only the final version of the file attached after the Office of Investments approves the file. KPPA Division of Communications staff upload the file from the ticket to KPPA's website.

Reporting to the Board

After the creation of separate CERS and KRS boards, a report showing individual plan management fee totals per assets class was requested. Since this was just recently requested, the process to make this report is currently being developed. There are efforts for this report to be directly generated from Nexen, but the completion of this request is unknown at this time. The plan specific allocations of investment advisory fees in the report that is presented to the Boards equals the asset class total from the corresponding management fee report that is posted to the KPPA website.



KPPA
Kentucky Public Pensions Authority

**Review of Investment Manager Fees
Management Letter**

Issued November 17, 2023

Lead Auditor: Madeline Evans

Acronyms

The following acronyms will be used throughout the management letter:

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KRS - Kentucky Retirement System
4. CEO - Chief Executive Officer
5. CIO - Chief Investment Officer
6. CFO - Chief Financial Officer
7. KPPA Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director – Office of Benefits, and KPPA CFO
8. Investment Operations – KPPA Division of Accounting, Investment Operations Branch
9. CFA – Chartered Financial Advisor

Objective

The objectives of our Review of Investment Manager Fees audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state and federal statutes and regulations as well as policies established by the KPPA, CERS, and KRS Boards and procedures developed by KPPA staff.

Other Matters Noted

In addition to the recommendations included in the final report for the Review of Investment Manager Fees, we noted three recommendations that we wanted to communicate to management. These items will be reviewed during follow-up engagements and/or during a review of open recommendations.

1. **The Office of Investments staff member responsible for recalculating fees or performing the reasonability test for each asset class should document the procedures followed to complete the task.**
2. **For each asset class, the CIO should work with Portfolio Managers and the Investment Committees, if needed, to establish allowable variations between the contracted rate and the charged rate. This standardized variance should be documented for future reference.**
3. **Investment Operations staff should update procedures related to the creation of the quarterly report that is posted to the KPPA website.**

During the audit we noted the following:

1. The Office of Investments has not documented procedures related to recalculating fees for invoiced managers. It was indicated that this is because each Portfolio Manager has his own way to recalculate invoiced fees or check the reasonability for non-invoiced fees. Since no one else completes the tasks, staff have not taken the time to document the procedures. If a new Portfolio Manager is hired, the incoming employee would not have a centralized place to review guidance on how recalculate invoiced fees or check the reasonability for non-invoiced fees. Additionally, there is not a centralized place for staff to review nuanced terms and conditions for each investment manager contract or a history of past fee schedules.
2. The Office of Investments staff do not use the same acceptable variance between fees charged and fees recalculated when determining the reasonability of the fee charged. Staff stated that some asset classes are more complex than others, so an "across the board" standardized acceptable variance has not been established. Without a standardized acceptable variance between fees charged and calculated fees, investment managers may be unintentionally held to different standards. Additionally, staff may fail to identify a difference that is unacceptable to KPPA management and Trustees.
3. Procedures for preparing the quarterly report that is posted to the KPPA website do not explain the items outlined below. Should a new employee be required to complete the quarterly report for the KPPA website, the individual may not be able to accurately complete the report, especially regarding items that need special considerations.

- a. The requirement that the fee schedule in the worksheet be approved at the beginning of each fiscal year.
- b. How to determine if an investment manager is in a runoff or liquidated status and how these statuses cause recalculated fee rates to not match the contracted fee rate.
- c. How to determine if an investment manager should be in de minimis status.
- d. Guidance on how to compare the recalculated fee rate to the scheduled rate if the fee schedule has several conditions that go into the fee calculation.
- e. Explanation that contributions and distributions may cause the recalculated fee rate to be outside the acceptable range and the steps to take to verify that this is the cause of an unexpected fee calculation.
- f. A listing of the accounts that are internally managed.

200 Kentucky Administrative Regulation 38:070 states, "Each fiscal officer shall develop and document internal controls to both prevent and detect abuse, unintentional errors, and the fraudulent disbursement of funds or use of state assets...An internal control plan shall include...Detailed procedures to be followed in the performance of job duties and functions to emphasize duties that comprise the overall framework of accountability and internal controls, and to help ensure the continuation of agency operations in the event of staffing changes...."

Management Response:

The Office of Investments and the Investment Operations Branch concur with the finding and recommendation. Currently, each Portfolio Manager has established procedures for reviewing and reconciling fees for invoiced managers with the degree of documentation for these procedures varying by Portfolio Manager and asset class. All fee information and methodologies are readily available in the Investment Manager Agreements or legal agreements accessible by all Investment staff and any newly hired Portfolio Manager would be expected to have the experience and skills to review these documents and accurately recalculate the fees of any manager. However, we will work to establish standard acceptable tolerances by asset or sub-asset class and investment stage.

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Management Team; the KPPA Office of Investments, and the KPPA Division of Accounting. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.



KPPA
Kentucky Public Pensions Authority

Review of Expense Allocation

Issued September 22, 2023

Lead Auditor: William Prince

Acronyms

The following acronyms will be used throughout the report:

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KERS - Kentucky Employees Retirement System
4. SPRS - State Police Retirement System
5. KRS - Kentucky Retirement System
6. CEO – Chief Executive Officer
7. CIO – Chief Investment Officer
8. KPPA Executive Management team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA CIO, KPPA Executive Director-Office of Legal Services, and KPPA Executive Director-Office of Benefits
9. eMARS - enhanced Management Administrative Reporting System

Objective

The objectives of our Review of Expense Allocation audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state statutes as well as policies established by the KPPA, CERS and KRS Boards and procedures developed by KPPA staff.

Executive Summary

Our review found that processes related to the Review of Expense Allocation are operating effectively and efficiently and comply with state statutes as well as agency policies and procedures. Details about the items tested can be found in the Risks and Testing Methodology section of the report.

Commendations

We commend KPPA staff for taking steps to quickly implement House Bill 484 (2020 regular session) and House Bill 297 (2022 regular session). Processes have been established to ensure the KPPA Board approves an allocation rate annually and to ensure staff allocate administrative expenses according to the approved rate. Additionally, the KPPA Chief Financial Officer provides regular updates to Trustees concerning the allocation of expenses.

Scope, and Sampling

Since this was the first audit performed on a newly established process, sampling was not used for most items. Additionally, most of the testing performed was related to items that occur monthly, so it was feasible for the entire population to be tested. In relation to the system specific expenses, sampling was used. The auditor identified 165 system specific expenses totaling \$1,306,640 and tested 22 of them, totaling \$728,786. The sample was selected using auditor judgement so that the number of items per system in the sample was proportionate to the number of system items in the overall population.

Risks and Testing Methodology

Risk:	Board of Trustees may not receive proper information timely.
COSO Element:	Information and Communication
COSO Principle	Management communicates necessary information internally.
Control:	Agenda items and deadline set by KPPA Board Chair.
Testing Methodology:	Reviewed all Board of Trustee minutes for the scope of the audit to ensure the allocation rate was approved timely and that an update on expense allocation was provided at each meeting.
Test Results:	No exceptions noted.

Risk:	Lack of back-ups in key areas of KPPA.
COSO Element:	Control Activity
COSO Principle	Management designs control activities to achieve objectives and respond to risks.
Control:	Employees are cross-trained.
Testing Methodology:	Ensured monthly drawdowns were made timely and if not ensured the delay was not the result of trained employees being unavailable.
Test Results:	No exceptions noted.

Risk:	Duties are not segregated.
COSO Element:	Control Environment
COSO Principle	Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives.
Control:	<ol style="list-style-type: none"> 1. eMARS requires segregation of duties for transactions. 2. Administrative drawdowns require approval from KPPA staff and the Finance and Administration Cabinet.
Testing Methodology:	<ol style="list-style-type: none"> 1. Ensured different individuals entered and approved monthly drawdowns in eMARS. Ensured Finance and Administration Cabinet approved eMARS entries. 2. Ensured monthly drawdown wires were created and approved by different individuals.
Test Results:	No exceptions noted.

Risk:	Allocation of expenses may be inaccurate.
COSO Element:	Control Activities
COSO Principle	<ol style="list-style-type: none"> 1. Management designs control activities to achieve objectives and respond to risks. 2. Management implements control activities through policies.
Control:	<ol style="list-style-type: none"> 1. KPPA Board approves the allocation rate. 2. Approved allocation rate is applied to monthly drawdowns. 3. For system specific expenses, invoice approvers note the system to be charged on the invoice. 4. Administrative expenses are reconciled at year-end.
Testing Methodology:	<ol style="list-style-type: none"> 1. Ensured rate for all expense categories was approved timely by the KPPA Board. 2. Ensured monthly drawdown and return amount was allocated correctly. 3. Ensured system specific expenses were identified and allocated properly.

	4. Ensured monthly drawdown amounts entered in Great Plains matched the amount recorded in eMARS. 5. Ensured administrative expenses were accurately reported on the financial statements.
Test Results:	No exceptions noted.

Risk:	Costs attributable to separation are not approved by KPPA Board and/or are not paid solely by CERS
COSO Element:	Control Activities
COSO Principle	1. Management designs control activities to achieve objectives and respond to risks. 2. Management implements control activities through policies.
Control:	KPPA Board approves expenses related to the separation of CERS and KRS.
Testing Methodology:	1. Ensured the KPPA Board approved the separation expenses. 2. Ensured costs attributable to the separation were paid by CERS.
Test Results:	No exceptions noted.

Risk:	Administrative and investment expenses not reported to Public Pension Oversight Board timely.
COSO Element:	Information and Communication
COSO Principle	Management communicates necessary information externally.
Control:	KPPA staff established calendar reminders to meet deadlines.
Testing Methodology:	Ensured required information was provided to the Public Pension Oversight Board timely.
Test Results:	No exceptions noted.

Risk:	Policies and/or procedures not accurate
COSO Element:	Control Activity
COSO Principle	Management implements control activities through policies.
Control:	Procedures are updated as needed when a change is made to the process.
Testing Methodology:	Evaluated division procedures and ensured there were thorough, accurate, and available to staff.
Test Results:	No exceptions noted.

Recommendations for Future Audits

1. Review process that has been established to determine the amount of the monthly administrative expense drawdown.
2. Ensure expenses are coded properly since this could impact the expense allocation rate. This will be addressed in the Great Plains to eMARS reconciliation follow-up audit.
3. Review the re-evaluation ("True-up") process, approved by the KPPA on March 24, 2022, once it is officially established (required -beginning in fiscal year 2024). This process involves ensuring the recommended allocation rate is based on the actual costs of the previous fiscal years rather than on estimates. Additionally, this process involves identifying significant costs, described as groups of similar costs exceeding \$10,000, which should be a direct charge rather than charged using the allocation method.

Background

During the 2020 legislative session, House Bill 484 was passed, which transferred the oversight of the CERS from the KRS Board to a newly established CERS Board. The oversight of the KERS and the SPRS continued to be the responsibility of the KRS Board. Additionally, the KPPA was established to provide the personnel needs, day-to-day administrative duties, and other tasks for the CERS Board and the KRS Board. House Bill 484 specified that all expenses incurred by or on behalf of the KPPA were to be paid by the systems administered by the KRS or the CERS and are to be prorated, assigned, or allocated to each system as determined by KPPA. Additionally, House Bill 484 specified that the initial costs as well as ongoing annual administrative and investment expenses attributable solely to establishing a separate CERS Board and the KPPA were to be paid by the CERS. During the 2022 legislative session, House Bill 297 was passed, which established a cutoff date of June 30, 2024, in relation to CERS paying exclusively for the initial costs and ongoing annual administrative and investment expenses attributable solely to establishing a separate CERS Board and the KPPA. House Bill 297 specified that beginning July 1, 2024, the annual administrative and investment expenses would be prorated, assigned, or allocated to each system as determined by KPPA, but without attribution to the establishment of the separate CERS Board and the KPPA.

House Bill 297 added a requirement that the KPPA report to the Public Pension Oversight Board the annual administrative and investment expenses of the CERS and the KRS on or before November 15, 2022. Additionally, a requirement was added that on or before November 15, following the close of each successive fiscal year, the KPPA shall provide a report to the Public Pension Oversight Board that includes, but is not be limited to, the process or manner the KPPA used to prorate, assign, or allocate to each system its share of the expenses; the amount of expenses prorated, assigned, or allocated to each system itemized by category; and any efforts by CERS, KRS, or the KPPA to reduce administrative costs and staffing needs.

To address the requirements of House Bill 484 and House Bill 297, a working group was formed to develop an allocation method for expenses. On the March 24, 2022, the KPPA approved the hybrid allocation method, which was to be used for fiscal years 2022 and 2023.

Use of Report

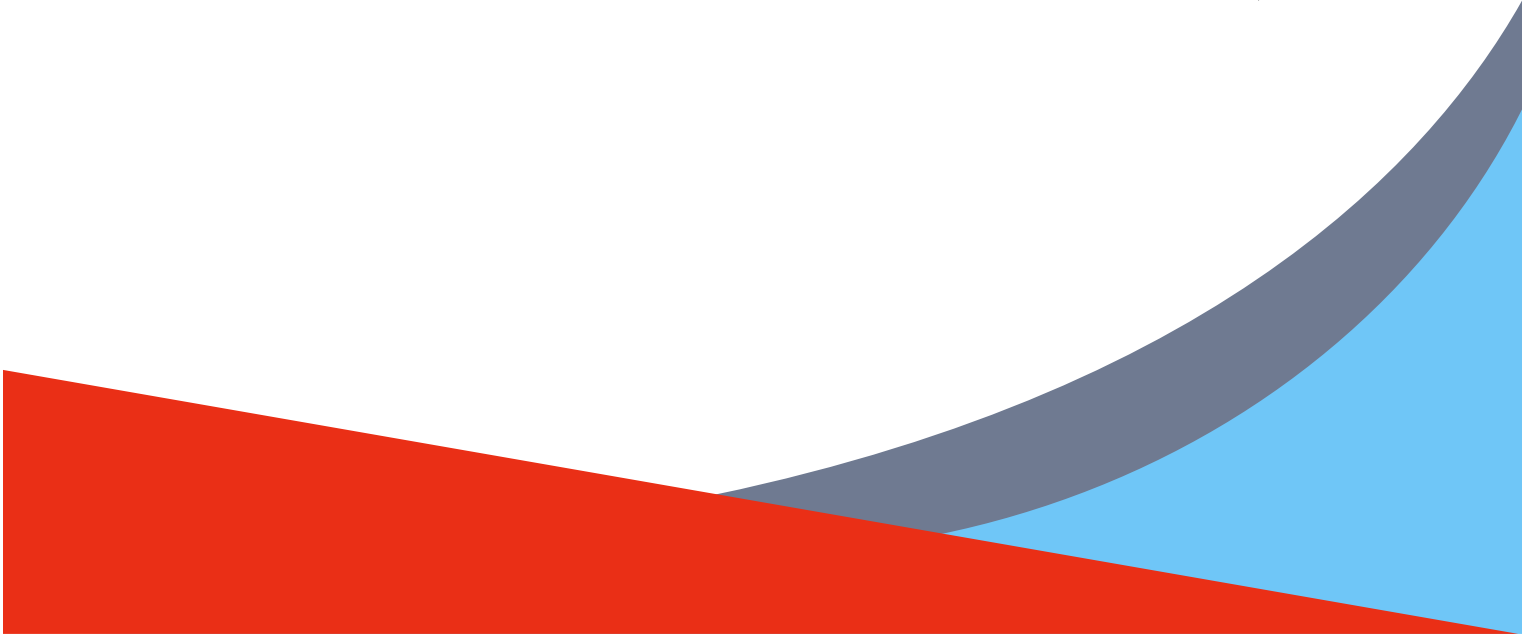
This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the Executive Management teams for KPPA, CERS, and KRS; and the Division of Accounting. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.



KPPA
Kentucky Public Pensions Authority

**Quality Assurance and Improvement Plan – Self Assessment
As of September 22, 2023**

Issued October 19, 2023



Acronyms

The following acronyms will be used throughout the report:

1. Standards - *International Standards for the Professional Practice of Internal Auditing*
2. QAIP – Quality Assurance Improvement Plan
3. KPPA - Kentucky Public Pensions Authority
4. CERS - County Employees Retirement System
5. KRS - Kentucky Retirement System
6. CEO – Chief Executive Officer
7. IIA - Institute for Internal Auditors

Background

The *Standards* require that an external quality assessment of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the quality assessment process. The quality assessment can be accomplished through a full external assessment or a self-assessment with independent validation.

Opinion

It is our overall opinion that the Division of Internal Audit partially conforms with the *Standards* and generally conforms with the Code of Ethics.

A detailed list of conformance with the individual standards and the Code of Ethics is shown in appendix A.

The Institute of Internal Auditors' *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three rankings when opining on the internal audit activity: "Generally Conforms," "Partially Conforms," and "Does Not Conform."

1. "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards* and/or the Code of Ethics.
2. "Partially Conforms" means that deficiencies in practice are noted that are judged to deviate from the *Standards* and/or the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
3. "Does Not Conform" means that deficiencies in practice are judged to deviate from the *Standards* and/or the Code of Ethics and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Objectives

1. The principle objective of the quality assessment was to assess the Division of Internal Audit's conformance with the *Standards* and the Code of Ethics.
2. The Division of Internal Audit also evaluated its effectiveness in carrying out its mission, as set forth in the internal audit charter; identified successful internal audit practices demonstrated by the Division of Internal Audit; and identified opportunities for continuous improvement to enhance the efficiency and effectiveness of the infrastructure, processes, and the value to their stakeholders.
3. The Division of Internal Audit will need to request that an external independent assessor validate the results of the self-assessment. The IIA has a process in place to assist with this request.

Scope

1. The scope of the quality assessment included the Division of Internal Audit, as set forth in the internal audit charter and approved by the KPPA Board, which defines the purpose, authority, and responsibility of the Division of Internal Audit.
2. The quality assessment was concluded on September 22, 2023, and provides the Audit Committee with information about the Division of Internal Audit as of that date.
3. The *Standards* and the Code of Ethics in place and effective as of June 30, 2023, were the basis for the quality assessment.

Methodology

The Self-Assessment was completed by two internal audit staff members and the review was conducted by the two staff members currently working towards achieving the Certified Internal Auditor license. The results were presented to the Chief Auditor, who provided the management response to the findings. The Division of Internal Audit utilized the Quality Assessment Manual for the Internal Audit Activity published by the IIA to complete the self-assessment. All questionnaires and surveys were designed by the IIA and internal audit staff used these items in their entirety. Information designed by the IIA and completed by internal audit staff included the following items:

1. Complete and detailed planning guides,
2. Survey guides,
3. Testing programs,
4. Evaluation summary which was used to document all conclusions and observations, and
5. Self-assessment report template

Categories of Observations

Observations in the Self-Assessment Results section are divided into three categories:

1. Successful Internal Audit Practices – Areas where the Division of Internal Audit is operating in a particularly effective or efficient manner.
2. Opportunities for Continuous Improvement – Observations of opportunities to enhance the efficiency or effectiveness of the Division of Internal Audit's infrastructure of processes. These items do not indicate a lack of conformance with the *Standards* or the Code of Ethics, but rather offer suggestions on how to better align with criteria defined in the *Standards* or Code of Ethics. They may also be operational ideas based on the experiences obtained while working with other internal audit activities.
3. Gaps to Conformance – Areas identified where the Division of Internal Audit is operating in a manner that falls short of achieving one or more major objectives and attains an opinion of "partially conforms" or "does not conform" with the Standards or the Code of Ethics. These items will include recommendations for actions needed to be "generally in conformance," and will include a response from the Division of Internal Audit with an action plan to address the gap.

Use of Report

This report is intended solely for use by the KPPA Audit Committee, the CERS and KRS Boards and CEOs, and the Division of Internal Audit. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.

Self-Assessment Results

Standards:	1000 and 1010
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • The internal audit charter is comprehensive and is consistent with the Mission of Internal Audit and the mandatory elements of the <i>Standards</i>. • There is specific language that recognizes the mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the <i>Standards</i>. • The charter is reviewed and approved annually by the Audit Committee and ratified by the Board. As a result, the charter is updated in a timely manner when changes in the IPPF become effective.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Standards:	1100 to 1130
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • New reporting structure of the Chief Auditor position ensures independence within the agency. • Division of Internal Audit takes steps to ensure staff that transfer from other agency divisions do not complete audits over their former division for at least one year.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Standards:	1200 to 1230
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • The Division of Internal Audit is made of up individuals with different backgrounds and expertise, which provides a wide range of skills and knowledge. • Four of the five staff are currently working towards a professional certification.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Standards:	1300 to 1322
Overall Rating:	Partially Conforms
Successful Internal Audit Practices:	The Division of Internal Audit acknowledges that this area needs strengthening and has begun taking steps to complete the internal and external assessments.
Opportunities for Continuous Improvement:	<ul style="list-style-type: none"> • Continue working on the development of the QAIP. • Utilize surveys after engagements as a part of the assessment process.
Gaps to Conformance:	An external assessment or internal assessment with validation has not been completed in the past five years.
Internal Audit Response:	<ol style="list-style-type: none"> 1. We concur with this gap to conformance with the <i>Standards</i>. We will work with KPPA management on the procedures to obtain an internal assessment with validation. We intend to have this completed during fiscal year 2024. 2. We have developed surveys that we will begin sending out with the next completed projects.

Standards:	2000 to 2070
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • The annual audit plan is risk-based. • Since the internal audit activity does not include an IT expert, review of the IT infrastructure is outsourced to ensure a complete and accurate review is performed. • Internal audit procedures are documented in detail and kept up to date as changes are needed.
Opportunities for Continuous Improvement:	<ul style="list-style-type: none"> • Develop a strategic plan specific to the Division of Internal Audit. • Ensure all relevant stakeholders are consulted when preparing the risk assessment. • Ensure the risk assessment specifically address areas that need to be reviewed for effectiveness and efficiency. • Add the number of internal audit resources needed for engagements identified on the risk assessment.
Gaps to Conformance:	None noted
Internal Audit Response:	<p>We concur with the Opportunities for Continuous Improvement and will take the following action:</p> <ol style="list-style-type: none"> 1. Internal Audit will work with the Audit Committee on a strategic plan. 2. A new process is in place for the risk assessment and feedback will be obtained from all relevant stakeholders. 3. We will update the risk assessment report to ensure it includes areas that need to be reviewed for effectiveness and efficiency. We will also include the number of internal audit resources needed for each engagement.

Standards:	2100 to 2130
Overall Rating:	Partially Conforms
Successful Internal Audit Practices:	The internal audit activity evaluates controls for effectiveness and efficiency and promotes continuous improvement.
Opportunities for Continuous Improvement:	Perform a review of organizational governance.
Gaps to Conformance:	None noted
Internal Audit Response:	We concur with the Opportunities for Continuous Improvement. We discussed a governance audit at a recent Audit Committee Meeting (May 2023). We will ensure this item is included on the next risk assessment. We do take steps to look at governance with each audit engagement.

Standards:	2200 to 2240
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • Planning procedures are well documented. Templates have been established to ensure consistency. • New audit software allows reviewers to easily connect identified risks, established controls, and testing procedures.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Standards:	2300 to 2340
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • Work papers are prepared from templates to help ensure consistency and accuracy. • New audit software makes it easy to see who prepared workpapers, who performed the review, and when the review was performed.
Opportunities for Continuous Improvement:	Establish a formal root-cause analysis.
Gaps to Conformance:	None noted
Internal Audit Response:	We concur with the Opportunities for Continuous Improvement. A formal root-cause analysis will be developed. Procedures to complete this analysis will be added to our Process Documentation SharePoint site.

Standards:	2400 to 2450
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	Final audit reports include the engagement's objectives, scope, and results. The reports also include a background of the process under review. For complex processes, a detailed background and testing methodology is included as an appendix.
Opportunities for Continuous Improvement:	An overall opinion is tracked in the audit software, but this opinion is not included in the final report. However, the final audit reports contain elements of an overall opinion.
Gaps to Conformance:	None noted
Internal Audit Response:	We concur with the Opportunities for Continuous Improvement. The template of the reports will be updated to pull in the overall audit opinion.

Standards:	2500
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	<ul style="list-style-type: none"> • A new process has been implemented that makes it easy to track open findings and also allows for reports to be run regarding all issues (open and closed). • A follow-up on open audit findings is completed annually and the results are presented to KPPA management and the Audit Committee.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Standards:	2600
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	The Charter for the Audit Committee outlines a process for the Division Director of Internal Audit to bring concerns to the Audit Committee if the Division Director of Internal Audit believes KPPA management has accepted a level of risk that may be unacceptable to the organization.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Standards:	Code of Ethics
Overall Rating:	Generally Conforms
Successful Internal Audit Practices:	The Division of Internal Auditor follows the Code of Ethics and attest to this annually. This attestation is presented to the Audit Committee on annually.
Opportunities for Continuous Improvement:	None noted
Gaps to Conformance:	None noted
Internal Audit Response:	Not required

Appendix A

Overall Evaluation		Generally Complies	Partially Complies	Does Not Comply
			X	

Code of Ethics		Generally Complies	Partially Complies	Does Not Comply
		X		

Attribute Standards 1000 through 1300		Generally Complies	Partially Complies	Does Not Comply
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program		X	
1310	Requirements of the Quality Assurance and Improvement Program		X	
1311	Internal Assessments		X	
1312	External Assessments			X
1320	Reporting on the Quality Assurance and Improvement Program			X
1321	Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”	X		
1322	Disclosure of Nonconformance	X		

Performance Standards 2000 through 2600		Generally Complies	Partially Complies	Does Not Comply
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval		X	
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing		X	
2100	Nature of Work		X	
2110	Governance		X	
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation		X	
2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X		
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions		X	
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		



Combining Statement of Fiduciary Net Position - Pension Funds

As of September 30, 2023, with Comparative Totals as of September 30, 2022 (\$ in Thousands) (Unaudited)

	CERS		KERS		SPRS	KPPA TOTAL		Percentage of Change	
ASSETS	Nonhazardous	Hazardous	Nonhazardous	Hazardous		FY 2024	FY 2023		Note
CASH AND SHORT-TERM INVESTMENTS									
Cash Deposits	\$1,766	\$513	\$1,431	\$179	\$42	\$3,931	\$588	568.68%	1
Short-term Investments	300,399	150,395	730,060	99,447	128,079	1,408,380	1,019,924	38.09%	2
Total Cash and Short-term Investments	302,165	150,908	731,491	99,627	128,121	1,412,312	1,020,512	38.39%	
RECEIVABLES									
Accounts Receivable	68,950	27,303	84,222	4,567	2,385	187,428	247,269	-24.20%	3
Accounts Receivable - Investments	77,132	26,353	44,175	8,599	7,953	164,213	124,591	31.80%	4
Total Receivables	146,082	53,656	128,397	13,167	10,338	351,640	371,860	(5.44)%	
INVESTMENTS, AT FAIR VALUE									
Core Fixed Income	871,658	302,359	715,983	107,154	119,690	2,116,843	2,040,723	3.73%	
Public Equities	4,131,029	1,446,301	1,116,768	371,313	189,741	7,255,153	5,974,396	21.44%	5
Private Equities	700,524	233,962	162,460	64,321	16,977	1,178,244	1,209,742	(2.60)%	
Specialty Credit	1,741,316	599,250	613,370	181,474	101,758	3,237,168	3,103,426	4.31%	
Derivatives	(128)	(41)	(62)	(8)	(11)	(250)	(8,595)	97.10%	6
Real Return	285,153	95,701	78,821	25,458	11,734	496,868	418,364	18.76%	7
Real Estate	532,146	169,352	174,861	49,323	20,945	946,627	900,611	5.11%	
Total Investments, at Fair Value	8,261,698	2,846,885	2,862,201	799,033	460,835	15,230,652	13,638,666	11.67%	
Securities Lending Collateral Invested	193,059	67,379	80,002	20,054	13,145	373,639	570,930	(34.56)%	8
CAPITAL/INTANGIBLE ASSETS									
Capital Assets	1,701	153	929	91	11	2,885	2,885	0.00%	
Intangible Assets	9,961	827	5,920	494	100	17,301	17,301	0.00%	
Accumulated Depreciation	(1,701)	(153)	(929)	(91)	(11)	(2,885)	(2,885)	0.00%	
Accumulated Amortization	(9,961)	(827)	(5,920)	(494)	(100)	(17,301)	(17,065)	1.38%	
Total Capital Assets	-	-	-	-	-	-	235	(100.00)%	
Total Assets	8,903,004	3,118,828	3,802,092	931,880	612,439	17,368,243	15,602,203	11.32%	
LIABILITIES									
Accounts Payable	5,643	1,149	2,889	740	61	10,482	7,530	39.21%	9
Investment Accounts Payable	91,629	31,948	61,330	13,094	10,846	208,848	147,891	41.22%	10
Securities Lending Collateral	193,059	67,379	80,002	20,054	13,145	373,639	570,930	(34.56)%	11
Total Liabilities	290,331	100,477	144,221	33,889	24,052	592,970	726,350	(18.36)%	
Total Fiduciary Net Position Restricted for Pension Benefits									
	\$8,612,673	\$3,018,351	\$3,657,871	\$897,991	\$588,386	\$16,775,273	\$14,875,853	12.77%	

NOTE - Variance Explanation **Differences due to rounding**

1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.

2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.

3) The decrease in Accounts Receivable is primarily due to the 06/30/2022 CERS and CERH pension/insurance split correction that was carried as a receivable into FY 2023.

4) The variance in Investment Accounts Receivable is the result of pending trades.

5) The increase in Public Equities is the result of additional contributions to the public equity asset class.

6) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.

7) The increase in Real Return is a result of favorable market conditions as well as additional funding.

8) The variance is a result of the demand of the Securities Lending Program.

9) The variance in Accounts Payable is due to an Increase in the payroll and leave liability accrual as well as an increase in outstanding employer credit invoices.

10) The variance in Investment Accounts Payable is due to pending trades.

11) The variance is a result of the demand of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the three month period ending September 30, 2023, with Comparative Totals for the three month period ending September 30, 2022 (\$ in Thousands) (Unaudited)

	CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS	KPPA Total		Percentage of Change	Note
	FY 2024	FY 2023	FY 2024	FY 2023	FY 2024	FY 2024	FY 2023		
ADDITIONS									
Member Contributions	\$34,438	14,595	\$23,699	\$5,242	\$1,417	\$79,390	\$73,311	8.29%	
Employer Pay Credit	\$12,991	5,782	\$6,993	\$2,785	\$444	\$28,995	\$23,643	22.63%	1
Employer Contributions	151,100	70,696	30,833	19,095	15,198	286,922	275,972	3.97%	
Actuarially Accrued Liability Contributions (AALC)	-	-	224,566	-	-	224,566	226,639	(0.91)%	
General Fund Appropriation	-	-	60,000	-	-	60,000	60,000	0.00%	
Pension Spiking Contributions	7	17	5	-	-	29	43	(33.33)%	2
Health Insurance Contributions (HB1)	(13)	(16)	(8)	(4)	(4)	(46)	(8)	499.53%	3
Employer Cessation Contributions	-	-	-	-	-	-	-	0.00%	
Total Contributions	198,522	91,073	346,087	27,118	17,055	679,855	659,601	3.07%	
INVESTMENT INCOME									
From Investing Activities									
Net Appreciation (Depreciation) in FV of Investments	(169,357)	(59,801)	(57,688)	(16,016)	(10,096)	(312,958)	(502,821)	37.76%	4
Interest/Dividends	68,170	23,797	31,089	7,675	5,218	135,949	105,491	28.87%	5
Total Investing Activities Income	(101,187)	(36,004)	(26,599)	(8,341)	(4,879)	(177,009)	(397,331)		
Less: Investment Expense	15,084	5,000	4,303	1,376	487	26,249	20,537	27.81%	6
Less: Performance Fees	7,054	2,454	1,705	653	185	12,052	1,368	781.23%	7
Net Income from Investing Activities	(123,325)	(43,458)	(32,607)	(10,369)	(5,551)	(215,310)	(419,235)		
From Securities Lending Activities									
Securities Lending Income	2,702	955	900	258	157	4,971	2,769		
Less: Securities Lending Borrower Rebates (Income)/Expense	2,371	838	777	224	136	4,347	2,249		
Less: Securities Lending Agent Fees	50	17	18	5	3	94	78		
Net Income from Securities Lending	281	99	104	28	18	531	441	20.20%	8
Net Investment Income	(123,044)	(43,359)	(32,503)	(10,341)	(5,533)	(214,780)	(418,794)	48.71%	
Total Additions	75,478	47,714	313,585	16,777	11,522	465,075	240,807	93.13%	
DEDUCTIONS									
Benefit Payments	230,444	82,808	256,719	20,038	15,881	605,890	590,568	2.59%	
Refunds	7,678	1,813	2,905	945	5	13,345	12,662	5.40%	
Administrative Expenses	6,123	538	3,295	371	76	10,403	9,904	5.04%	
Total Deductions	244,245	85,159	262,919	21,354	15,962	629,638	613,134	2.69%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	(168,767)	(37,446)	50,666	(4,576)	(4,440)	(164,563)	(372,327)		
Total Fiduciary Net Position Restricted for Pension Benefits									
Beginning of Period	8,781,440	3,055,797	3,607,205	902,568	592,826	16,939,836	15,248,180	11.09%	
End of Period	\$8,612,673	\$3,018,351	\$3,657,871	\$897,991	\$588,386	\$16,775,273	\$14,875,853	12.77%	

NOTE - Variance Explanation

Differences due to rounding.

- 1) The Employer Pay Credit will continue to increase as Tier 3 members increase.
- 2) Pension Spiking contributions decreased due to an decrease in CERS, CERS hazardous and KERS hazardous pension spiking billed to employers during the first quarter.
- 3) Health Insurance Contributions continue to fluctuate in the Pension accounts due to Tier 2 and Tier 3 retiree health insurance system costs as well as corrections being processed to previous fiscal years.
- 4) The increase in Net Appreciation in Fair Value of Investments is the result of less losses in Public Equity and gains from Private Equity and Speciality Credit.

NOTE - Variance Explanation continued on next page.

- 5) *The increase in Interest/Divident Income is primarily the result of increased partnership income from Specialty Credit.*
- 6) *The increase in Investment Expense is primarily the result of increased management fees and partnership expenses for Specialty Credit.*
- 7) *The increase in performance fees is the result of increased fees fro Private Equity and Specialty Credit.*
- 8) *The variance is a result of the demand of the Securities Lending Program.*

Pension Funds Contribution Report

For the three month period ending September 30, 2023, with Comparative Totals for the three month period ending September 30, 2022 (\$ in Millions)

**County Employees Retirement System**

	Nonhazardous		Hazardous	
	FY24	FY23	FY24	FY23
Member Contributions	\$34.4	\$32.9	\$14.6	\$14.9
Employer Pay Credit	\$13.0	\$11.4	\$5.8	\$5.2
Employer Contributions	151.1	145.5	70.7	72.9
Net Investment Income	46.3	42.5	16.4	15.0
Total Inflows	244.8	232.3	107.5	108.0
Benefit Payments/Refunds	238.1	227.3	84.6	80.4
Administrative Expenses	6.1	5.7	0.5	0.5
Total Outflows	244.2	233.0	85.1	80.9
NET Contributions	0.6	(0.7)	22.4	27.1
Realized Gain/(Loss)	7.5	0.9	2.8	-
Unrealized Gain/(Loss)	(176.8)	(277.0)	(62.6)	(95.7)
Change in Net Position	(168.7)	(276.8)	(37.4)	(68.6)
Beginning of Period	8,781.4	8,062.3	3,055.8	2,736.9
End of Period	\$8,612.7	\$7,785.5	\$3,018.4	\$2,668.3



Differences due to rounding.

Net Contributions*	(\$45.7)	(\$43.2)	\$6.0	\$12.1
Cash Flow as % of Assets	(0.53)%	(0.55)%	0.20%	0.45%
Net Investment Income	\$46.3	\$42.5	\$16.4	\$15.0
Yield as % of Assets	0.54%	0.55%	0.54%	0.56%

**Net Contributions are less Net Investment Income.*

Pension Funds Contribution Report

For the three month period ending September 30, 2023, with Comparative Totals for the three month period ending September 30, 2022 (\$ in Millions)

 	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	FY24	FY23	FY24	FY23	FY24	FY23
Member Contributions	\$23.7	\$20.1	\$5.2	\$4.1	\$1.4	\$1.3
Employer Pay Credit	\$7.0	\$4.8	\$2.8	\$2.0	\$0.4	\$0.3
Employer Contributions	30.8	27.8	19.1	15.4	15.2	14.4
Actuarially Accrued Liability Contributions	224.6	226.6	-	-	-	-
Employer Cessation Contributions	-	-	-	-	-	-
General Fund Appropriations	60.0	60.0	-	-	-	-
Net Investment Income	25.2	18.4	5.7	4.8	4.6	3.3
Total Inflows	371.3	357.7	32.8	26.3	21.6	19.3
Benefit Payments/Refund	259.6	259.2	21.0	20.4	15.8	16.0
Administrative Expenses	3.3	3.2	0.4	0.3	0.1	0.1
Total Outflows	262.9	262.4	21.4	20.7	15.9	16.1
NET Contributions	108.4	95.3	11.4	5.6	5.7	3.2
Realized Gain/(Loss)	(18.9)	(3.9)	(0.2)	(0.2)	(2.6)	(1.0)
Unrealized Gain/(Loss)	(38.8)	(86.2)	(15.8)	(25.8)	(7.5)	(13.9)
Change in Net Position	50.7	5.2	(4.6)	(20.4)	(4.4)	(11.7)
Beginning of Period	3,607.2	3,076.7	902.6	819.2	592.8	552.9
End of Period	\$3,657.9	\$3,081.9	\$898.0	\$798.8	\$588.4	\$541.2

Differences due to rounding.

