



**County Employees Retirement System
Finance Committee - Regular Meeting
June 2, 2022 at 2:00 PM ET
Live Video Conference/Facebook Live**

AGENDA

- | | |
|--|---------------------------------|
| 1. Call to Order | Bill O'Mara |
| 2. Legal Public Statement | Office of Legal Services |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes* - February 24, 2022 | Bill O'Mara |
| 6. Quarterly Financial Reports | Rebecca Adkins |
| a. YTD Financial Spreadsheet | Connie Davis |
| b. Administrative Expense to Budget | |
| c. Contribution Report | |
| d. Outstanding Invoice Report | |
| e. Penalty Waiver Report | |
| 7. Hazardous Duty Requests* | D'Juan Surratt |
| 8. Preliminary Strategic Plan Discussion | Bill O'Mara |
| 9. Other Financial Updates | Rebecca Adkins |
| 10. Adjourn | Bill O'Mara |

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

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
FINANCE COMMITTEE FEBRUARY 22, 2022 AT 2:00 P.M.
VIA LIVE VIDEO TELECONFERENCE**

At the meeting of the County Employees Retirement System Board of Trustees Finance Committee held on February 24, 2022 the following members were present: William O'Mara, JT Fulkerson and George Cheatham. Other Board member present: Betty Pendergrass. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Jared Crawford, Elizabeth Smith, Connie Davis, D'Juan Surratt, Ashley Gabbard, Shaun Case, and Sherry Rankin. Others in attendance were CERS CEO Ed Owens, III and KRS CEO John Chilton.

Mr. O'Mara called the meeting to order and Ms. Hale read the Legal Opening Statement.

Ms. Rankin called the roll.

Since there was no public comment submitted, Mr. O'Mara introduced agenda item *Approval of Minutes – November 3, 2021*. A motion was made by Mr. Fulkerson and seconded by Mr. Cheatham to approve the minutes as presented. The motion carried unanimously.

Mr. O'Mara introduced agenda item *Quarterly Financial Reports*. Ms. Adkins reviewed the Combining Statement of Fiduciary Net Position for the Pension Funds and the Combining Statement of Changes in Fiduciary Net Position for Pension Funds, Combining Statement of Fiduciary Net Position for the Insurance Funds, Combining Statement of Changes in Fiduciary Net Position for Insurance Funds, KPPA Administrative Expenses – Budget to Actual Analysis for CERS system, Contribution Reports for both Pension Funds and Insurance Funds, Outstanding Invoice Report and Penalty Waiver Report. These reports were provided for informational purposes only.

Mr. O'Mara introduced agenda item *Hazardous Duty Requests*. Mr. D'Juan Surratt provided details on agencies requesting hazardous duty coverage for the following positions:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
City of Catlettsburg	Fire Chief	3/1/2022
City of Catlettsburg	Deputy Fire Chief	3/1/2022
City of Shelbyville	Firefighter Recruit	3/1/2022
Alexandria Fire District	Major	3/1/2022
Independence Fire District	Apparatus Operator	3/1/2022
Independence Fire District	Paramedic only	3/1/2022
City of Newport	Paramedic	3/1/2022
City of Newport	EMT	3/1/2022
City of Horse Cave	Chief of Police	3/1/2022
City of Horse Cave	Patrol Sergeant	3/1/2022
City of Horse Cave	Patrol Officer	3/1/2022

Mr. Surratt stated that Kentucky Public Pensions Authority has reviewed these requests and determined that they meet the statutory guidelines for Hazardous Duty coverage. Mr. Surratt requested approval from this Committee of these positions receiving hazardous classification. A motion was made by Mr. Fulkerson and seconded by Mr. Cheatham to approve the hazardous duty requests as presented. The motion passed unanimously.

Mr. O’Mara introduced the agenda item *Other Financial Updates*. Ms. Adkins provided an update regarding information that was sought at the last meeting pertaining to the software company that provides the security training for the staff and Trustees of Kentucky Public Pensions Authority. At the last meeting, Mr. Cheatham inquired about the possibility of providing access to the security training to employers and members. Ms. Adkins reported that the cost to provide this security training is approximately \$30.00 per year, per person. Although this method is cost-prohibitive, it was determined that our newsletters sent to both groups could be utilized to provide important security-related information to our employers and members.

A motion was made by Mr. Cheatham and seconded by Mr. Fulkerson to adjourn the meeting. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the CERS Finance Committee meeting held February 24, 2022 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 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 February 24, 2022 were approved on June 2, 2022.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the February 24, 2022 CERS Finance Committee Meeting for content, form, and legality.

