THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

INTERNAL CONTROL AND ACCOUNTABILITY DIRECTIVES

DIRECTIVE #12: MUNICIPAL LABOR COMMITTEE UNION EMPLOYEE BENEFIT FUNDS

INTRODUCTION

This Directive sets forth accounting, auditing, and financial guidelines for employee and retiree Benefit Funds, which receive contributions from The City of New York. It also establishes detailed information reporting requirements for the Funds and their boards of trustees. All Benefit Funds that receive contributions from The City of New York are required to conform to this Directive's provisions.

The accounting, auditing, and reporting requirements prescribed herein vary in accordance with the amount of funding the Benefit Fund receives from the City. Benefit Funds are divided into two funding level categories: those with New York City Contributions less than $300,000 (Level I); and those with $300,000 or more in New York City Contributions (Level II).

This Directive is issued pursuant to the authority of the Office of the Comptroller, as provided in Chapter 5, Section 93 of the *New York City Charter*.
(http://www.nyc.gov/html/dycd/downloads/pdf/citycharter2004.pdf)

Table of Contents

1. GENERAL INFORMATION 3
- *1.1 Directive Organization 3*
- *1.2 Effective Date 3*
- *1.3 Assistance 3*
- *1.4 Comptroller's Internal Control and Accountability Directives 3*

2. DEFINITIONS 4
- *2.1 Benefit Fund 4*
- *2.2 New York City Contribution 4*
- *2.3 Benefit Expense 4*
- *2.4 Administrative Expense 4*
- *2.5 Insurance Retention Charges 5*

3. GENERAL GUIDELINES AND REQUIREMENTS 5
- *3.1 Supplementary Benefit Agreements 5*
- *3.2 Accounting Standards 5*
- *3.3 Comptroller's Internal Control and Accountability Directives 6*
- *3.4 Spending Guidelines 6*
- *3.5 Service Provider Assessments 6*
- *3.6 Investment Policy and Procedures 7*
- *3.7 Travel Policy 7*
- *3.8 Cost and Expense Allocations 8*
- *3.9 Competitive Proposals for Insured Benefits and Other Services 8*
- *3.10 Comptroller's Audits 9*

4. ANNUAL REPORTING REQUIREMENTS 9
- *4.1 Funding Levels Defined 9*
- *4.2 Reporting Requirements Summary 9*
- *4.3 Filing Address 11*

5. INDEPENDENT ANNUAL AUDITS 11
- *5.1 Auditor Selection 11*
- *5.2 Audit Standards 11*
- *5.3 Audit Scope 12*
- *5.4 Audit Opinion 12*
- *5.5 Audit Contract 12*
- *5.6 Peer Review 12*
- *5.7 Management Letter 13*

6. TRUSTEE REPRESENTATION LETTER 13
- *6.1 Trustee Representation Letter Requirements 14*
- *6.2 Substitution of Statements or Filings 15*

7. FEDERAL ERISA REPORTING REQUIREMENTS 15

8. ANNUAL REPORT TO FUND MEMBERSHIP 15

9. SUPPORTING SCHEDULE REQUIREMENTS 16
- *9.1 Administrative Expense Schedule 16*
- *9.2 Benefit Expense Schedule 16*
- *9.3 Key Ratio Schedule 16*

10. APPENDICES 16
- *Appendix A: Administrative Expense Schedule 17*
- *Appendix A: Administrative Expense Schedule (continued) 18*
- *Appendix B: Benefit Expense Schedule 19*
- *Appendix C: Benefit Fund Key Ratio Schedule 20*

1. GENERAL INFORMATION

1.1 Directive Organization

The Directive is divided into the following primary sections:

General Information
Definitions
General Guidelines and Requirements
Annual Reporting Requirements
Independent Annual Audit
Trustee Representation Letter
Federal ERISA Reporting Requirements
Annual Report to Fund Membership
Supporting Schedules
Appendices

1.2 Effective Date

This Directive is effective immediately and supersedes the previous version, issued in February 1997.

1.3 Assistance

Questions or comments concerning this Directive should be addressed to: The Office of the Comptroller, Attention: Directives/Policy Unit, Bureau of Accountancy, Municipal Building, One Centre Street, Room 200 South, New York, NY 10007, (212) 669-3675, email: directives@comptroller.nyc.gov.