Net Contributions*	\$83.2	\$76.9	\$5.8	\$0.8	\$1.2	\$(0.1)
Cash Flow as % of Assets	2.27%	2.50%	0.64%	0.10%	0.20%	(0.02)%
Net Investment Income	\$25.2	\$18.4	\$5.7	\$4.8	\$4.6	\$3.3
Yield as % of Assets	0.69%	0.60%	0.63%	0.60%	0.78%	0.61%

**Net Contributions are less Net Investment Income.*



Combining Statement of Fiduciary Net Position - Insurance Funds

As of September 30, 2023, with Comparative Totals as of September 30, 2022 (\$ in Thousands) (Unaudited)

	CERS	CERS	KERS	KERS	SPRS	KPPA Total		Percentage	
ASSETS	Nonhazardous	Hazardous	Nonhazardous	Hazardous		FY 2024	FY 2023	of Change	Note
CASH AND SHORT-TERM INVESTMENTS									
Cash Deposits	\$929	\$39	\$272	\$41	\$11	\$1,291	\$322	301.03%	1
Short-term Investments	140,891	38,344	180,217	28,732	11,389	399,574	357,810	11.67%	2
Total Cash and Short-term Investments	141,820	38,383	180,489	28,773	11,400	400,865	358,132	11.93%	
RECEIVABLES									
Accounts Receivable	4,173	2,160	12,852	439	909	20,533	29,613	(30.66)%	3
Investment Accounts Receivable	30,157	13,749	15,626	5,940	2,415	67,888	47,978	41.50%	4
Total Receivables	34,331	15,909	28,478	6,379	3,325	88,421	77,590	13.96%	
INVESTMENTS, AT FAIR VALUE									
Core Fixed Income	329,802	147,298	172,971	73,349	28,120	751,540	753,407	(0.25)%	
Public Equities	1,560,026	764,230	622,015	256,497	103,457	3,306,225	2,768,224	19.43%	5
Private Equities	272,726	153,092	96,224	54,520	24,266	600,827	598,395	0.41%	
Specialty Credit	652,257	323,471	294,858	132,238	52,297	1,455,121	1,400,965	3.87%	
Derivatives	(60)	(34)	(23)	(19)	(2)	(138)	(3,157)	95.63%	6
Real Return	87,819	45,941	34,365	18,150	6,861	193,136	162,459	18.88%	7
Real Estate	192,132	105,415	59,516	44,316	16,918	418,297	380,252	10.01%	8
Total Investments, at Fair Value	3,094,702	1,539,413	1,279,926	579,051	231,915	6,725,008	6,060,547	10.96%	
Securities Lending Collateral Invested	52,397	25,629	23,409	9,824	3,930	115,189	185,663	(37.96)%	9
Total Assets	3,323,250	1,619,334	1,512,301	624,027	250,570	7,329,482	6,681,933	9.69%	
LIABILITIES									
Accounts Payable	219	22	161	-	1	403	57,468	(99.30)%	10
Investment Accounts Payable	37,138	16,734	19,651	7,732	3,039	84,294	50,292	67.61%	11
Securities Lending Collateral	52,397	25,629	23,409	9,824	3,930	115,189	185,663	(37.96)%	12
Total Liabilities	89,754	42,386	43,220	17,556	6,970	199,886	293,423	(31.88)%	
Total Fiduciary Net Position Restricted for OPEB	\$3,233,497	\$1,576,948	\$1,469,081	\$606,471	\$243,600	\$7,129,596	\$6,388,510	11.60%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the balance decline is the result of cash being invested.
- 3) The decrease in Accounts Receivable is due to a decrease in the member/employer month-end accrual due to the decreased insurance transfer rate.
- 4) The variance in Investment Accounts Receivable is the result of pending trades.
- 5) The increase in Public Equities is the result of additional contributions to the public equity asset class.
- 6) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 7) The increase in Real Return is a result of favorable market conditions as well as additional funding.
- 8) The increase in Real Estate is the result of a movement of the Mesa West Accounts from Specialty Credit asset class to the Real Estate Asset Class
- 9) The variance is a result of the demands of the Securities Lending Program.
- 10) The decrease in Accounts Payable is primarily due to the 06/30/2022 CERS and CERH pension/insurance split correction that was carried as a payable into FY 2023.
- 11) The variance In Investment Accounts Payable is due to pending trades.



Combining Statement of Changes In Fiduciary Net Position - Insurance Funds

For the three month period ending September 30, 2023, with Comparative Totals for the three month period ending September 30, 2022 (\$ In Thousands) (Unaudited)

	CERS Non-hazardous	CERS Hazardous	KERS Non-hazardous	KERS Hazardous	SPRS	KPPA Total		Percentage of Change	Note
						FY 2024	FY 2023		
ADDITIONS									
Employer Contributions	\$1,122	\$5,018	\$10,062	\$(1)	\$2,528	\$18,730	\$46,368	(59.61)%	1
Actuarially Accrued Liability Contributions (AALC)	-	-	21,911	-	-	\$21,911	\$22,114	(0.92)%	
Medicare Drug Reimbursement	-	-	1	-	-	1	1	0.00%	
Insurance Premiums	102	(17)	36	(4)	-	116	169	(31.44)%	2
Humana Gain Share Payment	10,445	1,637	8,440	651	390	21,563	-	100.00%	3
Retired Re-employed Healthcare	1,780	400	1,678	409	-	4,267	3,284	29.94%	4
Health Insurance Contributions (HB1)	4,323	1,165	2,518	505	101	8,611	7,287	18.17%	5
Employer Cessation Contributions	-	-	-	-	-	-	-	0.00%	
Total Contributions	17,771	8,203	44,647	1,560	3,019	75,200	79,224	(5.08)%	
INVESTMENT INCOME									
From Investing Activities									
Net Appreciation (Depreciation) in FV of Investments	(62,335)	(28,697)	(29,185)	(9,837)	(4,065)	(134,119)	(225,961)	40.65%	6
Interest/Dividends	25,103	12,051	12,797	4,971	1,993	56,915	47,955	18.68%	7
Total Investing Activities Income	(37,233)	(16,646)	(16,387)	(4,866)	(2,072)	(77,204)	(178,006)		
Less: Investment Expense	5,367	2,838	2,116	1,154	448	11,922	9,534	25.05%	8
Less: Performance Fees	2,957	1,656	905	619	247	6,384	38	16,920.21%	9
Net Income from Investing Activities	(45,556)	(21,140)	(19,409)	(6,639)	(2,766)	(95,510)	(187,578)		
From Securities Lending Activities									
Securities Lending Income	760	363	329	125	54	1,631	1,072		
Less: Securities Lending Borrower Rebates (Income)/Expense	646	309	278	105	46	1,384	857		
Less: Securities Lending Agent Fees	17	8	8	3	1	37	32		
Net Income from Securities Lending	97	46	44	17	7	210	183	14.94%	10
Net Investment Income	(45,460)	(21,094)	(19,365)	(6,623)	(2,759)	(95,300)	(187,395)	49.14%	
Total Additions	(27,689)	(12,891)	25,282	(5,062)	260	(20,100)	(108,171)	(81.42)%	
DEDUCTIONS									
Healthcare Premiums Subsidies	27,172	23,536	21,088	4,724	3,436	79,955	97,973	(18.39)%	11
Administrative Expenses	236	131	187	30	18	602	666	(9.58)%	
Self-Funded Healthcare Costs	933	81	412	35	3	1,464	1,320	10.92%	12
Excise Tax Insurance	6	-	3	-	-	9	-	100.00%	13
Total Deductions	28,347	23,748	21,690	4,789	3,457	82,031	99,959	(17.94)%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	(56,036)	(36,639)	3,592	(9,851)	(3,197)	(102,131)	(208,130)		
Total Fiduciary Net Position Restricted for OPEB									
Beginning of Period	3,289,532	1,613,587	1,465,489	616,322	246,797	7,231,727	6,596,640	9.63%	
End of Period	\$3,233,497	\$1,576,948	\$1,469,081	\$606,471	\$243,600	\$7,129,596	\$6,388,510	11.60%	

NOTE - Variance Explanation.

Differences due to rounding

1) Employer Contributions decreased due to a decrease in the employer contribution insurance rate.

NOTE - Variance Explanation continued on next page.

- 2) *Health Insurance Premiums decreased primarily due to refunds processed to hazardous retirees for premiums paid for dependents that should have been covered by KPPA.*
- 3) *The Humana Gain Share payment will fluctuate year to year based on claims paid.*
- 4) *Retired Reemployed contributions increased due to an increase in retired reemployed members in CERS, CERS hazardous, KERS and KERS hazardous.*
- 5) *Health Insurance Contributions will continue to rise as Tier 2 and Tier 3 members increase.*
- 6) *The increase in Net Appreciation in Fair Value of Investments is the result of less losses in Public Equity and gains from Private Equity and Speciality Credit.*
- 7) *The increase in Interest/Dividend Income is primarily the result of increased partnership income from Specialty Credit.*
- 8) *The increase in Investment Expense is primarily the result of increased management fees and partnership expenses for Specialty Credit.*
- 9) *The increase in performance fees is the result of increased fees for Private Equity and Specialty Credit.*
- 10) *The variance is a result of the demand of the Securities Lending Program.*
- 11) *Healthcare Subsidies decreased due to a decrease in healthcare premiums paid for CERS, KERS, KERS hazardous and SPRS retirees.*

Insurance Fund Contribution Report

For the three month period ending September 30, 2023, with Comparative Totals for the three month period ending September 30, 2022 (\$ in Millions)

**County Employees Retirement System**

	Nonhazardous		Hazardous	
	FY24	FY23	FY24	FY23
Employer Contributions	\$1.1	\$22.9	\$5.0	\$12.6
Insurance Premiums	0.1	0.1	-	-
Humana Gain Share	10.4	-	1.6	-
Retired Reemployed Healthcare	1.8	1.2	0.4	0.4
Health Insurance Contributions	4.3	3.9	1.2	1.1
Net Investment Income	16.9	17.8	7.6	8.9
Total Inflows	34.6	45.9	15.8	23.0
Healthcare Premiums	28.1	36.7	23.6	23.3
Administrative Expenses	0.2	0.2	0.1	0.1
Total Outflows	28.3	36.9	23.7	23.4
NET Contributions	6.3	9.0	(7.9)	(0.4)
Realized Gain/(Loss)	2.0	(1.5)	2.0	(0.4)
Unrealized Gain/(Loss)	(64.3)	(107.7)	(30.7)	(54.0)
Change in Net Position	(56.0)	(100.2)	(36.6)	(54.8)
Beginning of Period	3,289.5	2,981.2	1,613.6	1,504.0
End of Period	\$3,233.5	\$2,881.0	\$1,577.0	\$1,449.2



Differences due to rounding.

Net Contributions*	\$(10.6)	\$(8.8)	\$(15.5)	\$(9.3)
Cash Flow as % of Assets	(0.33)%	(0.30)%	(0.98)%	(0.64)%
Net Investment Income	\$16.9	\$17.8	\$7.6	\$8.9
Yield as % of Assets	0.52%	0.62%	0.48%	0.62%

**Net Contributions are less Net Investment Income.*

Insurance Fund Contribution Report

For the three month period ending September 30, 2023, with Comparative Totals for the three month period ending September 30, 2022 (\$ in Millions)

 	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	FY24	FY23	FY24	FY23	FY24	FY23
Employer Contributions	\$10.1	\$8.6	\$-	\$-	\$2.5	\$2.2
Actuarially Accrued Liability Contributions	21.9	22.1	-	-	-	-
Employer Cessation Contributions	-	-	-	-	-	-
Insurance Premiums	-	-	-	-	-	-
Humana Gain Share	8.4	-	0.7	-	0.4	-
Retired Reemployed Healthcare	1.7	1.3	0.4	0.3	-	-
Health Insurance Contributions	2.5	1.9	0.5	0.4	0.1	0.1
Net Investment Income	9.8	7.0	3.2	3.4	1.3	1.4
Total Inflows	54.4	41.0	4.8	4.1	4.3	3.7
Healthcare Premiums	21.5	30.4	4.8	5.2	3.4	3.7
Administrative Expenses	0.2	0.2	-	-	-	-
Total Outflows	21.7	30.6	4.8	5.2	3.4	3.7
NET Contributions	32.7	10.4	-	(1.1)	0.9	-
Realized Gain/(Loss)	(2.8)	(2.3)	(0.2)	(0.3)	-	(0.1)
Unrealized Gain/(Loss)	(26.3)	(34.7)	(9.7)	(17.8)	(4.1)	(7.2)
Change in Net Position	3.6	(26.6)	(9.9)	(19.2)	(3.2)	(7.3)
Beginning of Period	1,465.5	1,301.5	616.3	579.9	246.8	230.0
End of Period	\$1,469.1	\$1,274.9	\$606.4	\$560.7	\$243.6	\$222.7

Differences due to rounding.

Net Contributions*	\$22.9	\$3.4	\$(3.2)	\$(4.5)	\$(0.4)	\$(1.4)
Cash Flow as % of Assets	1.56%	0.26%	(0.53)%	(0.80)%	(0.16)%	(0.62)%
Net Investment Income	\$9.8	\$7.0	\$3.2	\$3.4	\$1.3	\$1.4
Yield as % of Assets	0.67%	0.55%	0.53%	0.61%	0.54%	0.62%

**Net Contributions are less Net Investment Income.*



KENTUCKY PUBLIC PENSIONS AUTHORITY Outstanding Invoices by Type and Employer

Invoice Type	9/30/2023	6/30/2023	Change H/(L)
Actuarially Accrued Liability Contribution	\$3,317,448	\$2,964,818	12%
Averaging Refund to Employer	(322,861)	(414,622)	(22)%
Employer Free Military and Decompression Service	45,258	113,916	(60)%
Member Pension Spiking Refund	(58,128)	(37,073)	57%
Monthly Reporting Invoice	(128,580)	(129,492)	(1)%
Penalty – Monthly Reporting	260,100	248,270	5%
Reinstatement	184,336	180,401	2%
Other Invoices**	(157,708)	(119,735)	32%
Total	3,139,866	2,806,482	
Health Insurance Reimbursement	803,592	1,028,896	(22)%
Omitted Employer	1,384,174	1,370,875	1%
Employer Pension Spiking*	1,506,009	1,518,040	(1)%
Standard Sick Leave	742,568	1,595,073	(53)%
USERRA Protected Military	35,030	35,030	0%
Total	4,471,373	5,547,915	(19)%
Grand Total	\$7,611,239	\$8,354,396	(9)%

*Pension Spiking invoices on this report are Employer Pension Spiking. By statute these invoices are due 12 months from the invoice date. Employer Pension Spiking is in effect only for retirements prior to July 1, 2018, therefore, unless there has been a recently created invoice for a backdated retirement, all of these invoices are greater than 12 months old.

**Other Invoices include Expense Allowance; Expired Post Pending; IPS Employer Refund; Master Commissioner Employer (ANOC); Omitted Employer PPEND; Penalty EOY Reporting; Personnel Adjustment; and, Refunded Member Contributions Due.

Employer Name (Top Ten)	9/30/2023	6/30/2023	Change H/(L)
Kentucky River Community Care***	\$3,263,118	\$2,900,680	12%
Kentucky River Regional Jail***	893,893	893,893	0%
City of Covington***	405,820	401,760	1%
Kenton County Airport Board***	388,496	381,979	2%
City of Fort Thomas***	260,457	255,655	2%
Dept of Highways	243,902	236,393	3%
Dept for Behavioral Health Dev Intellectual Dis.	232,757	272,927	-15%
Livingston County Fiscal Court***	228,567	228,567	0%
TARC Transit Authority of River City	196,330	161,139	22%
City of Taylor Mill	\$143,227	\$143,227	0%

***Indicates invoices in litigation

	Total Unpaid Balance	Invoice Count
CERS	\$1,773,111	1,541
CERH	1,361,203	164
KERS	4,337,294	1,105
KERH	145,033	25
SPRS	(5,402)	15
Grand Total:	\$7,611,239	2,850

KENTUCKY PUBLIC PENSIONS AUTHORITY

Penalty Invoices Report

From: 7/1/2023 To: 9/30/2023

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
\$1,000	\$-	\$-	8/25/2023	3/15/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/18/2023	5/5/2023	CANC	Special Districts & Boards	CERS	No full time employees, 0 contribution
1,000	-	-	7/5/2023	7/20/2023	CANC	County Attorneys	KERS	New Employer Reporting Official
1,000	-	-	7/5/2023	7/20/2023	CANC	County Attorneys	KERS	New Employer Reporting Official
1,000	-	-	7/5/2023	7/20/2023	CANC	County Attorneys	KERS	New Employer Reporting Official
1,000	-	-	7/5/2023	8/2/2023	CANC	County Attorneys	KERS	New Employer Reporting Official
1,000	-	-	8/23/2023	8/9/2023	CANC	Fiscal Courts	CERS	Employer in good standing with KPPA
1,000	-	-	8/18/2023	8/10/2023	CANC	Housing Authorities	CERS	New Employer Reporting Official
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	8/30/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/25/2023	9/1/2023	CANC	Cities	CERS	No full time employees, 0 contribution
1,000	-	-	8/18/2023	9/10/2023	CANC	Housing Authorities	CERS	New Employer Reporting Official
1,000	-	-	8/24/2023	9/20/2023	CANC	Boards of Education	CERS	New Employer Reporting Official
TOTAL:	\$21,000	\$-	\$-					
\$1,000	\$1,000	\$-	7/3/2023	8/2/2023	CRTD	Tourist Commissions	CERS	
1,000	1,000	-	7/27/2023	8/26/2023	CRTD	County Attorneys	KERS	
1,000	1,000	-	7/31/2023	8/30/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	8/2/2023	9/1/2023	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	8/3/2023	9/2/2023	CRTD	Special Districts & Boards	CERS	
1,000	1,000	-	8/4/2023	9/3/2023	CRTD	Cities	CERS	
1,000	1,000	-	8/15/2023	9/14/2023	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	8/16/2023	9/15/2023	CRTD	Cities	CERS	
1,000	1,000	-	8/16/2023	9/15/2023	CRTD	Cities	CERS	
1,000	1,000	-	8/16/2023	9/15/2023	CRTD	Cities	CERS	
1,000	-	-	8/16/2023	9/15/2023	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	8/17/2023	9/16/2023	CRTD	Cities	CERS	
1,000	1,000	-	8/17/2023	9/16/2023	CRTD	County Attorneys	KERS	
1,000	1,000	-	8/17/2023	9/16/2023	CRTD	Master Commissioner	KERS	

Penalty Invoices Report

From: 7/1/2023 To: 9/30/2023

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
1,000	1,000	-	8/18/2023	9/17/2023	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	8/18/2023	9/17/2023	CRTD	County Attorneys	KERS	
1,000	1,000	-	8/29/2023	9/28/2023	CRTD	Cities	CERS	
1,000	1,000	-	8/29/2023	9/28/2023	CRTD	Housing Authorities	CERS	
1,000	1,000	-	9/8/2023	10/8/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/8/2023	10/8/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/11/2023	10/11/2023	CRTD	Cities	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/13/2023	10/13/2023	CRTD	Utility Boards	CERS	
1,000	1,000	-	9/15/2023	10/15/2023	CRTD	Cities	CERS	
1,000	1,000	-	9/19/2023	10/19/2023	CRTD	Area Development Districts	CERS	
1,000	1,000	-	9/19/2023	10/19/2023	CRTD	Sanitation Districts	CERS	
1,000	1,000	-	9/20/2023	10/20/2023	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	9/21/2023	10/21/2023	CRTD	Fiscal Courts	CERS	
9,413	-	-	9/25/2023	10/25/2023	CRTD	Boards of Education	CERS	
1,000	-	-	9/26/2023	10/26/2023	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	9/28/2023	10/28/2023	CRTD	Fiscal Courts	CERS	
TOTAL:	\$45,413	\$34,000	\$-					
\$1,000	\$-	\$-	9/21/2023	3/29/2017	PAID	Riverport Authorities	CERS	
1,000	-	-	9/21/2023	7/19/2017	PAID	Riverport Authorities	CERS	
1,000	-	-	9/21/2023	9/14/2017	PAID	Riverport Authorities	CERS	
1,000	-	-	8/2/2023	5/18/2022	PAID	Cities	CERS	
1,691	-	-	8/14/2023	6/18/2022	PAID	Cities	CERS	
1,842	-	-	8/14/2023	6/19/2022	PAID	Cities	CERS	
1,809	-	-	8/14/2023	6/19/2022	PAID	Cities	CERS	
2,699	-	-	8/14/2023	7/1/2022	PAID	Cities	CERS	
3,129	-	-	8/14/2023	12/2/2022	PAID	Cities	CERS	
73,401	-	-	7/6/2023	6/30/2023	PAID	Urban Government Agencies	CERS	
1,000	-	-	7/6/2023	6/30/2023	PAID	Non-P1 State Agencies	KERS	

Penalty Invoices Report

From: 7/1/2023 To: 9/30/2023

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
1,000	-	-	8/14/2023	7/22/2023	PAID	Cities	CERS	
1,000	-	-	8/10/2023	7/27/2023	PAID	Fiscal Courts	CERS	
1,000	-	-	7/10/2023	8/5/2023	PAID	Parks and Recreation	CERS	
1,000	-	-	7/11/2023	8/5/2023	PAID	Cities	CERS	
77,382	-	-	8/4/2023	8/5/2023	PAID	Urban Government Agencies	CERS	
1,000	-	-	8/4/2023	8/5/2023	PAID	Non-P1 State Agencies	KERS	
1,000	-	-	8/15/2023	8/11/2023	PAID	Cities	CERS	
1,000	-	-	9/11/2023	8/18/2023	PAID	Cities	CERS	
1,000	-	-	8/7/2023	8/18/2023	PAID	County Attorneys	CERS	
4,553	-	-	8/31/2023	8/19/2023	PAID	Boards of Education	CERS	
1,000	-	-	9/19/2023	8/23/2023	PAID	Special Districts & Boards	CERS	
1,000	-	-	9/8/2023	8/30/2023	PAID	Universities	KERS	
1,000	-	-	8/14/2023	8/31/2023	PAID	Cities	CERS	
74,992	-	-	8/16/2023	9/3/2023	PAID	Urban Government Agencies	CERS	
1,000	-	-	8/16/2023	9/3/2023	PAID	Non-P1 State Agencies	KERS	
1,000	-	-	9/8/2023	9/6/2023	PAID	County Attorneys	CERS	
1,000	-	-	8/10/2023	9/6/2023	PAID	Fiscal Courts	CERS	
1,000	-	-	9/8/2023	9/15/2023	PAID	Utility Boards	CERS	
1,000	-	-	8/22/2023	9/15/2023	PAID	Non-P1 State Agencies	KERS	
79,151	-	-	8/22/2023	9/16/2023	PAID	Urban Government Agencies	CERS	
1,000	-	-	9/12/2023	9/16/2023	PAID	Utility Boards	CERS	
1,000	-	-	9/21/2023	9/16/2023	PAID	Fiscal Courts	CERS	
1,000	-	-	9/5/2023	9/16/2023	PAID	Fiscal Courts	CERS	
112,154	-	-	8/24/2023	9/21/2023	PAID	Urban Government Agencies	CERS	
1,000	-	-	8/24/2023	9/21/2023	PAID	Non-P1 State Agencies	KERS	
1,000	-	-	9/7/2023	9/23/2023	PAID	Non-P1 State Agencies	KERS	
67,525	-	-	9/7/2023	9/24/2023	PAID	Urban Government Agencies	CERS	
TOTAL:	\$526,327	\$-	\$-					

Notes:

Invoice Status:

CANC - Cancelled

CRTD - Created

PAID - Paid

KPPA ADMINISTRATIVE BUDGET FY 2023-2024 BUDGET-TO-ACTUAL SUMMARY ANALYSIS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2022						
CATEGORY	BUDGETED	FY 2024 EXPENSE	REMAINING	PERCENT REMAINING	FY 2023 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$34,520,287	\$8,475,220	\$26,045,067	75.45%	\$8,083,783	4.84%
LEGAL CONTRACTS	1,210,000	169,555	1,040,445	85.99%	136,530	24.19%
AUDITING	300,000	-	300,000	100.00%	6,578	(100.00)%
ACTUARIAL SERVICES	500,000	-	500,000	100.00%	79,953	(100.00)%
MEDICAL REVIEWERS	1,800,000	339,790	1,460,210	81.12%	181,080	87.65%
OTHER PERSONNEL	500,000	83,044	416,956	83.39%	22,991	261.20%
PERSONNEL TOTAL	\$38,830,287	\$9,067,609	\$29,762,678	76.65%	\$8,510,915	6.54%
RENTALS - BUILDING & EQUIPMENT	1,166,500	263,349	903,151	77.42%	254,217	3.59%
INFORMATION TECHNOLOGY	4,190,000	624,533	3,565,467	85.09%	517,574	20.67%
OTHER OPERATIONAL	1,371,200	215,067	1,156,133	84.32%	185,286	16.07%
OPERATIONAL TOTAL	\$6,727,700	\$1,102,949	\$5,624,751	83.61%	\$957,077	15.24%
RESERVE	4,882,813	-	4,882,813	100.00%	-	
ADMINISTRATIVE BUDGETED AMOUNT	\$50,440,800	\$10,170,558	\$40,270,242	79.84%	\$9,467,992	7.42%

KPPA ADMINISTRATIVE BUDGET FY 2023-2024						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE FISCAL THE THREE MONTHS ENDING SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2022						
Account Name	Budgeted	FY 2024 Expense	Remaining	Percent Remaining	FY 2023 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$17,900,000	\$4,444,515	\$13,455,485	75.17%	\$4,064,915	9.34%
Wages (Overtime)	285,000	62,121	222,879	78.20%	42,947	44.65%
Emp Paid FICA	1,294,772	322,894	971,878	75.06%	300,677	7.39%
Emp Paid Retirement	12,033,015	2,955,059	9,077,956	75.44%	3,068,863	(3.71)%
Emp Paid Health Ins	2,687,500	635,718	2,051,782	76.35%	563,024	12.91%
Emp Paid Sick Leave	250,000	40,221	209,779	83.91%	28,831	39.51%
Adoption Assistance Benefit	10,000	-	10,000	100.00%	-	0.00%
Workers Compensation	12,000	11,116	884	7.36%	11,116	0.00%
Unemployment	10,000	-	10,000	100.00%	-	0.00%
Emp Paid Life Ins	3,000	744	2,256	75.20%	730	1.92%
Employee Training	25,000	2,830	22,170	88.68%	2,680	5.60%
Tuition Assistance	10,000	-	10,000	100.00%	-	0.00%
Bonds	-	-	-	100.00%	-	0.00%
Staff Subtotal	34,520,287	8,475,220	26,045,069	75.44%	8,083,783	4.84%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	150,000	48,450	101,550	67.70%	36,941	31.16%
Legal (Stoll, Keenon)	250,000	1,210	248,791	99.52%	16,461	(92.65)%
Frost Brown	300,000	26,868	273,132	91.04%	10,902	146.45%
Reinhart	50,000	-	50,000	100.00%	-	0.00%
Ice Miller	300,000	84,540	215,461	71.82%	21,270	297.46%
Johnson, Bowman, Branco LLC	100,000	8,488	91,513	91.51%	28,683	(70.41)%
Dentons Bingham & Greenebaum	50,000	-	150,000	100.00%	22,274	(100.00)%
Legal Expense	10,000	-	10,000	100.00%	-	0.00%
Auditing	300,000	-	300,000	100.00%	6,578	(100.00)%
Total Legal & Auditing Services	1,510,000	169,555	1,440,446	95.39%	143,108	18.48%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	339,790	1,460,210	81.12%	181,080	87.65%
Escrow for Actuary Fees	-	-	-	0.00%	-	0.00%
Total Consulting Services	1,800,000	339,790	1,460,210	81.12%	181,080	87.65%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	390,000	73,888	316,112	81.05%	9,886	647.40%
Human Resources Consulting	10,000	-	10,000	100.00%	-	0.00%
Actuarial Services	500,000	-	500,000	100.00%	79,953	(100.00)%
Facility Security Charges	100,000	9,156	90,844	90.84%	13,105	(30.13)%
Contractual Subtotal	1,000,000	83,044	916,956	91.70%	102,944	(19.33)%
PERSONNEL SUBTOTAL	\$38,830,287	\$9,067,608	\$29,862,679	76.91%	\$8,482,049	6.90%
OPERATIONAL						
Natural Gas	42,000	1,566	40,434	96.27%	1,446	8.30%
Electric	133,000	31,232	101,768	76.52%	32,045	(2.54)%
Rent-Non State Building	56,000	-	56,000	100.00%	12,661	(100.00)%
Building Rental - PPW	1,000,000	240,493	759,507	75.95%	240,492	0.00%
Copier Rental	105,000	21,708	83,292	79.33%	-	100.00%
Rental Carpool	5,500	1,147	4,353	79.14%	1,065	7.70%
Vehicle/Equip. Maint.	1,000	-	1,000	100.00%	-	0.00%
Postage	420,000	77,249	342,751	81.61%	41,377	86.70%
Freight	200	-	200	100.00%	-	0.00%
Printing (State)	15,000	-	15,000	100.00%	100	(100.00)%
Printing (non-state)	85,000	-	85,000	100.00%	2,977	(100.00)%
Insurance	10,000	5,066	4,934	49.34%	5,572	(9.08)%
Garbage Collection	6,500	1,745	4,755	73.16%	1,810	(3.59)%
Conference Expense	45,000	8,180	36,820	81.82%	2,878	184.23%
Conference Exp. Investment	2,000	-	2,000	0.00%	-	0.00%
Conference Exp. Audit	3,000	-	3,000	100.00%	-	0.00%
MARS Usage	50,000	6,775	43,225	86.45%	6,775	0.00%

KPPA ADMINISTRATIVE BUDGET 2023-24 BUDGET-TO-ACTUAL ANALYSIS						
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2023, WITH COMPARATIVE TOTALS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2022						
Account Name	Budgeted	FY 2024 Expense	Remaining	Percent Remaining	FY 2023 Expense	Percent Difference
COVID-19 Expenses	-	-	-	#DIV/0!	-	0.00%
Office Supplies	100,000	9,914	90,086	90.09%	21,490	(53.87)%
Furniture & Office Equipment	12,000	-	12,000	100.00%	-	0.00%
Travel (In-State)	15,000	5,250	9,750	65.00%	3,577	46.77%
Travel (In-State) Investment	1,000	-	1,000	100.00%	-	0.00%
Travel (In-State) Audit	500	-	500	100.00%	-	0.00%
Travel (Out of State)	79,000	8,555	70,445	89.17%	11,244	(23.91)%
Travel (Out of State) Investment	135,000	9,286	125,714	93.12%	4,448	108.77%
Travel (Out of State) Audit	1,000	-	1,000	100.00%	-	0.00%
Dues & Subscriptions	69,000	13,582	55,418	80.32%	13,742	(1.16)%
Dues & Subscriptions Invest	15,000	4,470	10,530	70.20%	3,990	12.03%
Dues & Subscriptions Audit	1,000	175	825	82.51%	-	100.00%
Miscellaneous	55,000	15,075	39,925	72.59%	14,670	2.76%
Miscellaneous Investment	-	-	-	0.00%	-	0.00%
Miscellaneous Audit	-	-	-	0.00%	-	0.00%
COT Charges	40,000	3,049	36,951	92.38%	3,609	(15.52)%
Telephone - Wireless	8,500	2,151	6,349	74.70%	1,428	50.63%
Telephone - Other	105,500	19,154	86,346	81.84%	24,517	(21.87)%
Telephone - Video Conference	11,000	2,417	8,583	78.02%	-	100.00%
Computer Equip./Software	4,080,000	614,709	3,465,291	84.93%	507,190	21.20%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	20,000	-	20,000	100.00%	-	0.00%
OPERATIONAL SUBTOTAL	\$6,727,700	\$1,102,949	\$5,624,751	83.61%	\$957,077	15.24%
SUB-TOTAL	\$45,557,987	\$10,170,557	\$35,487,430	77.90%	\$9,439,126	7.75%
Reserve	4,882,813	-	4,882,813	100.00%	-	0.00%
TOTAL	\$50,440,800	\$10,170,557	\$40,370,243	80.03%	\$9,439,126	7.75%
<i>Differences due to rounding</i>						

Plan	Budgeted	FY 2024 Expense	% of Total KPPA FY 2024 Expense
CERS Nonhazardous	\$29,825,645	\$6,013,850	59.13%
CERS Hazardous	2,627,966	529,886	5.21%
KERS Nonhazardous	15,855,561	3,197,013	31.434%
KERS Hazardous	1,774,003	357,698	3.517%
SPRS	357,625	72,109	0.709%
TOTAL	\$50,440,800	\$10,170,557	

385



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Public Pensions Authority

From: Steve Willer, CIO
Office of Investments

Date: December 6, 2023

Subject: Summary of Investment Committee Meetings

The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on November 9, 2023 and the County Employees Retirement System Investment Committee held a regularly scheduled meeting on November 28, 2023.

1. **No recommendations were made that required approval by the Investment Committees.**
2. **No actions were taken that required ratification by the Kentucky Retirement Systems Board of Trustees or the County Employees Retirement Systems Board of Trustees.**
3. Investment Staff and Wilshire presented material* and discussed the following items during the Investment Committee meetings.
 - a. Review of Economic Conditions, Market Activity, and updated Asset Class Assumptions
 - b. Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios for the Quarter ending September 30, 2023.

Pension Composite -1.25% vs Pension Composite Benchmark -0.88%

Insurance Composite -1.30% vs Insurance Composite Benchmark -0.83%

KERS Pension -0.89%

SPRS Pension -0.92%

Benchmark -0.88%

KERSH Pension -1.14%

KERS Insurance -1.30%

KERSH Insurance -1.08%

SPRS Insurance -1.12%

Benchmark -0.69%

CERS Pension -1.42%
CERSH Pension -1.42%
CERS Insurance -1.39%
CERSH Insurance -1.33%
Benchmark -0.89%

- c. Peer Universe – *All portfolios have produced top quartile or top decile performance over 3 and 5 year time periods with risk profiles in the lowest decile and top decile sharp ratios.*
- d. Asset Allocations – *Progress was reported in moving the Portfolios toward their current IPS Asset Allocation targets with rebalancing activity and capital calls in the Real Estate and Real Return asset classes.*
- e. Compliance – *No compliance violations as of September 30, 2023*
- f. Investment Budget Update – *Fiscal Year to Date, expenditures are running in line with the budget with a total \$1.7MM, or 17% of the amount budgeted for the FY, spent during the quarter.*
- g. Implementation of the KRS and CERS Proxy Voting Policies – *All eligible proxies are being voted in accordance with the KRS and CERS Proxy Voting Policies and the Proxy Voting Report has been posted to the KPPA website.*
- h. Asset/Liability and Asset Allocation project – *The CERS Asset/Liability and Asset Allocation studies have been finalized and were presented to the Investment Committee for consideration. The Committee took no action and will schedule a Special Called meeting in January. The KRS Asset/Liability and Asset Allocation studies have been finalized and will be presented to the Investment Committee in January.*

*All material presented is available in Board Books and was reviewed at the Investment Committee meetings.

Investment Salary Scale Update

Approved Annual Salary Scale

Position	Median	Low Range	Hi Range	Current Employee Annual Salaries
CIO	\$ 285,000.00	\$ 215,000.00	\$ 345,000.00	\$ 344,500.32
Dep. CIO	\$ 240,000.00	\$ 185,000.00	\$ 295,000.00	\$ 291,500.40
Fixed Income	\$ 210,000.00	\$ 165,000.00	\$ 265,000.00	\$ 225,000.00
Public Equity	\$ 200,000.00	\$ 165,000.00	\$ 265,000.00	\$ 259,700.40
Private Equity	\$ 210,000.00	\$ 165,000.00	\$ 265,000.00	\$ -
RE/RR	\$ 220,000.00	\$ 165,000.00	\$ 265,000.00	\$ -

Proposed Annual Salary Scale with 8% & 6% increases

Position	Median	Low Range	Hi Range	Current Employee Annual Salaries
CIO	\$ 326,268.00	\$ 246,132.00	\$ 394,956.00	\$ 344,500.32
Dep. CIO	\$ 274,752.00	\$ 211,788.00	\$ 337,716.00	\$ 291,500.40
Fixed Income	\$ 240,408.00	\$ 188,892.00	\$ 303,372.00	\$ 225,000.00
Public Equity	\$ 228,960.00	\$ 188,892.00	\$ 303,372.00	\$ 259,700.40
Private Equity	\$ 240,408.00	\$ 188,892.00	\$ 303,372.00	\$ -
RE/RR	\$ 251,856.00	\$ 188,892.00	\$ 303,372.00	\$ -

MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: November 27, 2023

RE: Board approval and authorization of KPPA staff to file an amendment to the previously approved and filed amended administrative regulation, 105 KAR 1:215, Administrative Hearing, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Background:

The Board approved an amendment to 105 KAR 1:215 for filing at the September 28, 2023 Board meeting. 105 KAR 1:215 was subsequently filed with the Regulations Compiler on September 29, 2023.

The Regulations Compiler allows for a regulation to be amended after it is filed but prior to it going before the Administrative Regulations Review Subcommittee pursuant to KRS Chapter 13A. KPPA has determined a need to utilize this process for 105 KAR 1:215.

Purpose of amending the previously approved and filed amended administrative regulation:

Upon further internal review and consideration, it was determined that a new section for Informal Settlements was needed.

The informal settlement process is authorized by KRS Chapter 13B and will provide an option for reducing the backlog of administrating hearing requests. A new Section 6 providing the details of the informal settlement process has been added.

Three (3) additional minor changes in this amendment include:

1. Section 1. Add the definition of informal settlement.
2. Section 2(3)(a)3. “Pretrial conference” was changed to “prehearing conference.”
3. Section 3. Add details that specifically state that claimants who submit an agency portal exemption will receive a copy of their administrative record by first-class mail, unless KRS Chapter 13B requires a different manner of distribution.

The amendments for 105 KAR 1:215 were presented to the Ad Hoc Regulations Committee for the Board on November 15, 2023. The Committee approved sending to the full Board for approval with a minor change in wording to Section 6(1(a)1., which has been completed.

The amendments being proposed are in bold red to highlight the changes for the Board.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and authorize filing the amendment to the previously filed administrative regulation 105 KAR 1:215, Administrative Hearing, with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:215, Administrative Hearing
2. Form 2940, Agency Portal Exemption.

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 **(Amended After Comments)**

4 105 KAR 1:215. Administrative hearing.

5 RELATES TO: KRS 13B.010-13B170, 16.505-16.652, 61.510-61.705, 78.510-78.852

6 STATUTORY AUTHORITY: KRS 61.505(1)(g) [~~KRS 61.645(9)(e)~~]

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the
8 Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the
9 Kentucky Retirement Systems and the County Employees Retirement System that are
10 consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. [~~KRS~~
11 ~~61.645(9)(e) authorizes the Board of Trustees of Kentucky Retirement Systems to promulgate~~
12 ~~all administrative regulations necessary or proper in order to carry out the provisions of KRS~~
13 ~~61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852.] KRS 61.645(16) and 78.782(16)
14 provide[s] that an affected person aggrieved by a decision of the agency [system], which is not
15 a determination relating to disability retirement benefits, or an employer that is required to pay
16 additional actuarial costs pursuant to KRS 61.598 and 78.545, may have the right to request an
17 administrative hearing prior to the filing of an appeal in court. KRS 61.615(3), 61.665(3), 78.545
18 and 78.5528(3) provide that an affected person whose disability retirement benefits have been
19 denied, reduced, discontinued, or denied for reinstatement may have the right to request an
20 administrative hearing prior to filing of an appeal in court. This administrative regulation
21 establishes the administrative appeal procedures.~~

22 Section 1. Definitions.

23 (1) "Administrative hearing" or "hearing" is defined by KRS 13B.010(2).

1 (2) "Administrative record" means the official record of hearing as defined by KRS
2 13B.130.

3 (3) "Affected person" means a member, retired member, ~~beneficiary~~, or recipient [as
4 defined in KRS 16.505, 61.510 and 78.510].

5 (4) "Agency portal" means an online portal which stores and tracks relevant information
6 related to an administrative hearing held in accordance with KRS Chapter 13B, including:

7 (a) The evidentiary record;

8 (b) Notices of scheduled pretrial conferences, status conferences, or hearings; and

9 (c) Reports, findings, Briefs, Position Statements, Reply Position Statements, Exceptions,
10 and Orders.

11 (5) "Authorized agency staff" means employees of the agency who are approved parties
12 to access the agency portal.

13 (6) "Briefing Order" means an order issued by the hearing officer that provides deadlines
14 for the parties to file any of the following:

15 (a) Position Statements and Reply Position Statements; or

16 (b) Briefs containing procedural, factual, or legal arguments.