Executive Director
Office of Legal Services



Combining Statement of Fiduciary Net Position - Pension Funds

As of March 31, 2022, with Comparative Totals as of March 31, 2021 (\$ in Thousands)

ASSETS	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$320	\$59	\$379	\$972	-60.97%	1
Short-term Investments	586,846	214,044	800,889	\$341,203	134.73%	2
Total Cash and Short-term Investments	587,166	214,103	801,269	342,175	134.17%	
RECEIVABLES						
Accounts Receivable	54,490	22,087	76,577	\$64,625	18.49%	3
Accounts Receivable - Investments	81,012	27,578	108,591	\$232,090	-53.21%	4
Total Receivables	135,502	49,665	185,167	296,714	(37.59)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	968,702	328,122	1,296,824	\$1,444,801	-10.24%	5
Public Equities	3,990,104	1,360,738	5,350,842	\$5,113,976	4.63%	
Private Equities	757,152	253,399	1,010,550	\$897,786	12.56%	6
Specialty Credit	1,690,563	574,819	2,265,382	\$1,819,380	24.51%	7
Derivatives	(2,933)	(993)	(3,927)	\$5,046	-177.81%	8
Real Return	248,246	82,039	330,286	\$742,570	-55.52%	9
Opportunistic	-	-	-	\$285,504	-100.00%	10
Real Estate	473,909	150,908	624,817	\$440,181	41.95%	11
Total Investments, at Fair Value	8,125,742	2,749,033	10,874,774	10,749,243	1.17%	
Securities Lending Collateral Invested	250,761	85,278	336,039	\$301,428	11.48%	12
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	-0.03%	
Accumulated Amortization	(9,612)	(819)	(10,431)	-\$10,283	1.44%	
Total Capital Assets	349	8	357	504	(29.29)%	
Total Assets	9,099,520	3,098,086	12,197,606	11,690,065	4.34%	
LIABILITIES						
Accounts Payable	3,677	518	4,195	\$4,648	-9.75%	
Investment Accounts Payable	148,343	51,477	199,820	\$340,518	-41.32%	13
Securities Lending Collateral	250,761	85,278	336,039	\$301,428	11.48%	14
Total Liabilities	402,781	137,274	540,054	646,595	(16.48)%	
Total Fiduciary Net Position Restricted for Pension Benefits	\$8,696,740	\$2,960,813	\$11,657,552	\$11,043,471	5.56%	

NOTE - Variance Explanation **Differences due to rounding**

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank. The current balance is larger than normal due to the return of capital (\$333M) from Putnam in February.
- 3) The increase in Accounts Receivable is due to an increase in the month-end employer contributions accrual (increase in covered payroll and contribution rates).
- 4) The variance in Investment Accounts Receivable is due to pending trades.
- 5) The decrease in Core Fixed Income is due to a rebalance of the portfolio as a result of the revised IPS.
- 6) The increase in Private Equity is a result of the funding of 3 new managers, additional funding of current managers, and increasing market values of current investments.
- 7) The increase in Specialty Credit is due to the merging of the Specialty Credit asset class and the Opportunistic asset class.
- 8) Variance is a result of hedging and arbitration of risk within the portfolios.
- 9) The decrease in Real Return is a result of the redemption of Putnam and continued liquidation of hedge funds.
- 10) The decrease in Opportunistic is due to the merging of the Opportunistic asset class with the Specialty Credit asset class.
- 11) The increase in Real Estate is due to additional funding and increasing market values for current managers.
- 12) Variance is a result of the demands of the Securities Lending Program.
- 13) The variance in Investment Accounts Payable is due to pending trades.
- 14) Variance is a result of the demands of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period March 31, 2021 (\$ in Thousands)

	CERS		Total		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
ADDITIONS						
Member Contributions	\$135,360	\$51,626	\$186,986	\$166,294	12.44%	1
Employer Contributions	405,413	157,098	562,511	467,939	20.21%	2
Pension Spiking Contributions	36	42	78	126	-38.02%	3
Health Insurance Contributions (HB1)	(1)	1	-	1		
Employer Cessation Contributions	-	-	-	-		
Total Contributions	540,809	208,767	749,576	634,360	18.16%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments						
Interest/Dividends	63,332	17,690	81,022	1,637,600	-95.05%	4
Total Investing Activities Income	177,224	60,001	237,225	202,265	17.28%	5
Less: Investment Expense	240,557	77,691	318,247	1,839,865		
Less: Performance Fees	33,386	10,036	43,422	34,880	24.49%	6
Net Income from Investing Activities	49,450	16,176	65,626	35,882	82.89%	7
From Securities Lending Activities						
Securities Lending Income	157,721	51,479	209,199	1,769,104		
Less: Securities Lending Borrower Rebates (Income)/Expense	410	142	552	525		
Less: Securities Lending Agent Fees	-	-	-	-		
Net Income from Securities Lending	142	49	191	127		
Net Investment Income	268	93	361	398	-9.27%	8
Total Additions	698,797	260,339	959,136	2,403,861	(60.10)%	
DEDUCTIONS						
Benefit Payments	641,958	228,206	870,163	835,010	4.21%	
Refunds	14,424	4,429	18,853	14,715	28.12%	9
Administrative Expenses	16,883	1,496	18,379	17,566	4.63%	
Total Deductions	673,264	234,131	907,395	867,291	4.62%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits						
Total Fiduciary Net Position Restricted for Pension Benefits	25,533	26,208	51,741	1,536,569		
Beginning of Period	8,670,667	2,934,421	11,605,088	9,506,578	22.07%	
End of Period	\$8,696,200	\$2,960,629	\$11,656,829	\$11,043,147	5.56%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) Member Contributions increased due to an increase in covered payroll.
- 2) Employer Contributions increased due to an increase in covered payroll as well as an increase in the Employer Contribution rates.
- 3) Pension Spiking contributions decreased due to a change in statute. Pension spiking is now the member's responsibility.
- 4) The decrease in Net Appreciation in Fair Value of Investments is due to unfavorable market conditions resulting in unrealized losses primarily within the public equity asset class.
- 5) The increase in Interest/Dividends is a result of the increased allocation to Public Equities and Fixed Income asset classes.
- 6) The increase in Investment Expense is a result of increased market values primarily in the Private Equity, Specialty Credit and Real Estate asset classes which have higher fees.
- 7) The increase in Performance fees is due to an increase in realized gains in Private Equity and Real Estate.
- 8) Variance is a result of the demand of the Securities Lending Program.
- 9) The increase in Refunds was due to an increase in refunds taken by CERS and CERH members who terminated employment and were not eligible for a retirement benefit.