1.4 Comptroller's Internal Control and Accountability Directives

An inventory of existing Comptroller's Internal Control and Accountability Directives is available on the Comptroller's Website.

2. DEFINITIONS

This Section defines the key terms used in this Directive.

2.1 Benefit Fund

Benefit Funds consist of any welfare or annuity fund that receives contributions from The City of New York. Examples of Benefit Funds include supplemental health care, educational, legal benefit, annuity, and civil/legal representation funds. Benefit Funds may be for either active or retired New York City employees.

2.2 New York City Contribution

The New York City Contribution is the total of the direct payments The City of New York is required, pursuant to applicable collective bargaining agreements, to make to a Benefit Fund on behalf of relevant employees and retirees.

The City of New York, as used herein, is a reference to its constituent agencies, which are defined in the *New York City Charter*, Chapter 52, Section 1150, Sub-Division 2.

2.3 Benefit Expense

Benefit expenses, as used herein, are the direct costs of providing benefits. These costs include:

1. Claims paid by the Fund for self-insured benefits.
2. Insurance premium payments, less any retention charges.
3. The cost of providing medical referral services.
4. Salaries or other payments to:
    a) Attorneys who provide direct legal services to members.
    b) Instructors who conduct in-house training for members.
    c) Physicians who examine members for workers' disability purposes.
    d) Other professionals and consultants who provide services directly to members.

2.4 Administrative Expense

Administrative Expenses are all those costs that are not Benefit Expenses, including, but not limited to:

1. Salaries and allowances for the Fund's administrative support staff.
2. Rents and other occupancy costs.
3. Insurance policies for offices, equipment and other general business purposes.

4. Fees paid to third party or Fund administrators for administrative purposes.
5. Miscellaneous fees and commissions.
6. Insurance company retention charges.

2.5 Insurance Retention Charges

Insurance Retention Charges represent the portion of the insurance premiums retained by an insurance company to recover the administrative costs of handling benefit payments. Retention charges are applicable only to insured welfare plans.

Back to the Beginning of the Directive

3. GENERAL GUIDELINES AND REQUIREMENTS

3.1 Supplementary Benefit Agreements

The supplementary benefit agreements between The City of New York and the labor unions establish the Comptroller's authority to audit and request specific information from the Benefit Funds, and describe the Funds' underlying reporting responsibilities.

The agreements require, in part, that Benefit Funds maintain accurate records and books of account in conformance with Generally Accepted Accounting Principles (GAAP), file annual trustees' statements with the Office of the Comptroller containing substantiation and other information that the Comptroller shall prescribe, as per individual Fund supplemental agreement, and obtain annual independent audits of their financial statements. The agreements also specify the Comptroller's right to audit all Benefit Fund expenditures.

The agreements also set forth conflict of interest guidelines. These guidelines provide that Benefit Funds, and all Fund trustees, officers, and employees are prohibited from directly or indirectly receiving, in connection with the solicitation, sale, service or administration of a Benefit Fund contract, any payment, commission, loan or other thing of value from any entity or individual. In addition, Benefit Fund trustees, officers, or employees may not directly or indirectly receive any payment, commission, loan service, or any other thing of value from the Benefit Fund, except that such person may receive employee benefits to which he or she is otherwise entitled, and reasonable compensation for necessary services and expenses rendered or incurred in connection with official duties.

Many of the financial, accounting, auditing, and reporting guidelines in this directive replicate, or are derived from, supplementary benefit agreement terms and conditions.

3.2 Accounting Standards

Every Benefit Fund that receives New York City Contributions is required to maintain adequate books of account and related records that will enable it to prepare complete and auditable financial statements on an accrual basis of accounting in conformity with GAAP.

3.3 Comptroller's Internal Control and Accountability Directives

It is recommended that all Benefit Funds for which the New York City Contribution is $300,000 or greater (Level II Funds) comply, where applicable, with the Internal Control and Accountability Directives issued by the Office of the Comptroller.

