

**Arkansas Public Employees Retirement System**  
**Annual Financial Report**  
For the fiscal year ending June 30, 2015





A Pension Trust Fund of the State of Arkansas

# **Annual Financial Report**

**For the Fiscal Year Ended June 30, 2015**

Gail H. Stone, Executive Director

Prepared by  
Arkansas Public Employees Retirement System  
124 West Capitol Avenue, Suite 400  
Little Rock, AR 72201

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Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2015***

Presented to

***Arkansas Public Employees Retirement System***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle  
Program Administrator

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# Introduction

**A History of APERS**

**System Highlights**

**Letter of Transmittal**

**Chairman's Letter**

**Board of Trustees**

**APERS Senior Staff**

**Outside Professional Service Providers**





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## A HISTORY OF APERS

The Arkansas Public Employees Retirement System (APERS or the System), formerly the Arkansas State Employees Retirement System, was established by the General Assembly in 1957 as a multi-employer defined benefit retirement plan for State of Arkansas employees. From 1957 through 1965, county employers (via Act 42 of 1959), municipal employers (via Act 64 of 1961), college and university employers (via Act 149 of 1963), and non-teaching public school employers (via Act 63 of 1965) all joined the System.

APERS is governed by a nine member board of trustees. Three of the trustees are ex officio – the Auditor of State, the Treasurer of State, and the Director of the Department of Finance and Administration. The remaining trustees are appointed by the Governor and shall be three members who are state employees and three members who are non-state employees.

Any member joining the System prior to January 1, 1978 was required to contribute a percentage of his or her salary to the System. However, effective January 1, 1978, new members were not required to contribute to the System; only the employer contributed. At that time, all contributory members of the System were given an opportunity to remain contributory or choose to become non-contributory.

Act 653 of 1989 required that all newly hired public school employees be enrolled in the Arkansas Teacher Retirement System. The School Division then became a closed plan.

In 2005, the 86th General Assembly established a new contributory provision for the System. Therefore, effective July 1, 2005, all new members would be enrolled as contributory members and would be required to contribute 5% of their salary into the System. Current members of the System were given the option to remain non-contributory or choose to be contributory members of the System.

Effective July 1, 2007, the Arkansas District Judges Retirement System (ADJRS) was transferred to APERS by Act 177 of the 2007 Arkansas Legislature. ADJRS was treated as a closed system and as a result of the change was recorded as one of APERS' divisions. District judges entering the System after July 1, 2007 are treated as APERS-covered employees and fall under the same provisions as other APERS members.

Prior to January 1, 2012, when members began participating in the Deferred Retirement Option Plan (DROP) or returned to work after retiring, their employers did not pay matching on their salaries. Act 558 of 2011, effective January 1, 2012, amended the Arkansas Code Annotated (A.C.A.) § 24-4-402 to provide that participating employers must make contributions for both active and retired members who have returned to work in an eligible APERS-covered position. Act 558 amended A.C.A. § 24-4-802 to state that when a member begins participating in the DROP the member's employee contributions to the System cease but the employer's contributions on behalf of the member continue.

## A History of APERS

APERS' membership has grown steadily. Our current ratio of active to retired lives is approximately 1.4 to 1, according to the 2015 APERS *Report of Actuarial Valuation and Experience Gain/(Loss) Analysis*. Over the next several years, we will be experiencing the "Baby Boomers" retirement, and the ratio of active to retired lives is anticipated to be 1 to 1.

### Financial Objective

APERS has developed into a mature system that continues to satisfy the general financial objective of level contribution financing. As of June 30, 2015, the assets of the System remained healthy at \$7.55 billion. The APERS investment program has seen rates of return that range from a low of negative 20.89% in 2009 to a high of 26% in 2011. The investment of these assets is allocated among numerous managers that invest in domestic equities, domestic fixed income, international equities, and alternative investments (for example, timber and real estate). Based on our most recent actuarial valuation, the funded status of the System remains strong at 79%.

### Investments

From inception until 1985, the trust fund was governed by Arkansas statutes that provided a permissible list of investments. In 1985, Act 412 repealed the permissible list of investments and enacted the prudent investor rule. It also allowed the establishment of a custodian bank relationship. The act stated that the System should invest at least 5% percent but no more than 10% of the System's portfolio in Arkansas-related investments but only when consistent with the fiduciary requirements of the trustees. In 1989, Act 302 allowed the System to employ multiple discretionary money managers as appropriate. In 1997, Act 1194 revised and updated the investment policies and rules, including the prudent investor rule.

Act 1242 of 2009 merged the investable assets of the Arkansas State Police Retirement System with those of APERS while granting all investment authority to the APERS Board of Trustees. The reporting schedules contained herein reflect the respective values allocated to each pension plan.

### Retirement Benefit Program

Prior to July 1, 1991, a member could only receive service credit in one-month increments. Act 757 of 1991 provided for fractional service credit for members who work fewer than 80 hours per month.

Act 1143 of 1997 required adherence by retirement systems to qualified domestic relations orders or QDROs. Also, during the 1997 legislative session, reciprocity was established. With the establishment of reciprocity, service rendered to other state-authorized retirement systems could be recognized for vesting in conjunction with service rendered to APERS.

Enhancements to the monthly retirement annuity have included ad hoc increases for retirees and increases in the multipliers for active and deferred (non-retired) members as well as a reduction

## A History of APERS

in the number of years used to calculate the final average compensation (FAC). Act 975 of 1991 changed the FAC used in the calculation of retirement benefits from 5 years to 4 years. Act 104 of 1999 allowed members with 28 years actual service to retire with an unreduced benefit. Act 1137 of 1997 set the FAC to 3 years. Effective July 1, 1997, the vesting requirements changed from 10 years to 5 years for all active and future members of the System with the exception of members of the General Assembly (Act 1356 of 1995).

Prior to July 1, 1999, members who were retired from another state-sponsored retirement system, worked in a position covered by APERS, and met the eligibility requirements couldn't receive service credit in APERS. That changed, effective July 1, 1999 when retired members of another state-sponsored retirement system who worked in a position covered by APERS and met the eligibility requirements could be reported to APERS.

In keeping with trends in retirement systems, APERS has implemented additional retirement options that include the DROP and a partial annuity withdrawal.

Act 295 of 2009, which went into effect in March 2009, broadened members' ability to purchase retirement credit for time served in the military or armed forces reserves. Vested members who are either eligible for or currently receiving military retirement benefits may purchase up to, but not more than, five years of service in APERS. Similarly vested members may purchase up to five years of armed forces reserve time in the System. Act 295 also invoked the federal protections afforded by the Uniformed Services Employment and Reemployment Rights Act for APERS members called to active duty.

The 2011 legislative session brought about the following changes:

- Act 38, effective February 16, 2011, states that when an APERS DROP participant exits the DROP the member is not eligible for employment in any position covered by any authorized state retirement plan.
- Act 563, effective July 1, 2011, amended A.C.A. § 24-4-521 to restrict the amount of credited service earned by a local non-contributory elected public official to one year of retirement credit for every year worked unless additional contributions are provided.
- Act 774, effective March 30, 2011, extends the termination period required for retirement purposes of individuals who receive at least two-for-one service credit under APERS to one year.

The 2013 legislative session also brought a number of changes that included the following:

- Act 332, effective March 14, 2013, revised several aspects of the System.

Section 3 clarifies that to meet the definition of “police officer,” a person must have satisfied the training requirements to be a police officer established by the Arkansas Commission on Law Enforcement Standards and Training under A.C.A. § 12-9-106.

Section 6 states that a retirant shall not begin receiving annuity payments until all requirements for terminating qualified employment are satisfied.

Section 8 requires a participating public employer to promptly provide all information requested by the System concerning the status of an employee.

Section 9 states that the disability annuity shall be effective the first day of the calendar month following APERS’ approval of the disability application and is not retroactive (see A.C.A. § 24-4-511[a][2]).

Section 12 enables a non-contributory APERS member to convert to the contributory provisions at any time. The effective date of the member’s contributory coverage shall be the first payroll period that is paid and reported in the next month after the contributory election is made and provided to APERS. This provision is prospective only and is irrevocable.

- Act 378, effective July 1, 2013, amended A.C.A. § 14-14-1320(a)(2) by declaring that any county elected officer who resigns during a term of office shall be ineligible for appointment to any county elective office during the term for which he or she resigned.
- Act 288, effective January 1, 2014, requires that a newly elected contributory elected official is required to contribute an additional 2.5% of his or her gross payroll and that the employer shall also contribute said amount in order for the elected official to receive multiple service credit.

## SYSTEM HIGHLIGHTS

As of June 30, 2015

## STATE AND LOCAL DIVISIONS ONLY

ACTIVE MEMBERS		RETIRED MEMBERS*		Age and Service	Disability
Number	45,722	Newly Retired Members	1,790		160
Average Age (yrs.)	44.8	Average Age (yrs.)	62.6		55.2
Average Service (yrs.)	9.2	Average Service (yrs.)	17.4		14.0
Average Annual Salary	\$ 35,979	Average Monthly Benefit	\$1,001.65		\$696.51
Inactive Vested Members					
Number	13,638	Total Retired Members	33,106		
		Average Monthly Benefit	\$ 1,218.18		

\* Includes DROP Participants.

## LETTER OF TRANSMITTAL



124 WEST CAPITOL AVENUE • SUITE 400 • LITTLE ROCK, AR 72201

APERS Board of Trustees  
Arkansas Public Employees Retirement System  
124 West Capitol Avenue, Suite 400  
Little Rock AR 72201

Dear Board Members:

It is my honor to present to you the 2015 *Annual Financial Report of the Arkansas Public Employees Retirement System* (APERS or the System) for the fiscal year ended June 30, 2015. The report evidences our continuing effort to provide reliable and timely information on the financial status of APERS and the changes therein for the fiscal year.

Accountability is the imperative of financial reporting. It insists that APERS' resources be safeguarded and used for the benefit of all members, that transactions be executed only with the proper authorization of the Board and management, and that transactions be recorded properly to permit the reporting of timely and reliable financial information on the activities of the System.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial status of the System and changes therein.

APERS was established by legislation enacted in 1957 and has subsequently expanded to include state, county, municipal, school, and other political subdivisions. A comprehensive list of all participating employers is provided at the end of the Statistical Section. The summary of plan provisions is presented in the Actuarial Section. The mission of the System is to provide current and future retirement or survivor benefits for its members. All services provided by the staff are performed to meet that objective.

The APERS Annual Financial Report contains six sections:

- The Introduction contains the administrative organization, a letter of transmittal, and the chairman's report.



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- The Financial Section contains the financial statements of the System and required supplementary information.
- The Investments Section contains a report on investment activity as well as the investment policies, investment results, and various investment schedules.
- The Actuarial Section contains the actuary's certification letter and the results of the annual actuarial valuation.
- The Statistical Section includes significant trend data pertaining to the System.
- The Appendix contains combined APERS and ASPRS financial statements, member valuation schedules, a schedule of benefits paid by county, as well as a list of participating employers as of June 30, 2015.

I trust that you and the members of the System will find this annual report helpful in understanding your public employees' retirement system - a system that continues to maintain a strong and positive financial future.

#### Economic Condition and Outlook

The economic condition of the System is based primarily upon investment earnings. For the last five years, the System's annualized rate of return has been 12.25%. The System's investments are evaluated quarterly by Callan Associates, Inc. and compared to market indicators and comparable funds. A comparable analysis of rates of return is presented in the Investments Section.

#### Performance

For the fiscal year ending June 30, 2015, the fund recognized a positive 0.42% rate of return. The funding status of the System increased to 79% in fiscal 2015 from 78% in 2014.

#### Financial Information and Management Responsibility

The financial statements of APERS have been prepared by management, which is responsible for the integrity and fairness of the data presented, including the amounts which must, of necessity, be based on estimates and judgments. The 2015 Annual Financial Report has been prepared to conform to the accounting principles generally accepted in the United States.





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The executive management of the System is responsible for establishing and maintaining adequate internal control over financial reporting. APERS' internal control over financial reporting is designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization and are recorded as necessary to maintain accountability for assets and to permit the preparation of financial statements in accordance with generally accepted accounting principles. This System includes written policies and procedures adopted by the Board of Trustees and promulgated in accordance with the Arkansas Administrative Procedures Act.

### Funding

A pension fund is well funded when it has enough money in reserve to meet all earned future obligations to participants. The System's funding objective is to meet long-term benefit promises through contributions that remain approximately level as a percentage of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the investment potential. The advantage of a well-funded plan is that the participants can be assured that sufficient assets exist which are committed to the payment of benefits. The actuarial accrued liability and actuarial funding value of assets of the System as of June 30, 2015 amounted to \$9.295 billion and \$7.352 billion respectively. A detailed discussion of funding is provided in the Actuarial Section of this report.

### Investments

The investments of the System are governed primarily by an investment authority known as the "prudent investor rule." The rule established a standard for all fiduciaries, which includes anyone that has investment authority with respect to a fund. The prudent investor rule states that in making investments, the fiduciaries shall act "using the judgment and care under the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital" (A.C.A. § 24-2-619). By permitting diversification of investments within a fund, the fund may reduce overall risks and increase returns. A summary of the asset allocation can be found in the Investments Section.

The Arkansas Investment Code (A.C.A. Title 24, Chapter 2, Subchapter 6) permits the fund to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment managers. The statement of investment policy



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outlines the responsibility for the investment of the fund and the degree of risk that is deemed appropriate for the fund. Investment managers appointed by the Board are listed in the Introductory Section. For fiscal year 2015, investments provided a positive 0.42% rate of return. The System's annualized rate of return over the last three years was a positive 12.32%.

### Audit

The State of Arkansas Division of Legislative Audit, in accordance with A.C.A. § 24-2-702, audits the System each fiscal year.

### Actuarial Survey and Valuation

An actuarial review of the System is performed annually. The assumptions utilized by the actuary in performing the valuation are reviewed annually by the Board. The actuarial firm Gabriel, Roeder, Smith & Company completed the actuarial review and valuation, and they served as technical advisor to the System. Actuarial certification and supporting statistics are included in the Actuarial Section and the Statistical Section of this report.

### Acknowledgements

The compilation of this report reflects the combined efforts of the staff under the leadership of the Board of Trustees of the Arkansas Public Employees Retirement System. The report is intended to provide extensive and reliable information for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the System's members and their employers.

I would like to take this opportunity to express our gratitude to the Board, the staff, the advisors, and the many people who have worked so diligently to ensure the successful operation and financial soundness of the Arkansas Public Employees Retirement System.

Sincerely yours,

A handwritten signature in black ink that reads "Gail H. Stone".

Gail H. Stone  
Executive Director

## CHAIRMAN'S LETTER



124 WEST CAPITOL AVENUE • SUITE 400 • LITTLE ROCK, AR 72201

January 2, 2016

Dear Members:

On behalf of the Board of Trustees, I am pleased to present the *Annual Financial Report of the Arkansas Public Employees Retirement System* for the fiscal year ended June 30, 2015. APERS continues to be in sound condition with 79% of all commitments prefunded. The assets accumulated to pay your retirement benefits are carefully invested to ensure the necessary funding when your future benefits are due to you. As Board members we serve as trustees to ensure that your interests are properly safeguarded. We have the responsibility and the mandate to provide retirement benefits to all participants commensurate with the valuable service each has rendered to the citizens of Arkansas.

Act 1242 of 2009 merged the investable assets of the Arkansas State Police Retirement System with those of APERS beginning July 1, 2009. The retirement systems themselves remain separate entities. Thus, you will see the investment schedules broken out to reflect the market values accruing to each system. Act 1242 bestowed all investment authority on the APERS Board of Trustees.

The APERS Board members are cognizant of the need to balance cost containment with the well-being of the System's membership. While APERS remains in the top quartile of public plans in terms of financial health, we will continue to seek ways to keep the costs associated with the benefit program under control. The strong investment results being reported here offset some of the expense, but prudent cost-cutting will be foremost in the Board's mind.

As Board chair, I assure you that all of the APERS trustees have the best interests of the System and its membership in mind as we chart the future direction of the investment program and all other policy areas of the plan. As your board, we also recognize the dedication and fine work of the entire administrative staff of APERS; they are committed to delivering the highest quality service to all stakeholders.

Sincerely,

A handwritten signature in blue ink that reads "Artee Williams".

Artee Williams, Chair  
APERS Board of Trustees

PHONE 501-682-7800

TOLL FREE 1-800-682-7377












FAX 501-682-7871

WWW.APERS.ORG

## BOARD OF TRUSTEES

- **Mr. Artee Williams, Chair**  
Retired State Employee Representative  
*Expiration of Term March 9, 2020*
- **Ms. Ouida Wright, Vice Chair**  
State Employee Representative  
*Expiration of Term March 9, 2017*
- **Ms. Carol Bevis**  
Other Non-State Employee Representative  
*Expiration of Term March 9, 2018*
- **Mr. Bill Gaddy**  
State Employee Representative  
*Expiration of Term March 9, 2019*
- **Mayor David Morris**  
Municipal Employee Representative  
*Expiration of Term March 9, 2016*
- **The Honorable David Hudson**  
County Employee Representative  
*Expiration of Term March 9, 2021*
- **Mr. Larry Walter**  
Director of the Department of Finance and Administration  
Ex-Officio
- **The Honorable Andrea Lea**  
Auditor of State  
Ex-Officio
- **The Honorable Dennis Milligan**  
Treasurer of the State  
Ex-Officio

## APERS SENIOR STAFF

-  **Ms. Gail Stone**  
Executive Director
-  **Mr. Jay Wills**  
Chief Counsel
-  **Mr. Jason Willett**  
Chief Financial Officer
-  **Mr. Carlos Borrromeo**  
Chief Investment Officer
-  **Ms. Susan Bowers**  
Assistant Director of Investments
-  **Ms. Allison Woods**  
Director of Benefits Administration
-  **Mr. Phillip Norton**  
Director of Information Technology
-  **Ms. Becky Walker**  
Director of Operations
-  **Ms. Jacobia Twiggs**  
Manager, Educational Outreach
-  **Ms. Jennifer Taylor**  
Manager, Retiree Services Section
-  **Mr. Jon Aucoin**  
Manager, Communications Section

## OUTSIDE PROFESSIONAL SERVICE PROVIDERS

### Custodian Bank

The Bank of New York Mellon  
Pittsburgh, PA 15258

### Actuary

Gabriel, Roeder, Smith & Co.  
Southfield, MI 48076

### Investment Consultant

Callan Associates, Inc.  
Chicago, IL 60602

### Domestic Equity Investment Managers

CastleArk Management, LLC  
Chicago, IL 60606

Golden Capital Management  
Charlotte, NC 28262

Horrell Capital Management  
Little Rock, AR 72211

INTECH  
West Palm Beach, FL 33401

Lazard Asset Management  
New York, NY 10020

Lombardia Capital Partners  
Pasadena, CA 91101

Mellon Capital Management  
Pittsburgh, PA 15258

SSI Investment Management  
Beverly Hills, CA 90210

State Street Global Advisors  
Atlanta, GA 30305

Stephens Investment Management Group  
Houston, TX 77046

Wellington Management Company  
Boston, MA 02210

Westwood Management Corp.  
Dallas, TX 75201

### Fixed Income Investment Managers

MacKay Shields  
New York, NY 10105

Prudential Investments, Inc.  
Newark, NJ 07102

### Diversified Strategies Investment Managers

AQR Capital Management  
Greenwich, CT 06830

Blackstone Alternative Asset Mgmt., LP  
New York, NY 10154

Newton Capital Management  
New York, NY 10166-0005

### Real Assets Investment Managers

CastleArk Management, LLC  
Chicago, IL 60606

Invesco Real Estate  
Dallas, TX 75240

LaSalle Investment Management  
San Francisco, CA 94111

Pinnacle Forest Investments, LLC  
Little Rock, AR 72211

TA Associates Realty  
Boston, MA 02109

### International Equity Investment Managers

Artisan Partners  
Milwaukee, WI 53202

Baillie Gifford Overseas Ltd.  
Edinburgh, Scotland

Lazard Asset Management  
New York, NY 10020

Manning & Napier Advisors  
Dublin, OH 43017

Pyramis Global Advisors  
Smithfield, RI 02917

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# Financial Section

## Management's Discussion and Analysis

### Basic Financial Statements

- Statement of Plan Net Position
- Statement of Changes in Plan Net Position
- Notes to the Financial Statements

### Required Supplementary Information

- Schedule of Employer Contributions
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Net Pension Liability
- Schedule of Investment Returns

### Notes to Required Supplementary Information

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Payments for Professional Consultants





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## MANAGEMENT'S DISCUSSION AND ANALYSIS

To help facilitate a better understanding of the financial condition of the Arkansas Public Employees Retirement System ("APERS" or the "System") as of June 30, 2015, the results of its operation for the fiscal year ended, and the fiscal policies that govern its significant business operations, management has prepared this narrative analysis. The narrative is intended to supplement the System's financial statements, and, as such, should be read in conjunction with these statements, which are presented beginning on page 32.

### Overview of the Financial Statements

This overview is intended to serve as an introduction to the System's financial reporting. Collectively, all the information contained in the Financial Section of this annual report presents the net assets held in trust for pension benefits as of June 30, 2015.