Combining Statement of Fiduciary Net Position - Insurance Funds

As of March 31, 2022, with Comparative Totals as of March 31, 2021 (\$ in Thousands)

ASSETS	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$103	\$23	\$126	\$771	-83.68%	1
Short-term Investments	276,385	112,883	389,268	\$187,586	107.51%	2
Total Cash and Short-term Investments	276,488	112,905	389,393	188,356	106.73%	
RECEIVABLES						
Accounts Receivable	14,993	6,033	21,026	\$16,031	31.16%	3
Investment Accounts Receivable	31,154	15,422	46,576	\$96,451	-51.71%	4
Total Receivables	46,147	21,455	67,602	112,483	(39.90)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	357,340	180,376	537,716	\$572,087	-6.01%	
Public Equities	1,462,314	735,086	2,197,400	\$1,996,311	10.07%	5
Specialty Credit	292,795	164,854	457,649	\$423,034	8.18%	
Private Equities	638,996	322,665	961,661	\$755,043	27.37%	6
Derivatives	(1,031)	(524)	(1,555)	\$755	-305.88%	7
Real Return	74,603	40,045	114,648	\$292,856	-60.85%	8
Opportunistic	-	-	-	\$133,839	-100.00%	9
Real Estate	163,613	89,676	253,289	\$177,079	43.04%	10
Total Investments, at Fair Value	2,988,630	1,532,178	4,520,808	4,351,004	3.90%	
Securities Lending Collateral Invested	68,923	34,831	103,754	\$107,712	-3.68%	
Total Assets	3,380,188	1,701,370	5,081,558	4,759,555	6.77%	
LIABILITIES						
Accounts Payable	164	18	182	\$330	-44.81%	11
Investment Accounts Payable	59,876	27,643	87,518	\$139,171	-37.11%	12
Securities Lending Collateral	68,923	34,831	103,754	\$107,712	-3.68%	
Total Liabilities	128,963	62,491	191,455	247,214	(22.56)%	
Total Fiduciary Net Position Restricted for OPEB	\$3,251,225	\$1,638,879	\$4,890,103	\$4,512,341	8.37%	

NOTE - Variance Explanation **Differences due to rounding**

- 1) Variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account.
- 2) Short Term Investments are primarily comprised of the cash on hand at the custodial bank. The balance is larger than normal due to the return of capital (\$141M) from Putnam in February.
- 3) The increase in Accounts Receivable is due to an increase in the month-end employer contributions accrual (increase in covered payroll and contribution rates).
- 4) The variance in Investment Accounts Receivable is due to pending trades.
- 5) The increase in Public Equities is due to rebalancing of the portfolio as a result of the revised IPS.
- 6) The increase in Private Equity is a result of the funding of 3 new managers, additional funding of current managers, and increasing market values of current investments.
- 7) Variance is a result of hedging and arbitration of risk within the portfolios.
- 8) The decrease in Real Return is a result of the redemption of Putnam and continued liquidation of hedge funds.
- 9) The decrease in Opportunistic is a result of the merging of the Opportunistic asset class with the Specialty Credit asset class.
- 10) The increase in Real Estate is due to additional funding and increasing market values for current managers.
- 11) The decrease in Accounts Payable is due to a decline in outstanding credit employer invoices.
- 12) The variance in Investment Accounts Payable is due to pending trades.