3.4 Spending Guidelines

Benefit Funds should ensure that New York City Contributions are spent appropriately and monitored carefully. This includes:

1. Restricting their use only for expenditures and programs that directly or indirectly benefit fund members.
2. Carefully controlling Administrative Expenses and ensuring that they do not exceed a reasonable percentage of total Benefit Fund revenue.
3. Ensuring that spending for Benefit Fund employee salaries, fees paid to trustees, and fees or commissions paid to professionals and service providers are not excessive or unreasonable in relation to the service or product received.
4. Using competitive processes to the greatest degree practicable to procure goods and services.

In addition:

1. Political and charitable contributions of any kind paid from the New York City Contribution or related investment earnings are prohibited.
2. Payments on Benefit Fund contracts or other obligations generally must be made by check drawn on the Fund payable directly to the creditor, beneficiary, or obligee. Payments, that are not customarily paid by check, including, but not limited to, electronic transfers and imprest fund expenditures, are permissible.

3.5 Service Provider Assessments

The services rendered by consultants shall be assessed at least once every two years. The assessments shall be reported in the board's official minutes and attached to the trustees' representation letter.

It is further recommended, that the work of consultants and all individuals or organizations, with the exception of medical service providers, which are paid for services rendered on a fee or commission basis, be assessed each year with the results reported in the board's official minutes and attached to the trustees' representation letter.

3.6 Investment Policy and Procedures

Trustee Representation Letter

Level II Benefit Funds must attach a copy of their investment policy to the trustee representation letter, along with the trustees' certification that the Fund has complied with its policy and procedures.

Investment Policy Recommendation

To ensure that idle monies are invested judiciously, appropriately safeguarded, and accounted for fully, it is recommended that the board of trustees:

1. Ensures that the Fund has a written investment policy that describes the permissible types of investments and the guidelines to be adhered to for each investment type. The policies and procedures should also cover, as appropriate, compliance with ERISA investment guidelines and any statutory or legal restrictions, collateralization, the use and selection of financial institutions such as depositories, custodians and trusts, and the use and selection of financial advisors.
2. Conducts annual reviews of the Fund's compliance with the investment policies and procedures.
3. Ensures that the investment policy and procedures are periodically reviewed and revised, as necessary, to reflect changes in available investment opportunities and market conditions.
4. Establishes a trustee investment committee that includes the Fund's chief fiscal officer, to oversee the investment function.
5. Ensures that internal accounting and procedural controls provide an environment that encourages adherence to the Fund's investment policies and procedures. The internal controls should:

    a) Separate the investment authorization and accounting functions.

    b) Ensure that investment transactions are fully recorded at an appropriate level of detail.

    c) Mandate that all transactions are based on written authorizations.

    d) Regularly report on all investment activity to Trustees.

    e) Provide for the bonding of appropriate Benefit Fund staff.

3.7 Travel Policy

The board of trustees must establish a written travel policy, which sets forth reasonable standards for all out-of-town travel and attendance at conferences, seminars, and other events. In addition to establishing guidelines describing when, and for what purposes, travel is appropriate, and expenditure limitations for transportation, lodging, meals and other expenses, the policy must require the board of trustees' advance authorization of all out-of-town travel.

The travel policy, at a minimum, must:

1. Prohibit first-class travel.
2. Provide that reimbursement of expenses will be made only upon submission of a completed request, with supporting documents attached.
3. Require persons authorized to travel on Benefit Fund business to report to the board of trustees describing the benefits derived from the trip. The reports must be incorporated in the board's official minutes. It is recommended that the reports be made in writing.

In addition, it is recommended that the travel policy:

1. Place limitations on the number of individuals who attend, as well as the number of times individuals may travel each year, for non-essential purposes, such as attending general purpose training and educational courses, professional development courses, or industry conferences/trade shows.
2. Establish reasonable per diem rates, such as the Federal General Services Administration's per diem rates, by locality, for normal daily travel expenditures.
3. State that Level II Funds comply with the Comptroller's Internal Control and Accountability Directive #6 – Travel, Meals, Lodging and Miscellaneous Agency Expenses.

Travel Reporting Requirements

A copy of the Fund's travel policy must be attached to the trustee representation letter. In addition, a summary of all trustee/staff expenditures for conference attendance and out-of-town travel must be submitted annually as part of the trustee representation letter.