The basic financial statements contained in the Financial Section of the annual report consist of the following:

The *Statement of Fiduciary Net Position* reports the pension trust fund's assets, liabilities, and resulting net position such that *assets – liabilities = net position* at the end of the fiscal year. It is a snapshot of the financial position of the pension trust fund at that specific time. Below is a summary of total assets, total liabilities, and resulting net position for fiscal years 2015 and 2014:

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 230,352,583	\$ 212,880,111
Receivables	73,321,222	85,311,719
Invesments	7,301,196,656	7,285,361,286
Securities lending collateral	993,010,007	1,041,335,559
Property and equipment	10,372,669	5,959,437
Other assets	29,905	15,947
Total assets	8,608,283,042	8,630,864,059
<b>LIABILITIES</b>		
Other liabilities	61,660,086	54,529,162
Securities lending collateral	996,629,718	1,045,145,270
Total Liabilities	1,058,289,804	1,099,674,432
Net Position Restricted For Pension Benefits	\$ 7,549,993,238	\$ 7,531,189,627

The *Statement of Changes in Fiduciary Net Position* summarizes the pension trust fund’s financial transactions that have occurred during the fiscal year such that *additions – deductions = net change in net position*. It supports the change that has occurred to the prior year’s net position value on the *Statement of Fiduciary Net Position*. Below is a summary of the financial transactions of the trust fund for fiscal years 2015 and 2014:

	2015	2014
<b>ADDITIONS</b>		
Employer Contributions	\$ 262,327,561	\$ 264,477,703
Plan Member Contributions	51,596,001	48,237,869
Supplemental Contributions	392,653	381,216
Net Investment Income	169,621,019	1,208,430,494
Total Other Additions	6,175,949	6,405,606
<b>TOTAL CONTRIBUTIONS</b>	<b>490,113,183</b>	<b>1,527,932,888</b>
<b>DEDUCTIONS</b>		
Benefits	451,912,791	414,548,645
Refunds of Contributions	12,195,637	9,455,347
Administrative Expenses	7,201,144	7,209,769
<b>TOTAL DEDUCTIONS</b>	<b>471,309,572</b>	<b>431,213,761</b>
<b>NET INCREASE (DECREASE)</b>	<b>18,803,611</b>	<b>1,096,719,127</b>
<b>NET POSITION</b>		
Beginning of the Year	7,531,189,627	6,434,470,500
End of the Year	<b>\$ 7,549,993,238</b>	<b>\$ 7,531,189,627</b>

### Additions to Fiduciary Net Position

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through earnings on investments. Accumulations for fiscal year 2015 totaled approximately \$490 million (see the following table):

OPERATING ADDITIONS	2015	2014
Employer Contributions	\$ 262,327,561	\$ 264,477,703
Plan Member Contributions	51,596,001	48,237,869
Supplemental Contributions	392,653	381,216
Investment Earnings	169,621,019	1,208,430,494
Miscellaneous Additions	908,250	972,552
Transfers from Other Public Employee Retirement Systems	5,267,700	5,433,053
<b>TOTAL</b>	<b>\$ 490,113,184</b>	<b>\$ 1,527,932,888</b>

The overall decrease in additions was approximately \$1.038 billion when compared to fiscal year 2014 and was due primarily to lower investment returns. The Investments Section of this report reviews investment activity and the results of the investment portfolio for fiscal year 2015.

### Deductions to Fiduciary Net Position

The primary deductions from the System include the payment of benefits to members and beneficiaries, the refund of contributions to former members, and the cost of administering the System. Deductions for fiscal year 2015 totaled approximately \$471 million (see the following table):

OPERATING DEDUCTIONS	2015	2014
Benefit Payments	\$ 451,912,791	\$ 414,548,645
Refunds of Contributions	12,195,637	9,455,348
Administrative Expenses	7,201,144	7,209,769
<b>TOTAL</b>	<b>\$ 471,309,572</b>	<b>\$ 431,213,761</b>

The overall increase in deductions was approximately \$40 million when compared with fiscal year 2014. The increase in benefit payments resulted primarily from an increase in both the number and average amount of benefits paid and from cost-of-living increases granted. The overall net increase in the plan's net position was approximately \$18.8 million during fiscal year 2015.

The Notes to the Financial Statements are provided as an integral component of the financial statements to help explain in narrative form some of the more complex or less obvious elements of the statements. Further, the Notes to the Financial Statements provide additional information that is essential for a comprehensive understanding of the System's financial condition and the results of its operations.

**Note 1** provides a general description of the System, including information regarding membership and employers.

**Note 2** summarizes significant accounting policies, including the basis of accounting, management's use of estimates, and other accounting policies.

**Note 3** describes deposits, discloses investment risks, and addresses securities lending as well as derivative instruments.

**Note 4** addresses other postemployment benefits (OPEB).

**Note 5** provides information regarding legally required reserves.

**Note 6** provides information regarding the System's net pension liability.

**Note 7** describes the System's Deferred Retirement Option Plan.

**Note 8** provides capital assets activity.

**Note 9** offers new accounting pronouncements.

The required supplementary information provides additional detail and historical information considered to be useful in evaluating the condition of the plan administered by APERS. The System provides certain required schedules and related note disclosures that collectively demonstrate the System's annual progress toward funding its actuarial accrued liability and disclose the annual employer contributions required and the percentage contributed.

The other supplementary schedules summarize the major categories of administrative and investment expenses and detail the amounts paid to professional consultants.

### Funding

The System's overall funding objective is to accumulate sufficient assets over time to meet its long term benefit obligations as they become due. Accordingly, collecting employer and member contributions and earning an adequate long term rate of return on its investments are essential components of the System's plan for accumulating the funds needed to finance future retirement benefits.

APERS' overall pension fund net position increased during the fiscal year ended June 30, 2015 by \$18,803,612. This increase can be attributed to an increase in the value of investments and their associated income.

#### System Investments as of June 30, 2015

The investments of the pension trust fund generated a 2.45% return for the fiscal year, which is lower than the prior year's return of 19.68%. The 2.45% placed APERS in the sixty-seventh percentile when compared with a median return of 3.21% for large public plans. Investment results over time are compared with the System's benchmarks in the schedule of comparative investment results located in the Investments Section of this annual report.

#### Domestic Equity

The System had \$3.299 billion in U.S. domestic equity securities, which is approximately a 2.5% increase from fiscal year 2014. Domestic equity posted a return of 7.25% for the fiscal year. The Russell 3000 Index posted a return of 7.29%.

#### International Equity

The System had \$1.955 billion in international equity securities which is approximately a 3.5% decrease from fiscal year 2014. International equity posted a return of negative 2.38% for the fiscal year. The MSCI EAFE Index posted a return of negative 4.22%.

#### Fixed Income

The System had \$1.241 billion in fixed income securities, which is approximately a 2.82% decrease from fiscal year 2014. Fixed income posted a return of 1.32% for the fiscal year. The Barclays Aggregate Index posted a return of 1.86%.

#### Diversified Strategies

The System had \$365 million in diversified strategies, which is approximately a 1.3% increase from fiscal year 2014. Diversified strategies posted a return of 1.97% for the fiscal year.

### Real Assets

The System had \$916 million in real assets, which is approximately a 0.50% decrease from fiscal year 2014. Real assets posted a return of negative 1.64% for the fiscal year.

### Securities Lending

The System earns additional investment income by lending investment securities to broker-dealers. This is done by the System's custodian bank, Bank of New York Mellon (BNYM). The broker-dealers provide collateral to BNYM and generally use the borrowed securities to cover short sales and failed trades for their clients. BNYM invests cash collateral to earn interest. For the fiscal year 2015, securities lending income to the System amounted to \$4.145 million.

### Actuarial Valuations and Funding Progress

An actuarial valuation of the System is performed annually as of June 30. The actuarial accrued liability and actuarial value of assets of the System as of June 30, 2015 amounted to \$9.295 billion and \$7.352 billion, respectively.

As of June 30, 2015, the System experienced a decrease in its funded status from 85% to 81% on a market value basis. On a funding basis, the System experienced an increase in its funded status from 78% to 79%.

### Requests for Information

This annual report is designed to provide a general overview of the finances of the System. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, AR 72201.

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### STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2015

	2015	2014
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 230,352,583	\$ 212,880,111
<b>Receivables</b>		
Contributions	4,157,178	4,111,080
Dec 2004 Actuarial Liability Receivable	8,978,643	9,612,705
Investment Principal Receivable	40,842,637	38,741,350
Accrued Investment Income Receivable	15,984,105	32,846,584
Termination Agreement Receivable	5,281,099	0
Allowance for Doubtful Accounts	(1,922,440)	0
Other Receivables	0	0
<b>Total Receivables</b>	<b>73,321,222</b>	<b>85,311,719</b>
<b>Investments, At Fair Value</b>		
Government Securities		
U.S. Government Securities	98,546,504	126,810,589
Futures	(855,875)	290,751
Government Agency Securities	103,244,018	116,887,114
Corporate Securities		
Collateralized Obligations	41,338,642	164,723,838
Corporate Bonds	416,500,311	553,666,403
Convertible Bonds	188,699,681	211,537,280
Convertible Preferred Stock	49,132,761	41,420,248
Common Stock	2,524,285,757	2,522,287,242
Equity Index Funds	641,002,358	648,733,806
Equity Commingled	88,137,673	81,917,142
High Yield Income Fund	60,023,193	60,544,471
International Securities		
Global Fixed Income Fund	0	9,740,932
Corporate Fixed Income	28,458,972	49,192,340
Equity Securities	1,144,990,165	1,175,864,056
Global Preferred Stock	1,224,203	0
Equity Pooled Fund Units	708,532,111	724,622,479
Global Equity Index Funds	0	0
Global Collateralized Obligations	0	1,055,030
Emerging Markets	1,523,537	32,873,981
Emerging Markets Collateralized Obligations	0	197,328
Forward Contracts	345,529	(188,150)
Core Plus Bond Fund	402,136,164	0
Interest Rate Swaps	0	(18,837)
Real Estate	386,947,368	315,211,143
Diversified Strategies	254,613,311	250,259,491
Timberland	157,231,753	167,689,287
Municipal Bonds	0	8,424,105
Commercial Loans	5,138,520	21,619,217
<b>Total Investments</b>	<b>7,301,196,656</b>	<b>7,285,361,286</b>
<b>Securities Lending Collateral Investments, At Fair Value</b>		
Repurchase Agreements	180,345,059	175,342,583
Asset Backed Floating Rate Notes	249,063,773	174,398,971
U.S. Agencies	0	0
U.S. Governments	0	0
Certificates of Deposit	0	33,883,375
Commercial Paper	0	50,374,214
Corporate Floating Rate Notes	510,360,541	481,267,908
Corporate Bonds	0	0
Time Deposits	53,240,634	102,322,066
Fixed Rate Notes	0	23,746,442
Bank Obligations	0	0
Asset Backed Securities	0	0
<b>Total Securities Lending Collateral Investments</b>	<b>993,010,007</b>	<b>1,041,335,559</b>
Prepays and Other Assets	29,906	15,947
Fixed Assets, Net	10,372,669	5,959,437
<b>TOTAL ASSETS</b>	<b>8,608,283,042</b>	<b>8,630,864,059</b>
<b>LIABILITIES</b>		
Accrued Expenses and Other Liabilities	9,050,136	9,448,802
Compensated Absences Payable	296,754	298,007
Investment Principal Payable	49,935,802	42,757,637
Other Post Employment Benefits	2,273,819	2,024,716
Securities Lending Liability	996,629,718	1,045,145,270
Due to Other Agencies	103,574	0
<b>TOTAL LIABILITIES</b>	<b>1,058,289,804</b>	<b>1,099,674,432</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 7,549,993,238</b>	<b>\$ 7,531,189,627</b>

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2015

	2015	2014
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 262,327,561	\$ 264,477,703
Plan Member	51,596,001	48,237,869
Supplemental	392,653	381,216
Total Contributions	314,316,215	313,096,788
Investment Income		
Interest	73,075,336	51,082,662
Dividends	80,542,075	91,368,004
Investment Gain/(Loss)	42,240,341	1,090,192,683
Security Lending Income	2,930,365	3,672,418
Total Investment Income	198,788,117	1,236,315,766
Less: Investment Expense	29,167,098	27,885,272
Net Investment Income	169,621,019	1,208,430,494
Other Sources		
Miscellaneous Additions	1,029,024	1,031,360
Transfers from Other Public Employees Retirement Systems	5,267,700	5,433,053
Miscellaneous Transfers from State Agencies	261,739	255,251
Total Other Additions	6,558,462	6,719,664
<b>TOTAL ADDITIONS</b>	<b>490,495,697</b>	<b>1,528,246,947</b>
<b>DEDUCTIONS</b>		
Benefits	451,912,791	414,548,645
Refunds of Contributions	12,195,637	9,455,348
Administrative Expenses	7,201,144	7,209,769
<b>TOTAL DEDUCTIONS</b>	<b>471,309,572</b>	<b>431,213,761</b>
<b>ADJUSTMENTS</b>		
Actuarial Adjustment to DJ Unfunded Liability	(382,513)	(314,059)
<b>NET INCREASE (DECREASE)</b>	<b>18,803,612</b>	<b>1,096,719,127</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>		
Beginning of Year	7,531,189,627	6,434,470,500
End of Year	\$ 7,549,993,238	\$ 7,531,189,627

For the table above and the table on the facing page, totals may not add due to rounding.  
See Notes to the Financial Statements beginning on page 34.  
The APERS and ASPRS Combined Statement Of Fiduciary Net Position can be found on page 129.  
The APERS and ASPRS Combined Statement of Changes in Fiduciary Net Position can be found on page 130.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: PLAN DESCRIPTION

#### General Information

The Arkansas Public Employees Retirement System (APERS or the System) is a cost-sharing, multiple employer, defined benefit pension plan established by authority of the Arkansas General Assembly with the passage of Act 177 of 1957. Its purpose is to provide retirement benefits for eligible employees and elected officials of state and local governmental entities in Arkansas. The laws governing the operations of APERS are set forth in Arkansas Code Annotated (A.C.A.), Title 24, Chapter 4, with related laws in Chapter 2 and Chapter 7.

The general administration and responsibility for the proper operation of the System is vested in the nine member Board of Trustees of the Arkansas Public Employees Retirement System (the Board). Membership includes three state and three non-state employees, all appointed by the Governor, and three ex-officio trustees, including the Auditor of State, the Treasurer of State, and the Director of the Department of Finance and Administration.

#### Reporting Entity

The executive director and administrative staff of APERS also serve as the executive director and administrative staff of two other state retirement systems, the Arkansas State Police Retirement System and the Arkansas Judicial Retirement System. These systems do not constitute part of the APERS reporting entity under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* because these systems are legally separate, fiscally independent entities with separate boards of trustees. The nature of the relationship between these systems and APERS is merely a sharing of administrative resources and, as such, does not require inclusion of these systems in APERS financial statements.

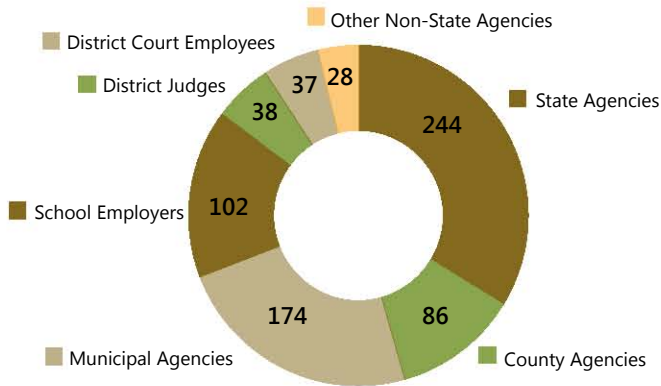
#### Membership

APERS covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under the System, college and university employees, certain non-teaching school employees, and other public entities specifically defined by law.

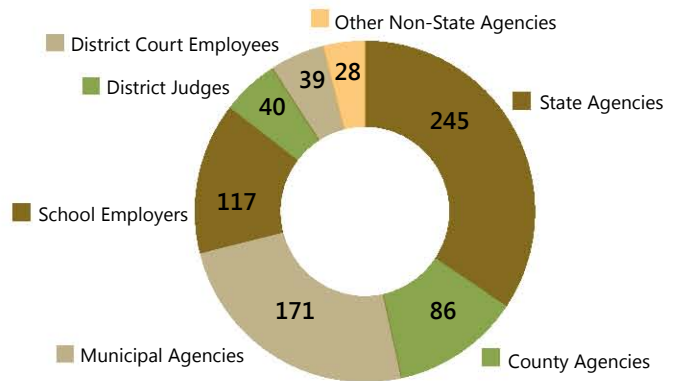
REPORTING ENTITIES

	2015	2014
State	244	245
County	86	86
Municipal	174	171
School	102	117
District Judges	38	40
District Court	37	39
Other Non-State	28	28
<b>TOTAL</b>	<b>710</b>	<b>726</b>

Reporting Entities 2015



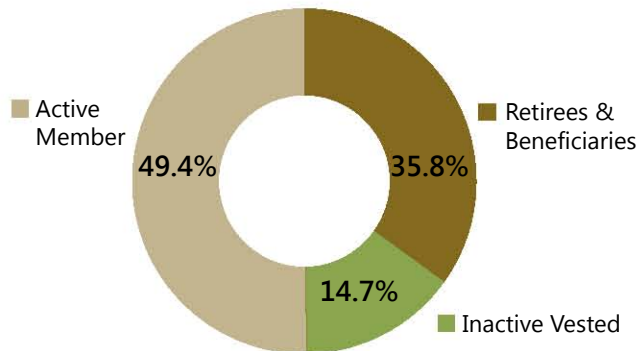
Reporting Entities 2014



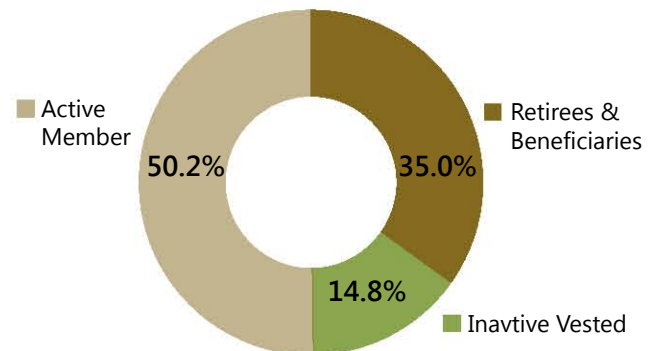
MEMBERSHIP

	2015	2014
Retirees and Beneficiaries Receiving Benefits (Includes DROP Participants)	33,106	31,914
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	13,638	15,514
Active Plan Members	45,722	45,841

Membership 2015



Membership 2014



### Contributions

Contribution provisions applicable to the participating employers are established by the Board and based on the actuary's determination of the rate required to fund the plan. The additional cost of public safety service for public safety employees is determined by the actuary as well.

The System was established as a contributory plan. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone who joined the System subsequent to January 1, 1978 and had not previously been a member was automatically enrolled as a non-contributory member.

Act 2084, enacted by the 2005 General Assembly, directed APERS to establish a new contributory plan that became effective July 1, 2005. All covered employees first hired on or after July 1, 2005, contribute 5% of their salary into the plan. Employees hired before June 30, 2005 who were in the non-contributory plan were given the option to join the new contributory plan by December 31, 2005. Non-contributory members who did not join the new contributory plan by that deadline remain non-contributory members.

Members may have employee contributions in the System if (a) they were members of APERS on or before January 1, 1978, (b) they are members first hired after July 1, 2005, or (c) they have purchased service in the System.

Employee contributions are refundable if APERS-covered employment terminates before a monthly benefit is payable. Employee contributions remaining on deposit with APERS earn interest (at the rate of 4% per year), which is included in the refund. Pursuant to the provisions of Act 625 of 1983 and Act 1097 of 1993, certain agencies employing individuals in public safety positions are required to remit additional contributions in amounts determined by an independent actuary.

Employee refunds do not include contributions made by employers. Employer contribution rates during the fiscal years ending June 30, 2015 and 2014 were as follows:

Employer Contribution Rates	2015	2014
State Division	14.76%	14.88%
Wildlife Subdivision	26.76	26.88
State Capitol Police Subdivision	14.76	14.88
County Division	14.76	14.88
Municipal Division	14.76	14.88
School Division	4.00	4.00
Other Non-State Division	14.76	14.88

#### Plan Administration

The costs of administering the plan are paid out of investment earnings.

#### Benefits

Benefit provisions are established by state law and may be amended only by the Arkansas General Assembly. Members are eligible for full benefits under the following conditions:

- at age 65 with five years of actual service,
- at any age with 28 years of actual service,
- at age 60 with 20 years of actual service if under the old contributory plan (prior to July 1, 2005), or
- at age 55 with 35 years of credited service for elected or public safety officials.

The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average salary and years of service. A member may retire with a reduced benefit at age 55 with at least five years of actual service or at any age with 25 years of actual service. APERS also provides for disability and survivor benefits.

#### Tax Status

During the fiscal years ended June 30, 2015 and 2014, APERS was confirmed as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the System:

### Basis of Accounting

APERS' accounts and records are maintained using fund accounting principles, and its financial statements are prepared using the accrual basis of accounting. Expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by statute as a percentage of salaries and are recognized when due, pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

### Investments

The System is authorized to invest in eligible investments as approved by the Board as set forth in its investment policy. System investments are reported at fair value. Short-term investments, debt securities, and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The fair value of the pro rata share of units owned by the System in equity index and commingled trust funds is determined by the respective fund trustee based on quoted sales prices of the underlying securities.

Net investment income (loss) includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, securities lending income and expenses, and investment expenses, which include investment management and custodial fees and all other significant investment related costs.

The System's international investment managers may enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. Any gains and losses on these contracts are included in income in the period in which the exchange rates change.

Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term, and those changes could materially affect the amounts reported in the *Statement Of Fiduciary Net Position*.

### Use of Estimates

The preparation of the System's financial statements in conformity with accounting principles generally accepted in the U.S. requires the System administrator to make significant estimates and assumptions that affect various data in the report, including the following:

- The net position restricted for pensions at the date of the financial statements
- The net pension liability and other actuarial information presented in Note 6
- The required supplementary information as of the benefit information date
- The changes in fiduciary net position during the reporting period

Estimates may also be involved in formulating disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

### Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash in the state treasury, and short-term investment funds (STIF). The STIF accounts are created through daily sweeps of excess cash by the System's custodian bank into bank-sponsored commingled funds that are invested in U.S. Government and agency securities and other short-term investments. The STIF accounts had an average weighted maturity of 90 days or less and are stated at fair value.

### Capital Assets

Capital assets purchased and in the custody of APERS were recorded as expenditures at the time of purchase. Assets with costs exceeding \$5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation and setup costs, and installation costs). Depreciation is reported for capital assets based on a straight-line method with no salvage value. The estimated useful life generally assigned by APERS to capital assets held ranges from five to 20 years. As schedule of capital asset activity for the fiscal year can be found on page page 65.

