



**County Employees Retirement System
Finance Committee - Regular Meeting
May 30, 2023 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 20, 2023 | Bill O'Mara |
| 6. Fiscal Year Financial Reports | Mike Lamb |
| a. Fiscal Year Financial Spreadsheet | Connie Davis |
| b. Administrative Expense to Budget | |
| c. Contribution Report | |
| d. Outstanding Invoice Report | |
| e. Penalty Waiver Report | |
| 7. Hazardous Duty Requests and Agency Participation* | D'Juan Surratt |
| 8. Adjourn | Bill O'Mara |

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

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM
FINANCE COMMITTEE MEETING
FEBRUARY 20, 2023, AT 2:00 P.M., E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the meeting of the County Employees Retirement System Finance Committee held on February 20, 2023, the following members were present: William O’Mara (Chair), George Cheatham, and Jim Tony Fulkerson. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Steve Willer, Ann Case, Jared Crawford, Michael Lamb, Connie Davis, Elizabeth Smith, D’Juan Surratt, Ashley Gabbard, Phillip Cook, Katie Park, and Sherry Rankin. Others present included CERS CEO Ed Owens, III, and KRS CEO John Chilton.

Mr. O’Mara called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

There being no *Public Comment*, Mr. O’Mara introduced agenda item ***Approval of Minutes – November 30, 2022*** (Video 00:06:14 to 00:06:43). A motion was made by Mr. Fulkerson and seconded by Mr. Cheatham to approve the minutes as presented. The motion passed unanimously.

Mr. O’Mara introduced agenda item ***Fiscal Year Financial Reports*** (Video 00:06:15 to 00:39:00). Mr. Mike Lamb, Chief Financial Officer, reviewed the Combining Statement of Fiduciary Net Position of the Pension Funds as of December 31, 2022. Next, Mr. Lamb briefly reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds for the six-month period ending December 31, 2022, Combining Statement of Fiduciary Net Position of Insurance Funds as of December 31, 2022, and the Combining Statement of Changes in Fiduciary Net Position of Insurance Funds for the six-month period ending December 31, 2022, with the CERS Finance Committee. Mr. Lamb went on to present the CERS Pension and Insurance Funds Contribution Reports for six-month period ending December 31, 2022. Lastly, he briefly presented the KPPA Administrative Budget FY 2022-2023 for the six-month period ending December 31, 2022, CERS Outstanding Invoices by Type and Employer, and Penalty Invoices Report.

There was brief discussion regarding increases in Medical Reviewers and Legal Hearing Officers. Mr. Cheatham requested additional data regarding Legal Hearing Officer expenses. The charging of interest on outstanding invoices was also a subject of discussion. Mr. Cheatham asked that research on the ability to charge interest on outstanding invoices and who can or cannot be charged interest be conducted. Ms. Adkins and Mr. Lamb stated that they would present their findings to the CERS Finance Committee at a future meeting.

Mr. O'Mara introduced agenda item ***Hazardous Duty Requests*** (Video 00:39:01 to 00:40:35). Mr. D'Juan Surratt presented several positions requesting Hazardous Duty coverage. He stated that KPPA has reviewed the positions and determined that they meet the statutory guidelines for Hazardous Duty coverage. 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*** (Video 00:40:36 to 01:11:59). Mr. O'Mara stated that this was the first year that the Investment Expenses were presented quarterly to the CERS Finance Committee. Mr. Willer was not present, therefore, Ms. Ann Case answered various formatting questions asked by Trustees. Mr. Willer entered the meeting and answered questions posed by Mr. Cheatham regarding the use of BNY Mellon and changes in fees. Mr. Willer advised that these fees fluctuate as charges are based on market values and the number of accounts held. Further, a Request for Information (RFI) or Request for Proposal (RFP) may be issued to 'shop' for other custodians, said Mr. Willer. Additional discussion was had regarding items included in Miscellaneous Fees and Expenses within the Specialty Credit Fixed Income. It was requested that the Office of Investments provide a breakdown of the asset class to the CERS Finance Committee. Mr. O'Mara thanked Ms. Case and Mr. Willer for their detailed presentation.

