



**County Employees Retirement System
Finance Committee - Regular Meeting
February 17, 2025 at 2:00 PM ET
Live Video Conference/Facebook Live**

AGENDA

- | | |
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| 1. Call to Order | Bill O'Mara |
| 2. Legal Public Statement | Eric Branco |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes* - November 25, 2024 | Bill O'Mara |
| 6. XTP Implementation Services | Ian Leverich
David Lindberg |
| 7. Quarterly Financial Reports | Mike Lamb |
| a. Quarterly Financial Spreadsheet | |
| b. Administrative Expense to Budget | |
| c. Contribution Report | |
| d. Outstanding Invoice Report | |
| e. Penalty Waiver Report | |
| 8. Hazardous Duty Requests* | D'Juan Surratt |
| 9. Other Financial Updates | Steve Willer |
| a. Investment Trust Budget | |
| 10. Finance Committee Strategic Plan* | Bill O'Mara
Betty Pendergrass |
| 11. Adjourn | Bill O'Mara |

****Committee Action May be Taken***

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
NOVEMBER 25, 2024, AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the regular meeting of the County Employees Retirement System Finance Committee held on November 25, 2024, the following members were present: William O'Mara (Chair), George Cheatham, Jim Tony Fulkerson, and Betty Pendergrass. Staff members present were CERS CEO Ed Owens III, Ryan Barrow, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Steve Willer, Michael Lamb, D'Juan Surratt, Ashley Gabbard, Shaun Case, Sandy Hardin, and Sherry Rankin. Others in attendance included Eric Branco with Johnson Bowman Branco, LLP.

1. Mr. O'Mara called the meeting to order.
2. Mr. Branco read the Legal Public Statement.
3. Ms. Rankin called roll.
4. Ms. Rankin noted there was no *Public Comment*.
5. Mr. O'Mara introduced agenda item *Approval of Minutes – August 19, 2024 (Video 00:08:15 to 00:08:50)*. A motion was made by Ms. Pendergrass and seconded by Mr. Cheatham to approve the minutes as presented. The motion passed unanimously.
6. Mr. O'Mara introduced agenda item *Quarterly Financial Reports (Video 00:08:50 to 00:24:50)*. Mr. Lamb presented the Quarterly Financial Reports. He reviewed the Quarterly Financial Spreadsheet, Administrative Expense to Budget, Contribution Report, Outstanding Invoice Report, and the Penalty Waiver Report with the Committee. Mr. Lamb addressed questions posed by the committee members.

Ms. Pendergrass inquired about the possibility of restarting the periodic report on membership changes. She suggested that for CERS, it would be beneficial to track changes in membership across the tiers, including retirements and active employees. This additional table could help explain variations in employee and employer contributions. Ms. Adkins confirmed that this request could be accommodated. Mr. Lamb added that he is tracking some of that data in his analysis. He noted that he included a headcount change chart last quarter, which could be expanded further compared to the previous quarter. He confirmed that the change in headcount in this analysis was derived from the tracked data and mentioned that it would be easy to include a chart.

Mr. Cheatham inquired why the reporting on the FICA contributions in the KPPA Administrative Budget 2024-25 had decreased while the payroll had increased. Mr. Lamb responded he would recalculate and take a closer look at the figures.

7. Mr. O'Mara introduced agenda item ***Hazardous Duty Requests*** (Video 00:24:50 to 00:26:01). Mr. D'Juan Surratt presented nine (9) police, fire, paramedic, and EMS Director positions, all requesting Hazardous Duty coverage. He noted that KPPA has reviewed the positions and determined they meet the statutory guidelines for Hazardous Duty coverage.

A motion was made by Ms. Pendergrass and seconded by Mr. Cheatham to approve the Hazardous Duty requests as presented and forward to the CERS Board of Trustees for ratification. The motion passed unanimously.

8. Mr. O'Mara introduced agenda item ***Outstanding Invoice Task Force*** (Video 00:26:01 to 00:28:52). Mr. Lamb noted that during the KPPA Board Meeting held on September 26, 2024, KPPA staff received approval to form a Task Force to evaluate all open and outstanding invoices and report such evaluation to the CERS Finance Committee, the KRS Board, and the KPPA Board at regularly scheduled meetings. Mr. Lamb then reviewed the objectives discussed at their first meeting on October 31, 2024. The next meeting is scheduled for December.

9. Mr. O'Mara introduced agenda item ***Other Financial Updates*** (*Video 00:28:52 to 00:37:44*). Mr. Willer reviewed the Investment Budget along with the Pension and Insurance Investment Fees and Expenses for the quarter ending September 30, 2024. Mr. Willer answered all questions posed to him.

Ms. Pendergrass requested the addition of percentages and yields to the KPPA Investment Fees and Expenses table. She suggested including a table showing the percentage of fees to market value and the yields on each asset category to aid in the analysis. Mr. Willer acknowledged this request and mentioned that this topic had been discussed in the Investment Committee. He explained that while adding an annualized basis point charged by asset class is possible, it would provide an estimate rather than an accurate picture due to the need for a weighted average over time. He also noted that the base rate fees, which are AUM-based, would need context for clarity. Ms. Pendergrass agreed and suggested using some cumulative yields from the monthly performance report for enhanced analysis. Mr. Willer concurred, indicating that this approach could be worthwhile, and they could provide an update to the annual report. Mr. Willer also mentioned the possibility of comparing fees versus performance for asset classes over time.

10. There being no further business, Mr. O'Mara declared the meeting ***adjourned***.

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CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Trustees 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

I, William O'Mara, the Chair of the County Employees Retirement System Finance Committee, do certify that the Minutes of Meeting held on November 25, 2024, were approved on February 17, 2025.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the November 25, 2024, CERS Finance Committee Meeting for content, form, and legality.

Executive Director
Office of Legal Services



**Cost Efficiency and Investment Governance
for Institutional Asset Owners**

Prepared for:

CERS Finance Committee

February 17, 2025

Strictly confidential – no disclosure to third parties



XTP – Introduction

- XTP is a tech-enabled and data-driven specialist that helps large institutional asset owners to reduce investment related costs & risks and to enhance investment governance.
- XTP helps its clients to turn data into measurable results. By improving the implementation efficiency, asset owners achieve an ongoing risk-free increase in net returns across their entire portfolio of liquid and illiquid assets.
- XTP is unique in combining deep industry experience with proprietary software, in-house benchmarking databases, and forensic capabilities.
- XTP builds deep and long-lasting client relationships.



XTP – Key Facts



Large & sophisticated **asset owners** in North America and Europe as **clients**

50+

senior **industry specialists**, quantitative **analysts** and **software developers**.



Aligned interests with institutional investors, **success-based** fee model, **no conflicts of interest**

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in **assets analyzed** in **10,000** client portfolios across multiple jurisdictions

20-year

proven track record of increasing **implementation efficiency**, scientifically sound methodology



Innovative and **entrepreneurial**, **proprietary software-tools**, in-house benchmarking **databases**

180+

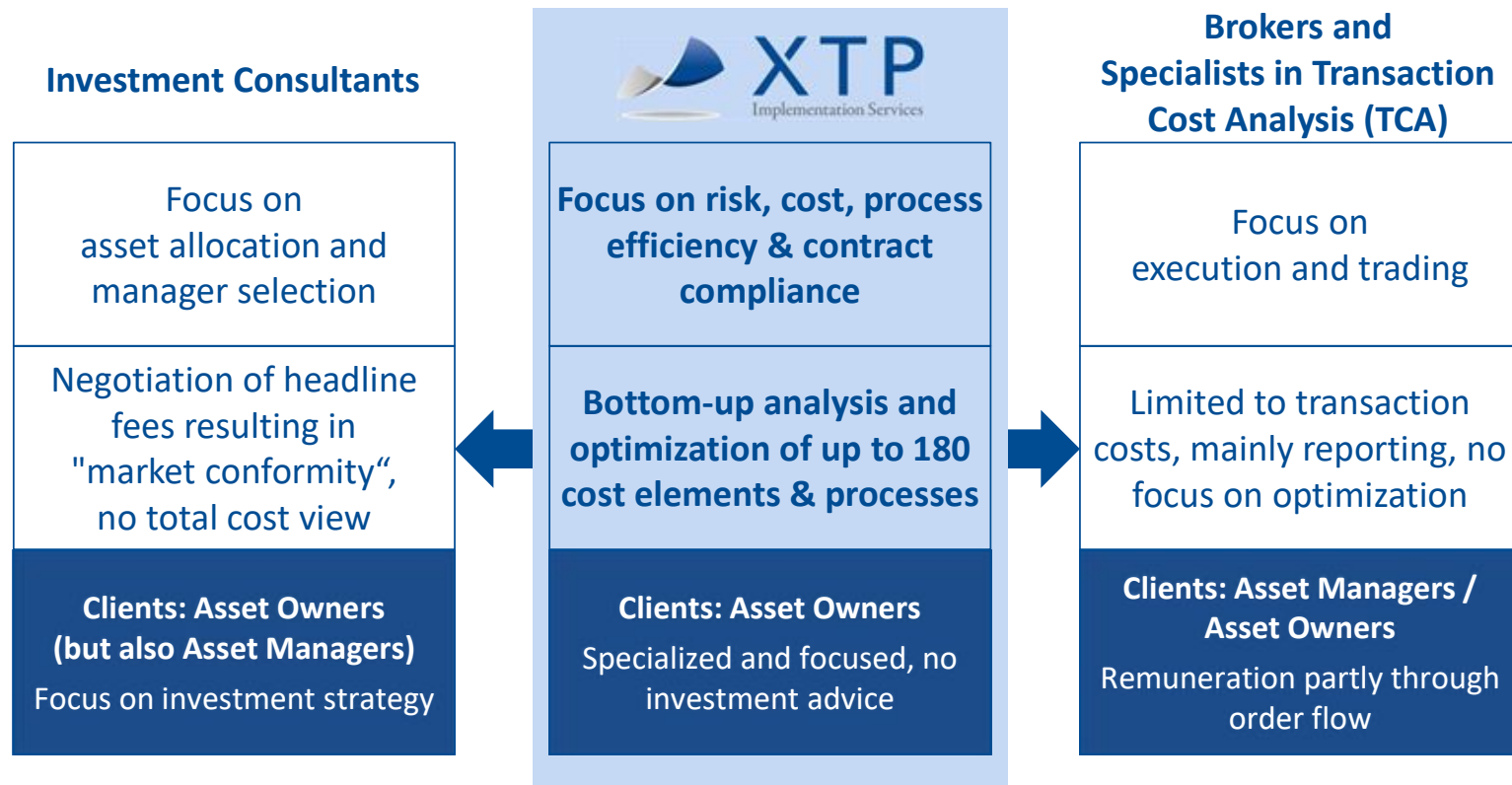
cost elements analyzed and benchmarked among **~1,000** asset managers, custodians and other **service providers**



presence in **North America**, **Germany**, **UK**, and **Scandinavia**



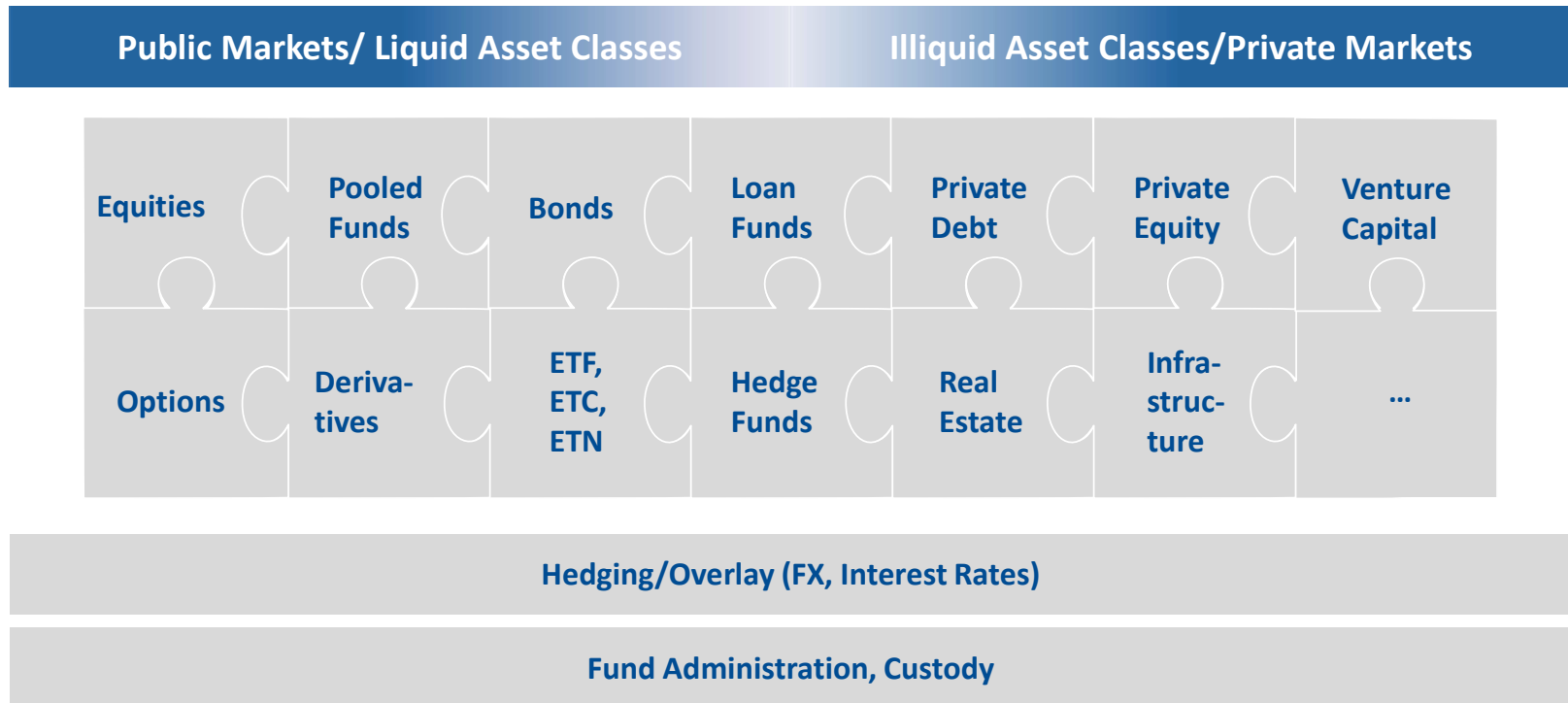
XTP – Differentiating Factors



XTP analyzes and optimizes the entire investment value chain of institutional investors.