Combining Statement of Changes In Fiduciary Net Position - Insurance Funds

For the nine month period ending March 31, 2022, with Comparative Totals for nine month period ending March 31, 2021 (\$ In Thousands)

	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2022	FY 2021		
ADDITIONS						
Employer Contributions	\$118,345	\$52,268	\$170,614	\$133,188	28.10%	1
Medicare Drug Reimbursement	1	-	1	1	-10.96%	
Insurance Premiums	403	(265)	139	267	-47.92%	
Humana Gain Share Payment	8,912	1,259	10,171	23,666	-57.02%	2
Retired Re-employed Healthcare	3,538	1,174	4,711	4,578	2.91%	
Health Insurance Contributions (HB1)	11,382	2,709	14,091	11,962	17.79%	3
Employer Cessation Contributions	-	-	-	-		
Total Contributions	142,581	57,146	199,727	173,662	15.01%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments	38,338	25,455	63,794	661,005	-90.35%	4
Interest/Dividends	62,034	32,318	94,352	79,810	18.22%	5
Total Investing Activities Income	100,372	57,774	158,146	740,815		
Less: Investment Expense	11,268	5,957	17,225	15,635	10.17%	6
Less: Performance Fees	19,778	11,162	30,940	17,585	75.94%	7
Net Income from Investing Activities	69,326	40,654	109,980	707,594		
From Securities Lending Activities						
Securities Lending Income	145	72	217	209		
Less: Securities Lending Borrower Rebates (Income)/Expense	(170)	(87)	(257)	(134)		
Less: Securities Lending Agent Fees	47	24	71	51		
Net Income from Securities Lending	268	135	403	292	38.09%	8
Net Investment Income	69,594	40,789	110,383	707,886	(84.41)%	
Total Additions	212,176	97,934	310,110	881,548	(64.82)%	
Deductions						
Healthcare Premiums Subsidies	99,427	66,338	165,765	\$168,501	-1.62%	
Administrative Expenses	704	375	1,079	\$999	7.95%	
Self-Funded Healthcare Costs	2,600	154	2,754	\$2,890	-4.70%	
Excise Tax Insurance	6	-	6	\$0		
Total Deductions	102,737	66,867	169,604	172,390	(1.62)%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB						
	109,439	31,068	140,506	709,158		
Total Fiduciary Net Position Restricted for OPEB						
Beginning of Period	3,141,786	1,607,811	4,749,597	3,803,183	24.88%	
End of Period	3,251,225	1,638,879	\$4,890,103	\$4,512,341	8.37%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) Employer Contributions increased due to an increase in covered payroll as well as an increase in the Employer Contribution rates.
- 2) Humana Gain Share payments will fluctuate based on timing and actual claims paid.
- 3) Health Insurance Contributions will continue to rise as Tier 3 members increase.
- 4) The decrease in Net Appreciation in Fair Value of Investments is due to unfavorable market conditions resulting in unrealized losses primarily within the Public Equity asset class.
- 5) The increase in Interest/Dividends is a result of the increased allocation to Public Equities and Fixed Income asset classes.
- 6) The increase in Investment Expense is a result of increased market values primarily in the Private Equity, Specialty Credit and Real Estate asset classes which have higher fees associated.
- 7) The increase in Performance fees is due to an increase in realized gains in Private Equity and Real Estate.
- 8) Variance is a result of the demand of the Securities Lending Program.

Pension Funds Contribution Report

For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period ending March 31, 2021 (\$ in Millions)

**County Employees Retirement System****Nonhazardous****Hazardous**

	FY22	FY21	FY22	FY21
Member Contributions	\$135.4	\$119.4	\$51.6	\$46.9
Employer Contributions	405.4	338.6	157.1	129.5
Net Investment Income	95.2	98.8	34.1	33.4
Total Inflows	636.0	556.8	242.8	209.8
Benefit Payments/Refunds	656.4	629.4	232.6	220.4
Administrative Expenses	16.9	16.1	1.5	1.4
Total Outflows	673.3	645.5	234.1	221.8
NET CONTRIBUTIONS	(37.3)	(88.7)	8.7	(12.0)
Realized Gain/(Loss)	358.0	192.2	120.8	65.3
Unrealized Gain/(Loss)	(294.7)	1,032.2	(103.1)	347.9
Change in Net Position	26.0	1,135.7	26.4	401.2
Beginning of Period	8,670.7	7,110.9	2,934.4	2,395.7
End of Period	\$8,696.7	\$8,246.6	\$2,960.8	\$2,796.9

Differences due to rounding.

Insurance Fund Contribution Report

For the nine month period ending March 31, 2022, with Comparative Totals for the nine month period ending March 31, 2021 (\$ in Millions)

**County Employees Retirement System****Nonhazardous****Hazardous**

	FY22	FY21	FY22	FY21
Employer Contributions	\$118.3	\$89.2	\$52.3	\$43.9
Insurance Premiums	9.3	21.1	1.0	2.8
Retired Reemployed Healthcare	3.5	3.6	1.2	1.0
Health Insurance Contributions	11.4	9.7	2.7	2.3
Net Investment Income	31.3	31.3	15.3	15.6
Total Inflows	173.8	154.9	72.5	65.6
Healthcare Premiums	102.0	107.7	66.5	63.7
Administrative Expenses	0.7	0.7	0.4	0.3
Total Outflows	102.7	108.4	66.9	64.0
NET CONTRIBUTIONS	71.1	46.5	5.6	1.6
Realized Gain/(Loss)	126.9	66.9	67.8	35.1
Unrealized Gain/(Loss)	(88.6)	367.4	(42.3)	191.7
Change in Net Position	109.4	480.8	31.1	228.4
Beginning of Period	3,141.8	2,498.0	1,607.8	1,305.1
End of Period	\$3,251.2	\$2,978.8	\$1,638.9	\$1,533.5

Differences due to rounding.