There being no further business, a motion was made by Mr. Fulkerson and seconded by Mr. Cheatham 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 20, 2023, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the 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 20, 2023, were approved on May 30, 2023.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the February 20, 2023, 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, 2023, with Comparative Totals as of March 31, 2022 (\$ in Thousands) (Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$1,137	\$121	\$1,258	\$379	231.58%	1
Short-term Investments	229,862	96,223	326,086	800,889	(59.28)%	2
Total Cash and Short-term Investments	230,999	96,345	327,344	801,269	(59.15)%	
RECEIVABLES						
Accounts Receivable	66,223	22,912	89,135	76,577	16.40%	3
Accounts Receivable - Investments	54,853	19,565	74,419	108,591	(31.47)%	4
Total Receivables	121,077	42,477	163,554	185,167	(11.67)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	813,224	302,469	1,115,693	1,296,824	(13.97)%	5
Public Equities	4,184,544	1,432,065	5,616,609	5,350,842	4.97%	
Private Equities	681,432	227,671	909,102	1,010,550	(10.04)%	6
Specialty Credit	1,739,345	597,784	2,337,129	2,265,382	3.17%	
Derivatives	986	360	1,346	(3,927)	(134.28)%	7
Real Return	262,663	87,071	349,734	330,286	5.89%	
Real Estate	519,206	165,278	684,484	624,817	9.55%	
Total Investments, at Fair Value	8,201,400	2,812,697	11,014,097	10,874,774	1.28%	
Securities Lending Collateral Invested	198,614	68,437	267,051	336,039	(20.53)%	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	(9,931)	(826)	(10,757)	(10,571)	1.76%	
Total Capital Assets	30	1	31	217	(85.71)%	
Total Assets	8,752,120	3,019,956	11,772,077	12,197,467	(3.49)%	
LIABILITIES						
Accounts Payable	4,855	803	5,658	4,195	34.87%	9
Investment Accounts Payable	53,931	19,182	73,113	199,820	(63.41)%	10
Securities Lending Collateral	198,614	68,437	267,051	336,039	(20.53)%	11
Total Liabilities	257,399	88,422	345,821	540,054	(35.97)%	
Total Fiduciary Net Position Restricted for Pension Benefits	\$8,494,721	\$2,931,534	\$11,426,255	\$11,657,413	(1.98)%	

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

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.
- 3) The increase in Accounts Receivable is due to the ERCON Pension/Insurance split correction.
- 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 and a decline in market value of the assets.
- 4) The decline in private equity is a result of unrealized losses and distributions.
- 7) 5) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 8) The variance is a result of the demand of the Securities Lending Program.
- 9) The variance in Accounts Payable is due to an Increase in outstanding employer credit invoices.
- 10) The variance in Investment Accounts Payable is due to pending trades.
- 11) The variance is a result of the demand of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the nine month period ending March 31, 2023, with Comparative Totals for the nine month period ending March 31, 2022 (\$ in Thousands) (Unaudited)

	CERS		Total	FY 2022	Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023			
ADDITIONS						
Member Contributions	\$142,280	\$54,856	\$197,137	\$186,986	5.43%	
Employer Contributions	461,766	199,583	661,350	562,511	17.57%	1
Actuarially Accrued Liability Contributions (AALC)	-	-	-	-		
Pension Spiking Contributions	36	150	186	78	138.10%	2
Health Insurance Contributions (HB1)	(18)	(20)	(38)	-	(100.00)%	3
Employer Cessation Contributions	-	-	-	-		
Total Contributions	604,064	254,570	858,635	749,576	14.55%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments						
	398,006	137,055	535,061	81,022	560.39%	4
Interest/Dividends	170,462	59,311	229,772	237,225	(3.14)%	
Total Investing Activities Income	568,468	196,366	764,833	318,247		
Less: Investment Expense	36,153	12,096	48,249	43,422	11.12%	5
Less: Performance Fees	1,295	206	1,501	65,626	(97.71)%	6
Net Income from Investing Activities	531,020	184,064	715,084	209,199		
From Securities Lending Activities						
Securities Lending Income	6,223	2,173	8,396	552		
Less: Securities Lending Borrower Rebates (Income)/Expense	5,441	1,900	7,340	(723)		
Less: Securities Lending Agent Fees	117	41	158	191		
Net Income from Securities Lending	665	233	898	1,084	(17.20)%	7
Net Investment Income	531,685	184,296	715,981	210,283	240.48%	
Total Additions	1,135,749	438,867	1,574,616	959,859	64.05%	
DEDUCTIONS						
Benefit Payments	667,835	238,504	906,339	870,163	4.16%	
Refunds	18,054	4,217	22,271	18,853	18.13%	8
Administrative Expenses	17,485	1,539	19,024	18,518	2.73%	
Total Deductions	703,374	244,260	947,634	907,535	4.42%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits						
	432,375	194,606	626,982	52,324		
Total Fiduciary Net Position Restricted for Pension Benefits						
Beginning of Period	8,062,346	2,736,928	10,799,273	11,605,088	(6.94)%	
End of Period	\$8,494,721	\$2,931,534	\$11,426,255	\$11,657,413	(1.98)%	

