



**County Employees Retirement System
Finance Committee - Regular Meeting
November 30, 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* - August 23, 2022 | Bill O'Mara |
| 6. Fiscal Year Financial Reports | Connie Davis |
| a. Fiscal Year Financial Spreadsheet | |
| b. Administrative Expense to Budget | |
| c. Contribution Report | |
| d. Outstanding Invoice Report | |
| e. Penalty Waiver Report | |
| 7. Hazardous Duty Requests* | D'Juan Surratt |
| 8. Participation Of CERS Agency* | D'Juan Surratt |
| 9. External Audit Update | Connie Davis |
| 10. PPOB Administrative and Investment Expenses Report | Connie Davis |
| 11. Adjourn | Bill O'Mara |

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

**MINUTES OF MEETING
COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES
FINANCE COMMITTEE AUGUST 23, 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 August 23, 2022 the following members were present: William O'Mara, JT Fulkerson and George Cheatham. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Steve Willer, Jared Crawford, Elizabeth Smith, Connie Davis, D'Juan Surratt, Ann Case, Ashley Gabbard, Phillip Cook, Katie Park, and Sherry Rankin. Others present included CERS CEO Ed Owens, III, KRS CEO John Chilton, and CERS Trustee Betty Pendergrass.

Mr. O'Mara called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin called roll.

Ms. Rankin stated that one *Public Comment* submitted and read the comment from Patricia aloud to the Committee:

We are in dire need of a Cost of Living Adjustment (COLA). The last increase we saw was back in July 2011. Some of us, like myself, started my career at the age of 21 as a Louisville Police Dept. Officer and served this community with over 21 years of service. We did not pay into Social Security during any of that time. We were not allowed to do so and therefore I do not receive a Social Security check due to the lack of having enough quarters. After turning 65, I was forced to take the State's Medicare Insurance and now paying for Medicare which has to come out of my police pension check money. Each year that increases which takes more money with no more money coming in to offset that. I am sure there are many more other than myself that could use this COLA sooner rather than later. I contacted my State Representative, Kevin Bratcher, and he informed me and I quote "If you are in the CERS System it is not the legislature that would fund a COLA, it is the CERS Board's decision--please contact them on the issue." According to the

KPPA page regarding COLA'S I quote, "Cost of Living Adjustments (COLAs) The last retirement benefit raise, or Cost of Living Adjustment (COLA), provided to KPPA retirees took effect in July 2011. Although the COLA paid to retirees of the Kentucky Public Pensions Authority comes from trust fund dollars and not the General Fund, the Kentucky General Assembly (and not the KPPA Board of Trustees or the Governor) actually holds the authority to grant COLAs under Kentucky Revised Statute 61.691. So which is it? Representative Kevin Bratcher states it is not the Kentucky Legislature that would fund COLA but the KPPA on their website says it is the legislature "that holds the authority." I am confused or is this what's called passing the buck? I would really like to know.

A response to the submitted public comments was made by Mr. Michael Board, Executive Director of the Office of Legal Services on behalf of the CERS Finance Committee:

Thank you for your comment regarding cost of living adjustments (COLA). It is an issue that has received a lot of attention over the past several months. The CERS Finance Committee recognizes the significant length of time since a COLA was granted to members of CERS. The decision of when to grant members of CERS a COLA does rest solely with the General Assembly. You mentioned that our website references KRS 61.691 and states the General Assembly must pre-fund any COLA if the underlying system is not 100% funded. This statement is true for the KERS and SPRS retirement plan documents. Chapter 78 of the Kentucky Revised Statutes which governs the retirement plan documents for CERS states at KRS 78.5518 that a COLA can only be paid to beneficiaries if: (1) the plan is 100% funded; or (2) the General Assembly directs payment of employer contributions to fully pre-fund the increase described by this subsection in the year the increase is provided. Your representative was correct in that any COLA for members of CERS would be paid for by the CERS trust. However, only upon direction by the General Assembly to pre-fund the increase. Consequently, the COLA decision for CERS members remains a function under General Assembly control.

Mr. O'Mara introduced agenda item *Approval of Minutes – June 2, 2022*. A motion was made by Mr. Cheatham and seconded by Mr. Fulkerson to approve the minutes as presented. The motion passed unanimously.

Mr. O'Mara introduced agenda item *Fiscal Year Financial Reports*. Ms. Adkins reviewed the

Combining Statement of Fiduciary Net Position of the Pension Funds. She stated that the total return for CERS Nonhazardous and CERS Hazardous was down a total of 7.4% and that footnotes are included for additional detail. Ms. Adkins also reviewed the Combining Statement of Changes in Fiduciary Net Position of the Pension Funds. CERS Nonhazardous was down 7.5% and CERS Hazardous was down 7.09% for the entire fiscal year. Member and employer contributions, as well as deductions had increased, said Ms. Adkins. Mr. Eager commented on the decrease of 7.4% in the CERS plans. He advised that the loss was due to a negative cash flow in CERS Nonhazardous and from investment returns. Mr. Eager stated that the average pension fund was down was 10.6% according to the Wilshire Trust Universe Comparison; therefore, a negative return of 5.0% to 6.1% may be considered satisfactory. Next, Ms. Adkins presented the Combining Statement of Fiduciary Net Position of the Insurance Funds for FY 22. She reported that assets were down 4.5%. The Combining Statement of Changes in Fiduciary Net Position for Insurance Funds was also reviewed with the Committee. CERS Nonhazardous was down 3.76% and CERS Hazardous was down 5.79%. Next, Ms. Adkins reviewed the CERS Pension Funds Contribution Report and stated that CERS Nonhazardous was cash flow negative and CERS Hazardous was cash flow positive. The Insurance Fund Contribution Report for CERS illustrated a positive cash flow across plans. Ms. Adkins reviewed the budget-to-actual analysis for the FY 21-22 KPPA Administrative Budget with the Committee and reported that about 15.5% of the budget remained at the end of the fiscal year. Adoption Assistance, Ice Miller (legal), Auditing, Medical Reviewers, Natural Gas, Printing, Conferences, Office Supplies, and Miscellaneous were over budget. Ms. Adkins reviewed the Plan Specific Expenses and Hybrid Percentages for FY 2022. Ms. Adkins advised that Board Separation Expenses for FY 21 and FY 22 would be included in FY 2023. Mr. Cheatham requested clarification regarding the over budget Miscellaneous line item. He reiterated that the line item was over budget due to bank fees not being offset by interest revenue. Mr. Cheatham asked why KPPA is not accounting for both the bank fees and interest revenue. Ms. Adkins advised that these will both be accounted for effective of July 1, 2023. Additionally, Ms. Adkins stated that she is working with JP Morgan Chase (JPM) to change the current methodology. Mr. Cheatham asked if these accounts with JPM are operating or trust accounts. Ms. Adkins stated that all accounts with JPM are trust accounts as they belong to the trust, however, KPPA also holds administrative accounts. Ms. Connie Davis explained that there are ten accounts, one for each of the pension and insurance plans and a clearing account and an excess benefit account with JPM. Mr. Cheatham wished to know why there are so many fees on those accounts. Ms. Adkins stated that the fees had not changed, however, the interest changed. Ms. Adkins agreed with Mr. Cheatham that it would