KPPA ADMINISTRATIVE BUDGET FY 2021-2022								
BUDGET-TO-ACTUAL ANALYSIS								
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2022, WITH COMPARATIVE TOTALS FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2021								
Account Name	Budgeted	FY 2022 Expense	Remaining	Percent Remaining	CERS	CHAZ	Total CERS	
					NHZ FY 2022 Expense	FY 2022 Expense	FY 2022 Expense	
PERSONNEL					59.75%	5.29%		
Staff								
Salaries	\$16,900,000	\$11,779,326	\$5,120,674	30.30%	\$7,038,147	\$623,126	\$7,661,274	
Wages (Overtime)	342,000	147,766	194,234	56.79%	88,290	7,817	96,107	
Emp Paid Retirement	14,478,107	9,404,829	5,073,278	35.04%	5,619,385	497,515	6,116,901	
Emp Paid Health Ins	2,500,000	1,876,528	623,472	24.94%	1,121,225	99,268	1,220,494	
Emp Paid Sick Leave	115,650	73,621	42,029	36.34%	43,989	3,895	47,883	
Workers Compensation	77,100	75,163	1,937	2.51%	44,910	3,976	48,886	
Unemployment	3,600	-	3,600	100.00%	-	-	-	
Other Personnel	1,130,250	841,179	289,071	25.58%	502,604	44,498	547,103	
Employee Training	18,400	7,264	11,136	60.52%	4,340	384	4,725	
Bonds	-	81	(81)	-	48	4	53	
Staff Subtotal	35,565,107	24,205,758	11,359,349	31.94%	14,462,940	1,280,485	15,743,424	
LEGAL & AUDITING SERVICES								
Legal Hearing Officers	84,600	52,541	32,059	37.89%	31,393	2,779	34,173	
Legal (Stoll, Keenon)	180,000	78,867	101,133	56.19%	47,123	4,172	51,295	
Frost Brown (Tax Advisor)	173,000	21,397	151,604	87.63%	12,785	1,132	13,917	
Reinhart	24,000	29,878	(5,878)	-24.49%	17,852	1,581	19,433	
Ice Miller	336,000	34,775	301,225	89.65%	20,778	1,840	22,618	
Johnson, Bowman, Branco LLC	150,000	53,008	96,993	64.66%	31,672	2,804	34,476	
Dentons Bingham & Greenebaum	150,000	-	150,000	100.00%	-	-	-	
Legal Expense	12,000	92	11,908	99.23%	55	5	60	
Auditing	118,350	85,655	32,695	27.63%	51,179	4,531	55,710	
Legal & Auditing Subtotal	1,227,950	356,212	356,212	29.01%				
CONSULTING SERVICES								
Medical Reviewers	1,200,000	1,037,696	162,304	13.53%	620,023	54,894	674,917	
Escrow for Actuary Fees	12,000	-	12,000	100.00%	-	-	-	
CONTRACTUAL SERVICES								
Miscellaneous Contracts	22,750	16,179	6,571	28.88%	9,667	856	10,523	
Human Resources Consulting	6,600	5,794	806	12.21%	3,462	307	3,768	
Actuarial Services	700,000	362,868	337,132	48.16%	216,814	19,196	236,009	
Facility Security Charges	112,000	57,162	54,838	48.96%	34,154	3,024	37,178	
PERSONNEL SUBTOTAL	\$38,846,407	\$26,041,670	\$12,804,738	32.96%	\$15,559,898	\$1,377,604	\$16,937,502	
OPERATIONAL								
Natural Gas	\$25,200	\$24,556	\$644	2.56%	\$14,672	\$1,299	\$15,971	
Electric	138,000	82,521	55,479	40.20%	49,306	4,365	53,672	
Rent-NonState Building	52,000	37,982	14,018	26.96%	22,694	2,009	24,703	
Building Rental - PPW	1,100,000	721,573	378,427	34.40%	431,140	38,171	469,311	
Copier Rental	122,587	60,765	61,822	50.43%	36,307	3,214	39,522	
Rental Carpool	4,800	2,911	1,889	39.35%	1,739	154	1,893	
Vehicle/Equip. Mainten.	1,350	249	1,101	81.56%	149	13	162	
Postage	610,000	321,650	288,350	47.27%	192,186	17,015	209,201	
Freight	600	155	445	74.17%	93	8	101	
Printing (State)	6,000	4,548	1,452	24.20%	2,717	241	2,958	
Printing (non-state)	112,500	57,405	55,095	48.97%	34,299	3,037	37,336	
Insurance	6,000	5,422	578	9.63%	3,240	287	3,526	
Garbage Collection	6,000	4,412	1,588	26.47%	2,636	233	2,870	
Conference Expense	18,250	8,657	9,593	52.56%	5,173	458	5,631	
Conference Exp. Investment	6,000	-	6,000	100.00%	-	-	-	
Conference Exp. Audit	1,500	1,700	(200)	(13.33)%	1,016	90	1,106	
MARS Usage	52,800	20,325	32,475	61.51%	12,144	1,075	13,219	
COVID-19 Expenses	168,000	9,733	158,267	94.21%	5,815	515	6,330	
Office Supplies	42,600	67,451	(24,851)	-58.34%	40,302	3,568	43,870	
Furniture & Office Equipment	9,600	300	9,300	96.88%	179	16	195	