3.8 Cost and Expense Allocations

Benefit Funds that share premises with related or other entities will have common Administrative Expenses such as rent, utilities, general management, and other general expenses. These costs should be allocated equitably for reporting and accountability purposes. The allocation must be made systematically, applied consistently from year-to-year, and must be reviewed annually. Staff salaries should be apportioned based on records that document the efforts devoted to each entity. An explanation of the Fund's allocation methodologies must be attached to the trustee representation letter.

3.9 Competitive Proposals for Insured Benefits and Other Services

Contracts for insured benefits, except for basic medical and hospital augmentations negotiated with the same insurer, must be awarded using a competitive proposal process. Benefit Funds must solicit at least three firms with the appropriate size, experience and qualifications to provide such benefits or services. The board of

trustees must prepare a certification for each benefit or service contract which states that a minimum of three proposals were solicited and discloses the date on which the Fund solicited the proposals and the names of all companies solicited. The certification must be included in the board's official minutes and be attached to the trustee representation letter.

It is recommended that Benefit Funds, with the exception of medical service providers, use a similar competitive proposal process to choose third party administrators and all other professional service providers.

Additionally, Funds should consider using the guidance provided in The City of New York Procurement Policy Board Rules and the Mayor's Office of Contracts' Rules Implementation Memoranda to assist in developing appropriate competitive proposal processes.

3.10 Comptroller's Audits

The Fund's books, records and accounts, including the full minutes of the board of trustees' meetings, are subject to review and audit by the Office of the Comptroller.

Back to the Beginning of the Directive

4. ANNUAL REPORTING REQUIREMENTS

This Directive requires Benefit Funds to prepare and submit a number of reports, copies of documents and other materials, to the Office of the Comptroller. All required filings must be submitted annually, no later than nine months after the close of the Benefit Funds' fiscal year.

4.1 Funding Levels Defined

Fund filing requirements vary according to the size of the New York City Contribution as indicated below:

- Level I - Benefit Funds for which New York City Contributions are less than $300,000.

- Level II - Benefit Funds for which New York City Contributions are $300,000 or more.

4.2 Reporting Requirements Summary

Subsequent sections of this Directive establish Benefit Fund reporting requirements that vary among the two funding levels. To assist boards of trustees and Benefit Funds, a synopsis of reporting responsibilities and requirements, by funding level, along with references to the appropriate sections of the Directive, is provided on the following page.

Reporting Requirements			
Report/Information	**Directive Reference**	**Level I**	**Level II**
Annual Independent Auditor's (CPA) Report	5	**Yes**	**Yes**
Statement of Net Assets Available for Benefits	5.3		
Statement of Changes in Net Assets Available for Benefits	5.3		
Footnotes to Financial Statements	5.3		
Auditor's Opinion on Financial Statements	5.4		
Administrative Expense Schedule	5.3/9.1		
Benefit Expense Schedule	5.3/9.2		
Auditor's Management Letter	5.7	**Yes**	**Yes**
Trustee Representation Letter	6	**No**	**Yes**
Fund Name, Address, etc.	6.1		
Trustee Names, Addresses, etc.	6.1		
Fund Administrator, Name, Address, etc.	6.1		
New York City Contribution	6.1		
Total Benefit Fund Revenue	6.1		
Number of City Employees/Retirees	6.1		
Percent NYC Employees to Total Fund Enrollment	6.1		
Allocation Methodologies	3.8/6.1		
Travel Policy	3.7/6.1		
Trustee/Staff Travel Report	3.7/6.1		
Payments to Trustees	6.1		
Payments to Top Five Officers/Trustees/Staff	6.1		
Fee/Commission Payments	3.5/6.1		
Benefit Plan Amendments	6.1		
Insurer Changes	6.1		
IRS 5500, 5500c or 990	7.0/6.1		
Investment Policies and Procedures	3.6/6.1		
Audit Contract	5.5/6.1		
ERISA Reports 5500 & 5500C (if filed)	7/6.1	**Yes**	**Yes**
Level I Fund Addendum	7	Yes	No
Annual Report to Fund Membership	8	**Yes**	**Yes**
Administrative Expense Schedule	9.1		
Benefit Expense Schedule	9.2		
Key Ratios Schedule	9.3		

4.3 Filing Address

All filings required by the Directive must be submitted electronically to:

aabraha@comptroller.nyc.gov.