### Risks and Uncertainties

Certain data in this report -- including contributions to the System and the net pension liability, as well as other actuarial information in Note 6 and the required supplementary information -- has been formulated based on certain projections about interest rates, inflation rates, and employee compensation and demographics. Due to the dynamic nature of these factors, it is possible that these projections will need to be revised in the near term. Moreover, because of the uncertainties inherent in making such projections, the effect of any such changes could be material to the financial statements.



## NOTE 3: DEPOSITS AND INVESTMENTS

**Deposits**

Deposits are carried at cost and are included in "cash and cash equivalents." Cash and cash equivalents include demand accounts, cash in state treasury, cash on hand, short-term investment funds (STIF), and petty cash. As of June 30, 2015, these totals were \$319,288, \$2,484,680, \$100,966, \$227,447,449, and \$200 respectively. State Treasury Management Law governs the management of funds held in the State Treasury (cash in state treasury), and it is the responsibility of the Treasurer of State to ensure the funds are adequately insured and collateralized.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits or collateral securities. The System's policy is to place deposits only in collateralized or insured accounts. As of June 30, 2015, the System's only deposits exposed to potential custodial credit risk were those holding its foreign currency balance of \$1,038,763. The System holds foreign currency in banks outside the United States as a result of transactions by international investment managers.

**Investments**

Arkansas Code Annotated §§ 24-2-601 – 24-2-619 authorize the Board to have full power to invest and reinvest monies of the System and to hold, purchase, sell, assign, transfer or dispose of any of the investments or proceeds of the investment in accordance with the prudent investor rule. Security transactions and any resulting gains or losses are accounted for on a trade basis. Net investment income includes net appreciation in the fair value of investments, interest income, dividend income, and total investment expense, which includes investment management fees, custodial fees, and all other significant investment-related costs.

Arkansas Code Annotated § 24-2-608 also states that the System shall seek to invest not less than 5% nor more than 10% of the System's portfolio in Arkansas-related investments. APERS recognizes a legal responsibility to seek to invest in the Arkansas economy while realizing that its primary, legal, and fiduciary commitment is to beneficiaries of the retirement system. As stated in A.C.A. § 24-2-608 (d), "nothing in this section shall in any way limit or impair the responsibility of a fiduciary to invest in accordance with the prudent investor rule set forth in §§ 24-2-610 – 24-2-619."

Investments are reported at fair value as determined by the custodian bank. The custodian bank's determination of fair values includes, among other things, using pricing services or quotes by major independent brokers at current exchange rates as available. The schedule on page 41 reflects the fair value of investments.

The following presents the fair value of investments, by type, as of June 30, 2015:

### Statement of Invested Assets

INVESTMENT TYPE	Fair Value*
<b>GOVERNMENT SECURITIES</b>	
U.S. Government Securities	\$ 102,117,855
Agency CMO	6,493
Agency Pooled	106,979,116
<b>CORPORATE SECURITIES</b>	
Collateralized Obligations	42,836,765
Convertible Bonds	195,538,208
Corporate Bonds	431,594,392
High Yield Bond Fund	62,198,449
Convertible Pref Stock	50,913,345
Common Stock	2,615,766,542
Equity Index Funds	664,232,453
Domestic Equity - Commingled	91,331,806
<b>INTERNATIONAL SECURITIES</b>	
Global Corporate Fixed	29,490,333
Global Preferred Stock	1,268,569
Global Commingled	734,209,502
Global Equity	1,186,484,912
<b>EMERGING MARKETS</b>	1,578,750
<b>DIVERSIFIED STRATEGIES</b>	263,840,565
<b>CORE PLUS BOND FUND</b>	416,709,685
<b>REAL ESTATE COMMINGLED</b>	400,970,443
<b>TIMBERLAND</b>	162,929,874
<b>COMMERCIAL LOANS</b>	5,324,741
<b>FUTURES</b>	(886,892)
<b>FORWARDS</b>	358,051
	\$ 7,565,793,957
<b>SECURITIES LENDING COLLATERAL</b>	
Repurchase Agreements	186,880,811
Asset Backed Floating Rate Notes	258,089,910
Corporate Floating Rate Notes	528,856,142
Time Deposits	55,170,089
	1,028,996,952
	\$ 8,594,790,909

\* Principal only. Figures are APERS and ASPRS combined. Totals may not add due to rounding.

Asset allocation guidelines have been established as follows:

MARKET VALUE EXPOSURE		
Asset Allocation	Target	Lower and Upper
Equities	37%	32% - 42%
International Equities	24	19% - 29%
Fixed Income	18	13% - 23%
Diversified Strategies	5	0% - 10%
Real Assets	16	11% - 21%

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are (a) uninsured, (b) not registered in the name of the government, and (c) held by either the counterparty or the counterparty’s trust department or agent but not in the System’s name. Arkansas Code Annotated § 24-2-606 does address the custodianship of assets, and the investment policy states that “the custodian bank shall, by nominee agreement, hold any and all securities for the beneficial interest of the APERS fund.” As of June 30, 2015, there were no investments exposed to custodial credit risk.

**Credit Risk**

Credit risk of investments is the risk that the issuer or other counterparty will not fulfill its obligation to the holder of the investment. Credit risk exposure is dictated by each investment manager’s agreement. This credit risk is measured by the credit quality of investment in debt securities as described by nationally recognized statistical rating organizations. Each portfolio is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual security quality rating tiers, and the average credit quality of the overall portfolio.

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The System's exposure to credit risk as of June 30, 2015, was as follows:

**Moody's Credit Rating Dispersion Detail by Credit Rating**

Investment Type and Fair Value	Aaa	Aa	A
<b>Government Securities</b>			
U.S. Government Securities	\$ 102,117,855	0	0
Agency CMO	6,493	0	0
Agency Pooled	84,983,118	0	0
<b>Corporate Securities</b>			
Collateralized Obligations	18,696,062	1,562,780	4,494,620
Convertible Bonds	0	0	8,388,889
Corporate Bonds	0	1,629,637	58,832,453
High Yield Bond Fund	0	0	0
<b>International Securities</b>			
Emerging Markets	0	0	0
Global Corporate Fixed	0	0	2,836,151
Core Plus Bond Fund	0	0	416,709,685
Commercial Loans	0	0	0
	205,803,528	3,192,417	491,261,798
Securities Lending Collateral	\$ 223,956,837	382,508,701	172,825,116

**S&P's Credit Rating Dispersion Detail by Credit Rating**

Investment Type and Fair Value	AAA	AA	A
<b>Government Securities</b>			
U.S. Government Securities	\$ 0	102,117,855	0
Agency CMO	0	6,493	0
Agency Pooled	0	106,979,116	0
<b>Corporate Securities</b>			
Collateralized Obligations	14,683,109	10,546,484	4,438,651
Convertible Bonds	0	0	10,418,691
Corporate Bonds	0	1,629,637	84,188,206
High Yield Bond Fund	0	0	0
<b>International Securities</b>			
Emerging Markets	0	0	0
Global Corporate Fixed	0	0	884,744
Core Plus Bond Fund	0	0	416,709,685
Commercial Loans	0	0	0
	14,683,109	221,279,585	516,639,978
Securities Lending Collateral	\$ 179,106,775	381,890,507	195,594,795

\* Principal only. Figures are APERS and ASPRS combined. Totals may not add due to rounding.

Baa	Ba	B	C or below	NR	Fair Value*
0	0	0	0	0	\$ 102,117,855
0	0	0	0	0	6,493
0	0	0	0	21,995,997	106,979,116
5,138,305	0	2,472,725	4,796,635	5,675,639	42,836,765
12,416,903	19,236,267	19,036,796	0	136,459,352	195,538,208
240,072,453	84,973,781	34,913,014	6,033,350	5,139,706	431,594,392
0	36,115,854	26,082,595	0	0	62,198,449
0	1,578,750	0	0	0	1,578,750
17,808,675	4,589,998	2,595,510	1,660,000	0	29,490,333
0	0	0	0	0	416,709,685
178,569	1,653,359	1,175,168	2,314,719	2,926	5,324,741
275,614,905	148,148,009	86,275,807	14,804,704	169,273,620	1,394,374,788
0	0	0	6,123,872	243,582,426	\$ 1,028,996,952

BBB	BB	B	CCC or below	NR	Fair Value*
0	0	0	0	0	\$ 102,117,855
0	0	0	0	0	6,493
0	0	0	0	0	106,979,116
4,352,181	173,054	0	4,774,173	3,869,113	42,836,765
29,032,216	49,716,133	29,948,129	5,945,087	70,477,952	195,538,208
212,088,179	95,481,786	22,044,574	5,810,550	10,351,460	431,594,392
0	36,115,854	26,082,595	0	0	62,198,449
0	0	0	0	1,578,750	1,578,750
17,659,843	4,589,998	2,595,510	1,660,000	2,100,238	29,490,333
0	0	0	0	0	416,709,685
0	959,504	2,047,592	2,314,719	2,926	5,324,741
263,132,420	187,036,329	82,718,399	20,504,529	88,380,439	1,394,374,788
0	2,858,612	0	6,123,872	263,422,392	\$ 1,028,996,952

### Concentration of Credit Risk

The concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer (not including investments issued or guaranteed by the U.S. government or investments in mutual funds or external investment pools). The System has a formal investment policy for concentration of credit risk. None of the System's investments in any one issuer (other than those issued or guaranteed by the U.S. government) represented more than 5% of total investments.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. Interest rate risk is the greatest risk faced by an investor in the debt securities market since the price of a debt security will often move in the opposite direction of the change in interest rates.

The System's external fixed income investment managers use the measurement of effective duration to mitigate the interest rate risk of the fixed income investments. Each fixed income investment manager monitors and reports the effective duration on a monthly basis. The effective duration of the investment portfolio is required to be +/- 10% of the benchmark's duration. The benchmark for the U.S. fixed income markets is the Barclays Capital U.S. Aggregate Bond Index.

As of June 30, 2015, the System had the following debt security investments and maturities:

Investment Type	Fair Value*	Investment Maturity (In Years)			
		Less than 1	1 - 5	6 - 10	More than 10
<b>GOVERNMENT SECURITIES</b>					
U.S. Government Securities	\$ 102,117,855	\$ 0	\$ 24,588,654	\$ 33,568,553	\$ 43,960,649
Agency CMO	6,493	6,493	0	0	0
Agency Pooled	106,979,116	875,039	547,649	1,525,895	104,030,533
<b>CORPORATE SECURITIES</b>					
Collateralized Obligations	42,836,765	5,493,778	0	1,407,728	35,935,259
Convertible Bonds	195,538,208	16,557,272	102,888,198	28,146,497	47,946,241
Corporate Bonds	431,594,392	21,631,045	100,176,075	204,387,229	105,400,044
High Yield Income Fund	62,198,449		62,198,449		
<b>INTERNATIONAL SECURITIES</b>					
Emerging Markets	1,578,750	0	0	1,578,750	0
Global Corporate Fixed	29,490,333	0	622,131	19,936,502	8,931,699
Core Plus Bond Fund	416,709,685	0	416,709,685	0	0
<b>COMMERCIAL LOANS</b>					
	5,324,741	2,926	5,143,246	178,569	0
	<b>\$ 1,394,374,788</b>	<b>\$ 44,566,554</b>	<b>\$ 712,874,087</b>	<b>\$ 290,729,723</b>	<b>\$ 346,204,424</b>
<b>SECURITIES LENDING COLLATERAL</b>					
Repurchase Agreements	186,880,811	186,880,811	0	0	0
Asset Backed Floating Rate Notes	258,089,910	115,348,990	136,617,049	0	6,123,872
Corporate Floating Rate Notes	528,856,142	349,648,034	179,208,108	0	0
Time Deposits	55,170,089	55,170,089	0	0	0
	<b>\$ 1,028,996,952</b>	<b>\$ 707,047,924</b>	<b>\$ 315,825,157</b>	<b>\$ 0</b>	<b>\$ 6,123,872</b>

\*Principal only.  
 Figures are APERS and ASPRS combined.  
 Totals may not add due to rounding.



### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The System's currency risk resides within the international equity investments as well as within the fixed income investments and the fixed income managers. The System's policy is to allow the external investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure using currency forward contracts. The System has a formal investment policy for foreign currency risk which limits foreign currency exposure to 10 % of the investment manager's respective portfolio.

The System's exposure to foreign currency risk on June 30, 2015, was as follows:

Currency	%	Fair Value*	Fixed Income	Equities	Cash	Forward Contracts
Australian Dollar	2.62	\$ 39,658,817	\$ 0	\$ 39,658,816	\$ 2	\$ 0
Brazilian Real	1.30	19,639,244	0	19,639,244	0	0
British Pound Sterling	23.70	358,873,157	2,931,842	358,738,461	171,804	(2,968,950)
Canadian Dollar	3.74	56,573,882	0	56,573,794	88	0
Chilean Peso	0.21	3,225,307	0	3,225,307	0	0
Chinese Yuan Renminbi	5.23	79,130,977	0	79,130,977	0	0
Danish Krone	2.93	44,374,279	0	44,374,279	0	0
Euro Currency	26.43	400,074,131	15,931,867	387,037,154	429,694	(3,324,585)
Hong Kong Dollar	0.82	12,476,232	0	12,476,232	0	0
Indian Ruphia	0.54	8,130,142	0	8,130,142	0	0
Israeli Shekel	0.82	12,413,060	922,350	11,490,710	0	0
Japanese Yen	9.63	145,751,532	0	167,643,308	132,561	(22,024,337)
Mexican New Peso	0.95	14,447,242	0	14,447,242	0	0
Norwegian Krone	1.46	22,035,996	0	22,035,996	0	0
New Zealand Dollar	0.50	7,571,595	0	7,236,406	335,189	0
Papua New Guinea	0.12	1,860,281	0	1,860,281	0	0
Philippines Peso	0.11	1,664,467	0	1,664,467	0	0
Singapore Dollar	1.42	21,426,392	0	21,426,392	0	0
South African Rand	0.85	12,817,345	0	12,817,940	(595)	0
South Korean Won	2.39	36,174,001	0	36,174,001	0	0
Swedish Krone	3.38	51,204,750	0	51,204,727	22	0
Swiss Franc	9.65	146,132,564	0	146,132,601	(37)	0
Taiwan New Dollar	0.75	11,429,055	0	11,429,055	0	0
Thailand Baht	0.17	2,647,245	0	2,647,245	0	0
Turkish Lira	0.28	4,216,577	0	4,216,577	0	0
	100.00%	\$1,513,948,267	\$19,786,059	\$1,521,411,352	\$1,068,728	\$ (28,317,872)

\* Principal only.  
 Figures are APERS and ASPRS combined.  
 Totals may not add due to rounding.

### Mortgage-Backed Securities

The System invests in mortgage-backed securities (MBSs), which are reported at fair value in the *Statement of Fiduciary Net Position*. MBSs entitle holders to receive both principal and interest payments from the payments made by the borrowers of the underlying mortgages over the lives of those loans. MBSs depend on the underlying pool of mortgage loans to provide cash flow to make principal and interest payments on the security. The life of a mortgage that underlies an MBS can be shortened by several economic events, including borrower refinancing. When interest rates decline and remain low, borrowers could refinance their existing loans, which causes MBS holders to be repaid more quickly than originally anticipated and is known as prepayments. Prepayments reduce the weighted average life of the security and are a form of market risk assumed by the holders of MBSs. Alternatively, when interest rates rise, the refinancing of existing mortgages slows. If interest rates remain high for long periods of time, fewer borrowers refinance their mortgages. As a result, MBS holders are repaid over longer periods of time, which is known as extension risk. Extension risk increases the weighted average life of the security and is another form of market risk assumed by holders of MBSs.

A collateralized mortgage obligation (CMO) is an MBS that comprises classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. This redistributes prepayment risk and credit risk among the various bond classes in the CMO structure. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. CMOs may be collateralized by whole-loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities.

The System invests in MBSs and CMOs for diversification and to enhance fixed income returns. MBSs are subject to credit risk, the risk that the borrower will be unable to meet its obligations. They are also subject to prepayment risk, which is the risk that a payment will be made in excess of the regularly scheduled principal payment. Prepayment risk is composed of two risks: call risk, the risk that prepayments will increase when interest rates have declined, and extension risk, the risk that prepayments will decrease when interest rates have increased.

### Asset-Backed Securities

Asset-backed securities (ABSs) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, ABSs have been structured as pass-through securities and as structures with multiple bond classes. The System's ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

### Corporate Bonds

Corporate bonds are a debt security issued by a corporation. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds. They usually have a fixed term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates.

### Convertible Corporate Bonds

Convertible bonds convey an option to the bondholders to be exchanged for another asset, generally a fixed number of shares of common stock at a pre-stated price.

### Pooled Funds

Pooled funds are funds from many individual investors that are aggregated for the purposes of investment and benefit from economies of scale. The System could be indirectly exposed to credit and market risks associated with forward currency contracts to the extent that these pooled funds hold forward currency contracts for purposes of managing exposure to fluctuations in foreign exchange rates. APERS and ASPRS have approximately \$734 million invested in international pooled funds.

### Securities Lending

Arkansas Code Annotated § 24-2-602 and the Board's investment policy permit the System to participate in a securities lending program to augment investment income. The System lends its securities to brokers-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The System has entered into an agreement with BNY Mellon to act as agent for the System in securities lending transactions. BNY Mellon serves as the custodian for the System and is therefore the counterparty to securities lending transactions. The legal and contractual authorization for the securities lending program is contained in the Securities Lending Discretionary Agency Agreement executed between APERS and the custodian.

Whoever borrows the securities provides collateral in the form of cash and cash equivalents, U.S. Treasury or government agency securities, or letters of credit (for the marginal percentage collateralization only). U.S. securities are loaned versus collateral valued at 101.92% of the market value of the securities plus any accrued interest for domestic loans. Non-U.S. securities are loaned versus collateral valued at 106.81% of the market value of the securities plus any accrued interest. Collateral is marked-to-market daily if price movements exceed certain minimal thresholds.

The custodian provides for full indemnification to the System funds for any losses that might occur in the program due to the failure of a broker to return a security that was borrowed (and if the collateral is inadequate to replace the securities lent) or failure to pay the trust funds for income of the securities while on loan. The System cannot pledge or sell collateral securities received unless the borrower defaults. Cash collateral received is invested in APERS' name; accordingly, investments made with cash collateral appear as an asset on the *Statement of Fiduciary Net Position*. A corresponding liability is recorded because APERS must return the cash collateral to the borrower upon expiration of the loan. The loan maturity dates generally do not match the maturity dates of the investments made with cash collateral received.

As of June 30, 2015, the cash collateral investments had an average weighted maturity of 27 days, whereas the weighted average loan maturity was three days. Investments with cash collateral were approximately \$1.028 billion.

### Derivative Instruments

The System adheres to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

Derivative instruments are financial contracts or agreements whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, options contracts, and forward foreign currency exchange. APERS, through its external investment managers, could hold such instruments. The external investment managers may enter these certain investments on behalf of APERS primarily to enhance the performance and reduce the volatility of its portfolio. The external investment managers could enter into swaps and futures contracts to gain or hedge exposure to certain markets and to manage interest rate risk. They primarily use forward foreign exchange contracts to hedge foreign currency exposure. APERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. APERS' external investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and procedures for monitoring exposure. APERS' external investment managers anticipate that the counterparties will be able to satisfy their obligations under the contracts. Investments in limited partnerships and commingled funds may include derivatives that are not shown in any derivative totals.

The external investment managers do invest in MBSs which are reported at fair value in the *Statement of Fiduciary Net Position*, and are based on the cash flows from interest and principal payments by the underlying mortgages. Therefore, they are sensitive to prepayments by mortgages which are likely in a declining interest rate environment, thereby reducing the value of the securities. The external investment managers invest in mortgage-backed securities to diversify APERS' portfolio and increase return while minimizing the extent of risk.

### Swaps

APERS' investment managers have entered into various swaps, including interest rate swaps, credit default swaps, and foreign currency swaps.

### Interest Rate Swaps

An interest rate swap is the exchange of one set of cash flows based on interest rate specifications for another based on a specified principal amount over a period in the future. Interest rate swaps typically exchange a fixed payment for a floating payment. The floating payment is usually the London Interbank Offering Rate (LIBOR). In the most common interest rate swap arrangement, one party agrees to pay fixed interest rate payments on designated dates to a counterparty who, in turn, agrees to make return interest rate payments that float with a specified reference rate. Long swap positions (receive fixed) increase exposure to long-term interest rates, and short positions (pay fixed) decrease exposure to interest rate risk.

The System had no interest rate swaps at June 30, 2015.

### Credit Default Swap

A credit default swap is a contract whereby the credit risk associated with an investment is transferred by entering into an agreement with another party, who in exchange for periodic fees, agrees to make payments in the event of a default or predetermined credit event.

The System had no credit default swaps at June 30, 2015.

### Foreign Currency Swap

A foreign currency swap is an agreement to swap principal and interest payments on a loan made in one currency for principal and interest payments of a loan of equal value in another currency.

The System had no foreign currency swaps at June 30, 2015.

### Foreign Currency Forward Contracts

A foreign currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to the possible nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened. These transactions are entered in order to hedge risks from foreign currency rate fluctuation and to facilitate trade settlement of foreign security transactions. Forwards carry foreign currency risk resulting from adverse fluctuations in foreign exchange rates.

The System had the following foreign currency forwards at June 30, 2015:

	Pay	Receive	Notional Value	Market Value	Unrealized Gain/Loss
British Pound	GBP	USD	\$ 140,594	\$ 140,688	\$ 94
Japanese Yen	JPY	USD	2,326,610	2,284,172	(42,438)
			<u>\$ 2,467,204</u>	<u>\$ 2,424,860</u>	<u>\$ (42,344)</u>

	Pay	Receive	Notional Value	Market Value	Unrealized Gain/Loss
British Pound	USD	GBP	\$ (25,102,130)	\$ (24,650,548)	\$ 451,581
European Union	USD	EUR	(3,664,115)	(3,660,807)	3,309
British Pound	USD	GBP	(3,089,464)	(3,146,687)	(57,223)
			<u>(31,855,709)</u>	<u>(31,458,042)</u>	<u>397,667</u>
			<u>\$ (29,388,505)</u>	<u>\$ (29,033,182)</u>	<u>\$ 355,323</u>

Figures are APERS and ASPRS combined. Totals may not add due to rounding.