XTP Analyzes the Entire Investment Landscape

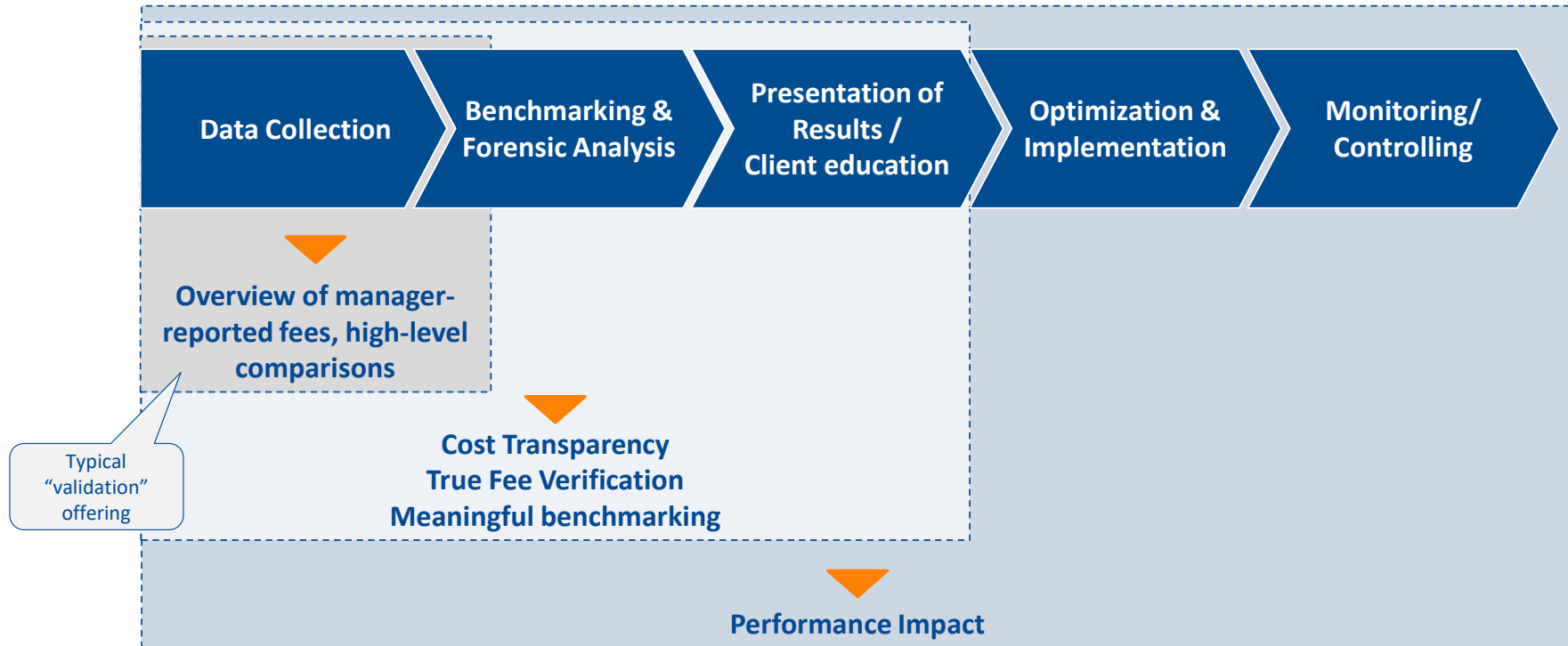


- XTP covers the full range of asset classes and includes all cross-asset-class services such as fund administration and custody.
- Customers benefit from XTP’s holistic, client-centric thinking.



XTP's Approach and Process

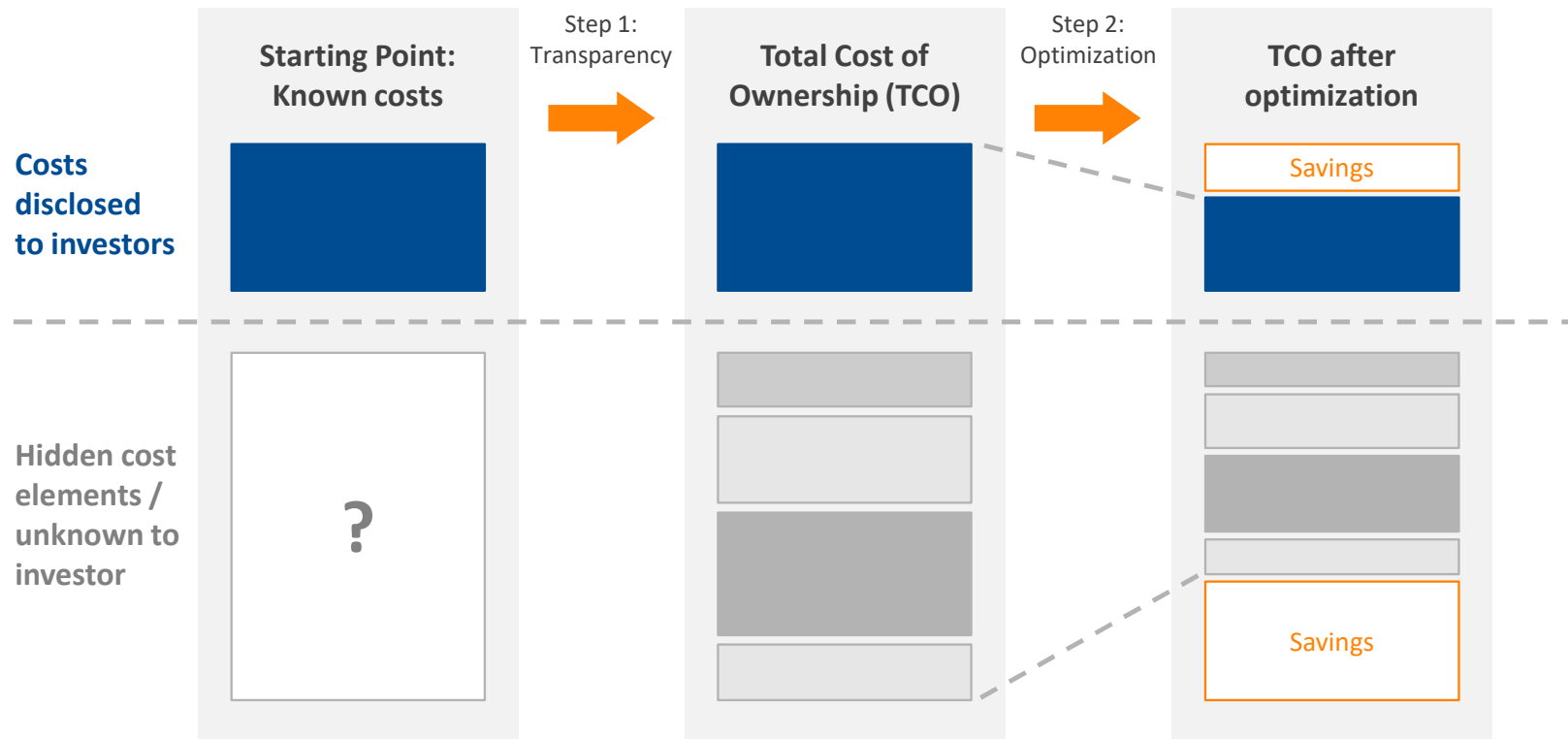
Value Chain Steps



- XTP identifies optimization potential by combining deep industry experience with proprietary software, benchmarking databases, and forensic capabilities.
- The implementation shortfall is reduced by renegotiating non-competitive terms and by eliminating mistakes. Asset owners benefit from a risk-free increase of net returns.



Bigger Part of Costs is Below the Surface



- ▶ **When assessing costs, looking at traditional cost metrics and headline rates is not enough.**
- ▶ **The Total Cost of Ownership (TCO) is what really matters.**

Sources: XTP Benchmarking

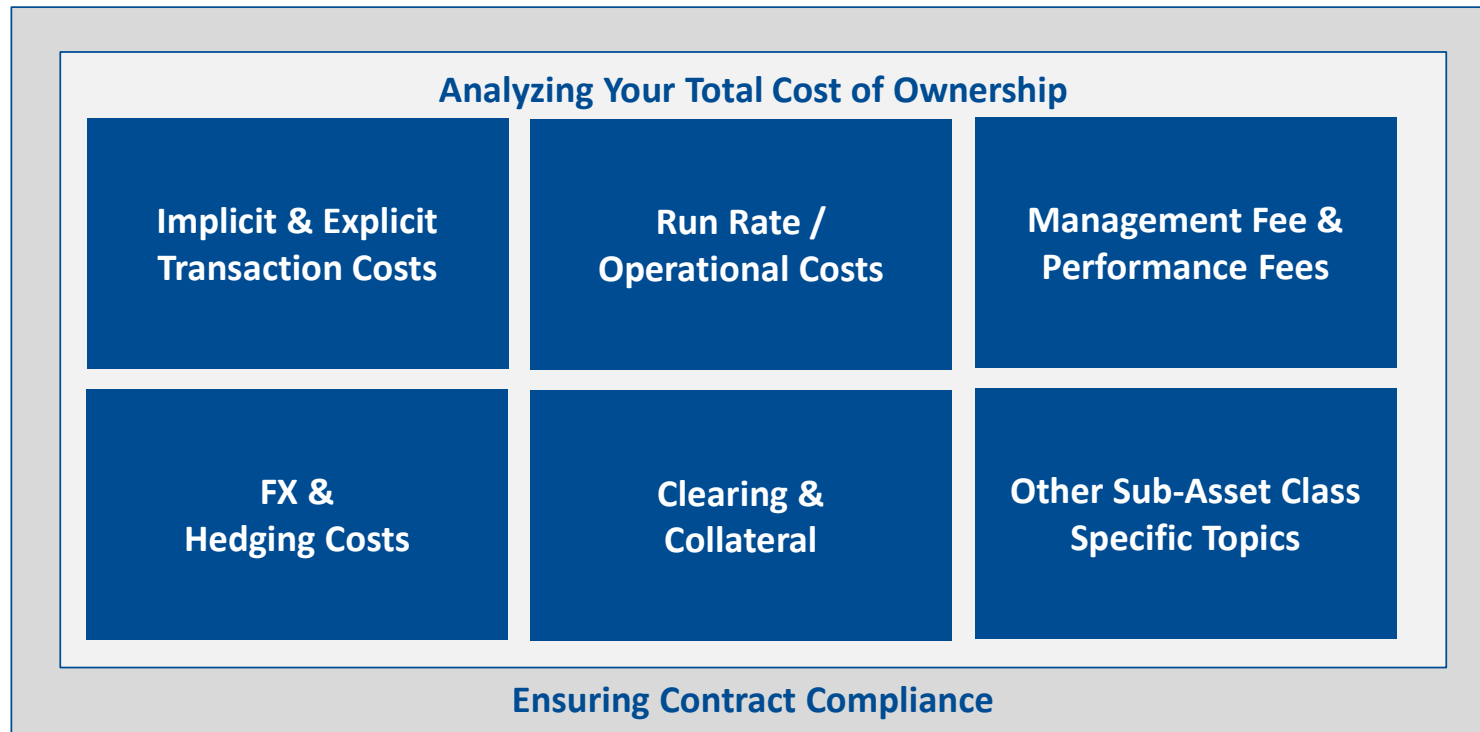


Cost Components Analyzed in Public Markets

Public
Markets

Benchmarking & Forensic Analysis Topics in Public Market Mandates

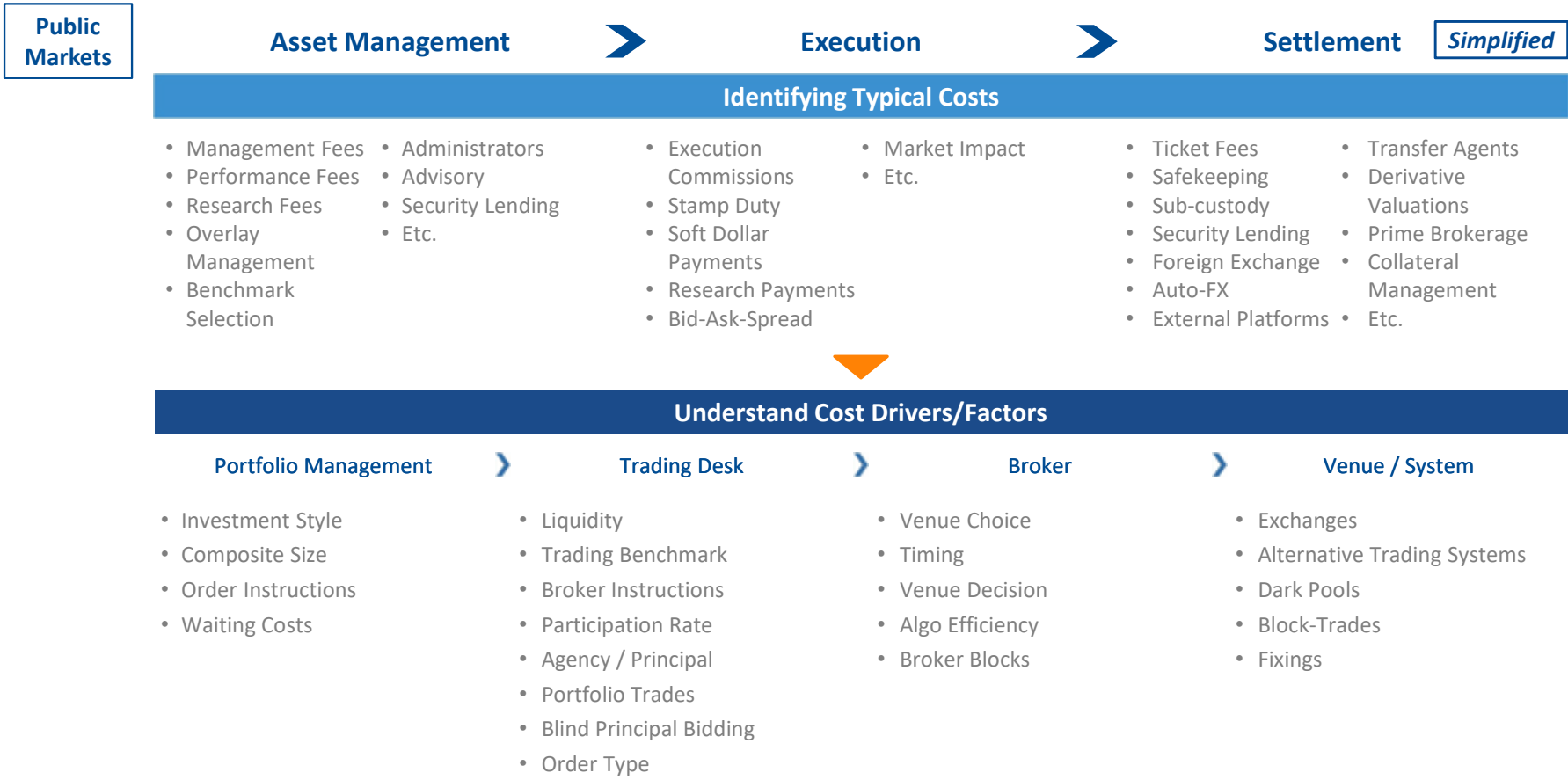
Simplified



- XTP performs an assessment of all relevant direct and indirect costs elements and ensures contract compliance.
- Recalculating the mgt. fee and custody charges is an important element of the analysis.