Or by mail to:

The City of New York
Office of the Comptroller
Bureau of Financial Audit
1 Centre Street, Room 1117 North
New York, NY 10007

Attention: Ms. Auldith Abraham
(212) 669-8048

Back to the Beginning of the Directive

5. INDEPENDENT ANNUAL AUDITS

All Benefit Funds must prepare annual financial statements in accordance with GAAP. Financial statements must be audited annually by independent Certified Public Accountants (CPAs).

5.1 Auditor Selection

It is strongly recommended that independent certified public accountants be selected through the use of a competitive proposal process. Requests for proposals should be sent to at least three firms with the appropriate size, experience and qualifications to perform the audit. Requests for proposals should incorporate a copy of this directive.

In addition, it is recommended that:

1. The audit selection process is completed no later than 60 days after the beginning of the Benefit Fund's calendar or fiscal year. Timeliness in engaging CPAs is important to ensure that there is no break in continuity in the auditing process and, if necessary, to facilitate the transfer of information from one firm to its successor.

2. Benefit Funds contract only with firms included on the Office of the Comptroller's prequalified list of CPAs. A copy of the list may be obtained from the filing address listed in Section 4.3 above.

5.2 Audit Standards

The audit must be conducted in accordance with Generally Accepted Auditing Standards (GAAS) as promulgated by the American Institute of Certified Public Accountants.

5.3 Audit Scope

The scope of the independent audit for all Benefit Funds must include the following:

1. Statement of net assets available for benefits.
2. Statement of changes in net assets available for benefits.
3. Footnotes to financial statements.

Funds where City contributions are $300,000 or greater (Level II) are additionally required to provide an Administrative Expense Schedule (Appendix A) and Benefit Expense Schedule (Appendix B), which have been audited as part of the independent audit of the basic financial statements.

5.4 Audit Opinion

The auditor's opinion must state whether the financial statements are presented fairly in accordance with GAAP.

5.5 Audit Contract

It is strongly recommended that audit contracts not exceed four years in length. After four years, a new request for proposals should be issued. Additionally, for Level II Funds, if the same firm is awarded the contract in a subsequent four-year period, the audit firm should be required to assign a different senior manager and partner-in-charge. Benefit Funds are strongly encouraged not to award contracts to the same firm for more than two consecutive four-year periods.

The audit contract must require that the audit report be issued within nine months after the close of the Fund's calendar or fiscal year and must incorporate procedures, established by the Comptroller, for the Comptroller's audit of the Fund. Additionally, for Level II Funds, a copy of the audit contract must be attached to the trustee representation letter, and must specify that the audit work papers are subject to review by the Comptroller's Office.

5.6 Peer Review

The independent auditor must provide the Benefit Fund with copies of any peer reviews performed in accordance with the AICPA Guides. The Benefit Fund should use the peer reviews as part of their evaluation in selecting an independent auditor.

5.7 Management Letter

Audit contract terms must include a requirement that the auditor issue a management letter when, in the CPA's professional judgment and as per AICPA guidelines, one is merited. The management letter must comment on any material weaknesses or reportable conditions in any of the five elements, which make up the Benefit Fund's internal control structure: control environment, risk assessment, information and communication, control activities, and monitoring. When appropriate, the management letter should contain recommendations to Fund management on how to improve the noted conditions.

In gaining an understanding of the Fund's internal control structure, the auditor should take special note of the following areas:

1. Adequacy of expenditure documentation and approval processes.
2. Expense allocations for Benefit Funds that share their premises with other organizations.
3. The adequacy and propriety of the Fund's investment policies and procedures, and of the Fund's compliance with them.
4. Competitive procurement practices.
5. Staff utilization, including the reasonableness of staffing in relation to workload requirements.
6. All other matters that the auditors consider appropriate for disclosure to the trustees.

If the independent auditors conclude that there are no material weaknesses, the management letter should so indicate.

Back to the Beginning of the Directive

6. TRUSTEE REPRESENTATION LETTER

The boards of trustees of Level II Funds must submit a trustee representation letter to the Comptroller annually, which summarizes the Benefit Fund's management policies and activities and provides key information about the Fund's operation. The trustee representation letter must be signed by all of the Fund's trustees and must include an affirmation that, under the penalties for perjury, in accordance with the supplemental agreement, the report is a true and accurate reflection of management's policies and the state of the Fund's affairs for the reporting period.