be beneficial to account for the fees and interest separately. Mr. Cheatham requested that they be added as separate line items on the report in the future. Additionally, he requested a breakdown of the legal expenses by firm and case. Mr. Board stated that the Legal Update provided during Closed Session portion of the CERS Board of Trustee meetings includes a total amount spent by case. He added that he can provide expenses by firm and year. Mr. Cheatham also wished to obtain data on the reimbursement of legal expenses and how KPPA accounts for the reimbursements, if any. Mr. Board stated that these matters can be discussed in the future. Ms. Adkins added that the hourly cost and maximum number of hours are set in legal services contracts and that the agency requires monthly billing to monitor and control these legal expenses. Ms. Pendergrass requested that this matter be included as the first item up for discussion in Closed Session for the September meeting of the CERS Board of Trustees. Lastly, Ms. Adkins reviewed the CERS Outstanding Invoices by Type and Employers and Penalty Waiver Report with the Committee. She reported that 11 waivers were created and 38 were paid for the period April 1, 2022 to June 30, 2022.

Mr. O'Mara introduced agenda item *Hazardous Duty Requests*. Mr. D'Juan Surratt stated that there were 17 positions requesting hazardous duty coverage. All of which are police, fire, or paramedic positions. He advised that the listed Okolona Fire District positions request that the effective dates for the hazardous duty coverage be retroactive to July 2003. Mr. Surratt stated that these positions were previously approved for hazardous duty coverage after September 1, 2008. Additionally, the Clay County Board of Education has requested that the Law Enforcement Officer and Law Enforcement Supervisor positions to be approved as hazardous based on the School Resource Officer positions per KRS 158.441. Mr. Surratt stated that KPPA has reviewed these requests and determined that the 17 positions meet the statutory guidelines for hazardous duty coverage. Mr. Surratt requested that the CERS Finance Committee approve these positions for hazardous duty 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 *Overview of ACFR/SAFR Timeline*. Ms. Adkins stated that the KPPA Director of Accounting, Ms. Connie Davis, was spearheading the Annual Comprehensive Financial Report (ACFR) and Summary Annual Financial Report (SAFR). Ms. Davis reviewed the drafted ACFR/SAFR Timeline. She stated that the timeline is used among Staff and auditors to ensure that deadlines are met. Ms. Adkins added that the Trustees will see the first draft of the Actuary Valuation at the upcoming CERS and KRS Board of Trustees meetings,

as this must be ready for the Public Pension Oversight Board (PPOB) by November 15, 2022. The finalized valuation and audit will be presented in early December to the CERS, KRS, and KPPA Boards. Ms. Pendergrass advised that the CERS Board of Trustees had approved their 2023 meeting calendar; therefore, the March 15, 2023 CERS Board of Trustees meeting listed on the drafted timeline was acceptable. Ms. Pendergrass requested that the auditors be reminded that any meeting material would be due by March 8, 2023. Mr. O'Mara concluded the discussion by stating that the timeline is appreciated by the Committee.

Mr. O'Mara introduced the agenda item *Other Financial Updates*. Ms. Adkins reviewed the Trust Budget with the Committee. She advised that the presented Trust Budget had been approved by the KPPA Board of Trustees at their June meeting. Additionally, Ms. Adkins stated that a detailed Trust Budget had never been presented before. The CERS and KRS Investment Committees will also review the budget, said Ms. Adkins. The Trust Budget is separated into three categories: consulting services, legal services, and contractual services. Mr. Steve Willer added that detail of the services provided within each line item would be included in the near future. Mr. O'Mara stated that this is the start of more robust reporting of the trust expenses to the Board of Trustees.

Mr. O'Mara opened the floor for a motion to adjourn the meeting. 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 August 23, 2022 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

The remainder of this page is left blank intentionally.

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 August 23, 2022 were approved on November 30, 2022.