17 (7) "Claimant" means an affected person who has filed an appeal due to a substantial
18 impairment or an employer that is required to pay additional actuarial costs pursuant to KRS
19 61.598 and 78.545, and whose matter is still pending at the administrative or appellate court
20 levels.

21 (8) "Entry of appearance" means a written statement filed at the retirement office attesting
22 that a claimant is represented by an attorney in an administrative hearing process held in
23 accordance with KRS Chapter 13B.

1 (9) "Evidentiary record" means all evidence, including video recordings of the
2 administrative hearing, received and considered by the agency pertaining to a specific claimant's
3 administrative hearing held in accordance with KRS Chapter 13B.

4 (10) "Final Order" is defined by KRS 13B.010(6).

5 (11) "Hearing officer" is defined by KRS 13B.010(7).

6 (12) "Informal settlement" means a submission to the agency by either party that
7 will conclude a request for an administrative hearing prior to the hearing process being
8 initiated.

9 (13) "Party" is defined by KRS 13B.010(3).

10 (14) "Position statement" means a written statement each party may file to explain his or
11 her arguments of fact and law based upon the evidentiary record and applicable statutory and
12 case law.

13 (15) "Recommended Order" is defined by KRS 13B.010(5).

14 (16) "Reply Position Statement" means a written statement each party may file to explain
15 his or her rebuttal arguments of fact and law that address the factual and legal arguments in the
16 opposing party's position statement.

17 (17) "Substantially impair" means:

18 (a)1. The denial, discontinuance, or reduction of an affected person's benefits;

19 2. The final determination by the agency that an affected person must repay overpaid
20 benefits; or

21 3. The final determination by the agency that the affected person is not exempt from the
22 reduction of creditable compensation in accordance with KRS 61.598 and 78.545; and

23 (b) Does not include calculation methodology found in KRS 16.505-16.652, KRS 61.510-
24 61.705, KRS 78.510-78.852, and KAR Title 105.

1 Section 2. Agency portal.

2 (1) The agency shall provide a unique method for approved parties to access the
3 administrative record, including hearing recordings, memorandums, and any other relevant
4 documentation related to administrative hearings held in accordance with KRS Chapter 13B for
5 the matter in which they are directly involved, in the agency portal. Access shall be granted to
6 the following:

7 (a) Members of the Administrative Appeals Committee (AAC) or Disability Appeals
8 Committee (DAC) as applicable;

9 (b) The claimant or the claimant's attorney;

10 (c) The hearing officer assigned to the matter; and

11 (d) Authorized agency staff.

12 (2) If a request for an administrative hearing in accordance with Section 5 of this
13 administrative regulation is received by the agency, the agency shall notify the claimant or the
14 claimant's attorney, as indicated on the request or entry of appearance, of the use of the agency
15 portal for administrative hearings. The notice shall include details concerning:

16 (a) The use of the affected person's personal email, or his or her attorney's email, and
17 how to provide or update that email for access to the agency portal; and

18 (b) How to request an exemption from use of the agency portal in accordance with Section
19 3 of this administrative regulation.

20 (3)(a) The claimant or the claimant's attorney, the applicable hearing officer, and
21 authorized agency staff shall receive notification when the following becomes available on the
22 agency portal, as applicable:

23 1. The evidentiary record;

24 2. Additional documents when they are received and uploaded;

1 3. Details of scheduled ~~prehearing [pretrial]~~ conferences, status conferences, or
2 hearings;

3 4. Any additional information related to the administrative record as it becomes available;

4 5. Reports, findings, Briefs, Position Statements, Reply Position Statements, Exceptions
5 and Orders; and

6 6. Video recordings of the administrative hearing.

7 (b)1. The agency shall provide notification to the claimant, or the claimant's attorney,
8 detailing how to file and view documentation for inclusion in the evidentiary record and any other
9 relevant documentation related to administrative hearings held in accordance with KRS Chapter
10 13B, such as motions, briefs, and exceptions.

11 2. Documentation shall be filed through mail, electronic mail, in-person delivery, or fax as
12 provided in the notice, and shall be considered in compliance with KRS 13B.080(2).

13 (4) AAC or DAC members shall receive notification when the evidentiary record is ready
14 for review in the agency portal.

15 Section 3. Agency portal use exemption.

16 (1)(a) A claimant may be exempt from use of the agency portal only if he or she files a
17 completed request in accordance with subsection (2) of this section and meets one of the
18 following criteria:

19 1. The claimant does not have internet access;

20 2. The claimant does not have access to a computer, smart phone, or tablet capable of
21 allowing him or her to adequately use the agency portal; or

22 3. The claimant has an impairment or disability that limits his or her ability to use electronic
23 communications.

1 (b) There is no agency portal use exemption available for hearing officers, DAC or AAC
2 members, authorized agency staff, or attorneys.

3 (2)(a) To request an agency portal use exemption, the claimant shall complete and file a
4 valid Form 2940, Agency Portal Exemption.

5 (b) Once a valid Form 2940 is on file with the agency, the affected person shall only be
6 granted access to the agency portal if he or she completes and files a new valid Form 2940
7 electing to withdraw the previously filed exemption request and provides a valid email address.

8 (c) The last valid Form 2940 on file with the agency shall control whether the affected
9 person has access to the agency portal.

10 (3) Once the valid Form 2940, Agency Portal Exemption, is processed, the claimant
11 shall receive the administrative record, including hearing recordings, memorandums, and
12 any other relevant documentation related to administrative hearings held in accordance
13 with KRS Chapter 13B for the matter in which he or she is directly involved, via first-class
14 mail, except when a different manner of distribution is required by KRS Chapter 13B.

15 Section 4 [2]. Notification of the right to request an administrative hearing.

16 (1)(a) If the agency issues a final determination [~~system takes action~~] which substantially
17 impairs an affected person's benefits or rights under KRS 16.505 to 16.652, 61.510 to 61.705 or
18 78.510 to 78.852, except as provided in subsection (2) of this section [~~except action which relates~~
19 ~~to entitlement to disability benefits~~], the agency [~~system~~] shall notify the affected person of the
20 opportunity to request an administrative hearing by the end of day thirty (30) calendar days from
21 the date of the notice [~~a hearing by submitting the request in writing within thirty (30) days after~~
22 ~~the date of the notice of the opportunity to request a hearing. The request for hearing shall be~~
23 ~~filed with the executive director of the system at its office in Frankfort. The request for hearing~~

1 ~~shall contain a short and plain statement of the basis for request.].~~ The notification shall be
2 contained in the notice of the final determination.

3 (b) If the agency issues a final determination that an employer is required to pay additional
4 actuarial costs pursuant to KRS 61.598 and 78.545, the agency shall notify the affected employer
5 of the opportunity to request an administrative hearing by the end of day thirty (30) calendar
6 days from the date of the notice. The notification shall be contained in the notice of the final
7 determination.

8 (2)(a) If the agency issues a final determination which denies an affected person disability
9 retirement benefits, the agency shall notify the affected person of the opportunity to request an
10 administrative hearing by the end of day one hundred eighty (180) calendar days from the date
11 of the notice as prescribed by KRS 61.665(2) and 78.545.

12 (b) If the agency issues a final determination which reduces or discontinues an affected
13 person's disability retirement benefits, or which denies reinstatement of the affected person's
14 disability retirement benefit, the agency shall notify the affected person of the opportunity to
15 request an administrative hearing by the end of day sixty (60) calendar days from the date of the
16 notice as prescribed by KRS 61.615(3) and 78.5528(3).

17 (c) The notification shall be contained in the notice of the final determination.

18 Section 5 [3]. Request for an administrative hearing.

19 (1) All requests for an administrative hearing shall be in writing and shall include a short
20 and plain statement of the basis for the request. The request shall be filed as provided in the
21 notice of the right to appeal and within the timeframes prescribed in Section 4 of this
22 administrative regulation.

1 (2) Failure of the affected person to request a formal hearing within the prescribed
2 timeframes [~~period of time specified~~] shall preclude the affected person from requesting an
3 administrative [~~a~~] hearing at a later time.

4 (3) An Entry of Appearance may be filed with the request for an administrative hearing or
5 at any time during the administrative hearing process.

6 Section 6. Informal Settlements

7 (1)(a) Informal settlements pursuant to KRS 13B.070(3) may only be used if:

8 1. The issue(s) that prompted the administrative hearing has been resolved;

9 2. The agency has determined it will not take the agency action that resulted in the
10 request for an administrative hearing; or

11 3. The claimant wishes to withdraw his, her, or its request for an administrative
12 hearing.

13 (b) Informal settlements pursuant to KRS 13B.070(3) shall not be used other than
14 as described in paragraph (a) of this subsection.

15 (2) The submission of an informal settlement pursuant to KRS 13B.070(3) shall be
16 made by the party with the burden of proof under KRS 13B.090(7).

17 (3) An informal settlement pursuant to KRS 13B.070(3) shall be made in writing and
18 filed with the agency. The informal settlement shall include:

19 (a) The claimant's or relevant member's first name, last name, and member ID or
20 other personal identifying information; and

21 (b) A brief statement detailing the purpose of the informal settlement.

22 (4)(a) An informal settlement pursuant to KRS 13B.070(3) may only be filed:

23 1. After a request for administrative hearing has been filed in compliance with
24 Section 5 of this administrative regulation; and

1 2. Prior to the agency's distribution of an order scheduling the prehearing
2 conference through the agency portal, as described in Section 2 of this administrative
3 regulation, or by first-class mail.

4 (b) An informal settlement pursuant to KRS 13B.070(3) shall not be valid if:

5 1. Filed prior to a request for an administrative hearing as specified in Section 5 of
6 this administrative regulation; or

7 2. Filed after the agency has distributed an order scheduling the prehearing
8 conference.

9 (5)(a) If an informal settlement is submitted that meets the qualifications established
10 in subsections (1)-(4) of this section, the matter shall be considered resolved, and the
11 agency shall notify both parties in writing that the matter has been resolved and the
12 administrative hearing shall not proceed.

13 (b) The written notification in paragraph (a) of this subsection shall state that both
14 parties shall have until the end of day fifteen (15) calendar days from the date the
15 notification is provided to file a written objection to the notification that the
16 administrative hearing shall not proceed.

17 (6)(a) If a written objection is filed by the end of day on the fifteenth (15th) calendar
18 day as provided in subsection (5)(b) of this section, the administrative hearing
19 requested shall proceed.

20 (b) If a written objection is not filed by the end of day on the fifteenth (15th) calendar
21 day as provided in subsection (5)(b) of this section, the administrative hearing
22 requested shall not proceed, and the matter shall not be appealable.

(7) Nothing in this section shall prevent the parties from engaging in formal settlements and agreements to present to the hearing officer in accordance with Section 9 of this administrative regulation.

Section **7 [6]** [4]. Prehearing conference.

(1) The prehearing conference shall be held telephonically. The agency shall provide notice to the affected person or his or her attorney of the date, time, and instructions for providing a phone number. ~~[The system may, either through review of its records or conference with the affected person, recommend a favorable determination prior to scheduling a hearing. Upon notification of a favorable determination, the affected person may withdraw the hearing request or request that the hearing be scheduled.]~~

(2) The prehearing conference shall be initiated by agency staff and shall be presided over by the hearing officer in accordance with KRS 13B.070. During the prehearing conference, the parties shall prepare stipulations, clarify the issues to be decided, request issuance of subpoenas and orders, and address other matters that will promote the orderly and prompt conduct of the hearing. ~~[The hearing officer may request a prehearing conference or may consider new evidence not already part of the affected person's file. The prehearing conference is an informal procedure, presided over by the hearing officer. Every effort shall be made by all parties to dispose of controversies, to narrow and define issues, and to facilitate prompt settlement of the claim.]~~

(3) If at the conclusion of the prehearing conference either party needs time to submit additional documentation, the hearing officer shall schedule a status conference for follow up ~~[the parties have not reached an agreement on all the issues, the hearing officer shall schedule a hearing to be held within a reasonable time].~~

1 (4) If at the conclusion of the prehearing conference all documentation is submitted and
2 all parties agree to proceed, an administrative hearing shall be scheduled. ~~[If the parties agree~~
3 ~~upon a settlement after the prehearing conference but before the hearing, the settlement~~
4 ~~agreement shall be filed with the hearing officer. The hearing shall be cancelled and notice of~~
5 ~~the cancellation shall be served on all parties.]~~

6 Section 8 [7]. Status conference.

7 (1) If held, a status conference shall be held telephonically. The agency shall provide
8 notice to the affected person or his or her attorney of the date, time, and instructions for providing
9 a phone number for the status conference.

10 (2) A status conferences may be held to discuss any outstanding issues or documentation
11 from the prehearing conference or a previous status conference.

12 (3) Additional status conferences may be held until pending issues are resolved and the
13 parties agree to proceed with the administrative hearing.

14 (4) A post administrative hearing status conference may be held to follow up on cases put
15 on hold for further records in accordance with Section 10(5) of this administrative regulation.

16 Section 9 [8]. Agreed Orders and Motions to Dismiss.

17 (1) If at any time both parties agree to a settlement on the issue of the pending
18 administrative appeal, a settlement agreement may occur through either an Agreed Order or a
19 Motion to Dismiss filed with the hearing officer.

20 (2) Pursuant to KRS 13B.080(6), a Motion to Dismiss may be filed with the hearing officer
21 if:

22 (a) The claimant or agency fails to appear at more than one (1) pre-hearing or status
23 conference, and if the agency fails to reschedule or the claimant fails to contact the agency to
24 reschedule, within fourteen (14) calendar days of the second missed conference;

1 (b) The claimant or agency fails to participate in any stage of the hearing process, or fails
2 to comply with an order of the hearing officer; or

3 (c) The claimant decides to discontinue his or her appeal for any reason.

4 (3) The hearing officer may complete a Recommended Order of Dismissal in accordance
5 with Section 13 of this administrative regulation based on the settlement agreement or Motion
6 to Dismiss filed with him or her in accordance with subsection (1) and (2) of this section.

7 Section 10 [9]. Notice of administrative hearing. The agency shall notify the affected
8 person of the date, time, and location of the administrative hearing in accordance with KRS
9 13B.050(2). The notice shall provide the details about the hearing required by KRS 13B.050(3).

10 Section 11 [10]. Administrative hearing.

11 (1) Administrative hearings shall be held at the retirement office in Frankfort or by secure
12 video teleconference.

13 (2) Administrative hearings shall be conducted in accordance with KRS 13B.010-
14 13B.170. Evidence, testimony, motions, and objections may be introduced during the
15 administrative hearing, and shall be accurately and completely recorded by the agency. The
16 hearing officer may issue subpoenas in accordance with KRS 13B.080(3).

17 (3) The hearing officer presiding over an administrative hearing shall not be bound by
18 factual or legal findings of other state or federal agencies.

19 (4) Decisions in administrative hearings shall be based on a preponderance of evidence
20 in the record as it relates to the substantial impairment. The party's burden of proof shall be
21 assigned as established in KRS 13B.090(7).

22 (a) For determinations pursuant to KRS 61.598(2), the agency shall bear the burden of
23 proof to show the propriety of the agency's final determination that the member's creditable
24 compensation should be reduced and that no exception as set forth in KRS 61.598(4) applies.

1 (b) For determinations pursuant to KRS 61.598(5), the employer shall bear the burden of
2 proof to show that the increase in the employee's creditable compensation was the result of a
3 bona fide promotion or career advancement.

4 (5)(a) The hearing officer may place the case on hold to allow either party additional time
5 to submit further evidence discussed at the hearing. If this occurs, a deadline to file the additional
6 evidence shall be provided by the hearing officer.

7 (b) The hearing officer may schedule a status conference to follow up on cases held for
8 further evidence.

9 Section 12 [44]. Close of evidentiary record.

10 (1) The hearing officer shall close the evidentiary record once all evidence has been filed.

11 (2) After the evidentiary record has been closed, the hearing officer or DAC/AAC may
12 order the evidentiary record reopened for the submission of additional evidence.

13 Section 13 [42]. Briefing Order.

14 (1)(a) After the close of the evidentiary record, each party shall have the opportunity to
15 simultaneously file Position Statements. The parties shall further have the opportunity to
16 simultaneously file a Reply Position Statement to the other party's Position Statement.

17 (b) The hearing officer shall issue a Briefing Order that details deadlines for filing each of
18 the following:

19 1. Position Statements;

20 2. Reply Position Statements; and

21 3. The Recommended Order, the due date for which shall not exceed sixty (60) calendar
22 days from the deadline for the Reply Position Statements.

1 (2) The hearing officer shall take the Position Statements and Reply Position Statements
2 provided in accordance with subsection (1) of this section into consideration when completing
3 the Recommended Order in accordance with Section 13 of this administrative regulation.

4 Section ~~14~~ **[43]** [5]. Recommended Order.

5 (1)(a) The hearing officer shall submit a Recommended Order to the board that contains
6 a recitation of the evidence, the appropriate findings of fact, and conclusions of law.

7 (b) The hearing officer's findings of fact and conclusions of law shall be based upon the
8 evidentiary record as a whole.

9 (c) The hearing officer's findings of fact shall include a finding concerning the credibility
10 of each witness whose testimony is included in the evidentiary record. ~~[The hearing officer shall~~
11 ~~make a report and a recommended order to the board. The report and recommended order shall~~
12 ~~contain the appropriate findings of fact and conclusions of law. The hearing officer shall mail~~
13 ~~postage prepaid, a copy of his report and recommended order to all parties. The parties may file~~
14 ~~exceptions to the report and recommended order. There shall be no other or further~~
15 ~~submissions.]~~

16 (2)(a) The agency's Executive Director of the Office of Benefits shall approve or deny
17 hearing officer requests for an extension time to file his or her Recommended Order.

18 (b) If any extension of time is granted for a hearing officer to complete his or her
19 Recommended Order, the agency shall notify the claimant or his or her legal representative
20 when the extension is granted. Each extension shall not exceed thirty (30) calendar days. The
21 hearing officer may request multiple extensions in the same administrative case.

22 (3) A copy of the hearing officer's Recommended Order shall be mailed by first-class U.S.
23 mail or, if permitted by law, electronically mailed through the agency portal to all parties.

1 (4) Each party may file written exceptions to the Recommended Order detailing any issue
2 the party has with the Recommended Order no later than the end of day fifteen (15) calendar
3 days from the date the Recommended Order was mailed by first class U.S. mail or, if permitted
4 by law, electronically mailed through the agency portal.

5 Section **15 [44]** [6]. Board findings.

6 (1) The DAC and AAC shall have the authority to act upon the Recommended Order on
7 behalf of the board pursuant to this section and in accordance with KRS 13B.120, 61.615,
8 61.645, 61.665, 78.545, 78.5528, and 78.782. [The board shall consider an act on the
9 recommended order in accordance with KRS 13B.120.]

10 (2)(a) The DAC or AAC shall have ninety (90) calendar days from the date of the
11 Recommended Order to provide a Final Order of the board.

12 (b) A Final Order of the board shall be based on substantial evidence appearing in the
13 record as a whole and shall set forth the decision of the board and the facts and law upon which
14 the decision is based.

15 (c) The DAC or AAC shall act in accordance with KRS 13B.120 regarding the
16 Recommended Order.

17 Section **16 [45]** [7]. Notification of findings.

18 (1) All parties shall be provided with the Final Order of the board.

19 (2)(a) The Final Order of the board shall be provided to the claimant or his or her legal
20 representative by certified mail in accordance with KRS 13B.120. The agency shall immediately
21 enter the fact of mailing in the record.

22 (b) Service by certified mail is complete upon delivery of the envelope. The return receipt
23 shall be proof of the time, place, and manner of service. The agency shall document and file the
24 return receipt when it is received.

1 (c) If the envelope is returned with an endorsement showing failure of delivery, that fact
2 shall be documented in the record, and the returned envelope shall be filed in the record. The
3 agency shall make at least one (1) additional attempt to provide the Final Order of the board to
4 the affected person or his or her legal representative by certified mail documenting and filing the
5 outcome in accordance with this subsection. ~~[The system shall mail the final decision of the~~
6 ~~board to the affected person or his legal representative. If any extension of time is granted by~~
7 ~~the board for a hearing officer to complete his report, the system shall notify the affected person~~
8 ~~or his legal representative when the extension is granted.~~

9 ~~Section 8. A final order of the board shall be based on substantial evidence appearing in~~
10 ~~the record as a whole and shall set forth the decision of the board and the facts and law upon~~
11 ~~which the decision is based.~~

12 ~~Section 9. Formal hearings shall be held at the system's office in Frankfort unless another~~
13 ~~location is determined by the hearing officer.~~

14 ~~Section 10. All requests for a hearing pursuant to this section shall be made in writing.~~

15 ~~Section 11. The board may establish an appeals committee whose members shall be~~
16 ~~appointed by the chairman and who shall have the authority to act upon the recommendations~~
17 ~~and reports of the hearing officer pursuant to this section on behalf of the board.~~

18 Section 17 [16]. Supplemental copies of an administrative record.

19 (1) A claimant, or his or her attorney, may request a supplemental paper copy of all or
20 part of the administrative record at a rate of ten (10) cents per page, cost of postage, and staff
21 time to process the request consistent with KRS 61.874, if the claimant, or his or her attorney:

22 (a) Originally received a paper copy of the administrative record;

23 (b) Met an exemption to receive a paper copy of the administrative record under Section
24 3 of this administrative regulation; or

1 (c) No longer has access to the agency portal.

2 (2) The claimant, or his or her attorney, may request a supplemental copy of all or part of
3 the administrative record on an approved data storage device. Supplemental copies shall be
4 provided at the following rates, if the claimant, or his or her attorney met one of the requirements
5 identified in subsection (1)(a)-(c) of this section:

6 (a) Ten (10) dollars for each approved data storage device;

7 (b) Cost of postage; and

8 (c) Staff time to process the request consistent with KRS 61.874.

9 (3)(a) The supplemental copy of the administrative record shall not be mailed or otherwise
10 provided to the claimant, or his or her attorney, until the applicable fees described in subsection
11 (1) or (2) of this section are paid in full.

12 (b) The agency shall provide the amount of the cost for the applicable supplemental copy
13 in accordance with subsection (1) or (2) of this section to the claimant, or his or her attorney.

14 (c) Payment for the supplemental copy shall be made by check or money order for the
15 full amount owed and made payable to the Kentucky State Treasurer. The payment shall be
16 mailed or delivered in-person to the retirement office.

17 Section 18 ~~[47]~~ [42]. Judicial review. Any affected person aggrieved by a Final Order [final
18 ~~order~~] of the board may seek judicial review after all administrative appeals have been exhausted
19 by filing suit in the Franklin Circuit Court within the time period prescribed in KRS 13B.140.

20 ~~Section 13. Any proposed order or order shall be served by one (1) of the following~~
21 ~~methods:~~

22 ~~(1) The system may place a copy of the document to be served in an envelope, and~~
23 ~~address the envelope to the affected person to be served at the address of the affected person~~
24 ~~existing in the system files or at the address set forth in written instructions furnished by the~~

~~affected person or his legal representative. The system shall affix adequate postage and place the sealed envelope in the United States mail as certified mail return receipt requested. The system shall immediately enter the fact of mailing in the record and make entry when the return receipt is received. If the envelope is returned with an endorsement showing failure of delivery, that fact shall be entered in the record. The system shall file the return receipt or returned envelope in the record. Service by certified mail is complete upon delivery of the envelope. The return receipt shall be proof of the time, place, and manner of service.~~

~~(2) The system may cause the document, with necessary copies, to be transferred for service to any person authorized by the board or by any statute or rule to deliver them, who shall serve the documents, and the endorsed return shall be proof of the time and manner of service.~~

~~(3) The methods of service specified in this section shall be supplemental to and shall be accepted as an alternative to any other method of service specified by other applicable law.]~~

Section 19 [48]. Incorporation by reference.

(1) Form 2940, Agency Portal Exemption, updated June 2023, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the agency website at kyret.ky.gov.

(18 Ky.R. 934; 1326; eff. 11-8-1991; 19 Ky.R. 969; eff. 12-9-1992; 21 Ky.R. 1527; eff. 2-8-1995; 22 Ky.R. 777; eff. 12-7-1995; 29 Ky.R. 770; 1252; eff. 11-12-2002; TAm eff. 3-5-2019; Crt eff. 3-5-2019.)

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:215

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the administrative appeal procedures for an affected person whose retirement benefits have been denied, reduced, or discontinued.

(b) The necessity of this administrative regulation: This amended administrative regulation is necessary in order to include policy and procedures that were not found in the previous version, and to require the use of the agency portal except when an affected individual meets an exemption.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employee Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.645(16) and 78.782(16) provide that an affected person aggrieved by a decision of the system, which is not a determination relating to disability retirement benefits, may have the right to request an administrative hearing prior to the filing of an appeal in court. KRS 61.615(3), 61.665(3), 78.545 and 78.5528(3) provide that an affected person whose disability retirement benefits have been denied, reduced, or discontinued may have the right to request an administrative hearing prior to filing of an appeal in court.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This amended administrative regulation will allow KPPA to effectively administer administrative hearings through an electronic agency portal, and for affected individuals to have a clear set of procedures.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amended administrative regulation adds procedures that were not found in the previous version and details on the use and requirements of the agency portal.

(b) The necessity of the amendment to this administrative regulation: This amended administrative regulation is necessary in order to include policy and procedures that were not found in the previous version, and to require the use of the agency portal except when an affected individual meets an exemption.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employee Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.645(16) and 78.782(16) provide that an affected person aggrieved by a decision of the system, which is not a determination relating to disability retirement benefits, may have the right to request an administrative hearing prior to the filing of an appeal in court. KRS 61.615(3), 61.665(3), 78.545 and 78.5528(3) provide that an affected person whose disability retirement benefits have been denied, reduced, or discontinued may have the right to request an administrative hearing prior to filing of an appeal in court.

(d) How the amendment will assist in the effective administration of the statutes: This amended administrative regulation will assist in the effective administration of KRS 61.615(3), 61.645(16), 61.665(3), 78.545, 78.5528(3), and 78.782(16) by detailing the administrative appeals process and procedures, and by providing the requirements for the agency portal.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation does not affect businesses, organizations, or state and local governments except for the KPPA. It is unknown how

many individuals this administrative regulation affects because it is unknown how many individuals will file an appeal in the future.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: KPPA already has the agency portal built and in use. KPPA is already in compliance with this amended administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Nothing.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The reduction of paper and cost of mailing.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: Minimal.

(b) On a continuing basis: Minimal.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: An increase in fees or funding will not be necessary to implement this amended administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation establishes fees for requested supplemental copies of an administrative record in certain instances.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All affected persons and claimants are subject to the same processes and procedures.

FISCAL NOTE

Regulation number: 105 KAR 1:215
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? None except KPPA.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employee Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? Minimal.

(d) How much will it cost to administer this program for subsequent years? Minimal.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None.

Expenditures (+/-): None.

Other Explanation:

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? Unknown.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? Unknown.

(c) How much will it cost the regulated entities for the first year? Unknown.

(d) How much will it cost the regulated entities for subsequent years? Unknown.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): Unknown.

Expenditures (+/-): Unknown.

Other Explanation: This administrative regulation as amended allows for the KPPA to utilize an agency portal for electronic records and notifications to the affected persons, hearing officers, Administrative Appeals Committee, Disability Appeals Committee and internally, and therefore reduces the use of paper and cost of mailing documents.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation will not have a major economic impact.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 2940, Agency Portal Exemption, is a one (1) page form claimants can use to request an exemption from the use of the agency portal for his or her administrative hearing record.

Form 2940
06/2023

Agency Portal Exemption

Member Information Please provide your Member ID or Social Security number in the Member ID box below.

Member Name: _____

Member ID: _____

Kentucky Public Pensions Authority Agency Portal

The Kentucky Public Pensions Authority (KPPA) utilizes an online agency portal which stores and tracks administrative records, hearing recordings, memorandums, and any other relevant documentation related to administrative hearings held in accordance with KRS Chapter 13B. A member or his or her attorney shall receive notification via email when documents are available in the agency portal, which can include important documents or orders related to the administrative hearing.

Exemption Request

At least one option must be selected for this form to be valid and processed by KPPA. If none of the options apply to you, the agency shall not allow an exemption pursuant to 105 KAR 1:215.

- ☐ I am requesting an exemption for use of the agency portal for the following reason(s):
- ☐ I do not have internet access.
 - ☐ I do not have access to a computer, smart phone, or tablet capable of allowing me to adequately use the agency portal.
 - ☐ I have an impairment or disability that limits my ability to use electronic communications.

Withdrawing Exemption Request

If you select this option, an email address must be provided below. If there is no email address provided, the withdrawal cannot be completed.

- ☐ I am withdrawing my previous exemption request and elect to use the agency portal. The following is my personal email:

Email Address: _____

Certification

I am represented by Counsel, Hon. _____; **OR**

I am representing myself in this Administrative Appeals process and have been informed of my right to obtain counsel.

I understand that once the Agency Portal Exemption Form is on file with KPPA, the only way to use the Agency Portal is to withdraw my exemption request by filing an updated Agency Portal Exemption Form.

I certify that all the information completed on this form is true and accurate.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq.

Signature: _____

Date: _____

Members have four options for submitting this form to KPPA:

- Email:** Use the KPPA Secure Email Portal and send an email to KPPAHearingFilings@kyret.ky.gov. Go to KYRET.KY.GOV and select the Contact tab for details on using secure email.
- Self Service:** Use the Documents feature in Self Service at MYRETIREMENT.KY.GOV to upload documents and forms
- Mail:** Office of Legal Services, 1260 Louisville Road, Frankfort, KY 40601
- Fax:** (502) 696-8615

MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority ("Board")

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: November 27, 2023

RE: Board approval and authorization of KPPA staff to file amended administrative regulation, 105 KAR 1:390, Employment After Retirement, with the Office of the Regulations Compiler at the Legislative Research Commission ("Regulations Compiler")

Purpose of amended administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations "on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively" as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:390, Employment After Retirement, is consistent with these provisions of the Kentucky Revised Statutes.

The changes to this administrative regulation include:

- Removed definitions that are found in 105 KAR 1:001, Definitions for 105 KAR Chapter 1.
- Updated language throughout the regulation for consistency with 105 KAR 1:001 and other Kentucky Public Pensions Authority regulations.
- Added language about the one (1) month break in service for effective retirement dates beginning Jan 1, 2024.
- Updated the forms incorporated by reference through reformatting and adding clarifying language to allow for ease of use.

105 KAR 1:390 was presented to the Ad Hoc Regulations Committee for the Board on November 15, 2023. The Committee approved sending to the full Board for filing approval.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and authorize 105 KAR 1:390, Employment After Retirement, to be filed with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:390, Employment After Retirement
2. Form 6000, "Notification of Retirement"
3. Form 6751, "Employer Certification Regarding Reemployment"

4. Form 6752, "Employer Certification of Independent Contractor/Leased Employee"
5. Form 6753, "Employer Certification of Volunteer"
6. Form 6754, "Member Reemployment Certification"
7. Form 6760, "County Police or Sheriff Appointment of Retired Police Officer"
8. Form 6764, "Recertification of Retired Police Officer"
9. Form 6766, "Appointment of Retired School Resource Officer"
10. Form 6767, "Appointment of Kentucky State Police School Resource Officer"
11. Form 6768, "Postsecondary Institution Appointment of Retired Police Officer"
12. Form 6769, "Certification of Employed Police Officers Calendar Year 2015"
13. Form 6770, "City Appointment of Retired Police Officer"
14. Form 6774, "City Recertification of Retired Police Officer"
15. Internal Revenue Service Publication 1779, "Independent Contractor or Employee"

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amended Administrative Regulation)

4 105 KAR 1:390. Employment after retirement.

5 RELATES TO: KRS 15.420(2)(a), 16.010, 16.505, 61.505, 61.510, 61.565, 61.590, 61.637,
6 61.675, 61.702, 70.291 - 70.293, 78.510, 78.545, 78.5540, 78.625, 78.635, 95.022, 158.441,
7 164.952, 26 U.S.C. 401(a), 26 C.F.R. 1.401-1, 1.401(a)-1

8 STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.590, 61.637(18), 78.5540(5)

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the Kentucky
10 Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky
11 Retirement Systems and the County Employees Retirement System that are consistent with
12 KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.637(18) and
13 78.5540(5) requires the Kentucky Public Pensions Authority to promulgate administrative
14 regulations to implement the requirements of KRS 61.637 and 78.5540. This administrative
15 regulation concerns the administration of KRS 61.637 and 78.5540 in conjunction with federal
16 law regarding bona fide separation from service and changes in employment relationship if a
17 retired member returns to employment with a participating employer in a retirement system
18 operated by the Kentucky Public Pensions Authority. 26 C.F.R. 1.401-1(a)(2) requires that a
19 qualified plan expressly provide in its statutes and administrative regulations (plan documents)
20 how it shall administer its plan in accordance with federal law in order to maintain the tax qualified
21 status of the plan. This administrative regulation is necessary to maintain the tax qualified status
22 of the Kentucky Employees Retirement System, the County Employees Retirement System, and

1 the State Police Retirement System under 26 U.S.C. 401(a), and to comply with the provisions
2 established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1.

3 Section 1. Definitions.

4 (1) "Bona fide separation from service" means:

5 (a) A cessation of the employment relationship between the member and the member's
6 employer; and

7 (b) There is no prearranged agreement.

8 ~~["Agency" means: (a) Prior to April 1, 2021, the Kentucky Retirement Systems, which~~
9 ~~administered the State Police Retirement System, the Kentucky Employees Retirement System,~~
10 ~~and the County Employees Retirement System; and~~

11 ~~(b) Beginning April 1, 2021, the Kentucky Public Pensions Authority, which is authorized to~~
12 ~~carry out the day-to-day administrative needs of the Kentucky Retirement Systems (comprised~~
13 ~~of the State Police Retirement System and the Kentucky Employees Retirement System) and~~
14 ~~the County Employees Retirement System.]~~

15 (2) "Employee" means a retired member who is performing services for an employer in a
16 manner that demonstrates an employment relationship under the common law factors used by
17 the Internal Revenue Service.

18 (3) ~~["Employer" is defined by KRS 16.505(3), 61.510(6), and 78.510(7).~~

19 (4) ~~"File" means a form has been received at the retirement office by mail, fax, secure email,~~
20 ~~in-person delivery, or upload via Self Service on the Web site maintained by the agency (if~~
21 ~~available).~~

22 (5) ~~"Fiscal Year" is defined by KRS 16.505(32), 61.510(19), and 78.510(19).~~

23 (6) ~~"Hazardous position" is defined by KRS 78.510(42).~~

24 (7) ~~"Member" is defined by KRS 16.505(21), 61.510(8), and 78.510(8).~~

~~(8) "Month" is defined by KRS 16.505(34), 61.510(35), and 78.510(32).~~

~~(9) "Nonhazardous position" is defined by KRS 61.510(44) and 78.510(41).~~

~~(10)] "Non-participating position" means any position of employment with a participating employer other than a regular full-time position or a regular full-time officer position.~~

~~[(11) "Participating employer" means any employer that participates in one (1) of the systems operated by the agency.]~~

~~(4) [(12)] "Participating position" means a regular full-time position or a regular full-time officer position.~~

(5) "Prearranged agreement" means a verbal or written, explicit or implicit agreement:

(a) Between the retired member and his or her employer for the retired member to reemploy with the employer within twelve (12) months after the retired member's effective retirement date; and

(b) That occurred prior to the retired member's effective retirement date.

~~[(13) "Reemployment" means the retired member's first date of employment with a participating employer following his or her most recent retirement date.~~

~~(14) "Regular full time officer position" is defined by KRS 16.505(22).~~

~~(15) "Regular full time position" is defined by KRS 61.510(21), 61.680(6), 78.510(21), and 78.545(16).~~

~~(16) "Retired member" is defined by KRS 16.505(11), 61.510(24), and 78.510(23).]~~

(6) [(17)] "Retirement date" means the member's effective retirement date as described in KRS 61.590(5) and 78.545(4).

~~[(18) "Retirement office" is defined by KRS 16.505(28), 61.510(31), and 78.510(29).~~

~~(19) "School board" is defined by KRS 78.510(4).~~

~~(20) "Service" is defined by KRS 16.505(6), 61.510(9), and 78.510(9).~~

1 ~~(21) "Systems" means the State Police Retirement System, the Kentucky Employees~~
2 ~~Retirement System, and the County Employees Retirement System.~~

3 ~~(22) "Volunteer" is defined by KRS 61.510(42) and 78.510(39).]~~

4 Section 2. Form 6000 Certification.

5 (1) In order to retire with the systems ~~[operated by the agency]~~, an eligible member shall
6 complete and file a valid [submit a] Form 6000, Notification of Retirement, which~~[as incorporated~~
7 ~~by reference in 105 KAR 1:200. The Form 6000, Notification of Retirement,]~~ shall comply with
8 the requirements of KRS 61.590, KRS 78.545, and 105 KAR 1:200.

9 (2) The agency shall not process a Form 6000, Notification of Retirement, until the member
10 certifies on the Form 6000 that there is no prearranged agreement for reemployment with a
11 participating employer after the member's retirement date.

12 Section 3. Employment After Retirement.

13 (1) A retired member who is reemployed with a participating employer in any position,
14 including participating positions and non-participating positions, shall have:

15 (a) A bona fide separation from service ~~[as provided in subsection (2) of this section]~~; and

16 (b) A break in service as provided in subsection (3) of this section.

17 (2)(a) A retired member who is reemployed with a participating employer in any position,
18 including participating positions and non-participating positions shall not have a prearranged
19 agreement. ~~["Bona fide separation from service" as provided in this section shall include a~~
20 ~~cessation of the employment relationship between the member and the member's employer~~
21 ~~without a prearranged agreement when the member retires that he or she will return to work for~~
22 ~~any participating employer in any capacity.~~

23 ~~(b) "Prearranged agreement" as provided in this section shall not include reemployment~~
24 ~~accepted more than twelve (12) months after the member's retirement date.]~~

(b) ~~[(e)]~~ An elected official who is reelected and takes office in the same elected position as he or she held prior to retirement within twelve (12) months after his or her effective retirement date shall be deemed to have a prearranged agreement. ~~[official's retirement shall be voided due to the existence of a prearranged agreement if, within twelve (12) months of retirement, the official is reelected and takes office in the same position as the elected official held prior to retirement.]~~

(3) "Break in service" as provided in this section shall require that:

(a) For effective retirement dates prior to January 1, 2024:

1. A member who retired from a hazardous position shall have a one (1) month break in service before returning to work with any participating employer in a regular full-time hazardous participating position.

2. ~~[(b)]~~ Except as provided in subparagraph 1. of this paragraph~~[paragraph(a) of this subsection]~~, a member who retired from a hazardous or nonhazardous position shall have a three (3) month break in service before returning to work with any participating employer in a participating or nonparticipating position.

(b) For effective retirement dates beginning January 1, 2024, a member who retired from a hazardous or nonhazardous position shall have a one (1) month break in service before returning to work with any participating employer in a participating or nonparticipating position.

(4) If a retired member seeks reemployment with a participating employer within twelve (12) months of his or her retirement date, then the following shall be filed ~~[at the retirement office]:~~

(a) A valid Form 6751, Employer Certification Regarding Reemployment, completed by the ~~[The]~~ participating employer, which shall certify that there was no prearranged agreement ~~[on a completed Form 6751, Employer Certification Regarding Reemployment];~~

(b) A valid Form 6754, Member Reemployment Certification, completed by the retired member; and

(c) Any other information requested by the agency from the participating employer and the retired member pursuant to KRS 61.637(8) and 78.5540(2)(a).