KPPA ADMINISTRATIVE BUDGET FY 2021-2022							
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2022, WITH COMPARATIVE TOTALS FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2021							
Account Name	Budgeted	FY 2022 Expense	Remaining	Percent Remaining	CERS		
					NHZ FY 2022 Expense	CHAZ FY 2022 Expense	Total CERS FY 2022 Expense
Travel (In-State)	12,000	4,753	7,247	60.39%	2,840	251	3,091
Travel (In-State) Investment	300	39	261	87.09%	23	2	25
Travel (In-State) Audit	300	-	300	100.00%	-	-	-
Travel (Out of State)	6,000	382	5,618	93.63%	228	20	248
Travel (Out of State) Invest	38,700	-	38,700	100.00%	-	-	-
Travel (Out of State) Audit	450	-	450	100.00%	-	-	-
Dues & Subscriptions	49,000	36,719	12,281	25.06%	21,940	1,942	23,882
Dues & Subscriptions Invest	9,600	12,228	(2,628)	(27.37)%	7,306	647	7,953
Dues & Subscriptions Audit	3,000	265	2,735	91.15%	158	-	158
Miscellaneous	1,200	32,228	(31,028)	(2585.63)%	19,256	1,705	20,961
Miscellaneous Investment	200	-	200	100.00%	-	-	-
Miscellaneous Audit	200	-	200	100.00%	-	-	-
COT Charges	24,000	15,760	8,240	34.33%	9,417	834	10,250
Telephone - Wireless	5,400	4,063	1,337	24.76%	2,428	215	2,643
Telephone - Other	120,000	91,667	28,333	23.61%	54,771	4,849	59,620
Computer Equip./Software	2,640,000	1,788,674	851,326	32.25%	1,068,733	94,621	1,163,354
OPERATIONAL SUBTOTAL	\$5,394,137	\$3,419,093	\$1,975,044	36.61%	\$2,042,908	\$180,856	\$2,223,764
SUBTOTAL	\$44,240,544	\$29,460,762	\$14,779,782	33.41%	\$17,602,806	\$1,558,460	\$19,161,266
Major Legislative Implementation	3,764,956	-	3,764,956	100.00%	-	-	-
TOTALS	\$48,005,500	\$29,460,762	\$18,544,738	38.63%	\$17,602,805	\$1,558,474	\$19,161,280

Differences due to rounding

Fund	Budgeted	FY 2022 Expense	% of Total CERS FY 2022 Expense
CERS Non-Hazardous	\$28,683,286	\$17,602,805	59.75%
CHAZ	\$2,539,491	\$1,558,474	5.29%
TOTAL	\$31,222,777	\$19,161,280	

Fund - Specific Expenses	CERS		Amount
	Hazardous		
FY 2022 Expense	\$17,602,805	\$1,558,474	
CERS Adjustment	-	-	93,623
CERS Actual	-	-	
KERS Adjustment	-	-	79,253
KERS Legal Actual	-	-	
SPRS	-	-	5,413
Subtotal Plan Specific	-	-	-
Total Expenses	\$17,602,805	\$1,558,474	\$178,289



KENTUCKY PUBLIC PENSIONS AUTHORITY

Outstanding Invoices by Type and Employer

Invoice Type	3/31/2022	12/31/2021	Change H/(L)
Averaging Refund to Employer	\$(174,525)	\$(404,226)	-57%
Employer Free Military and Decompression Service	277,801	241,111	15%
Member Pension Spiking Refund	(27,824)	(28,852)	-4%
Monthly Reporting Invoice	226,558	448,761	-50%
Penalty – Monthly Reporting	198,721	263,726	-25%
Reinstatement	177,018	173,602	2%
Actuarially Accrued Liability Contribution	1,140,296	785,053	45%
Total	\$1,818,044	\$1,479,175	
Health Insurance Reimbursement	\$990,679	\$1,425,649	-31%
Omitted Employer	1,525,783	1,666,624	-8%
Employer Pension Spiking*	1,573,962	1,370,393	15%
Standard Sick Leave	9,044,195	8,427,680	7%
Total	\$13,134,620	\$12,890,346	2%
Grand Total	\$14,952,664	\$14,369,521	4%

*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.