Level I Funds have abbreviated requirements, which are described in Section 7.

6.1 Trustee Representation Letter Requirements

The trustee representation letter must contain:

- The Benefit Fund's name, address and telephone number.
- The names and business addresses of all board of trustee members.
- The Fund administrator's name, address, and telephone number.
- The total amount of New York City Contributions for the Fund's fiscal or calendar year.
- Total Benefit Fund revenue from all sources.
- The number of City employee and retiree members at year-end.
- The number of City employees and retirees expressed as a percentage of the total number of covered Benefit Fund members.
- For Benefit Funds that share premises, staff ,or other expenses with related or other entities, a description of all cost or expense allocation formulas, including an explanation of the allocation methodology and the basis for distribution (Section 3.8).
- A copy of the Fund's travel policy (Section 3.7).
- A summary of all expenditures for out-of-town travel and attendance at conferences for trustees and staff. The summary should include the name and position of the traveler/attendee, the dates of travel, the destination, the reason for the trip and the total expenditure (Section 3.7).
- A listing of all amounts paid to any trustee and a description of the work or services rendered.
- A statement disclosing the total remuneration for the five most highly paid individuals from among trustees, officers, and staff.
- The identification of all individuals or organizations paid on a fee or commission basis, including administrators, investment managers, attorneys, accountants, and other professional service providers. For each individual or organization, the provider's name and address, a description of the relationship, the fees paid and, if applicable, the amount of funds held or managed must be provided.
- For consultants, a copy of the official board minutes authorizing the hiring of each consultant and the trustees' biennial assessment of the consultants' performance (Section 3.5).
- For insured benefit contracts, certification of the competitive selection process as described in Section 3.9.
- If any amendments were made to the benefit plan during the year, a copy of the new benefit booklet or other member notification. If there were no changes, the representation letter must state so.

- If any benefits were changed from third party insured to self-insured, or vice-versa, during the year, the reasons for the change, including a detailed explanation of the advantages and any expected cost savings.
- If required to file with the IRS, a copy of IRS Form 5500 or 5500C (or IRS Form 990).
- A copy of the Benefit Fund's investment policy and procedures and the certification described in Section 3.6.
- A copy of the independent audit contract (Section 5.5).

6.2 Substitution of Statements or Filings

Funds may, in lieu of any specific requirement in Section 6.1 above, substitute copies of statements or filings made pursuant to State or Federal Law. Each substitution must be clearly referenced to its corresponding requirement in Section 6.1.

Back to the Beginning of the Directive

7. FEDERAL ERISA REPORTING REQUIREMENTS

Funds may choose to comply with the Employee Retirement Income Security Act of 1974's (ERISA) reporting guidelines for Benefit Fund expenditures and activities. ERISA requires that certain Benefit Funds, depending on membership size, file Internal Revenue Service Forms 5500 or 5500C. Funds choosing to comply with ERISA and which are required, under ERISA, to file 5500 or 5500C should provide an information copy to the Comptroller's Office with the trustee representation letter. At the Fund's discretion, a copy of IRS Tax Form 990 filing may be submitted, to the Comptroller's Office, instead of Forms 5500 or 5500C.

Funds with New York City Contributions under $300,000, (Level I) must attach an addendum to the Comptroller's copy of Form 5500 or 5500C (or Form 990) with the following information:

- The number of City employee members and retirees at year-end.
- Total New York City Contributions for the year.
- Amendments to benefits. If amendments were made, a copy of the new benefit booklet or other membership notification. If there were no amendments, a statement to that effect.

8. ANNUAL REPORT TO FUND MEMBERSHIP

Each Fund is required to issue an annual report to its membership. A copy of the annual report, with cover letter, must be sent to each member of the Fund and be filed with the Office of the Comptroller. The annual report must advise the membership of the financial condition and operations of the Fund and advise the membership of significant changes and other important matters. At a minimum, the annual report must include a copy or a condensed version of the most recent independently audited financial statements. This requirement may be fulfilled by publishing the cover letter and report in a Fund authorized publication provided that the publication is mailed to each member individually.