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) Pension Spiking contributions increased due to an increase in CERS Hazardous.
- 3) Health Insurance Contributions continue to fluctuate in the Pension accounts due to Tier 2 and Tier 3 retiree health insurance system costs as well as corrections being processed to previous fiscal years.
- 4) The increase in Net Appreciation in Fair Value of Investments is the result of unrealized gains in public equity.
- 5) The increase in Investment Expense is primarily the result of increased management fees and partnership expenses for Specialty Credit.
- 6) The decrease in performance fees is the result in less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit.
- 7) The variance is a result of the demand of the Securities Lending Program.
- 8) The increase in Refunds was due to an increase in refunds taken by CERS members who terminated employment and were not eligible for a retirement benefit.



Combining Statement of Fiduciary Net Position - Insurance Funds

As of March 31, 2023, with Comparative Totals as of March 31, 2022 (\$ in Thousands) (Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$531	\$10	\$541	\$126	330.28%	1
Short-term Investments	81,259	31,774	113,032	389,268	(70.96)%	2
Total Cash and Short-term Investments	81,790	31,784	113,574	389,393	(70.83)%	
RECEIVABLES						
Accounts Receivable	11,731	3,541	15,272	21,026	(27.37)%	3
Investment Accounts Receivable	23,823	10,297	34,121	46,576	(26.74)%	4
Total Receivables	35,554	13,838	49,393	67,602	(26.94)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	322,291	145,930	468,221	537,716	(12.92)%	5
Public Equities	1,577,082	769,964	2,347,046	2,197,400	6.81%	
Private Equities	267,458	150,445	417,903	457,649	(8.68)%	
Specialty Credit	656,811	326,856	983,667	961,661	2.29%	
Derivatives	398	184	582	(1,555)	(137.43)%	6
Real Return	79,171	42,379	121,550	114,648	6.02%	
Real Estate	179,983	98,669	278,653	253,289	10.01%	7
Total Investments, at Fair Value	3,083,194	1,534,428	4,617,622	4,520,808	2.14%	
Securities Lending Collateral Invested	48,831	24,067	72,898	103,754	(29.74)%	8
Total Assets	3,249,369	1,604,117	4,853,486	5,081,558	(4.49)%	
LIABILITIES						
Accounts Payable	156	15	171	182	(6.32)%	
Investment Accounts Payable	19,692	8,972	28,663	87,518	(67.25)%	9
Securities Lending Collateral	48,831	24,067	72,898	103,754	(29.74)%	10
Total Liabilities	68,678	33,053	101,732	191,455	(46.86)%	
Total Fiduciary Net Position Restricted for OPEB	\$3,180,690	\$1,571,064	\$4,751,754	\$4,890,103	(2.83)%	

NOTE - Variance Explanation Differences due to rounding

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.
- 3) The decrease in Accounts Receivable is due to a decrease in the member/employer month-end accrual due to the decreased insurance transfer rate.
- 4) The variance in Investment Accounts Receivable is the result of pending trades.
- 5) The decrease in Core Fixed Income is due to a rebalance of the portfolio as a result of the revised IPS and a decline in market value of the assets due to the unfavorable market conditions.
- 6) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 7) The increase in Real Estate is due to additional funding of current managers.
- 8) The variance is a result of the demands of the Securities Lending Program.
- 9) The variance in Investment Accounts Payable is due to pending trades.
- 10) The variance is a result of the demands of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Insurance Funds

For the nine month period ending March 31, 2023, with Comparative Totals for the nine month period ending March 31, 2022 (\$ In Thousands) (Unaudited)