Chair of the CERS Finance Committee

I have reviewed the Minutes of the August 23, 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 September 30, 2022, with Comparative Totals as of September 30, 2021 (\$ in Thousands) (Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2023	FY 2022		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$217	\$54	\$271	\$2,297	(88.19)%	1
Short-term Investments	177,877	93,866	271,743	486,926	(44.19)%	2
Total Cash and Short-term Investments	178,094	93,920	272,014	489,224	(44.40)%	
RECEIVABLES						
Accounts Receivable	113,366	39,515	152,881	79,300	92.79%	3
Accounts Receivable - Investments	61,982	21,242	83,224	98,194	(15.25)%	4
Total Receivables	175,348	60,757	236,105	177,494	33.02%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	899,557	304,701	1,204,258	1,416,588	(14.99)%	5
Public Equities	3,458,793	1,181,970	4,640,762	5,300,350	(12.44)%	6
Private Equities	710,787	237,043	947,830	1,007,683	(5.94)%	
Specialty Credit	1,696,569	575,328	2,271,897	1,986,410	14.37%	7
Derivatives	(3,743)	(1,274)	(5,017)	2,882	(274.09)%	8
Real Return	243,789	80,601	324,390	696,431	(53.42)%	9
Opportunistic	-	-	-	329,631	(100.00)%	10
Real Estate	503,827	160,388	664,215	504,482	31.66%	11
Total Investments, at Fair Value	7,509,578	2,538,757	10,048,335	11,244,455	(10.64)%	
Securities Lending Collateral Invested	300,800	102,760	403,560	334,950	20.48%	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)	0.00%	
Accumulated Amortization	(9,839)	(824)	(10,664)	(10,477)	1.78%	
Total Capital Assets	121	3	124	310	(60.00)%	
Total Assets	8,163,941	2,796,196	10,960,138	12,246,432	(10.50)%	
LIABILITIES						
Accounts Payable	4,422	671	5,093	5,777	(11.83)%	13
Investment Accounts Payable	73,135	24,448	97,583	230,144	(57.60)%	14
Securities Lending Collateral	300,800	102,760	403,560	334,950	20.48%	15
Total Liabilities	378,358	127,879	506,236	570,870	(11.32)%	
Total Fiduciary Net Position Restricted for Pension Benefits	\$7,785,584	\$2,668,318	\$10,453,901	\$11,675,562	(10.46)%	

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 variance is driven by the cash flows of each system.
- 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.
- 6) The decline in Public Equities market values is the result of unrealized losses for the period.
- 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) The variance is a result of the demand of the Securities Lending Program.
- 13) The variance in Accounts Payable is due to a decrease in outstanding employer credit invoices.
- 14) The variance in Investment Accounts Payable is due to pending trades.
- 15) The variance is a result of the demand of the Securities Lending Program.



Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the three month period ending September 30, 2022, with Comparative Totals for the three month period ending September 30, 2021 (\$ in Thousands) (Unaudited)

	CERS		Total	Percentage		Notes
	Nonhazardous	Hazardous	FY 2023	FY 2022	of Change	
ADDITIONS						
Member Contributions	\$44,230	\$20,061	\$64,291	\$57,263	12.27%	1
Employer Contributions	145,487	72,892	218,379	172,993	26.24%	2
Actuarially Accrued Liability Contributions (AALC)	-	-	-	-		
Pension Spiking Contributions	22	18	40	41	(3.52)%	
Health Insurance Contributions (HB1)	(3)	(2)	(5)	-	(100.00)%	3
Employer Cessation Contributions	-	-	-	-		
Total Contributions	189,737	92,968	282,705	230,297	22.76%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments						
Interest/Dividends	(276,055)	(95,729)	(371,785)	95,433	(489.58)%	4
Total Investing Activities Income	55,155	18,985	74,141	88,061	(15.81)%	5
Less: Investment Expense	(220,900)	(76,744)	(297,644)	183,494		
Less: Performance Fees	11,703	3,910	15,613	13,468	15.93%	6
Less: Performance Fees	1,231	151	1,382	28,931	(95.22)%	7
Net Income from Investing Activities	(233,835)	(80,805)	(314,640)	141,096		
From Securities Lending Activities						
Securities Lending Income	1,493	515	2,008	192		
Less: Securities Lending Borrower Rebates (Income)/Expense	1,214	420	1,634	(511)		
Less: Securities Lending Agent Fees	42	14	56	105		
Net Income from Securities Lending	237	81	318	597	(46.69)%	8
Net Investment Income	(233,598)	(80,724)	(314,321)	141,693	(321.83)%	
Total Additions	(43,861)	12,245	(31,616)	371,991	(108.50)%	
DEDUCTIONS						
Benefit Payments	220,772	78,546	299,319	287,899	3.97%	
Refunds	6,492	1,812	8,304	6,548	26.82%	9
Administrative Expenses	5,637	497	6,133	7,070	(13.25)%	10
Total Deductions	232,901	80,855	313,756	301,516	4.06%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits						
	(276,762)	(68,610)	(345,372)	70,474		
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	\$7,785,584	\$2,668,318	\$10,453,901	\$11,675,562	(10.46)%	

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) 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 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 decline in investment income is primarily a result of less partnership income from private equity.
- 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 drop in performance fees is the result in less than favorable market conditions causing returns to drop when compared to the first quarter of FY22.
- 8) The 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.
- 10) The decrease in Administrative Expenses is a result of lower spending in the first quarter compared to last year, as well as the new hybrid split.



Combining Statement of Fiduciary Net Position - Insurance Funds

As of September 30, 2022, with Comparative Totals as of September 30, 2021 (\$ in Thousands) (Unaudited)

ASSETS	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2023	FY 2022		
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	\$108	\$39	\$147	\$539	(72.66)%	1
Short-term Investments	105,076	26,561	131,637	481,422	(72.66)%	2
Total Cash and Short-term Investments	105,184	26,600	131,784	481,961	(72.66)%	
RECEIVABLES						
Accounts Receivable	11,527	4,413	15,940	20,491	(22.21)%	3
Investment Accounts Receivable	23,323	10,710	34,032	40,077	(15.08)%	4
Total Receivables	34,850	15,123	49,973	60,568	(17.49)%	
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	334,327	168,759	503,086	573,035	(12.21)%	5
Public Equities	1,315,909	648,491	1,964,400	2,053,887	(4.36)%	
Private Equities	275,341	155,048	430,389	459,698	(6.38)%	
Specialty Credit	637,481	323,946	961,427	820,811	17.13%	6
Derivatives	(1,386)	(692)	(2,079)	1,007	(306.50)%	7
Real Return	73,310	39,333	112,643	268,982	(58.12)%	8
Opportunistic	-	-	-	154,525	(100.00)%	9
Real Estate	174,369	95,586	269,955	203,608	32.59%	10
Total Investments, at Fair Value	2,809,350	1,430,472	4,239,821	4,535,553	(6.52)%	
Securities Lending Collateral Invested	84,504	42,290	126,794	91,760	38.18%	11
Total Assets	3,033,888	1,514,484	4,548,372	5,169,841	(12.02)%	
LIABILITIES						
Accounts Payable	45,717	11,623	57,340	329	17,346.09%	12
Investment Accounts Payable	22,655	11,381	34,037	257,710	(86.79)%	13
Securities Lending Collateral	84,504	42,290	126,794	91,760	38.18%	14
Total Liabilities	152,876	65,294	218,170	349,799	(37.63)%	
Total Fiduciary Net Position Restricted for OPEB	\$2,881,011	\$1,449,190	\$4,330,202	\$4,820,043	(10.16)%	