(5)(a) The agency shall issue a final determination to the retired member no later than thirty (30) calendar days after receipt of all required forms and additional requested information.

(b) If the agency determines that the retired member failed to comply with any of the requirements of this section or federal law ~~[have a bona fide separation from service or a break in service and returned to work with any participating employer in any position, including a participating position or a non-participating position]~~, the retired member's retirement shall be voided and he or she shall repay all retirement allowances, dependent child payments, and hospital and medical insurance ~~[health]~~ plan premiums paid by the systems.

Section 4. Independent Contractors and Leased Employees.

(1) If a retired member seeks to provide services to a participating employer as an independent contractor, under a professional services contract, or as a leased employee within twelve (12) months of the retired member's retirement date, then the following shall be filed ~~[at the retirement office]~~:

(a) A valid Form 6752, Employer Certification of Independent Contractor/Leased Employee, completed by the participating employer;

(b) A valid Form 6754, Member Reemployment Certification, completed by the retired member;

(c) A complete copy of any contract under which services are provided by the retired member to the participating employer; and

(d) Any other information requested by the agency from the participating employer and the retired member pursuant to KRS 61.637(9) and 78.5540(2)(b).

(2) The agency shall apply common law factors used by the Internal Revenue Service (IRS), in accordance with IRS Publication 1779, to determine whether a retired member is an employee of the participating employer or an independent contractor of the participating employer.

(3)(a) The agency shall issue a final determination to the retired member no later than thirty (30) calendar days after receipt of all required forms and requested information.

(b) If the agency determines that the retired member is an employee of the participating employer, rather than an independent contractor or leased employee through a leasing company, staffing agency, or other entity:

1. The retired member shall be subject to the provisions of Section 3 of this administrative regulation and shall have a "bona fide separation from service" and "break in service"; and

2. The employer shall do the following:

a. Report the retired member as required by KRS 61.675, KRS 78.625, and 105 KAR 1:145;

b. Pay employer contributions for the retired member as specified by KRS 61.565, 61.702, and 78.635; and

c. Reimburse the systems for the cost of hospital and medical ~~[health]~~ insurance plan premiums paid by the systems for the retired member.

(c) If the agency determines that the retired member is an independent contractor or leased employee through a leasing company, staffing agency, or other entity, the retired member may still be required to observe a bona fide separation from service to the extent required by federal law.

Section 5. Volunteers.

(1) If a retired member seeks to volunteer with a participating employer within twelve (12) months of the retired member's retirement date, then the following shall be filed ~~[at the retirement office]~~:

(a) A valid Form 6753, Employer Certification of Volunteer, completed by the participating employer;

(b) A valid Form 6754, Member Reemployment Certification, completed by the retired member; and

(c) Any other information requested by the agency from the participating employer and retired member pursuant to KRS 61.637(8) and 78.5540(2)(a).

(2)(a) The agency shall issue a final determination to the retired member no later than thirty (30) calendar days after receipt of all required forms and requested information.

(b) If the Agency determines that the retired member is an employee of the participating employer, rather than a volunteer:

1. The retired member shall be subject to the provisions of Section 3 of this administrative regulation and shall have a "bona fide separation from service" and "break in service"; and

2. The employer shall do the following:

a. Report the retired member as required by KRS 61.675, 78.625, and 105 KAR 1:145;

b. Pay employer contributions for the retired member as specified by KRS 61.565, 61.702, and 78.635; and

c. Reimburse the systems for the cost of hospital and medical ~~[health]~~ insurance plan premiums paid by the systems for the retired member.

(c) If the agency determines that the retired member is a volunteer, the retired member may still be required to observe a bona fide separation from service to the extent required by federal law.

1 Section 6. Hospital and Medical ~~[Health]~~ Insurance Plan Premium Reimbursements for
2 Retired Members Reemployed by Multiple Participating Employers.

3 (1) This section shall only apply to a retired member who is reemployed by a participating
4 employer on or after September 1, 2008 in accordance with KRS 61.637(17) and 78.5540(4).

5 (2) If a retired member is reemployed by multiple participating employers in a month in two
6 (2) or more ~~[positions that qualify as]~~ regular full-time positions, one (1) regular full-time position
7 and one or more part-time positions pursuant to KRS 61.680(6) and 78.545, or multiple part-
8 time positions pursuant to KRS 61.680(6) and 78.545, then:

9 (a) Each ~~[, each]~~ participating employer shall be responsible for reimbursing the systems for
10 a portion of the hospital and medical ~~[health]~~ insurance plan premium paid by the systems to
11 provide coverage for the retired member for that month; and

12 (b) The portion shall be ~~[that is]~~ equal to the cost of the premium divided by the number of
13 participating employers that are not exempt from reimbursement of hospital and medical ~~[health]~~
14 insurance plan premiums.

15 (3) [(2)] Participating employers that are exempt from reimbursement of hospital and medical
16 ~~[health]~~ insurance plan premiums under Section 7 of this administrative regulation, or by virtue
17 of being a school board employing the retired member for eighty (80) calendar days or less
18 during the fiscal year, are not responsible for hospital and medical ~~[health]~~ insurance plan
19 premiums under this section.

20 Section 7. Exemption for Payment Of Employer Contributions and Reimbursement of
21 Hospital and Medical ~~[Health]~~ Insurance Plan Premiums for Retired Members Reemployed as
22 Police Officers and School Resource Officers.

23 (1) This section shall only apply to a retired member who is reemployed by a participating
24 employer on or after September 1, 2008 in accordance with KRS 61.637(17) and 78.5540(4).

(2)(a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical ~~[health]~~ insurance plan premiums paid by the systems for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 for a term of appointment of no more than one (1) year if a valid ~~[completed]~~ Form 6760, County Police or Sheriff Appointment of Retired Police Officer, and the supporting documentation required by the Form 6760 are on file ~~[at the retirement office]~~ prior to the start of the retired member's term of appointment.

(b) If a valid ~~[completed]~~ Form 6760, County Police or Sheriff Appointment of Retired Police Officer, and the supporting documentation required by the Form 6760 are not on file ~~[at the retirement office]~~ prior to the start of the retired member's term of appointment as a police officer pursuant to KRS 70.291 to 70.293, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical ~~[health]~~ insurance plan premiums for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 effective in the month after a valid ~~[completed]~~ Form 6760 and supporting documentation are on file ~~[at the retirement office]~~.

(3) ~~(2)~~(a) For each subsequent term of reappointment after the initial term of appointment listed on the valid ~~[completed]~~ Form 6760, County Police or Sheriff Appointment of Retired Police Officer, described in subsection (1) of this section, the participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical ~~[health]~~ insurance plan premiums paid by the systems for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 for a term of reappointment of no more than one (1) year if a valid ~~[completed]~~ Form 6764, Recertification of Retired Police Officer, is on file ~~[at the retirement office]~~ prior to the start of the retired member's term of reappointment.

(b) If a valid ~~[completed]~~ Form 6764, Recertification of Retired Police Officer, is not on file ~~[at the retirement office]~~ prior to the start of the retired member's term of reappointment as a police officer pursuant to KRS 70.291 to 70.293, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical ~~[health]~~ insurance plan premiums for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 effective in the month after a valid ~~[completed]~~ Form 6764 and supporting documentation are on file ~~[at the retirement office]~~.

~~(4) [(3)]~~(a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical ~~[health]~~ insurance plan premiums paid by the systems to provide coverage for a retired member reemployed as a school resource officer pursuant to KRS 158.441 for a term of appointment of no more than one (1) year if a valid ~~[completed]~~ Form 6766, Appointment of Retired School Resource Officer, and the supporting documentation required by the Form 6766 are on file ~~[at the retirement office]~~ prior to the start of the retired member's term appointment.

(b) If a valid ~~[completed]~~ Form 6766, Appointment of Retired School Resource Officer, and the supporting documentation required by the Form 6766 are not on file ~~[at the retirement office]~~ prior to the start of the retired member's term appointment, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical ~~[health]~~ insurance plan premiums for a retired member reemployed as a school resource officer pursuant to KRS 158.441 effective in the month after a valid ~~[completed]~~ Form 6766 and supporting documentation are on file ~~[at the retirement office]~~.

~~(5) [(4)]~~(a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical ~~[health]~~ insurance plan premiums paid by the systems for a retired member reemployed as a Kentucky State Police

1 school resource officer pursuant to KRS 158.441 for a term of appointment of no more than one
 2 (1) year if a valid ~~[completed]~~ Form 6767, Appointment of Kentucky State Police School
 3 Resource Officer, and the supporting documentation required by the Form 6767 are on file ~~[at~~
 4 ~~the retirement office]~~ prior to the start of the retired member's term appointment.

5 (b) If a valid ~~[completed]~~ Form 6767, Appointment of Kentucky State Police School Resource
 6 Officer, and the supporting documentation required by the Form 6767 are not on file ~~[at the~~
 7 ~~retirement office]~~ prior to the start of the retired member's term appointment, then the
 8 participating employer shall be exempt from paying employer contributions and reimbursements
 9 of hospital and medical ~~[health]~~ insurance plan premiums for a retired member reemployed as a
 10 Kentucky State Police school resource officer pursuant to KRS 158.441 effective in the month
 11 after a valid ~~[completed]~~ Form 6767 and supporting documentation are on file ~~[at the retirement~~
 12 ~~office]~~.

13 ~~(6)~~ ~~(5)~~(a) A participating employer shall be exempt from paying employer contributions and
 14 from reimbursing the systems for the cost of the hospital and medical ~~[health]~~ insurance plan
 15 premiums paid by the systems for a retired member reemployed as a police officer by a
 16 postsecondary institution pursuant to KRS 164.952 for a term of appointment of no more than
 17 one (1) year if a valid ~~[completed]~~ Form 6768, Postsecondary Institution Appointment of Retired
 18 Police Officer, and the supporting documentation required by the Form 6768 are on file ~~[at the~~
 19 ~~retirement office]~~ prior to the start of the retired member's term appointment.

20 (b) If a valid ~~[completed]~~ Form 6768, Postsecondary Institution Appointment of Retired Police
 21 Officer, and the supporting documentation required by the Form 6768 are not on file ~~[at the~~
 22 ~~retirement office]~~ prior to the start of the retired member's term appointment, then the
 23 participating employer shall be exempt from paying employer contributions and reimbursements
 24 of hospital and medical ~~[health]~~ insurance plan premiums for a retired member reemployed as a

police officer by a postsecondary institution pursuant to KRS 164.952 in the month after a valid
[~~completed~~] Form 6768 and supporting documentation are on file [~~at the retirement office~~].

(7) [(6)] A participating employer shall not be eligible for exemption from payment of employer
contributions or from reimbursing the systems for the costs of hospital and medical [~~health~~]
insurance plan premiums for any retired members reemployed as a police officer pursuant to
KRS 95.022 unless a valid Form 6769, Certification of Employed Police Officers Calendar Year
2015, is on file [~~at the retirement office~~].

(8) [(7)](a) A participating employer with a valid Form 6769, Certification of Employed Police
Officers Calendar Year 2015, on file [~~at the retirement office~~] shall be exempt from paying
employer contributions and from reimbursing the systems for the costs of hospital and medical
[~~health~~] insurance plan premiums for a retired member reemployed as a police officer pursuant
to KRS 95.022 for a term of appointment of no more than one (1) year if a valid [~~completed~~]
Form 6770, City Appointment of Retired Police Officer, and the supporting documentation
required by the Form 6770 are on file [~~at the retirement office~~] prior to the start of the retired
member's term of appointment.

(b) If a valid [~~completed~~] Form 6770, City Appointment of Retired Police Officer, and the
supporting documentation required by the Form 6770 are not on file [~~at the retirement office~~]
prior to the start of the retired member's term of appointment, then the participating employer
with a valid Form 6769, Certification of Employed Police Officers Calendar Year 2015, on file [~~at~~
~~the retirement office~~] shall be exempt from paying employer contributions and reimbursements
of hospital and medical [~~health~~] insurance plan premiums for a retired member reemployed as a
police officer pursuant to KRS 95.022 effective in the month after a valid [~~completed~~] Form 6770
and supporting documentation are on file [~~at the retirement office~~].

(9) ~~(8)~~(a) For each ~~Each~~ subsequent term of reappointment after the initial term of appointment listed on the valid ~~completed~~ Form 6770, City Appointment of Retired Police Officer, described in subsection (7) of this section, the participating employer with a valid Form 6769, Certification of Employed Police Officers Calendar Year 2015, on file shall be exempt from paying employer contributions and hospital and medical ~~health~~ insurance plan premiums paid by the systems for a retired member reemployed as a police officer pursuant to KRS 95.022 for a term of reappointment of no more than one (1) year if a valid ~~completed~~ Form 6774, City Recertification of Retired Police Officer, is on file ~~at the retirement office~~ prior to the start of the retired member's term of reappointment.

(b) If a valid ~~completed~~ Form 6774, City Recertification of Retired Police Officer, is not on file ~~at the retirement office~~ prior to the start of the retired member's term of reappointment, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical ~~health~~ insurance plan premiums for retired member reemployed as a police officer pursuant to KRS 95.022 in the month after a valid ~~completed~~ Form 6774 is on file ~~at the retirement office~~.

(10) If the appropriate form and as indicated in this subsection is not on file, the employer shall not be exempt from paying employer contributions and reimbursement of hospital and medical insurance plan premiums.

Section 8. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) Form 6000, "Notification of Retirement", June 2023;

(b) Form 6751, "Employer Certification Regarding Reemployment," December 2023 ~~March 2022~~;

(c) Form 6752, "Employer Certification of Independent Contractor/Leased Employee,"
December 2023 [~~April 2024~~];

(d) Form 6753, "Employer Certification of Volunteer," December 2023 ~~April 2024~~;

(e) Form 6754, "Member Reemployment Certification," December 2023 ~~April 2024~~;

(f) Form 6760, "County Police or Sheriff Appointment of Retired Police Officer," December
2023 ~~March 2022~~;

(g) Form 6764, "Recertification of Retired Police Officer," December 2023 ~~June 2019~~;

(h) Form 6766, "Appointment of Retired School Resource Officer," December 2023 ~~March~~
~~2022~~;

(i) Form 6767, "Appointment of Kentucky State Police School Resource Officer," December
2023 ~~March 2022~~;

(j) Form 6768, "Postsecondary Institution Appointment of Retired Police Officer," December
2023 ~~March 2022~~;

(k) Form 6769, "Certification of Employed Police Officers Calendar Year 2015," December
2023 ~~July 2016~~;

(l) Form 6770, "City Appointment of Retired Police Officer," December 2023 ~~March 2022~~;

(m) Form 6774, "City Recertification of Retired Police Officer," December 2023 ~~July 2016~~;

and

(n) Internal Revenue Service Publication 1779, "Independent Contractor or Employee,"
March 2012.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law,
at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601,
Monday through Friday, from 8:00 a.m. to 4:30 p.m. This material is also available on the
Authority's Web site at kyret.ky.gov.

- 1 (34 Ky.R. 826; 1388; eff. 1-4-2008; 35 Ky.R. 975; 1723; eff. 2-6-2009; 36 Ky.R. 141; eff. 10-
- 2 2-2009; 46 Ky.R. 76, 883, eff. 10-4-2019; 48 Ky.R. 2811; 49 Ky.R. 317; eff. 9-27-2022.)

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY RETIREMENT SYSTEMS

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on February 21, 2024 at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until February 28, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:390

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: legal.non-advocacy@kkyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation concerns the administration of KRS 61.637 and 78.5540 in conjunction with federal law regarding bona fide separation from service and changes in employment relationship if a retired member returns to work with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority. 26 C.F.R. 1.401-1(a)(2) requires that a qualified plan expressly provide in its statutes and administrative regulations (plan documents) how it shall administer its plan in accordance with federal law in order to maintain the tax qualified status of the plan.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to maintain the qualified tax status of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System under 26 U.S.C. 401(a), and to comply with the provisions established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the procedures and requirements for retired members and participating employers prior to the reemployment of a retired reemployed participant.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the statutes by establishing the procedures and requirements for retired members and participating employers prior to the reemployment of a retiree with a participating employer in accordance with KRS 61.637 and 78.5540. The regulation outlines certification and notification requirements of both retirees and participating employers.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment contains technical changes, changes to reflect legislative enactments (HB 506 – 2023), and form changes.

(b) The necessity of the amendment to this administrative regulation: The amendment is necessary to implement make technical changes, changes to reflect legislative enactments (HB 506 – 2023), and form changes.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms to the content of the authorizing statutes by outlining the processes and procedures for administration of retired reemployed requirements as authorized by KRS 61.505, 61.637, and 78.5540.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of the statutes by outlining the processes and procedures for administration of retired reemployed requirements as authorized by KRS 61.505, 61.637, and 78.5540.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Retirees seeking reemployment with a

participating employer within twelve (12) months of their initial retirement date, the Kentucky Public Pensions Authority, and employers participating in the Kentucky Employees Retirement System, State Police Retirement System, or the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: Regulated entities will be minimally impacted by these changes.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Aside from some limited exceptions, the employer shall remit employer contributions on all creditable compensation earned by the employee during the period of reemployment.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This administrative regulation is necessary to maintain the tax qualified status of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System under 26 U.S.C. 401(a), and to comply with the provisions established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1. Moreover, compliance with this regulation will allow retired members to return to work with participating employers without the voiding of their retirement. Participating employers will be permitted to hire retired members.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The Kentucky Public Pensions Authority is already administering KRS 61.637 and 78.5540 and no additional cost will arise from implementation of this amendment.

(b) On a continuing basis: The employer will be required to remit employer contributions on most retired members pursuant to KRS 61.637(17) and 78.5540.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All employers seeking to hire retired members are subject to the same processes and procedures.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation number: 105 KAR 1:390

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8645

Email: legal.non-advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? Kentucky Public Pensions Authority and all participating employers in the Kentucky Employees Retirement System, State Police Retirement System, and the County Employees Retirement System.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.637, 78.5540, and 26 U.S.C. 401(a).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. The employer will have to remit employer contributions on certain employees.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? Ultimately, the cost to the Kentucky Public Pensions Authority should be negligible, as KRS 61.637 and 78.5540 are already being administered by the Kentucky Public Pensions Authority.

(d) How much will it cost to administer this program for subsequent years? Ultimately, the cost to the Kentucky Public Pensions Authority should be negligible, as KRS 61.637 and 78.5540 are already being administered by the Kentucky Public Pensions Authority.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): Unknown.

Expenditures (+/-): Negligible.

Other Explanation: The cost of administering this amendment will be negligible for the KPPA. There should be no changes to costs for participating employers based on this amendment, or to revenue for the KPPA as a result of this amendment.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? None. .

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? None.

(c) How much will it cost the regulated entities for the first year? None.

(d) How much will it cost the regulated entities for subsequent years? None.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): None.

Expenditures (+/-): None.

Other Explanation: There should be no significant change to costs for the KPPA and participating employers.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation will not have a major economic impact on the Kentucky Public Pensions Authority because there is no negative or adverse economic impact of these amendments that exceeds \$500,000.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 6000, "Notification of Retirement,". This is the form used by members to initiate the retirement process. This form was not amended for this regulation.

Form 6751, "Employer Certification Regarding Reemployment," is a 1-page form used by employers to certify that a retiree returning to employment with that participating employer did not have a prearranged agreement to return to work prior to retirement. This form was amended to reformat the layout to make the form clearer and for ease of use. A legal certification was also added.

Form 6752, "Employer Certification of Independent Contractor/Leased Employee," is a 2-page form completed by employers to provide information regarding the employment status of the retiree returning to employment with that participating employer. This form was amended to reformat the layout and make the form clearer for ease of use. A legal certification was also added.

Form 6753, "Employer Certification of Volunteer," is a 1-page form that requires employers to provide information regarding the volunteer status of the retiree volunteering with that participating employer. The form was amended to add a legal certification statement.

Form 6754, "Member Reemployment Certification," is a 1-page form that requires retired members to provide information regarding their employment and volunteer status with a participating employer. This form was amended to add a legal certification statement.

Form 6760, "County Police or Sheriff Appointment of Retired Police Officer" is a 1-page form completed by employers to certify the appointment of a retired police officer to the county police or Sheriff. This form was amended to add a legal certification statement.

Form 6764, "Recertification of Retired Police Officer" is a 1-page form completed by employers to recertify the appointment of a retired police officer. This form was amended to add a legal certification statement.

Form 6766, "Appointment of Retired School Resource Officer" is a 1-page form completed by employers to certify the appointment of a retired school resource officer. This form was amended to add a legal certification statement.

Form 6767, "Appointment of Kentucky State Police School Resource Officer" is a 1-page form completed by employers to certify the appointment of a Kentucky State Police school resource officer. This form was amended to add a legal certification statement.

Form 6768, "Postsecondary Institution Appointment of Retired Police Officer" is a 1-page form completed by employers to certify the appointment of a retired police officer to a postsecondary institution. This form was amended to add a legal certification statement.

Form 6769, "Certification of Employed Police Officers Calendar Year 2015" is a 2-page form completed by employers to certify the employment of retired police officers. This form was amended to add a legal certification statement.

Form 6770, "City Appointment of Retired Police Officer" is a 1-page form completed by employers to certify the city appointment of a retired police officer. This form was amended to add a legal certification statement.

Form 6774, "City Recertification of Retired Police Officer" is a 1-page form completed by employers to recertify the appointment of a retired city police officer. This form was amended to add a legal certification statement.

Internal Revenue Service Publication 1779, "Independent Contractor or Employee" is a 2-page IRS publication providing details to employers regarding independent contractor vs. employee relationship. This form has not been amended.



Notification of Retirement Instructions

Ready to retire? Completing this form is your first step. Please call our office at 1-800-928-4646 if you have questions or if you need assistance completing forms. Members are encouraged to visit our website at kyret.ky.gov for additional information.

Form 6000 - Notification of Retirement

You should submit your Form 6000 at least one month prior to your effective retirement date. Please note that you cannot file your Form 6000 more than 6 months prior to termination of employment. Disability Retirement applicants must complete Section I.

The Form 6000 contains several sections. Please review this form carefully and refer to the instructions for each section. Additional instructions for completing Section F - Tax Withholding are provided on page 3.

Date of Birth Verification for Member and Beneficiary is required.

Please write your Member ID on all copies you submit.

Acceptable forms of date of birth verification include the following:

- Kentucky Driver's License
- Military Discharge
- Birth Certificate
- Immigration and Naturalization Records

Your Member ID

Your Member ID is a unique account number for your KPPA account. If you received this form from our office, your Member ID is provided. If you access this form from our website and don't know your Member ID, you can contact our office at 1-800-928-4646. You will need to provide your Social Security Number and your four-digit KPPA PIN to obtain your Member ID.

Form 6200 - Insurance Application

If you will be receiving a monthly payment, you may be eligible for health insurance coverage for you, your spouse, and eligible dependents. KPPA offers Medicare and non-Medicare plans. You may access insurance applications and enrollment booklets by visiting our website at kyret.ky.gov. Please call our office to request a printed copy.

You must return an insurance application by the deadlines described below, even if you wish to waive coverage. If you fail to return a completed application, you will be enrolled automatically into a default plan for the current plan year. If you choose not to participate in the coverage, you will need to complete the Form 6200 to waive your coverage; otherwise, you will be enrolled automatically into a default plan as described above.

Insurance Application Deadlines

For insurance coverage to begin the same month as your retirement payment, you must file a Form 6200 with our office by the last day of the month *prior* to the month you retire. For example:

Retirement Date	Application Due By	Insurance Effective Date
May 1	April 30	May 1

If you miss the above deadline, you can still submit an application. Your Form 6200 must be filed with our office within 30 days of the first day of the month in which you retire. For example:

Retirement Date	Application Due By	Insurance Effective Date
May 1	May 30	June 1



Additional instructions are provided on the following page. Keep reading to find out your deadline for returning retirement forms.

Your Next Step: Check your mailbox.

Once we process your Form 6000, we will send you additional forms for completion. The checklists below will help you decide which forms you need to return to our office.

If you elect to receive a monthly benefit, complete and return the following:

- ☐ Form 6010, Estimated Retirement Allowance
- ☐ Form 6200, Insurance Application (*refer to insurance application and deadlines on page 1*)

If you elect to receive an actuarial or lump sum refund complete and return the following:**

- ☐ Form 6010, Estimated Retirement Allowance
- ☐ Form 6025, Direct Rollover/Direct Payment Election

****We require additional verification from your employer before we can process a refund which may delay your check. Upon receipt of the above forms, we will mail required forms to you and your employer for completion.**



All required forms and documentation must be filed with our office by the last day of the month prior to your effective retirement date. *You are responsible for filing your insurance application prior to the deadlines noted on page 1 or you will be enrolled automatically into a default plan.*

Retirement Date	Due Date
January 1	December 31
February 1	January 31
March 1	February 28
April 1	March 31
May 1	April 30
June 1	May 31
July 1	June 30
August 1	July 31
September 1	August 31
October 1	September 30
November 1	October 31
December 1	November 30

If you have any questions, please contact our office at (502) 696-8800 or (800) 928-4646. Our office is open from 8:00 am to 4:30 pm Monday through Friday.



Form W4-P Instructions

Your monthly retirement benefit is subject to federal taxes. **You may choose your federal tax withholding preference by completing Section F of your Form 6000, Notification of Retirement. *If you do not complete Section F, KPPA will automatically withhold federal income tax as single with no adjustments.*** You may find the worksheets below helpful when completing Section F.

Additional information is available on the Internal Revenue Service website at www.irs.gov.

Purpose. Form W4-P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W4-P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W4-P to choose (a) not to have any federal tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

What do I need to do? Use the worksheets on the following page to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see Purpose, earlier), you can skip the worksheets and go directly to the Form W4-P, Section F of the Form 6000.

Future developments. For the latest information about any future developments affecting Form W-4P, such as legislation enacted after we release it go to www.irs.gov/w4p.

Filing Status:

☐ Single or Married filing separately

☐ Married filing jointly or Qualifying widow(er)

☐ Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Step 1: Multiple Pensions/More-Than-One-Income Worksheet (Keep for your records.)

Complete this step if you (1) have income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity.

Do **only one** of the following.

(a) Reserved for future use.

(b) Complete the items below.

(i) If you (and/or your spouse) have one or more jobs, then enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter "-0-"

\$ _____

(ii) If you (and/or your spouse) have any other pensions/annuities that pay less annually than this one, then enter the total annual taxable payments from all lower-paying pensions/annuities. Otherwise, enter "-0-"

\$ _____

(iii) Add the amounts from items (i) and (ii) and enter the **total** here

\$ _____

TIP: To be accurate, submit a 2022 Form W-4P for all other pensions/annuities. Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019.

If (b)(i) is blank and this pension/annuity pays the most annually, complete Steps 2–3(b) on this form. Otherwise, do not complete Steps 3–4(b) on this form.

Step 2. Claim Dependents and Other Credits (Keep for your records)

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000

\$ _____

Multiply the number of other dependents by \$500

\$ _____

Add other credits, such as foreign tax credit and education tax credits

\$ _____

Add the amounts for qualifying children, other dependents, and other credits and enter the total here

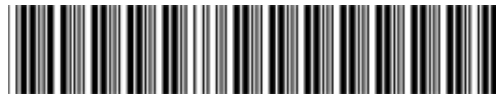
\$ _____

Form W-4P Instructions *Continued***Step 4. Other Adjustments** (Keep for your records)

- a) **Other income (not from jobs or pension/annuity payments).** If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, taxable social security, and dividends \$ _____
- b) **Deductions.** If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here \$ _____
- c) **Extra withholding.** Enter any additional tax you want withheld from **each payment** \$ _____

Step 4. Deductions, Adjustments, and Additional Income Worksheet

- 1 Enter an estimate of your 2022 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income 1 \$ _____
- 2 Enter: • \$25,900 if you're married filing jointly or qualifying widow(er)
• \$19,400 if you're head of household
• \$12,950 if you're single or married filing separately 2 \$ _____
- 3 If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" 3 \$ _____
- If line 3 equals zero, and you (or your spouse) are 65 or older, enter:
• \$1,750 if you're single or head of household.
• \$1,400 if you're a qualifying widow(er) or you're married and one of you is under age 65.
• \$2,800 if you're married and both of you are age 65 or older
Otherwise, enter "-0-". See Pub. 505 for more information 4 \$ _____
- 5 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information 5 \$ _____
- 6 Add lines 3 through 5. Enter the result here and in Step 3(b) on Form W-4P 6 \$ _____

Form 6000
Revised 06/2023

Notification of Retirement

Please read the instructions for each section and complete all information requested in Sections A-G. Section H must be completed by your current employer. Section I must also be completed if applying for disability retirement.

Section A: Member Information

You must attach a copy of your birth verification.

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
E-mail:	Phone:		
Date of Birth:	Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female		

Please note: If your current legal name or your beneficiary's current legal name is not the same as the name on the date of birth verification you have submitted we will also require verification of name change. Acceptable name change verification includes:

- Kentucky Driver's License
- Marriage Certificate
- Court Order
- Passport
- Immigration and/or Naturalization Documents

You must provide a termination date and retirement date below.

Termination Date: _____
Month Day Year

(YOUR TERMINATION DATE MUST BE PRIOR TO YOUR RETIREMENT DATE.)

Retirement Date: _____ 1, _____
Month Year

(YOUR RETIREMENT DATE MUST BE THE FIRST DAY OF THE MONTH.)

Section B - Type of Retirement and Retirement Systems

If applying for normal or early retirement, you may not submit this form more than 6 months prior to termination of employment. You must terminate your employment to be eligible for early or normal retirement benefits. Check the appropriate boxes to indicate the retirement systems from which you intend to retire.

Disability Retirement applicants must complete Section I.

<input type="checkbox"/> NORMAL OR EARLY RETIREMENT	<input type="checkbox"/> DISABILITY RETIREMENT
<input type="checkbox"/> Kentucky Employees Retirement System - KERS (state employees, health departments, universities) <input type="checkbox"/> County Employees Retirement System - CERS (city, county, local governments, classified employees of boards of education) <input type="checkbox"/> State Police Retirement System - SPRS (full-time officers of Kentucky State Police)	
Other State Administered Retirement Systems If you have an account in one of the systems administered by the Kentucky Public Pensions Authority (KERS, CERS, or SPRS) and in one of the other state administered retirement systems (listed below), you will need to complete the retirement application for the other system in order to be eligible for reciprocal benefits from all systems.	
<input type="checkbox"/> Teachers' Retirement System - (certified employees of boards of education) <input type="checkbox"/> Legislators' Retirement Plan - LRP (State Senators and Representatives) <input type="checkbox"/> Judicial Retirement Plan - JRP (Judges)	

Section C - Retirement Account Beneficiary Designation

Your account beneficiary can only be one person, a trust or your estate. Indicate your beneficiary by checking one of the beneficiary types below and providing the necessary information. This designation will become invalid if you file a new Form 6000 prior to your effective retirement date or if this form is voided.

Member Name:	Member ID:
--------------	------------

<input type="checkbox"/> Person Attach a copy of this person's birth verification to this form with your Member ID written on it.			
Name:		Social Security Number:	
Date of Birth:		<input type="radio"/> Male <input type="radio"/> Female	
Relationship:		<input type="checkbox"/> Check this box if this person is also your legal spouse.	
Address:	City:	State:	Zip Code:

<input type="checkbox"/> My Estate No additional information required.

<input type="checkbox"/> Living Trust The following information is required to designate a living trust. <u>You must write the name of the trust as it appears in the trust document and submit a copy of the trust with this form.</u> A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.			
Name of Trust:			
Trust Tax ID:			
Trustee or Successor Trustee Contact Information: Our office will contact the trustee listed below following your death.			
Trustee:		Successor Trustee (if applicable):	
Address:	City:	State:	Zip Code:

<input type="checkbox"/> Testamentary Trust A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.
--

Section D - \$5000 Death Benefit from Kentucky Public Pensions Authority - Complete only if eligible
To be eligible for this benefit, you must be a retired member receiving a monthly benefit on the date of your death from Kentucky Public Pensions Authority based on a minimum of 48 months of service.

If eligible for this benefit, you may name one death benefit beneficiary. This designation is not valid if you designate more than one beneficiary. Your estate will become your default beneficiary if this designation is deemed to be invalid. This designation may be changed at any time prior to your death by filing a properly completed Form 6030, Death Benefit Designation.

Member Name:	Member ID:
--------------	------------

☐ **Person** You may only name one person as your death benefit beneficiary.

Name:		Social Security Number:	
Date of Birth:	Relationship:	<input type="radio"/> Male	<input type="radio"/> Female
Address:	City:	State:	Zip Code:

☐ **My Estate** No additional information required.

☐ **Living Trust** The following information is required to designate a living trust. You must write the name of the trust as it appears in the trust document and submit a copy of the trust with this form. A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.

Name of Trust:			
Trust Tax ID:			
Trustee or Successor Trustee Contact Information: Our office will contact the trustee listed below following your death.			
Trustee:		Successor Trustee (if applicable):	
Address:	City:	State:	Zip Code:

☐ **Testamentary Trust** A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.

☐ **Funeral Home** Please enclose a copy of the Funeral Home License with your Member ID written on it.

Funeral Home Legal Name:		Funeral Home License Number:	
Funeral Home Tax ID:	Contact Name:	Phone:	
Address:	City:	State:	Zip Code:

Section E - Authorization for Deposit of Retirement Payment**Complete this section to authorize deposit of your retirement benefit directly into your account at a financial institution.**

Financial Institution Information: The financial institution may be a bank, savings bank, savings and loan association, credit union, or similar institution that is a member of the Automated Clearing House (ACH). Your direct deposit institution may be changed at any time by filing a properly completed Form 6130, Authorization for Deposit of Retirement Payment.

Financial Institution Name:

Depositor Routing Number:

Depositor Account Number:

Account Type:

☐ Checking☐ Savings**For your convenience:**

The sample check shows where to locate the required bank information to complete your Direct Deposit.



Required Documents: Please indicate the documentation you are submitting with this form.

For deposits to a Checking Account:

I have attached to this form

☐

a VOIDED personalized check

☐

verification from my financial institution

For deposits to a Savings Account:

I have attached to this form

☐

verification from my financial institution

Attach Voided Check Here:

(Attach Voided Check Here)

I acknowledge that electronic payments to the designated account must comply with the provisions of U.S. law, as well as the requirements of the Office of Foreign Assets Control (OFAC) and National Automated Clearing House Association (NACHA) regulations. I certify that the entire payment that the Kentucky Public Pensions Authority sends electronically to the financial institution I have designated, is not subject to being transferred to a foreign bank. I agree to notify the Kentucky Public Pensions Authority in writing immediately if the payment becomes subject to transfer to a foreign bank in the future.

If all required forms have been completed properly and returned by the end of the month prior to your retirement date, the first check will be deposited or mailed on the *14th* of the first month of retirement. **Due to deadlines required to establish a direct deposit, your first benefit payment is not guaranteed to be deposited to your account.**

Many benefit payments for the first month of retirement are mailed. After the initial payment, the monthly benefit will be deposited to the retired member's account on the *14th* of each month. If the *14th* of the month is a weekend or holiday, the benefit will be mailed or deposited the business day prior. Members are required to have the monthly retirement benefit deposited directly to their bank accounts, unless their bank does not participate in the Automated Clearing House or the member does not have an account with a financial institution.

Section F - Tax Withholding

Your monthly retirement benefit is subject to federal taxes. You may choose your federal tax withholding preference below. If you do not complete this section correctly, KPPA will automatically withhold federal income tax based on Single with no adjustments. You may refer to the instructions for Form W4-P provided with your retirement application. You may change your tax withholding at any time by filing a properly completed Form 6017, W-4P, Tax Withholding.

Form **W-4P**
Department of the Treasury
Internal Revenue Service

**Withholding Certificate for
Pension or Annuity Payments**

OMB No. 1545-0074

FOR TAX YEAR IN WHICH
MEMBER RETIRES

Type or print your full name.			Member ID: Claim or identification number (if any) of your pension or annuity contract
Address:			
City:	State:	Zip Code:	

- ☐ **No Taxes Withheld**
- ☐ **Single or Married filing separately**
- ☐ **Married filing jointly or Qualifying widow(er)**
- ☐ **Head of household** (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Complete Steps 2–4 ONLY if they apply to you.

**Step 2:
Income
From a Job
and/or
Multiple
Pensions/
Annuities
(Including a
Spouse's
Job/
Pension/
Annuity)**

Complete this step if you (1) have income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity.

Do **only one** of the following.

- (a) Reserved for future use.
- (b) Complete the items below.

- (i) If you (and/or your spouse) have one or more jobs, then enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter "-0-" ▶ \$ _____
- (ii) If you (and/or your spouse) have any other pensions/annuities that pay less annually than this one, then enter the total annual taxable payments from all lower-paying pensions/annuities. Otherwise, enter "-0-" ▶ \$ _____
- (iii) Add the amounts from items (i) and (ii) and enter the **total** here ▶ \$ _____

TIP: To be accurate, submit a 2022 Form W-4P for all other pensions/annuities. Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019. If you have self-employment income, see page 2.

If (b)(i) is blank and this pension/annuity pays the most annually, complete Steps 3–4(b) on this form. Otherwise, do not complete Steps 3–4(b) on this form.

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

**Step 3:
Claim
Dependent
and Other
Credits**

Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ _____

Multiply the number of other dependents by \$500 ▶ \$ _____

Add other credits, such as foreign tax credit and education tax credits ▶ \$ _____

Add the amounts for qualifying children, other dependents, and other credits and enter the total here 3 \$ _____

**Step 4:
(optional):
Other
Adjustments**

(a) Other income (not from jobs or pension/annuity payments). If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. 4(a) \$ _____

This may include interest, taxable social security, and dividends

(b) Deductions. If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here 4(b) \$ _____

(c) Extra withholding. Enter any additional tax you want withheld from **each payment** 4(c) \$ _____

Section G - Certification of Bona Fide Separation from Service and Notification of Retirement

Subject to penalty of KRS 523.100: I acknowledge that federal and state law both require a bona fide separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies in order for the Kentucky Public Pensions Authority to pay a retirement benefit or to pay a refund of a retirement account.

If I am retiring, I affirm that I have had a separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies, or that I will have a separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies prior to my retirement date. I also affirm that I do not have a prearranged agreement to return to a participating agency or entities affiliated with participating agencies after my separation from service.

If I am taking a refund of my retirement account, I affirm that I have had a separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies. I also affirm that I do not have a prearranged agreement to return to a participating agency or entities affiliated with participating agencies after my separation from service.

I understand that the term "separation from service" as used in this affidavit means a complete severance of any kind of employment relationship (including but not limited to a relationship as an independent contractor or leased employee) with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies.

I understand that the term "prearranged agreement" as used in this affidavit means any contemplation of return to employment with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies.

I understand that the terms "agencies participating in the Kentucky Public Pensions Authority" and "participating agency" as used in this affidavit are to be construed in a broad manner, and include not only the agency itself, but also any entities affiliated with participating agencies, regardless of whether such entities are holding themselves out as legally separate entities.

I acknowledge that prior to accepting employment within twelve (12) months of my retirement date with an agency participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies, I have a duty to report such employment in writing to the Kentucky Public Pensions Authority pursuant to 105 KAR 1:390.