**Financial Futures**

A financial future is an agreement to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. These derivative securities are used to improve yield, adjust duration of the portfolio, circumvent changes in interest rates, or to replicate an index. Futures contracts are standardized and traded on organized exchanges, thereby reducing credit risk.

The System had the following financial futures at June 30, 2015:

<b>Futures Contracts</b>	<b>Expiration</b>	<b>Notional Value</b>	<b>Fair Value</b>	<b>Unrealized Gain/(Loss)</b>
U.S. 2-year Treasury Note	Sept 2015	\$ (237,527,574)	\$ (237,766,125)	\$ (238,551)
U.S. 2-year Treasury Note	Sept 2015	(246,919,420)	(247,180,438)	(261,018)
U.S. 5-year Treasury Note	Sept 2015	(12,901,172)	(12,999,102)	(97,930)
U.S. 5-year Treasury Note	Sept 2015	9,903,586	9,898,398	(5,188)
U.S. 10-year Treasury Note	Sept 2015	(12,529,688)	(12,491,016)	38,672
U.S. 30-year Treasury Note	Sept 2015	(3,023,594)	(3,016,875)	6,719
U.S. 30-year Treasury Note	Sept 2015	(9,390,567)	(9,352,313)	38,255
U.S Ultra Bond	Sept 2015	11,614,414	11,246,563	(367,852)
		<u>\$ (500,774,014)</u>	<u>\$ (501,660,906)</u>	<u>\$ (886,892)</u>

The System had the following mortgage-backed TBA at June 30, 2015:

<b>Mortgage-Backed TBA</b>	<b>CUSIP</b>	<b>Notional</b>	<b>Fair Market Value</b>	<b>Duration</b>	<b>Credit Rating</b>
FNMA 3.500% 07/01/2045	F3515CG07	\$ 6,069,652	\$ 6,018,412	10.2	AA+/Aaa
FNMA 4.000% 07/01/2045	F4015BR07	8,258,956	8,242,754	8.4	AA+/Aaa
FNMA 4.500% 07/01/2045	F4515NM07	6,068,644	6,043,293	7.5	AA+/Aaa

Figures are APERS and ASPRS combined. Totals may not add due to rounding.

**NOTE 4: OTHER POST EMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, requires that OPEB expense of proprietary and fiduciary funds be recognized on the accrual basis in the fund financial statements. APERS is considered a fiduciary fund in the state-wide comprehensive annual financial report.

The 2015 charge of \$249,103 is a prorated amount from the Arkansas Department of Finance and Administration based on a state-wide actuarial study. The amount charged to APERS is based on budgeted employees of the agency and is composed of (1) the annual required contribution (ARC) which is the normal cost and 1/30 of the unfunded actuarial accrued liability (UAAL), (2) one year's interest on the net OPEB, (3) adjustments to the ARC to offset the effect of actuarial amortization of past under or over contributions, and (4) minus actual contributions. *The State of Arkansas 2015 Comprehensive Annual Financial Report* will contain the complete OPEB footnote required by GASB Statement No. 45.

Figures are APERS and ASPRS combined. Totals may not add due to rounding.

**NOTE 5: LEGALLY REQUIRED RESERVES**

By law, APERS must maintain reserve accounts showing each division's equity in the System's net position restricted for benefits. Act 308 of 1999 consolidated county, municipal, school and other non-state employers into the Local Government Division. Significant reserve accounts and a brief description of those accounts are as follows:

The Members' Deposit Account (MDA) represents members' contributions held in trust until member retirement, at which time contributions are transferred to the Retirement Reserve Account, described below.

The MDA Interest Reserve Account represents the accumulated interest paid on the MDA held in trust until member retirement, at which time interest on member contributions is transferred to the Retirement Reserve Account, described below.

The Employers' Accumulation Account accumulates employers' contributions to be used in providing the reserves required for transfer to the Retirement Reserve Account as members retire or become eligible for disability benefits.

The Retirement Reserve Account is the account to which member contributions, interest on those contributions, and employer contributions are transferred upon member retirement.

The Deferred Annuity Account is the amount set up to cover estimated retirement benefits to inactive vested members who are not currently receiving benefit payments.

As a by-product of achieving level contribution financing, actuarial accrued liabilities usually become increasingly well funded over a period of years. Funded ratios in the 75% to 95% range are common in public sector retirement plans.

The reserve strength of APERS remains strong both by absolute and relative measures. Sufficient assets were available to pay estimated retirement benefits applicable to retired individuals or beneficiaries currently receiving benefits and inactive vested individuals who are not currently receiving benefits.

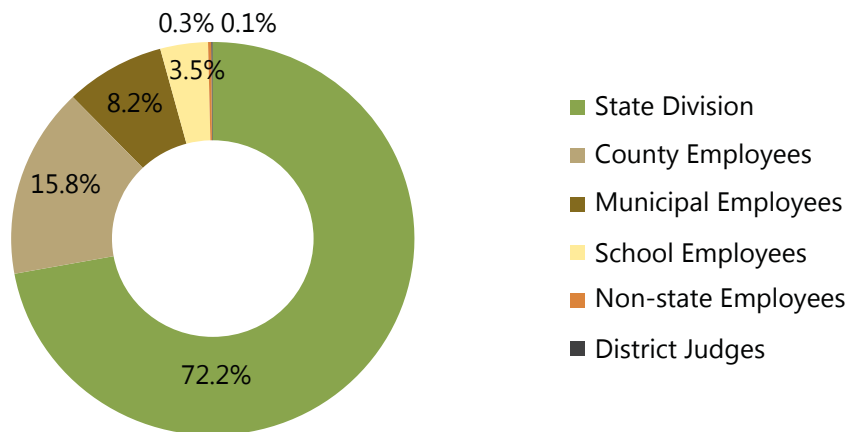
The table below reflects reverse balances for the respective divisions for the fiscal year ending June 30, 2015:

### Divisions - Respective Reserve Balances\*

	State Division	County Employers	Municipal Employers	School Employers	Non-State Employers	District Judges	System Total
Members' Deposit Account	\$ 172,848,165	\$ 55,089,501	\$ 27,288,323	\$ 473,335	\$ 1,925,211	\$ 1,668,041	\$ 259,292,576
MDA Interest Reserve	21,355,768	6,732,332	3,731,095	(315,368)	405,157	359,142	32,268,125
Employer Accumulation Account	1,997,289,034	408,501,840	233,613,226	(68,975,418)	9,777,155	(8,098,700)	2,572,107,137
Retirement Reserve	2,888,623,739	631,458,983	306,988,756	305,634,875	6,020,249	(5,673,033)	4,133,053,570
Deferred Annuity	278,355,019	83,980,515	40,502,077	18,069,212	1,674,049	0	422,580,872
DROP Reserve	89,921,766	8,533,023	6,333,356	5,741,818	0	0	110,529,963
Delinquent Receivable Reserve	65	9	0	0	0	0	73
Refund Overpayment Receivable Reserve	351	0	0	0	0	0	351
Outlawed Warrants	78,714	7,150	3,318	9,324	0	0	98,507
Partial Purchase of Service Reserve	14,789	0	0	3,017	0	0	17,806
Dec 31, 2004 Accrued Liability Reserve	0	0	0	0	0	20,044,058	20,044,058
Petty Cash Reserve	200	0	0	0	0	0	200
<b>TOTAL</b>	<b>\$ 5,448,487,609</b>	<b>\$ 1,194,303,353</b>	<b>\$ 618,460,151</b>	<b>\$ 260,640,795</b>	<b>\$ 19,801,821</b>	<b>\$ 8,299,508</b>	<b>\$ 7,549,993,238</b>

\*Before recommended actuarial transfers. Totals may not add due to rounding.

### Percentage of Reserves by Division



NOTE 6: NET PENSION LIABILITY

The components of the net pension liability of the System at June 30, 2015 were as follows:

	FY 2015	FY 2014
Total Pension Liability	\$ 9,391,975,712	\$ 8,950,456,656
Fiduciary Net Position	\$ 7,550,242,341	\$ 7,531,544,420
Net Pension Liability	\$ 1,841,733,371	\$ 1,418,912,236
Fiduciary Net Position as a Percentage of Total pension Liability	80.39%	84.15%

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

**NOTES TO SCHEDULE OF CONTRIBUTIONS**

Valuation Date	June 30, 2015
Amortization Method	Level Percentage-of-Payroll, Closed (Level Dollar, Closed for District Judges New Plan and Paid-Off Old Plan and District Judges Still-Paying Old Plan).
Remaining Amortization Period	25 years (13 years for District Judges New Plan/Paid-Off Old Plan and 20 years for District Judges Still-Paying Old Plan)
Asset Valuation Method	4-Year Smoothed Market; 25% Corridor (Market Value for Still-Paying Old Plan)
Inflation	3.25% wage inflation and 2.5% price inflation
Salary Increases	3.25% to 9.85%, including inflation (3.25% to 6.96% including inflation for District Judges).
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Based on RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set forward 2 years for males and 1 year for females

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2015 to 2024 were based upon capital market assumptions provided by the System's investment consultants. For each major asset class that is included in the pension plan's current asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

The System's policy in regard to the allocation of invested plan assets was established by the Board and is reviewed at least annually to determine if the asset allocation is consistent with an acceptable level of risk and volatility.

Asset Class	Current Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	42%	6.82%
International Equity	25	6.88
Real Assets	12	3.07
Absolute Return	5	3.35
Domestic Fixed	16	0.83
Total	100.00%	
Total Real Rate of Return		5.25%
Plus: Price Inflation - Actuary's Assumption		2.50
Less: Investment Expenses (Passive)		(0.10)
Net Expected Return		7.65%

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount Rate

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Net Pension Liability

The following presents the net pension liability of the System, calculated using the discount rate of 7.5%, as well as what the System's net pension liability would be if it were calculated using a discount rate of one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
APERS	\$ 3,033,810,017	\$ 1,841,733,371	\$ 850,344,790



**NOTE 7: DEFERRED RETIREMENT OPTION PLAN**

A Deferred Retirement Option Plan (DROP) is available to members of the System as authorized by A.C.A. §§ 24-4-801 - 24-4-806. In lieu of terminating employment and accepting a retirement benefit under the System, any member who has at least 28 years of actual service in the System can elect to participate in the DROP. The DROP allows a member to defer the receipt of retirement benefits for a maximum of seven years. During that time, a percentage of a member's chosen benefit is deposited into an account that accrues interest at a rate of 2.5% annually. The System had a balance of \$110,529,963 in the DROP reserve as of June 30, 2015.

## NOTE 8: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Fixed Assets	\$ 221,890	\$ 0	\$ (698)	\$ 221,192
Assets Under Construction	5,905,609	4,420,693	0	10,326,302
LESS				
Accumulated Depreciation	(168,062)	(7,461)	698	(174,825)
<b>TOTAL</b>	<b>\$ 5,959,437</b>	<b>\$ 4,413,232</b>	<b>\$ 0</b>	<b>\$ 10,372,669</b>

## NOTE 9: NEW ACCOUNTING PRONOUNCEMENTS

**GASB Statement no. 72**

In February 2015, The Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. GASB Statement no. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes. GASB Statement No. 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of GASB Statement No. 72 will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. GASB Statement No. 72 also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is effective for financial statements for periods beginning after June 15, 2015.

**GASB Statement No. 73**

GASB issued its Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets* in June 2015. It amends certain provisions of GASB Statement Nos. 67 and 68 and adds other provisions applicable to the System not covered in those statements. The applicable provisions of Statement No. 73 that are within the scope of Statement Nos. 67 and 68 and that address financial reporting for assets accumulated for purposes of providing pensions will be effective for the System for the fiscal year ending June 30, 2016. Certain other provisions that are not within the scope of Statement Nos. 67 and 68 and that concern accounting and financial reporting by employers will be effective for the System for the fiscal year ending June 30, 2017.

**GASB Statement No. 76**

The objective of GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB Statement No. 76 reduces the GAAP hierarchy

to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of GASB Statement No. 76 are effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. Earlier application is permitted.

The System is currently evaluating the effects the above GASB pronouncements will have on its financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

The following data on historical trends indicate the System's progress in accumulating sufficient assets to pay benefits when due. It is required supplemental information.

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

(\$ in Millions)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2006	\$ 160.0	\$ 160.0	\$ 0	\$ 1,270	12.60%
2007	165.0	165.0	0	1,306	12.63
2008	175.0	175.0	0	1,384	12.65
2009	160.8	160.8	0	1,487	11.19
2010	171.5	171.5	0	1,527	11.24
2011	197.6	197.6	0	1,626	12.15
2012	231.4	231.4	0	1,689	13.70
2013	251.4	251.4	0	1,696	14.82
2014	264.1	264.1	0	1,748	15.11
2015	263.3	263.3	0	1,757	14.98

\*Actual contributions are based on covered payroll at the time of the contribution. This payroll is not reported to the actuary. The covered payroll shown in the schedule above is the valuation payroll. Based on the limitations of this schedule, the final column cannot be compared to the contribution rates actually charged to APERS participating employers.

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30	2015	2014
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 168,811,990	\$ 160,924,334
Interest	682,217,546	658,535,986
Benefit changes	0	0
Differences between expected and actual experience	(137,672,890)	(23,038,076)
Assumption changes	192,273,597	214,798,742
Benefit payments	(451,912,791)	(414,548,645)
Refunds	(12,198,396)	(9,455,347)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>\$ 441,519,056</b>	<b>\$ 587,216,994</b>
<b>TOTAL PENSION LIABILITY, BEGINNING OF YEAR</b>	<b>8,950,456,656</b>	<b>8,363,239,662</b>
<b>TOTAL PENSION LIABILITY, END OF YEAR (a)</b>	<b>\$ 9,391,975,712</b>	<b>\$ 8,950,456,656</b>
<b>FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 263,332,831	\$ 264,050,160
Contributions - member	50,750,458	47,215,843
Net investment income	168,929,698	1,207,897,156
Benefit payments	(451,912,791)	(414,548,645)
Refunds	(12,198,396)	(9,455,347)
Administrative expense	(6,949,282)	(6,854,975)
Other additions	6,745,403	8,302,355
<b>NET CHANGE IN FIDUCIARY NET POSITION</b>	<b>18,697,921</b>	<b>1,096,606,547</b>
<b>FIDUCIARY NET POSITION, BEGINNING OF YEAR</b>	<b>\$ 7,531,544,420</b>	<b>\$ 6,434,937,873</b>
<b>FIDUCIARY NET POSITION, END OF YEAR (b)</b>	<b>\$ 7,550,242,341</b>	<b>\$ 7,531,544,420</b>
<b>NET PENSION LIABILITY, END OF YEAR (a) - (b)</b>	<b>\$ 1,841,733,371</b>	<b>\$ 1,418,912,236</b>
<b>FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>80.39%</b>	<b>84.15%</b>
<b>COVERED-EMPLOYEE PAYROLL</b>	<b>\$ 1,757,056,813</b>	<b>\$ 1,748,350,136</b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL</b>	<b>104.82%</b>	<b>81.16%</b>

SCHEDULE OF NET PENSION LIABILITY

APERS

FY Ending June 30,	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 8,950,456,656	\$ 7,531,544,420	\$ 1,418,912,236	84.15%	\$ 1,748,350,136	81.16%
2015	\$ 9,391,975,712	\$ 7,550,242,341	\$ 1,841,733,371	80.39%	\$ 1,757,056,813	104.82%

SCHEDULE OF INVESTMENT RETURNS

Annual money-weighted rate of return, net of investment expense

2014	18.97 %
2015	2.28 %

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF ADMINISTRATIVE EXPENSES

For the year ended June 30, 2015

	2015	2014
<b>PERSONNEL SERVICES</b>		
Salaries and Wages	\$ 3,263,014	\$ 3,111,565
Employee Benefits	717,364	698,262
Post Employment Benefits	249,103	354,793
Insurance	403,440	403,440
Other	6,866	9,989
<b>TOTAL PERSONNEL SERVICES</b>	<b>4,639,788</b>	<b>4,578,048</b>
<b>COMMUNICATIONS</b>		
Postage	181,695	182,291
Telecommunications	51,185	40,412
Printing and Advertising	30,772	63,862
Freight and Express	589	1,039
Subscriptions and Publications	3,668	2,804
<b>TOTAL COMMUNICATIONS</b>	<b>267,908</b>	<b>290,407</b>
<b>PURCHASES</b>		
Office Supplies	58,608	58,391
Equipment	78,297	78,717
<b>TOTAL PURCHASES</b>	<b>136,905</b>	<b>137,108</b>
<b>SERVICES AND CHARGES</b>		
Professional Fees and Services	202,860	400,817
Rent Expense	747,411	713,590
Travel and Conference Fees	26,794	21,522
Taxes, Licenses and Permits	283	403
Repairing and Servicing	80,573	74,476
Insurance and Surety Bonds	5,746	6,080
Bank and Federal Service Charges	47,030	42,973
Data Processing Charges	927,882	870,122
Other Services and Charges	110,504	66,705
<b>TOTAL SERVICES AND CHARGES</b>	<b>2,149,082</b>	<b>2,196,687</b>
<b>DEPRECIATION EXPENSE</b>	<b>7,461</b>	<b>7,517</b>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$ 7,201,144</b>	<b>\$ 7,209,768</b>



**SCHEDULE OF INVESTMENT EXPENSES**

For the year ended June 30, 2015

	2015	2014
Investment Consultant Fee	\$ 243,709	\$ 238,895
Money Manager Fees	29,476,217	28,413,961
Custodian Bank Fees	516,809	575,412
Other Investment Expenses	(1,069,637)	(1,342,996)
<b>TOTAL INVESTMENT EXPENSES</b>	<b>\$ 29,167,098</b>	<b>\$ 27,885,272</b>

For fees paid to investment managers, please see the schedule of investment fees shown on page 91 in the Investments Section of this report.

Total investment expenses include international withholding taxes which are not included in the schedule of investment fees on page 91.

**PAYMENTS FOR PROFESSIONAL CONSULTANTS**

For the year ended June 30, 2015

	2015	2014
Gabriel, Roeder, Smith & Company	\$ 202,860	\$ 155,200
Linea Solutions*	0	119,617
ICON	0	126,000
<b>TOTAL PAYMENTS FOR PROFESSIONAL CONSULTANTS</b>	<b>\$ 202,860</b>	<b>\$ 400,817</b>

\*Fees paid to Linea in FY15 have been capitalized into construction in progress in connection with the design, construction, and testing of a new pension administration system called COMPASS. See the table on capital asset activity in Note 8 on page 65 for further information.



# Investments Section

**Chief Investment Officer's Report**

**Investment Consultant's Report**

**Investment Policy Summary**

**Asset Allocation**

**Schedule of Manager Distribution**

**Portfolio Characteristics**

**Schedule of Comparative Investment Results**

**Top Ten Largest Holdings**

**Schedule of Brokerage Commissions**

**Schedule of Investment Fees**



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## CHIEF INVESTMENT OFFICER'S REPORT



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## Chief Investment Officer's Report

Dear Members,

On behalf of the APERS' Investment Department, it is my pleasure to present the Investment Section of the APERS' Annual Financial Report for the fiscal year ended June 30, 2015.

### Performance and Stability

For fiscal year 2015, the APERS investment portfolio closed with total investments of \$7,301,196,656. The investment return for the fiscal year was 2.45%.

The second half of 2014 provided headwind for fiscal year 2015 as global equity indices posted negative returns in the second half of 2014. The MSCI Index fell 5.88% in the 3rd quarter of 2014, and it fell 4.93% in the 4th quarter of 2014, while the S&P Index posted gains of 1.13% and 4.93% in the same quarters respectively.

During the fiscal year we saw the Dow Jones Industrial Average achieve a new high of 18,351. But we also saw interest rates in the U.S. on a roller coaster ride as the Federal Reserve contemplated raising interest rates.

### Fiscal Year 2015 Financial Market Recap

As we began the 2015 fiscal year, the third quarter of 2014 presented some economic questions, notably whether Japan's "Abenomics" would succeed or fail and if U.S. growth could continue accelerating. Also creating uncertainty were the economic slowdowns in China and Europe as well as weakness in developing market economies, including Brazil, Argentina, Venezuela, Ukraine, and Russia.

Geopolitical events became a priority during the quarter, with Western and Middle-Eastern countries coming to Iraq's aid with air strikes on Islamic State. Hostilities continued in the Russia/Ukraine crisis as well amid rising sanctions from the West and signs of capital flight from Russia. In China, unrest in Hong Kong from pro-democratic protestors seeking free elections again placed the spotlight on how China will respond to domestic instability. The People's Bank of China injected billions into the banking system in an effort to stimulate growth. Another important event was a management disjunction that cropped up at a major fixed income investment manager which caused a sudden increase in outflows from its funds and added to uncertainty in the fixed income markets. Lastly, fears related to an Ebola outbreak added to the list of concerns.



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As the quarter continued it became apparent that growth in the Eurozone economies had stalled. Adding to the situation, both the actual inflation and the inflation expectations fell further below target, which set off alarm bells at the European Central Bank (ECB). By the end of the quarter, the ECB had cut interest rates and was designing an asset backed and covered bond purchase program to ease credit conditions, boost growth, and help move inflation back up to target. The Eurozone bond markets decisively pushed down core European government bond yields. German bunds, which historically have similar interest rate levels to U.S. treasuries, rallied to interest rate levels more comparable to Japanese government bonds.

Growth in the U.S. bumped along at a pace of roughly 2%. The unemployment rate continued to decline, which brought it to the upper range of the Fed's long-term normal range of 5-6%. The Fed continued to taper their purchase program. At each meeting leading up to the end of the third quarter of 2014 the Fed modestly pulled forward their anticipated rate hike schedule.