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 cash on hand at the custodial bank, the balance decline is the result of excess cash being invested.
- 3) The decrease in Accounts Receivable is due to a decrease in the member/employer month end accrual.
- 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 due to the unfavorable market conditions.
- 6) The increase in Specialty Credit is due to the merging of the Specialty Credit asset class and the Opportunistic asset class.
- 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) Variance is a result of the demands of the Securities Lending Program.
- 12) The increase in Accounts Payable is due to the ERCON Pension/Insurance split correction in CERS and CERH.
- 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 - Insurance Funds

For the three month period ending September 30, 2022, with Comparative Totals for three month period ending September 30, 2021 (\$ In Thousands) (Unaudited)

	CERS		TOTAL		Percentage of Change	Notes
	Nonhazardous	Hazardous	FY 2023	FY 2022		
ADDITIONS						
Employer Contributions	\$22,920	\$12,636	\$35,556	\$52,403	(32.15)%	1
Actuarially Accrued Liability Contributions (AALC)	-	-	-	-		
Medicare Drug Reimbursement	0	-	0	1	(80.24)%	2
Insurance Premiums	136	(17)	120	146	(17.85)%	3
Humana Gain Share Payment	-	-	-	-		
Retired Re-employed Healthcare	1,239	380	1,619	1,315	23.16%	4
Health Insurance Contributions (HB1)	3,854	1,053	4,907	4,216	16.38%	5
Employer Cessation Contributions	-	-	-	-		
Total Contributions	28,150	14,053	42,203	58,081	(27.34)%	
INVESTMENT INCOME						
From Investing Activities						
Net Appreciation (Depreciation) in FV of Investments	(109,182)	(54,372)	(163,554)	55,283	(395.85)%	6
Interest/Dividends	21,649	10,842	32,491	33,350	(2.58)%	
Total Investing Activities Income	(87,533)	(43,530)	(131,063)	88,633		
Less: Investment Expense	4,388	2,314	6,702	5,693	17.73%	7
Less: Performance Fees	(428)	(349)	(777)	15,131	(105.13)%	8
Net Income from Investing Activities	(91,494)	(45,495)	(136,989)	67,809		
From Securities Lending Activities						
Securities Lending Income	503	245	748	74		
Less: Securities Lending Borrower Rebates (Income)/Expense	404	195	599	(187)		
Less: Securities Lending Agent Fees	15	7	22	39		
Net Income from Securities Lending	85	42	127	222	(42.95)%	9
Net Investment Income	(91,410)	(45,453)	(136,862)	68,031	(301.18)%	
Total Additions	(63,260)	(31,400)	(94,660)	126,112	(175.06)%	
Deductions						
Healthcare Premiums Subsidies	35,914	23,215	59,129	54,286	8.92%	
Administrative Expenses	238	129	367	360	2.06%	
Self-Funded Healthcare Costs	801	43	844	1,015	(16.86)%	10
Excise Tax Insurance	-	-	-	6	(100.00)%	11
Total Deductions	36,953	23,387	60,340	55,667	8.40%	
Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB	(100,213)	(54,787)	(155,000)	70,445		
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	\$2,881,011	\$1,449,190	\$4,330,202	\$4,820,043	(10.16)%	

NOTE - Variance Explanation *Differences due to rounding*

- 1) Employer Contributions 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) Retired Re-employed will continue to increase as more retirees return to work.
- 5) Health Insurance Contributions will continue to rise as Tier 2 and Tier 3 members increase.
- 6) 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.
- 7) 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.
- 8) The drop in performance fees is the result in less than favorable market conditions causing returns to drop when compared to the first quarter of FY22.
- 9) The variance is a result of the demand of the Securities Lending Program.

Pension Funds Contribution Report

For the three month period ending September 30, 2022, with Comparative Totals for the three month period ending September 30, 2021 (\$ in Millions)

**County Employees Retirement System**

	Nonhazardous		Hazardous	
	FY23	FY22	FY23	FY22
Member Contributions	\$44.3	\$40.8	\$20.1	\$16.5
Employer Contributions	145.5	122.1	72.9	50.9
Net Investment Income	42.5	34.6	15.0	11.7
Total Inflows	232.3	197.5	108.0	79.1
Benefit Payments/Refunds	227.3	217.7	80.4	76.7
Administrative Expenses	5.6	6.5	0.5	0.6
Total Outflows	232.9	224.2	80.9	77.3
NET Contributions	(0.6)	(26.7)	27.1	1.8
Realized Gain/(Loss)	0.9	78.3	-	26.9
Unrealized Gain/(Loss)	(277.0)	(7.1)	(95.7)	(2.7)
Change in Net Position	(276.7)	44.5	(68.6)	26.0
Beginning of Period	8,062.3	8,670.7	2,736.9	2,934.4
End of Period	\$7,785.6	\$8,715.2	\$2,668.3	\$2,960.4

Differences due to rounding.