Typical Cost Items and Drivers to be Considered



▶ **XTP benchmarks up to 180 cost components in an investor’s investment value chain and conducts a forensic analysis in error prone areas.**

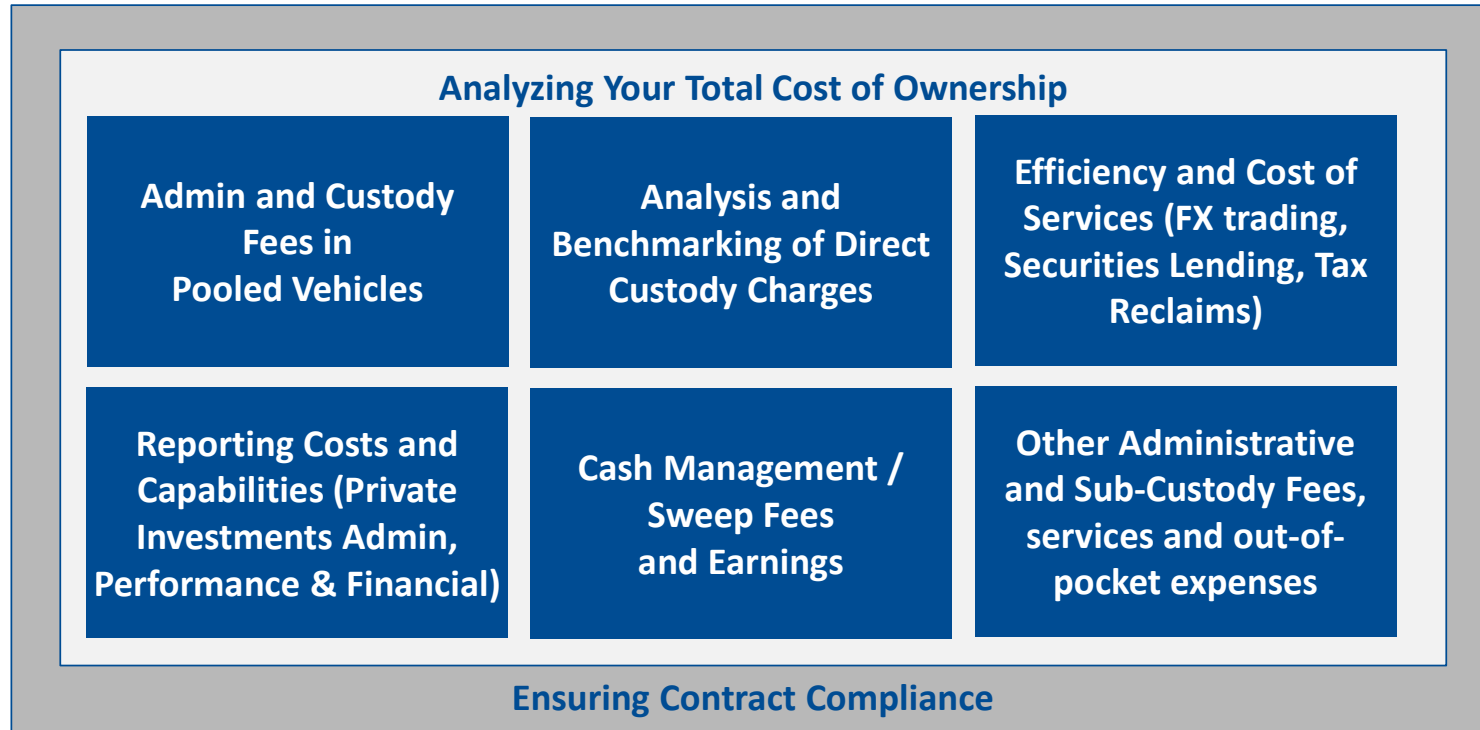


Cost Components Analyzed in Custody / Admin

A/C &
Structure

Benchmarking & Forensic Analysis Topics in Custody / Admin Vehicles

Simplified



- XTP performs an assessment of all relevant direct and indirect costs elements and ensures contract compliance.
- Sub-custody fees, costs, and earnings on cash are often overlooked items that XTP addresses.

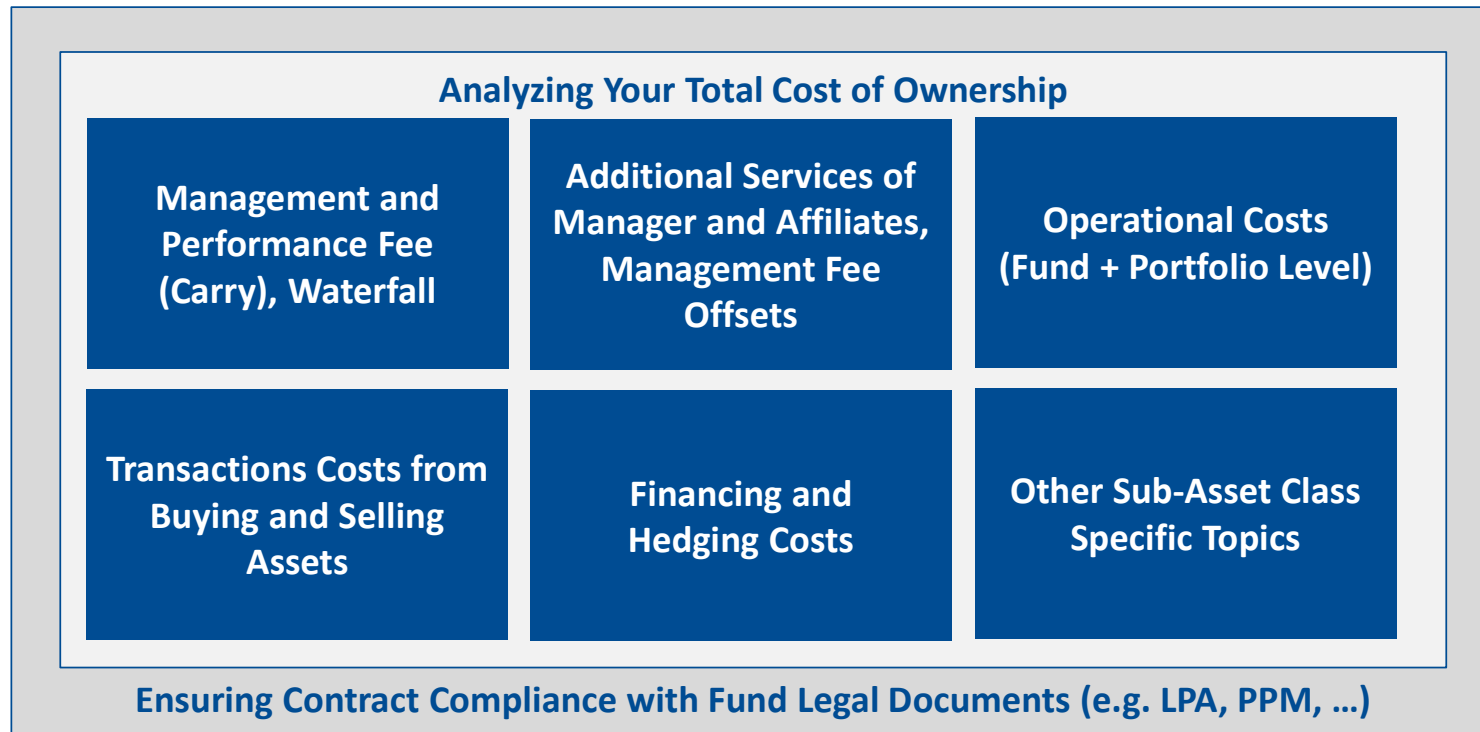


Cost Components Analyzed in Private Markets

Private
Markets

Benchmarking & Forensic Analysis Topics in Private Market Mandates

Simplified



- XTP performs an assessment of all relevant direct and indirect costs elements and ensures contract compliance.
- Recalculating the management fee and the waterfall are important elements of the analysis.



XTP – Categories of Findings

Typical Categories of Findings in Optimization Projects

**Non-Market-Compliant
Costs and Processes
(Benchmarking)**

**Mistakes in Calculations
and Inadequate Cost
Allocations
(Forensic Analysis)**

**Unfavorable
Contract Terms,
Future Red Flags**

- XTP assesses the competitiveness of fees, costs, and processes.
- ▶ • The economic interpretation of contracts is independently verified; potential recoveries are being identified.
- Unfavorable contractual clauses that have not yet materialized are flagged to investors.



XTP – Examples of Findings

- Too high implicit transaction costs in trading stocks, bonds, and FX.
- Wrong broker panel resulting in high transaction costs.
- Uncompetitive Run Rate (e.g. in comingled fund).
- Performance fee/carry overcharge (e.g. omitted cash-flows, wrong waterfall type, operationalization of terms).
- Management fee overcharges (e.g. incorrect base, rebates not properly applied, step-down dates not adhered to).
- Uncompetitive management and performance fees.
- Omitted management fee offsets.
- MFN clause not adhered to.
- Overuse of subscription line of credit.
- Wrong fee scale applied.
- Double-charging on outsourced activities.
- Tax leakage (e.g. disadvantageous investment structure, foregone withholding taxes).



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Combining Statement of Fiduciary Net Position								
For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)								
ASSETS	Pension		Insurance		CERS Total			
	CERS Nonhazardous	CERS Hazardous	CERS Nonhazardous	CERS Hazardous	2025	2024		
CASH AND SHORT-TERM INVESTMENTS								
Cash Deposits	\$284	\$26	\$105	\$25	\$441	\$4,894	(90.99)%	1
Short-term Investments	367,949	168,860	122,991	39,209	699,010	523,554	33.51%	2
Total Cash and Short-term Investments	368,234	168,886	123,096	39,235	699,451	528,448		
RECEIVABLES								
Accounts Receivable	64,834	27,203	5,076	2,118	99,230	120,941	(17.95)%	3
Accounts Receivable - Investments	46,262	17,273	17,912	7,554	89,001	84,887	4.85%	
Total Receivables	111,096	44,476	22,988	9,672	188,231	205,828		
INVESTMENTS, AT FAIR VALUE								
Core Fixed Income	1,283,351	457,285	476,372	222,501	2,439,509	1,742,617	39.99%	4
Public Equities	4,678,423	1,667,380	1,725,080	818,426	8,889,308	8,815,778	0.83%	
Private Equities	616,216	218,587	244,808	136,693	1,216,304	1,263,706	(3.75)%	
Specialty Credit	2,034,861	718,402	765,600	363,686	3,882,549	3,451,588	12.49%	5
Derivatives	1,448	572	465	129	2,614	(1,090)	(339.90)%	6
Real Return	496,004	176,308	174,410	83,277	929,999	665,761	39.69%	7
Real Estate	520,917	165,825	188,689	103,545	978,975	979,784	(0.08)%	
Total Investments, at Fair Value	9,631,221	3,404,359	3,575,423	1,728,256	18,339,258	16,918,145	8.40%	
Securities Lending Collateral Invested	247,488	88,221	76,274	36,510	448,493	349,007	28.51%	8
CAPITAL/INTANGIBLE ASSETS								
Capital Assets	1,701	153	-	-	1,854	1,854	0.00%	
Intangible Assets	9,961	827	-	-	10,788	10,788	(0.00)%	
Accumulated Depreciation	(1,701)	(153)	-	-	(1,854)	(1,854)	0.00%	
Accumulated Amortization	(9,961)	(827)	-	-	(10,788)	(10,788)	0.00%	
Total Capital Assets	-	-	-	-	-	-		
Total Assets	10,358,040	3,705,942	3,797,781	1,813,672	19,675,433	18,001,427		
LIABILITIES								
Accounts Payable	5,246	891	82	9	6,227	6,539	(4.76)%	
Investment Accounts Payable	82,229	30,305	31,383	13,703	157,620	130,076	21.18%	9
Securities Lending Collateral	247,488	88,221	76,274	36,510	448,493	349,007	28.51%	10
Total Liabilities	334,962	119,417	107,740	50,222	612,341	485,621		
Total Fiduciary Net Position Restricted	\$10,023,077	\$3,586,525	\$3,690,041	\$1,763,451	\$19,063,093	\$17,515,806	8.83%	
NOTE - Variance Explanation for changes greater than 10% and more than \$1 million. Differences due to rounding, notes continued on next page.								

- 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 due to a decrease in the month end accrual for member and employer contributions.*
- 4) *The increase in Core Fixed Income is a result of additional funding and favorable market conditions.*
- 5) *The increase in Specialty Credit is a result of additional funding and favorable market conditions.*
- 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 additional funding of new managers and favorable market conditions.*
- 8) *The variance is a result of the demand of the Securities Lending Program.*
- 9) *The variance in Investment Accounts Payable is primarily the result of pending trades.*
- 10) *The variance is a result of the demand of the Securities Lending Program.*

Combining Statement of Changes In Fiduciary Net Position							
For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)							
	Pension		Insurance		CERS Total		
	CERS Nonhazardous	CERS Hazardous	CERS Nonhazardous	CERS Hazardous	2025	2024	
ADDITIONS							
Member Contributions	\$78,447	\$33,041	\$-	\$-	\$111,488	\$105,740	5.44%
Employer Contributions	316,672	152,444	416	8,907	478,439	527,808	(9.35)%
Pension Spiking Contributions	12	51	-	-	63	49	28.85%
Health Insurance Contributions (HB1)	(31)	(29)	10,489	2,830	13,259	11,961	10.85% 1
Humana Gain Share Payment	-	-	-	-	-	12,082	(100.00)% 2
Medicare Drug Reimbursement	-	-	-	-	-	-	
Insurance Premiums	-	-	64	2	66	172	(61.48)%
Retired Reemployed Healthcare	-	-	6,421	1,121	7,543	4,125	82.85% 3
Total Contributions	395,099	185,507	17,391	12,861	610,858	661,938	
INVESTMENT INCOME							
From Investing Activities							
Net Appreciation (Depreciation) in FV of Investments	322,432	113,472	113,630	54,781	604,314	678,126	10.88% 4
Interest/Dividends	160,697	57,346	59,354	28,160	305,558	267,061	14.41% 5
Total Investing Activities Income (loss)	483,129	170,818	172,984	82,941	909,872	945,187	
Less: Investment Expense	34,570	11,859	12,972	6,653	66,054	56,674	16.55% 6
Less: Performance Fees	13,838	4,673	5,081	2,686	26,278	15,494	69.60% 7
Net Income (loss) from Investing Activities	434,721	154,286	154,930	73,602	817,540	873,020	
From Securities Lending Activities							
Securities Lending Income	6,375	2,377	2,101	853	11,706	9,925	
Less: Securities Lending Borrower Rebates (Income)/Expense	5,674	2,116	1,852	748	10,390	8,776	
Less: Securities Lending Agent Fees	105	39	37	16	197	172	
Net Income from Securities Lending	596	221	212	90	1,119	977	14.57%
Net Investment Income (loss)	435,316	154,508	155,143	73,692	818,659	873,996	
Total Additions	830,416	340,015	172,534	86,553	1,429,517	1,535,934	

Combining Statement of Changes In Fiduciary Net Position (continued)

For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023 (\$ in Thousands) (Unaudited)

	Pension		Insurance		CERS Total			
	CERS Nonhazardous	CERS Hazardous	CERS Nonhazardous	CERS Hazardous	2025	2024		
DEDUCTIONS								
Benefit Payments	499,711	187,908	-	-	687,619	627,052	9.66%	
Refunds	12,614	4,338	-	-	16,951	16,595	2.15%	
Administrative Expenses	12,640	1,104	463	263	14,471	13,977	3.53%	
Healthcare Premiums Subsidies	-	-	65,768	51,917	117,685	100,850	16.69%	8
Self Funded Healthcare Costs	-	-	2,155	325	2,481	2,003	23.85%	9
Excise Tax	-	-	-	-	-	7		
Total Deductions	524,965	193,350	68,387	52,506	839,207	760,485		
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	305,451	146,665	104,147	34,047	590,310	775,449		
Total Fiduciary Net Position Restricted for Pension Benefits								
Beginning of Period	9,717,626	3,439,860	3,585,894	1,729,403	18,472,784	16,740,356		
End of Period	\$10,023,077	\$3,586,525	\$3,690,041	\$1,763,450	\$19,063,094	\$17,515,805	8.83%	

NOTE - Variance Explanation for changes greater than 10% and more than \$1 million. Differences due to rounding.