With the Fed apparently moving towards a tightening policy, the U.S. Dollar broke out of its year-long doldrums and quickly moved to multi-year highs.

The final quarter of 2014 was focused on a deteriorating investor sentiment. Borrowing costs in Europe closed the calendar year well below levels in the U.S. In Germany, Italy and Spain; their 10-year rates fell to 0.54%, 1.89% and 1.61% respectively. By comparison, the benchmark 10-year rate in the U.S. closed the year at 2.17%. The US dollar strengthened across most global currencies, and U.S. domestic equities rose. A rapid decline in energy prices also drove sentiment as crude oil prices collapsed roughly 40% in the 4th quarter.

Adding to sentiment woes was weaker growth and low inflation in Europe, as well as instability in Greece from opposition party leaders looking to end austerity. ECB Chairman Mario Draghi left open the possibility of asset purchases as a means to stimulate growth. Japan's economy also struggled with growth and low inflation. Economic activity faltered as a controversial sales tax levy earlier in the year stunted consumer demand which in turn prevented inflation from reaching the Bank of Japan's target of 2%. Lastly, the situation in Russia was being watched as the Russian economy deteriorated under the weight of stringent sanctions and weak prices for oil, a major source of revenue for the government. The situation led to a precipitous decline in the ruble, which fell 47% in the quarter and more than 76% in the calendar year. Policy leaders reacted by raising borrowing rates from 10.5% to 17% in December to provide support for the currency.

During the first quarter of 2015, the civil strife in Yemen added a new concern to the list of geopolitical



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risks. But geopolitical risks were not a major market driver. The divergence between the U.S. Federal Reserve, which seemed to be on a path towards rate hikes somewhere in 2015, and the rest of the world, was a market driver. The divergence created a wave of risk aversion that pushed yields lower, credit spreads wider, and the U.S. dollar higher.

The Federal Reserve removed the word "patience" from its language in March but still sounded more dovish, which prompted the U.S. Treasury markets to price in a longer glide path for Fed tightening.

The global financial markets also continued to focus on the direction of oil prices, which was lower. Declining energy prices exacerbated disinflationary tendencies. A burgeoning scandal at Brazil's Petrobras provided a reminder to investors that idiosyncratic risk is alive and well in the emerging markets. The troubled state-owned oil giant was downgraded to junk status in February, which dampened any investor appetite for EM corporate debt.

Central banks around the world embarked on a wave of monetary easing as nearly three quarters of the key central banks loosened policy during the first quarter of 2015.

The second quarter of 2015 saw the U.S. and Europe generate positive momentum, while China and many emerging market economies saw their economies slow or even contract. As the second quarter of the year progressed, the concerns about the looming Greek debt crisis and the falling Chinese equity market reduced any appetite for risk which may have existed. Just about every asset class came under pressure, including stocks, bonds, and commodities.

The third quarter did not start off well as the uncertainty continued and the timing of any Federal Reserve interest rate hike weakened market sentiment. Low market liquidity made the price volatility even worse in both debt and equity markets. The price of West Texas Intermediate (WTI) crude saw dramatic price movement, from \$58.12 per barrel to a multi-year low of \$38.93. China devalued its currency and the surprise move sparked a panic-like sell off across all world markets.

### Conclusion

The past fiscal year has definitely been volatile. Economic uncertainty, as well as volatility across all asset classes, all major indices, and the currency markets, along with numerous unsettling geopolitical events, has made the past fiscal year and the beginning of the upcoming fiscal year challenging.

I would like to thank each member of the Board of Trustees, the ultimate fiduciaries of APERS, for embracing the current investment structure that allowed APERS to achieve strong results for our



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members and the Arkansas taxpayers. APERS' staff is committed to placing the system in the best position to continue to face the challenges of the global financial markets and to ensure that the APERS assets are positioned to provide long-term financial stability for you, the members.

Respectfully yours,

A handwritten signature in black ink that reads "Carlos Borromeo". The signature is written in a cursive style.

Carlos Borromeo  
Chief Investment Officer

## INVESTMENT CONSULTANT'S REPORT



Callan Associates Inc.  
120 North LaSalle Street  
Suite 2400  
Chicago, IL 60602



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[www.callan.com](http://www.callan.com)

August 26, 2015

Dear Trustees:

We are pleased to provide a brief review of the progress of the APERS Retirement Plan for the fiscal year ending June 30, 2015.

**Introduction and Background**

As with all retirement plans, there are three factors which influence performance:

- Manager Investment Strategies
- Investment Policy adopted by the Fund, and
- The Investment Environment

During the fiscal year ending June 30, 2015, domestic equity and fixed income posted positive returns, while international equity returns were negative. The Russell 3000 Index, a broad-based U.S. equity index, had a 7.29% return for the year while the MSCI EAFE Index, an international index, was down -4.22%. Fixed income markets, as measured by the Barclays Capital Aggregate Index, rose 1.86% over the fiscal year.

**Fund Progress and Results**

The APERS portfolio structure is based on the Fund's Investment Policy. The target asset mix is established based on an analysis of the financial needs of the Fund and the Trustees' tolerance for investment risk. The target asset mix and the actual allocation as of June 30, 2015 are listed below:

	<b><u>Target</u></b>	<b><u>Actual</u></b>
Domestic Equity	37%	42%
International Equity	24%	25%
Domestic Fixed	18%	16%
Diversified Strategies	5%	5%
Real Assets	16%	12%

For fiscal year ended June 30, 2015, the total fund rate of return, including gains, losses and income was 2.45%. The performance calculations presented above were prepared by Callan Associates using a time-weighted rate of return methodology based upon the market value of assets and are GIPS compliant.

Over the past five years, the Fund has had an annualized return of 12.25%. The return was above the actuarially assumed interest rate of 7.75%.



## Callan


2

At the beginning of the fiscal year, the assets of the fund totaled \$7.80 billion; at June 30, 2015, the Fund assets totaled \$7.82 billion. The Fund experienced a modest increase in value thanks to positive returns from domestic equities and fixed income during the fiscal year.

### Summary

The operations of the investment program continue to function within the *long-term* guidelines established by the Board of Trustees.

Sincerely,



R. Ryan Ball, CFA  
Senior Vice President

## INVESTMENT POLICY SUMMARY

### Investment Policies

The investment objective of the Arkansas Public Employees Retirement System (APERS) shall be:

1. to protect the APERS fund (the fund) so that its assets are preserved for providing benefits to participants and their beneficiaries, and
2. to maximize total return - either in the form of income or capital appreciation or both - in a manner that is consistent with prudent risk taking on the amounts available to provide such benefits.

For this purpose, short-term fluctuations in value shall be considered secondary to long-term investment results. The long-term return objective for the fund shall be to achieve a real rate of return of 4.5%. This is the return over the rate of inflation (as measured by the Consumer Price Index). This objective is not to be a goal from year to year but is intended as a long-term guideline to those involved in investing the fund's assets. An additional overall investment objective will be to achieve a total fund return of at least the actuarial rate of 7.75%. The investments of the fund shall be so diversified as to minimize the risk of large losses, unless under particular circumstances it is clearly prudent not to do so. Investments will be further diversified by hiring an appropriate number of managers whose investment styles are varied enough to provide a balance to the overall risk of the fund.

## ASSET ALLOCATION

To avoid extreme exposure to investment risk, the following percentages represent the minimum and maximum portion at market of the portfolio that may be invested by types:

### MARKET VALUE EXPOSURE

Asset Allocation	Target	Lower and Upper
Equities	37%	32% - 42%
International Equities	24	19% - 29%
Fixed Income	18	13% - 23%
Diversified Strategies	5	0% - 10%
Real Assets	16	11% - 21%

The APERS Board of Trustees (the Board) shall review its asset allocation at least annually to determine if the asset allocation is consistent with an acceptable level of risk and volatility acceptable to the fund.

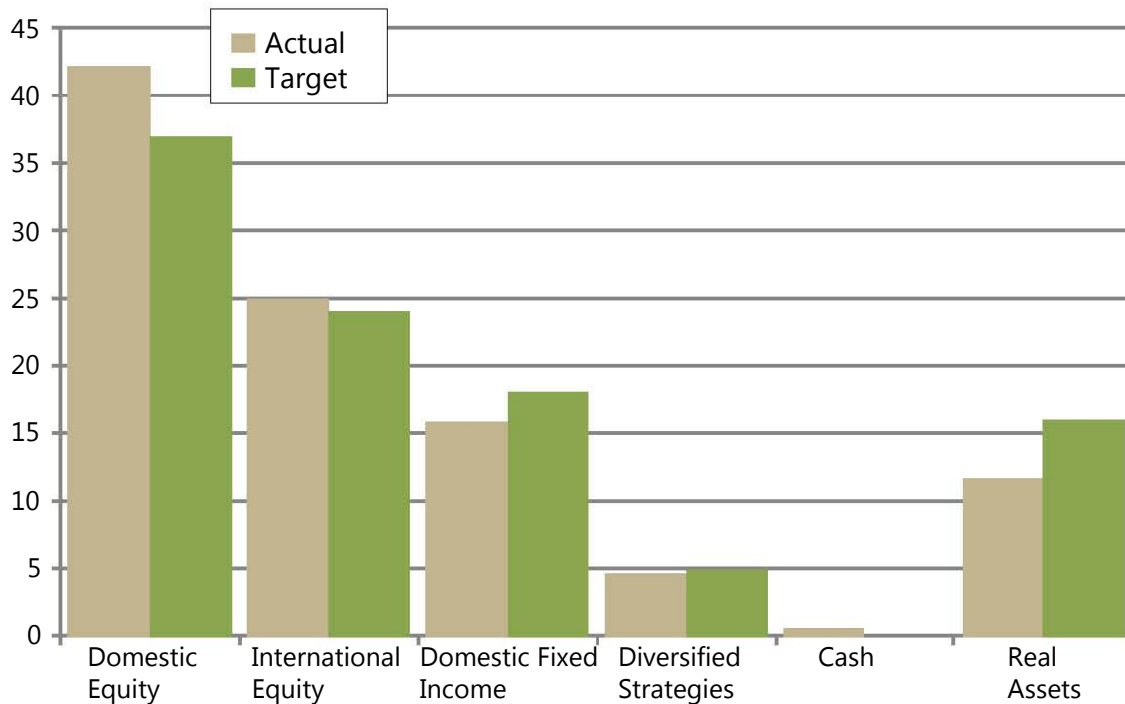
### Review of Investment Process

1. On a timely basis, at least twice a year, the Board will review actual results achieved by the investment managers (with a perspective toward a three to five-year period or a peak-to-peak or trough-to-trough market cycle) to determine whether their performance
  - a. followed APERS' investment philosophy and policy guidelines,
  - b. achieved the investment objectives, and
  - c. compared satisfactorily with the performance of other similarly managed funds.
2. In addition to reviewing each investment manager's results, the Board will periodically re-evaluate its progress in achieving its objectives for the total fund and its equity, fixed-income, and international equity segments.
3. The periodic re-evaluation will also consider the continuing appropriateness of
  - a. the manager structure,
  - b. the allocation of assets among the managers, and
  - c. the investment objectives for the fund's assets.
4. The Board may appoint investment consultants to assist in the ongoing evaluation process. The consultants selected by the Board are expected to be familiar with the investment practices of other similar retirement plans and will be responsible for suggesting appropriate changes in the fund's investment program over time.

## Asset Allocation

Actual versus Target Asset Allocation as of June 30, 2015

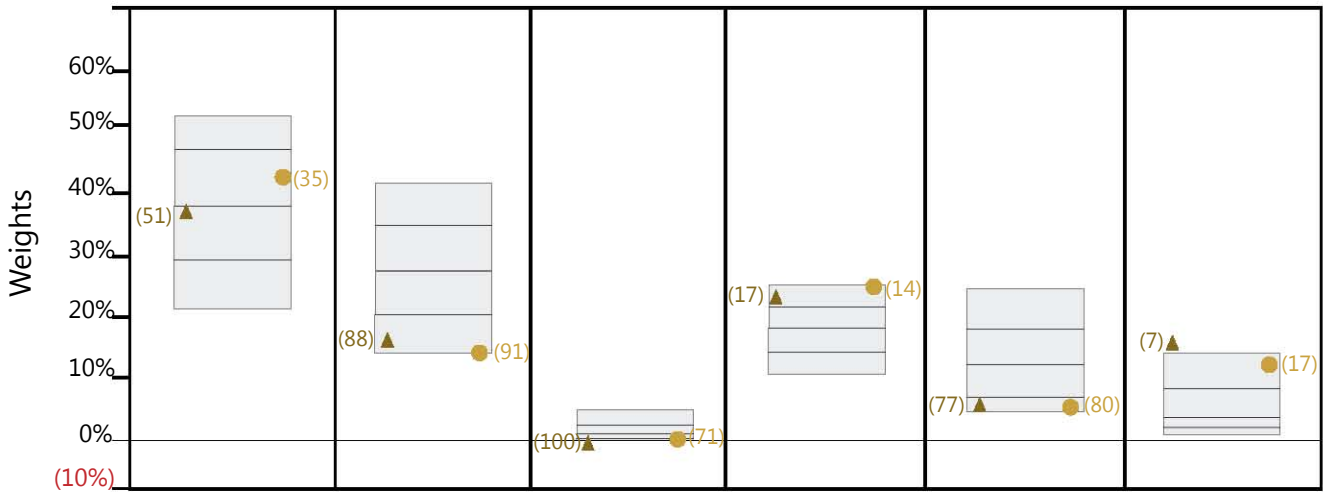
The current target and new target are as follows:



ASSET CLASS	\$000s Actual	APERS \$	ASPRS \$	Actual	Target	Difference	\$000s Difference
Domestic Equity	\$ 3,299,655	\$ 3,184,257	\$ 115,398	42.2%	37.0%	5.20%	\$ 406,147
International Equity	1,955,899	1,887,496	68,403	25.0	24.0	1.00	79,030
Fixed Income	1,241,314	1,197,902	43,412	15.9	18.0	(2.10)	(166,338)
Diversified Strategies	365,822	353,028	12,794	4.7	5.0	(0.30)	(25,192)
Cash	41,265	33,855	7,409	0.5	0.0	0.50	41,265
Real Assets	916,335	884,288	32,047	11.7	16.0	(4.30)	(334,911)
<b>Total</b>	<b>\$ 7,820,290</b>	<b>\$ 7,540,825</b>	<b>\$ 279,464</b>	<b>100.00%</b>	<b>100.00%</b>		

The illustration below shows the average percentage of asset allocations by asset type for the Public Plan Sponsor Database. Due to different asset allocations of public plans, percentages will not equal 100%.

Asset Class Weights vs Public Fund Sponsor Database

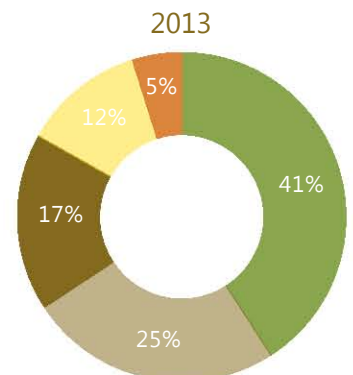
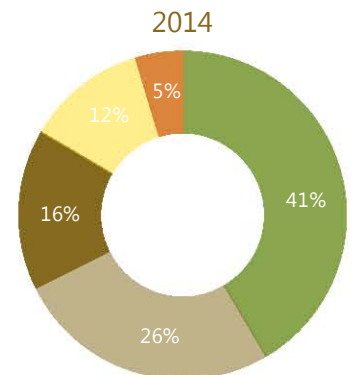
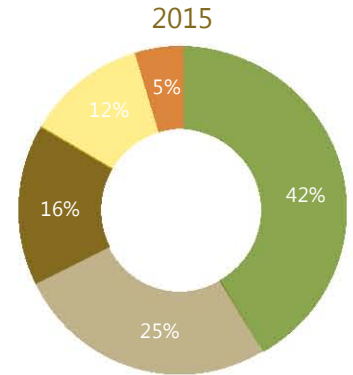


	Domestic Equity	Domestic Fixed-Income	Other	Intl Equity	Other Alternative	Real Assets
0th Percentile	52.04	42.47	4.26	25.44	24.00	14.44
5th Percentile	46.06	34.23	2.31	22.42	16.38	7.79
Median	37.51	27.37	1.14	18.62	11.52	3.69
5th Percentile	30.22	21.95	0.38	14.68	6.03	2.14
0th Percentile	21.34	15.91	0.07	11.63	3.86	0.99
Fund ●	42.19	15.87	0.53	25.01	4.68	11.72
Target ▲	37.00	18.00	0.00	24.00	5.00	16.00
Group Invested	98.78%	96.95%	71.34%	98.17%	48.17%	6.71%

**SCHEDULE OF MANAGER DISTRIBUTION**  
**APERS Manager Distribution as of June 30, 2015**

Asset Allocation	Market Value (\$ Thousands)	Percent of Total	APERS
<b>DOMESTIC EQUITY; 42.19%</b>			
MCM S&P Index Fund	\$ 664,232,567	8.49%	\$ 641,002,468
CastleArk Mgmt.	428,577,853	5.48	413,589,268
Golden Capital Mgmt.	176,040,499	2.25	169,883,863
INTECH	372,655,207	4.77	359,622,396
Wellington Mgmt. Co.	308,549,844	3.95	297,758,980
Westwood Mgmt.	174,734,314	2.23	168,623,359
Lazard Asset Mgmt.	297,841,381	3.81	287,425,022
Lombardia Capital	168,612,034	2.16	162,715,192
SSI Investment Mgmt.	265,251,710	3.39	255,975,104
Horrell Capital Mgmt.	95,398,902	1.22	92,062,531
State Street Global Advisors	91,331,807	1.17	88,137,674
Stephens Inv. Mgmt. Group	256,428,383	3.28	247,460,354
	<b>\$ 3,299,654,501</b>	<b>42.19%</b>	<b>\$ 3,184,256,212</b>
<b>INTERNATIONAL EQUITY; 25.01%</b>			
Lazard Asset Mgmt.	\$ 411,259,551	5.26%	\$ 396,876,637
Artisan Partners	437,651,522	5.60	422,345,605
Baillie Gifford	369,138,313	4.72	356,228,498
Transition Account	2,314	0.00	2,233
Manning & Napier	343,320,959	4.39	331,314,050
Pyramis Global Advisors	394,526,507	5.04	380,728,795
	<b>\$ 1,955,899,166</b>	<b>25.01%</b>	<b>\$ 1,887,495,817</b>
<b>FIXED INCOME; 15.87%</b>			
MacKay Shields	\$ 824,486,775	10.54%	\$ 795,652,131
Prudential Investments	416,826,893	5.33	402,249,273
	<b>\$ 1,241,313,668</b>	<b>15.87%</b>	<b>\$ 1,197,901,404</b>
<b>REAL ASSETS; 11.72%</b>			
INVESCO Real Estate	\$ 340,037,073	4.35%	\$ 328,145,011
INVESCO GLOBAL REITS	150,711,385	1.93	145,440,580
TA Associates Realty	31,205,127	0.40	30,113,795
CastleArk Mgmt. AR Energy Fund	65,613,879	0.84	63,319,175
CastleArk Mgmt. Global Energy Fund	133,150,016	1.70	128,493,382
Pinnacle Forest Investments	162,929,874	2.08	157,231,754
LaSalle Inc & Growth VI LP	32,687,429	0.42	31,544,257
	<b>\$ 916,334,783</b>	<b>11.72%</b>	<b>\$ 884,287,953</b>
<b>DIVERSIFIED STRATEGIES; 4.68%</b>			
AQR Capital	\$ 111,068,611	1.42%	\$ 107,184,226
Blackstone Alternative Asset Mgmt.	152,771,954	1.95	147,429,085
Newton Capital	101,981,530	1.30	98,414,946
	<b>\$ 365,822,095</b>	<b>4.68%</b>	<b>\$ 353,028,257</b>
<b>SHORT-TERM INVESTMENT FUND*</b>			
	<b>\$ 41,264,917</b>	<b>0.53%</b>	<b>\$ 33,855,385</b>
<b>COMPOSITE FUND</b>			
	<b>\$ 7,820,289,130</b>	<b>100.00%</b>	<b>\$ 7,540,825,029</b>

Manager Distribution Historical Comparison



- Domestic Equity
- International Equity
- Fixed Income
- Real Assets
- Diversified Strategies

\* Includes National Timber Partners and UBS receivables.

Totals may not add due to rounding.

The APERS and ASPRS manager distribution - combined statement can be found on page 131.

## PORTFOLIO CHARACTERISTICS

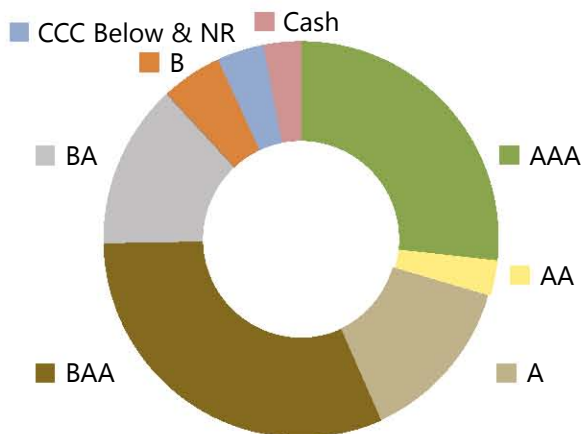
As of June 30, 2015

	2015	2014
<b>SELECTED BOND CHARACTERISTICS</b>		
Yield to Maturity (Market)	3.62%	2.98%
Current Yield	3.82%	4.22%
Average Coupon Rate	3.92%	4.38%
Average Maturity	7.5 yrs.	7.61 yrs.
<b>QUALITY BREAKDOWN</b>		
AAA (Includes Govts. & Agencies)	26.74%	29.70%
AA	2.80%	2.00%
A	13.85%	14.30%
BAA	31.32%	32.10%
BA	13.40%	11.10%
B	5.02%	6.60%
CCC Below & NR	3.84%	1.70%
Cash*	3.02%	2.50%
<b>SELECTED STOCK CHARACTERISTICS</b>		
Average P/E Ratio	22.15x	19.88x
Estimated Earnings Growth Rate (Next 5 Years)	12.76%	12.91%
Current Yield	1.60%	1.65%

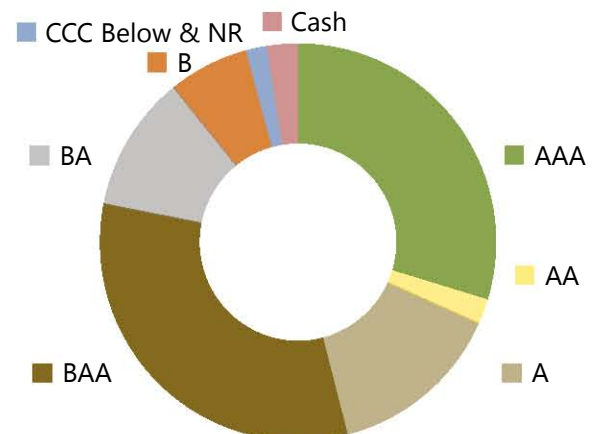
\* Includes short term investment fund

Source: Callan Associates Inc.