I acknowledge and understand that if I fail to comply with federal and state law regarding bona fide separation from service and break in service, my retirement shall be voided and I shall repay all retirement allowances, dependent child payments, and health plan premiums paid by the Kentucky Public Pensions Authority.

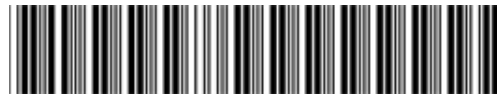
I certify the information in this Notification of Retirement is correct and that my employer has been informed of my intent to terminate employment on the date indicated on this form if applying for early/normal retirement. I understand the Kentucky Public Pensions Authority will send an estimated retirement allowance. **I acknowledge my estimated retirement allowance and benefits are subject to post retirement audit and adjustment after retirement. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation is subject to penalty in accordance with KRS 523.100.**

Member's Signature: _____ Date: _____

Spouse's Signature: _____ Date: _____

Witness' Signature: _____ Date: _____

NOTE: Signature of Member is required. Signature of either the Spouse **or** a Witness is also required. Failure to sign form and have your signature witnessed by either your spouse or another person will result in the form being voided.



Section H - Employer Certification of Leave Balances and Final Salary

Section H must be completed by your current employer and returned to the Kentucky Public Pensions Authority in order to include future salary, service and sick and compensatory leave balances in your estimated retirement allowance. If you are currently employed by more than one participating employer, each employer should complete a copy of Section H of this form. If you do not have the employer complete Section H of this form, the Kentucky Public Pensions Authority will **exclude** all leave balances from the estimated retirement allowance. **Your estimated retirement allowance and benefits are subject to post retirement audit and adjustment after retirement.**

Employer Name:	Employer Code:
Member Name:	Member ID:
Termination Date:	
Employer's Report of Leave Balances as of:	
Does your agency participate in a sick leave program administered by KPPA? <input type="radio"/> Yes <input type="radio"/> No If yes above, select the type of sick leave plan: <input type="radio"/> Standard <input type="radio"/> Alternate Does the above member work an average of 21 days per month? <input type="radio"/> Yes <input type="radio"/> No If no above, please provide an Alternate Average Working Days Per Month: _____	

Standard Sick Leave Program: If participating in the standard sick leave program, please provide the following information.
 Note: Contributions should not be withheld from standard sick leave lump sum payouts.

Accumulated Sick Leave (in hours):	Hours in a Sick Leave Day:
------------------------------------	----------------------------

Alternate Sick Leave Program: If participating in the alternate sick leave program, please provide the following information.
 Note: Contributions should be withheld from alternate sick leave lump sum payouts.

Accumulated Sick Leave (in days):	Hours in a Sick Leave Day:
Estimated Compensation to be Paid for Sick Leave:	

School Board Certification (*school board employees only*): Indicate the number of actual days the member will have worked through the expected termination date. If the days occur in different school years, please list each school year separately below.

Actual Days Worked through Expected Termination Date	
School Year	Number of Actual Days

Section H is continued on the following page. You must complete the Employer Certification at the end of Section H.


Section H *Continued* - Employer Certification of Leave Balances and Final Salary

Employer Name:	Employer Code:
Member Name:	Member ID:

Note to Employer:

KPPA will provide calculations to the member based upon the information you certify below. Due to the reporting process there may be a delay from the time you report it to the time it is available for use in the calculation. For this reason we ask that you verify the actual earned wages for the three months prior to the date you are completing this certification and each month thereafter through member's anticipated date of termination.

Employer's Report of Final Salary

You may select from the following payment reasons:
Regular Pay, Regular Pay with Additional Creditable

Posting Month	Payment Reason	Salary

Employer Certification

I certify that the leave balances and estimated final salary information provided above is accurate based upon our agency's records. I state that I have full knowledge of the penalty in KRS 523.100 related to falsification of records and that the information provided is true and accurate.

Printed Name of Agency Official: _____

Title: _____ Agency Phone Number: _____

Signature of Agency Official: _____ Date: _____

Section I - Member's Statement of Disability**If additional space is required to answer the questions, you may use and attach additional paper.**

Member Name:

Member ID:

1. List the diagnoses of the injury, illness, or disease for which you are applying for disability:**2. Describe how the diagnoses listed above on this page prevent you from performing your essential job duties:****3. Describe the history of the diagnoses listed above, including the onset or start of your symptoms or complaints:**

4a. If you are a non-hazardous employee, are you claiming that you are totally and permanently disabled from performing any occupation for remuneration or profit as a result of a single traumatic event that occurred while you were performing the duties of your job or a single act of violence committed against you that was related to your job duties?

☐ Yes ☐ No

Please note: A duty related injury does not include the effects of the natural aging process, a communicable disease unless the risk of contracting the disease is increased by the nature of the employment, or a psychological, psychiatric, or stress related change unless the direct result of a physical injury.

4b. If you are a hazardous employee, are you claiming that you are disabled due to an act in line of duty by either a single act occurring while performing the principal duties of your job or a single act of violence against you that was related to your job duties?

☐ Yes ☐ No

If you answered yes to 4a or 4b, describe specific date, time, and circumstances of the duty related injury or act in line of duty below. Please attach a copy of the employer incident report to this form. Failure to attach the employer incident report will delay your disability application.



Section I is continued on the following page. You must complete the Certification at the end of Section I.

Section I *Continued* - Member's Statement of Disability

Member Name:

Member ID:

Last Day of Paid Employment

Last Day of Paid Employment: The last day of paid employment is the last day for which contributions were reported and for which you were eligible to receive retirement credit. Identify the month, day, and year that is your last day of paid employment, or if you are still working or on paid leave, identify the month, day, and year that is your anticipated last day of paid employment.

Last Day of Paid Employment: _____
Month Day Year

You will be sent an estimate of disability retirement benefits, subject to post retirement audit and adjustment after retirement, based upon your last day of paid employment in a regular full-time position assuming your application for disability retirement benefits is approved. If approved for disability benefits, you will receive benefits effective the first day of the month following your last day of paid employment.

Certification and Authorization

I certify the information on this Statement of Disability, Section I, is true and correct. I acknowledge that any person who makes a false statement, report, or representation is subject to penalty pursuant to KRS 523.010 to 523.110.

I authorize the Authority, its agents, servants, and employees to have full and complete access to any and all medical records of mine, whether or not related to this injury, illness, or disease, and authorize the Authority, and its agents, servants, and employees to discuss such records as it may be necessary at any meeting of the Board in connection with my application for disability retirement benefits.

I authorize my employer to release, furnish, disclose, or discuss with the Kentucky Public Pensions Authority all records or other information regarding my employment, including but not limited to, a description of job duties performed as of the last day of my employment, a description of the accommodations, assistance, or help that was offered or attempted or reasonably available to allow me to perform my essential job duties, a report of work injuries or accidents, my personnel file, or other employee records.

Signature of Member: _____

Date: _____

Signature of Witness: _____

Date: _____

IRS Tax Publications

If you are not sure whether you are an employee or an independent contractor, get Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. Publication 15-A, Employer's Supplemental Tax Guide, provides additional information on independent contractor status.

IRS Electronic Services

You can download and print IRS publications, forms, and other tax information materials on the Internet at www.irs.gov. You can also call the IRS at 1-800-829-3676 (1-800-TAX-FORM) to order free tax publications and forms.

Call 1-800-829-4933, the Business and Speciality Tax Line, if you have questions related to employment tax issues.



**INDEPENDENT
CONTRACTOR**

OR

EMPLOYEE



Independent Contractor *or* Employee

Which are you?

For federal tax purposes, this is an important distinction. Worker classification affects how you pay your federal income tax, social security and Medicare taxes, and how you file your tax return. Classification affects your eligibility for social security and Medicare benefits, employer provided benefits and your tax responsibilities. If you aren't sure of your work status, you should find out now. This brochure can help you.

The courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These relevant facts fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case, it is very important to consider all the facts – no single fact provides the answer. Carefully review the following definitions.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work. For example:

Instructions – if you receive extensive instructions on how work is to be done, this suggests that you are an employee. Instructions can cover a wide range of topics, for example:

- how, when, or where to do the work
- what tools or equipment to use
- what assistants to hire to help with the work
- where to purchase supplies and services

If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

Training – if the business provides you with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

Significant Investment – if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

Expenses – if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.

Opportunity for Profit or Loss – if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

Employee Benefits – if you receive benefits, such as insurance, pension, or paid leave, this is an indication that you may be an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.

Written Contracts – a written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

When You Are an Employee...

- Your employer must withhold income tax and your portion of social security and Medicare taxes. Also, your employer is responsible for paying social security, Medicare, and unemployment (FUTA) taxes on your wages. Your employer must give you a Form W-2, Wage and Tax Statement, showing the amount of taxes withheld from your pay.

When You Are an Independent Contractor...

- The business may be required to give you Form 1099-MISC, Miscellaneous Income, to report what it has paid to you.
- You are responsible for paying your own income tax and self-employment tax (Self-Employment Contributions Act – SECA). The business does not withhold taxes from your pay. You may need to make estimated tax payments during the year to cover your tax liabilities.
- You may deduct business expenses on Schedule C of your income tax return.



**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6760

Revised 12/2023

County Police or Sheriff Appointment of Retired Police Officer

IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed, all supporting documentation is submitted along with this form, and the retired member has received a response from Kentucky Public Pensions Authority authorizing this return to employment.

Member Information

Member Name:	Member ID:
Reemploying Employer:	Employer Code:
Did the member retire as a police officer as defined in KRS 70.291? <input type="radio"/> Yes <input type="radio"/> No	

Appointment Information

Initial Appointment: <input type="radio"/> Yes <input type="radio"/> No	Date of the Appointment:
Term of Appointment (cannot exceed one year):	

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is _____ and I hold the office of Chief of Police/Sheriff for _____ County, which will be employing the member identified above;
2. The member identified above participated in the Kentucky Law Enforcement Foundation program and I have provided a certification of participation from the Kentucky Department of Criminal Justice Training, which administers the program;
3. The member identified above retired on _____ from _____ with no administrative charges pending and I have attached a notarized statement from the agency listed above certifying that there were no pending administrative charges at the time of the member's retirement;
4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and, if reemploying within twelve (12) months of retirement, the member has received a response from Kentucky Public Pensions Authority authorizing this return to employment;
5. I acknowledge that if I fail to submit this Form prior to the beginning of the member's term of appointment that Kentucky Public Pensions Authority shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 until the first month following submission of the proper documentation.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

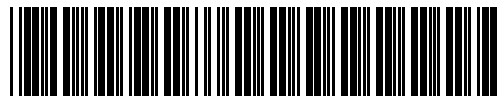
Date: _____

Title: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Print Form


Form 6770

Revised 12/2023

City Appointment of Retired Police Officer

IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed, all supporting documentation is submitted along with this form, and a response to a properly submitted Form 6751 has been issued by the Kentucky Public Pensions Authority.

Member Information

Member Name:	Member ID:
Reemploying City:	Employer Code:
Did the member retire as a police officer as defined by KRS 70.291? <input type="radio"/> Yes <input type="radio"/> No	
Initial Appointment: <input type="radio"/> Yes <input type="radio"/> No	Date of the Appointment: _____
Term of Appointment (cannot exceed one year) : _____	

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is _____ and I am the Chief of Police for the city of _____, which will be employing the member identified above;
2. The member identified above participated in the Kentucky Law Enforcement Foundation program and I have provided a certification of participation from the Kentucky Department of Criminal Justice Training, which administers the program;
3. The member identified above retired on _____ from _____ with no administrative charges pending and I have attached a notarized statement from the agency listed above certifying that there were no pending administrative charges at the time of the member's retirement;
4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and the member has received a response from Kentucky Public Pensions Authority approving this return to employment following the submission of Form 6751; and
5. I acknowledge that if I fail to submit this Form prior to the beginning of the member's term of appointment that Kentucky Public Pensions Authority shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 until the first month following submission of the proper documentation.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____ Date: _____

Title: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov


Print Form

Form 6769
 Revised 12/2023

Certification of Employed Police Officers Calendar Year 2015

IMPORTANT NOTICE: The city employer will not be approved to appoint retired police officers under the provisions of KRS 95.022 until this form is completed and approved.

Employer Information

Employer Name:

Employer Code:

Instructions for Completing Form 6769

Pursuant to KRS 95.022, prior to hiring a retired police officer, city employers must disclose to Kentucky Public Pensions Authority the number of police officers it employed on average in calendar year 2015. This average determines the number of retired police officers that may be hired prospectively. If the average number of police officers employed by the city in calendar year 2015 is:

- Less than or equal to five (5), the city employer may hire an unlimited number of retired police officers; or
- Greater than five (5) but less than or equal to one hundred (100), the city employer may hire up to five (5) retired police officers or 25% of the average number of police officers employed by the city in calendar year 2015, whichever is greater; or
- Greater than one hundred (100), the city may hire up to twenty-five (25) retired police officers or 10% of the average number of police officers employed by the city in calendar year 2015, whichever is greater.

If you as a city employer desire to hire retired police officers, you **MUST** complete and return this form including the Detailed Listing of Police Officers Employed for Calendar Year 2015. Attach additional sheets as needed. If employment begin or end dates are not provided, the individual is assumed to have been employed the entire calendar year.

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statement is true:

My name is _____ and I am the Chief of Police for the city of _____, which is seeking to employ retired police officers pursuant to KRS 95.022.

The city employed an average of _____ police officers in calendar year 2015 and is entitled to hire up to _____ retired police officers pursuant to KRS 95.022.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

Title: _____

Detailed Listing of Police Officers Employed for Calendar Year 2015

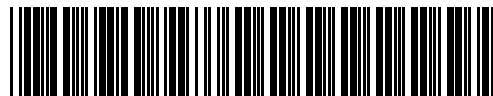
Employer Information

Employer Name:

Employer Code:

[illegible]


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6767
 Revised 12/2023

Appointment of Kentucky State Police School Resource Officer

IMPORTANT NOTICE: This form is to identify a current/retired Kentucky State Police officer, CVE R Class, or Trooper R class employed by a school district in the capacity of a Kentucky State Police School Resource Officer (KSPSRO) in accordance with KRS 158.441. Please attach a copy of the member's KSPSRO employment contract.

Member Information

Member Name:	Member ID:
Employer Name:	Employer Code:

Appointment Information

Date of the Appointment:

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is _____ and I hold the position of _____ for the school district listed above.
2. The member identified above possesses sworn law enforcement authority and has specialized training in school-based policing and crisis response including all training required of a school resource officer.
3. The member identified above is a Kentucky State Police officer, CVE R Class, or Trooper R class, as identified in KRS 16.010, and will be employed by the school district as a KSPSRO. Any salary or wages paid to the member for services as a KSPSRO shall be excluded from creditable compensation pursuant to KRS 16.505(8)(c), 61.510(13)(c), and 78.510(13)(c).
4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and, if reemploying within twelve (12) months of retirement, the member has received a response from Kentucky Public Pensions Authority authorizing this return to employment.
5. I acknowledge that Kentucky Public Pensions Authority shall administer the member's employment in the capacity of a KSPSRO upon submission of this properly completed form and a copy of the member's employment contract entered into pursuant to the KSPSRO program.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

Title: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6766

Revised 12/2023

Appointment of Retired School Resource Officer

IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed, all supporting documentation is submitted along with this form, and the retired member has received a response from Kentucky Public Pensions Authority authorizing this return to employment.

Member Information

Member Name:	Member ID:
Reemploying Employer:	Employer Code:

Appointment Information

Initial Appointment: <input type="radio"/> Yes <input type="radio"/> No	Date of the Appointment:
---	--------------------------

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is _____ and I hold the position of _____ for _____ which will be employing the member identified above;
2. The member identified above is a sworn law enforcement officer or a special law enforcement officer appointed pursuant to KRS 61.902, who has specialized training to work with youth at a school site.
3. The member identified above will be employed as a school resource officer as defined in KRS 158.441.
4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540, if reemploying within twelve (12) months of retirement, the member has received a response from Kentucky Public Pensions Authority authorizing this return to employment; and
5. I acknowledge that Kentucky Public Pensions Authority shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 until the first month following submission of the proper documentation.

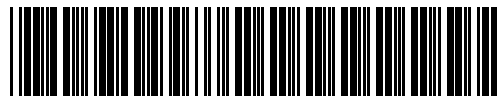
I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

Title: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6768
 Revised 12/2023

Postsecondary Institution Appointment of Retired Police Officer

IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed, all supporting documentation is submitted along with this form, and the retired member has received a response from Kentucky Public Pensions Authority authorizing this return to employment.

Member Information

Member Name:	Member ID:
Reemploying Postsecondary Institution:	Employer Code:
Did the member retire as a police officer pursuant to KRS 164.950 - 164.980? <input type="radio"/> Yes <input type="radio"/> No	

Appointment Information

Initial Appointment: <input type="radio"/> Yes <input type="radio"/> No	Date of the Appointment:
Term of Appointment (cannot exceed one year):	

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is _____ and I hold the office of Chief of Police/
Reporting Official for _____ which will be employing the member
identified above;
2. The member identified above participated in the Kentucky Law Enforcement Foundation program and I have provided a
certification of participation from the Kentucky Department of Criminal Justice Training, which administers the program,
retired as a commissioned officer pursuant to KRS Chapter 16, or retired as a police officer from a postsecondary
institution.
3. The member identified above retired on _____ from _____
with no administrative charges pending and I have attached a notarized statement from the agency listed above certifying
that there were no pending administrative charges at the time of the member's retirement;
4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and, if
reemploying within twelve (12) months of retirement, the member has received a response from Kentucky Public
Pensions Authority authorizing this return to employment; and
5. I acknowledge that if I fail to submit this Form prior to the beginning of the member's term of appointment that Kentucky
Public Pensions Authority shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 until the first
month following submission of the proper documentation.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

Title: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6764

Revised 12/2023

Recertification of Retired Police Officer
IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed.
Member Information

Member Name:	Member ID:
Reemploying Employer:	Employer Code:
Was the member previously approved for reemployment pursuant to KRS 70.291 - 70.293 or KRS 164.950 - 164.980? <input type="radio"/> Yes <input type="radio"/> No	
Term of Appointment (cannot exceed one year):	Begin Date: End Date:

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

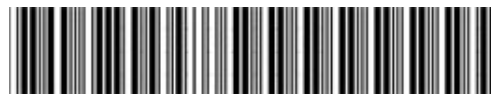
My name is _____ and I hold the position of Chief of Police/Reporting
 Official for _____ and I have reappointed the member identified above for the term
 identified above.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____ Date: _____

Title: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6751
 Revised 12/2023

Employer Certification Regarding Reemployment
Member Information

Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Start date:	

My name is: _____. I am the agency head, appointing authority, or authorized designee for the participating employer. I have made a personal inquiry and confirm that this participating employer: (check one)

- ☐ **DID NOT** have any type of prearranged agreement, whether written or verbal, with the above-named retired member to return to work in any capacity following the member's initial retirement date.
- ☐ **DID** have a prearranged agreement, whether written or verbal, with the above-named retired member to return to work in some capacity following the member's initial retirement date.

Employer Acknowledgement and Certification (signature, job title, and date required)

I acknowledge that:

- If my agency reemploys a Kentucky Public Pensions Authority's retired member within twelve (12) months of the member's initial retirement date, my agency is required by law to submit the required form and any additional requested information to confirm the retired member's employment status.
- If my agency fails to certify the reemployment status of the retired member or provide any additional information requested by Kentucky Public Pensions Authority, the retired member's retirement benefits shall be voided and the retired member required to repay all retirement allowances, dependent child payments, and health plan premiums paid by Kentucky Public Pensions Authority.
- If my agency employs a retired member prior to the member's required months of break in service pursuant to KRS 61.637(17) and 78.5540, benefits shall be voided, and the retired member shall be required to repay all retirement allowances, dependent child payments, and health plan premiums paid by Kentucky Public Pensions Authority.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____ Job Title: _____ Date: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6753
 12/2023

Employer Certification of Volunteer
Member Information

Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Volunteer start date:	

My name is: _____ . I am the agency head, appointing authority, or authorized designee of the employer participating in the Kentucky Public Pensions Authority, where the above referenced member will be volunteering as (please describe the job title and principal volunteer duties below and attach additional pages if needed):

Participating Employer Inquiry

As the agency head, appointing authority or authorized designee of the participating employer, I have conducted an inquiry and confirm the following:

- The member ☐ **was** ☐ **was not** previously employed by the participating employer.
- The member ☐ **did** ☐ **did not** previously receive creditable compensation from the participating employer.
- The member ☐ **did** ☐ **did not** previously earn retirement service credit from the participating employer.
- The member ☐ **is** ☐ **is not** volunteering for the participating employer freely and without pressure or coercion.
- The member ☐ **will** ☐ **will not** receive compensation for volunteering for the participating employer.
- The member ☐ **will** ☐ **will not** receive reimbursement from the participating employer for actual expenses incurred while volunteering.
- The member ☐ **will** ☐ **will not** receive a nominal fee in the amount of \$ _____ for volunteer services performed for the participating employer.

Participating Employer Certification

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of any benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, and civil payments, legal fees, and costs.

Signature: _____ Job Title: _____ Date: _____


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6754
 Revised 12/2023

Member Reemployment Certification
Member Information Please provide your Member ID or Social Security number in the Member ID box below.

Member Name:

Member ID:

Pursuant to 105 KAR 1:390, any retired member who desires to reemploy as an employee, independent contractor, leased employee, or volunteer with a participating employer of Kentucky Public Pensions Authority within twelve (12) calendar months of the retired member's initial retirement date must disclose that information.

A retired member reemploying twelve (12) calendar months or more after the retired member's initial retirement date is not required to submit this Form.

1. Participating employer's full name: _____

2. Job title: _____

3. Anticipated start date (mm/dd/yyyy): _____

4. Check whether the position is:

☐ Full-time or ☐ Part-time

5. Check whether you are Medicare eligible:

☐ Yes ☐ No

6. Check the space below identifying the type of position:

☐ Employee ☐ Independent Contractor ☐ Leased Employee ☐ Volunteer

If you are an independent contractor or leased employee, you can include a copy of your work contract .

Member Certification (signature and date required)

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, that I (personally) may be liable for restitution of the benefits for which I was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY**
 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6752
 12/2023

Employer Certification of Independent Contractor / Leased Employee

Member Information

Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Start date:	

Printed full name of the **agency head, appointing authority** or **authorized designee** of the employer participating in the Kentucky Public Pensions Authority completing this form: _____

Participating Employer Inquiry (Must provide a response to all questions)

As the agency head, appointing authority or authorized designee of the employer, I have conducted an inquiry and confirm the following:

- The above referenced member will be providing services as: ☐ An Independent Contractor ☐ A Leased Employee
- The participating employer will issue the member an: ☐ IRS Form W-2 ☐ IRS Form 1099-MISC
- The participating employer previously employed the member as: ☐ An Employee ☐ Independent Contractor
☐ Leased Employee ☐ None

YES NO

		A third party or staffing company is responsible for paying the member's salary or wages for services provided to the participating employer.
		Both the participating employer and the member will retain the right to voluntarily terminate the work relationship without liability or penalty.

YES NO **The Participating Employer:**

		Is responsible for FICA taxes or reimbursement of FICA taxes for the member.
		Issued a Request for Proposal (RFP) to the general public soliciting the services now to be provided by the member.
		Will require the member to comply with their instructions related to when, where and how services are to be provided.
		Will require the member to adhere to established work schedules and agency hours of operation.
		Will provide the member with training, which may include attending meetings and working with experienced employees of the participating employer.
		Will require the member to provide services on-site with access and usage of the participating employer's tools and equipment.
		Will require the member to provide regular written or oral progress / completion reports related to the services provided.
		Will require the member to work full-time.
		Will pay the member a flat fee for all services provided.
		Will pay the member a salary or hourly wage for a specified duration of time for services provided.
		Will reimburse the member for any business or travel expenses incurred while performing services.
		Will permit the member to provide similar services to other participating employers, business entities or the general public at the same time the member is performing services for the participating employer.
		Will allow the member to subcontract other persons on behalf of the member to provide services for the participating employer.
		Will permit the member to hire and supervise employees for the participating employer in the performance of these services.

Participating Employer Supporting Documentation (Must select and provide at least one)

Indicate which of the following **REQUIRED** documents pertaining to the member's employment relationship with the participating employer are attached to this Form 6752: (check all applicable)

- ☐ A complete copy of the labor contract entered into between the participating employer and member.
- ☐ A complete copy of the labor contract entered into between the participating employer and a third party or staffing service related to the member's reemployment with the participating employer.
- ☐ A complete copy of the Request for Proposal (RFP) for the solicitation of services that are to be provided by the member and responses submitted.
- ☐ Other (please specify): _____

Participating Employer Certification

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____ Job Title: _____ Date: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov


[Print Form](#)
Form 6774

12/2023

City Recertification of Retired Police Officer
IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed.
Member Information

Member Name:	Member ID:
Reemploying City:	Employer Code:
Was the member previously approved for reemployment pursuant to KRS 70.291 - 70.293? <input type="radio"/> Yes <input type="radio"/> No	
Term of Appointment (cannot exceed one year):	Begin Date: _____ End Date: _____

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

My name is _____ and I am the Chief of Police for the city of _____ and I have reappointed the member identified above for the term identified above.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____ Date: _____

Title: _____

MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: November 27, 2023

RE: Board approval and authorization of KPPA staff to file a new administrative regulation, 105 KAR 1:455, In Line of Duty Hazardous Retirement Disability Benefits, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of new administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:455, In Line of Duty Hazardous Retirement Disability Benefits, is consistent with these provisions of the Kentucky Revised Statutes.

KRS 16.582 and 78.5524 establish hazardous disability retirement benefits for employees in hazardous positions who are disabled from an act in line of duty. This administrative regulation establishes the procedures for filing an application or reapplication for in line of duty hazardous disability retirement benefits and total and permanent in line of duty hazardous disability retirement benefits, and the appeal procedures if denied.

105 KAR 1:455 was presented to the Ad Hoc Regulations Committee for the Board on November 15, 2023. The Committee approved sending to the full Board for filing approval.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and authorize 105 KAR 1:455, In Line of Duty Hazardous Retirement Disability Benefits, to be filed with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:455, In Line of Duty Hazardous Retirement Disability Benefits
2. Form 6000, “Notification of Retirement”
3. Form 6008, “Beneficiary Election to Continue Disability Application Process on Behalf of Deceased Member”
4. Form 6010, “Estimated Retirement Allowance”
5. Form 6025, “Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution”
6. Form 6110, “Affidavit of Authorization to Receive Funds on Behalf of Minor”

7. Form 6130, "Authorization for Deposit of Retirement Payment"
8. Form 6135, "Request for Payment by Check"
9. Form 6448, "Designation of Dependent Child for Qualifying Total and Permanent Disability"
10. Form 6456, "Designation of Dependent Child"
11. Form 6810, "Certification of Beneficiary"
12. Form 8001, "Certification of Application for Disability Retirement and Supporting Medical Information"
13. Form 8002, "Certification of Application for Disability Retirement and Supporting Medical Information"
14. Form 8025, "Authorization for Independent Medical or Psychological Examination and Release of Medical Information"
15. Form 8030, "Employer Job Description"
16. Form 8035, "Employee Job Description"
17. Form 8040, "Prescription and Nonprescription Medications"
18. Form 8480, "Certification of Statement of Disability – Act in the Line of Duty"
19. Form 8846, "Travel Voucher for Independent Examination"

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (New Administrative Regulation)

4 105 KAR 1:455 In line of duty Hazardous Retirement Disability Benefits.

5 RELATES TO: KRS 16.505, 16.582, 61.505, 61.510, 61.542, 61.592, 61.610, 61.615,
6 61.640, 61.665, 61.685, 61.691, 78.510, 78.545, 78.5518, 78.5524, 78.5528, 78.5532

7 STATUTORY AUTHORITY: KRS 61.505(1)(g) and (3)(d)

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the
9 Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of
10 the Kentucky Retirement Systems and the County Employees Retirement System that
11 are consistent with KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to
12 78.852. KRS 16.582 and 78.5524 establish hazardous disability retirement benefits for
13 employees in hazardous positions who are disabled from an act in line of duty. This
14 administrative regulation establishes the procedures for filing an application or
15 reapplication for in line of duty hazardous disability retirement benefits and total and
16 permanent in line of duty hazardous disability retirement benefits, and the appeal
17 procedures if denied.

18 Section 1. Definitions.

19 (1) "Applicant" means a participant who has applied or is applying for ILOD disability
20 or total and permanent ILOD disability in accordance with KRS 16.582 and 78.5524.

1 (2) "Dependent child benefit" means a retirement benefit payable to a dependent child
2 as provided by KRS 16.582(6)(b) and (7)(b) and 78.5524(6)(b) and (7)(b).

3 (3) "Full-time student" means a person:

4 (a) Enrolled in a postsecondary program of study that meets the full-time student
5 requirements of the institution in which he or she is enrolled;

6 (b) Enrolled in a continuing education or training program that meets the full-time
7 requirements of the program or institution in which he or she is enrolled; or

8 (c) Enrolled in high school or a GED program that meets the full-time student
9 requirements of the program or institution in which he or she is enrolled.

10 (4) "ILOD disability" means a form of disability retirement benefits that requires a
11 disability that was due to an act in line of duty.

12 (5) "Retirement benefit" means the retirement allowance as defined by KRS
13 16.505(12), 61.510(16), and 78.510(16).

14 (6) "Self-Service Web site" means the secure Member Self-Service or Retiree Self-
15 Service agency Web site.

16 (7) "Submit" means the employer required form, documentation, report, or payment
17 has been received by the retirement office via mail, fax, electronic mail, the Employer Self
18 Service Web site, or other mode specifically detailed in this administrative regulation.

19 (8) "Total and permanent ILOD disability" means a form of disability retirement benefits
20 that requires a total and permanent disability that was due to an act in line of duty.

21 Section 2. Use of Third-party Vendors. Subject to KRS 61.505(3)(d), the agency may
22 contract with third-party vendors to provide independent, licensed physicians to serve as
23 medical examiners pursuant to KRS 61.665 and 78.545, and additional persons to fulfill

1 non-physician roles throughout the ILOD disability or total and permanent ILOD disability
2 application and review process.

3 Section 3. Documentation of applicant's last day of paid employment.

4 (1) The applicant's last day of paid employment shall either be certified by the
5 applicant's employer, or by a written statement filed by the applicant and corroborated by
6 the reporting information received by the agency or the agency's third-party vendor from
7 the applicant's employer.

8 (2) In accordance with KRS 61.685 and 78.545, the applicant's last day of paid
9 employment may be corrected at any time upon discovery of any error or omission in the
10 agency's records.

11 Section 4. Time period requirements.

12 (1)(a) An application or reapplication for ILOD disability or total and permanent ILOD
13 disability shall be filed by the end of day twenty-four (24) months from the applicant's last
14 day of paid employment in a regular full-time position.

15 (b) The time period for filing shall begin on the day after the last day of paid
16 employment in a regular full-time position and shall end at the end of day on the 730th
17 calendar day.

18 (2) If the application or reapplication is not filed within the time period prescribed by
19 subsection (1) of this section, except as provided in subsection (3) of this section, then
20 the application or reapplication is not timely, and the applicant shall not qualify for ILOD
21 disability or total and permanent ILOD disability.

22 (3) If the end of any time period prescribed in this administrative regulation falls on a
23 Saturday, Sunday, a public holiday listed in KRS 2.110, a day on which the retirement

1 office is actually and legally closed, or any other state or federal holiday that disrupts mail
2 service, then the time period shall be met if the application, documentation, form, or other
3 requested information is filed or submitted no later than the end of day on the next
4 business day following the weekend or holiday.

5 Section 5. Application or reapplication for ILOD disability or total and permanent ILOD
6 disability.

7 (1) An application or reapplication for ILOD disability or total and permanent ILOD
8 disability pursuant to KRS 16.582 and 78.5524 shall be made by completing and filing a
9 valid Form 6000, Notification of Retirement, indicating the applicant's alleged disability is
10 due to an act in line of duty. If available, a Workers' Compensation incident report shall
11 be filed with the Form 6000.

12 (2)(a) Once an application or reapplication pursuant to subsection (1) of this section
13 is received by the agency, the agency or its third-party vendor shall notify the applicant of
14 the following additional requirements that shall be completed and filed no later than the
15 end of day 180 calendar days from filing a valid Form 6000:

- 16 1. A valid Form 8035, Employee Job Description;
- 17 2. A valid Form 8040, Prescription and Nonprescription Medications;
- 18 3. All supporting objective medical evidence;
- 19 4. A valid Form 8001, Certification of Application for Disability Retirement and
20 Supporting Medical Information; and
- 21 5. If the Workers' Compensation incident report was not filed with the application or
22 reapplication, then a Workers' Compensation incident report, or a valid Form 8480,

1 Certification of Statement of Disability – Act in the Line of Duty, indicating one of the
2 following:

3 a. The applicant is alleging that he or she is disabled due to an act in line of duty but
4 cannot provide an incident report; or

5 b. The applicant is not alleging that he or she is disabled due to an act in line of duty.
6 If the applicant indicates he or she is not alleging disability due to an act in line of duty,
7 the application or reapplication will not be reviewed for ILOD disability or total and
8 permanent ILOD disability.

9 (b) The agency or the agency's third-party vendor shall provide the applicant's
10 employer with a Form 8030, Employer Job Description. The employer shall have until the
11 end of day 180 calendar days from the date of the filed valid Form 6000, Notification of
12 Retirement, to complete and submit the valid Form 8030.

13 (3) A reapplication for ILOD disability or total and permanent ILOD disability based on
14 the same claim of incapacity shall only be considered if accompanied by new objective
15 medical evidence or new evidence concerning the act in line of duty that was not
16 considered with previous applications.

17 (4)(a) Once all requirements established in subsection (1)-(3) of this section are on
18 file or submitted, the agency or the agency's third-party vendor shall review and evaluate
19 the documentation in accordance with KRS 61.665 and 78.545. Upon review, the agency
20 or its third-party vendor may:

21 1. Request the applicant complete an independent medical or psychological
22 evaluation in accordance with Section 6 of this administrative regulation; or

1 2. Request additional information including additional objective medical evidence,
2 information about the applicant's job duties and accommodations, documentation relating
3 to Workers' Compensation claims, police or other crime reports from the employer or
4 applicant, and any other relevant information. If the employer or applicant fail to return the
5 requested information by the end of day sixty (60) calendar days from the date the request
6 for additional information was provided, the agency or the agency's third-party vendor
7 shall make a determination using the information on file.

8 (b) If all requirements established in this section are not on file or submitted within the
9 prescribed time period, the request for ILOD disability or total and permanent ILOD
10 disability shall be void. The Form 6000, Notification of Retirement, shall still be reviewed
11 for other benefits for which the applicant may be entitled.

12 Section 6. Medical or psychological examination requested at the expense of the
13 agency.

14 (1) If the agency or the agency's third-party vendor recommends an independent
15 medical or psychological examination , including physical or mental functional evaluations
16 or assessments be conducted pursuant to KRS 61.665(2)(j) and 78.545 or KRS
17 61.665(3)(c) and 78.545, a Form 8025, Authorization for Independent Medical or
18 Psychological Examination and Release of Medical Information, will be provided to the
19 applicant.

20 (a) The applicant shall complete and file a valid Form 8025 by the end of day sixty
21 (60) calendar days from the date the Form 8025 is provided.

22 (b) Once the valid Form 8025 is filed, the applicant shall be notified in writing of the
23 date, time, and location of the appointment. Records from the examination shall be used

1 in determining eligibility for ILOD disability, total and permanent ILOD disability, or any
2 other disability benefits for which the applicant may be entitled.

3 (c) If the applicant fails to file a valid Form 8025 within the prescribed time period, or
4 fails or refuses to complete a scheduled medical or psychological examination, the
5 agency or the agency's third-party vendor shall make a determination using the medical
6 information on file.

7 (d) If the applicant fails to appear at the medical or psychological examination or fails
8 to cancel the appointment within the time period required in the notice of appointment,
9 the applicant shall be responsible for payment of any charges associated with the medical
10 or psychological examination.

11 (2)(a) The agency shall reimburse the applicant for expenses associated with the
12 medical or psychological examination in the same manner as prescribed in 105 KAR
13 1:210, Section 8.

14 (b)1. To receive reimbursement for mileage, actual parking costs, and any actual
15 bridge or highway toll charges, the applicant shall file a valid Form 8846, Travel Voucher
16 for Independent Examination, and all necessary receipts no later than end of day fifteen
17 (15) calendar days from the date of the examination or evaluation.

18 2. If the applicant fails to file the Form 8846 by the end of day fifteen (15) calendar
19 days from the date of the examination or evaluation, the applicant shall not be eligible for
20 reimbursement.

21 Section 7. Determining applicant's eligibility for ILOD disability or total and permanent
22 ILOD disability.

1 (1)(a) An applicant may qualify for disability retirement benefits if he or she has sixty
2 (60) months of service, twelve (12) of which shall be current service credited under KRS
3 16.543(1), 61.543(1), and 78.615(1). The service requirements shall be waived for ILOD
4 disability or total and permanent ILOD disability pursuant to KRS 16.582(2)(a) and
5 78.5524(2)(a).

6 (b) To be eligible for any type of disability retirement allowance, the applicant shall
7 receive a satisfactory disability determination pursuant to KRS 61.665.

8 (2) The agency or the agency's third-party vendor shall evaluate and determine
9 eligibility for ILOD disability or total and permanent ILOD disability in accordance with
10 KRS 16.582 and 78.5524, and shall notify the applicant of the findings.

11 (3) Denial of ILOD disability, total and permanent ILOD disability, or both.

12 (a) The applicant shall have until the end of day 180 calendar days from the date the
13 notice of denial is provided to complete one of the options listed in paragraph (b) of this
14 subsection if:

15 1. The application is denied for ILOD disability, total and permanent ILOD disability,
16 or both; and

17 2.a. The applicant did not meet the service requirements for hazardous disability or
18 total and permanent disability pursuant to subsection (1) of this section; or

19 b. Is approved for hazardous disability or total and permanent disability.

20 (b)1. File additional supporting information in accordance with Section 8 of this
21 administrative regulation; or

1 2. Request a formal hearing in accordance with Section 16 of this administrative
2 regulation to appeal the denial of the ILOD disability, total and permanent ILOD disability,
3 or both.

4 (c) The applicant shall receive any approved hazardous disability or total and
5 permanent disability within the time period requirements established by Section 11(1) of
6 this administrative regulation while awaiting a determination or during the pendency of
7 the appeal regarding ILOD disability, total and permanent ILOD disability, or both. An
8 adverse determination or denial of the appeal shall not affect the benefits for which the
9 applicant has already been approved or is already receiving.

10 (4) Approval of ILOD disability and denial of total and permanent ILOD disability.

11 (a) If the application is approved for ILOD disability, but denied for total and permanent
12 ILOD disability, the applicant shall have until the end of day 180 calendar days from the
13 date the notice of denial is provided to complete one of the following:

14 1. File additional supporting information in accordance with Section 8 of this
15 administrative regulation; or

16 2. Request a formal hearing in accordance with Section 16 of this administrative
17 regulation to appeal the denial of the total and permanent ILOD disability.