Net Contributions*	(\$43.1)	(\$61.3)	\$12.1	(\$9.9)
Cash Flow as % of Assets	(0.55)%	(0.70)%	0.45%	(0.34)%
Net Investment Income	\$42.5	\$34.6	\$15.0	\$11.7
Yield as % of Assets	0.55%	0.40%	0.56%	0.40%

**Net Contributions are less Net Investment Income.*

Insurance Fund Contribution Report

For the three month period ending September 30, 2022, with Comparative Totals for the three month period ending September 30, 2021 (\$ in Millions)

**County Employees Retirement System**

	Nonhazardous		Hazardous	
	FY23	FY22	FY23	FY22
Employer Contributions	\$22.9	\$35.5	\$12.6	\$16.9
Insurance Premiums	0.1	0.1	-	-
Humana Gain Share	8.9	-	-	-
Retired Reemployed Healthcare	1.2	1.0	0.4	0.3
Health Insurance Contributions	3.9	3.4	1.1	0.9
Net Investment Income	17.8	8.7	8.9	4.1
Total Inflows	54.8	48.7	23.0	22.2
Healthcare Premiums	45.6	33.7	23.3	21.6
Administrative Expenses	0.2	0.2	0.1	0.1
Total Outflows	45.8	33.9	23.4	21.7
NET Contributions	9.0	14.8	(0.4)	0.5
Realized Gain/(Loss)	(1.5)	36.6	(0.4)	19.6
Unrealized Gain/(Loss)	(107.7)	(1.9)	(54.0)	0.9
Change in Net Position	(100.2)	49.5	(54.8)	21.0
Beginning of Period	2,981.2	3,141.8	1,504.0	1,607.8
End of Period	\$2,881.0	\$3,191.3	\$1,449.2	\$1,628.8

Differences due to rounding.

Net Contributions*	(\$8.8)	\$6.1	(\$9.3)	(\$3.6)
Cash Flow as % of Assets	(0.30)%	0.19%	(0.64)%	(0.22)%
Net Investment Income	\$17.8	\$8.7	\$8.9	\$4.1
Yield as % of Assets	0.62%	0.27%	0.62%	0.25%

**Net Contributions are less Net Investment Income.*

KPPA ADMINISTRATIVE BUDGET FY 2022-2023						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 2022, WITH COMPARATIVE TOTALS FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 2021						
Account Name	Budgeted	FY 2023 Expense	Remaining	Percent Remaining	FY 2022 Expense	Percent Difference
PERSONNEL						
Staff						
Salaries/Wages	\$17,000,000	\$4,117,295	\$12,882,705	75.78%	\$4,316,718	(4.62)%
Wages (Overtime)	285,000	42,947	242,053	84.93%	48,884	(12.15)%
Emp Paid Retirement	13,482,300	3,029,365	10,452,935	77.53%	3,426,929	(11.60)%
Emp Paid Health Ins	2,700,000	557,530	2,142,470	76.91%	735,904	(24.24)%
Emp Paid Sick Leave	115,000	28,831	86,169	74.93%	-	100.00%
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	-	8,000	100.00%	-	0.00%
Other Personnel	1,273,448	294,019	979,429	76.91%	309,998	(5.15)%
Employee Training	18,000	2,680	15,320	85.11%	2,421	10.70%
Bonds	-	-	-	0.00%	-	0.00%
Staff Subtotal	34,964,748	8,083,783	26,880,965	76.88%	8,916,017	(9.33)%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	100,000	36,941	63,059	63.06%	16,665	121.67%
Legal (Stoll, Keenon)	150,000	16,461	133,539	89.03%	9,199	78.94%
Frost Brown (Tax Advisor)	80,000	10,902	69,098	86.37%	(11,335)	(196.18)%
Reinhart	25,000	-	25,000	100.00%	-	0.00%
Ice Miller	300,000	21,270	278,730	92.91%	303	6919.80%
Johnson, Bowman, Branco LLC	150,000	28,683	121,318	80.88%	-	100.00%
Dentons Bingham & Greenebaum	150,000	22,274	127,726	85.15%	-	100.00%
Legal Expense	25,000	-	25,000	100.00%	-	0.00%
Auditing	200,000	6,578	193,422	96.71%	41,385	(84.11)%
CONSULTING SERVICES						
Medical Reviewers	1,800,000	181,080	1,618,920	89.94%	300,493	(39.74)%
Escrow for Actuary Fees	-	(28,866)	28,866	0.00%	-	(100.00)%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	100,000	9,886	90,114	90.11%	8,850	11.71%
Human Resources Consulting	8,000	-	8,000	100.00%	5,794	(100.00)%
Actuarial Services	500,000	79,953	420,047	84.01%	81,179	(1.51)%
Facility Security Charges	80,000	13,105	66,895	83.62%	17,887	(26.73)%
PERSONNEL SUBTOTAL	\$38,640,748	\$8,482,049	\$30,180,973	78.11%	\$11,169,773	(24.06)%
OPERATIONAL						
Natural Gas	35,000	1,446	33,554	95.87%	1,227	17.85%
Electric	125,000	32,045	92,955	74.36%	30,238	5.98%
Rent-Non State Building	56,000	12,661	43,339	77.39%	12,661	0.00%
Building Rental - PPW	1,000,000	240,492	759,508	75.95%	240,524	(0.01)%
Copier Rental	67,000	-	67,000	100.00%	15,890	(100.00)%
Rental Carpool	5,500	1,065	4,435	80.63%	970	9.79%
Vehicle/Equip. Maint.	1,000	-	1,000	100.00%	249	(100.00)%
Postage	420,000	41,377	378,623	90.15%	24,300	70.28%
Freight	200	-	200	100.00%	114	(100.00)%
Printing (State)	12,000	100	11,900	99.17%	320	(68.75)%
Printing (non-state)	105,000	2,977	102,023	97.17%	4,219	(29.44)%
Insurance	12,000	5,572	6,428	53.57%	5,422	2.77%
Garbage Collection	6,000	1,810	4,190	69.83%	1,324	36.71%
Conference Expense	35,000	2,878	32,122	91.78%	4,307	(33.18)%
Conference Exp. Investment	-	-	-	0.00%	-	0.00%
Conference Exp. Audit	2,000	-	2,000	100.00%	-	0.00%
MARS Usage	50,000	6,775	43,225	86.45%	6,775	0.00%
COVID-19 Expenses	12,000	-	12,000	100.00%	3,716	(100.00)%
Office Supplies	75,000	21,490	53,510	71.35%	16,170	32.90%
Furniture & Office Equipment	20,000	-	20,000	100.00%	-	0.00%
Travel (In-State)	15,000	3,577	11,423	76.15%	1,565	128.56%