### Quality Breakdown 2015



### Quality Breakdown 2014



## SCHEDULE OF COMPARATIVE INVESTMENT RESULTS

As of June 30, 2015

Fiscal Years Ended 2011 through 2015

	2015	2014	2013	2012	2011
<b>TOTAL FUND</b>					
Arkansas Public Employees Retirement System	2.45%	19.68%	15.58%	(0.17)%	26.00%
Callan Total Public Fund Median	3.21	16.34	11.98	1.22	20.86
Inflation (Consumer Price Index)	(0.38)	2.04	1.75	1.58	4.06
<b>EQUITIES</b>					
Arkansas Public Employees Retirement System	7.25%	24.48%	20.99%	2.30%	33.64%
Callan Total Equity Database Median	7.25	25.26	22.83	0.46	34.22
Russell 3000 Index	7.29	25.22	21.46	3.84	32.37
<b>INTERNATIONAL EQUITIES</b>					
Arkansas Public Employees Retirement System	(2.38)%	24.43%	20.88%	(12.75)%	33.62%
Callan Total Non-U.S. Equities Database Median	(1.91)	23.32	18.85	(12.76)	31.79
MSCI-EAFE Index	(4.22)	23.57	18.62	(13.83)	30.36
<b>FIXED INCOME</b>					
Arkansas Public Employees Retirement System	1.32%	7.03%	3.51%	8.07%	8.15%
Callan Total Fixed Income Database Median	1.60	5.51	0.91	7.28	5.00
Barclays Capital Aggregate Index	1.86	4.37	(0.69)	7.47	3.90



**SCHEDULE OF COMPARATIVE INVESTMENT RESULTS**

As of June 30, 2015

For the Current Year and the Preceding 3-Year and 5-Year Rates of Return

		Annualized	
	2015	3-Year	5-Year
<b>TOTAL FUND</b>			
Arkansas Public Employees Retirement System	2.45%	12.32%	12.25%
Callan Total Public Fund Median	3.21	10.30	10.42
Inflation (Consumer Price Index)	(0.38)	1.13	1.80
<b>EQUITIES</b>			
Arkansas Public Employees Retirement System	7.25%	17.33%	17.17%
Callan Total Equity Database Median	7.25	18.25	17.70
Russell 3000 Index	7.29	17.73	17.54
<b>INTERNATIONAL EQUITIES</b>			
Arkansas Public Employees Retirement System	(2.38)%	13.66%	11.35%
Callan Total Non-U.S. Equities Database Median	(1.91)	12.72	10.70
MSCI-EAFE Index	(4.22)	11.97	9.54
<b>FIXED INCOME</b>			
Arkansas Public Employees Retirement System	1.32%	3.93%	5.58%
Callan Total Fixed Income Database Median	1.60	2.66	4.23
Barclays Capital Aggregate Index	1.86	1.83	3.35

Source: Callan Associates Inc. (CAI database contains returns of over 115 Public retirement funds.) Returns are reported gross of fees.

## TOP TEN LARGEST HOLDINGS \*

As of June 30, 2015

DOMESTIC FIXED INCOME HOLDINGS	Par	Market Value	APERS
U S Treasury Bond 2.875% 05/15/2043	25,855,000	\$ 24,639,039	\$ 23,777,342
U S Treasury Note 0.75% 03/31/2018	16,490,000	16,406,231	15,832,458
U S Treasury-CPI Inflation 1.125% 01/15/2021	10,274,345	10,867,483	10,487,416
Countrywide Financial Corp 6.25% 05/15/2016	9,455,000	9,826,203	9,482,553
Commit To Pur FNMA SF MTG 4.00% 07/01/2045	7,780,000	8,242,754	7,954,482
U S Treasury Note 2.50% 08/15/2023	7,295,000	7,452,280	7,191,653
U S Treasury Note 2.50% 08/15/2024	7,200,000	7,323,192	7,067,079
U S Treasury Bond 3.00% 11/15/2044	6,720,000	6,573,504	6,343,610
Prudential Financial Inc. 7.375% 06/15/2019	5,400,000	6,402,564	6,178,648
Commit To Pur FNMA SF MTG 4.50% 07/01/2045	5,590,000	6,043,293	5,831,942
<b>TOTAL</b>		<b>\$ 103,776,544</b>	<b>\$ 100,147,184</b>

DOMESTIC EQUITY HOLDINGS	Shares	Market Value	APERS
Apple Inc.	391,776	\$ 49,138,505	\$ 47,419,992
Facebook Inc.	372,800	31,973,192	30,854,999
Gilead Sciences Inc.	271,608	31,799,865	30,687,733
Microsoft Corp.	456,600	20,158,890	19,453,876
Union Pacific Corp.	204,034	19,458,723	18,778,196
Allergan PLC	54,524	16,545,853	15,967,198
Advanced Auto Parts Inc.	99,071	15,781,020	15,229,113
The Walt Disney Co.	135,244	15,436,750	14,896,883
Cisco Systems Inc.	524,170	14,393,708	13,890,319
Home Depot Inc.	129,026	14,338,659	13,837,196
<b>TOTAL</b>		<b>\$ 229,025,164</b>	<b>\$ 221,015,504</b>

INTERNATIONAL EQUITY HOLDINGS	Shares	Market Value	APERS
Baidu Inc.	140,911	\$ 28,052,562	\$ 27,071,484
Samsung Electronics Co Ltd.	20,605	23,422,955	22,603,788
Novartis AG	234,217	23,094,641	22,286,956
Roche Holding AG	77,543	21,739,089	20,978,812
Lloyds Banking Group PLC	15,875,419	21,282,102	20,537,807
Tesco PLC	6,353,782	21,239,256	20,496,459
Compass Group PLC	1,210,786	20,051,259	19,350,010
Carlsberg A/S	218,578	19,832,739	19,139,131
ING Groep NV	1,126,687	18,591,802	17,941,594
Royal Bank Of Scotland Group	3,187,400	17,620,076	17,003,852
<b>TOTAL</b>		<b>\$ 214,926,482</b>	<b>\$ 207,409,892</b>

\*By market value.

Totals may not add due to rounding.

The APERS and ASPRS ten largest holdings - combined statement can be found on page 132.

SCHEDULE OF BROKERAGE COMMISSIONS

As of June 30, 2015

BROKERAGE FIRM	Number of Shares Traded	Total Commission	Commission Per Share	APERS
Credit Suisse	7,902,868	\$ 261,183	\$ 0.03	\$ 252,049
J. P. Morgan Securities Inc.	4,384,979	221,279	0.05	213,540
Goldman Sachs & Co.	5,735,183	155,240	0.03	149,810
Sanford C. Bernstein & Co.	5,524,075	153,595	0.03	148,223
Citigroup Global Markets	3,945,941	138,762	0.04	133,909
Instinet Corp.	3,764,646	102,589	0.03	99,001
Deutsche Bank Securities Inc.	3,116,225	84,849	0.03	81,882
Merrill Lynch Pierce Fenner Smith Inc.	2,563,114	82,566	0.03	79,678
Jefferies & Co. Inc.	2,625,662	77,057	0.03	74,362
UBS Securities LLC	1,878,021	69,643	0.04	67,208
Simmons & Co.	2,137,427	69,096	0.03	66,679
Morgan Stanley & Co. Inc.	2,339,353	67,656	0.03	65,290
Rosenblatt Securities LLC	1,809,621	67,325	0.04	64,970
ISI Group Inc	1,702,914	62,497	0.04	60,311
Liquidnet Inc.	2,560,646	60,145	0.02	58,042
Bloomberg Tradebook LLC	1,772,422	57,541	0.03	55,528
Robert W. Baird & Co Inc.	1,454,370	57,107	0.04	55,110
Scotia Capital (USA) Inc.	1,721,835	56,231	0.03	54,264
BTIG LLC	2,705,066	53,832	0.02	51,949
Pickering Energy Partners	1,635,526	53,771	0.03	51,891
Stifel Nicolaus	1,310,115	53,121	0.04	51,263
Barclays Capital, Inc.	1,909,821	52,745	0.03	50,901
Investment Technology Group	2,156,508	52,739	0.02	50,894
Citation Group	1,165,285	51,751	0.04	49,941
William Blair & Co.	1,278,216	49,392	0.04	47,665
Others (Including 94 Brokerage Firms)	23,655,515	819,174	0.03	790,525
	<u>92,755,354</u>	<u>\$ 3,030,884</u>	\$ 0.03	<u>\$ 2,924,886</u>

Totals may not add due to rounding.

The APERS and ASPRS brokerage commissions - combined statement can be found on page 133.

## SCHEDULE OF INVESTMENT FEES

As of June 30, 2015

	Market Value	Fee	Basis Points	APERS	
				Market Value	Fee
<b>EQUITIES</b>					
SSI Investment Mgmt. - Convertible Securities	\$ 265,251,710	\$ 1,046,827	40	\$ 255,975,104	\$ 1,010,302
Lazard Asset Mgmt. - Value	297,841,381	895,400	30	287,425,022	864,145
Golden Capital Mgmt. - Growth	176,040,499	394,664	22.5	169,883,863	380,887
Westwood Mgmt. - SMID Cap	174,734,314	1,028,007	25	168,623,359	992,123
MCM S&P 500 Index Fund	664,232,567	147,346	3.5	641,002,468	142,203
INTECH - Growth	372,655,207	1,490,384	48	359,622,396	1,438,360
CastleArk Mgmt. - Growth	428,577,853	1,344,372	35	413,589,268	1,297,446
Wellington Mgmt. Co. - Value	308,549,844	920,008	30	297,758,980	887,893
Stephens Investment Mgmt. - Growth	256,428,383	1,670,045	77	247,460,354	1,611,751
State Street Global Advisors - 130/30	91,331,807	428,830	50	88,137,674	413,861
Lombardia Capital - Small Cap	168,612,034	1,119,007	70	162,715,192	1,079,875
Horrell Capital Mgmt.-AR Index Fund	95,398,902	166,653	27	92,062,531	160,836
Lazard Asset Mgmt. - Int'l Equity	411,259,551	1,278,982	65	396,876,637	1,234,338
Manning & Napier Advisors - Int'l Equity	343,320,659	1,737,064	50	331,313,761	1,676,428
Pyramis Global Advisors - Int'l Equity	394,526,507	1,210,925	20	380,728,795	1,168,653
Baillie Gifford - Int'l Equity	369,138,313	1,550,355	44	356,228,498	1,496,238
Artisan Partners - Int'l Equity	437,651,522	2,386,934	55	422,345,605	2,303,614
	<b>\$ 5,255,551,053</b>	<b>\$ 18,815,802</b>		<b>\$ 5,071,749,507</b>	<b>\$ 18,158,953</b>
<b>DIVERSIFIED STRATEGIES</b>					
AQR Capital	\$ 111,068,611	\$ 760,968	72	\$ 107,184,226	\$ 734,416
Blackstone Alternative Asset Mgmt.	152,771,954	1,505,073	100	147,429,085	1,452,555
Newton Capital	101,981,530	642,667	70	98,414,946	620,233
<b>TOTAL DIVERSIFIED STRATEGIES</b>	<b>\$ 365,822,095</b>	<b>\$ 2,908,707</b>		<b>\$ 353,028,257</b>	<b>\$ 2,807,204</b>
<b>FIXED INCOME</b>					
MacKay Shields - Core Plus I	\$ 402,970,657	\$ 800,644	20	\$ 388,877,629	\$ 772,696
MacKay Shields - Core Plus II	421,516,118	627,997	15	406,774,502	606,075
Prudential Investments - Core Plus	416,826,893	827,665	20	402,249,273	797,187
<b>TOTAL FIXED INCOME</b>	<b>\$ 1,241,313,668</b>	<b>\$ 2,256,305</b>		<b>\$ 1,197,901,404</b>	<b>\$ 2,175,958</b>
<b>REAL ASSETS</b>					
INVESCO Real Estate - Core & Global REITS	\$ 490,748,458	\$ 2,067,006	65	\$ 473,585,591	\$ 1,994,826
TA Associates Realty	31,205,127	741,040	122	30,113,795	715,189
LaSalle Inc & Growth VI LP	32,687,429	314,090	93	31,544,257	303,129
CastleArk Mgmt. - AR Energy Fund	65,613,879	874,115	125	63,319,175	843,600
CastleArk Mgmt. - Global Energy Fund	133,150,016	1,191,601	100	128,493,382	1,150,002
Pinnacle Forest Investments – Timberland	162,929,874	1,375,368	90	157,231,754	1,327,356
<b>TOTAL ALTERNATIVES</b>	<b>\$ 916,334,783</b>	<b>\$ 6,563,220</b>		<b>\$ 884,287,953</b>	<b>\$ 6,334,102</b>
<b>OTHER INVESTMENT SERVICES</b>					
Bank of New York Mellon (Custodian)		\$ 535,605			\$ 516,809
Callan Associates (Consultant)		252,530			243,709
<b>TOTAL OTHER SERVICES</b>		<b>788,135</b>			<b>760,518</b>
<b>TOTAL INVESTMENT SERVICE FEES</b>		<b>\$ 31,332,170</b>			<b>\$ 30,236,735</b>

The APERS and ASPRS investment fees - combined statement can be found on page 134.

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# Actuarial Section

**Actuary's Certificate Letter**

**Summary of Actuarial Assumptions**

**Summary of Actuarial Methods**

**Single Life Retirement Values**

**State and Local Government Division**

**State and Local Probabilities of Retirement for  
Members Eligible to Retire**

**Probabilities of Retirement for Members  
Eligible to Retire**

**Short Condition Test**

**Analysis of Experience**

**Analysis of Experience - Gains/(Losses)  
by Risk Area**

**Summary of Plan Provisions**



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## ACTUARY'S CERTIFICATE LETTER



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Consultants & Actuaries

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November 30, 2015

The Board of Trustees  
Arkansas Public Employees Retirement System  
Little Rock, Arkansas

Dear Board Members:

***The basic financial objective of the Arkansas Public Employees Retirement System (APERS) as provided in the Arkansas Code is to establish and receive contributions which, expressed as percents of active member payroll, will remain approximately level from generation to generation of Arkansas citizens and when combined with present assets and future investment return will be sufficient to meet the financial obligations of APERS to present and future benefit recipients.*** The progress towards meeting this financial objective is illustrated in the Schedule of Funding Progress and the Schedule of Employer Contributions.

We performed an actuarial valuation and issued an actuarial valuation report for APERS as of June 30, 2015. The purpose of the June 30, 2015 annual actuarial valuation was to determine the contribution requirements for the year beginning July 1, 2016 (July 1, 2015 for the old plan still paying District Judges portion of APERS) and to measure the System's funding progress. The actuarial valuation report should not be relied upon for any other purpose. The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the cost assigned by the valuation method to the year of service about to be rendered) as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll (level dollar for the District Judges portion of APERS) over a period of up to thirty years. The most recent valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2015. In addition, a separate report was issued (dated November 10, 2015) to provide actuarial information for GASB Statement No. 67 and GASB Statement No. 68.

The APERS administrative staff provides the actuary with data for the actuarial valuation. The actuary relies on the data after reviewing it for internal and year-to-year consistency. The actuary summarizes and tabulates population data in order to analyze longer term trends. The plan's external auditor also audits the actuarial data annually. We are not responsible for the accuracy or completeness of the data provided by staff.

The actuarial valuation report and GASB Statement Nos. 67 and 68 report contain the following supporting schedules for use in the Actuarial and Financial Sections of the Comprehensive Annual Financial Report:

**Actuarial Section**

- Summary of Assumptions Used
- Summary of Actuarial Methods and Assumptions
- Active Member Valuation Data
- Short Condition Test
- Analysis of Financial Experience
- Analysis of Financial Experience – Gains and Losses by Risk Area



The Board of Trustees

November 30, 2015

Page 2

**Financial Section**

Schedule of Funding Progress

Schedule of Changes in Net Pension Liability and Related Ratios

Schedule of the Net Pension Liability

Schedule of Contributions

Notes to Schedule of Contributions

For actuarial valuation purposes, assets are valued on a market related basis that recognizes each year's difference between actual and assumed investment return over a closed four-year period with the exception of the old plan still paying District Judges portion of APERS, where assets are valued on a market basis.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of the Actuarial Standards of Practice. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed. The June 30, 2015 valuations were based upon assumptions that were recommended in connection with a study of experience covering the period 2007-2012 and a subsequent economic assumption study. The investment return, price inflation and wage inflation assumptions were changed for the June 30, 2015 valuations.

***On the basis of the June 30, 2015 actuarial valuations and the benefits and contribution rates then in effect, it is our opinion that the Arkansas Public Employees Retirement System continues to satisfy the general financial objective of level contribution financing.***

Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumption/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

The signing individuals are independent of the plan sponsor.

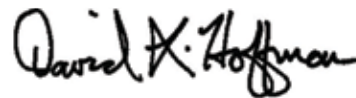
Mita D. Drazilov and Heidi Barry are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Mita D. Drazilov, ASA, MAAA



Heidi G. Barry, ASA, MAAA



David L. Hoffman

MDD:bd

Gabriel Roeder Smith & Company

## SUMMARY OF ACTUARIAL ASSUMPTIONS

### ECONOMIC ASSUMPTIONS

**The investment return rate** used in making the valuation was 7.50% per year, compounded annually (net after investment expenses). This rate of return is not the assumed real rate of return. The real rate of return is the portion of investment return which is more than the wage inflation rate. Considering the assumed wage inflation rate of 3.25%, the 7.50% investment return rate translates to an assumed net real rate of return of 4.25%. This assumption was first used for the June 30, 2015 valuation, including also the District Judges division.

**Pay increase assumptions** for individual active members are shown on pages E-8 and E-10. Part of the assumption for each age is for a merit and/or seniority increase, and the other 3.25% recognizes wage inflation. The wage inflation assumption consists of 2.50% for price inflation and 0.75% for real wage growth. These assumptions were first used for the June 30, 2015 valuation and for the District Judges division for the June 30, 2015 valuation.

**Total active member payroll** is assumed to increase 3.25% a year, which is the portion of the individual pay increase assumptions attributable to wage inflation. This assumption was first used for the June 30, 2015 valuation and for the District Judges division for the June 30, 2015 valuation.

**The number of active members** is assumed to continue at the present number.

### NON-ECONOMIC ASSUMPTIONS

**The mortality table** used to measure retired life mortality was the RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females. Related values are shown on page E-3. Based upon the experience observed during the most recent experience study, it appears that at the time of the study the current table provides for an approximate 15% margin for future mortality improvement. This assumption was first used for the June 30, 2013 valuation.

**The probabilities of retirement** for members eligible to retire are shown on pages E-4 through E-7. These probabilities were first used for the June 30, 2013 valuation and for the June 30, 2007 valuation for the District Judges division.

**The probabilities of withdrawal** from service, **death-in-service** and **disability** are shown for sample ages on pages E-8 through E-10. These probabilities were first used for the June 30, 2013 valuation and for the District Judges division for the June 30, 2013 valuation.

**The individual entry-age normal actuarial cost method of the valuation** was used in determining liabilities and normal cost.

Differences in the past between assumed experience and actual experience (actuarial gains and losses) become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce contribution amounts (principal and interest) which are level percent-of-payroll contributions. For the District Judges division, unfunded actuarial accrued liabilities are amortized as a level dollar contribution.

**Recognizing the special circumstances of the General Assembly division**, modifications of the above assumptions were made where appropriate.

**Present assets (cash & investments) were valued on a market related basis in which differences between actual and assumed returns are phased-in over a four-year period (including District Judges New Plan and Paid Off Old Plan). The funding value of assets may not deviate from the market value of assets by more than 25%. District Judges Still Paying Old Plan present assets (cash & investments) were valued on a market value basis.**

**The data about persons now covered and about present assets** were furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the Actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).

## SINGLE LIFE RETIREMENT VALUES

Sample Attained Ages	Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly for Life Increasing 3% Annually		Future Life Expectancy (Years)	
	Men	Women	Men	Women	Men	Women
40	\$152.73	\$155.50	\$221.02	\$228.64	40.56	44.21
45	148.14	151.73	209.34	218.29	35.81	39.39
50	142.02	146.73	195.44	205.97	31.13	34.64
55	134.13	140.11	179.30	191.41	26.58	29.98
60	124.36	131.56	161.13	174.51	22.23	25.44
65	112.66	121.10	141.22	155.67	18.14	21.14
70	98.84	108.87	119.72	135.45	14.35	17.16
75	83.43	95.07	97.62	114.39	10.95	13.56
80	67.17	79.89	76.00	92.98	8.02	10.35
85	51.06	64.05	56.01	72.24	5.60	7.59

Sample Attained Ages	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive	
		Men	Women
60	\$100	100%	100%
65	116	96	97
70	134	90	92
75	155	80	84
80	180	66	72

The mortality table was set forward 10 years for disabilities.

Based on RP-2000 Combined Healthy mortality table, projected to 2020 using Projection Scale BB, set-forward 2 years for males and 1 year for females.