18 (b) The applicant shall receive the approved ILOD disability within the time period
19 requirements established by Section 11(1) of this administrative regulation while awaiting
20 a determination or during the pendency of the appeal regarding total and permanent ILOD
21 disability. An adverse determination or denial of the appeal shall not affect the benefits
22 for which the applicant has already been approved or is already receiving.

1 (5) Denial of ILOD disability, total and permanent ILOD disability, hazardous disability,
2 and total and permanent disability. If the application is denied for ILOD disability, total and
3 permanent ILOD disability, hazardous disability, and total and permanent disability, the
4 applicant shall have until the end of day 180 calendar days from the date the notice of
5 denial is provided to complete one of the following:

6 (a) File additional supporting information in accordance with Section 8 of this
7 administrative regulation; or

8 (b) Request a formal hearing in accordance with Section 16 of this administrative
9 regulation to appeal the denial of the ILOD disability, total and permanent ILOD disability,
10 hazardous disability, total and permanent disability, or all that are applicable.

11 (6)(a) The denial of ILOD disability or total and permanent ILOD disability may only be
12 appealed if the applicant indicated on the valid Form 6000, Notification of Retirement, or
13 the valid Form 8480, Certification of Statement of Disability – Act In the Line of Duty, that
14 he or she was disabled due to an act in line of duty. Responses on the valid Form 8480
15 shall supersede responses on the valid Form 6000.

16 (b) The denial of total and permanent disability alone is not appealable.

17 (7) Denial of ILOD disability, total and permanent ILOD disability, hazardous disability,
18 or total and permanent disability shall not affect any other benefits to which the applicant
19 may be entitled.

20 Section 8. Additional Supporting Information.

21 (1)(a) Upon denial of ILOD disability or total and permanent ILOD disability in
22 accordance with Section 7 of this administrative regulation, the agency or its third-party

1 vendor shall provide the applicant with a Form 8001, Certification of Application for
2 Disability Retirement and Supporting Medical Information.

3 (b) The agency or its third-party vendor shall review and evaluate the additional
4 supporting information upon receipt of the valid Form 8001 and additional supporting
5 information, including additional medical information, information about his or her job
6 duties and accommodations, documentation relating to Workers' Compensation claims,
7 police or other crime reports, or other required documentation, when filed within the
8 required time period.

9 (2) Once the agency or its third-party vendor completes the evaluation of the additional
10 supporting information, the agency or its third-party vendor shall make a determination
11 and notify the applicant of the findings.

12 (a)1. The applicant shall have until the end of day 180 calendar days from the date
13 the notice of denial is provided to request a formal hearing in accordance with Section 16
14 of this administrative regulation to appeal the denial of the ILOD disability, total and
15 permanent ILOD disability, or both, if:

16 a. The application is denied for ILOD disability, total and permanent ILOD disability,
17 or both; and

18 b. Does not meet the service requirements for hazardous disability or total and
19 permanent disability pursuant to Section 7(1) of this administrative regulation; or

20 c. Is approved for hazardous disability or total and permanent disability.

21 2. The applicant shall receive any approved hazardous disability or total and
22 permanent disability within the time period requirements established by Section 11(1) of
23 this administrative regulation during the pendency of appeal regarding ILOD disability,

1 total and permanent ILOD disability, or both. A denial of the appeal shall not affect the
2 benefits for which the applicant has already been approved or is already receiving.

3 (b)1. If the application is approved for ILOD disability, but denied for total and
4 permanent ILOD disability, the applicant shall have until the end of day 180 calendar days
5 from the date the notice of denial is provided to request a formal hearing in accordance
6 with Section 16 of this administrative regulation to appeal the denial of the total and
7 permanent ILOD disability.

8 2. The applicant shall receive the approved ILOD disability within the time period
9 requirements established by Section 11(1) of this administrative regulation during the
10 pendency of the appeal regarding total and permanent ILOD disability. A denial of the
11 appeal shall not affect the benefits for which the applicant has already been approved or
12 is already receiving.

13 (c) Except as provided in Section 7(6) of this administrative regulation, if the
14 application is denied for ILOD disability, total and permanent ILOD disability, and
15 hazardous disability, the applicant shall have until the end of day 180 calendar days from
16 the date the notice of denial is provided to request a formal hearing in accordance with
17 Section 16 of this administrative regulation to appeal the following:

- 18 1. Denial of the ILOD disability;
- 19 2. Total and permanent ILOD disability;
- 20 3. Hazardous disability; or
- 21 4. All that are applicable.

22 Section 9. Reapplication for ILOD disability or total and permanent ILOD disability
23 while prior application or reapplication is pending.

1 (1) If a reapplication for ILOD disability or total and permanent ILOD disability that
2 complies with KRS 16.582 and 78.5524 and Section 5 of this administrative regulation is
3 filed while a prior application or reapplication is pending or within the statutory time
4 periods for appeal, the agency shall process according to the following:

5 (a) If there is a prior application or reapplication pending a determination, including
6 when the applicant has submitted additional supporting information and such information
7 is pending a determination as prescribed in Section 8 of this administrative regulation,
8 then the subsequent reapplication shall be accepted solely for the purpose of designating
9 a new beneficiary in accordance with KRS 61.542(4) and 78.545, and shall not be
10 reviewed.

11 (b) If there is a prior denial that is still within the statutory time period to appeal the
12 determination and the applicant has not submitted additional supporting information as
13 prescribed in Section 8 of this administrative regulation or requested an appeal in
14 accordance with Section 16 of this administrative regulation, then:

15 1. The subsequently filed reapplication shall be found as a notice of intent to not submit
16 additional supporting information or request an administrative hearing to appeal the
17 previous denial determination; and

18 2. The reapplication shall be processed by the agency in accordance with this
19 administrative regulation unless the applicant files a written statement indicating the
20 subsequently filed reapplication was filed solely for the purpose of designating a new
21 beneficiary in accordance with KRS 61.542(4) and 78.545. The written statement shall be
22 filed by the end of day fifteen (15) calendar days from the date of the notice indicated in
23 subsection (2) of this section.

1 (c) If there is a prior denial, the applicant has requested an administrative hearing to
2 appeal the denial, and it is prior to a Final Order of the Disability Appeals Committee
3 (DAC), then:

4 1. The subsequently filed reapplication shall be found as a notice of intent to dismiss
5 the request for an administrative hearing;

6 2. The reapplication shall be processed by the agency in accordance with this
7 administrative regulation unless the applicant files a written statement indicating the
8 subsequently filed reapplication has been filed solely for the purpose of designating a
9 new beneficiary in accordance with KRS 61.542(4) and 78.545. The written statement
10 shall be filed by the end of day fifteen (15) calendar days from the date of the notice
11 indicated in subsection (2) of this section; and

12 3. The subsequently filed reapplication shall not be reviewed by the agency until thirty-
13 one (31) calendar days after the entry of a Final Order of DAC dismissing the previously
14 requested administrative hearing to appeal, except that a new beneficiary designated on
15 the subsequently filed reapplication in accordance with KRS 61.542 and 78.545 shall be
16 effective immediately.

17 (d)1. If there is a prior denial, a Final Order of DAC has been issued affirming the prior
18 denial, and the claimant has requested an appeal of the Final Order or is within the
19 statutory time period to do so, then the subsequently filed reapplication shall be accepted
20 solely for the purpose of designating a new beneficiary in accordance with KRS 61.542(4)
21 and 78.545. The reapplication shall not be reviewed unless the applicant files one of the
22 following by the end of day fifteen (15) calendar days from the date of the notice indicated
23 in subsection (2) of this section:

1 a. A written statement that he or she shall not appeal the Final Order of DAC; or

2 b. A final unappealable Order of a court with jurisdiction over the matter.

3 2. If the applicant files the documentation indicated in paragraph (d)1.a. or b. of this
4 subsection, then the subsequently filed reapplication shall be reviewed by the agency
5 thirty-one (31) calendar days after the entry of a Final Order of DAC, or after a final
6 unappealable Order of a court with jurisdiction over the matter has been entered.

7 (2) If a subsequent reapplication for ILOD disability or total and permanent ILOD
8 disability that complies with Section 5 of this administrative regulation is filed, the
9 applicant may receive notification of how the reapplication shall be administered based
10 on the status of the previously filed application or reapplication and in accordance with
11 subsection (1) of this section.

12 Section 10. Voiding the Form 6000, Notification of Retirement.

13 (1) The Form 6000, Notification of Retirement, shall be void if:

14 (a) The Form 6000 is invalid or withdrawn;

15 (b) The applicant is approved for benefits but fails to complete the requirements of
16 Section 11 of this administrative regulation;

17 (c) The applicant died during the pendency of a determination, is approved for benefits
18 after his or her death, and the beneficiary, representative of the deceased applicant's
19 estate, or trustee fails to complete the requirements of Section 14 of this administrative
20 regulation; or

21 (d) The Form 6000 does not result in the applicant receiving a retirement benefit and
22 all applicable time periods to appeal as provided in Sections 7-9 of this administrative
23 regulation have expired.

1 (2)(a) If an applicant's Form 6000, Notification of Retirement, is void, the beneficiary
2 or beneficiaries and contingent beneficiary or beneficiaries designated on the most
3 recently filed valid Form 2035, Beneficiary Designation, shall remain in full force and
4 effect, except as provided in paragraph (b) of this subsection.

5 (b) If the applicant was receiving an ongoing benefit based on a previously filed valid
6 Form 6000, Notification of Retirement, then the beneficiary or beneficiaries and contingent
7 beneficiary or beneficiaries designated on the Form 6000 indicated in this paragraph shall
8 remain in full force and effect.

9 Section 11. Administration of benefits upon approval of ILOD disability or total and
10 permanent ILOD disability.

11 (1)(a) Once an applicant is approved for hazardous disability, total and permanent
12 disability, ILOD disability, or total and permanent ILOD disability, the applicant shall
13 complete all requirements to begin receiving the benefit for which he or she was approved
14 no later than six (6) months from the date the notice of approval was provided in
15 accordance with KRS 61.590(5)(b) and 78.545. Appealing the denial of ILOD disability
16 or total and permanent ILOD disability, or both, does not affect this requirement.

17 (b) If the applicant does not comply with paragraph (a) of this subsection, the applicant
18 shall forfeit his or her right to the benefit for which he or she was approved, and shall have
19 no right to appeal the forfeiture. This shall not preclude the applicant from:

20 1. Filing a reapplication for hazardous disability, ILOD disability, or total and
21 permanent ILOD disability in accordance with KRS 16.582 and 78.5524, 105 KAR 1:210,
22 and this administrative regulation; or

23 2. Filing for or receiving any other benefits that he or she may be eligible to receive.

1 (2) If the applicant received Social Security or Workers' Compensation benefits during
2 the pendency of a determination, the applicant shall file detailed documentation of the
3 benefits received in accordance with KRS 61.607, KRS 78.5530, and 105 KAR 1:210
4 Section 9.

5 (3) The agency shall provide the applicant the monthly payment options, as provided
6 in 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852, available on the Form 6010,
7 Estimated Retirement Allowance. An applicant that was awarded Social Security or
8 Workers' Compensation benefits during the pendency of a determination shall not be
9 provided the Form 6010 until he or she complies with the requirements of subsection (2)
10 of this section.

11 (a) The applicant shall complete and file a valid Form 6010 by the end of day six (6)
12 months from the date the notification of approval for benefits was provided pursuant to
13 KRS 61.590(5) and 78.545.

14 (b)1. If the applicant selects an actuarial refund retirement payment option, lump-sum
15 refund of the accumulated account balance, or partial lump-sum retirement payment
16 option, he or she shall complete and file a valid Form 6025, Direct Rollover/Direct
17 Payment Election Form for a Member, or a Spouse Beneficiary of an Eligible Rollover
18 Distribution, selecting the option for payment.

19 2. If the applicant intends to have the funds rolled over directly into an IRA or other
20 qualified plan, the applicant shall have the trustee or institution relevant to the IRA or other
21 qualified plan complete the applicable section of the Form 6025 certifying that the rollover
22 will be accepted.

1 (4)(a) Approved benefits shall be paid retroactive to the first of the month following the
2 month of the applicant's last day of paid employment in a regular full-time position.

3 (b) Any increases provided under KRS 61.691 and 78.5518 shall be applied to the
4 applicant's ILOD disability or total and permanent ILOD disability, as applicable, in
5 determining the total retroactive payments owed and the monthly retirement allowance.

6 (5) Payment for benefits owed during the pendency of approval of ILOD disability or
7 total and permanent ILOD disability shall be calculated accordingly:

8 (a) If the applicant did not receive any retirement benefits during the pendency of the
9 approval, the applicant shall receive a payment for the retroactive period as prescribed in
10 subsection (4) of this section.

11 (b)1. If the applicant received other retirement benefits based on the same last date
12 of paid employment during the pendency of the approval, the agency shall calculate and
13 pay to the applicant the difference between the retirement benefit which was paid to the
14 applicant and the ILOD disability or total and permanent ILOD disability payment owed.

15 2. The applicant shall not change the beneficiary named or the payment option
16 selected upon early, normal, or any disability retirement benefit, except as provided in
17 KRS 61.542(5)(a), 61.542(5)(b), and 78.545.

18 (c) If the applicant received Social Security or Workers' Compensation benefits, the
19 agency shall calculate payment in accordance with 105 KAR 1:210 Section 9.

20 (6) Upon the completion of all requirements of this section and Section 13 of this
21 administrative regulation, the applicant shall receive any applicable backpay and begin
22 receiving the monthly retirement allowance owed.

23 Section 12. Requirements for dependent child benefits.

1 (1) If dependent child benefits are payable to a dependent child, each eligible
2 dependent child or his or her parent or guardian shall file the following documents:

3 (a)1. If the applicant is approved for ILOD disability, a valid Form 6456, Designation
4 of Dependent Child; or

5 2. If the applicant is approved for total and permanent ILOD disability, a valid Form
6 6448, Designation of Dependent Child for Qualifying Total and Permanent Disability.

7 (b) If the dependent child is age eighteen (18) or over and a full-time student, written
8 verification of full-time student status;

9 (c)1. If the dependent child is age eighteen (18) or over and receives federal Social
10 Security disability benefits, a copy of the most recent statement issued by the Social
11 Security Administration indicating the dependent child is disabled; or

12 2. If the dependent child is being claimed as a qualifying child for tax purposes due to
13 the dependent child's total and permanent disability, a copy of the applicant's most recent
14 tax return showing the dependent child is totally and permanently disabled for tax
15 purposes, or duly appointed order of the court specifying the dependent child is a disabled
16 dependent child of the applicant;

17 (d)1. A copy of the dependent child's birth certificate; or

18 2. A final order or decree of adoption which shall include his or her date of birth or
19 other reliable proof of date of birth that may be used by the courts to verify date of birth;
20 and

21 (e) If a dependent child is less than eighteen (18) years of age, a valid Form 6110,
22 Affidavit of Authorization to Receive Funds on Behalf of Minor. If the dependent child has
23 a court appointed guardian or conservator and the court appointed guardian or

1 conservator completed the Form 6110, the guardian or conservator shall file a copy of the
2 court order appointing the guardian or conservator.

3 (2)(a) After the dependent child begins receiving dependent child benefits, the
4 dependent child or the parent or guardian of the dependent child shall:

5 1. Notify the agency of the death or marriage of the dependent child;

6 2. If applicable, notify the agency if the dependent child ceases to be a full-time
7 student;

8 3. If applicable, file a copy of the dependent child's written verification of full-time
9 student status with the agency for each semester of study by the end of day thirty (30)
10 calendar days following the start and by the end of day thirty (30) calendar days following
11 the end of each semester; and

12 4. If applicable, notify the agency if the dependent child's disability status changes.

13 (b) The dependent child and the parent or guardian of the dependent child shall be
14 responsible for repaying any dependent child benefits overpaid due to the failure of the
15 dependent child or parent or guardian of the dependent child to provide the information
16 required by paragraph (a) of this subsection.

17 (5)(a) Upon the completion of all requirements of this section and Section 13 of this
18 administrative regulation, the dependent child shall begin receiving the benefit owed.

19 (b) Approved benefits shall be paid retroactive to the first of the month following the
20 month of the applicant's last day of paid employment in a regular full-time position.

21 (c) Any increases provided under KRS 61.691 and 78.5518 shall be applied to the
22 dependent child's benefits in determining the total retroactive payments owed and the
23 monthly retirement allowance.

1 (d) Payment for benefits owed during the pendency of approval of ILOD disability or
2 total and permanent ILOD disability shall be calculated accordingly:

3 1. If the dependent child did not receive dependent child benefits during the pendency
4 of the approval, he or she shall receive a payment for the retroactive period as prescribed
5 in paragraph (b) of this subsection.

6 2. If the dependent child received other dependent child benefits based on the same
7 last date of paid employment during the pendency of the approval, the agency shall
8 calculate and pay to the dependent child the difference between the dependent child
9 benefit which was paid and the dependent child benefit owed.

10 Section 13. Distribution of payments.

11 (1) The agency shall not disperse payment until the requirements of either subsection
12 (2) or (3) of this section are complete and on file.

13 (2)(a) Except as provided in subsection (3) of this section, to begin receiving payment,
14 the applicant, beneficiary, representative of the deceased applicant's estate, trustee,
15 dependent child, or parent or guardian of a dependent child, as applicable, shall authorize
16 direct deposit to an account in a financial institution in the following way:

17 1. File a valid Form 6130, Authorization for Deposit of Retirement Payment, provide
18 direct deposit information on the valid Form 6000, Notification of Retirement, or authorize
19 direct deposit via the Self-Service Web site; and

20 2. Provide the information and authorizations required for the electronic transfer of
21 funds from the State Treasurer's Office to the designated financial institution, including
22 any authorizations or information needed from the financial institution.

1 (b) At any time while receiving a monthly benefit, a recipient may change the
2 designated institution by completing and filing a new valid Form 6130, Authorization for
3 Deposit of Retirement Payment, or by updating the authorization for deposit of retirement
4 payments on the Self-Service Web site maintained by the agency.

5 (3) If the applicant, beneficiary, dependent child, or parent or guardian of a dependent
6 child, as applicable, does not currently have an account with a financial institution, or his
7 or her financial institution does not participate in the electronic funds transfer program,
8 the applicant may receive benefits by check. To receive benefits by check, an applicant,
9 beneficiary, dependent child, or the parent or guardian of a dependent child, as
10 applicable, shall file a valid Form 6135, Request for Payment by Check.

11 (4) The most recently filed valid Form 6130, Authorization for Deposit of Retirement
12 Payment, authorization for deposit of retirement payments on the Self-Service Web site,
13 or valid Form 6135, Request for Payment by Check, shall control the payment or
14 electronic transfer designation of the payable benefits.

15 Section 14. Death during ILOD disability or total and permanent ILOD disability
16 application process.

17 (1)(a) If an applicant who is not receiving any retirement benefit dies prior to being
18 fully approved for ILOD disability or total and permanent ILOD disability; and

19 (b) A valid Form 6000, Notification of Retirement, that complies with Section 5 of this
20 administrative regulation is on file; and

21 (c) The time period requirements established in Sections 4-9 of this administrative
22 regulation have not expired; then:

1 1. In order to proceed with the application or reapplication, the beneficiary named on
2 the valid Form 6000 shall file the following within the time period requirements established
3 by Sections 4-9 of this administrative regulation:

4 a. Any outstanding forms or documents required by Sections 5-9 of this administrative
5 regulation; and

6 b. Any additional relevant objective medical evidence and a valid Form 8002,
7 Certification of Application for Disability Retirement and Supporting Medical Information.

8 2. The beneficiary shall only have the rights specified in subparagraphs (a)-(d) of this
9 paragraph if he or she files a valid Form 6008, Beneficiary Election to Continue Disability
10 Application Process on Behalf of Deceased Member.

11 a. The right to continue the application or reapplication whether or not additional forms
12 or documentation are needed. The beneficiary shall be subject to subsection 4-6 of this
13 section prior to payment of a disability retirement benefit owed;

14 b. The right to withdraw the application or reapplication whether or not additional forms
15 or documentation are needed. If the Form 6008 is not on file within the time period
16 requirements established in Sections 5-9 of this administrative regulation, the application
17 or reapplication shall be withdrawn automatically. Withdrawal of the application or
18 reapplication may impact the beneficiary as prescribed in Section 10(2) of this
19 administrative regulation;

20 c. The right to submit additional supporting information in accordance with Section 8
21 of this administrative regulation if there is a denial of disability retirement benefits of any
22 kind. The Form 6008 shall be on file within the time period requirements to submit

1 additional supporting information as provided in Section 8 of this administrative regulation;
2 and

3 d. The right to request an administrative hearing if there is a denial of disability
4 retirement benefits of any kind. The Form 6008 shall be on file within the time period
5 requirements to request an administrative hearing as provided in Sections 5-9 of this
6 administrative regulation.

7 3. If the beneficiary is an estate, then the beneficiary shall file a duly entered or certified
8 court order from a court with jurisdiction appointing the representative of the applicant's
9 estate within the time period requirements established by this subsection.

10 4. If the beneficiary does not file the required forms and documentation within the time
11 periods required by this administrative regulation and KRS 61.665 and 78.545, then the
12 application or reapplication for disability retirement benefits of any kind shall not be
13 processed by the agency.

14 (2)(a) If an applicant who is receiving a monthly retirement benefit dies prior to being
15 fully approved for ILOD disability or total and permanent ILOD disability;

16 (b) A valid Form 6000, Notification of Retirement, that complies with Section 5 of this
17 administrative regulation is on file;

18 (c) Lump sum or monthly benefits are payable to the beneficiary listed on the Form
19 6000; and

20 (d) The time period requirements established by Sections 4-9 of this administrative
21 regulation have not expired; then:

1 1. In order to proceed with the application or reapplication, the beneficiary named on
2 the valid Form 6000 shall file the following within the time period requirements established
3 in Sections 4-9 of this administrative regulation:

4 a. Any outstanding forms or documentation required by Sections 5-9 of this
5 administrative regulation; and

6 b. Any additional relevant objective medical evidence and a valid Form 8002,
7 Certification of Application for Disability Retirement and Supporting Medical Information.

8 2. The beneficiary shall file a valid Form 6008, Beneficiary Election to Continue
9 Disability Application Process on Behalf of Deceased Member, to:

10 a. Continue the application or reapplication whether or not additional forms or
11 documentation are needed. The beneficiary shall be subject to subsection 4-6 of this
12 section prior to payment of a disability retirement benefit owed;

13 b. Withdraw the application or reapplication whether or not additional forms or
14 documentation are needed. If the Form 6008 is not on file within the time period
15 requirements established in Sections 5-9 of this administrative regulation, the application
16 or reapplication shall be withdrawn automatically.

17 c. Have the right to submit additional supporting information in accordance with
18 Section 8 of this administrative regulation if there is a denial of disability retirement
19 benefits of any kind. The Form 6008 shall be on file within the time period requirements
20 to submit additional supporting information as provided in Section 8 of this administrative
21 regulation; and

22 d. Have the right to request an administrative hearing if there is a denial of disability
23 retirement benefits of any kind. The Form 6008 shall be on file within the time period

1 requirements to request an administrative hearing as provided in Sections 5-9 of this
2 administrative regulation.

3 3. If the beneficiary does not file the required forms and documentation within the time
4 periods required by this administrative regulation and KRS 61.665 and 78.545, then the
5 application or reapplication for disability retirement benefits of any kind shall not be
6 processed by the agency.

7 (3)(a) If an applicant who is receiving a monthly retirement benefit dies prior to being
8 fully approved for ILOD disability or total and permanent ILOD disability;

9 (b) A valid Form 6000, Notification of Retirement, that complies with Section 5 of this
10 administrative regulation is on file;

11 (c) No monthly or lump-sum benefits are payable to the beneficiary listed on the Form
12 6000 or the designated beneficiary is the estate or trust; and

13 (d) The time period requirements established in Sections 4-9 of this administrative
14 regulation have not expired; then:

15 1. In order to proceed with the application or reapplication, the representative of the
16 deceased applicant's estate or the trustee shall file the following no later than the time
17 period requirements established in Sections 4-9 of this administrative regulation:

18 a. Any outstanding forms or documentation required by Sections 5-9 of this
19 administrative regulation; and

20 b. Any additional relevant objective medical evidence and a valid Form 8002,
21 Certification of Application for Disability Retirement and Supporting Medical Information.

22 2. The representative of the applicant's estate shall file a duly entered or certified court
23 order from a court with jurisdiction appointing the person(s) as representative of the

1 applicant's estate, and a written statement that the application or reapplication for ILOD
2 disability or total and permanent ILOD disability shall continue or be withdrawn as
3 applicable. Both requirements of this paragraph shall be on file to:

4 a. Continue the application or reapplication whether or not additional forms or
5 documentation are needed. The representative of the applicant's estate shall be subject
6 to subsection 4-6 of this section prior to payment of a disability retirement benefit owed;

7 b. Withdraw the application or reapplication whether or not additional forms or
8 documentation are needed. If the requirements of this subsection are not on file within
9 the time period requirements established in Sections 5-9 of this administrative regulation,
10 the application or reapplication shall be withdrawn automatically;

11 c. Have the right to submit additional supporting information in accordance with
12 Section 8 of this administrative regulation if there is a denial of disability retirement
13 benefits of any kind. The requirements of this subsection shall be on file within the time
14 period requirements to submit additional supporting information as provided in Section 8
15 of this administrative regulation; and

16 d. Have the right to request an administrative hearing if there is a denial of disability
17 retirement benefits of any kind. The requirements of this subsection shall be on file within
18 the time period requirements to request an administrative hearing as provided in Sections
19 5-9 of this administrative regulation.

20 3. The trustee shall file a written statement that the application or reapplication for
21 ILOD disability or total and permanent ILOD disability shall continue or be withdrawn as
22 applicable. The requirements of this paragraph shall be on file to:

1 a. Continue the application or reapplication whether or not additional forms or
2 documentation are needed. The representative of the applicant's estate shall be subject
3 to subsection 4-6 of this section prior to payment of a disability retirement benefit owed;

4 b. Withdraw the application or reapplication whether or not additional forms or
5 documentation are needed. If the requirements of this subsection are not on file within
6 the time period requirements established in Sections 5-9 of this administrative regulation,
7 the application or reapplication shall be withdrawn automatically;

8 c. Have the right to submit additional supporting information in accordance with
9 Section 8 of this administrative regulation if there is a denial of disability retirement
10 benefits of any kind. The requirements of this subsection shall be on file within the time
11 period requirements to submit additional supporting information as provided in Section 8
12 of this administrative regulation; and

13 d. Have the right to request an administrative hearing if there is a denial of disability
14 retirement benefits of any kind. The requirements of this subsection shall be on file within
15 the time period requirements to request an administrative hearing as provided in Sections
16 5-9 of this administrative regulation.

17 4. If the representative of the deceased applicant's estate or the trustee does not file
18 the required forms and documentation within the time periods required by this
19 administrative regulation and KRS 61.665 and 78.545, then the application or
20 reapplication for disability retirement benefits of any kind shall not be processed by the
21 agency.

1 (4) If the beneficiary, representative of the deceased applicant's estate, or trustee
2 provides all needed forms and documentation as provided in subsections (1)-(3) of this
3 section and Section 11(2) of this administrative regulation, and benefits are approved:

4 (a) The agency shall provide the beneficiary with a Form 6810, Certification of
5 Beneficiary. The beneficiary shall complete and file a valid Form 6810.

6 (b) If the applicant was not receiving a retirement benefit prior to his or her death, the
7 agency shall provide the beneficiary with the payment options available on the Form
8 6010, Estimated Retirement Allowance. The beneficiary shall complete and file a valid
9 Form 6010.

10 1. If the beneficiary, representative of the deceased applicant's estate, or trust is
11 eligible for and selects an actuarial refund retirement payment option, lump-sum refund
12 of the accumulated account balance, or partial lump-sum retirement payment option, he
13 or she shall complete and file a valid Form 6025, Direct Rollover/Direct Payment Election
14 Form for a Member, or a Spouse Beneficiary of an Eligible Rollover Distribution, indicating
15 the payment option elected.

16 2. If the beneficiary, representative of the deceased applicant's estate, or trustee
17 intends to have the funds rolled over directly into an IRA or other qualified plan, the
18 beneficiary, representative of the deceased applicant's estate, or trustee shall have the
19 trustee or institution relevant to the IRA or other qualified plan complete the applicable
20 section of the Form 6025 certifying that the rollover will be accepted.

21 (c) If the applicant was receiving a retirement benefit prior to his or her death, the
22 beneficiary, the deceased applicant's estate, or trust shall receive benefits based on the
23 payment option designated by the applicant.

1 (d) Upon the completion of all requirements of this section and Section 13 of this
2 administrative regulation, the beneficiary , the deceased applicant's estate, or trust shall
3 receive or begin receiving the benefit owed.

4 (5)(a) If the applicant received any retirement benefits while awaiting a disability
5 determination of any kind, the beneficiary is not eligible to receive the difference between
6 what the applicant already received and the disability back payments owed for the time
7 period from the applicant's disability retirement date through the end of the month in which
8 the applicant died. When this occurs, the deceased applicant's estate or trust shall receive
9 any back payment owed for the time period indicated in this paragraph.

10 (b) If the applicant never received retirement benefits of any kind, the beneficiary is
11 eligible to receive the disability back payments owed for the time period from the
12 applicant's disability retirement date through the date of approval of the disability
13 retirement benefit.

14 Section 15. Recipient's ILOD disability or total and permanent ILOD disability
15 discontinued upon review. If, upon review in accordance with KRS 61.610, 61.615,
16 78.5528, or other applicable statute, the agency or its third-party vendor determines:

17 (1) A recipient of total and permanent ILOD disability no longer meets eligibility
18 requirements, then the agency or its third-party vendor shall determine if the recipient is
19 qualified and remains eligible for ILOD disability in accordance with KRS 16.582 and
20 78.5524, and this administrative regulation; or

21 (2) A recipient of ILOD disability no longer meets eligibility requirements, then the
22 agency shall determine if the recipient is qualified and remains eligible for early or normal
23 retirement benefits in accordance with KRS 61.592 and 78.5520.

1 Section 16. Right to appeal.

2 (1) In accordance with KRS 61.665 and 78.545, a request for a formal hearing to
3 appeal a denial or discontinuance determination shall be made by filing a written request
4 containing a short and plain statement of the issues being appealed.

5 (2) The hearing shall be conducted in accordance with KRS Chapter 13B and 105
6 KAR 1:215.

7 (3) The hearing officer presiding over an administrative hearing shall review the
8 administrative record and any records introduced at the administrative hearing.

9 (a) The determination of other state and federal agencies' approval of benefits
10 including the Kentucky Department of Workers' Claims and the Social Security
11 Administration, may support a final determination if accompanied by underlying objective
12 medical evidence or vocational evidence.

13 (b) Written statements from medical providers within the administrative record shall
14 not themselves be objective medical evidence, but may be relied upon if accompanied
15 by, and reviewed in concert with, other supporting objective medical evidence.

16 (4) The final determination shall not be bound by factual or legal findings of other state
17 or federal agencies. The final determination shall be based on objective medical evidence
18 and vocational records, including objective medical evidence and vocational records
19 contained within or that accompany a determination by another state or federal agency.

20 (5) Once a final determination is issued, the person who filed the appeal shall be
21 notified of the final order of the Disability Appeals Committee (DAC) in accordance with
22 KRS 61.615(3)(g) and 78.5528(3)(g).

1 (6) All evidentiary filings made during an administrative hearing process to appeal the
2 denial of an application or reapplication shall be included in the information reviewed in a
3 subsequently filed reapplication.

4 Section 17. Incorporation by reference. (1) The following material is incorporated by
5 reference:

6 (a) Form 6000, "Notification of Retirement", updated June 2023;

7 (b) Form 6008, "Beneficiary Election to Continue Disability Application Process on
8 Behalf of Deceased Member", updated November 2023;

9 (c) Form 6010, "Estimated Retirement Allowance", updated April 2021;

10 (d) Form 6025, "Direct Rollover/Direct Payment Election Form for a Member,
11 Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution", updated
12 June 2023;

13 (e) Form 6110, "Affidavit of Authorization to Receive Funds on Behalf of Minor",
14 updated June 2023;

15 (f) Form 6130, "Authorization for Deposit of Retirement Payment", updated June 2023;

16 (g) Form 6135, "Request for Payment by Check", updated June 2023;

17 (h) Form 6448, "Designation of Dependent Child for Qualifying Total and Permanent
18 Disability", updated November 2023;

19 (i) Form 6456, "Designation of Dependent Child", updated November 2023;

20 (j) Form 6810, "Certification of Beneficiary", updated April 2021;

21 (k) Form 8001, "Certification of Application for Disability Retirement and Supporting
22 Medical Information", updated November 2023;

1 (l) Form 8002, "Certification of Application for Disability Retirement and Supporting
2 Medical Information", updated November 2023;

3 (m) Form 8025, "Authorization for Independent Medical or Psychological Examination
4 and Release of Medical Information", updated November 2023;

5 (n) Form 8030, "Employer Job Description", updated June 2023;

6 (o) Form 8035, "Employee Job Description", updated November 2023;

7 (p) Form 8040, "Prescription and Nonprescription Medications", updated November
8 2023;

9 (q) Form 8480, "Certification of Statement of Disability – Act in the Line of Duty",
10 updated November 2023; and

11 (r) Form 8846, "Travel Voucher for Independent Examination", updated November
12 2023.

13 (2) This material may be inspected, copied, or obtained, subject to applicable
14 copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort,
15 Kentucky 40601, Monday through Friday, from 8:00 a.m. to 4:30 p.m. This material is also
16 available on the agency's Web site at kyret.ky.gov.

APPROVED:

<div>DAVID L. EAGER, EXECUTIVE DIRECTOR KENTUCKY PUBLIC PENSIONS AUTHORITY</div>	<div>DATE</div>
--	-----------------

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on February 21, 2024 at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until February 28, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:455
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures for filing an application or reapplication for in line of duty hazardous disability retirement benefits and total and permanent in line of duty hazardous disability retirement benefits, and the appeal procedures if denied.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the procedures for filing an application or reapplication for in line of duty hazardous disability retirement benefits and total and permanent in line of duty hazardous disability retirement benefits, and the appeal procedures if denied.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the authorizing statute by establishing the procedures and requirements for applying or reapplying for in line of duty hazardous disability retirement benefits and for administratively appealing a denial of an application or reapplication of those benefits in accordance with KRS 16.582 and 78.5524.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the statutes by establishing the procedures and requirements for filing an application or reapplication for in line of duty hazardous disability retirement benefits and total and permanent in line of duty hazardous disability retirement benefits in accordance with KRS 16.582 and 78.5524.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System, and the members of the Kentucky Retirement Systems and the County Employees Retirement System. Number of individuals is unknown. Number of businesses, organizations, or state and local governments affected is three (3): the

Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: This administrative regulation should not substantially alter the actions that the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System will have to take to comply with this regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This regulation should not cost any additional funds.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This administrative regulation allows the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System to conform with KRS 61.505 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, particularly the in line of duty hazardous disability retirement benefit application or reapplication process, as well as the process for administratively appealing the denial of in line of duty hazardous disability retirement benefit applications.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this administrative regulation should be negligible.

(b) On a continuing basis: The costs associated with the implementation of this administrative regulation should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All members are subject to the same processes and procedures.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation number: 105 KAR 1:455
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. None.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? The cost to Kentucky Public Pensions Authority should be negligible.

(d) How much will it cost to administer this program for subsequent years? The cost to Kentucky Public Pensions Authority should be negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None

Expenditures (+/-): Unknown

Other Explanation:

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? None

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? None

(c) How much will it cost the regulated entities for the first year? Unknown

(d) How much will it cost the regulated entities for subsequent years? Unknown

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-): None

Expenditures (+/-): Unknown

Other Explanation:

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation will not have a major economic impact.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 6000, "Notification of Retirement", is a ten (10) page form an applicant uses to apply for disability, early, or normal retirement benefits.

Form 6008, "Beneficiary Election to Continue Disability Application Process on Behalf of Deceased Member", is a one (1) page form a beneficiary uses to continue or discontinue a disability application when the applicant dies during the review and determination process.

Form 6010, "Estimated Retirement Allowance", is a one (1) page form the agency provides to the applicant or beneficiary that indicates the monthly payment options available to him or her; the applicant or beneficiary will use this form to select from the payment options provided.

Form 6025, "Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution", is a two (2) page form an applicant or beneficiary must complete if he or she elects to receive an eligible rollover distribution.

Form 6110, "Affidavit of Authorization to Receive Funds on Behalf of Minor", is a one (1) page form completed by the parent or guardian of a dependent child less than age eighteen (18), to which benefits are payable, in order to receive the benefits on behalf of the minor.

Form 6130, "Authorization for Deposit of Retirement Payment", is a one (1) page form a recipient can complete to receive benefits via direct deposit to his or her financial institution.

Form 6135, "Request for Payment by Check", is a one (1) page form a recipient can complete to receive benefits via check.

Form 6448, "Designation of Dependent Child for Qualifying Total and Permanent Disability", is a one (1) page form completed by the parent or guardian of a dependent child when total and permanent benefits are payable to the dependent child. The form is used to certify that the child is a dependent child as defined by KRS 16.505(17) and 78.510(49), and to acknowledge requirements to report a change in the child's status as a dependent child.

Form 6456, "Designation of Dependent Child", is a one (1) page form completed by the parent or guardian of a dependent child when disability benefits, other than total and permanent disability, are payable to the dependent child. The form is used to certify that the child is a dependent child as defined by KRS 16.505(17) and 78.510(49), and to acknowledge requirements to report a change in the child's status as a dependent child.

Form 6810, Certification of Beneficiary, is a one (1) page form completed by beneficiaries, representative of an applicant's estate, or trustee to certify his or her eligibility as a beneficiary, representative of the applicant's estate, or trustee.

Form 8001, "Certification of Application for Disability Retirement and Supporting Medical Information", is a one (1) page form the applicant must complete to certify that he or she provided accurate, true, correct, and complete medical and employment information to the KPPA or its third-party vendor.

Form 8002, "Certification of Application for Disability Retirement and Supporting Medical Information", is a one (1) page form the beneficiary must complete to certify that

he or she provided accurate, true, correct, and complete medical and employment information to the KPPA or its third-party vendor.

Form 8025, "Authorization for Independent Medical or Psychological Examination and Release of Medical Information", is a one (1) page form an applicant completes to accept and authorize an independent medical or psychological examination.

Form 8030, "Employer Job Description", is a two (2) page form the employer completes to provide information about the applicant's job duties and accommodations.

Form 8035, "Employee Job Description", is a two (2) page form the employee completes to provide information about his or her job duties and accommodations.

Form 8040, "Prescription and Nonprescription Medications", is a one (1) page form the applicant completes to certify his or her complete list of prescription and nonprescription medications.

Form 8480, "Certification of Statement of Disability – Act in the Line of Duty", is a one (1) page form an applicant must complete when he or she does not submit a Workers Compensation report with the application for ILOD disability or total and permanent ILOD disability.

Form 8846, "Travel Voucher for Independent Examination", is a one (1) page form an applicant must complete to be reimbursed for travel expenses associated with an independent medical or psychological examination.