	CERS		TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	FY 2023	FY 2022		
ADDITIONS						
Employer Contributions	\$72,337	\$34,077	\$106,415	\$170,614	(37.63)%	1
Actuarially Accrued Liability Contributions (AALC)	-	-	-	-		
Medicare Drug Reimbursement	-	-	-	1	(100.00)%	2
Insurance Premiums	286	(370)	(84)	139	(160.32)%	3
Humana Gain Share Payment	5,951	914	6,864	10,171	(32.51)%	4
Retired Re-employed Healthcare	3,599	1,178	4,778	4,711	1.41%	
Health Insurance Contributions (HB1)	12,600	2,952	15,552	14,091	10.37%	5
Employer Cessation Contributions	-	-	-	-		
Total Contributions	94,774	38,751	133,525	199,727	(33.15)%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments	151,759	72,760	224,519	63,794	251.95%	6
Interest/Dividends	67,411	33,016	100,428	94,352	6.44%	
Total Investing Activities Income	219,170	105,776	324,946	158,146		
Less: Investment Expense	13,400	7,041	20,442	17,225	18.67%	7
Less: Performance Fees	65	(62)	3	30,940	(99.99)%	8
Net Income from Investing Activities	205,705	98,796	304,501	109,980		
From Securities Lending Activities						
Securities Lending Income	1,949	938	2,887	217		
Less: Securities Lending Borrower Rebates (Income)/Expense	1,686	810	2,496	(257)		
Less: Securities Lending Agent Fees	40	19	59	71		
Net Income from Securities Lending	224	108	332	403	(17.54)%	9
Net Investment Income	205,929	98,904	304,833	110,383	176.16%	
Total Additions	300,703	137,656	438,358	310,110	41.36%	
DEDUCTIONS						
Healthcare Premiums Subsidies	98,092	70,049	168,141	165,765	1.43%	
Administrative Expenses	707	391	1,098	1,079	1.81%	
Self-Funded Healthcare Costs	2,437	129	2,566	2,754	(6.82)%	
Excise Tax Insurance	-	-	-	6	(100.00)%	10
Total Deductions	101,237	70,569	171,806	169,604	1.30%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	199,466	67,087	266,552	140,506		
Total Fiduciary Net Position Restricted for OPEB						
Beginning of Period	2,981,224	1,503,977	4,485,201	4,749,597	(5.57)%	
End of Period	\$3,180,690	\$1,571,064	\$4,751,754	\$4,890,103	(2.83)%	

NOTE - Variance Explanation Differences due to rounding

- 1) Employer Contributions decreased due to a decrease in the employer insurance rate as well as the CERS/CERH correction.
- 2) Medicare Drug Reimbursement payments fluctuate year to year based on claims received.
- 3) Health Insurance Premiums decreased due to refunds processed to hazardous retirees for premiums paid for dependents that should have been covered by KPPA.
- 4) The Humana Gain Share payment will fluctuate year to year based on claims paid.
- 5) Health Insurance Contributions will continue to rise as Tier 2 and Tier 3 members increase.
- 6) The increase in Net Appreciation in Fair Value of Investments is the result of unrealized gains in public equity.
- 7) The increase in Investment Expense is primarily the result of increased management fees and partnership expenses for Specialty Credit.
- 8) The decrease in performance fees is the result in less than favorable market conditions causing returns to drop, impacting those fees directly related to performance most notably Private Equity, Real Estate and Specialty Credit.
- 9) The variance is a result of the demand of the Securities Lending Program.
- 10) The Excise Tax will fluctuate based on the timing of the posting of the payment.

Pension Funds Contribution Report

For the nine month period ending March 31, 2023, with Comparative Totals for the nine month period ending March 31, 2022 (\$ in Millions)



County Employees Retirement System

	Nonhazardous		Hazardous	
	FY23	FY22	FY23	FY22
Member Contributions	\$142.3	\$135.4	\$54.9	\$51.6
Employer Contributions	461.8	405.4	199.7	157.1
Net Investment Income	133.7	95.2	47.2	34.1
Total Inflows	737.8	636.0	301.8	242.8
Benefit Payments/Refunds	685.9	656.4	242.7	232.6
Administrative Expenses	17.5	17.0	1.5	1.5
Total Outflows	703.4	673.4	244.2	234.1
NET Contributions	34.4	(37.4)	57.6	8.7
Realized Gain/(Loss)	(25.1)	358.0	(10.3)	120.8
Unrealized Gain/(Loss)	423.1	(294.7)	147.3	(103.1)
Change in Net Position	432.4	25.9	194.6	26.4
Beginning of Period	8,062.3	8,670.7	2,736.9	2,934.4
End of Period	\$8,494.7	\$8,696.6	\$2,931.5	\$2,960.8

Differences due to rounding.

Net Contributions*	(\$99.3)	(\$132.6)	\$10.4	(\$25.4)
Cash Flow as % of Assets	(1.17)%	(1.52)%	0.35%	(0.86)%
Net Investment Income	\$133.7	\$95.2	\$47.2	\$34.1
Yield as % of Assets	1.57%	1.09%	1.61%	1.15%

**Net Contributions are less Net Investment Income.*

Insurance Fund Contribution Report

For the nine month period ending March 31, 2023, with Comparative Totals for the nine month period ending March 31, 2022 (\$ in Millions)