STATE AND LOCAL GOVERNMENT DIVISION

Separations from Active Employment Before Service Retirement  
As of June 30, 2015

Sample Ages	Years of Service	Percent of Active Members Separating Within the Next Year						Pay Increase Assumptions For An Individual Employee		
		Withdrawal		Death		Disability		Merit & Seniority	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0	40.0%	40.0%							
	1	25.0	25.0							
	2	20.0	20.0							
	3	15.0	15.0							
	4	12.0	12.0							
20	5+	10.0	10.0	0.02%	0.01%	0.01%	0.01%	6.60%	3.25%	9.85%
25		10.0	10.0	0.02	0.01	0.05	0.05	5.10	3.25	8.35
30		8.8	8.8	0.03	0.01	0.08	0.08	3.20	3.25	6.45
35		6.2	6.2	0.04	0.02	0.10	0.10	2.30	3.25	5.55
40		4.4	4.4	0.06	0.03	0.15	0.15	1.90	3.25	5.15
45		3.4	3.4	0.08	0.05	0.20	0.20	1.50	3.25	4.75
50		2.7	2.7	0.13	0.08	0.40	0.40	1.10	3.25	4.35
55		1.9	1.9	0.22	0.12	0.70	0.70	0.80	3.25	4.05
60		1.2	1.2	0.37	0.21	1.00	1.00	0.70	3.25	3.95

Pay increase rates are age based only, and not service based.

## STATE AND LOCAL PROBABILITIES OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

Percentage of Eligible Active Members Retiring Within Next Year  
As of June 30, 2015

Retirement Ages (with less than 28 years of service)	Percentage of Eligible Active Members Retiring Within Next Year		Service	Percentage of Eligible Active Members Retiring Within Next Year
	Unreduced	Reduced		
55		2%	28	15 %
56		2	29	13
57		3	30	11
58		3	31	11
59		4	32	12
60		5	33	12
61		5	34	12
62		18	35	20
63		17	36	25
64		13	37	25
65	23%		38	30
66	23		39	30
67	23		40 & Over	100
68	15			
69	15			
70	17			
71	17			
72	17			
73	17			
74-75	20			
76-78	15			
79-84	20			
85 & Over	100			

A member was assumed eligible for unreduced retirement after attaining age 65 with 5 years of service or 28 years regardless of age. A member was assumed eligible for reduced retirement after attaining age 55 with 10 or more years of service.

PROBABILITIES OF RETIREMENT FOR MEMBERS ELIGIBLE TO RETIRE

General Assembly Division  
As of June 30, 2015

Retirement Ages	Percentages of Eligible Active Members Retiring Within Next Year
50	30 %
51	30
52	30
53	30
54	30
55	30
56	30
57	30
58	30
59	30
60	30
61	30
62	50
63	30
64	30
65	50
66	30
67-79	20
80 & Over	100

Member may retire at age 50 with 20 or more years of service, age 60 with 16 or more years of service, or age 65 with 8 or more years of service.

## SHORT CONDITION TEST

The APERS funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the System are level in concept and soundly executed, the System will **pay all promised benefits when due -- the ultimate test of financial soundness**. Testing for level contribution rates is **the** long-term condition test.

A **short condition test** is one means of checking a System's progress under its funding program. In a short condition test, the Plan's present assets (cash and investments) are compared with:

- 1) Active member contributions on deposit;
- 2) The liabilities for future benefits to present retired lives; and
- 3) The liabilities for service already rendered by active members.

In a System that has been following the discipline of level percent-of-payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in unusual circumstances). In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the System. Liability 3 being fully funded is uncommon.



10-YEAR COMPARATIVE STATEMENT

(\$ in Millions)

Valuation Date: June 30	Entry Age Accrued Liability			Valuation Assets	Portion of Present Values Covered By Present Assets			Total
	(1) Active Member Contributions	(2) Retirees and Benefits	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)	
<b>STATE DIVISION (Including sub-divisions)</b>								
1998 @	\$ 17.2	\$ 640.3	\$1,395.9	\$2,328.5	100%	100%	119%	113%
1999 @#	16.9	784.0	1,634.2	2,637.1	100	100	112	108
2000	15.8	747.5	1,865.7	2,943.3	100	100	117	112
<b>LOCAL GOVERNMENT DIVISION</b>								
1998 @	\$ 8.8	\$ 337.9	\$ 501.1	\$ 968.1	100%	100%	124%	114%
1999 #	8.8	446.9	587.9	1,074.7	100	100	105	103
2000	7.6	440.0	706.0	1,178.1	100	100	103	102
<b>STATE AND LOCAL GOVERNMENT DIVISION</b>								
2006	15.5	1,990.6	3,907.3	4,941.1	100	100	75	84
2007#	29.7	2,268.5	3,856.7	5,489.3	100	100	83	89
2008@	45.8	2,463.9	4,014.9	5,858.1	100	100	83	90
2009	66.4	2,750.3	4,059.9	5,406.8	100	100	64	79
2009#	66.4	2,750.3	4,103.5	5,406.8	100	100	63	78
2010	92.8	2,928.7	4,266.1	5,403.5	100	100	56	74
2011@	119.2	3,268.3	4,327.8	5,462.6	100	100	48	71
2012	122.1	3,518.7	4,521.9	5,625.4	100	100	44	69
2013@	147.9	3,855.2	4,281.1	6,159.3	100	100	50	74
2014@	176.3	4,246.7	4,440.6	6,894.9	100	100	56	78
2015@	201.1	4,654.5	4,439.2	7,351.7	100	100	56	79

# After legislated changes in benefit provisions.

@ After changes in actuarial assumptions.

## ANALYSIS OF EXPERIENCE

**Purpose of Gain/(Loss) Analysis.** Regular actuarial valuations give valuable information about the composite change in unfunded actuarial accrued liabilities – whether or not the liabilities are increasing or decreasing and by how much.

But valuations do not show the portion of the change attributable to each risk area within the Retirement System: the rate of investment return which plan assets earn; the rates of withdrawal of active members who leave covered employment; the rates of mortality; the rates of disability; the rates of pay increases; and the ages at actual retirement. In an actuarial valuation, assumptions must be made as to what these rates will be, for the next year and for decades in the future.

**The objective of a gain and loss analysis is to determine the portion of the change in actuarial condition (unfunded actuarial accrued liabilities) attributable to each risk area.**

The fact that actual experience differs from assumed experience is to be expected – **the future cannot be predicted with precision.** The economic risk areas (particularly investment return and pay increases) are volatile. Inflation directly affects economic risk areas, and inflation seems to defy reliable prediction.

Changes in the valuation assumed experience for a risk area should be made when the differences between assumed and actual experience have been observed to be sizable and persistent. A gain and loss analysis covering a relatively short period may or may not be indicative of **long-term trends, which are the basis of actuarial assumptions.**

	Total (\$ in millions)
1. UAAL* at Beginning of Year	\$ 1968.8
2. Normal Cost from Last Valuation	127.9
3. Actual Employer Contributions	261.5
4. Interest Accrual: $[(1) + \frac{1}{2}[(2) - (3)]] \times .0775$	147.4
5. Expected UAAL Before Changes: (1) + (2) - (3) + (4)	1982.6
6. Increase from Benefit Changes	0.0
7. Changes from Revised Actuarial Assumptions and Methods	184.1
8. New Entrant Liabilities	40.4
9. Expected UAAL After Changes: (5) + (6) + (7) + (8)	2207.1
10. Actual UAAL at End of Year	1943.1
11. Gain/(Loss): (9) - (10)	\$ 264.0

\* Unfunded actuarial accrued liability

ANALYSIS OF EXPERIENCE - GAINS/(LOSSES) BY RISK AREA

Type of Risk Area	Total (\$ in millions)	% of Accrued Liabilities
<b>ECONOMIC RISK AREAS</b>		
<b>Pay Increases.</b> If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	\$ 93.6	1.0%
<b>Investment Return.</b> If there is greater investment return than assumed, there is a gain. If less return, a loss	71.4	0.8
<b>NON-ECONOMIC RISK AREAS</b>		
<b>Non-Casualty Retirements.</b> If members retire at older ages or with lower final average pays than assumed, there is a gain. If younger ages or higher average pays, a loss.	17.1	0.2
<b>Disability Retirements.</b> If there are fewer disabilities than assumed, there is a gain. If more, a loss.	1.3	0.0
<b>Death-in-Service Benefits.</b> If there are fewer claims than assumed, there is a gain. If more, a loss.	(0.3)	0.0
<b>Withdrawal.</b> If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, a loss.	23.8	0.3
<b>TOTAL ACTIVE MEMBER ACTUARIAL GAINS/(LOSSES)</b>		
	\$ 206.9	2.3%
<b>Retired Life Mortality.</b>	36.7	0.4
<b>Other.</b> Includes data adjustments at retirement, timing of financial transactions, and miscellaneous unidentified sources.	20.4	0.2
<b>TOTAL ACTUARIAL GAINS/(LOSSES)</b>	\$ 264.0	2.9%

## SUMMARY OF PLAN PROVISIONS

The Old Contributory Plan is available to persons who became members of APERS before January 1, 1978. The Non-Contributory Plan applies to all persons first hired after January 1, 1978 and before July 1, 2005 in APERS-covered employment. The New Contributory Plan applies to all persons hired after July 1, 2005 in APERS-covered employment or Non-Contributory members who elected to participate in the New Contributory Plan.

### New Contributory Plan

### Non-Contributory Plan

#### Voluntary Retirement

**With a full benefit**, after either (a) age 65 with 5 years of service, or (b) 28 years of actual service, regardless of age. For sheriff and public safety members, the age 65 requirement is reduced 1 month for each 2 months of actual service, but not below age 55 (age 52 for sheriff members with a minimum of 10 years of actual service).

**With a reduced benefit**, after age 55 with 5 years of service or any age with 25 years of service. The reduction is equal to  $\frac{1}{2}$  of 1% for each month retirement proceeds normal retirement age or 1% for each month below 28 years of actual service, whichever is less.

**With a full benefit**, after either (a) age 65 with 5 years of service, or (b) 28 years of actual service, regardless of age. For sheriff and public safety members, the age 65 requirement is reduced 1 month for each 2 months of actual service, but not below age 55 (age 52 for sheriff members with a minimum of 10 years of actual service).

**With a reduced benefit**, after age 55 with 5 years of service or any age with 25 years of service. The reduction is equal to  $\frac{1}{2}$  of 1% for each month retirement proceeds normal retirement age or 1% for each month below 28 years of actual service, whichever is less.

#### Final Average Compensation (FAC)

Average of highest 36 calendar months of covered compensation.

Average of highest 36 calendar months of covered compensation.

New Contributory Plan

Non-Contributory Plan

**Full Age and Service Retirement Benefit**

2.00% of FAC times years of service (2.03% for service prior to July 1, 2007), plus .5% of FAC times years of service over 28 years for service after July 1, 2009. The minimum monthly benefit is \$150 minus any age and beneficiary option reductions.

1.72% of FAC times years and months of credited service (1.75% for service prior to July 1, 2007), plus .5% of FAC times years of service over 28 years for service after July 1, 2009. If retirement is prior to age 62, an additional .33% of FAC times years of service will be paid until age 62. The portion of the APERS benefit based on service before 1978 cannot be less than the amount provided by contributory provisions in effect at the time of retirement. The minimum monthly benefit is \$150 minus any age and beneficiary option reductions.

**Benefit Increases after Retirement**

Annually, there will be a cost-of-living adjustment equal to 3% of the current benefit.

Annually, there will be a cost-of-living adjustment equal to 3% of the current benefit.

**Member Contribution Rates**

5% of covered compensation (pre-tax). Member contributions are refundable if APERS-covered employment terminates before a monthly benefit is payable. Members will earn interest on the contributions at a rate of 4% annually.

No employee contributions for service after January 1, 1978. If there is service before January 1, 1978, contributions for that period are refundable later in the same manner as under the Contributory Plan.

**Vested Retirement Benefits**

5 years service, and leaving APERS-covered employment before full retirement age. Deferred full retirement benefit, based on service and pay at termination, begins at age 65. A death benefit is payable to surviving spouse of member who dies before benefit commencement.

5 years service and leaving APERS-covered employment before full retirement age. Deferred full retirement benefit, based on service and pay at termination, begins at age 65. A death benefit is payable to surviving spouse of member who dies before benefit commencement.

In place of deferred full benefit, at age 55 or older a qualifying member can elect an immediate reduced benefit.

In place of deferred full benefit, at age 55 or older a qualifying member can elect an immediate reduced benefit.

## New Contributory Plan

## Non-Contributory Plan

**Total and Permanent Disability**

Disabled after 5 years service, including credit for 18 of the 24 months preceding disability.

Disabled after 5 years service, including credit for 18 of the 24 months preceding disability.

Amount is computed as an age & service benefit, based on service and pay at disability.

Amount is computed as an age & service benefit, based on service and compensation at disability.

**Death after Retirement**

If death occurs before total monthly benefit payments equal member's accumulated contributions, the difference is refunded.

Member contributions before 1978 are protected in the same manner as under the Contributory Plan.

A retiring member can also elect an optional form of benefit, which provides beneficiary protection paid for by reducing the retired member's benefit amount. Should the member elect a straight life benefit and decease within 12 months of the date of retirement, a benefit may be payable to the surviving spouse under certain conditions.

A retiring member can also elect an optional form of benefit, which provides beneficiary protection paid for by reducing the retired member's benefit amount. Should the member elect a straight life benefit and decease within 12 months of the date of retirement, a benefit may be payable to the surviving spouse under certain conditions.

**Death While in APERS-Covered Employment**

Member's accumulated contributions are refundable.

Member's accumulated contributions before 1978 are refundable.

If the member had 5 years service, monthly benefits are payable instead. Surviving spouse receives a benefit computed as if member had retired and elected the Joint & 75% Survivor Option. Payment begins immediately.

If the member had 5 years service, monthly benefits are payable instead. Surviving spouse receives a benefit computed as if member had retired and elected the Joint & 75% Survivor Option. Payment begins immediately.

Each dependent child receives benefit of 10% of compensation (maximum of 25% for all children).

Each dependent child receives benefit of 10% of compensation (maximum of 25% for all children).

Dependent parents benefits are payable if neither spouse nor children's benefits are payable.

Dependent parents benefits are payable if neither spouse nor children's benefits are payable.

Membership Group	Service Credits
Public Safety Members (including State Capitol Police and Wildlife Sub-Division members) hired before July 1, 1997	1-1/2 times regular rate with 5 years actual service required to meet benefit eligibility rules.
Governor (hired before July 1, 1999)	3 times regular rate with 5 years actual service required to meet death-in-service eligibility and 4 years actual service required for other benefit eligibility.
Elected State Constitutional Officers (hired before July 1, 1999)	
General Assembly	2-1/2 times regular rate with 5 years actual service required to meet benefit eligibility.
Other Elected Public Officials (municipal and county officials)	Regular crediting rate with 5 years of actual service required to meet death-in-service eligibility and 10 years of actual service required for other benefit eligibility.
All Other Members	2 times regular rate with 5 years actual service required to meet benefit eligibility.
	Regular rate.

**Arkansas Public Employees Deferred Retirement Option Plan**

Members with 28 years of actual service in APERS or in combination with a reciprocal System are eligible to participate.

Members, for a maximum of 7 years, may continue employment and have 75% of their accrued benefit (at date of participation with 30 or more years of service) paid into the Deferred Retirement Option Plan in lieu of any further benefit accruals.

The payments into the Deferred Retirement Option Plan accumulate with interest at a rate established by the Board. The interest is paid on the mean balance and is paid to the member at termination of active membership in either a lump sum or as an annuity.

Employer contributions continue for members participating in the DROP.

# Statistical Section

**Statement of Fiduciary Net Position - 10 Year Schedule**

**Statement of Changes in Fiduciary Net Position -  
10 Year Schedule**

**Schedule of Revenues by Source**

**Schedule of Expenses by Type**

**Schedule of Benefit Expenses by Type**

**Schedule of Retired Members by Type of Benefit**

**Schedule of Average Benefit Payments**

**Statistical Graphs**





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### STATEMENT OF FIDUCIARY NET POSITION - 10 YEAR SCHEDULE

	2015	2014	2013
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 230,352,583	\$ 212,880,111	\$ 197,005,448
Securities Lending Collateral Investments in Cash Equivalents	0	0	0
Receivables			
Contributions	4,157,178	4,111,080	4,026,944
Dec 2004 Actuarial Liability Receivable	8,978,643	9,612,705	10,145,451
Investment Principal Receivable	40,842,637	38,741,350	19,706,894
Accrued Investment Income Receivable	15,984,105	32,846,584	19,891,358
Termination Agreement Receivable	5,281,099	0	0
Allowance for Doubtful Accounts	(1,922,440)	0	0
Other Receivables	0	0	843,783
<b>Total Receivables</b>	<b>73,321,222</b>	<b>85,311,719</b>	<b>54,614,430</b>
Investments At Fair Value			
Government Securities			
U.S. Government Securities	98,546,504	126,810,589	103,365,196
Futures	(855,875)	290,751	633,126
Government Agency Securities	103,244,018	116,887,114	135,034,237
Corporate Securities:			
Collateralized Obligations	41,338,642	164,723,838	166,864,026
Corporate Bonds	416,500,311	553,666,403	492,099,617
Convertible Bonds	188,699,681	211,537,280	170,566,983
Convertible Preferred Stock	49,132,761	41,420,248	39,474,969
Common Stock	2,524,285,757	2,522,287,242	2,038,116,530
Equity Index Funds	641,002,358	648,733,806	551,082,519
Equity Commingled	88,137,673	81,917,142	64,776,089
High Yield Income Fund	60,023,193	60,544,471	55,765,901
Options	0	0	0
International Securities			
Global Fixed Income Fund	0	9,740,932	10,770,871
Government Fixed Obligations	0	0	0
Corporate Fixed Income	28,458,972	49,192,340	36,101,993
Equity Securities	1,144,990,165	1,175,864,056	715,367,311
Global Preferred Stock	1,224,203	0	0
Equity Pooled Fund Units	708,532,111	724,622,479	610,149,121
Global Equity Index Funds	0	0	296,199,571
Global Collateralized Obligations	0	1,055,030	5,481,114
Emerging Markets	1,523,537	32,873,981	26,175,846
Emerging Markets Collateralized Obligations	0	197,328	235,133
Forward Contracts	345,529	(188,150)	785,881
Core Plus Bond Fund	402,136,164	0	0
Interest Rate Swaps	0	(18,837)	4,238
Real Estate	386,947,368	315,211,143	259,578,181
Diversified Strategies	254,613,311	250,259,491	217,372,992
Timberland	157,231,753	167,689,287	204,819,735
Municipal Bonds	0	8,424,105	5,167,044
Commercial Loans	5,138,520	21,619,217	21,572,758
<b>Total Investments</b>	<b>7,301,196,656</b>	<b>7,285,361,286</b>	<b>6,227,560,982</b>
Securities Lending Collateral Investments, At Fair Value			
Repurchase Agreements	180,345,059	175,342,583	131,976,556
Asset Backed Floating Rate Notes	249,063,773	174,398,971	105,713,712
U.S. Agencies	0	0	11,103,225
U.S. Governments	0	0	0
Certificates of Deposit	0	33,883,375	43,061,345
Commercial Paper	0	50,374,214	70,407,711
Corporate Floating Rate Notes	510,360,541	481,267,908	290,949,419
Corporate Bonds	0	0	0
Time Deposits	53,240,634	102,322,066	0
Fixed Rate Notes	0	23,746,442	0
Bank Obligations	0	0	94,783,855
Asset Backed Securities	0	0	0
<b>Total Securities Lending Collateral Investments</b>	<b>993,010,007</b>	<b>1,041,335,559</b>	<b>747,995,823</b>
Prepays and Other Assets	29,906	15,947	29,640
Fixed Assets, Net	10,372,669	5,959,437	44,592
<b>TOTAL ASSETS</b>	<b>8,608,283,042</b>	<b>8,630,864,059</b>	<b>7,227,250,915</b>
<b>LIABILITIES</b>			
Accrued Expenses and Other Liabilities	9,050,136	9,448,802	7,799,664
Compensated Absences Payable	296,754	298,007	327,572
Investment Principal Payable	49,935,802	42,757,637	34,914,852
Other Post Employment Benefits	2,273,819	2,024,716	1,669,923
Securities Lending Liability	996,629,718	1,045,145,270	747,995,823
Due to Other Agencies	103,574	0	72,580
<b>TOTAL LIABILITIES</b>	<b>1,058,289,804</b>	<b>1,099,674,432</b>	<b>792,780,414</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$ 7,549,993,238</b>	<b>\$ 7,531,189,627</b>	<b>\$ 6,434,470,500</b>