- 1) Health Insurance Contributions will continue to increase as Tier 2 and Tier 3 members increase.
- 2) The Humana Gain Share payment will fluctuate year to year based on claims paid.
- 3) Retired Reemployed Healthcare contributions increased due to an increase in retired reemployed members in CERS Nonhazardous and CERS Hazardous.
- 4) The increase in Net Appreciation in Fair Value of Investments is the result of gains largely from Public Equities and Specialty Credit.
- 5) The increase in Interest/Dividend Income is largely from Specialty Credit, Real Estate, and Core Fixed Income.
- 6) The increase in Investment expenses is a result of additional investments and appreciation of current investments increasing fees based on MV largely from the Specialty Credit asset class.
- 7) The increase in performance fees is a result of gains from the Real Return and Private Equity asset classes.
- 8) Healthcare Premiums Subsidies increased due to an increase in premiums paid for 65 and older retirees.
- 9) Self Funded Healthcare Costs increased due to an increase in reimbursements for claims on self funded retirees.

CERS Contribution Report
 For the six month period ending December 31, 2024, with comparative totals for the six month period ending December 31, 2023 (\$ in Millions)

	County Employees Retirement System			
	Nonhazardous		Hazardous	
	Pension			
	FY25	FY24	FY25	FY24
Member Contributions	\$78.4	\$75.5	\$33.0	\$30.2
Employer Contributions	316.7	358.9	152.5	156.8
Net Investment Income	112.9	102.4	41.0	36.6
Total Inflows	508.0	536.8	226.5	223.6
Benefit Payments/Refunds	512.3	474.6	192.2	169.0
Administrative Expenses	12.7	12.2	1.1	1.1
Total Outflows	525.0	486.8	193.3	170.1
NET Contributions	(17.0)	50.0	33.2	53.5
Realized Gain/(Loss)	250.3	35.6	88.2	12.4
Unrealized Gain/(Loss)	72.2	316.9	25.2	112.4
Change in Net Position	305.5	402.5	146.6	178.3
Beginning of Period	9,717.6	8,781.4	3,439.9	3,055.8
End of Period	\$10,023.1	\$9,183.9	\$3,586.5	\$3,234.1
Net Contributions less Net Investment Income	(\$129.9)	(\$52.4)	(\$7.8)	\$16.9
Cash Flow as % of Net Assets	(1.30)%	(0.57)%	(0.22)%	0.52%
Net Investment Income	\$112.9	\$102.4	\$41.0	\$36.6
Yield as % of Net Assets	1.13%	1.11%	1.14%	1.13%

	County Employees Retirement System			
	Nonhazardous		Hazardous	
	Insurance			
	FY25	FY24	FY25	FY24
Employer Contributions	\$0.4	\$2.0	\$8.9	\$10.2
Insurance Premiums	0.1	0.2	0.0	0.0
Humana Gain Share	0.0	10.4	0.0	1.6
Retired Reemployed Healthcare	6.4	3.3	1.1	0.9
Health Insurance Contributions	10.5	9.6	2.8	2.4
Net Investment Income	41.5	38.8	18.9	18.0
Total Inflows	58.9	64.3	31.7	33.1
Healthcare Premiums	67.9	55.4	52.2	47.4
Administrative Expenses	0.5	0.5	0.3	0.3
Total Outflows	68.4	55.9	52.5	47.7
NET Contributions	(9.5)	8.4	(20.8)	(14.6)
Realized Gain/(Loss)	95.9	15.3	47.6	9.1
Unrealized Gain/(Loss)	17.7	120.4	7.2	56.1
Change in Net Position	104.1	144.1	34.0	50.6
Beginning of Period	3,585.9	3,289.5	1,729.4	1,613.6
End of Period	\$3,690.0	\$3,433.6	\$1,763.4	\$1,664.2
Net Contributions less Net Investment Income	(\$51.0)	(\$30.4)	(\$39.7)	(\$32.6)
Cash Flow as % of Net Assets	(1.38)%	(0.89)%	(2.25)%	(1.96)%
Net Investment Income	\$41.5	\$38.8	\$18.9	\$18.0
Yield as % of Net Assets	1.13%	1.13%	1.07%	1.08%



CERS Outstanding Invoices by Type and Employer

Invoice Type	12/31/2024	9/30/2024	Change H/(L)
Averaging Refund to Employer	\$(413,159)	\$(473,525)	-13%
Employer Free Military and Decompression Service	31,715	35,736	-11%
Member Pension Spiking Refund	(6,629)	(4,787)	38%
Monthly Reporting Invoice	102,716	271,125	(62)%
Penalty – Monthly Reporting	144,000	197,000	-27%
Reinstatement	171,358	171,358	0%
Other Invoices**	4,160	2,728	53%
Total	34,161	199,635	
Health Insurance Reimbursement	216,203	1,038,678	(79)%
Omitted Employer	1,254,781	1,210,979	4%
Employer Pension Spiking*	719,035	715,480	0%
Standard Sick Leave	38,910	91,770	(58)%
Total	2,228,928	3,056,907	(27)%
Grand Total	\$2,263,089	\$3,256,541	(31)%

*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; Personnel Adjustment; and, Refunded Member Contributions Due.

Employer Name (Top Ten)	12/31/2024	9/30/2024	Change H/(L)
Kentucky River Regional Jail***	\$973,164	\$973,164	0%
City of Covington***	425,803	422,841	1%
City of Fort Thomas***	282,961	279,457	1%
City of Taylor Mill	143,227	143,227	0%
City of Jeffersontown***	125,755	124,198	1%
Elliott County Ambulance Service	108,316	88,793	22%
City of Dry Ridge	74,213	-	100%
Bullitt County Fiscal Court	74,194	86,527	-14%
City of Frankfort	65,866	108,776	-39%
City of Cave City	\$41,894	\$46,767	-10%

***Indicates invoices turned over to Legal for further action

	Total Unpaid Balance	Invoice Count
CERS	\$1,275,128	738
CERH	987,961	82
Grand Total:	\$2,263,089	820

CERS Finance Committee - Quarterly Financial Reports



**County Employees Retirement System
Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**

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	Comments
\$1,000	\$-	\$-	10/25/2024	7/12/2018	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	10/25/2024	7/13/2018	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	10/25/2024	7/13/2018	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	10/25/2024	7/13/2018	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	10/25/2024	7/19/2018	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	10/25/2024	9/8/2018	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	11/18/2024	12/5/2018	CANC	Libraries	New Employer Reporting Official
1,000	-	-	10/25/2024	6/4/2020	CANC	Conservation Districts	KPPA error \$0 contributions owed.
1,000	-	-	11/18/2024	8/23/2020	CANC	Libraries	New Employer Reporting Official
1,000	-	-	12/20/2024	5/8/2021	CANC	Cities	Employer Reporting Official medical illness
1,000	-	-	12/20/2024	5/8/2021	CANC	Cities	Employer Reporting Official medical illness
1,000	-	-	10/8/2024	5/14/2021	CANC	Cities	KPPA system issue
1,000	-	-	11/18/2024	3/12/2022	CANC	Libraries	New Employer Reporting Official
1,000	-	-	12/20/2024	8/15/2024	CANC	Cities	Employer Reporting Official medical illness
1,000	-	-	11/19/2024	10/17/2024	CANC	Housing Authorities	New Employer Reporting Official
1,000	-	-	12/4/2024	11/7/2024	CANC	Special Districts & Boards	New Employer Reporting Official
1,000	-	-	12/3/2024	12/18/2024	CANC	Area Development Districts	Employer in good standing with KPPA
1,000	-	-	12/10/2024	1/2/2025	CANC	Development Authorities	New Employer Reporting Official
1,000	-	-	12/10/2024	1/2/2025	CANC	Development Authorities	New Employer Reporting Official
1,000	-	-	11/4/2024	11/15/2024	CANC	Boards of Education	Circumstances outside of employer's control
Total	\$20,000	\$-					
\$1,000	\$1,000	\$-	10/3/2024	11/2/2024	CRTD	Ambulance Services	
1,000	1,000	-	10/10/2024	11/9/2024	CRTD	Conservation Districts	
1,000	1,000	-	10/16/2024	11/15/2024	CRTD	Conservation Districts	
1,000	1,000	-	11/20/2024	12/20/2024	CRTD	Cities	
1,000	1,000	-	12/2/2024	1/1/2025	CRTD	Libraries	
1,000	1,000	-	12/5/2024	1/4/2025	CRTD	Fiscal Courts	
1,000	1,000	-	12/5/2024	1/4/2025	CRTD	Fiscal Courts	
1,000	1,000	-	12/5/2024	1/4/2025	CRTD	Fiscal Courts	

CERS Finance Committee - Quarterly Financial Reports



**County Employees Retirement System
Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**

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	Comments
1,000	1,000	-	12/5/2024	1/4/2025	CRTD	Fiscal Courts	
1,000	1,000	-	12/17/2024	1/16/2025	CRTD	Housing Authorities	
1,236	1,236	-	12/18/2024	1/17/2025	CRTD	Cities	
1,000	1,000	-	12/20/2024	1/19/2025	CRTD	Cities	
1,000	1,000	-	12/20/2024	1/19/2025	CRTD	Cities	
Total	\$13,236	\$13,236					
		\$-					
\$1,000	\$-	\$-	11/4/2024	3/28/2013	PAID	Cities	
1,000	-	-	11/26/2024	8/24/2013	PAID	Cities	
1,000	-	-	10/28/2024	8/24/2013	PAID	Cities	
1,000	-	-	12/10/2024	9/22/2013	PAID	Conservation Districts	
1,000	-	-	12/20/2024	2/12/2015	PAID	Conservation Districts	
1,000	-	-	12/20/2024	6/19/2015	PAID	Conservation Districts	
1,000	-	-	12/9/2024	3/23/2016	PAID	Housing Authorities	
1,000	-	-	12/9/2024	11/4/2016	PAID	Housing Authorities	
1,000	-	-	11/26/2024	6/9/2017	PAID	Planning Commissions	
1,000	-	-	12/12/2024	9/28/2017	PAID	Fiscal Courts	
1,000	-	-	11/12/2024	11/22/2017	PAID	Housing Authorities	
1,000	-	-	11/26/2024	11/24/2017	PAID	Planning Commissions	
1,000	-	-	11/26/2024	11/24/2017	PAID	Planning Commissions	
1,000	-	-	12/30/2024	1/26/2018	PAID	Planning Commissions	
1,000	-	-	12/30/2024	1/27/2018	PAID	Planning Commissions	
1,000	-	-	10/14/2024	3/14/2018	PAID	Special Districts & Boards	
1,000	-	-	10/14/2024	3/29/2018	PAID	Special Districts & Boards	
1,000	-	-	12/20/2024	3/31/2018	PAID	Libraries	
1,000	-	-	12/10/2024	11/30/2018	PAID	Cities	
1,000	-	-	11/4/2024	12/30/2018	PAID	Cities	
1,000	-	-	12/10/2024	12/5/2019	PAID	Libraries	
1,000	-	-	12/30/2024	2/1/2020	PAID	Planning Commissions	

CERS Finance Committee - Quarterly Financial Reports



**County Employees Retirement System
Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**
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	Comments
\$1,000	\$-	\$-	12/20/2024	5/9/2020	PAID	Libraries	
1,000	-	-	12/9/2024	9/19/2020	PAID	Cities	
1,000	-	-	11/8/2024	9/20/2020	PAID	Cities	
1,000	-	-	12/17/2024	10/10/2020	PAID	Cities	
1,000	-	-	12/17/2024	1/13/2021	PAID	Cities	
1,000	-	-	12/12/2024	2/11/2021	PAID	Fiscal Courts	
1,000	-	-	12/12/2024	2/18/2022	PAID	Fiscal Courts	
1,000	-	-	12/30/2024	5/14/2022	PAID	Planning Commissions	
1,000	-	-	12/30/2024	6/30/2022	PAID	Planning Commissions	
1,000	-	-	12/30/2024	9/25/2022	PAID	Planning Commissions	
1,000	-	-	12/12/2024	10/9/2022	PAID	Fiscal Courts	
1,000	-	-	12/12/2024	10/16/2022	PAID	Fiscal Courts	
1,055	-	-	11/6/2024	11/18/2022	PAID	Fiscal Courts	
1,000	-	-	10/29/2024	1/5/2023	PAID	Cities	
1,000	-	-	11/7/2024	3/11/2023	PAID	Housing Authorities	
1,000	-	-	11/4/2024	4/5/2023	PAID	Conservation Districts	
1,000	-	-	11/7/2024	4/7/2023	PAID	Housing Authorities	
1,000	-	-	10/14/2024	4/20/2023	PAID	Special Districts & Boards	
1,000	-	-	11/6/2024	5/25/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	5/25/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	5/25/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	5/25/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	5/25/2023	PAID	Fiscal Courts	
1,000	-	-	10/1/2024	5/25/2023	PAID	County Attorneys	
1,045	-	-	11/6/2024	5/25/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	9/17/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	10/21/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	10/28/2023	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	11/23/2023	PAID	Fiscal Courts	
1,000	-	-	10/4/2024	12/16/2023	PAID	Housing Authorities	
1,000	-	-	12/20/2024	12/27/2023	PAID	Libraries	

CERS Finance Committee - Quarterly Financial Reports



**County Employees Retirement System
Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**
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	Comments
1,000	-	-	12/12/2024	2/17/2024	PAID	Fiscal Courts	
1,000	-	-	11/11/2024	2/17/2024	PAID	Libraries	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	4/10/2024	PAID	Fiscal Courts	
1,000	-	-	11/26/2024	5/8/2024	PAID	Development Authorities	
1,000	-	-	12/20/2024	5/11/2024	PAID	Libraries	
1,000	-	-	10/2/2024	5/25/2024	PAID	Special Districts & Boards	
1,000	-	-	11/14/2024	5/31/2024	PAID	Boards of Education	
1,000	-	-	11/14/2024	6/15/2024	PAID	Boards of Education	
1,000	-	-	10/2/2024	7/20/2024	PAID	Special Districts & Boards	
1,000	-	-	11/12/2024	8/14/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	8/16/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	8/16/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	8/16/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	8/16/2024	PAID	Fiscal Courts	
1,000	-	-	11/6/2024	8/16/2024	PAID	Fiscal Courts	
1,000	-	-	11/19/2024	8/22/2024	PAID	Cities	
1,000	-	-	11/14/2024	8/31/2024	PAID	Boards of Education	
1,000	-	-	12/17/2024	9/18/2024	PAID	Cities	
1,000	-	-	10/8/2024	9/20/2024	PAID	Fiscal Courts	
1,000	-	-	10/1/2024	10/3/2024	PAID	Utility Boards	
1,000	-	-	11/14/2024	10/4/2024	PAID	Boards of Education	
1,000	-	-	10/9/2024	10/5/2024	PAID	Fiscal Courts	
1,255	-	-	10/10/2024	10/17/2024	PAID	Cities	
1,000	-	-	10/16/2024	10/17/2024	PAID	Boards of Education	