County Employees Retirement System

	Nonhazardous		Hazardous	
	FY23	FY22	FY23	FY22
Employer Contributions	\$72.3	\$118.3	\$34.1	\$52.3
Insurance Premiums	0.3	0.4	(0.4)	(0.3)
Humana Gain Share	5.9	8.9	0.9	1.3
Retired Reemployed Healthcare	3.6	3.5	1.2	1.2
Health Insurance Contributions	12.6	11.4	3.0	2.7
Net Investment Income	54.2	31.3	26.1	15.3
Total Inflows	148.9	173.8	64.9	72.5
Healthcare Premiums	100.5	102.0	70.2	66.5
Administrative Expenses	0.7	0.7	0.4	0.4
Total Outflows	101.2	102.7	70.6	66.9
NET Contributions	47.7	71.1	(5.7)	5.6
Realized Gain/(Loss)	(10.2)	126.9	(3.9)	67.8
Unrealized Gain/(Loss)	161.9	(88.6)	76.7	(42.3)
Change in Net Position	199.4	109.4	67.1	31.1
Beginning of Period	2,981.2	3,141.8	1,504.0	1,607.8
End of Period	\$3,180.6	\$3,251.2	\$1,571.1	\$1,638.9

Differences due to rounding.

Net Contributions*	\$(6.5)	\$39.9	\$(31.8)	\$(9.7)
Cash Flow as % of Assets	(0.20)%	1.23%	(2.03)%	(0.59)%
Net Investment Income	\$54.2	\$31.3	\$26.1	\$15.3
Yield as % of Assets	1.70%	0.96%	1.66%	0.94%

*Net Contributions are less Net Investment Income.

KPPA ADMINISTRATIVE BUDGET FY 2022-2023						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE NINE MONTH PERIOD ENDING MACH 31, 2023, WITH COMPARATIVE TOTALS FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2022						
Account Name	Budgeted	FY 2023 Expense	Remaining	Percent Remaining	FY 2022 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$17,000,000	\$12,181,863	\$4,818,137	28.34%	\$11,779,326	3.42%
Wages (Overtime)	285,000	161,741	123,259	43.25%	147,766	9.46%
Emp Paid Retirement	14,865,100	9,300,601	5,564,499	37.43%	9,404,829	(1.11)%
Emp Paid Health Ins	2,700,000	1,757,627	942,373	34.90%	1,876,528	(6.34)%
Emp Paid Sick Leave	115,000	213,594	(98,594)	(85.73)%	73,621	190.13%
Adoption Assistance Benefit	8,000	-	8,000	100.00%	-	0.00%
Workers Compensation	75,000	11,116	63,884	85.18%	75,163	(85.21)%
Unemployment	8,000	8,009	(9)	(0.11)%	-	100.00%
Other Personnel	1,273,448	896,204	377,244	29.62%	841,179	6.54%
Employee Training	18,000	8,041	9,959	55.33%	7,264	10.70%
Bonds	-	-	-	0.00%	81	(100.00)%
Staff Subtotal	36,347,548	24,538,797	11,808,751	32.49%	24,205,757	1.38%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	100,000	129,545	(29,545)	(29.55)%	52,541	146.56%
Legal (Stoll, Keenon)	150,000	51,775	98,225	65.48%	78,867	(34.35)%
Frost Brown (Tax Advisor)	80,000	113,219	(33,219)	(41.52)%	21,397	429.13%
Reinhart	25,000	276	24,724	98.90%	-	0.00%
Ice Miller	300,000	91,866	208,134	69.38%	34,775	164.17%
Johnson, Bowman, Branco LLC	150,000	76,195	73,805	49.20%	53,008	43.74%
Dentons Bingham & Greenebaum	150,000	34,136	115,864	77.24%	-	100.00%
Legal Expense	25,000	23	24,977	99.91%	92	(75.00)%
Auditing	200,000	100,479	99,521	49.76%	85,655	17.31%
Total Legal & Auditing Services	1,180,000	597,515	582,485	49.36%	326,335	83.10%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	660,075	1,139,925	63.33%	1,037,696	(36.39)%
Escrow for Actuary Fees	-	(28,866)	28,866	0.00%	-	(100.00)%
Total Consulting Services	1,800,000	631,209	1,168,791	64.93%	1,037,696	(39.17)%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	100,000	19,295	80,705	80.70%	16,179	19.26%
Human Resources Consulting	8,000	-	8,000	100.00%	5,794	(100.00)%
Actuarial Services	500,000	252,280	247,720	49.54%	362,868	(30.48)%
Facility Security Charges	80,000	28,003	51,997	65.00%	57,162	(51.01)%
Tuition Assistance	8,000	-	8,000	100.00%	-	0.00%
Contractual Subtotal	696,000	299,578	396,422	56.96%	442,003	(32.22)%
PERSONNEL SUBTOTAL	\$40,023,548	\$26,067,098	\$13,956,450	34.87%	\$26,041,669	0.10%
OPERATIONAL						
Natural Gas	35,000	28,796	6,204	17.73%	24,556	17.27%
Electric	125,000	85,321	39,679	31.74%	82,521	3.39%
Rent-Non State Building	56,000	37,982	18,018	32.18%	37,982	0.00%
Building Rental - PPW	1,000,000	721,573	278,427	27.84%	721,573	0.00%
Copier Rental	67,000	62,939	4,061	6.06%	60,765	3.58%
Rental Carpool	5,500	3,174	2,326	42.29%	2,911	9.03%
Vehicle/Equip. Maint.	1,000	-	1,000	100.00%	249	(100.00)%
Postage	420,000	293,304	126,696	30.17%	321,650	(8.81)%
Freight	200	41	159	79.28%	155	(73.55)%
Printing (State)	12,000	995	11,005	91.71%	4,548	(78.12)%
Printing (non-state)	105,000	50,640	54,360	51.77%	57,405	(11.78)%
Insurance	12,000	5,572	6,428	53.57%	5,422	2.77%
Garbage Collection	6,000	4,512	1,488	24.79%	4,412	2.27%
Conference Expense	35,000	10,868	24,132	68.95%	8,657	25.54%
Conference Exp. Investment	-	64	(64)	0.00%	-	100.00%
Conference Exp. Audit	2,000	714	1,286	64.30%	-	100.00%
MARS Usage	50,000	20,325	29,675	59.35%	20,325	0.00%