KPPA ADMINISTRATIVE BUDGET 2022-23						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 2022, WITH COMPARATIVE TOTALS FOR THE THREE MONTH PERIOD ENDING SEPTEMBER 30, 2021						
Account Name	Budgeted	FY 2023 Expense	Remaining	Percent Remaining	FY 2022 Expense	Percent Difference
Travel (In-State) Investment	1,000	-	1,000	100.00%	-	0.00%
Travel (In-State) Audit	500	-	500	100.00%	-	0.00%
Travel (Out of State)	75,000	6,796	68,204	90.94%	-	100.00%
Travel (Out of State) Investment	100,000	4,448	95,552	95.55%	-	100.00%
Travel (Out of State) Audit	500	-	500	100.00%	-	0.00%
Dues & Subscriptions	70,000	13,742	56,258	80.37%	10,559	30.14%
Dues & Subscriptions Invest	17,000	3,990	13,010	76.53%	3,613	10.43%
Dues & Subscriptions Audit	1,500	-	1,500	100.00%	1,700	(100.00)%
Miscellaneous	70,000	14,670	55,330	79.04%	128	11,360.94%
Miscellaneous Investment	-	-	-	0.00%	-	0.00%
Miscellaneous Audit	200	-	200	100.00%	-	0.00%
COT Charges	25,000	3,609	21,391	85.56%	3,940	(8.40)%
Telephone - Wireless	7,000	1,428	5,572	79.60%	1,368	4.39%
Telephone - Other	150,000	24,517	125,483	83.66%	26,541	(7.63)%
Telephone - Video Conference	12,000	2,421	9,579	79.82%	-	100.00%
Computer Equip./Software	3,500,000	507,190	2,992,810	85.51%	696,646	(27.20)%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	3,000	-	3,000	100.00%	-	0.00%
OPERATIONAL SUBTOTAL	\$6,086,400	\$957,077	\$5,129,324	84.28%	\$417,838	129.05%
SUB-TOTAL	\$44,727,148	\$9,439,126	\$35,288,022	78.90%	\$11,587,611	(18.54)%
Reserve	5,457,352	-	5,457,352	0.00%		
TOTAL	\$50,184,500	\$9,439,126	\$40,767,648	81.24%	\$11,587,611	(18.54)%
<i>Differences due to rounding</i>						

Plan	Budgeted	FY 2023 Expense	% of Total KPPA FY 2023 Expense
CERS Nonhazardous	\$28,896,235	\$5,435,049	57.58%
CERS Hazardous	2,559,410	481,395	5.10%
KERS Nonhazardous	16,543,320	3,111,608	32.965%
KERS Hazardous	1,824,207	343,112	3.635%
SPRS	361,328	67,962	0.720%
TOTAL	\$50,184,500	\$9,439,126	



CERS Outstanding Invoices by Type and Employer

Invoice Type	9/30/2022	6/30/2022	Change H/(L)
Averaging Refund to Employer	\$(205,245)	\$(202,340)	1%
Employer Free Military and Decompression Service	130,946	97,087	35%
Member Pension Spiking Refund	(13,827)	(12,958)	7%
Monthly Reporting Invoice	229,680	194,197	18%
Penalty – Monthly Reporting	199,435	193,435	3%
Reinstatement	171,358	171,358	0%
Total	512,346	440,779	
Health Insurance Reimbursement	611,562	570,905	7%
Omitted Employer	1,304,748	1,305,400	0%
Employer Pension Spiking*	1,340,685	1,384,377	(3)%
Standard Sick Leave	198,555	235,263	(16)%
Total	3,455,550	3,495,945	(1)%
Grand Total	\$3,967,896	\$3,936,723	1%

*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)	9/30/2022	6/30/2022	Change H/(L)
Kentucky River Regional Jail	\$893,893	\$893,893	0%
City of Covington	388,761	385,017	1%
Kenton County Airport Board	361,240	355,440	2%
City of Fort Thomas	239,643	235,207	2%
Livingston County Fiscal Court	228,796	228,710	0%
Henry County Fiscal Court	207,221	206,904	0%
TARC Transit Authority of River City	192,557	188,954	2%
City of Jeffersontown	104,968	102,949	2%
Bullitt County Fiscal Court	100,559	90,351	11%
Henderson County Fiscal Court	\$85,547	\$87,497	(2)%

	Total Unpaid Balance	Invoice Count
CERS	\$2,265,074	1,682
CERH	1,715,064	281
Grand Total:	\$3,980,138	

CERS Finance Committee Meeting - Fiscal Year Financial Reports



County Employees Retirement System
Penalty Invoices Report
From: 7/1/2022 To: 9/30/2022