Employer Name (Top Ten)	3/31/2022	12/31/2021	Change H/(L)
Kentucky State Police	\$8,732,481	\$7,719,865	13%
Kentucky River Community Care	1,087,076	724,328	50%
Kentucky River Regional Jail	893,893	979,925	-9%
City of Covington	382,559	378,930	1%
Kenton County Airport Board	352,292	330,008	7%
City of Fort Thomas	232,927	228,635	2%
Livingston County Fiscal Court	228,567	161,058	42%
Dept for Behavioral Health Dev Intellectual Dis	210,581	35,072	500%
TARC - Transit Authority River City	210,266	213,106	-1%
Henry County Fiscal Court	\$206,696	\$206,389	0%

	Total Unpaid Balance	Number of Invoices
CERS	\$2,094,722	1,479
CERH	\$1,701,786	238
KERS	\$3,092,085	959
KERH	\$690,832	70
SPRS	\$7,221,313	157
Grand Total:	\$14,800,738.29	2,903

	Total Unpaid Balance	Number of Invoices
CERS/CERH	\$3,796,508	1,717
KERS/KERH	\$3,782,917	1,029
SPRS	\$7,221,313	157
Grand Total:	\$14,800,738	2,903



County Employees Retirement System
Penalty Invoices Report
 From: 1/1/2022 To: 3/31/2022
 Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$10,295	\$-	3/15/2022	1/15/2014	CANC	Urban Government Agencies	Agency in good standing with KPPA.
10,308	-	3/15/2022	2/22/2014	CANC	Urban Government Agencies	Agency in good standing with KPPA.
10,123	-	3/15/2022	10/16/2014	CANC	Urban Government Agencies	Agency in good standing with KPPA.
1,000	-	1/3/2022	10/15/2015	CANC	Ambulance Services	Agency dissolved.
1,000	-	1/3/2022	11/25/2015	CANC	Ambulance Services	Agency dissolved.
1,000	-	3/23/2022	1/10/2016	CANC	Conservation Districts	Agency had no active employees.
1,000	-	3/23/2022	2/6/2016	CANC	Conservation Districts	Agency had no active employees.
1,000	-	3/23/2022	2/6/2016	CANC	Conservation Districts	Agency had no active employees.
1,000	-	3/16/2022	3/7/2018	CANC	Fiscal Courts	New employer reporting official.
1,000	-	3/16/2022	3/7/2018	CANC	Fiscal Courts	New employer reporting official.
1,000	-	2/28/2022	7/24/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	8/9/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	8/9/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	8/9/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	8/9/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	8/9/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	8/22/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	10/21/2020	CANC	Cities	New employer reporting official.
1,000	-	2/28/2022	10/21/2020	CANC	Cities	New employer reporting official.
1,000	-	3/17/2022	10/31/2020	CANC	Cities	New employer reporting official.
1,000	-	2/23/2022	6/2/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/23/2022	6/2/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/28/2022	6/19/2021	CANC	Cities	New employer reporting official.
1,000	-	2/23/2022	8/5/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/23/2022	12/4/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/23/2022	12/15/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/23/2022	12/15/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/23/2022	12/18/2021	CANC	Conservation Districts	New employer reporting official.
1,000	-	2/23/2022	1/8/2022	CANC	Conservation Districts	New employer reporting official.
1,000	-	1/10/2022	1/15/2022	CANC	Libraries	New employer reporting official.
1,000	-	2/15/2022	2/4/2022	CANC	Cities	Agency in good standing with KPPA.
3,834	-	3/15/2022	2/6/2022	CANC	Cities	Agency in good standing with KPPA.
1,000	-	1/20/2022	2/18/2022	CANC	Tourist Commissions	Agency in good standing with KPPA.
2,246	-	3/15/2022	2/27/2022	CANC	Cities	Agency in good standing with KPPA.
1,000	-	3/16/2022	9/20/2012	CANC	Fiscal Courts	New employer reporting official.
Total	\$65,806					
\$1,000	\$-	1/11/2022	2/10/2022	CRTD	Sanitation Districts	
1,000	-	1/19/2022	2/18/2022	CRTD	Fiscal Courts	



County Employees Retirement System
Penalty Invoices Report
 From: 1/1/2022 To: 3/31/2022