KPPA ADMINISTRATIVE BUDGET 2022-23						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2023, WITH COMPARATIVE TOTALS FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2022						
Account Name	Budgeted	FY 2023 Expense	Remaining	Percent Remaining	FY 2022 Expense	Percent Difference
COVID-19 Expenses	12,000	2,421	9,579	79.83%	9,733	(75.13)%
Office Supplies	75,000	71,446	3,554	4.74%	67,451	5.92%
Furniture & Office Equipment	20,000	204	19,796	98.98%	300	100.00%
Travel (In-State)	15,000	10,264	4,736	31.57%	4,792	114.19%
Travel (In-State) Investment	1,000	41	959	95.94%	39	0.00%
Travel (In-State) Audit	500	-	500	100.00%	-	0.00%
Travel (Out of State)	75,000	21,542	53,458	71.28%	382	5,539.27%
Travel (Out of State) Investment	100,000	10,578	89,422	89.42%	-	100.00%
Travel (Out of State) Audit	500	1,077	(577)	(115.40)%	-	100.00%
Dues & Subscriptions	70,000	49,607	20,393	29.13%	36,719	35.10%
Dues & Subscriptions Invest	17,000	11,542	5,458	32.11%	12,228	(5.61)%
Dues & Subscriptions Audit	1,500	400	1,100	73.33%	265	50.94%
Miscellaneous	70,000	43,344	26,656	38.08%	32,591	32.99%
Miscellaneous Investment	-	-	-	0.00%	-	0.00%
Miscellaneous Audit	200	-	200	100.00%	-	0.00%
COT Charges	25,000	14,435	10,565	42.26%	15,760	(8.41)%
Telephone - Wireless	7,000	5,143	1,857	26.53%	4,063	26.58%
Telephone - Other	150,000	74,975	75,025	50.02%	91,667	(18.21)%
Telephone - Video Conference	-	4,836	(4,836)	0.00%	-	100.00%
Computer Equip./Software	3,500,000	1,609,836	1,890,164	54.00%	1,788,674	(10.00)%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	3,000	24,407	(21,407)	(713.56)%	-	100.00%
OPERATIONAL SUBTOTAL	\$6,074,400	\$3,282,918	\$2,791,482	45.95%	\$3,419,455	(3.99)%
SUB-TOTAL	\$46,097,948	\$29,350,017	\$16,747,931	36.33%	\$29,461,124	(0.38)%
Reserve	4,086,552	-	4,086,552	100.00%	-	0.00%
TOTAL	\$50,184,500	\$29,350,017	\$20,834,483	41.52%	\$29,461,125	(0.38)%

Differences due to rounding

Plan	Budgeted	FY 2023 Expense	% of Total KPPA FY 2023 Expense
CERS Nonhazardous	\$28,896,235	\$16,899,740	57.58%
CERS Hazardous	2,559,410	1,496,851	5.10%
KERS Nonhazardous	16,543,320	9,675,233	32.965%
KERS Hazardous	1,824,207	1,066,873	3.635%
SPRS	361,328	211,320	0.720%
TOTAL	\$50,184,500	\$29,350,017	