CERS Finance Committee - Quarterly Financial Reports



**County Employees Retirement System
Penalty Invoices Report
From: 10/1/2024 To: 12/31/2024**

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	Comments
1,000	-	-	10/16/2024	10/17/2024	PAID	Cities	
1,000	-	-	11/7/2024	10/17/2024	PAID	Cities	
1,000	-	-	11/12/2024	10/19/2024	PAID	Cities	
1,000	-	-	11/19/2024	10/23/2024	PAID	Cities	
1,000	-	-	11/14/2024	10/25/2024	PAID	Boards of Education	
1,000	-	-	10/4/2024	10/25/2024	PAID	Housing Authorities	
1,000	-	-	11/6/2024	11/2/2024	PAID	Utility Boards	
1,000	-	-	11/12/2024	11/7/2024	PAID	Fiscal Courts	
1,000	-	-	10/9/2024	11/7/2024	PAID	Cities	
1,000	-	-	11/8/2024	11/8/2024	PAID	Utility Boards	
1,000	-	-	11/13/2024	11/15/2024	PAID	Cities	
1,000	-	-	11/19/2024	11/20/2024	PAID	Cities	
1,000	-	-	10/30/2024	11/21/2024	PAID	Libraries	
1,000	-	-	11/18/2024	11/23/2024	PAID	Area Development Districts	
1,000	-	-	12/3/2024	11/28/2024	PAID	Development Authorities	
1,176	-	-	11/18/2024	11/29/2024	PAID	Fiscal Courts	
1,000	-	-	11/5/2024	12/4/2024	PAID	Cities	
1,000	-	-	12/27/2024	12/12/2024	PAID	Fiscal Courts	
1,000	-	-	12/16/2024	12/18/2024	PAID	Cities	
1,000	-	-	12/9/2024	12/18/2024	PAID	Area Development Districts	
1,102	-	-	12/10/2024	12/18/2024	PAID	Fiscal Courts	
1,000	-	-	12/10/2024	12/19/2024	PAID	Ambulance Services	
1,000	-	-	12/9/2024	12/20/2024	PAID	Parks and Recreation	
1,000	-	-	12/2/2024	12/21/2024	PAID	Cities	
1,000	-	-	12/2/2024	12/21/2024	PAID	Cities	
1,000	-	-	12/16/2024	12/22/2024	PAID	Cities	
1,000	-	-	12/17/2024	12/26/2024	PAID	Cities	
1,000	-	-	12/9/2024	1/1/2025	PAID	Cities	
1,000	-	-	12/10/2024	1/5/2025	PAID	Cities	



County Employees Retirement System
 Penalty Invoices Report
 From: 10/1/2024 To: 12/31/2024
 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	Comments
1,000	-	-	12/20/2024	1/16/2025	PAID	Cities	
1,000	-	-	12/27/2024	1/18/2025	PAID	Housing Authorities	
1,000	-	-	11/4/2024	6/28/2012	PAID	County Attorneys	
1,000	-	-	12/10/2024	11/28/2012	PAID	Conservation Districts	
Total	\$115,634	\$-					

Notes:
Invoice Status:
 CANC - Cancelled
 CRTD - Created
 PAID - Paid

KPPA ADMINISTRATIVE BUDGET FY 2024-2025 BUDGET-TO-ACTUAL SUMMARY ANALYSIS FOR THE SIX MONTHS ENDING DECEMBER 31, 2024, WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDING DECEMBER 31, 2023						
CATEGORY	BUDGETED	FY 2025 EXPENSE	REMAINING	PERCENT REMAINING	FY 2024 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$36,798,000	\$17,467,495	\$19,330,505	52.53%	\$16,870,195	3.54%
LEGAL CONTRACTS	2,030,000	884,509	1,145,491	56.43%	578,954	52.78%
AUDITING	300,000	98,496	201,504	67.17%	214,821	(54.15)%
ACTUARIAL SERVICES	525,000	100,628	424,372	80.83%	190,067	(47.06)%
MEDICAL REVIEWERS	1,800,000	562,150	1,237,850	68.77%	693,145	(18.90)%
OTHER PERSONNEL	510,000	173,438	336,562	65.99%	145,071	19.55%
PERSONNEL TOTAL	\$41,963,000	\$19,286,716	\$22,676,285	54.04%	\$18,692,253	3.18%
RENTALS - BUILDING & EQUIPMENT	1,175,000	518,062	656,938	55.91%	525,891	(1.49)%
INFORMATION TECHNOLOGY	4,230,000	1,598,800	2,631,200	62.20%	1,312,370	21.83%
OTHER OPERATIONAL	1,397,500	435,168	962,332	68.86%	441,129	(1.35)%
OPERATIONAL TOTAL	\$6,802,500	\$2,552,030	\$4,250,470	62.48%	\$2,279,390	11.96%
RESERVE	216,000	-	216,000	100.00%	-	0.00%
ADMINISTRATIVE BUDGETED AMOUNT	\$48,981,500	\$21,838,746	\$27,142,755	55.41%	\$20,971,643	4.13%

Administrative Budget Summary Notes	
	<p>KPPA has spent \$17.5 million in through quarter two, which is 48.47% of the entire budget (leaving 51.53%), and is 3.53% higher than last years quarter two total.</p>
	<p>Last Quarter, we pointed out that one item was close to its annual budget, workers comp. This is budgeted at \$15K and we have been billed our annual premium of \$12.5K (likely leaving us \$2.5K under budget for the year). This item and two other items, Employer Paid Health Insurance and Employer Paid Life Insurance, are the only other line items currently over 50%(slightly) through two quarters.</p>
PERSONNEL (Staffing):	
	<p>KPPA has spent \$885K or 43.57% of the annual budget (leaving 56.43%), prior years amount through two quarters was \$579K.</p>
LEGAL CONTRACTS:	
	<p>All other personnel categories were under budget through the second quarter, bringing the total personnel category to \$19.3M or 46% of the total personnel budget (leaving 54.04% left to spend. This was 3.18% or \$594K higher than the prior year.</p>
OTHER PERSONNEL CATEGORIES:	
	<p>KPPA spent \$2.6M in the operations category leaving 62.48% of the budget for the next two quarters.</p>
OPERATIONAL TOTAL:	
	<p>The total administrative expenses through quarter two were \$21.8M, which was 4.13% higher than the prior year comparison, leaving 55.41% (or \$27M) of the original \$49M budget.</p>
OVERALL:	

KPPA ADMINISTRATIVE BUDGET FY 2024-2025						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE SIX MONTHS ENDING DECEMBER 31, 2024, WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDING DECEMBER 31, 2023						
Account Name	Budgeted	FY 2025 Expense	Remaining	Percent Remaining	FY 2024 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$21,138,000	\$10,091,272	\$11,046,728	52.26%	\$8,909,245	13.27%
Wages (Overtime)	310,000	104,257	205,743	66.37%	133,960	(22.17)%
Emp Paid FICA	1,641,000	721,822	919,178	56.01%	639,447	12.88%
Emp Paid Retirement	10,511,000	4,931,455	5,579,545	53.08%	5,864,267	(15.91)%
Emp Paid Health Ins	2,875,000	1,515,566	1,359,434	47.28%	1,265,934	19.72%
Emp Paid Sick Leave	250,000	81,740	168,260	67.30%	40,221	103.23%
Adoption Assistance Benefit	10,000	-	10,000	100.00%	-	0.00%
Escrow for Admin Fees	-	-	-	100.00%	-	0.00%
Workers Compensation	15,000	12,485	2,515	16.76%	11,116	12.32%
Unemployment	10,000	2,007	7,993	79.93%	-	100.00%
Emp Paid Life Ins	3,000	1,540	1,460	48.67%	1,494	3.08%
Employee Training	25,000	5,351	19,649	78.60%	5,511	(2.90)%
Tuition Assistance	10,000	-	10,000	100.00%	-	0.00%
Bonds	-	-	-	0.00%	-	0.00%
Staff Subtotal	36,798,000	17,467,495	19,330,505	51.53%	16,871,195	3.53%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	270,000	90,948	179,052	66.32%	111,175	(18.19)%
Legal (Stoll, Keenon)	250,000	-	250,000	100.00%	7,847	(100.00)%
Frost Brown	1,000,000	420,639	579,361	57.94%	265,426	58.48%
Reinhart	50,000	-	50,000	100.00%	-	0.00%
Ice Miller	300,000	199,704	100,296	33.43%	154,040	29.64%
Johnson, Bowman, Branco LLC	100,000	51,274	48,726	48.73%	37,638	36.23%
Dentons Bingham & Greenbaum	50,000	61,380	(11,380)	(22.76)%	2,828	0.00%
Legal Expense	10,000	60,564	(50,564)	(505.64)%	-	100.00%
Auditing	300,000	98,496	201,504	67.17%	214,821	100.00%
Total Legal & Auditing Services	2,330,000	983,005	1,346,995	57.81%	793,774	23.84%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	562,150	1,237,850	68.77%	693,145	(18.90)%
Escrow for Actuary Fees	-	-	-	0.00%	(500)	0.00%
Total Consulting Services	1,800,000	562,150	1,237,850	68.77%	692,645	(18.84)%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	425,000	145,468	279,532	65.77%	125,434	15.97%
Human Resources Consulting	10,000	-	10,000	100.00%	-	0.00%
Actuarial Services	525,000	100,628	424,372	80.83%	190,067	0.00%
Facility Security Charges	75,000	27,970	47,030	62.71%	20,137	38.90%
Contractual Subtotal	1,035,000	274,066	760,934	73.52%	335,638	(18.34)%
PERSONNEL SUBTOTAL	\$41,963,000	\$19,286,716	\$22,676,284	54.04%	\$18,692,253	3.18%
OPERATIONAL						
Natural Gas	45,000	7,340	37,660	83.69%	7,164	2.46%
Electric	130,000	62,027	67,973	52.29%	58,606	5.84%
Rent-Non State Building	80,000	-	80,000	100.00%	-	0.00%
Building Rental - PPW	1,000,000	480,984	519,016	51.90%	480,985	(0.00)%
Copier Rental	90,000	33,993	56,007	62.23%	42,579	(20.16)%
Rental Carpool	5,000	3,085	1,915	38.30%	2,327	32.57%
Vehicle/Equip. Maint.	1,300	21,048	(19,748)	(1519.05)%	-	0.00%

KPPA ADMINISTRATIVE BUDGET 2024-25						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE SIX MONTHS ENDING DECEMBER 31, 2024, WITH COMPARATIVE TOTALS FOR THE SIX MONTHS ENDING DECEMBER 31, 2023						
Account Name	Budgeted	FY 2025 Expense	Remaining	Percent Remaining	FY 2024 Expense	Percent Difference
Postage	450,000	38,226	411,774	91.51%	148,193	(74.21)%
Freight	200	-	200	100.00%	-	0.00%
Printing (State)	15,000	50	14,950	99.67%	200	100.00%
Printing (non-state)	85,000	16,822	68,178	80.21%	20,231	0.00%
Insurance	7,500	12,692	(5,192)	(69.23)%	5,090	149.35%
Garbage Collection	7,000	3,293	3,707	52.96%	3,391	(2.89)%
Conference Expense	45,000	18,926	26,074	57.94%	11,177	69.33%
Conference Exp. Investment	2,000	-	2,000	100.00%	-	0.00%
Conference Exp. Audit	3,000	-	3,000	100.00%	-	0.00%
MARS Usage	50,000	29,355	20,645	41.29%	13,550	116.64%
COVID-19 Expenses	-	-	-	0.00%	-	0.00%
Office Supplies	90,000	23,187	66,813	74.24%	23,460	(1.16)%
Furniture & Office Equipment	30,000	1,606	28,394	94.65%	-	100.00%
Travel (In-State)	15,500	6,456	9,044	58.35%	7,080	(8.81)%
Travel (In-State) Investment	-	-	-	0.00%	-	0.00%
Travel (In-State) Audit	1,000	-	1,000	100.00%	-	0.00%
Travel (Out of State)	77,000	33,200	43,800	56.88%	35,235	(5.78)%
Travel (Out of State) Investment	135,000	7,983	127,017	94.09%	14,535	(45.08)%
Travel (Out of State) Audit	3,000	-	3,000	100.00%	-	0.00%
Dues & Subscriptions	69,000	41,566	27,434	39.76%	37,372	11.22%
Dues & Subscriptions Invest	15,000	6,360	8,640	57.60%	14,321	(55.59)%
Dues & Subscriptions Audit	1,000	-	1,000	100.00%	-	0.00%
Miscellaneous	55,000	61,651	(6,651)	(12.09)%	17,430	253.71%
Miscellaneous Investment	-	-	-	0.00%	90	0.00%
Miscellaneous Audit	-	-	-	0.00%	-	0.00%
COT Charges	40,000	8,167	31,833	79.58%	7,622	7.15%
Telephone - Wireless	10,000	3,760	6,240	62.40%	4,305	(12.66)%
Telephone - Other	90,000	67,027	22,973	25.53%	42,947	56.07%
Telephone - Video Conference	15,000	1,949	13,051	87.00%	-	100.00%
Computer Equip./Software	4,120,000	1,561,278	2,558,722	62.10%	1,291,198	20.92%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	20,000	-	20,000	100.00%	-	0.00%
OPERATIONAL SUBTOTAL	\$6,802,500	\$2,552,030	\$4,250,470	62.48%	\$2,279,390	11.96%
SUB-TOTAL	\$48,765,500	\$21,838,746	\$26,926,754	55.22%	\$20,971,643	4.13%
Reserve	216,000	-	216,000	100.00%	-	0.00%
TOTAL	\$48,981,500	\$21,838,746	\$27,142,754	55.41%	\$20,971,643	4.13%

Differences due to rounding

Plan	Budgeted	FY 2025 Expense	% of Total KPPA FY 2025 Expense
CERS Nonhazardous	\$28,899,085	\$12,884,860	59.00%
CERS Hazardous	2,527,445	1,126,879	5.16%
KERS Nonhazardous	15,436,030	6,882,262	31.514%
KERS Hazardous	1,771,661	789,907	3.617%
SPRS	347,279	154,837	0.709%
TOTAL	\$48,981,500	\$21,838,746	100.00%

**JP MORGAN CHASE CREDIT EARNINGS AND FEES
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

	Earnings	Fees	Net Earnings
July-24	\$-	\$(7,337)	\$(7,337)
August-24	-	(7,646)	\$(7,646)
September-24		(7,733)	\$(7,733)
October-24		(6,919)	\$(6,919)
November-24		(6,823)	\$(6,823)
December-24		(7,572)	\$(7,572)
January-25			\$-
February-25			\$-
March-25			\$-
April-25			\$-
May-25			\$-
June-25			\$-
Total	\$-	\$(44,030)	\$(44,030)

**JP MORGAN CHASE HARD INTEREST EARNED
FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

	Clearing Account	CERS	KERS	SPRS	Total
July-24	\$25,823	\$15,119	\$7,930	\$348	\$49,220
August-24	27,262	20,476	10,633	1,081	\$59,451
September-24	34,046	16,441	8,353	262	\$59,101
October-24	15,627	13,684	7,931	330	\$37,572
November-24	14,694	12,366	9,711	249	\$37,021
December-24	20,158	18,973	11,170	655	\$50,957
January-25					\$-
February-25					\$-
March-25					\$-
April-25					\$-
May-25					\$-
June-25					\$-
Total	\$137,611	\$97,059	\$55,728	\$2,925	\$293,322



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: CERS Finance Committee

From: D’Juan Surratt
Director of Employer Reporting, Compliance and Education

Date: February 17, 2025

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
City of Central City	Sergeant	1/1/2025
City of Central City	Police Officer	1/1/2025
City of Central City	Chief of Police	1/1/2025
City of Central City	Assistant Chief	1/1/2025
City of Central City	Fire Chief	1/1/2025
City of Central City	Firefighter	1/1/2025
City of Central City	Assistant Fire Chief	3/1/2025
Madison County EMS	Education Officer	12/1/2024
City of Versailles	Battalion Chief/ Training Officer	3/1/2025

Kentucky Public Pensions Authority has reviewed the above requests and determined that they meet the statutory guidelines for Hazardous coverage. Position Questionnaires and Job Descriptions are attached.