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
113,357	-	-	8/24/2022	9/16/2022	CANC	Urban Government Agencies	KPPA system issue.
1,000	-	-	9/23/2022	9/22/2022	CANC	Boards of Education	New Employer Reporting Official
Total	\$114,357						
1,000	1,000	\$-	7/22/2022	8/21/2022	CRTD	Conservation Districts	
1,000	1,000	-	7/22/2022	8/21/2022	CRTD	Conservation Districts	
1,000	1,000	-	8/9/2022	9/8/2022	CRTD	Boards of Education	
1,000	1,000	-	8/26/2022	9/25/2022	CRTD	Planning Commissions	
1,000	1,000	-	9/9/2022	10/9/2022	CRTD	Fiscal Courts	
1,000	1,000	-	9/14/2022	10/14/2022	CRTD	Conservation Districts	
1,000	1,000	-	9/14/2022	10/14/2022	CRTD	Conservation Districts	
1,000	1,000	-	9/16/2022	10/16/2022	CRTD	Fiscal Courts	
1,000	1,000	-	9/19/2022	10/19/2022	CRTD	Cities	
1,000	1,000	-	9/19/2022	10/19/2022	CRTD	Cities	
1,000	1,000	-	9/22/2022	10/22/2022	CRTD	Special Districts & Boards	
Total	\$11,000						
1,000	-	-	9/7/2022	11/2/2016	PAID	Cities	
1,000	-	-	9/7/2022	10/25/2017	PAID	Cities	
1,000	-	-	8/4/2022	10/28/2021	PAID	Housing Authorities	
1,000	-	-	9/6/2022	4/27/2022	PAID	Cities	
1,000	-	-	7/28/2022	6/30/2022	PAID	Cities	
1,000	-	-	8/9/2022	8/17/2022	PAID	Cities	
1,000	-	-	8/8/2022	8/27/2022	PAID	Cities	
1,000	-	-	8/8/2022	8/27/2022	PAID	Cities	
1,000	-	-	9/12/2022	9/15/2022	PAID	Cities	
Total	\$9,000						



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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



To: CERS Finance Committee

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

Date: November 30, 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>
Woodford County Fire District	Fire Chief	7/1/2020
City of Wilmore	School Resource Officer	9/1/2022
Okolona Fire District	Deputy Fire Chief	7/1/2018
Pleasure Ridge Park Fire	Director of Support Services	7/1/2022
	Medical Compliance	
Pleasure Ridge Park Fire	Emergency Medical Technician	9/1/2022
City of Winchester	Assistant Chief of Fire	1/1/2023
City of Winchester	Fire Inspector	1/1/2023
City of Winchester	Brigade Chief	1/1/2023
City of Winchester	EMS Lieutenant	1/1/2023
City of Winchester	EMS Training Officer	1/1/2023
City of Villa Hills	Police Lieutenant	1/1/2023
Zoneton Fire Protection District	Fire Captain	1/1/2023
Zoneton Fire Protection District	Deputy Chief	10/1/2022
Zoneton Fire Protection District	Fire Chief	1/1/2023
Zoneton Fire Protection District	Fire Marshal	1/1/2023
Zoneton Fire Protection District	Sergeant	10/1/2022
Zoneton Fire Protection District	Fire Training Officer	10/1/2022
City of Scottsville	Detective- Narcotics	12/1/2019
City of Hardinsburg	Assistant Police Chief	4/1/2022
City of Hardinsburg	Police Chief	1/1/2023
City of Bellevue	School Resource Officer	1/1/2023
Shelby County Fiscal Court	Jail Captain	10/1/2017
Shelby County Fiscal Court	Jail Major	12/1/2017
Shelby County Fiscal Court	Jail Lieutenant	1/1/2023
City of Adairville	Police Chief	9/1/2022

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.

TO: CERS Finance Committee
FROM: D’Juan Surratt
DATE: 11/30/2022
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. Contract for Health Insurance has been received for the agency electing to participate in CERS.

RECOMMENDATION: Kentucky Public Pensions Authority recommends approval of the participation of the City of London Tourism, as they have satisfactorily completed their trial participation period.

FY2022 KPPA ADMINISTRATIVE EXPENSES		
		Actual Expenses FY 2022
	PERSONNEL	
111	Salaries	\$15,628,481
115	Wages (Overtime)	\$152,358
119	Wages (Block 50)	\$21,801
120	Miscellaneous	\$2,779
121	Emp Paid FICA	\$1,113,391
122	Emp Paid Retirement	\$12,421,914
123	Emp Paid Health Ins	\$2,455,352
124	Emp Paid Life Ins	\$2,905
128	Emp Paid Sick Leave	\$86,032
129	Adoption Assistance Benefit	\$7,000
	Subtotal - Salaries & Fringe	\$31,892,013
111A	Escrow For Admin Fees	\$0
131	Workers Compensation	\$75,163
132	Unemployment	\$0
133	Employee Training	\$9,685
133I	Investment Employee Training	\$0
133T	Audit Employee Training	\$0
135	Bonds	\$81
141	LEGAL & AUDITING SERVICES	
141A	Legal Hearing Officers	\$117,998
141B	Legal (Stoll, Keenon)	\$88,189
141D	Frost Brown (Tax Advisor)	\$40,458
141E	Reinhart	\$29,878
141F	Ice Miller	\$701,266
141G	Johnson, Bowman, Branco LLC	\$95,428
141H	Dentons Bingham & Greenebaum	\$52,661
141L	Legal Expense	\$138
142	Auditing	\$141,883
146	CONSULTING SERVICES	
146A	Medical Reviewers	\$1,593,144
146C	Medical Exams	\$0
146E	Escrow for Actuary Fees	\$0
150	CONTRACTUAL SERVICES	
150C	Miscellaneous Contracts	\$20,124
150G	Human Resources Consulting	\$5,794
159	Actuarial Services	\$474,411
162	Facility Security Charges	\$104,067
193	Tuition Assistance	\$0
	PERSONNEL SUBTOTAL	\$35,442,380
	OPERATIONAL	
211	Natural Gas	\$31,229
212	Electric	\$105,960
221	Rent-NonState Building	\$50,643
222	Building Rental - PPW	\$962,097
223	Equipment Rental	\$0
224	Copier Rental	\$86,605
226	Rental Carpool	\$3,881