**JP MORGAN CHASE CREDIT EARNINGS AND FEES
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2023**

	Earnings	Fees	Net Earnings
June-22	\$5,289	\$(5,906)	\$(616)
July-22	8,921	(5,814)	3,107
August-22	17,621	(6,185)	11,436
September-22	17,026	(6,033)	10,993
October-22	24,574	(6,031)	18,543
November-22	59,589	(5,070)	54,519
December-22	10,556	(6,884)	3,673
January-23	10,331	(6,550)	3,781
February-23	1,707	(6,524)	(4,817)
March-23	2,825	(6,510)	(3,685)
Total	\$143,576	\$(41,922)	\$101,654

**JP MORGAN CHASE HARD INTEREST EARNED
FOR THE NINE MONTH PERIOD ENDING MARCH 31, 2023**

	Clearing Account	CERS	KERS	Total
February-23	\$20,504	\$5,149	\$3,415	\$29,068
March-23	15,428	6,688	4,505	\$26,621
Total	\$35,931	\$11,837	\$7,920	\$55,689



CERS Outstanding Invoices by Type and Employer

Invoice Type	3/31/2023	12/31/2022	Change H/(L)
Averaging Refund to Employer	\$(373,896)	\$(255,232)	46%
Employer Free Military and Decompression Service	70,027	70,027	0%
Member Pension Spiking Refund	(16,723)	(18,164)	(8)%
Monthly Reporting Invoice	193,094	12,377	1,460%
Penalty – Monthly Reporting	206,615	204,302	1%
Reinstatement	171,358	171,358	0%
Other Invoices**	9,702	6,407	51%
Total	260,176	191,075	
Health Insurance Reimbursement	442,801	532,665	(17)%
Omitted Employer	1,298,207	1,261,512	3%
Employer Pension Spiking*	1,350,819	1,373,411	(2)%
Standard Sick Leave	215,408	288,320	(25)%
Total	3,307,235	3,455,908	(4)%
Grand Total	\$3,567,412	\$3,646,983	(2)%

*Pension Spiking invoices on this report are Employer Pension Spiking. By statute these invoices are due 12 months from the invoice date. Employer Pension Spiking is in effect only for retirements prior to July 1, 2018, therefore, unless there has been a recently created invoice for a backdated retirement, all of these invoices are greater than 12 months old.

**Other Invoices include Expense Allowance; Expired Post Pending; IPS Employer Refund; Penalty EOY Reporting; Personnel Adjustment; and, Refunded Member Contributions Due.

Employer Name (Top Ten)	3/31/2023	12/31/2022	Change H/(L)
Kentucky River Regional Jail	\$893,893	\$893,893	0%
City of Covington	397,775	393,864	1%
Kenton County Airport Board	375,004	369,818	1%
TARC Transit Authority of River City	271,869	197,460	38%
City of Fort Thomas	250,942	246,316	2%
Livingston County Fiscal Court	228,567	228,567	0%
Henry County Fiscal Court	167,970	207,652	(19)%
City of Jeffersontown	111,022	108,966	2%
Bullitt County Fiscal Court	101,000	100,809	0%
Judicial Dept Admin Office of the Courts	\$97,631	\$91,643	7%

	Total Unpaid Balance	Invoice Count
CERS	\$2,189,997	1,510
CERH	1,377,414	181
Grand Total:	\$3,567,412	1,691

CERS Finance Committee Meeting - Fiscal Year Financial Reports



County Employees Retirement System
Penalty Invoices Report
From: 1/1/2023 To: 3/31/2023