9. SUPPORTING SCHEDULE REQUIREMENTS

All Benefit Funds are required to provide the following supporting schedules:

9.1 Administrative Expense Schedule

This schedule compares the Benefit Fund's Administrative Expenses for the last two fiscal years, however, three fiscal years of comparable data is required for any year that the result of the Benefit Fund's operations shows a deficit that exceeds five times the Fund balance. The format is provided in Appendix A. A narrative must also be provided by the board of trustees as an attachment, explaining any adverse trends from year to year, or any expense fluctuations in excess of plus or minus fifteen percent from the prior year. This schedule also requires the computation of Administrative Expenses as a percentage of total Benefit Fund revenue.

Benefit Funds with New York City Contributions under $300,000 (Level I) must attach this schedule to the Comptroller's copy of the ERISA reporting described in Section 7. All other Funds (Level II) must have this schedule independently audited and included as part of the annual audit report.

9.2 Benefit Expense Schedule

This schedule requests specific information for each benefit provided by the Fund. The format is provided in Appendix B.

Benefit Funds with New York City Contributions under $300,000 (Level I) must attach this schedule to the Comptroller's copy of the ERISA reporting described in Section 7. All other Funds (Level II) must have this schedule independently audited and included as part of the annual audit report submission.

9.3 Key Ratio Schedule

The Key Ratio Schedule requests the comparative analysis of certain Benefit Fund financial indicators for each of the last two years. The format is provided in Appendix C. Each Fund (Levels I and II) must submit this analysis as part of its annual reporting submission, due no later than nine months after the close of its fiscal year.

10. APPENDICES

Appendix A: Administrative Expense Schedule

DESCRIPTION	2012*	2013	2014
Salaries			
% of total Administrative Expense			
Fringe Benefits			
Investment and Custodial Services			
Legal			
Accountant			
Fees and Commissions - Other			
Rent			
Travel and Conference			
Telephone			
Insurance Retention Charges			
Office Equipment and Rental			
Stationery, Printing, Postage, Office Supplies			
Insurance			
Repairs & Maintenance			
Others (Please Describe):			
Total Administrative Expense			
Total Benefit Fund Revenue			
% Administrative/Revenue			

* **Required if Fund has a current year's operating deficit in excess of five times its Fund balance.**

Appendix A: Administrative Expense Schedule (continued)

EXPENSE CATEGORY	EXPENSES INCLUDED
Salaries	Salaries, Payroll Taxes, Employment Agency Fees
Fringe Benefits	Employee Fringe Benefits and Severance Pay
Investment and Custodial Services	Investment Management and Custodial Services
Legal	Attorney Fees
Accounting	Accountant Fees
Fees and Commissions - Other	Consulting, Third Party Administrators (e.g. Claims Processing), Communications and Publicity, Security, Actuary, Computer Software Design
Rent	Rent, Utilities, Storage, Building and Moving Expenses
Travel and Conference	Trustee Allowances, Meeting Expenses, Dues, Subscriptions, Awards, Auto Expenses
Telephone	Telephone and Telegrams
Insurance Retention Charges	Insurance Company Administrative Charge to handle benefit payments
Office Equipment and Rental	Depreciation, Amortization, Computer Hardware, Furniture and Equipment
Stationery, Printing, Postage, Office Supplies	Publications, Advertising, Messenger, Petty Cash, Microfilm, Records, Photocopy, Computer Supplies
Insurance	Fiduciary Liability, Bonding, Office Insurance
Repairs and Maintenance	Office Cleaning, Repairs and Maintenance
Other	Any other expense that does not fall in above categories. Each expense must be listed separately and described.

Appendix B: Benefit Expense Schedule

BENEFIT DESCRIPTION	IS BENEFIT INSURED/SELF-INSURED	COST OF BENEFIT FOR YEAR	BENEFIT COVERAGE *

* Use key numbers below to indicate coverage categories.

1. Member
2. Spouse
3. Children

Appendix C: Benefit Fund Key Ratio Schedule

	2014	2015
Total Revenue		
Administrative Expense		
% of Revenue		
Benefit Expense		
% of Revenue		
Total Expense		
Net Surplus/(Deficit)		
Fund Balance Year-End		
% of Total Revenue		

Back to the Beginning of the Directive