		Actual Expenses FY 2022
232	Vehicle/Equip. Mainten.	\$249
241	Postage	\$376,335
242	Freight	\$155
251	Printing (State)	\$6,508
252	Printing (non-state)	\$71,162
254	Insurance	\$5,422
256	Garbage Collection	\$4,853
259	Conference Expense	\$24,816
259I	Conference Exp. Investment	\$0
259T	Conference Exp. Audit	\$2,072
300	MARS Usage	\$27,100
302	COVID-19 Expenses	\$ 12,686
321	Office Supplies	\$82,826
346	Furniture & Office Equipment	\$1,825
361	Travel (In-State)	\$5,487
361I	Travel (In-State) Investment	\$39
361T	Travel (In-State) Audit	\$0
362	Travel (Out of State)	\$1,755
362I	Travel (Out of State) Invest	\$7,393
362T	Travel (Out of State) Audit	\$0
381	Dues & Subscriptions	\$52,488
381I	Dues & Subscriptions Invest	\$12,228
381T	Dues & Subscriptions Audit	\$738
399	Miscellaneous	\$34,336
399I	Miscellaneous Investment	\$0
399T	Miscellaneous Audit	\$0
802	COT Charges	\$28,640
814	Telephone - Wireless	\$5,420
815	Telephone - Other	\$117,806
847	Computer Equip./Software	\$2,916,313
847I	Comp. Equip./Software Invest	\$0
847T	Comp. Equip./Software Audit	\$0
	Reserve	\$0
	OPERATIONAL SUBTOTAL	\$5,039,064
	TOTAL	\$40,481,445

Administrative expenses are allocated to each plan based on percentages defined each year by the KPPA Board. For FY2022, the Board selected a hybrid percentage based partially on membership and partially on a 50/50 split between the CERS and the KRS plans.

For FY2022, expenses were allocated using the following percentages:

CERS Nonhazardous	57.58%
CERS Hazardous	5.10%
KERS Nonhazardous	32.965%
KERS Hazardous	3.635%
SPRS	0.720%

FY2022 KPPA TRUST EXPENSES

Account Name	Actual Expenses FY 2022
CONSULTING SERVICES	
Wilshire Associates	1,262,263
LEGAL & AUDITING SERVICES	
Faegre Drinker	202,502
Intelligent Management Solutions (IMS)	69,884
McClain/Goldberg	0
Reinhart	619,509
Stoll-Keenon-Ogden	463,560
Haystack	0
Umberg Zipser	498,058
Frost Brown Todd	
Miscellaneous	
CONTRACTURAL SERVICES	
Bloomberg	102,243
BNYM Custodial Fees	3,211,144
eVestment (Solovis RMS)	33,800
Solovis (Reporting & Analytics)	257,250
FactSet	140,098
Russell Index Subscription	1,000
S&P Global	68,250
TradeWeb	6,000
State Street/Elkins McSherry	10,000
ISS	35,813
MSCI	1,000
KPMG Tax Guarantor Services	7,350
Jayant Ghevaria and CO	52,085
India Renewal Fee (SEBI)	3,000
Miscellaneous & New Services	0
TOTAL	7,044,809

Trust expenses are allocated to each plan based on the percentage of assets under management (AUM) as of the end of the month prior to the invoice being paid.

FY21 Board Separation Expenditures		
Expenditure	Finalized Expenses	Comments
CERS Board Mtg Expenses	\$9,629	Initial meetings for set up of new boards
KRS Board Mtg Expenses	\$7,377	Initial meetings for set up of new boards
KPPA Board Mtg Expenses	\$1,189	Initial meetings for set up of new boards
Staff Salary	\$182,426	Represents staff implementation hours
Logo Design	\$9,600	Contract with KY Interactive for KPPA, KRS, CERS logos
KPPA ID badges	\$1,407	New staff and trustee ID badges
TOTAL	\$211,629	

FY22 Board Separation Expenditures		
Expenditure	Finalized Expenses	Comments
CERS CEO Salary/benefits	\$135,423.32	Retirement benefit is yet unpaid and is not included in the total
KRS CEO Salary/benefits	\$41,384.32	No benefits other than FICA
CERS General Counsel	\$95,427.50	
KRS General Counsel	\$52,660.55	
CERS CEO training and software	\$1,900.00	
KRS CEO training, software and phone	\$2,410.00	
18th Board member - training and software	\$1,900.00	
Updating external Office Signs with new name (one time expense)	\$1,434.00	one time expense
TOTAL	\$332,539.69	

Separation expenses were defined by the KPPA Board at the June 16, 2022 meeting. Final total separation expenses for FY2022 were presented to the KPPA, the CERS and the KRS boards at their first quarter meetings of FY2023.

Total Separation Expenses		CERS	CERS Hz	KERS	KERS Hz	SPRS
FY21						
FY21 - Membership%		59.50%	5.24%	31.24%	3.34%	0.68%
FY21	\$211,629.02	\$125,919.27	\$11,089.36	\$66,112.91	\$7,068.41	\$1,439.08
FY21 Board Total		CERS	64.74%	KRS	35.26%	
			\$137,008.63		\$74,620.39	
FY22						
Hybrid %		57.58%	5.10%	32.97%	3.64%	0.72%
	\$332,539.69	\$191,476.35	\$16,959.52	\$109,621.71	\$12,087.82	\$2,394.29
Board Total		CERS	62.68%	KRS	37.32%	
			\$208,435.88			
Fund Total	\$544,169	\$317,396	\$28,049	\$175,735	\$19,156	\$3,833
Board Total		CERS	\$345,445	KRS	\$198,724	

Total separation expenses were \$544,169. Of this, the CERS plans had already paid \$345,445 and the KRS plans had paid \$198,724. There were accounting adjustments made at fiscal year end to move the cost of separation from the KERS and SPRS plans to the CERS plans. The following accounting adjustments were made at fiscal year end and were reported to the KPPA, the CERS and the KRS boards at the first quarter meetings of FY2023.

KPPA Administrative Expenses	CERS	CERS Hz	KERS	KERS Hz	SPRS
Total Before Adjustment	\$22,942,803	\$2,030,396	13,711,227	1,512,033	284,986
Adjustment for Separation	\$182,519	\$16,205	(175,735)	(19,156)	(3,833)
Total After Adjustment	\$23,125,322	\$2,046,601	\$13,535,492	\$1,492,877	\$281,153