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

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,000	\$-	\$-	2/6/2023	5/20/2017	CANC	County Attorneys	New employer reporting official
1,000	-	-	2/24/2023	11/9/2022	CANC	Special Districts & Boards	KPPA system issue
75,190	-	-	1/5/2023	1/20/2023	CANC	Urban Government Agencies	Employer file issues
1,000	-	-	3/10/2023	3/31/2023	CANC	Cities	New employer reporting official
1,000	-	-	3/10/2023	3/31/2023	CANC	Cities	New employer reporting official
Total	\$79,190	\$-					
\$1,000	\$1,000	\$-	1/9/2023	2/8/2023	CRTD	County Attorneys	
2,751	2,751	-	1/24/2023	2/23/2023	CRTD	Boards of Education	
1,000	1,000	-	2/9/2023	3/11/2023	CRTD	Housing Authorities	
1,000	1,000	-	2/13/2023	3/15/2023	CRTD	Cities	
1,000	1,000	-	2/16/2023	3/18/2023	CRTD	County Attorneys	
1,000	1,000	-	2/16/2023	3/18/2023	CRTD	County Attorneys	
1,000	1,000	-	2/16/2023	3/18/2023	CRTD	County Attorneys	
1,000	1,000	-	2/16/2023	3/18/2023	CRTD	County Attorneys	
1,000	1,000	-	2/17/2023	3/19/2023	CRTD	Cities	
1,000	1,000	-	2/17/2023	3/19/2023	CRTD	Cities	
1,000	1,000	-	3/6/2023	4/5/2023	CRTD	Conservation Districts	
1,000	1,000	-	3/8/2023	4/7/2023	CRTD	Housing Authorities	
113,377	113,377	-	3/20/2023	4/19/2023	CRTD	Urban Government Agencies	
1,000	1,000	-	3/20/2023	4/19/2023	CRTD	County Attorneys	
1,000	1,000	-	3/20/2023	4/19/2023	CRTD	Fiscal Courts	
1,000	1,000	-	3/21/2023	4/20/2023	CRTD	Special Districts & Boards	
Total	\$130,129	\$130,129					
\$1,395	\$-	\$-	1/30/2023	5/20/2022	PAID	Cities	
1,000	-	-	2/13/2023	10/19/2022	PAID	Cities	
1,000	-	-	1/24/2023	10/22/2022	PAID	Special Districts & Boards	
1,000	-	-	3/1/2023	1/4/2023	PAID	Fiscal Courts	
1,000	-	-	1/10/2023	1/5/2023	PAID	Housing Authorities	
1,000	-	-	1/11/2023	1/18/2023	PAID	Cities	
1,000	-	-	1/11/2023	1/18/2023	PAID	Fiscal Courts	
2,439	-	-	2/13/2023	1/21/2023	PAID	Boards of Education	
1,000	-	-	3/1/2023	1/26/2023	PAID	Fiscal Courts	
1,000	-	-	1/26/2023	2/2/2023	PAID	Cities	



County Employees Retirement System
 Penalty Invoices Report
 From: 1/1/2023 To: 3/31/2023

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

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
1,000	-	-	1/10/2023	2/4/2023	PAID	Fiscal Courts	
1,000	-	-	2/9/2023	2/9/2023	PAID	Housing Authorities	
2,108	-	-	2/9/2023	2/17/2023	PAID	Airport Boards	
1,000	-	-	3/9/2023	2/22/2023	PAID	County Attorneys	
1,000	-	-	2/20/2023	2/25/2023	PAID	Cities	
1,000	-	-	2/23/2023	3/18/2023	PAID	Fiscal Courts	
1,000	-	-	3/15/2023	3/19/2023	PAID	Utility Boards	
81,723	-	-	3/17/2023	3/19/2023	PAID	Urban Government Agencies	
Total	\$101,664	\$-					

Notes:

Invoice Status:

CANC - Cancelled

PAID - Paid



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



Kentucky Public
Pensions Authority

To: CERS Finance Committee

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

Date: 5/30/2023

Subject: Hazardous Position Classification

AGENCIES ARE ASKING FOR HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Oldham County Fiscal Court	Sheriff Captain	2/1/2023
Pulaski County Fiscal Court	Major (Police)	1/1/2023
Pulaski County Fiscal Court	School Resource Officer	1/1/2023
Pulaski County Fiscal Court	Sergeant School Resource Officer	7/1/2023
Pulaski County Fiscal Court	Captain (Police)	7/1/2023
Pulaski County Fiscal Court	Sergeant Detective	7/1/2023
City of Catlettsburg	Police Chief	5/1/2023
City of Catlettsburg	Assistant Police Chief	5/1/2023
City of Catlettsburg	Police Captain	5/1/2023
City of Catlettsburg	Police Lieutenant	5/1/2023
City of Catlettsburg	Police Sergeant	8/1/2021
Larue County Fiscal Court	Sheriff	1/1/2023
City of Georgetown	Engineer (Firefighter)	7/1/2023
Shelby County Fiscal Court	Class D Coordinator	12/1/2017
City of Paris	Police Lieutenant	11/1/2017
City of Highland Heights	Lieutenant Colonel	7/1/2023
City of Shepherdsville	Police Major	7/1/2023

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



KENTUCKY PUBLIC PENSIONS AUTHORITY

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MEMORANDUM

To: CERS Finance Committee

From: D’Juan Surratt

Date: 5/30/2023

Subject: Participation of CERS Agency

PARTICIPATION —NEW CERS AGENCY

There is one (1) new agency electing to participate with the County Employees Retirement System under non-hazardous coverage. Copies of minutes, resolution to participate and agency budget has been submitted. The contract for health insurance has been received for the agency electing to participate in CERS.

RECOMMENDATION: The Kentucky Public Pensions Authority recommends approval of the participation of the Greenup County Public Library, as they have satisfactorily completed their trial participation period.