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

 Form 6025
 Revised 06/2023

**Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
 Regarding an Eligible Rollover Distribution**
Required Information: Failure to complete all items and sign this form could delay the processing of your lump sum/monthly benefit.
Recipient Information

Member Name:		Member ID:	
If you are not the member, please provide your name and Social Security Number (SSN) below.			
Name:		SSN:	
Address:	City:	State:	Zip Code:
Is this a new address? <input type="radio"/> Yes <input type="radio"/> No			

This form must be completed if you are electing to receive an "eligible rollover distribution." **Failure to complete this form could delay the processing of your lump sum/monthly benefit.** If you are the member, the following payment options are "eligible rollover distributions": Actuarial Refund, Partial Lump Sum, and Refund of Contributions. If you are a beneficiary, the following payment options are "eligible rollover distributions": Actuarial Refund, Refund of Contributions, \$5,000 Death Benefit, \$10,000 Lump Sum pursuant to KRS 16.601 and 78.5534, and 60 Months Certain.

Please read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. **If you have questions about the SPECIAL TAX NOTICE, please contact a qualified tax advisor. Kentucky Public Pensions Authority employees are not qualified to answer questions concerning your tax status or the effects of the federal tax laws and regulations.** After you have read the SPECIAL TAX NOTICE, you must complete the following form to certify that you have read the SPECIAL TAX NOTICE and to make your selections with regard to treatment of your payment.

Distribution of Payment Election: If you are unsure about the information to provide in this section, please contact our office for assistance from a counselor to avoid possible delays in processing your benefits.
I elect a complete distribution of my payment as follows:

If your distribution will include a taxable portion, you must select one option from this column. Taxable Portion (Monies have not yet been taxed)	If your distribution will include a non-taxable portion, you must select one option from this column. Non-Taxable Portion (Monies have already been taxed)
<input type="checkbox"/> Direct Rollover <input type="checkbox"/> Paid Directly to me (less 20% withholding*) <input type="checkbox"/> Partial Rollover in the amount of \$_____, balance (less 20% withholding*) paid to me.	<input type="checkbox"/> Direct Rollover <input type="checkbox"/> Paid Directly to me <input type="checkbox"/> Partial Rollover in the amount of \$_____, balance paid to me.

Complete page 2 only if you select a rollover

I certify that I have read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and have selected the distribution option indicated above. I understand that my payment will not be processed until this form is completed and returned to the retirement office. I understand that I have a right to at least 30 days from my receipt of the SPECIAL TAX NOTICE in which to make my decision regarding receipt or rollover of these funds, and by signing and returning this form, I waive my right to the full 30-day period. I understand that if I elect to receive any or all of the taxable portion directly, 20% of the taxable portion paid to me will be withheld for my federal income taxes.* I understand that no tax will be withheld if I have the entire taxable portion rolled over. If I elect to have any or all of the payment rolled over, I will have the Trustee receiving the rollover complete the back of this form. I understand that in the case of monthly payments, my selection will remain in effect for each monthly payment until I change my election. I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I (personally) may be liable for restitution of the benefits for which I or a minor recipient was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

*If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies. Page 1

Recipient Information

Member Name: _____

Member ID: _____

Direct Rollover Information: To be completed by Trustee of IRA or eligible plan receiving rollover. Please complete both sections if the distribution will include a taxable portion and a non-taxable portion.

Taxable Portion (*Monies have not yet been taxed*)

- ☐ Traditional Individual Retirement Account/Annuity*
- ☐ Roth Individual Retirement Account/Annuity*
- ☐ 401(a) Qualified Plan, 403(a) Qualified Annuity, 403(b) Annuity Contract, or 457(b) Governmental Plan*
- ☐ SIMPLE IRA that has been established for at least two (2) years*

Make check payable to: _____

Account number (if applicable): _____

Send check to: _____

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of pre-tax dollars that would otherwise be taxable upon distribution.

Trustee/Agent

Signature: _____

Phone: _____

Title: _____

Date: _____

Non-Taxable Portion (*Monies have already been taxed*)

- ☐ Traditional Individual Retirement Account/Annuity*
- ☐ Roth Individual Retirement Account/Annuity*
- ☐ 401(a) Qualified Plan or 403(b) Annuity Contract*

Make check payable to: _____

Account number (if applicable): _____

Send check to: _____

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of post-tax dollars, and will separately account for such post-tax dollars, in the case of a 401(a) qualified plan or a 403(b) annuity contract.

Trustee/Agent

Signature: _____

Phone: _____

Title: _____

Date: _____

*** If you are a non-spouse beneficiary, you may only rollover your payment to an "inherited" individual retirement account/annuity. The "inherited" IRA may be either a traditional IRA or a Roth IRA.**

Form 6448
11/2023**Designation of a Dependent Child for Qualifying Total and Permanent Disability****Member Information** Please provide your Member ID or Social Security number in the Member ID box below.

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:

Dependent Information

Dependent Name:	Dependent Social Security Number:	Date of Birth:	
Address:	City:	State:	Zip Code:

Has this child "been determined to be eligible for federal Social Security disability benefits" or "been claimed as a qualifying child for tax purposes due to the child's total and permanent disability?" ☐ YES ☐ NO

If YES, please submit a current statement of disability issued by the Social Security Administration, or the most recent tax return showing the dependent is claimed due to his or her total and permanent disability.

Complete the following if the dependent child is over the age of eighteen, unmarried, and a full-time student.

Dependent's School:	Phone Number:		
School Address:	City:	State:	Zip Code:

Certification

I, _____, do hereby state I am the parent or guardian of the dependent child as defined by KRS 16.505(17) and 78.510(49), or I am the dependent child over the age of 18 of the deceased member. I understand that benefits shall immediately cease when the person designated above no longer qualifies as a dependent child. I UNDERSTAND AND AGREE that I will:

- Immediately provide written notification to the Kentucky Public Pensions Authority as soon as the person designated above marries, ceases to be a full-time student, or otherwise ceases to qualify as a dependent child as defined by KRS 16.505(17) and 78.510(49).
- Be responsible for repayment of any benefits paid to the person designated above if said person is not a dependent child as defined by KRS 16.505(17) and 78.510(49), or if I fail to notify the Kentucky Public Pensions Authority if said person no longer qualifies as a dependent child.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I (personally) may be liable for restitution of the benefits for which the person designated above was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

Notary Certificate

State of: _____

County of: _____

The foregoing instrument was acknowledged before me this ____ of _____ 20____, by

_____.

My Commission Expires: _____

Notary Public: _____

Form 6008
Revised 11/2023

Beneficiary Election to Continue Disability Application Process on Behalf of Deceased Member

Member Information

Member Name:

Member ID:

Payment Options: Please tell us whether you elect to proceed with the disability application process.

☐ I elect to proceed with the disability application process.

I understand that if _____ was eligible to begin receiving non-disability retirement benefits, that I may begin receiving regular death payments until the disability process is complete. If the disability application is approved, my benefits will be increased at that time.

If _____ was not eligible to begin receiving non-disability retirement benefits, then I must await the disability determination before benefits are processed. If disability is ultimately denied, the beneficiary of the account will be the beneficiary the member named on the Form 2035, Beneficiary Designation

☐ I elect to cancel the disability application, so that death benefits can be processed under a non-disability death calculation.

Please note this action may void the member's Form 6000, Notification of Retirement, beneficiary designation if the member was not receiving early retirement benefits. If so, the beneficiary of the account will be the beneficiary the member named on Form 2035, Beneficiary Designation.

Certification

I certify that I have checked the box above which best suits my needs. I realize that I **cannot change** to another payment option on or after the first day of the month in which I will receive my first payment.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Beneficiary Signature: _____

Date: _____

Witnessed by: _____

Date: _____

Form 8025
Revised 11/2023

Authorization for Independent Medical or Psychological Examination and Release of Medical Information

Member Information Please provide your Member ID or Social Security Number in the Member ID box below

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work		Email:	

Acknowledgment and Authorization

I hereby acknowledge that the Kentucky Public Pensions Authority, or a third-party vendor on its behalf, has recommended an independent medical or psychological examination in accordance with KRS 61.665 and 78.545.

I understand that once the appointment for the independent medical or psychological examination has been made, I will be notified by mail of the date, time, and location of the appointment. Records from the examination will be used in determining my eligibility for disability retirement benefits.

I understand that I am eligible to receive reimbursement for mileage, actual parking costs, and any actual bridge or highway toll charges by filing a completed Form 8846, Travel Voucher for Independent Examination, with all the necessary receipts at the retirement office within fifteen (15) calendar days of the date of the examination or evaluation.

I understand that if I fail or refuse to appear at a scheduled appointment, my claim for disability shall be determined based on the medical information currently contained in my file.

I understand that if I fail to appear, cancel, or reschedule within the time frames required in the appointment notice, I shall be responsible for payment of any charges associated with the medical or psychological examination.

I authorize the Kentucky Public Pensions Authority to release my medical records to the medical or mental health professional who will perform an independent medical or psychological examination for the Kentucky Public Pensions Authority.

Signature: _____

Date: _____

Witnessed: _____

Date: _____

Form 8480
11/2023**Certification of Statement of Disability - Act In the Line of Duty****Member Information**

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work		Email:	

Certification: Please check the appropriate box below. A copy of the employer incident report must be submitted with this form.

- ☐ I am alleging that I am disabled as a direct result of an injury sustained from an act in the line of duty while performing the principal duties of a hazardous position, or a single act of violence against me that was related to my job duties. I am submitting a copy of the incident report with this form.
- ☐ I am not alleging that I am disabled as a direct result of an injury sustained from an act in the line of duty while performing the principal duties of a hazardous position, or a single act of violence against me that was related to my job duties.
- ☐ I am alleging that I am disabled as a direct result of an injury sustained from an act in the line of duty while performing the principal duties of a hazardous position, or a single act of violence against me that was related to my job duties. I cannot provide an incident report documenting this event.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: _____

Date: _____

Form 8846
Revised 11/2023

Travel Voucher for Independent Examination

Member Information

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work		Email:	

Reimbursement Request: Please enter your mileage, cost of tolls and parking below. Our office will enter the mileage rate and calculate the total payment due. You must attach receipts for tolls and parking.

Mileage _____ x IRS Standard Mileage Rate = _____

Cost of Tolls: _____

Parking: _____

Total Payment Due: _____

Certification

Mileage shall be based on the distance between the member's home address on file with the Kentucky Public Pensions Office and the location of the independent medical or psychological evaluation based on the Kentucky Official Highway Map, mileage software, or the most recent edition of the Rand McNally Road Atlas, whichever is less. If requesting reimbursement for the cost of tolls and parking, receipts for each must be included and returned with this voucher. Written requests and receipts for reimbursement must be submitted and received by the Kentucky Public Pensions Authority within 15 calendar days of the date of the independent examination or evaluation.

I _____ acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: _____

Date: _____

Form 8035
Revised 11/2023

Employee Job Description

Member Information

Member Name:		Member ID:
Job Title:	Agency:	

Job Description

Describe your essential job duties: _____

_____ Total hours in a workday. _____ Sitting hours in a day. _____ Standing/walking hours in a day.

Do you have the ability to alternate between sitting and standing/walking? ☐ Yes ☐ No

Physical effort required: (check appropriate boxes)	<u>Never</u>	<u>Seldom/ Rare</u>	<u>Occasional</u> (up to 1/3 of work day)	<u>Frequent</u> (1/3 to 2/3 of work day)	<u>Repetitive</u> (2/3 or more of work day)
Handle/Finger/Feel:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reach/Push/Pull:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bend/Stoop/Crouch:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kneel/Crawl:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climb/Balance:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lift/Carry (frequency):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 10 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 20 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 50 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 100 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Over 100 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Identify the items or tools you were required to lift and/or carry in performing the essential job duties (include the weight, distance, and frequency of the lifting and/or carrying): _____

Identify the heaviest item and weight lifted on a frequent basis (1/3 to 2/3 of workday): _____

Identify the heaviest item and weight lifted without assistance: _____

Please identify any physical effort requirements to perform your job duties as of the last day worked.

(Check appropriate boxes)

- ☐ I was required to handle, grab, or grasp items or tools. (file, ledger, hammer, wrench, pot/pan, mop/bucket)
- ☐ I was required to finger, feel, or sort items or tools. (computer keyboard, typewriter, calculator, pen/pencil)
- ☐ I was required to use machinery that used hand and/or foot controls. (backhoe, school bus)
- ☐ I was required to use vibratory equipment, machinery, or tools. (jackhammer, floor buffer, lawnmower)
- ☐ I was required to reach overhead, and in all other directions.
- ☐ I was required to use stairs or ramps.
- ☐ I was required to use ladders or scaffolding.
- ☐ I was exposed to environmental elements such as extreme heat, extreme cold, or extreme wetness/dampness.
- ☐ I was exposed to excessive noise, fumes, odors, gases, or dust.

Please make any remarks concerning the physical effort requirements for performing your job duties as of the last day worked:

Accommodations

1. Did you request accommodations, assistance, or help to perform the essential job duties? ☐ Yes ☐ No

IF YES, please attach a copy of the request. Please attach any written response such as describing the accommodations, assistance, or help that was offered or attempted to allow you to perform the essential job duties.

IF NO, please attach a statement describing the accommodations, assistance, or help that was reasonably available to allow you to perform the essential job duties.

2. Did you have any machines, tools, or equipment available to assist in performing job duties, such as a handcart, desk mover, special chair, headphones, keyboard, tape recorder, or other? _____

3. Did you have assistance available from co-workers? _____

Additional Remarks: _____

Attach additional pages if necessary.

Supervisor Name: _____

Title: _____

Address/Phone: _____

Workers' Compensation and Social Security Benefits

1. Did you apply for Workers' Compensation benefits? ☐ Yes ☐ No

If yes, are you receiving a benefit from Workers' Compensation? ☐ Yes ☐ No

If yes, please provide the date that you began receiving Workers' Compensation benefits and the amount paid.

2. Did you apply for disability benefits from the Social Security Administration? ☐ Yes ☐ No

If yes, please provide the status of your disability benefit from the Social Security Administration:

Certification

I hereby certify that the information provided on this form is correct and accurate as of my last day worked.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: _____

Date: _____

Form 8040
Revised 11/2023

Prescription and Nonprescription Medications

Member Information

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work		Email:	

Prescription Medications

Medicine Name	Dosage	Times/Day	Reason for Medicine	Prescribing Physician

Nonprescription Medications

Medicine Name	Dosage	Times/Day	Reason for Medicine	Prescribing Physician

I hereby certify that the information provided on this form is correct and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: _____

Date: _____

Form 8002
11/2023**Certification of Application for Disability Retirement and Supporting Medical Information****Member Information**

Member Name:

Member ID:

Beneficiary Information

Name:

SSN:

Address:

City:

State:

Zip Code:

Phone (select type)

☐ Mobile
 ☐ Home
 ☐ Work

Email:

As beneficiary of the above member's account, I, _____, hereby

certify that the attached medical information, job description, reasonable accommodations request, and prescription and nonprescription drug list are true, correct, accurate, and complete. I am aware that pursuant to KRS 61.665(2)(a) and 78.545, I am responsible for filing supporting objective medical information to report the deceased member's physical and mental condition prior to death. The attached objective medical information consists of all existing medical records regardless of the above member's membership date with the Kentucky Public Pensions Authority. Written statements by medical providers alone are not objective medical information unless accompanied by supporting records as discussed in this paragraph. I hereby certify that the application for disability retirement, medical information, and job description are ready to be submitted to the medical examiners for review and determination. I am aware that by signing this certification I am certifying to the Kentucky Public Pensions Authority that the enclosed medical records represent all of the above member's evaluations, examinations, and treatment for the condition(s) for which the member was applying for disability retirement benefits, including all reports of diagnostic medical testing performed on the above member.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Beneficiary's Signature: _____

Date: _____

Form 6456
Revised 11/2023**Designation of Dependent Child****Member Information** Please provide your Member ID or Social Security number in the Member ID box below.

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:

Dependent Information

Dependent Name:	Dependent Social Security Number:	Date of Birth:	
Address:	City:	State:	Zip Code:

Complete the following if the dependent child is over the age of eighteen, unmarried, and a full-time student.

Dependent's School:	Phone Number:		
School Address:	City:	State:	Zip Code:

Certification

I, _____, do hereby state I am the parent or guardian of the dependent child as defined by KRS 16.505(17) and 78.510(49), or I am the dependent child over the age of 18, of the deceased member. I understand that benefits shall immediately cease when the person designated above no longer qualifies as a dependent child. I understand and agree that I will:

- Immediately provide written notification to the Kentucky Public Pensions Authority as soon as the person designated above marries, ceases to be a full-time student, or otherwise ceases to qualify as a dependent child as defined by KRS 16.505(17) and 78.510(49).
- Be responsible for repayment of any benefits paid to the person designated above if said person is not a dependent child as defined by KRS 16.505(17) and 78.510(49), or if I fail to notify the Kentucky Public Pensions Authority if said person no longer qualifies as a dependent child.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I (personally) may be liable for restitution of the benefits for which the person designated above was not eligible to receive, civil payments, legal fees, and costs.

Signature: _____

Date: _____

Notary Certificate

State of: _____

County of: _____

The foregoing instrument was acknowledged before me this ____ of _____ 20____, by

_____.

My Commission Expires: _____

Notary Public: _____

Form 8001
Revised 11/2023

Certification of Application for Disability Retirement and Supporting Medical Information

Member Information

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work		Email:	

Certification

I, _____, hereby certify that the attached medical information, job description, reasonable accommodations request, and prescription and nonprescription drug list are true, correct, accurate, and complete. This means the attached information consists of **all** the existing medical information regarding the condition(s) for which I am seeking enhanced disability retirement benefits. The medical information includes all existing medical records regardless of the membership date with Kentucky Public Pensions Authority. I further hereby certify that my application for disability retirement, medical information, and job description are ready to be submitted to the medical examiners for review and determination. I am aware that pursuant to KRS 61.665(2)(a) that I am responsible for filing supporting objective medical information to report my physical and mental condition. Written statements by medical providers alone are not objective medical information unless accompanied by supporting records as discussed in this paragraph. I am also aware that by signing this certification I am certifying to Kentucky Public Pensions Authority that the enclosed medical records represent **all** the evaluations, examinations, and treatment I have had for the condition(s) for which I am applying for disability retirement benefits, including all reports of diagnostic medical testing performed on me.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: _____

Date: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY**
 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov


Print Form

 Form 6110
 Revised 06/2023
Affidavit of Authorization to Receive Funds on Behalf of Minor**Member Information** Please provide your Member ID or Social Security Number in the Member ID box below.

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone Number:	Email Address:		

Minor Recipient Information

Minor Name:	Minor's Social Security Number:
-------------	---------------------------------

Comes the Affiant, and states as follows:

My name is: _____ My address is: _____

City: _____ State: _____ Zip Code: _____

I understand that the Minor Recipient named above is the beneficiary of certain benefits payable from the Kentucky Public Pensions Authority on the account of the above named Member.

I am legally authorized to receive the benefits on behalf of the Minor Recipient in my capacity as (check one):

- ☐ Natural/custodial parent of the Minor Recipient
- ☐ Court-appointed guardian, conservator, or other representative of the Minor Recipient (attach a copy of the court authorization)

I hereby certify that the information completed on this form, and documents attached hereto, is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefits, or if I knowingly fail to inform KPPA of any divorce decree, termination of parental rights, adoption, or any other legal process affecting my legal authority to receive funds, I personally may be liable for restitution of benefits for which I was not eligible to receive on behalf of the Minor Recipient, plus civil payments, legal fees, and costs.

Signature: _____

Printed Name: _____

Date: _____

State of: _____ County of: _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____,

by _____.

Notary Public

My Commission Expires: _____



Kentucky Public Pensions Authority
 1260 Louisville Rd. • Frankfort KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Print Form

Form 6810
 Revised 04/2021

Certification of Beneficiary

Member Information Please provide your Member ID or Social Security number in the Member ID box below.

Member Name: <input type="text"/>	Member ID: <input type="text"/>
-----------------------------------	---------------------------------

Beneficiary Information

If an individual is the beneficiary, please complete the following section. If an Estate or Trust is beneficiary skip to the Estate or Trust Information section.

Name: <input type="text"/>		Social Security Number: <input type="text"/>	
Telephone Number: <input type="text"/>		Date of Birth: <input type="text"/> exampleexampleexample	
Address: <input type="text"/>	City: <input type="text"/>	State: <input type="text"/>	Zip Code: <input type="text"/>
Relationship to member: <input type="text"/>			
Authority of Signature: <input type="radio"/> Beneficiary <input type="radio"/> Guardian <input type="radio"/> Power of Attorney			
Signature: <input type="text"/>		Date: <input type="text"/>	
Witness: <input type="text"/>		Date: <input type="text"/>	

Estate or Trust Information

Complete this section only if the Estate or Trust is beneficiary.

Name of Representative(s): <input type="text"/>		Telephone Number: <input type="text"/>	
Address: <input type="text"/>	City: <input type="text"/>	State: <input type="text"/>	Zip Code: <input type="text"/>
Federal Tax ID No. (Provide the Estate EIN or Trust ID if applicable): <input type="text"/>			
Fiduciary Authority: <input type="radio"/> Administrator / Executor / Personal Representative <input type="radio"/> Trustee (Trust only)			
Fiduciary's Signature: <input type="text"/>		Date: <input type="text"/>	
Witness: <input type="text"/>		Date: <input type="text"/>	
Fiduciary's Signature: <input type="text"/> (for multiple executors only)		Date: <input type="text"/>	
Witness: <input type="text"/>		Date: <input type="text"/>	



KENTUCKY PUBLIC PENSIONS AUTHORITY

1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Employer Instructions for Member or Beneficiary Filing for Disability or Survivor Benefits

Revised 06/2023

IMPORTANT: FAILURE TO RETURN THE REQUIRED INFORMATION WITHIN 5 BUSINESS DAYS MAY CAUSE A DELAY IN THE MEMBER'S OR BENEFICIARY'S BENEFITS AND/OR HEALTH INSURANCE.

For members who apply for disability retirement through KPPA, KRS 61.665(2)(a) and 78.545 require a complete job description of the member's job duties and requirements and requires that the member make a request for reasonable accommodations as provided for in 42 U.S.C. Part 1630 of the Americans with Disabilities Act (ADA). For beneficiaries who apply for survivor benefits, 105 KAR 1:457 requires a complete job description of the members job duties and requirements.

A disability retirement application or a survivor benefit application has been initiated through Kentucky Public Pensions Authority.

For members who apply for disability retirement, KRS 61.665(2)(a) and 78.545 require a complete description of the member's job duties and requirements and requires that the member make a request for reasonable accommodations as provided for in 42 U.S.C. sec. 12111(9) and 29 C.F.R. Part 1630 through the American with Disabilities Act (ADA).

Examples of reasonable accommodations may include:

- Making existing facilities accessible to individuals with disabilities
- Job restructuring
- Part-time or modified work schedules
- Reassignment to a vacant position
- Retraining
- Purchase of assistive equipment

If the individual has terminated employment with your agency or did not request accommodations, you should outline what accommodations **were made** or **could have been made** on the enclosed Form 8030.

*For beneficiaries who apply for survivor benefits, 105 KAR 1:457 requires a complete description of the member's job duties and requirements to process the application for benefits.


KENTUCKY PUBLIC PENSIONS AUTHORITY

 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov


Print Form

 Form 8030
 Revised 06/2023

Employer Job Description
Employee Information

Employee Name:		Member ID:
Job Title:	Agency:	

Job Description

Describe the employee's job duties performed as of the last day worked: _____

_____ Total hours in a workday. _____ Sitting hours in a day. _____ Standing/walking hours in a day.

Does the employee have the ability to alternate between sitting and standing/walking? ☐ Yes ☐ No

Physical effort required: (check appropriate boxes)	<u>Never</u>	<u>Seldom/ Rare</u>	<u>Occasional</u> (up to 1/3 of work day)	<u>Frequent</u> (1/3 to 2/3 of work day)	<u>Repetitive</u> (2/3 or more of work day)
Handle/Finger/Feel:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reach/Push/Pull:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bend/Stoop/Crouch:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kneel/Crawl:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climb/Balance:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lift/Carry (frequency):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 10 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 20 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 50 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 100 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Over 100 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Identify the items or tools the employee was required to lift and/or carry in performing the essential job duties (include the weight, distance, and frequency of the lifting and/or carrying): _____

Identify the heaviest item and weight lifted on a frequent basis (1/3 to 2/3 of workday): _____

Identify the heaviest item and weight lifted without assistance: _____

Please identify any physical effort requirements for the employee to perform his or her job duties as of the last day worked.
 (Check appropriate boxes)

- ☐ The employee was required to handle, grab, or grasp items or tools. (file, ledger, hammer, wrench, pot/pan, mop/bucket)
- ☐ The employee was required to finger, feel, or sort items or tools. (computer keyboard, typewriter, calculator, pen/pencil)
- ☐ The employee was required to use machinery that used hand and/or foot controls. (backhoe, school bus)
- ☐ The employee was required to use vibratory equipment, machinery, or tools. (jackhammer, floor buffer, lawnmower)
- ☐ The employee was required to reach overhead, and in all other directions.
- ☐ The employee was required to use stairs or ramps.
- ☐ The employee was required to use ladders or scaffolding.
- ☐ The employee was exposed to environmental elements such as extreme heat, extreme cold, or extreme wetness/dampness.
- ☐ The employee was exposed to excessive noise, fumes, odors, gases, or dust.

Please make any remarks concerning the physical effort requirements for the employee to perform his or her job duties as of the last day worked: _____

Accommodations: Examples of reasonable accommodations may include making existing facilities accessible to individuals with disabilities, job restructuring, part-time or modified work schedules, reassignment to a vacant position, retraining, or purchase of assistive equipment. If the individual has terminated employment with your agency or did not request accommodations, you should outline what accommodations were made or could have been made.

Did the employee request accommodations, assistance, or help to perform the essential job duties? ☐ Yes ☐ No

IF YES, please attach a copy of the request. Please attach any written response by the agency to the employee for request for accommodations. Please attach a statement describing the accommodations, assistance, or help that was offered or attempted to allow the employee to perform the essential job duties.

IF NO, please describe the accommodations, assistance, or help that was reasonably available to allow the employee to perform the essential job duties. _____

Did the employee have any machines, tools, or equipment available to assist in performing job duties, such as a handcart, desk mover, special chair, headphones, keyboard, tape recorder, or other? _____

Did the employee have assistance available from co-workers? _____

Where accommodations were made available, requested, or implemented, was the job as accommodated offered to the employee indefinitely?: ☐ Yes ☐ No

Attach additional pages if necessary.

Personnel Issues:

Was the employee injured on the job? ☐ Yes ☐ No If YES, please attach a copy of the incident report.

Is the employee currently receiving Workers' Compensation benefits? ☐ Yes ☐ No

If YES, please provide the Workers' Compensation insurance carrier name and address assisting with this claim.

Insurance Carrier Name: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Please indicate the employee's current personnel status:

☐ Termination ☐ Sick Leave Without Pay ☐ Still on Payroll ☐ Other _____

If the employee has terminated or is utilizing a leave without pay status, please provide date and attach a copy of the personnel form: _____

If the employee is not still on the payroll, please verify the last day of paid employment: _____

Supervisor Name: _____ Title: _____

Address/Phone: _____

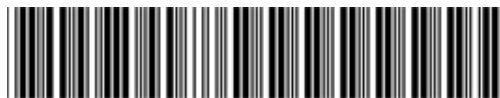
Certification

I hereby certify that the above information is correct and accurately describes the job duties that the employee had as of the last day worked. I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the survivor benefits the spouse, child, dependent, or beneficiary was not eligible to receive, civil payments, legal fees, and costs. I understand that the Kentucky Public Pensions Authority or the employee may request that I testify at an administrative hearing as to the matters described herein.

Agency Representative Printed Name: _____

Agency Representative Title: _____

Agency Representative Signature: _____ Date: _____

Form 6135
Revised 06/2023

Request for Payment By Check

Recipient Information

The recipient is the person who is receiving the monthly benefit from the retirement system. Please provide your Member ID or Social Security Number in the Recipient ID box below.

Recipient Name:		Recipient ID:	
Address:	City:	State:	Zip Code:
Is this a new address? <input type="radio"/> Yes <input type="radio"/> No			
Phone (Select Type) <input type="radio"/> Mobile <input type="radio"/> Home <input type="radio"/> Work	Phone Number:	Email Address:	

Reason for Receiving Retirement Allowance by Check

- ☐ I do not currently have an account with a financial institution. I will contact the retirement office when I have opened an account to which my benefit may be deposited.
- ☐ My financial institution does not participate in the Electronic Funds Transfer (EFT) program. The following must be completed by your financial institution:

Name of Institution: _____ Phone: _____

This recipient has an account in our institution, but we do not currently participate in the EFT program.

Authorized Signature of
Financial Institution Officer: _____ Title: _____

Certification

I certify that the information provided is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

I understand that I must contact the retirement office if the above situation changes so that I may have my retirement allowance electronically transferred to my account. The retirement office may require me to verify the above information.

Signature: _____ Date: _____

Form 6130
Revised 06/2023

Authorization for Deposit of Retirement Payment

Recipient Information

The recipient is the person who is receiving a monthly benefit from the Kentucky Public Pensions Authority. Please provide your Member ID or Social Security Number in the Recipient ID box below.

Recipient Name:		Recipient ID:	
Address:	City:	State:	Zip Code:
Is this a new address? <input type="radio"/> Yes <input type="radio"/> No			
Phone (select type) <input type="radio"/> Mobile <input type="radio"/> Home <input type="radio"/> Work		Email:	
If you are beneficiary of the account, please provide the member's name and Member ID below.			
Member Name:		Member ID:	

Financial Institution Information

Financial Institution Name:	Account Type: <input type="radio"/> Checking <input type="radio"/> Savings
Depositor Account Number:	Depositor Routing Number:

Required Documents: Please indicate the documentation you are submitting with this form.

For deposits to a Checking Account: I have attached to this form	<input type="radio"/> a VOIDED personalized check	<input type="radio"/> verification from my financial institution
For deposits to a Savings Account: I have attached to this form	<input type="radio"/> verification from my financial institution	

Authorization for Direct Deposit and International Transactions:

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which I was not eligible to receive, civil payments, legal fees, and costs.

I authorize and request the Kentucky Public Pensions authority to directly deposit the net amount of my monthly retirement payment to my account at the financial institution designated above. I have attached to this form the documentation indicated above.

I understand that failure to sign this authorization and provide one of the documents listed above will cause a delay in setting up or changing account information.

I acknowledge that electronic payments to the designated account must comply with the provisions of U.S. law, as well as the requirements of the Office of Foreign Assets Control (OFAC) and National Automated Clearing House Association (NACHA) regulations.

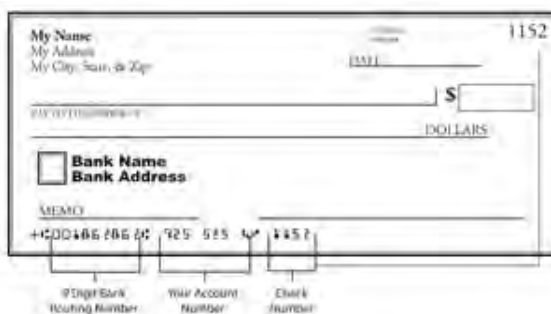
I certify that the entire payment that Kentucky Public Pensions Authority sends electronically to the financial institution I have designated, is not subject to being transferred to a foreign bank. I agree to notify Kentucky Public Pensions Authority in writing immediately if the payment becomes subject to transfer to a foreign bank in the future.

Signature: _____

Date: _____

For your convenience:

The sample check below shows where to locate the required bank information to complete your Direct Deposit.



Instructions for Completing Form 6130 Authorization for Deposit of Retirement Payment

You may authorize deposit of your retirement benefit directly into your account at a financial institution by either complete this Form 6130, Authorization for Deposit of Retirement Payment, or by designating an account online through Member Self Service. Your designated financial institution account can be changed by either submitting a new Form 6130 or by updating the account information online through Member Self Service. The financial institution may be a bank, savings bank, savings and loan association, credit union, or similar institution that is a member of the Automated Clearing House (ACH). The North American Clearing House Association (NACHA) regulations require certification to identify any direct deposit payment made where the payment amount is subsequently transferred to a foreign bank account.

This form is to be used **ONLY** for the deposit of monthly benefit payments from the Kentucky Public Pensions Authority (KPPA). This form does not authorize withdrawals from your financial institution.

Please provide the necessary information about the financial institution. You must sign and date the authorization form. You are required to provide a VOIDED personalized check or verification from the financial institution for deposit to a checking account. For deposit to a savings account you must provide a verification from the financial institution. Your failure to sign and date the authorization form and provide the required documentation will cause a delay in setting up or changing the account information. Your monthly benefit payments will be deposited into your account at your financial institution on the 14th unless the day is a weekend or holiday, then the payment will be deposited into your account on the last business day prior to the 14th. If you are a current recipient of a monthly benefit and request a change to the account number or financial institution to which your monthly benefit is deposited, the completed form must be received at the Kentucky Public Pensions Authority' office before the 20th of the month if you wish the change to be effective with the next payment. If your form is received after the 20th of the month, the next monthly payment will be issued as a paper check, which will be mailed to your listed address; and the requested change for the direct deposit will be effective the following month. If you have additional questions regarding the change, please contact a KPPA Counselor at (800) 928-4646 or (502) 696-8800.

Once the authorization form has been processed by the Kentucky Public Pensions Authority, this authorization for deposit may be cancelled for any of the following reasons:

1. A new authorization for deposit of retirement payment form is submitted and processed at KPPA. This new Form 6130 will supersede your previous authorization form.
2. Your designated account information is updated online through Member Self Service.
3. The financial institution no longer accepts direct deposit. If your financial institution no longer accepts direct deposit, you must notify KPPA.
4. Your financial institution rejects your direct deposit indicating your account is closed. In this case, KPPA will notify you of the cancellation in advance.
5. Your monthly benefit no longer covers the cost of your health insurance premium and you must submit payment to our office for your health insurance premium.
6. Notice of your death is received at KPPA.

You may reach the Kentucky Public Pensions Authority at (800) 928-4646 or (502) 696-8800 if you have any questions. Written inquiries can be addressed to Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601. For general information or to obtain additional forms, visit the Kentucky Public Pensions Authority' website: kyret.ky.gov.

KENTUCKY PUBLIC PENSIONS AUTHORITY
1268 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

*6010 [REDACTED]

FORM 6010

FORM 6010 ESTIMATED RETIREMENT ALLOWANCE

Retirement Date: [REDACTED]

Retirement Plan: [REDACTED]

Retirement Type: [REDACTED]

Member Information

[REDACTED]

Member Date of Birth: [REDACTED]

Member ID: [REDACTED]

Beneficiary Information

Beneficiary: [REDACTED]

Beneficiary Date of Birth: [REDACTED]

Please Select ONE payment option by checking one box below

- ☐ BASIC
- ☐ LIFE WITH 10 YEARS CERTAIN
- ☐ LIFE WITH 15 YEARS CERTAIN
- ☐ LIFE WITH 20 YEARS CERTAIN
- ☐ SURVIVORSHIP 100%
- ☐ SURVIVORSHIP 66 2/3%
- ☐ SURVIVORSHIP 50%
- ☐ POP-UP
- ☐ 10 YEARS CERTAIN

Payment to member while living

[REDACTED]

Payment to beneficiary after member's death

[REDACTED]

☐ I REJECT ALL MONTHLY PAYMENT OPTIONS AND REQUEST A(n) ACTUARIAL REFUND OF APPROXIMATELY [REDACTED] I AM ALSO FORFEITING ANY HEALTH INSURANCE AND DEATH BENEFITS PROVIDED BY THE KENTUCKY PUBLIC PENSIONS AUTHORITY.

NOTE: If you select the actuarial refund or lump sum refund you must also complete and return the enclosed Form 6025, Direct Rollover/Direct Payment Election Form. The Form 6025 is located in the Special Tax Notice. This estimate was calculated using an early retirement percentage of 100.00%.

Certification

I CERTIFY THAT I HAVE SELECTED THE OPTION OF MY CHOICE. I REALIZE THAT AFTER THE FIRST DAY OF THE MONTH IN WHICH I RECEIVE MY FIRST RETIREMENT CHECK, I WILL NOT HAVE THE RIGHT TO CHANGE MY PAYMENT OPTION OR MY BENEFICIARY.

Signature of Recipient: _____ Date: _____

Signature of Spouse: _____ Date: _____

Witnessed by: _____ Date: _____

FORM 6010 KPPA:TH

Page 1 of 1

MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: November 27, 2023

RE: Board approval and authorization of KPPA staff to file a new administrative regulation, 105 KAR 1:470, Agency Communication, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of amended administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:470, Agency Communication, is consistent with these provisions of the Kentucky Revised Statutes.

This administrative regulation establishes how the Kentucky Public Pensions Authority will communicate with members, retired members, beneficiaries, alternate payees, and other recipients of a retirement allowance, and the procedures to change communication preferences. This administrative regulation further establishes that, effective May 1, 2024, the Kentucky Public Pensions Authority will default to electronic communication to the extent authorized by state and federal law with members, other recipients, and alternate payees concerning their retirement account information, unless the member, recipient, or alternate payee does not have a valid email address on file or opts out of electronic communication.

105 KAR 1:470 was presented to the Ad Hoc Regulations Committee for the Board on November 15, 2023. The Committee approved sending to the full Board for filing approval.

Staff Recommendation:

The Office of Legal Services requests that the Board review the attached materials and authorize 105 KAR 1:470, Agency Communication, to be filed with the Regulations Compiler.

List of attached materials:

1. 105 KAR 1:470, Agency Communication
2. Form 2040, Change of Contact Information

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (New Administrative Regulation)

4 105 KAR 1:470 Agency Communications.

5 RELATES TO: KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852

6 STATUTORY AUTHORITY: KRS 61.505(1)(g)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the
8 Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of
9 the Kentucky Retirement Systems and the County Employees Retirement System that are
10 consistent with KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852.
11 This administrative regulation establishes how the Kentucky Public Pensions Authority shall
12 communicate with members, retired members, beneficiaries, alternate payees, and other
13 recipients of a retirement allowance, and the procedures to change communication
14 preferences.

15 Section 1. Definitions.

16 (1) "Agency account" means the member account or other agency issued account
17 assigned to a COR.

18 (2) "COR" means a communications recipient; including a member, retired member,
19 beneficiary, alternate payee, or recipient.

20 (3) "Electronic notification" means the process of delivering information, messages, or
21 alerts through digital means, such as email, Short Message Service (SMS), Multimedia

1 Messaging Service (MMS) notification, push notifications, or other digital communication
2 methods.

3 (4) "Invalid email address" means an email address that is not valid or is no longer
4 operational or associated with the COR, as verified by the agency through a COR's self-
5 report, an audit, or other means .

6 (5) "Paperless communication" means communication provided by the agency in an
7 electronic format through electronic notifications and the Self-Service Web site.

8 (6) "Self-Service Web site" means the secure Member Self-Service or Retiree Self-
9 Service agency Web site that allows a COR to access his or her agency account
10 information and services related to that account.

11 (7) "Valid email address" means an email address the agency has on file for a COR
12 that is operational and able to receive messages, or has not otherwise been deemed an
13 invalid email address by the agency.

14 (8) "Valid physical mailing address" means the mailing address on file for a COR where
15 he or she is able to receive U.S. mail, including: .