County Employees Retirement System

Investment Budget Update

Quarter Ending: December 31, 2024

KENTUCKY PUBLIC PENSIONS AUTHORITY										
Investment Budget										
For the six month period ending December 31, 2024										
Account Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Trust Budget FY 2025	FY25 Expenditures	Remaining	Percentage Spent
CONSULTING SERVICES										
Wilshire Associates	\$ 1,021,799	\$ 1,238,170	\$ 1,225,671	\$ 1,021,175	\$ 838,172	\$ 1,130,417	\$ 1,250,000	\$ 580,311	\$ 669,689	46%
Albourne	-	-	-	-	306,750	270,000	275,000	135,000	140,000	49%
MercerInsight	-	-	-	-	153,548	160,000	165,000	80,000	85,000	48%
New Private Markets Consultant	-	-	-	-	153,548	160,000	250,000	-	250,000	0%
SUBTOTAL	1,021,799	1,238,170	1,225,671	1,021,175	1,452,019	1,720,417	1,940,000	795,311	1,144,689	41%
LEGAL & AUDITING SERVICES										
Faegre Drinker			96,039	202,502	16,428	18,519	375,000	1,000	374,000	0%
Intelligent Management Solutions (IMS)	620,001	202,140	155,700	69,884	81,880	8,061	700,000	1,289,110	(589,110)	184%
McClain/Goldberg			891	-	-	312	25,000	-	25,000	0%
Reinhart	317,909	671,269	663,689	619,509	109,508	619,420	3,000,000	1,097,884	1,902,116	37%
Stoll-Keenon-Ogder	10,314	135,353	254,211	463,560	750,438	210,475	875,000	184,180	690,820	21%
Haystack			-	-	120,175	209,490	200,000	148,650	51,350	74%
Umberg Zipser			289,100	498,058	606,701	738,483	750,000	61,669	688,331	8%
Fiduciary Legal Expenses	-	-	-	-	5,288	400,872	850,000	431,098	418,902	51%
Miscellaneous					-	3,160	50,000	-	50,000	0%
SUBTOTAL	948,225	1,008,762	1,459,630	1,853,513	1,690,417	2,208,791	6,825,000	3,213,591	3,611,409	47%
CONTRACTURAL SERVICES										
Bloomberg	68,722	71,810	98,163	102,243	104,153	110,823	160,000	56,393	103,607	35%
BNYM Custodial Fees	2,056,390	2,088,475	2,379,838	2,565,169	2,333,981	2,752,592	2,700,000	1,499,863	1,200,137	56%
eVestment (Solovis RMS)			-	30,000	33,800	39,422	35,000	-	35,000	0%
Solovis (Reporting & Analytics)			-	245,000	266,017	306,319	300,000	319,744	(19,744)	107%
FactSet	222,476	162,295	109,662	140,098	146,411	151,431	150,000	66,840	83,160	45%
Russell Index Subscription	1,075	1,250	1,000	1,000	750	1,000	30,000	750	29,250	3%
S&P Global		94,500	26,250	68,250	27,563	-	47,500	20,672	26,828	44%
TradeWeb			-	6,000	7,700	2,800	-	-	-	-
State Street/Elkins McSherry	10,000	5,000	15,000	10,000	10,000	-	10,000	-	10,000	0%
ISS	32,050	32,050	28,288	35,813	39,875	62,875	60,000	8,500	51,500	14%
MSCI	1,000	1,000	1,000	1,000	1,000	1,000	1,000	-	1,000	0%
KPMG Tax Guarantor Services		7,606	22,050	7,350	-	9,450	10,000	9,450	550	95%
Jayant Ghevaria and CO		10,050	-	52,085	-	-	55,000	-	55,000	0%
India Renewal Fee (SEBI)			-	3,000	-	2,950	3,000	-	3,000	0%
With Intelligence	-	-	-	-	9,520	9,520	10,000	10,150	(150)	-
SUBTOTAL	2,391,713	2,474,036	2,681,251	3,267,008	2,980,769	3,450,182	3,571,500	1,992,363	1,579,137	56%

KENTUCKY PUBLIC PENSIONS AUTHORITY										
Investment Budget										
For the six month period ending December 31, 2024										
Account Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Trust Budget FY 2025	FY25 Expenditures	Remaining	Percentage Spent
MISCELLANEOUS SERVICES										
Miscellaneous Services							250,000		250,000	0%
Morningstar						2,500	2,500	2,500	-	100%
Oxford						19,500	20,000	20,475	(475)	102%
Pension Real Estate Association						330	350	330	20	94%
Reimbursement of Pzena	-	-	-	-	-	12,923			-	
SUBTOTAL	-	-	-	-	-	35,253	272,850	23,305	249,545	9%
INACTIVE CONTRACTURAL SERVICES										
Dean Dorton	9,719		-	-	250	-	-	-	-	
Hirschler		4,794	-	-	-	-	-	-	-	
INFORMA	12,904		-	-	-	-	-	-	-	
Lighthouse Solutions	3,093		-	-	-	-	-	-	-	
London Stock Exchange GBP (GREAT BRITISH POUNDS)	6,467	3,544	-	-	-	-	-	-	-	
Deutsche Bank Trust	3,000		3,000	-	-	-	-	-	-	
Morris James LLP	94,192	20,154	-	-	-	-	-	-	-	
Calcaterra Pollack			1,200,000	-	-	-	-	-	-	
Manatt		90,798	30,757	-	-	-	-	-	-	
ORG	162,344		-	-	-	162,344	-	-	-	
SUBTOTAL	291,718	119,290	1,233,757	-	250	-	-	-	-	
TOTAL	\$ 4,653,455	\$ 4,840,258	\$ 6,600,309	\$ 6,141,696	\$ 6,123,455	\$ 7,414,644	\$ 12,609,350	\$ 6,024,570	\$ 6,584,780	48%

CERS Finance Committee - Other Financial Updates

INVESTMENT BUDGET	
CONSULTING SERVICES	
Wilshire Associates	General Investment Consulting Services, Manager Research and Due Dilligence, Reporting, Asset Allocation
Albourne	Investment Consultant Research database - Private Markets Manager Research, Private Markets Research, Pension Markets Research
MercerInsight	Investment Consultant Research database - Public Markets Manager Research, Public Markets Research, Pension Markets Research
LEGAL & AUDITING SERVICES	
Faegre Drinker	Delaware litigation counsel
Intelligent Management Solutions (IMS)	IMS is an expert witness in the Bay Hills case.
McClain/Goldberg	Blackstone litigation counsel for the Trustees and Officers
Reinhart	Bay Hills counsel and investment counsel for contract negotiations
Stoll-Keenon-Ogden	Mayberry counsel
Haystack	Conduct Mayberry eDiscovery
Umberg Zipser	PAAMCO-Prisma (California litigation)
Frost Brown Todd	Currently has no investment-related cases
Swansburg & Smith	Reimbursement of Fiduciary Legal Expenses (KKR)
Eddins Domine	Reimbursement of Fiduciary Legal Expenses (KKR)
Taft	Reimbursement of Fiduciary Legal Expenses (Calcaterra Pollack)
CONTRACTURAL SERVICES	
Bloomberg	Bloomberg Professional Services, Data Analytics and Tools, Market Information and News, Research Portal
BNYM Custodial Fees	Full Service Custodial Services, Investment Accounting, Investment Operations, Transaction Services, Performance and Attribution, Reporting
eVestment (Solovis RMS)	Research Management Program organizing internal and external research
Solovis (Reporting & Analytics)	Portfolio and Risk Analytics, Performance Measurement and Attribution, Reporting
FactSet	Workstation and Quant/Risk Applications for managing Public Equity Portfolios
Russell Index Subscription	Access to Russell Indexes for Portfolio Management, Reporting and Performance
S&P Global	Data on the S & P US Index / License to 10,000 Identifiers for Portfolio Management, Reporting and Performance
TradeWeb	Electronic Trading Platform for Internal Management
State Street/Elkins McSherry	Public Equity Trade Cost Analysis
ISS	Portfolio Monitoring and Proxy Voting Services
MSCI	International Public Equity Data Package
KPMG Tax Guarantor Services	Tax Accounting Services - Taiwan
Jayant Ghevaria and CO	Tax Accounting Services - India
India Renewal Fee (SEBI)	Registration of India Local Market Accounts
Oxford Economics	Global macroeconomics and markets research
Morningstar	Access to Morningstar Indexes for Portfolio Management, Reporting and Performance
Pension Real Estate Association	Industry Association for News and Research
With Intelligence	Portfolio Management Research provider

KENTUCKY PUBLIC PENSIONS AUTHORITY											
Investment Fees and Expenses											
For the six month periods ending December 31											
Pension											
	2025			2024		2023		2022		2021	
	FYTD Fees	Annualized Fee Rate	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	1,375,134	0.08%	3,285,258,604	1,014,583	2,287,704,103	1,412,142	1,982,992,065	1,591,391	2,344,396,966	1,401,242	2,282,848,163
<i>Investment Advisory Fees</i>	1,038,999	0.06%		989,977		1,073,446		1,558,075		1,375,451	
<i>Performance Fees</i>						313,985					
<i>Miscellaneous Fees and Expenses</i>	336,134			24,606		24,711		33,316		25,791	
Public Equity	8,629,831	0.20%	8,515,176,300	7,003,749	8,229,412,149	6,326,122	6,860,008,005	7,390,244	7,258,279,054	5,850,570	6,295,655,905
<i>Investment Advisory Fees</i>	8,520,390	0.20%		6,885,398		6,216,244		7,204,226		5,712,166	
<i>Miscellaneous Fees and Expenses</i>	109,441			118,350		109,877		186,018		138,403	
Specialty Credit Fixed Income	52,553,330	2.56%	4,113,638,760	43,867,219	3,449,111,420	26,763,395	3,169,416,226	25,775,685	3,159,992,882	18,397,660	2,806,670,599
<i>Investment Advisory Fees</i>	11,557,737	0.56%		9,314,024		8,272,318		8,375,883		7,320,545	
<i>Performance Fees</i>	20,324,723			15,712,746		7,246,973		12,762,781		9,592,140	
<i>Miscellaneous Fees and Expenses</i>	20,670,870			18,840,449		11,244,103		4,637,021		1,484,975	
Real Estate	9,542,076	1.89%	1,007,605,718	2,347,363	1,007,031,285	5,120,746	980,167,711	16,451,186	780,082,609	980,198	584,165,093
<i>Investment Advisory Fees</i>	3,855,993	0.77%		3,803,771		4,590,896		2,401,864		2,545,408	
<i>Performance Fees</i>	(133,705)			(3,707,401)		(380,882)		12,653,860		(2,070,445)	
<i>Miscellaneous Fees and Expenses</i>	5,819,788			2,250,993		910,732		1,395,462		505,235	
Real Return	5,957,053	0.94%	1,267,368,609	2,496,799	873,036,117	2,108,571	451,152,401	2,632,576	1,021,821,360	3,478,904	989,625,601
<i>Investment Advisory Fees</i>	3,154,358	0.50%		2,099,651		1,176,185		2,001,915		2,247,532	
<i>Performance Fees</i>	1,922,510			147,085		493,101		679,897		1,259,862	
<i>Miscellaneous Fees and Expenses</i>	880,185			250,063		439,285		(49,236)		(28,490)	
Private Equity	7,362,364	1.30%	1,134,713,109	8,028,455	1,162,891,960	(1,217,614)	1,143,362,622	39,968,415	1,262,539,645	24,365,092	1,139,236,934
<i>Investment Advisory Fees</i>	2,225,737	0.39%		2,925,557		3,652,032		3,928,841		4,294,168	
<i>Performance Fees</i>	3,539,722			2,310,867		(6,838,180)		33,350,556		17,523,541	
<i>Miscellaneous Fees and Expenses</i>	1,596,905			2,792,031		1,968,535		2,689,018		2,547,383	
Administrative Expense/Cash	4,140,838	0.04%	521,905,734	2,118,142	737,649,280	1,574,490	813,973,145	1,878,932	612,903,688	1,435,169	266,674,138
Total Investment Mgmt Fees	89,560,626	0.90%	19,845,666,834	66,876,308	17,746,836,314	42,087,852	15,401,072,174	95,688,429	16,440,016,204	55,908,834	14,364,876,433

KENTUCKY PUBLIC PENSIONS AUTHORITY											
Investment Fees and Expenses											
For the six month periods ending December 31											
Insurance											
	2025			2024		2023		2022		2021	
	FYTD Fees	Annualized Fee Rate	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	439,114	0.09%	990,094,610	342,823	780,518,762	526,658	755,273,150	587,743	855,261,654	568,510	873,074,122
<i>Investment Advisory Fees</i>	329,665	0.07%		334,225		406,870		457,920		558,897	
<i>Performance Fees</i>						112,040		117,337			
<i>Miscellaneous Fees and Expenses</i>	109,449			8,598		7,748		12,486		9,613	
Public Equity	3,845,123	0.21%	3,693,351,775	3,225,651	3,720,705,634	2,916,264	3,159,950,145	3,221,274	3,246,444,061	2,616,659	2,840,620,347
<i>Investment Advisory Fees</i>	3,799,141	0.21%		3,171,832		2,866,269		3,161,508		2,557,467	
<i>Miscellaneous Fees and Expenses</i>	45,982			53,819		49,995		59,766		59,192	
Specialty Credit Fixed Income	23,290,434	2.57%	1,812,349,655	19,604,727	1,527,908,553	12,006,819	1,440,474,508	11,449,880	1,449,432,096	7,816,436	1,274,181,212
<i>Investment Advisory Fees</i>	4,988,056	0.55%		4,026,821		3,715,203		3,748,168		3,373,550	
<i>Performance Fees</i>	9,193,232			7,206,526		3,460,460		5,702,991		3,921,732	
<i>Miscellaneous Fees and Expenses</i>	9,109,146			8,371,380		4,831,156		1,998,721		521,154	
Real Estate	4,188,889	1.85%	451,763,858	1,223,228	451,520,869	2,141,670	414,400,346	6,801,703	330,413,444	536,259	246,753,396
<i>Investment Advisory Fees</i>	1,751,779	0.78%		1,719,862		1,913,144		1,021,218		1,015,005	
<i>Performance Fees</i>	(57,415)			(1,461,607)		(161,966)		5,182,012		(795,199)	
<i>Miscellaneous Fees and Expenses</i>	2,494,525			964,973		390,492		598,473		316,453	
Real Return	2,553,520	1.08%	474,001,894	1,116,868	342,016,500	938,266	175,390,319	1,140,159	432,244,515	1,350,465	419,707,299
<i>Investment Advisory Fees</i>	1,316,466	0.56%		936,352		530,992		889,226		948,395	
<i>Performance Fees</i>	854,844			64,072		201,933		266,344		419,601	
<i>Miscellaneous Fees and Expenses</i>	382,210			116,444		205,341		(15,411)		(17,531)	
Private Equity	3,588,563	1.26%	569,856,320	4,902,486	587,662,239	275,237	573,107,746	22,563,618	595,876,977	16,438,473	548,052,248
<i>Investment Advisory Fees</i>	1,393,540	0.49%		1,826,381		2,427,153		2,772,848		2,892,530	
<i>Performance Fees</i>	1,400,678			1,205,986		(3,062,207)		18,845,205		12,027,941	
<i>Miscellaneous Fees and Expenses</i>	794,345			1,870,119		910,292		945,565		1,518,002	
Administrative Expense/Cash	1,939,536	0.05%	162,008,178	1,050,278	142,324,349	821,924	223,048,022	963,210	401,003,570	842,635	108,497,980
Total Investment Mgmt Fees	\$ 39,845,179	0.98%	\$ 8,153,426,289	\$ 31,466,061	\$ 7,552,656,905	\$ 19,626,840	\$ 6,741,644,236	\$ 46,727,587	\$ 7,310,676,317	\$ 30,169,437	\$ 6,310,886,604