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
1,000	-	2/1/2022	3/3/2022	CRTD	County Attorneys	
1,000	-	2/10/2022	3/12/2022	CRTD	Libraries	
1,000	-	2/16/2022	3/18/2022	CRTD	Cities	
1,000	-	2/25/2022	3/27/2022	CRTD	Cities	
1,000	-	3/3/2022	4/2/2022	CRTD	Cities	
1,000	-	3/3/2022	4/2/2022	CRTD	Cities	
1,000	-	3/8/2022	4/7/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/9/2022	4/8/2022	CRTD	County Attorneys	
1,000	-	3/28/2022	4/27/2022	CRTD	Cities	
1,000	-	3/29/2022	4/28/2022	CRTD	County Attorneys	
1,000	-	3/29/2022	4/28/2022	CRTD	County Attorneys	
1,000	-	3/29/2022	4/28/2022	CRTD	County Attorneys	
1,000	-	3/29/2022	4/28/2022	CRTD	County Attorneys	
1,000	-	3/29/2022	4/28/2022	CRTD	County Attorneys	
Total	\$23,000					
\$1,000	\$-	3/8/2022	3/25/2016	PAID	Utility Boards	
1,000	-	2/14/2022	3/30/2017	PAID	Cities	
1,000	-	1/20/2022	7/24/2020	PAID	Cities	
1,000	-	1/20/2022	7/24/2020	PAID	Cities	
1,000	-	2/23/2022	1/14/2021	PAID	Conservation Districts	
1,000	-	1/11/2022	2/24/2021	PAID	Sanitation Districts	
1,000	-	2/25/2022	9/25/2021	PAID	Boards of Education	
1,000	-	2/15/2022	11/4/2021	PAID	Libraries	
1,000	-	3/10/2022	11/11/2021	PAID	Utility Boards	
1,000	-	2/8/2022	11/17/2021	PAID	Boards of Education	
2,424	-	1/10/2022	12/23/2021	PAID	Boards of Education	
1,000	-	1/11/2022	12/30/2021	PAID	Libraries	
1,000	-	3/10/2022	1/9/2022	PAID	Utility Boards	
2,280	-	3/10/2022	1/21/2022	PAID	Boards of Education	
1,000	-	3/1/2022	1/27/2022	PAID	County Attorneys	



County Employees Retirement System
Penalty Invoices Report
 From: 1/1/2022 To: 3/31/2022

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
2,610	-	2/25/2022	2/9/2022	PAID	Boards of Education	
1,000	-	3/10/2022	2/9/2022	PAID	Utility Boards	
1,155	-	3/4/2022	2/20/2022	PAID	Community Action Agencies	
1,327	-	2/10/2022	2/25/2022	PAID	Community Action Agencies	
1,000	-	2/10/2022	3/1/2022	PAID	Cities	
1,000	-	2/9/2022	3/9/2022	PAID	Cities	
1,000	-	2/15/2022	3/12/2022	PAID	Libraries	
1,000	-	2/15/2022	3/16/2022	PAID	Libraries	
1,000	-	2/18/2022	3/19/2022	PAID	Libraries	
1,000	-	2/22/2022	3/20/2022	PAID	Libraries	
1,000	-	2/24/2022	3/24/2022	PAID	Libraries	
1,000	-	3/14/2022	3/25/2022	PAID	Cities	
1,000	-	2/25/2022	3/26/2022	PAID	Libraries	
1,000	-	2/28/2022	3/27/2022	PAID	Libraries	
1,000	-	2/28/2022	3/27/2022	PAID	Libraries	
1,000	-	3/2/2022	3/31/2022	PAID	County Attorneys	
1,000	-	3/2/2022	3/31/2022	PAID	County Attorneys	
1,000	-	3/10/2022	4/3/2022	PAID	Community Action Agencies	
1,000	-	3/9/2022	4/6/2022	PAID	Libraries	
Total	\$38,796					

Notes:
Invoice Status:
 CANC - Cancelled
 PAID - Paid



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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To: CERS Finance Committee

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

Date: June 2, 2022

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 Nicholasville	Deputy Fire Operations Chief	7/1/2022
City of Russell	School Resource Officer	1/1/2022
Adair County Fiscal Court	Emergency Management Director	9/1/2021
City of Munfordville	Police Officer Patrolman	9/1/2021
Boone County Fiscal Court	Deputy Director	6/1/2022

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.



Finance: Strategic Objectives – 3 Years

Strategic Mission: To collaborate with Kentucky Retirement Systems to develop an effective financial management framework for all Trust assets to be implemented by KPPA.

Goal #1: Adopt an Administrative Cost Allocation plan to establish policy for accounting entry allocations to specific plans.

- 1) **Measure:** Continue and enhance the work of the Joint Work Group to recommend to the CERS and KRS Boards the appropriate cost allocations for the administrative budget. Leading to those recommendations being adopted by the KPPA Board.

Target: Third quarter 2022

- 2) **Measure:** Continue the work of the Joint Work Group to establish policies and procedures to be utilized for expenses paid directly from the Trust.

Target: Fourth quarter 2022

Goal #2: Establish a framework for administrative budget development and Board approval prior to submission to Governor’s State Budget Director.

- 1) **Measure:** CERS Finance Committee reviews the administrative budget submission prior to ratification by the CERS Board and the KPPA Board.

Target: Third quarter 2023

- 2) **Measure:** Determine how 45A contracts will be incorporated into the administrative budget process.

Target: Third quarter 2023