16 (a) A current street address;

17 (b) A Post Office box registered with the United States Postal Service; or

18 (c) A private mailbox registered with a commercial mail receiving agency established
19 pursuant to the United States Postal Service regulation.

20 Section 2. Agency default to paperless.

21 (1) Beginning May 1, 2024, the agency shall default to paperless communications for
22 all CORs who have a valid email address on file. The agency shall provide CORs with
23 notification of the default to paperless communication and information on how to opt-out.

1 (2)(a) Any COR that has a valid email address on file as of May 1, 2024, that has not
2 elected to opt-out in accordance with Section 5 of this administrative regulation, shall
3 receive paperless communication from the agency, apart from limited exceptions as
4 specified in Section 10 of this administrative regulation.

5 (b) A COR who has a valid email address on file but does not have a valid physical
6 mailing address on file, shall not be given the ability to opt-out.

7 (3) Any COR that does not have a valid email address on file as of May 1, 2024, shall
8 not receive paperless communication until the COR's communication preferences change
9 in accordance with Section 6 of this administrative regulation.

10 Section 3. Email addresses.

11 (1)(a) If a COR needs to add or update his or her email address, the COR shall
12 complete one of the following:

- 13 1. Update and save the email address on the Self-Service Web site;
- 14 2. Update the email address via phone by calling the agency and providing his or her
15 agency issued personal identification number (PIN);
- 16 3. File a valid Form 2040, Change of Contact Information; or
- 17 4. Provide the email address on any valid filed agency form that has the option to
18 update the email address.

19 (b)1. The most recent update to the COR's email address that complies with this
20 subsection shall be the email address used for paperless communication.

21 2. The agency shall notify the COR of the update to his or her email address.

1 (2) If a participating employer provides an email address to the agency and the COR
2 does not already have a valid email address on file, the agency shall use the email address
3 provided by the employer until either:

4 (a) The email address is identified by the agency as invalid; or

5 (b) The COR changes the email address in accordance with subsection (1) of this
6 section.

7 (3) The agency shall perform tests and audits to assist in determining if an email
8 address is valid.

9 (4) A COR shall routinely be requested to confirm his or her email address on the Self-
10 Service Web site.

11 (5) If the agency determines an email address is invalid for a COR receiving paperless
12 communication, he or she shall stop receiving paperless communication. The agency shall
13 send the COR notification of the change via U.S. mail, which shall include information on
14 how to update his or her email address and how to change his or her communication
15 preferences.

16 (6) The agency shall maintain an internal record of changes made to a COR's email
17 address.

18 Section 4. Paperless communication notifications and access.

19 (1) The agency shall provide paperless communication through the Self-Service Web
20 site messaging center to all CORs with a valid email address on file who have not elected
21 to opt-out in accordance with Section 5 of this administrative regulation.

1 (2)(a) When a new message becomes available for a COR on the Self-Service Web
2 site, he or she shall receive an electronic notification indicating that there is a message in
3 the message center on the Self-Service Web site.

4 (b) If a COR has not set up a Self-Service Web site account, the COR's electronic
5 notification shall include a hyperlink to view details of how to set up his or her Self-Service
6 Web site account and access the message.

7 (c) A COR shall access the message by logging into the Self-Service Web site and
8 viewing the message in the message center.

9 Section 5. Opt-out of paperless communications.

10 (1) To opt-out of paperless communications, a COR shall:

11 (a) File a valid Form 2040, Change of Contact Information, indicating the election to
12 opt-out;

13 (b) Update via phone by calling the agency, providing his or her agency issued PIN,
14 and notifying the agency of his or her election to opt-out; or

15 (c) Update and save the opt-out preference in his or her Self-Service Web site account.

16 (2)(a) A COR that does not update his or her communication preference in accordance
17 with this subsection shall continue to receive paperless communication from the agency,
18 apart from limited exceptions as specified in Section 10 of this administrative regulation.

19 (b) The COR shall stop receiving paperless communication as soon as the request is
20 processed by the agency, apart from limited exceptions as specified in Section 9 of this
21 administrative regulation.

22 (c) The agency shall provide the COR with notice of the change in communication
23 preferences.

1 Section 6. Changing to paperless communications.

2 (1) A COR who previously did not have a valid email address on file, shall complete
3 one of the following to change his or her communication preferences to paperless
4 communications:

5 (a) File a valid Form 2040, Change of Contact Information, indicating the election to
6 receive paperless communication and provided a valid email address;

7 (b) Update the email address via phone by calling the agency, providing his or her
8 agency issued PIN and valid email address, and notifying the agency of his or her
9 communication preferences;

10 (c) Update and save the preference to receive paperless communications in his or her
11 Self-Service Web site account; or

12 (d) Provide the agency with a valid email address on any filed valid agency form that
13 has the option to update the email address, except if the COR simultaneously elects to opt-
14 out in accordance with Section 5 of this administrative regulation.

15 (2) A COR who previously elected to opt-out of paperless communications shall
16 complete one of the following to change his or her communication preferences to paperless
17 communications:

18 (a) File a valid Form 2040, Change of Contact Information, indicating the election to
19 receive paperless communication;

20 (b) Update via phone by calling the agency, providing his or her agency issued PIN,
21 confirming the email address, and notifying the agency of his or her communication
22 preference; or

1 (c) Update and save the preference to receive paperless communications in his or her
2 Self-Service Web site account.

3 (3)(a) A COR that does not update his or her communication preference in accordance
4 with this subsection shall not receive paperless communication from the agency, apart from
5 limited exceptions as specified in Section 9 of this administrative regulation.

6 (b) The agency shall provide the COR with notice of the change in communication
7 preferences.

8 Section 7. New CORs.

9 (1) Beginning May 1, 2024, a default to paperless communications for a new COR shall
10 occur when:

11 (a) A member with a valid email address on file begins participating in the systems; or

12 (b) An agency account is created for a new beneficiary, new alternate payee, or other
13 new recipient.

14 (2) The agency shall provide the persons indicated in subsection (1) of this section
15 notification of the default to paperless communication, how to access the Self-Service Web
16 site, and how to update paperless communication preferences.

17 (3) If the person indicated in subsection (1) of this section does not opt-out in
18 accordance with Section 5 of this administrative regulation, he or she shall receive
19 paperless communication from the agency, apart from limited exceptions as specified in
20 Section 10 of this administrative regulation.

21 (4) Beginning May 1, 2024, when a member begins participating in the systems, or an
22 agency account is created for a new beneficiary, new alternative payee, or other new
23 recipient, and there is no valid email address on file, the agency shall provide the person

1 with information on how to update his or her email address and communication
2 preferences, and how to access the Self-Service Web site. The person shall not receive
3 paperless communication from the agency until the person changes his or her
4 communication preferences in accordance with Section 6 of this administrative regulation
5 and provides a valid email address.

6 Section 8. Termination of employment with a participating employer.

7 (1) Except as provided in subsection (2) of this section, when the agency becomes
8 aware that a member has terminated employment with a participating employer, the agency
9 shall provide the member with notification indicating:

10 (a) The status of the member's current communication preference;

11 (b) If applicable, the valid email address currently on file for the member; and

12 (c) Information on how to update his or her email address and paperless
13 communication preferences.

14 (2) If the member has requested an accumulated account balance refund in
15 accordance with KRS 61.625(1) and 78.545, the agency shall not provide the member with
16 the notification required in subsection (1) of this section.

17 Section 9. Exceptions to paperless communication opt-out. A COR who is not receiving
18 paperless communication, but has a valid email address on file, shall at times receive
19 general member information that is not specific to the COR through his or her email
20 address.

21 Section 10. Exceptions to paperless communication. A COR who is receiving paperless
22 communication shall, at times, receive communication via other methods when required
23 by:

1 (1) Local, state, or federal law, including tax laws;

2 (2) Third-party vendors;

3 (3) Medicare or other hospital and medical insurance; or

4 (4) At the discretion of the agency.

5 Section 11. Updating a physical mailing address.

6 (1) For a COR to update his or her physical mailing address, the COR shall do one of
7 the following:

8 (a) Update and save the physical mailing address on the Self-Service Web site;

9 (b) Update the physical mailing address via phone by calling the agency and providing
10 his or her agency issued PIN and the updated physical mailing address; or

11 (c) Provide the physical mailing address on any filed agency form that has the option
12 to update the physical mailing address.

13 (2) The most recent update to the COR's physical mailing address that complies with
14 this subsection (1) of this section shall be the physical mailing address used for non-
15 paperless communication.

16 Section 12. Guardianship or Power of Attorney communication.

17 (1) If a COR has a valid Guardianship Order, Conservatorship Order, or a Power of
18 Attorney on file:

19 (a) All changes to the COR's agency account shall be made by filing the appropriate
20 valid form or document; and

21 (b) No changes to the COR's agency account shall be made through the Self-Service
22 Web site or by phone.

1 (2) Nothing in this section shall prevent the agency from providing paperless
2 communications in compliance with Section 4 of this administrative regulation for a COR
3 with a valid Guardianship Order, Conservatorship Order, or Power of Attorney on file.

4 Section 13. Incorporation by reference.

5 (1) Form 2040, Change of Contact Information, updated December 2023, is
6 incorporated by reference.

7 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
8 law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky
9 40601, Monday through Friday, from 8:00 a.m. to 4:30 p.m. This material is also available
10 on the agency's Web site at kyret.ky.gov.

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on February 21, 2024 at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until February 28, 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:470
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes how the Kentucky Public Pensions Authority communicates with members, retired members, beneficiaries, and other recipients of a retirement allowance, and the procedures to change communication preferences.

(b) The necessity of this administrative regulation: To establishes how members, retired members, beneficiaries, alternate payees, and other recipients of a retirement allowance receive communication from the Kentucky Public Pensions Authority and the procedures to change communication preferences.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System that are consistent with KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. This administrative regulation is consistent with KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: The procedures established in this administrative regulation assist the Kentucky Public Pensions Authority's ability to effectively, efficiently, and timely communicate with members, retired members, beneficiaries, alternate payees, and other recipients of a retirement allowance.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This is a new administrative regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new administrative regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new administrative regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The Kentucky Public Pensions Authority is affected by this administrative regulation. There are approximately 410,082 total members, retired members, beneficiaries, and other recipients of a retirement allowance that are affected by this administrative regulation.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: The Kentucky Public Pensions Authority will be required to comply with the requirements in this administrative regulations for communicating with members, retired members, beneficiaries, alternate payees, and other recipients of a retirement allowance.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The cost to the Kentucky Public Pensions Authority is negligible. There is no cost to members, retired members, beneficiaries, and other recipients of a retirement allowance.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The provisions of this administrative regulation will allow the Kentucky Public Pensions Authority to provide communication quickly, efficiently, and effectively to its members, beneficiaries, alternate payees, and other recipients of a retirement allowance. The provisions of this administrative regulations will allow members, beneficiaries, alternate payees, and other recipients of a retirement allowance quick and easy access to communication from the Kentucky Public Pensions Authority, as well as flexibility in the way they receive their communication.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: \$100,000-\$400,000 to notify affected individuals in advance of the change to default paperless communication effective May 1, 2024. Most of the expected cost is associated with providing notifications via U.S. Mail.

(b) On a continuing basis: Negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There are no fees associated with this administrative regulation. There is no increase in funding needed to implement this administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: There are no fees associated with this administrative regulation.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All members, retired members, beneficiaries, alternate payees, and other recipients of a retirement allowance are subject to the same processes and procedures.

FISCAL NOTE

Regulation number: 105 KAR 1:470
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Public Pensions Authority.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? Negligible.

(d) How much will it cost to administer this program for subsequent years? Negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): No revenue will be received by the Kentucky Public Pensions Authority as a result of this administrative regulation.

Expenditures (+/-): Negligible. There will be some administration costs for the Kentucky Public Pensions Authority as a result of this administrative regulation, but those costs will be minimal.

Other Explanation: Aside from the initial implementation cost for the Kentucky Public Pensions Authority, there is no meaningful fiscal impact associated with this administrative regulation.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? Unknown.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? Unknown.

(c) How much will it cost the regulated entities for the first year? \$100,000-\$400,000 to notify affected individuals in advance of the change to default paperless communication

effective May 1, 2024. Most of the expected cost is associated with providing notifications via U.S. Mail.

(d) How much will it cost the regulated entities for subsequent years? Negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): Unknown.

Expenditures (+/-):

Other Explanation: The cost savings are not currently known, but the Kentucky Public Pensions Authority anticipates cost savings over the long-term due to decreased postage usage.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation will not have a major economic impact on the Kentucky Public Pensions Authority because the cost of implementation is expected to be less than \$500,000 and the Kentucky Public Pensions Authority anticipates that any initial implementation costs will be offset by cost savings over the long-term due to decreased printing and postage usage.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 2040, Change of Contact Information, is a one (1) page form that a member, beneficiary, alternative payee, or other recipient can use to update his or her physical mailing address, email address, phone number, and paperless communication preferences.



Form 2040
Revised 12/2023

Change of Contact Information

To ensure Kentucky Public Pensions Authority (KPPA) has current contact information, please complete and return this form to our office as soon as possible. **Please remember:** It is your responsibility to provide and maintain accurate contact information for your retirement account so that KPPA can inform you about your benefits.

Contact Information

Please provide your Member ID or Social Security number in the Member ID box below.

Name:	Member ID:
-------	------------

Please make sure your current mailing address is on file with your local Post Office, and your employer if you are not retired.

Address:	City:	State:	Zip Code:
----------	-------	--------	-----------

Please provide at least one phone number below.

Phone: <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work	Phone: <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work
--	--

Please provide your personal email address below. KPPA sends newsletters and general information to you by email.

Personal Email Address:

Communication Preference If you do not want to update your current preference, skip this section.

Your preference can be changed at any time by doing one of the following: 1) Log in to Self Service at myretirement.ky.gov
2) Submit Form 2040 (this form) to our office **or** 3) Call KPPA with your Personal Identification Number (PIN).

☐ **Paperless:** I am requesting to receive my account information in electronic format through email notifications and the Self Service website. I understand that KPPA may still mail some documents to me and that a personal email address must be provided above to complete my request.

☐ **U.S. Mail:** I am requesting to receive my account information by U.S. mail. I understand that KPPA will still email me general information and that a physical mailing address must be provided above to complete my request.

Notice: Power of Attorney, Guardianship, or other Fiduciary

Only a fiduciary may complete this form on behalf of the member or other account holder. If this applies to you:

- A copy of the power of attorney, order appointing guardianship, or other document designating you as a fiduciary must be submitted with this form or already be on file and approved by KPPA.
- Changes to your contact information and communication preferences can only be made by filing this form.

Persons acting as a fiduciary should sign all KPPA documents so that the capacity in which the document is being executed is exactly clear.

If you are acting as a Power of Attorney, you must sign in the name of the principal followed by your signature as the attorney-in-fact with the designation "POA" or "AIF." For example: "John Doe by Jane Doe, POA." If you are acting as a Guardian, you must sign in the name of the ward followed by your signature as the guardian with the designation "Guardian." For example: "John Doe by Jane Doe, POA." If you have questions, please contact our office.

Certification

I hereby certify that the information provided on this form is correct and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted false or fraudulent information, I may be liable for repayment of benefits I was not entitled to receive and for civil payments, legal fees, and costs.

Signature: _____

Date: _____

**KENTUCKY PUBLIC PENSIONS AUTHORITY
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION**

Effective ~~June 28~~ December 6, 2023

Section 1.1 GENERAL ADMINISTRATION.

This Statement of Bylaws and Committee Organization of the Kentucky Public Pensions Authority Board is adopted pursuant to the authority of KRS 61.505(3)(b). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

I. Definitions.

1. KPPA: “The KPPA” refers to the Kentucky Public Pensions Authority.
2. KPPA member: “KPPA member” used in reference to the KPPA means the eight (8) members of the KPPA Board pursuant to Kentucky Revised Statutes 61.505(2).
3. KPPA Board: “KPPA Board” refers to the eight-member board tasked with administering and operating the KPPA in accordance with Kentucky Revised Statutes 61.505.
4. Committee member: “Committee member” or “member” used in relation to a Committee refers to a member of the KPPA Board serving on an *ad hoc* or Standing Committee.
5. Board Year: The Board Year shall be from April 1 of each calendar year through March 31 of the following year.
6. Bylaws: “Bylaws” refers to the Statement of Bylaws and Committee Organization.
6. Executive Director: “Executive Director” refers to the KPPA Executive Director, as outlined in KRS 61.505(8).
7. CEO: “CEO” refers to the Chief Executive Officer of the Kentucky Retirement Systems and/or the Chief Executive Officer of the County Employees Retirement System.
8. KRS: “KRS” refers to the Kentucky Revised Statutes.
9. Retirement Office: “Retirement Office” refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.
10. Take action: “Take action” used in relation to the KPPA Board refers to a motion being made, seconded, and voted upon by the KPPA Board in compliance with Robert’s Rules of Order. [RONR (11th ed., as amended)].

II. Quorum; Parliamentary Authority.

1. KPPA Board quorum. As required by KRS 61.505(7)(c), a majority of the KPPA members shall constitute a quorum and all actions taken by the KPPA Board shall be by affirmative vote of a majority of the KPPA members present.

2. KPPA Committee quorum. A majority of the KPPA members on any *ad hoc* or Standing Committee shall constitute a quorum and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee members present.
 3. Parliamentary authority. The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11th ed., as amended)]
- III. Meetings. Meetings of the KPPA Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.
1. Annual Meeting. The annual meeting of the KPPA Board shall be held on the fourth (4th) Wednesday of April of each Board Year.
 2. Regular Meetings. The Board shall determine and approve, on an annual basis in advance, no later than the preceding December Board meeting, the following years' regular Board and Standing Committee meeting schedule.
 3. Special Meetings.
 - A. Special meetings of the KPPA Board shall be held upon the call of the Chair of the KPPA Board or the Executive Director.
 - B. Special meetings of an *ad hoc* or Standing Committee of the KPPA Board shall be held upon the call of the Committee Chair, Chair of the KPPA, or the Executive Director.
 - C. A KPPA member may request that the Executive Director, Chair of the KPPA Board (in the case of a special meeting of the KPPA), or Committee Chair (in the case of a special meeting of an *ad hoc* or Standing Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the KPPA members, the Executive Director, KPPA Board Chair, or Committee Chair shall call the requested special meeting.
 4. Notice of Meetings.

- A. Regular Meetings. Notice of a regular meeting of the KPPA Board or Standing Committee shall be posted at least ten (10) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the KPPA Board or the Chair of the Standing Committee. Changes or revisions to the agenda may be proposed by the Executive Director or a KPPA member, provided such proposed changes shall be delivered to the Chair for approval not less than ninety-six (96) hours before the meeting is scheduled and further provided that nothing in this sentence shall prevent a KPPA member from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.
 - B. Special Meetings. When circumstances warrant a special meeting of the KPPA Board or of an *ad hoc* or Standing Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
- 5. Change in Meeting Dates. Any regular or special meeting of the KPPA Board or Standing Committee may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
- 6. Records of Proceedings. All official acts of the KPPA Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The Executive Director shall cause the minutes to be transcribed and presented for approval or amendment at the next regular meeting. An electronic copy (certified by the Chair and the Executive Director) shall be on file in the Retirement Office for public inspection and posted on the KPPA website. Electronic copies are maintained on the KPPA Website for KPPA Board and Committee actions. Copies that have been archived from the website are available on request.
- IV. Chair and Vice-Chair of the KPPA. The KPPA Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing Board Year or until their successors are elected. The Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. The Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. A KPPA member who has served four (4) consecutive years as Chair or Vice-Chair of the KPPA Board may be elected Chair or Vice-Chair of the KPPA after an absence of two (2) years from both positions.

- V. **Committees.** As specified in Sections 2.1 through 2.3 below, the KPPA Board may create *ad hoc* or Standing Committees with such powers and duties as established by the KPPA Board. The Chair of the KPPA Board also has the authority to create an *ad hoc* Committee. The Chair of the KPPA Board, unless otherwise stipulated or determined by the KPPA Board, shall appoint the members of each *ad hoc* or Standing Committee, and such appointments shall be recorded in the minutes of the current or next-following regular KPPA Board meeting. The Chair shall also appoint a Chair for each *ad hoc* or Standing Committee and may appoint a Vice Chair for each *ad hoc* or Standing Committee, unless otherwise determined by the KPPA Board. Committee members, Committee Chair, and Committee Vice Chair, if applicable, shall serve concurrently with the appointing Chair.
- VI. **Conflicts of Interest.**
1. KPPA members shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office and provide a copy to the KPPA legal staff.
 2. KPPA members shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a KPPA member, or as otherwise provided by law, with the Executive Branch Ethics Commission and provide a copy to the KPPA legal staff.
 3. KPPA members shall also file a written conflict of interest statement as required pursuant to the KPPA Conflict of Interest Policy.
- VII. **Confidentiality.** KPPA members shall file a written confidentiality statement as required by the KPPA Confidentiality Policy.
- VIII. **Travel Policy Guidelines.**
1. All travel for official business of KPPA must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the KPPA Per Diem and Reimbursement Policy.
 2. No more than three (3) KPPA members may be passengers in the same common carrier. A maximum of one (1) executive staff of the KPPA may be a passenger in the same common carrier.
 3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for scheduled meetings, no more than four (4) KPPA members may attend the same off-site conference, training, etc., at the same time. The Executive Director, or his or her designee, shall review KPPA member travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.
- IX. **Violations of KPPA Policies and Guidelines.** If a complaint is made that a KPPA member violated these Bylaws or any policy approved by the KPPA Board, the KPPA Board shall follow the procedure found in the KPPA Conflict of Interest and the KPPA Confidentiality Policies in investigating the complaint.

Section 1.2 KPPA MEMBER REQUIREMENTS.

- I. A vacancy on the KPPA Board shall be filled by the Kentucky Retirement Systems or the County Employees Retirement System, as appropriate, in the same manner provided for the selection of the particular KPPA member position in KRS 61.505(2).
- II. No person shall serve in more than one (1) position as a KPPA member and if a person holds more than one (1) position as a KPPA member, he or she shall resign a position.
- III. Membership on the KPPA Board shall not be incompatible with any other office unless a constitutional incompatibility exists.
- IV. An KPPA member shall be removed from office upon conviction of a felony or for a finding of a violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction.
- V. KPPA members are expected to comply with the Trustee Education Policy of the Board of Trustees of the Kentucky Retirement Systems or the Trustee Education Policy of the County Employees Retirement System, as applicable. The Executive Director may schedule additional KPPA member education at any Annual Meeting or Regular Meeting of the KPPA Board. If a KPPA member fails to comply with the Trustee Education Policy of either the Board of Trustees of the Kentucky Retirement Systems or the Board of Trustees of the County Employees Retirement System (as applicable), or fails to attend additional KPPA member education scheduled by the Executive Director, then any reimbursement or per diem of the KPPA member shall not be paid until the KPPA member is in compliance with the applicable Trustee Education Policy or receives the additional KPPA member education.

Section 1.3 KPPA BOARD RESPONSIBILITIES.

- I. The KPPA Board shall make and maintain Bylaws.
- II. The KPPA Board shall appoint an Executive Director, fix the Executive Director's salary, and perform an annual evaluation of the Executive Director.
- III. The KPPA Board shall appoint a Chief Auditor, fix the Chief Auditor's salary, and perform an annual evaluation of the Chief Auditor.
- IV. The KPPA Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, legal counsel, medical examiners, and hearing officers, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- V. The KPPA Board shall consider and take action on changes to administrative regulations proposed by the staff of the KPPA.
- VI. The KPPA Board shall take action on the audited financial statements of the KPPA, which includes the Kentucky Retirement Systems and the County Employees Retirement System plans.

- VII. The KPPA Board shall consider and take action on the recommendations of all of its Committees.
- VIII. The KPPA Board shall receive reports from the KPPA Audit Committee, and shall be responsible for ensuring that the recommendations of the KPPA Audit Committee are implemented.
- IX. The KPPA Board shall, in compliance with KRS Chapter 45A, issue a Request for Proposal and through KPPA staff select and contract with the actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries, pursuant to KRS 61.505(1)(e), KRS 61.645(2)(d), and KRS 78.782(2)(d) in order to allow the Kentucky Retirement Systems and the County Employees Retirement System to carry out their obligations in accordance with KRS 61.670 and KRS 78.784. The KPPA may also consult with the actuary as needed in accordance with KRS 61.505(12)(c)2.
- X. The KPPA Board shall provide oversight concerning programs and services for Kentucky Retirement Systems' and County Employees Retirement System's members, beneficiaries, recipients, and participating employers.
- XI. The KPPA Board, and individual KPPA members, should ordinarily refer all news media inquiries to the Executive Director and/or the KPPA Board Chair, and should not speak on behalf of the KPPA with the news media. However, nothing in this subsection is intended to prevent individual KPPA members from speaking to the media concerning their actions, opinions, and decisions as individual KPPA members.
- XII. The KPPA Board shall review and approve the KPPA biennial administrative budget and necessary budget amendments. The Executive Director (or designee) will schedule meetings, prepare budget documents and supporting schedules, and present them to KPPA members prior to the date of a meeting. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems.

Section 1.4 EXECUTIVE DIRECTOR RESPONSIBILITIES.

- I. The Executive Director shall appoint all employees deemed necessary to transact the business of the KPPA, except for the employees who report directly to the KPPA Chief Auditor. The KPPA Executive Director shall be responsible for oversight and implementation of agency-related human resources management, e.g., affirmative action and similar matters. All employees of the KPPA, except for the Executive Director, the Chief Auditor, the Executive Director of the Office of Investments, and the Deputy Executive Director of the Office of Investments shall be subject the state personnel system established pursuant to KRS 18A.005 to 18A.204 and shall have their salaries determined by the secretary of the Personnel Cabinet.

- II. The Executive Director shall seek appropriate input from the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System and the Investment Committee Chairs of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System regarding the hiring, firing, and performance evaluations of the Executive Director of the Office of Investments. The Executive Director shall also have personnel authority over all employees of the Office of Investments. However, all Office of Investments employees, including the Executive Director of the Office of Investments, shall take direction on investment management and performance from the Investment Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.
- III. The Executive Director will coordinate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to develop a biennial budget and necessary budget amendments for approval by the KPPA and shall submit the budget to the Governor's office. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems. The Executive Director (or designee) shall present a budget-to-actual expenditure analysis to the KPPA at each regular quarterly meeting of the KPPA.
- IV. The Executive Director shall ensure that information and records management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber-security are developed and maintained.
- V. The Executive Director shall develop recommendations for improvements and revisions of KPPA Board policies and submit such revisions for KPPA Board approval. The Executive Director shall ensure that approved policies are implemented in conformance with statutes, regulations, and relevant policies of the Kentucky Retirement Systems and the County Employees Retirement System.
- VI. The Executive Director shall collaborate with the KPPA Office of Legal Services to monitor litigation affecting the KPPA and the Kentucky Retirement Systems, and the County Employees Retirement System, jointly. The Executive Director shall report significant relevant developments to the KPPA Board. Litigation affecting only the Kentucky Retirement Systems or only the County Employees Retirement System shall not be reported to the KPPA.
- VII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in acting as legislative liaison and represent the KPPA at legislative hearings and other legislative meetings. The Executive Director will review proposed legislation that is likely to affect the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System and advise the KPPA Board about pending legislation.

- VIII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to provide technical assistance to the members of the General Assembly, the Governor's office, and state and local government officials.
- IX. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to recommend legislative or regulatory changes and propose draft language.
- X. The Executive Director shall implement any statutory or regulatory changes and take appropriate action to conform to state and federal law.
- XI. The Executive Director shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the KPPA in accordance with KRS 13A.220 and KRS 61.505(1)(f).
- XII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to communicate with the mass media and other agencies, entities, or institutions, including responding to correspondence or inquiries addressed to the KPPA.
- XIII. The Executive Director shall assist the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in coordinating reciprocal benefits with the other state administered retirement systems in Kentucky.
- XIV. In the case of emergency conditions that threaten the functioning of the KPPA, the Kentucky Retirement Systems, or the County Employees Retirement System; the preservation or protection Kentucky Retirement Systems' property or assets or the County Employees Retirement System's property or assets; vital data; or the health and safety of any person, and where a quorum of the KPPA Board is unavailable, the Executive Director may take actions necessary to prevent or mitigate the threat, even if a vote of the KPPA Board would otherwise be necessary to take such action. When a quorum of the KPPA Board becomes available, any such actions taken by the Executive Director shall be reviewed and ratified as necessary.
- XV. The Executive Director shall designate KPPA staff to act as the Records Custodian for the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System, and shall ensure compliance with Kentucky's Open Records Act, KRS 61.870, et seq.
- XVI. The Executive Director shall ensure that all Board and/or Committee meeting materials are distributed to Trustees at least one week in advance of the meeting to allow Trustees ample time to review documents.

Section 1.5 CHIEF AUDITOR RESPONSIBILITIES

- I. The Chief Auditor shall report directly to the KPPA Board in the performance of internal audit functions.
- II. The Chief Auditor shall appoint the employees who report directly to them.
- III. The Chief Auditor shall work cooperatively with the CEOs of the County Employees Retirement System and the Kentucky Retirement Systems.

- IV. The remainder of the Chief Auditor's responsibilities are detailed in the Internal Audit Charter.

Section 2.1 AD HOC COMMITTEES.

The Chair or the KPPA Board may at any time establish an *ad hoc* Committee of the KPPA Board and fix its duties and responsibilities for any purpose which, in the judgment of the Chair or the KPPA Board, is served by an *ad hoc* Committee. The Chair shall appoint the members of each *ad hoc* Committee. Each *ad hoc* Committee shall consist of two (2) KPPA members who also serve on the Board of Trustees of the Kentucky Retirement Systems and two (2) KPPA members who also serve on the Board of Trustees of the County Employees Retirement System. The Chair shall also appoint a Chair for each *ad hoc* Committee and may appoint a Vice Chair, unless otherwise determined by the KPPA Board.

Section 2.2 STANDING COMMITTEES

The Board shall have the Standing Committees specified in Section 2.3, each of them to have the duties and responsibilities as therein set forth, together with such other duties and responsibilities as the Board may by resolution determine. In each Board Year, the Chair, elected at the annual meeting, shall appoint members to Committees as specified in Section 2.3, unless otherwise determined by the Board. Each Committee shall have a Chair and the Board Chair shall appoint the Chair of each Committee, unless otherwise determined by the Board. A Committee may (but is not required to) elect a Vice-Chair from among its committee members by a majority vote of the Committee, if one is not appointed by the Chair of the KPPA Board. A Vice-Chair so elected shall preside at meetings of the Committee in the absence or inability to act of the Committee Chair. ~~Any member may attend any meeting of any Committee of which he or she is not a Committee member but shall not have a vote.~~ Any member who wishes to observe a meeting of a committee of which he or she is not a member should do so by watching via live broadcast.

Formatted: Font: 12 pt

Section 2.3 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.

The Standing Committees of the Board are, and shall have respective duties and responsibilities, as follows:

- a. **Audit Committee.** The Audit Committee shall consist of four (4) members total, two (2) Trustees from the County Employees Retirement System Board and two (2) Trustees from the Kentucky Retirement Systems Board. The Audit Committee shall recommend actions to the KPPA Board in fulfilling its oversight responsibilities for the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations, and the code of conduct.
 1. **Audit Committee Responsibilities.** The Audit Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The Audit Committee shall have the authority to review reports by the Chief Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter
 2. **Chief Auditor Responsibilities.** The KPPA Chief Auditor will be responsible for the planning, implementation, and reporting of audits and internal audit plans. The Chief Auditor will also be responsible for the functional control and audit

activities in the relation to the objectives of the KPPA Division of Internal Audit. Additional responsibilities are enumerated in the KPPA Division of Internal Audit Charter.

3. **Audit Charters.** The Audit Committee Charter and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.

Section 2.4 DELEGATIONS OF AUTHORITY BY THE KPPA BOARD.

Delegation of Authority. Except as may be prohibited by or inconsistent with law, the KPPA Board may delegate to any *ad hoc* or Standing Committee of the KPPA any power, authority, duty, or responsibility conferred on the KPPA Board by law. In the case of any such delegation, the decision or action of the *ad hoc* or Standing Committee within the scope of its delegated authority shall constitute the decision or action of the KPPA Board and shall be reported to the KPPA Board at its next regularly scheduled meeting. The KPPA Board may at any time rescind the delegated authority as a whole or in part.

Section 2.5 LIMITATIONS ON AUTHORITY.

No *ad hoc* or Standing Committee shall have any power or authority, nor shall the KPPA Board delegate to itself, power or authority, as to any of the following:

I. The amendment or repeal of any KPPA Board resolution.

Action on other matters committed by KPPA Board resolution or by Kentucky law (including the common law of trusts respecting the delegation or the non-delegation of fiduciary responsibilities) to the KPPA Board under terms or provisions that make such action non-delegable.

Section 2.6 AMENDMENT OF BYLAWS.

These Bylaws may be amended at any regular or special meeting of the KPPA Board by a vote of a majority of the entire membership of the KPPA Board.

Section 3.0 LITIGATION DEFENSE FOR TRUSTEES AND EMPLOYEES OF KPPA, COUNTY EMPLOYEES RETIREMENT SYSTEMS AND KENTUCKY RETIREMENT SYSTEMS.

The KPPA shall provide and pay for the defense of any current or former Board Member or employee of the KPPA, or trustee County Employees Retirement Systems and Kentucky Retirement Systems who is named in any action arising out of an act or omission occurring within the scope of the Trustee or employee's duty as a member or employee of one of those Boards and to pay any judgment, compromise or settlement of the action provided that the Trustee or employee notifies in writing the KPPA within 10 days of receipt of service. The KPPA shall not pay a judgement or settlement or may recover payments made on behalf of a Trustee or employee if it is determined through the course of litigation that the Trustee or employee: acted or failed to act because of malice, fraud or corruption; the actions are clearly outside the actual or apparent scope of the Trustee or employee's duties; the Trustee or employee willfully failed or refused to assist in the defense of the cause of action; or the Trustee or employee compromised or settled the claim without the approval of the KPPA. If the Trustee or employee obtains private counsel KRS 78.782 and KRS 61.645 shall apply.

Section 4.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.

We, the Chair of the Kentucky Public Pensions Authority Board and the Executive Director of the Kentucky Public Pensions Authority, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the KPPA Board on the ~~28~~⁶th day of ~~June~~ December, 2023.

Keith Percy, Chair
Kentucky Public Pensions Authority

Date

David L. Eager, Executive Director
Kentucky Public Pensions Authority

Date



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



Kentucky Public
Pensions Authority

To: Kentucky Public Pensions Authority Board

From: David Eager, Executive Director

Date: December 6, 2023

Subject: KPPA Update

I. LEGISLATION: Rep. Johnson has agreed to sponsor our Housekeeping Bill. It is essentially a carbon copy of last year's bill.

Sen. Higdon has agreed to sponsors a bill allowing us to lease space for the investment office to be located in Louisville and we are looking for a sponsor for a bill that will permit the creation of the Office of Financial Management.

II. STRATEGIC PLAN UPDATE FROM PROVALIANT: The KPPA strategic planning project is moving forward as planned and the delivery of a strategic plan document by Provaliant Retirement by January 31 is still on track. Since our last monthly update on October 23, the following activities have been conducted. Also included are upcoming activities. As defined previously, the major categories for strategic planning continue to be:

1. KPPA Governance – Confirm, Improve, Monitor
2. KPPA Service Delivery Operations – Create a sustainable “KPPA Operational Excellence” model for administration and investment operations.
3. Modernize, maintain, and sustain high quality customer service delivery.
4. Modernize, maintain, and sustain high quality primary resources and infrastructure.

Components of the following activities are being categorized into the four areas above as additional input and information is identified.

Three more onsite workshops were conducted with KPPA staff by Provaliant consultants. The topics covered were future vision of external customer services delivery via the web, future technology infrastructure needs to support customers and KPPA staff, and future continuous improvement opportunities regarding the process of KPPA board governance and direction to KPPA organization. Workshops, small group, and individual follow-ups will continue in December as needed.

Provaliant also continued to conduct, target, and refine best practice research information to support strategic initiatives being identified through KPPA staff input in workshops, from Provaliant review of a wide variety of KPPA documents, system specifications, KPPA operational

information, and in the strategic planning request for proposal. These best practices are being packaged into a research summary document and will become guiding practices for executing the strategic initiatives once KPPA approves the strategic plan.

Provaliant is in the process of creating a summary presentation of the major strategic initiatives that Provaliant recommends for the KPPA strategic plan. This draft summary will be explained to KPPA executive staff and vetted in December. We will be providing potential dates for this presentation this week. Input from that summary review will guide the draft strategic plan delivery in early January and after more review, discussion, and editing will become the KPPA strategic plan delivered by Provaliant by January 31.

III. BOARD SMART: Board Smart presented their new version of Board Smart 3.0 to the CEOs and a group of staff members. They are attempting to offer a product that Trustees see as being of more value, more relevant, and easier to use. Staff will rely on the decisions the CEOs make regarding the continued use of Board Smart beyond June 30, 2024.

IV. EXECUTIVE DIRECTOR SEARCH: Bill O'Mara and his group finished up on three versions of public communications regarding the search for a new Executive Director:

- 1) The copy for an ad announcing the job opportunity.
- 2) A more detailed description of the position and background on the systems
- 3) A type of brochure with more information including information on Kentucky, etc.

The ads/announcements will start in December with a January 15 cutoff. They hope to have a candidate hired by the end of April.

V. INCIDENT RESPONSE PLANNING ACTIVITIES: KPPA has been working in a variety of areas since early 2020 to facilitate KPPA Security Incident Response Planning and Response Readiness, including developing a Security Incident Response Plan (SIRP). The KPPA Security Incident Reporting and Handling Policy provides for two teams: the KPPA Security Incident Handling Team (technical team), and Security Incident Response Team (Executive will level team with oversight on response strategy, etc.).

Next Steps	
Item	Target
Finish the first version of the KPPA Security Incident Response Plan (SIRP) and its associated appendices	12/31/2023
Submit SIRP for review by InfoTech	2024 Q1
Conduct Formal Tabletop Exercise with Executive Group	2024 Q1
Facilitate an annual review of the SIRP	Ongoing
Conduct periodic technical tabletop exercises	Ongoing

VI. STAFFING: We continue to hover around 250 staff with no unfilled leadership positions except for two portfolio managers in the investment department. We recently received work from home approval for the Division of Retiree Healthcare and the Division of Disability and Survivor Benefits.

VII. KECC: I am pleased to report that KPPA employees pledged and/or contributed over \$24 Thousand (as of November 20, 2023) to the Kentucky Employees Charitable Campaign through payroll deductions, our silent auction and other fund raisers (e.g., Legal's bake sale and a chili cook off in Benefits). Kudos go to a lot of people, but particularly to Lori Casey, Kimberly Leet, and Lori Wells all in HR.

VIII. Conference Attendance: Since the KPPA Board meeting in September, the executive staff attended the following professional conferences:

Erin Surratt – NCPERS Fall Conference – October 2023

Mike Lamb – P2F2 (Public Pension Finance Forum) – October 2023

IX. PPOB: We attended and presented material at the PPOB meetings held on October 24th and November 20th.

X. HOSTING MEETINGS: Since July 1, 2023, and through the end of this week we have hosted 36 Board and Committee meetings and held 8 bi-weekly meetings with the CEOs.