KENTUCKY PUBLIC PENSIONS AUTHORITY				
Investment Fees and Expenses				
For the six month period ending December 31, 2024				
Pension				
	CERS		CERS Hazardous	
	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	537,992	1,288,779,503	191,031	459,219,484
<i>Investment Advisory Fees</i>	405,689		143,897	
<i>Performance Fees</i>				
<i>Miscellaneous Fees and Expenses</i>	132,304		47,133	
Public Equity	4,842,737	4,738,159,654	1,721,605	1,688,747,171
<i>Investment Advisory Fees</i>	4,781,284		1,699,950	
<i>Miscellaneous Fees and Expenses</i>	61,453		21,655	
Specialty Credit Fixed Income	28,471,477	2,048,528,928	9,663,748	724,131,172
<i>Investment Advisory Fees</i>	6,028,361		2,074,165	
<i>Performance Fees</i>	11,199,960		3,710,869	
<i>Miscellaneous Fees and Expenses</i>	11,243,156		3,878,714	
Real Estate	5,321,688	520,917,234	1,681,158	165,824,658
<i>Investment Advisory Fees</i>	2,118,403		668,345	
<i>Performance Fees</i>	(75,374)		(23,830)	
<i>Miscellaneous Fees and Expenses</i>	3,278,658		1,036,643	
Real Return	3,016,895	498,483,669	1,145,770	177,141,802
<i>Investment Advisory Fees</i>	1,586,969		584,461	
<i>Performance Fees</i>	963,587		392,532	
<i>Miscellaneous Fees and Expenses</i>	466,339		168,777	
Private Equity	4,129,052	616,509,637	1,385,120	220,932,468
<i>Investment Advisory Fees</i>	1,416,743		470,164	
<i>Performance Fees</i>	1,750,302		593,272	
<i>Miscellaneous Fees and Expenses</i>	962,007		321,684	
Administrative Expenses/Cash	2,088,745	251,826,421	742,955	124,189,854
Total Investment Mgmt Fees	48,408,587	9,963,205,045	16,531,386	3,560,186,610

KENTUCKY PUBLIC PENSIONS AUTHORITY				
Investment Fees and Expenses				
For the six month period ending December 31, 2024				
Insurance				
	CERS		CERS Hazardous	
	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	208,798	477,681,114	97,829	223,112,318
<i>Investment Advisory Fees</i>	156,124		73,079	
<i>Performance Fees</i>				
<i>Miscellaneous Fees and Expenses</i>	52,674		24,750	
Public Equity	1,767,353	1,746,014,718	858,909	828,538,833
<i>Investment Advisory Fees</i>	1,745,458		848,602	
<i>Miscellaneous Fees and Expenses</i>	21,895		10,307	
Specialty Credit Fixed Income	10,475,380	769,177,844	5,520,846	364,572,591
<i>Investment Advisory Fees</i>	2,152,778		1,077,332	
<i>Performance Fees</i>	4,120,888		2,236,159	
<i>Miscellaneous Fees and Expenses</i>	4,201,713		2,207,355	
Real Estate	1,890,305	188,688,940	1,037,293	103,544,774
<i>Investment Advisory Fees</i>	771,154		423,159	
<i>Performance Fees</i>	(26,367)		(14,468)	
<i>Miscellaneous Fees and Expenses</i>	1,145,517		628,602	
Real Return	1,199,824	175,261,425	507,403	83,725,839
<i>Investment Advisory Fees</i>	600,107		265,974	
<i>Performance Fees</i>	423,192		159,763	
<i>Miscellaneous Fees and Expenses</i>	176,525		81,666	
Private Equity	1,636,044	244,809,399	896,310	136,693,654
<i>Investment Advisory Fees</i>	658,673		366,983	
<i>Performance Fees</i>	563,296		304,373	
<i>Miscellaneous Fees and Expenses</i>	414,075		224,954	
Administrative Expenses/Cash	875,547	83,308,976	419,971	21,127,450
Total Investment Mgmt Fees	\$ 18,053,250	\$ 3,684,942,416	\$ 9,338,560	\$ 1,761,315,460



MEMORANDUM

DATE: February 10, 2025

TO: CERS Finance Committee

FROM: Betty Pendergrass

SUBJECT: CERS Finance Committee's section of the CERS Board's Strategic Plan

As I was polishing the final draft of the CERS Board Strategic Plan, I noticed that we don't have measures and targets for the Finance Committee's Objectives. I have included the Draft of the full CERS Board Strategic Plan so that you can see how the section fits into the plan, and how the other committees explained measures and set targets.

We can finalize any additional questions during the Committee meeting prior to the full CERS Board review and adoption of this plan. Thanks for all the thoughtful ideas and collaboration on this project.



**KENTUCKY COUNTY EMPLOYEES' RETIREMENT SYSTEM
STRATEGIC PLAN 2025-2029**

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DRAFT



**KENTUCKY COUNTY EMPLOYEES' RETIREMENT SYSTEM
STRATEGIC PLAN 2025-2029**

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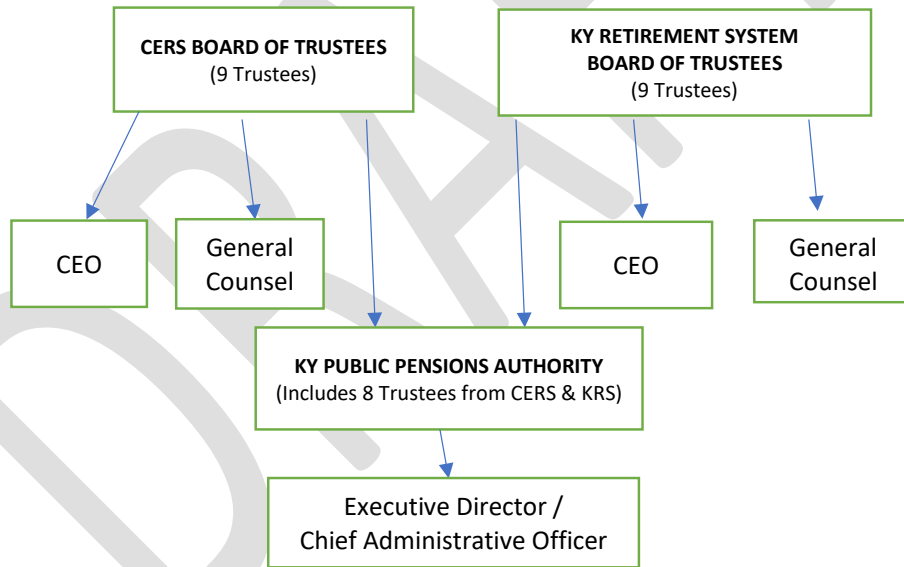
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EXECUTIVE SUMMARY

INTRODUCTION

The Kentucky County Employees Retirement System (CERS) was established July 1, 1958, by the Kentucky General Assembly. Guidance for CERS is found in Chapter 78 of the Kentucky Revised Statutes (KRS). Chapter 78 outlines the governing board structure, postretirement plan design, membership, and authority for employee and employer contributions for both a Non-Hazardous plan and a Hazardous plan. In 2020, the Kentucky General Assembly created a separate governing board for CERS and effective April 1, 2021, the new governance structure was initiated.

Administrative support is provided by the Kentucky Public Pensions Authority (KPPA), also created effective April 1, 2021 (KRS 61.505). CERS is represented by four Trustees on the KPPA governing board along with four Trustees from the Kentucky Retirement Systems (Ky Retirement). Ky Retirement is the governing board for the Kentucky Employees Retirement Systems (KERS—hazardous and nonhazardous) and the State Police Retirement System (SPRS). The relationship among the three board is illustrated below.



Employees of cities, counties, and special purpose governments are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. In addition, employees of Kentucky school districts whose positions do not require a degree beyond a high school diploma also participate in CERS. As of April 1, 2021, Kentucky Revised Statute (“KRS”) Section 78.782 shifted the governance of CERS to a separate Board of Trustees of the County Employees Retirement System. The CERS Board manages the CERS trust, including investment management. KPPA provides the day-to-day administration (KRS 61.505) for accounting and benefit administration for CERS. The Kentucky General Assembly has the authority to establish and amend benefit provisions.

2025 – 2029 CERS Strategic Plan
Executive Summary (continued)

CERS, KERS, and SPRS all provide defined benefit pension and other post-employment benefits for public employees. Retirement benefits to these retirees adds over \$2 billion to the Commonwealth's economy across 120 counties.

This inaugural Strategic Plan outlines the key goals and objectives that the CERS Board of Trustees hopes will provide a sustainable governing structure in compliance with the organizational guidance in Kentucky Revised Statutes, Chapter 78. The CERS Board of Trustees recognizes the importance of a partnership with key stakeholders in the Commonwealth, including public employees, employers, professional associations, and the citizens of the Commonwealth. These goals are focused on supporting the CERS organization, investment management, and support services to our membership. Postretirement benefits for both pension income and postretirement healthcare are critical for supporting all the public services to the citizens and the public employees who provide those services. These benefits provide financial security to CERS members and return an economic benefit to the citizens we serve.

The CERS Board of Trustees takes its fiduciary role very seriously. Governing statutes include specific guidance about our fiduciary roles and compliance with both the Kentucky Executive Branch Ethics Code and the CFA Pension Trustee Code of Conduct. In addition, Chapter 78 outlines the basic structures for investment management, Trustee education, as well as accountability and transparency. Goals in this Strategic Plan were selected based on the underlying guidance in Chapter 78 and the expectations of our stakeholders and the citizens of the Commonwealth.

MISSION

To deliver governance for the postretirement plans that support the financial security of our membership.

VISION

Provide a sustainable funding structure with an approach that is viable for all stakeholders.

CORE VALUES

We focus on supporting the KPPA delivery of quality customer service, providing a sound investment strategy, and communicating with our stakeholders to demonstrate transparency and accountability.

Our efforts will adhere to basic principles for quality customer service, ethical conduct, excellence, fiduciary duty, and ongoing operational improvement. We also commit to collaboration with the Kentucky Retirement System Board of Trustees to enhance the retirement programs for KERS and SPRS, as well as CERS.

STRATEGIC GOALS

Now that CERS has completed its organizational first year and adopted Board administrative and governance policies, the focus of the 2025 – 2029 Strategic Plan includes the following goals to strengthen the CERS retirement plans.

- Goal 1** *Actuarial* **Strengthen actuarial administration to achieve full funding of the CERS plans.**
- Goal 2** *Investment* **Enhance investment management to support prudent portfolio performance and compliance oversight.**
- Goal 3** *Finance* **Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies.**
- Goal 4** *Administrative* **Provide structure to support efficient governance for CERS post-retirement plans.**

2025 – 2029 CERS Strategic Plan
Executive Summary (continued)

The Strategic Goals section outlines the goals, expands the discussion of objectives for each goal, including targets and measurement principles, and describes how the CERS Board will identify success. The last section of the Plan summarizes a proposed timeline for working on the goals and objectives.

FUTURE PLANNING

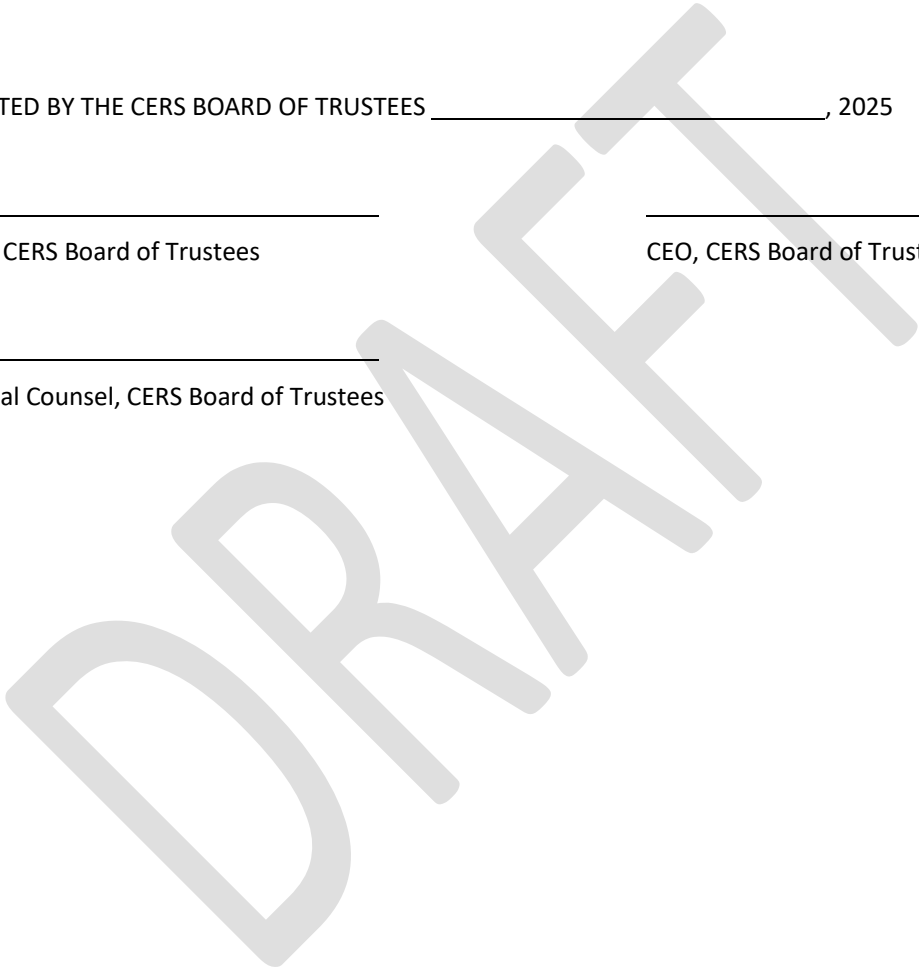
The CERS Board of Trustees has developed this first five-year strategic plan to set the stage for future improvements in managing the postretirement benefit plans for local government employees. We also plan to update this strategic plan in the future to maintain a dynamic governance and management structure for the CERS plans, members, stakeholders, and citizens.

ADOPTED BY THE CERS BOARD OF TRUSTEES _____, 2025

Chair, CERS Board of Trustees

CEO, CERS Board of Trustees

General Counsel, CERS Board of Trustees



GOALS, OBJECTIVES, MEASURES AND TARGETS
--

Goal 1 *Actuarial* **Strengthen actuarial administration to achieve full funding of the CERS plans. (Approved by Actuarial Committee on November 2, 2022.)**

Objective A. Actuarial assumptions reflect actual trends.
<p>1) Measure: The CERS Board will require the actuary to use industry prevalent practices and methods for the analysis and recommendation of actuarial assumptions (economic and demographic) for use in the actuarial valuation.</p> <p> Target: Annually in April.</p>
Objective B. Avoid Negative Amortization.
<p>1) Measure: The CERS Board will work with the legislators on possible future changes to the funding policy that is in Statute such that any changes will not result in actuarial back loading (i.e. negative amortization of the unfunded actuarial accrued liability).</p> <p> Target: Ongoing.</p>
Objective C. Attain 100% funded status in reasonable period.
<p>1) Measure: The financial goal is for the Systems to attain a 100% funded ratio in a reasonable time period with the CERS Board-adopted contributions increasing or decreasing as appropriate.</p> <p> Target: January 2038.</p>
Objective D. Monitor financial and economic risks to plan.
<p>1) Measure: The CERS Board will request the actuary to perform a risk analysis or stress test from time to time to understand and quantify possible financial risks due to possible changing economic conditions or risks associated possible legislation that would result in materially lower contributions.</p> <p> Target: January 2025.</p>

Goal 1. How Will the CERS Board Evaluate Success
<p>1) Employer contributions are consistent across the five years 2025 – 2029.</p> <p>2) Actuarial assumptions are consistent with actual experience.</p> <p>3) Funded status continues to improve.</p>

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

Goal 2 *Investments* Enhance investment management by providing prudent portfolio guidelines and compliance oversight.

(Approved by Investment Committee on December 19, 2024.)

<p>Objective A. Monitor the ratio of investment earnings versus contribution resources to evaluate the health of the CERS system.</p>	
<p>1)</p>	<p>Measure: The 5-year geometric average net investment return (GANIR) calculation for Tier 3 interest credits shall be used to evaluate returns in the CERS portfolios (NonHaz, Haz, and Insurance).</p> <p>Target: The GANIR should range from 6.25% to 10%.</p>
<p>2)</p>	<p>Measure: Investment cash flow from realized gains, interest, and dividends, net of fees, compared to total benefits/expenses paid.</p> <p>Target: Investment component, on a five-year rolling average should range between 45% and 65%.</p>
<p>Objective B. Investment Policy Statement (IPS) should meet Best Practices to ensure CERS meets its fiduciary responsibilities.</p>	
<p>1)</p>	<p>Measure: Asset allocation in the IPS reflects the Board’s goals for investment performance.</p> <p>Target: Projected return from IPS approved asset allocation should equal or exceed the discount rate for the actuarial valuation.</p>
<p>2)</p>	<p>Measure: Quarterly investment reports include performance analysis that compares realized performance to investment goals established by CERS Investment Committee and Board of Trustees.</p> <p>Target:</p> <ul style="list-style-type: none"> a) Realized total returns for CERS assets are compared to capital market assumptions utilized in asset allocation modelling . b) Returns for internally managed assets are reported separately. c) Compliance reporting highlight variances from IPS policies. d) Historical trend reporting (GANIR) is updated annually. e) Manager watch list that identifies managers with excellent performance or performance below expectations should be added to Compliance reporting.
<p>3)</p>	<p>Measure: Evaluate the asset allocation and identify a key timeline for asset liability studies and risk management issues to develop updates to the asset allocation.</p> <p>Target: Conduct an asset liability study, including portfolio risk analysis, every 3 – 5 years.</p>

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

Objective C. Outline benchmarks to evaluate investment performance versus actuarial analysis and strengthen risk monitoring.

- 1) **Measure:** CERS should use the actuarial discount rate, Total Fund Benchmark and a peer universe identified by Investment staff and investment consultant as benchmarks to evaluate returns and risk-adjusted returns over 5-year period on the CERS portfolio.

Target: Realized returns over 5-year periods should always exceed the benchmarks.
- 2) **Measure:** Quarterly reporting provides analysis of manager performance by asset class.

Target: Externally managed asset realized returns provide sufficient excess returns, net of management and performance fees. Periodic reporting should provide an opportunity for the Investment Committee to provide oversight of management fees.
- 3) **Measure:** Strengthen the role of the Investment Compliance Officer to monitor investment risk and report on investment risk.

Target: Quarterly investment performance reports include:
 - a) Risk-adjusted returns for investment portfolio, by asset class
 - b) Identification of market, credit, concentration, liquidity, and volatility risk in CERS portfolio
 - c) Analysis of CERS portfolio market risk based on economic trends and industry sectors in the CERS portfolio

Goal 2. How Will the CERS Board Evaluate Success

- 1) Performance and compliance reports provide key information for CERS Investment Committee and Board of Trustees oversight.
- 2) Performance and compliance reports are readily available to stakeholders on the KPPA website.

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

Goal 3 *Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies. (Recommendations for Finance Committee approval on 2/17/2025.)*

Objective A. Work with Office of the CFO on CERS specific Annual Comprehensive Financial Report (ACFR) issues.	
1)	<p>Measure: Communications with the external audit firm (or the APA) regarding the CERS specific annual audit and ACFR are completed on a timely basis.</p> <p>Target: External Audit firm meets with Finance Committee annually in August at the start of the external audit and outlines key issues for annual audit.</p> <p>Target: External Audit firm meets with Finance Committee annually in November to present DRAFT ACFR and discuss other external audit findings and communications.</p> <p>Target: CERS Audit report and ACFR is delivered to Ky Finance & Administration by the due date established by Finance for inclusion in the Commonwealth’s ACFR.</p>
2)	<p>Measure: Annual CERS ACFR is submitted to GFOA by December 31 each year for the Certificate of Excellence in Financial Reporting (COA) award. The CERS ACFR meets requirements for and achieves the GFOA COA award .</p> <p>Target: GFOA awards Certificate of Achievement for Excellence in Financial Reporting to the CERS ACFR, annually.</p> <p>Target: GFOA comments for improvements to the CERS ACFR demonstrate CERS compliance with generally accepted governmental accounting principles and governmental financial reporting best practices.</p>

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

Goal 3 Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies. (Recommendations for Finance Committee approval on 2/17/2025.) (Continued)

<p>Objective B. Ensure CERS specific policies and procedures surrounding financial reporting are adequate.</p>	
<p>1)</p>	<p>Measure: CERS annual and interim financial reporting provide essential information to assess accountability for CERS assets and pension management.</p> <p>Target: CERS financial reporting provides key data to evaluate long-term financial trends and conduct historical analysis.</p> <p>Target: CERS continues to achieve progress toward actuarial goals for full funding (See Goal 1 discussion).</p>
<p>2)</p>	<p>Measure: Financial reporting metrics in annual and quarterly reports provide long-term trend analysis to evaluate CERS financial condition. Such metrics should include employer/employee contributions, administrative expenses, cash flow, and employer invoicing and collection.</p> <p><i>[Targets need ranges or benchmarks for evaluating key changes or performance.]</i></p> <p>Target: Monitors growth in employer and employee contributions.</p> <p>Target: Monitors the increase/decrease in administrative expenses relative contribution growth.</p> <p>Target: Establish an acceptable recovery percentage for legacy invoices beyond a Board approved threshold.</p> <p>Target: Establish a total outstanding invoice dollar amount that the Committee deems prudent.</p>
<p>Objective C. Establish an Escalation Policy for the Office of the CFO regarding policy decisions for the Committee</p>	
<p>1)</p>	<p>Measure: KPPA CFO identifies financial metrics in quarterly reporting that may require special attention.</p> <p>Target: Financial metrics that trigger reporting to the CERS Finance Committee for discussion of potential policy changes include the following:</p> <ul style="list-style-type: none"> • ???

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

Goal 3 *Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies. (Recommendations for Finance Committee approval on 2/17/2025.) (Continued)*

<p>Objective D. Ensure that all regulations related to Participation of CERS Employers and Employer duties are updated and codified</p>	
<p>2)</p>	<p>Measure: ERCE and the legal ad-hoc regulation groups provide recommendations for updates to Ky Administrative Regulations that clearly identify employer participation and compliance requirements.</p> <p>Target: Employer compliance and timely reporting continues to improve, outstanding receivables decrease, and administrative actions against employers decline.</p> <p>Target: Annual survey of employers indicates employers’ satisfaction and understanding of KRS and KAR based on clarity of KPPA communications surrounding employer responsibilities.</p>
<p>3)</p>	<p>Measure: ERCE and KPPA communications department updates communication brochures that clearly highlight and explain changes in employer responsibility.</p> <p>Target: Catalog of relevant employer communication material that is used as training tools for employer staff.</p> <p>Target: New administrative policies are clearly explained in timely employer communications to employers and addressed in periodic employer training.</p>
<p>Goal 3. How Will the CERS Board Evaluate Success</p>	
<p>1)</p>	<p>CERS annual audit is completed timely with no material findings of noncompliance or material deficiencies in internal controls.</p>
<p>2)</p>	<p>CERS ACFR is presented in accordance with generally accepted governmental accounting principles established by the Governmental Accounting Standards Board.</p>
<p>3)</p>	<p>CERS ACFR achieves the GFOA Certificate of Achievement of Excellence in Financial reporting annually.</p>
<p>4)</p>	<p>CERS provides input for managing administrative costs prior to KPPA approval of administrative budget.</p>
<p>5)</p>	<p>KPPA approves administrative budget prior to submission to Governor’s State Budget Director.</p>
<p>6)</p>	<p>CERS interim and annual financial reporting provides key information to provide accountability for CERS assets and pension management.</p>

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

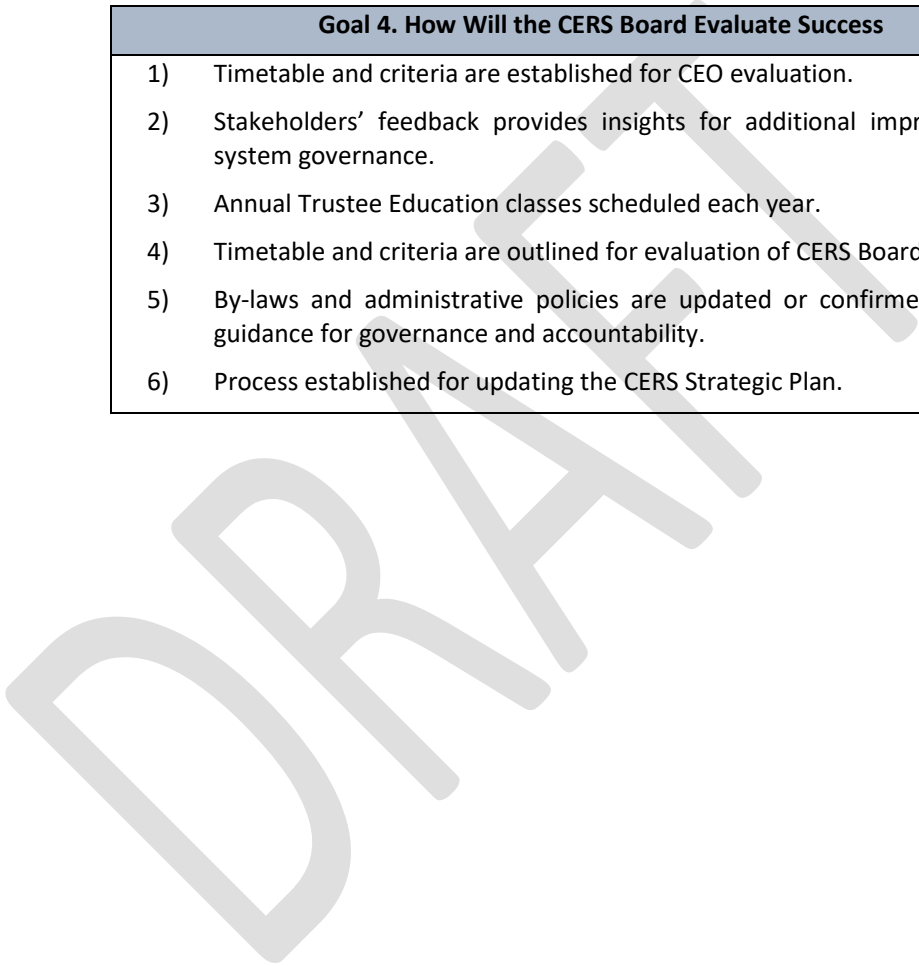
Goal 4 *Administrative* **Finalize structure to support efficient governance for CERS retirement plans.**
(Personnel Committee approved their section 1/9/2024.)
(Betty Pendergrass developed remainder as Chair prior to 4/1/2024.)

Objective A. Enhance Personnel Committee framework for CERS staff evaluations, professional development, and succession planning.	
1)	Measure: Adopt CEO Performance Plan. Target: Annually in January
2)	Measure: Evaluate CEO annually. Target: Annually in June
3)	Measure: Recruit Trustees for elected and appointed positions. Target: July 2025 (Elected Trustees) & 2025 (Appointed Trustees)
Objective B. Enhance communications with stakeholders.	
1)	Measure: Periodic articles in association newsletters. Target: Ongoing
2)	Measure: Host webinars to highlight key retirement management issues. Target: September 2025
3)	Measure: Periodic testimony to Public Pension Oversight Board to highlight CERS performance and governance. Target: Ongoing
Objective C. Formalize annual planning for Trustee Education.	
1)	Measure: Educational sessions (January, July, & October) to provide a minimum of 6 hours of CERS-sponsored education. Target: Ongoing
2)	Measure: Education catalog of videos provide Trustees with additional resources for training hours, including specific training for New Trustee Orientation sessions. Target: July 2025
3)	Measure: All Trustees meet the statutory requirements for 12 hours of annual training. Target: Ongoing
Objective D. Risk Management	
1)	Measure: Establish methodology to evaluate effectiveness of Board governance with an independent analysis of CERS Board governance. Target: September 2025 and ongoing
Objective E. Evaluate CERS By-Laws and administrative policies to improve Board's effectiveness and enhance transparency.	
1)	Measure: By-laws updated to incorporate recommendations from governance evaluation consultant. Target: 2025

2025 – 2029 CERS Strategic Plan
 Goals, Objectives, Measures, & Targets (continued)

2) Measure: Administrative policies updated to incorporate recommendations from governance evaluation consultant. Target: 2025
Objective F. Initiate planning process to update CERS Strategic Plan.
1) Measure: Ad-Hoc Committee appointed to review and update Strategic Plan. Target: 2029

Goal 4. How Will the CERS Board Evaluate Success
1) Timetable and criteria are established for CEO evaluation.
2) Stakeholders’ feedback provides insights for additional improvements for system governance.
3) Annual Trustee Education classes scheduled each year.
4) Timetable and criteria are outlined for evaluation of CERS Board governance.
5) By-laws and administrative policies are updated or confirmed as effective guidance for governance and accountability.
6) Process established for updating the CERS Strategic Plan.



2025 – 2029 CERS STRATEGIC PLAN TIMETABLE

This section outlines a proposed timetable for implementation activities for each Goal and Objective of the Strategic Plan. This timing establishes a proposed schedule for activities that will contribute toward the goals and objectives. Activities may be assigned to CERS Executive Staff, the CERS Board and its Committees, with requests for assistance as needed from the KPPA administrative staff.

GOAL/OBJECTIVE	2025	2025	2026	2027	2029
Goal 1. Actuarial Strengthen the actuarial administration to achieve full funding of the CERS plans.					
1) Actuarial assumptions reflect actual trends					Ongoing
2) Avoid negative amortization.					Ongoing
3) Attain 100% funded status (2040).					Reassess
4) Monitor economic & financial risks.					Ongoing

GOAL/OBJECTIVE	2025	2026	2027	2028	2029
Goal 2. Investment Enhance investment management to support prudent portfolio performance and compliance oversight.					
A) Monitor health of CERS					Ongoing
B) Update IPS	XX				XX
C) Benchmarks for investment performance					Ongoing

GOAL/OBJECTIVE	2025	2026	2027	2028	2029
Goal 3. Finance Collaborate with Kentucky Retirement Systems to develop a cost-effective administrative cost budget, financial management, and cost allocation policies.					
1) Annual Comprehensive Financial Report					Ongoing
2) CERS reporting policies		XX			
3) Escalation policy		XX			
4) Employer participation policies					Ongoing

2025 – 2029 CERS Strategic Plan
 Timetable (continued)

GOAL/OBJECTIVE	2025	2026	2027	2028	2029
Goal 4. Administrative Finalize structure to support efficient governance for CERS post-retirement plans.					
1) CERS staff evaluations, professional development, and succession planning.	Ongoing				
2) Enhance communications with stakeholders.	Ongoing				
3) Formalize annual planning for Trustee education.	Ongoing				
4) Risk Management.	Ongoing				
5) Evaluate CERS By-Laws and administrative policies to improve Board’s effectiveness and enhance transparency.		XX		XX	
6) Initiate planning process to update CERS Strategic Plan.					XX