2012	2011	2010	2009	2008	2007	2006
\$ 177,086,939 0	\$ 141,892,517 0	\$ 119,233,185 0	\$ 144,370,189 0	\$ 164,106,333 0	\$ 161,350,604 298,532,371	\$ 158,991,030 212,092,651
3,122,202	3,312,790	2,214,443	2,230,764	2,064,104	2,490,030	2,035,881
10,313,641	11,354,396	11,949,695	11,063,510	11,016,019	0	0
19,366,624	41,840,071	27,293,510	45,728,778	56,734,490	71,265,845	54,790,845
16,065,808	15,686,896	14,878,479	12,486,745	13,410,220	15,771,613	15,220,280
0	0	0	0	0	0	0
0	0	0	0	0	0	0
840,687	0	0	0	0	0	0
49,708,962	72,194,153	56,336,127	71,509,797	83,224,833	89,527,488	72,047,006
84,322,856 (315,569)	75,992,809 (272,781)	56,692,011 1,089,585	79,110,077 1,247,843	155,857,122 120,796	75,283,764 0	115,440,837 0
153,440,708	164,262,851	200,033,915	372,632,738	350,522,222	334,234,608	326,746,744
177,548,338	203,593,519	181,322,952	126,099,722	196,931,595	228,739,239	183,021,390
505,472,866	557,868,241	497,737,991	301,391,448	244,945,286	257,249,675	230,607,819
150,231,542	182,943,890	173,917,850	135,055,273	163,374,858	175,316,139	147,675,495
38,337,186	55,552,336	35,097,199	39,503,362	37,915,127	44,318,594	39,702,470
1,810,412,751	2,058,851,405	1,570,950,462	1,499,257,304	1,970,881,463	1,999,739,571	1,715,828,326
469,596,060	634,286,955	494,513,356	337,125,950	455,441,280	487,951,829	473,010,696
53,821,018	44,039,546	32,510,013	30,033,865	43,094,014	244,991,960	219,480,329
51,017,497	56,570,710	50,850,253	42,208,121	35,465,720	37,831,944	36,029,790
0	0	0	0	20,349	0	11,516
1,232,473	133,598	3,840,549	0	10,904,054	8,739,267	3,175,181
0	0	0	13,469,217	13,826,156	15,211,812	17,425,975
9,200,336	9,014,994	0	5,156,065	2,747,129	5,331,865	2,940,003
592,247,709	438,567,671	9,212,260	264,903,613	554,482,483	634,645,370	555,548,329
0	0	0	0	0	0	0
880,417,052	649,710,460	281,549,155	448,929,500	686,835,703	799,248,572	537,557,356
0	0	0	0	0	0	0
6,841,714	2,517,011	500,233,798	0	0	0	0
20,049,577	19,223,133	18,109,421	15,783,408	38,575,304	47,477,880	38,531,509
0	0	0	0	0	0	0
137,066	230,300	79,024	(81,302)	(349,553)	141,184	(33,220)
0	0	0	0	0	0	0
(42,893)	36,013	0	0	0	0	0
224,390,805	206,850,597	166,155,640	188,073,758	268,845,235	219,680,821	191,333,954
0	0	0	0	0	0	0
267,475,739	296,638,771	294,495,311	294,367,676	240,170,440	216,638,186	178,911,730
5,184,736	4,609,375	5,221,420	6,961,524	9,163,935	13,904,836	14,549,990
18,452,665	24,900,031	34,220,712	43,914,142	26,595,311	19,595,697	3,654,200
5,519,472,231	5,686,121,436	4,607,832,877	4,245,143,304	5,506,366,028	5,866,272,812	5,031,150,418
125,979,775	149,532,650	80,043,105	112,640,635	5,759,924	0	0
94,209,913	0	0	0	0	0	0
5,980,790	0	0	0	0	0	0
9,689,267	0	0	0	0	0	0
59,482,209	0	0	0	0	0	0
38,754,223	0	0	0	0	0	0
233,283,293	0	0	0	0	0	0
0	268,890,291	182,188,563	249,979,379	292,941,710	204,943,347	346,630,656
0	0	0	0	0	0	0
0	80,146,297	130,270,736	0	378,952,302	77,499,382	79,978,514
0	51,596,698	38,751,500	60,640,313	111,001,863	193,286,465	0
567,379,472	550,165,936	431,253,904	423,260,327	788,655,800	475,729,195	426,609,171
23,672	46,352	129,340	127,404	1,764,984	1,505,559	1,820,827
54,917	66,170	71,899	79,562	50,808	44,577	49,820
6,313,726,193	6,450,486,564	5,214,857,332	4,884,490,583	6,544,168,786	6,892,962,606	5,902,760,923
7,682,381	7,520,415	6,687,309	6,304,171	8,140,996	7,990,755	6,941,948
302,132	0	0	0	0	0	0
44,545,629	76,495,801	47,661,684	104,638,383	108,712,061	127,507,745	121,614,009
1,322,763	1,038,085	754,059	475,017	208,009	0	0
567,379,471	550,165,936	431,253,904	423,260,327	788,655,799	774,261,565	638,701,821
77,955	0	0	0	0	12,958,488	0
621,310,331	635,220,237	486,356,956	534,677,898	905,716,865	922,718,553	767,257,778
\$ 5,692,415,862	\$ 5,815,266,327	\$ 4,728,500,377	\$ 4,349,812,686	\$ 5,638,451,921	\$ 5,970,244,053	\$ 5,135,503,145

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - 10 YEAR SCHEDULE

	2015	2014	2013
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 262,327,561	\$ 264,477,703	\$ 249,062,186
Plan Members	51,596,001	48,237,869	44,549,911
Supplemental	392,653	381,216	1,863,992
<b>Total Contributions</b>	<b>314,316,215</b>	<b>313,096,788</b>	<b>295,476,089</b>
Investment Income			
Interest	73,075,336	51,082,662	52,116,606
Dividends	80,542,075	91,368,004	72,457,239
Investment Gain/(Loss)	42,240,341	1,090,192,683	749,543,679
Security Lending Income	2,930,365	3,672,418	1,776,316
Real Estate Income	0	0	0
Other	0	0	0
<b>Total Investment Income</b>	<b>198,788,117</b>	<b>1,236,315,766</b>	<b>875,893,840</b>
Less: Investment Expense	29,167,098	27,885,272	23,973,149
<b>Net Investment Income</b>	<b>169,621,019</b>	<b>1,208,430,494</b>	<b>851,920,691</b>
Other Sources			
Miscellaneous Additions	1,029,024	1,031,360	1,203,348
Transfer from Other Public Employee Retirement Systems	5,267,700	5,433,053	5,848,612
Miscellaneous Transfers from State Agencies	261,739	255,251	0
Transfer from Teachers Retirement System	0	0	0
Transfer of Arkansas District Judges Retirement System	0	0	0
<b>Total Other Additions</b>	<b>6,558,462</b>	<b>6,719,664</b>	<b>7,051,960</b>
<b>TOTAL ADDITIONS</b>	<b>490,495,697</b>	<b>1,528,246,947</b>	<b>1,154,448,740</b>
<b>DEDUCTIONS</b>			
Benefits	451,912,791	414,548,645	396,607,128
Refunds of Contributions	12,195,637	9,455,348	8,446,701
Administrative Expenses	7,201,144	7,209,769	7,340,273
<b>TOTAL DEDUCTIONS</b>	<b>471,309,572</b>	<b>431,213,761</b>	<b>412,394,102</b>
<b>ADJUSTMENTS</b>			
Actuarial Adjustment to DJ Unfunded Liability	(382,513)	(314,059)	
<b>NET INCREASE (DECREASE)</b>	<b>18,803,612</b>	<b>1,096,719,127</b>	<b>742,054,638</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
Beginning of Year	7,531,189,627	6,434,470,500	5,692,415,862
End of Year	<u>\$ 7,549,993,238</u>	<u>\$ 7,531,189,627</u>	<u>\$ 6,434,470,500</u>

Totals may not add due to rounding.  
See notes to the financial statements.

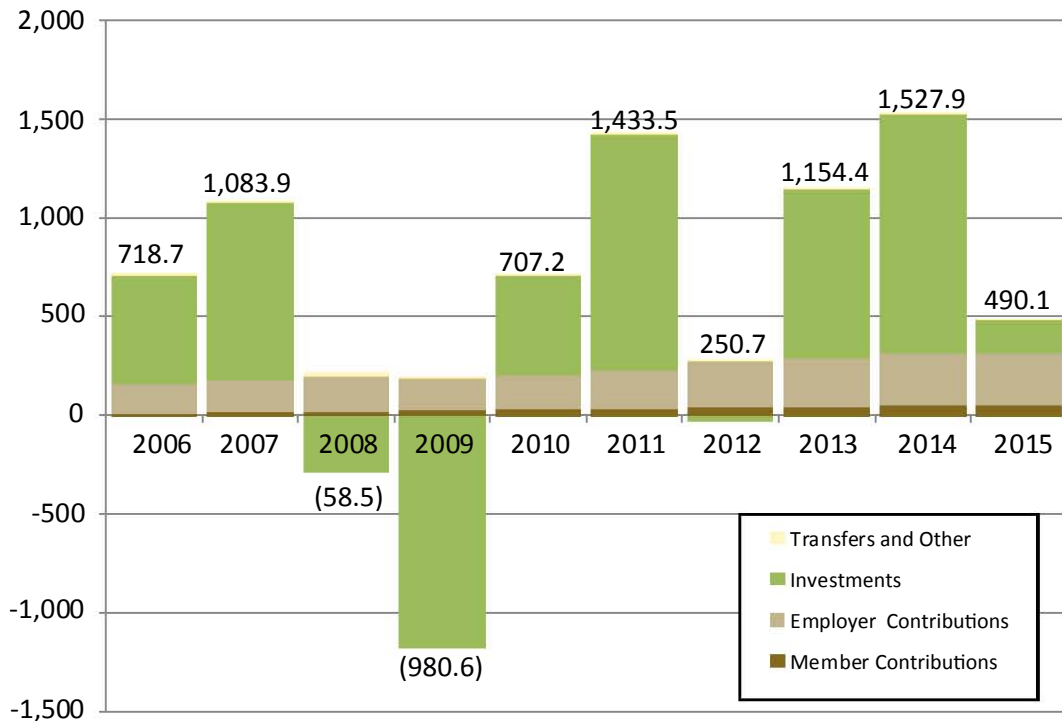
2012	2011	2010	2009	2008	2007	2006
\$ 230,495,674	\$ 196,428,733	\$ 170,186,564	\$ 159,827,501	\$ 174,119,820	\$ 163,888,295	\$ 158,152,183
41,361,523	34,639,544	30,334,716	23,722,994	18,443,261	12,192,289	4,667,067
1,481,214	0	0	0	0	0	0
273,338,411	231,068,277	200,521,280	183,550,495	192,563,081	176,080,584	162,819,250
59,199,267	62,101,600	62,331,626	62,046,908	65,706,695	66,813,293	57,891,121
59,575,384	53,508,558	43,820,724	45,164,566	48,798,880	57,456,683	48,523,187
(129,527,282)	1,097,554,466	410,511,458	(1,269,800,874)	(380,924,989)	794,931,551	459,105,415
729,793	1,031,841	2,050,050	10,670,818	37,091,199	41,743,197	29,271,062
(34,602)	(55,267)	(7,588)	(70,140)	(65,458)	186,527	(2,640,933)
0	0	7,620	(62,078)	0	(20,520)	3,940
(10,057,440)	1,214,141,198	518,713,890	(1,152,050,800)	(229,393,673)	961,110,731	592,153,792
20,084,815	20,643,587	18,080,990	21,680,124	54,209,025	61,777,033	46,831,897
(30,142,255)	1,193,497,611	500,632,900	(1,173,730,924)	(283,602,698)	899,333,698	545,321,895
191,882	2,557,261	(331,483)	3,165,392	2,040,614	2,265,261	3,837,040
0	0	0	0	0	0	0
0	78,023	75,737	71,997	74,462	190,035	127,774
7,307,481	6,331,031	6,355,482	6,344,427	6,367,268	6,389,677	6,665,441
0	0	0	0	24,081,555	0	0
7,499,363	8,966,315	6,099,736	9,581,816	32,563,899	8,844,973	10,630,255
250,695,519	1,433,532,203	707,253,916	(980,598,613)	(58,475,718)	1,084,259,255	718,771,400
359,330,673	344,140,357	318,998,006	299,896,780	266,296,562	244,137,717	219,711,792
7,420,785	6,123,910	3,586,861	2,661,289	1,919,767	632,790	62,133
6,794,526	6,374,379	5,981,358	5,482,554	5,100,085	4,747,840	4,272,313
373,545,984	356,638,646	328,566,225	308,040,623	273,316,414	249,518,347	224,046,238
(122,850,465)	1,076,893,557	378,687,691	(1,288,639,236)	(331,792,132)	834,740,908	494,725,162
5,815,266,327	4,738,372,770	4,349,812,685	5,638,451,921	5,970,244,053	5,135,503,145	4,640,777,983
\$ 5,692,415,862	\$ 5,815,266,327	\$ 4,728,500,376	\$ 4,349,812,685	\$ 5,638,451,921	\$ 5,970,244,053	\$ 5,135,503,145

SCHEDULE OF REVENUES BY SOURCE

For the year ended June 30, 2015

Year Ended June 30	Member Contributions	Employer Contributions	Investment Income	Transfers And Other	Total
2006	\$ 4,667,067	\$ 158,152,183	\$ 545,321,895	\$ 10,630,255	\$ 718,771,400
2007	12,192,289	163,888,295	899,333,698	8,844,973	1,084,259,255
2008	18,443,261	174,119,820	(283,602,698)	32,563,899	(58,475,718)
2009	23,722,994	159,827,501	(1,173,730,924)	9,581,816	(980,598,613)
2010	30,334,716	170,186,564	500,632,900	6,099,736	707,253,916
2011	34,639,544	196,428,733	1,193,497,611	8,966,315	1,433,532,203
2012	40,220,553	231,511,392	(30,142,255)	9,105,829	250,695,519
2013	44,549,911	249,062,186	851,920,691	8,915,952	1,154,448,740
2014	48,237,869	264,477,703	1,208,430,494	6,786,822	1,527,932,888
2015	\$ 51,596,001	\$ 262,327,561	\$ 169,621,019	\$ 6,568,603	\$ 490,113,184

Schedule of Revenue by Source  
(Millions)



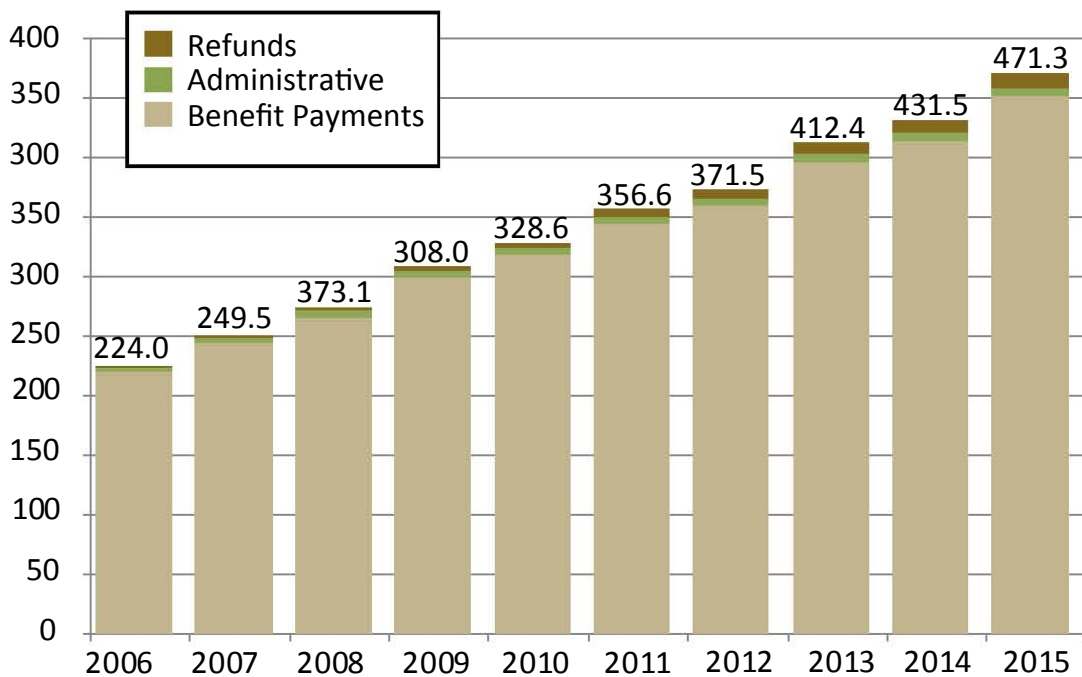
## SCHEDULE OF EXPENSES BY TYPE

For the year ended June 30, 2015

Year Ended June 30	Benefit Payments*	Administrative Expenses	Refunds	Total
2006	\$ 219,711,792	\$ 4,272,313	\$ 62,133	\$ 224,046,238
2007	244,137,717	4,747,840	632,790	249,518,347
2008	266,301,400	4,892,076	1,900,783	273,094,259
2009	299,896,780	5,482,554	2,661,289	308,040,623
2010	318,998,006	5,981,358	3,586,861	328,566,225
2011	344,140,357	6,374,379	6,123,910	356,638,646
2012	359,330,673	6,794,526	7,420,785	373,545,984
2013	396,607,128	7,340,273	8,446,701	412,394,102
2014	414,548,645	7,209,769	9,455,348	431,213,761
2015	\$ 451,912,791	\$ 7,201,144	\$ 12,195,637	\$ 471,309,572

\* Includes DROP and PAW distributions.

Schedule of Expenses by Type  
(Millions)



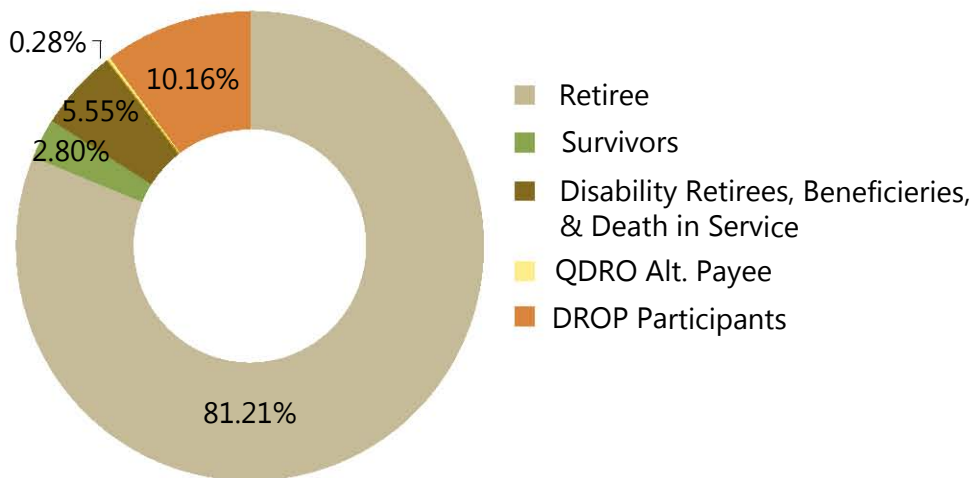


**SCHEDULE OF BENEFIT EXPENSES BY TYPE**  
For the year ended June 30, 2015

Year Ended June 30	Age and Service		Disability		Death in Service	QDRO Alternative Payees	DROP Participants
	Retirees	Beneficiaries	Retirees	Beneficiaries*			
2006	\$ 178,052,748	\$ 5,700,516	\$ 10,925,028	\$	\$ 4,670,760	\$	\$
2007	206,975,784	2,598,444	14,215,140		577,224		
2008	224,223,624	2,639,616	15,937,188		534,252		
2009	248,677,584	2,733,372	17,426,148		507,672		
2010	265,728,720	2,797,848	18,793,560		440,964		
2011	288,680,604	10,136,820	20,302,152		408,348		
2012	309,980,256	10,502,736	21,950,568		347,292		
2013	333,567,174	11,125,082	26,158,872		336,180		
2014	363,644,841	12,006,363	27,648,624		320,928		
2015	\$ 392,995,993	\$ 13,555,679	\$ 26,544,996	\$ 309,612	\$ 7,428	\$ 1,346,409	\$ 49,188,840

\*Prior to 2015, disability beneficiaries were reported in the same category as death in service beneficiaries.

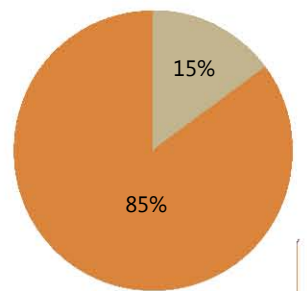
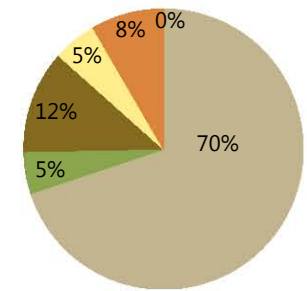
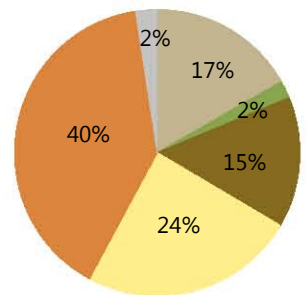
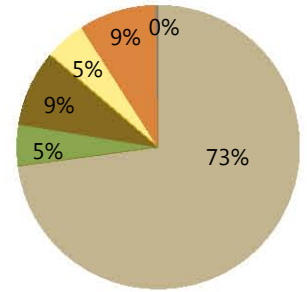
Benefit expenses as a percentage of total benefit by type 2015



\* Expenses are based on annualized June 30 benefit amounts.

**SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT**  
As of June 30, 2015

Type of Annuity	Number	Annual Annuities
<b>Age &amp; Service Retirees</b>		
Life	19,147	\$ 283,369,974
Option A-60 (5 years certain)	1,308	17,123,006
Option A-120 (10 years certain)	2,400	29,229,288
Option B-50 (joint and 50% survivor)	1,253	24,078,154
Option B-75 (joint and 75% survivor)	2,735	37,772,813
Option B-100 (joint and 100% survivor)	61	1,422,758
<b>Totals</b>	<b>26,904</b>	<b>392,995,993</b>
<b>Beneficiaries of Age &amp; Service Retirees</b>		
Life	291	2,191,773
Option A-60	29	314,275
Option A-120	205	1,905,684
Option B-50	335	2,839,621
Option B-75	553	5,659,422
Option B-100	32	644,904
<b>Totals</b>	<b>1,445</b>	<b>13,555,679</b>
<b>Total Age &amp; Service Retirees &amp; Beneficiaries</b>	<b>28,349</b>	<b>406,551,672</b>
<b>Disability Retirees</b>		
Life	2,055	18,689,532
Option A-60	147	1,253,136
Option A-120	351	3,055,920
Option B-50	152	1,400,220
Option B-75	251	2,146,188
Option B-100	0	0
<b>Totals</b>	<b>2,956</b>	<b>26,544,996</b>
<b>Beneficiaries of Death &amp; Disability Retirees</b>		
Death-in-Service Beneficiaries	2	7,428
Disability Beneficiaries		
Life	7	55,548
Option A-60	0	0
Option A-120	0	0
Option B-50	0	0
Option B-75	33	254,064
Option B-100	0	0
<b>Beneficiaries of Disability Retirees</b>	<b>40</b>	<b>309,612</b>
<b>Total Death and Disability Retirees &amp; Beneficiaries</b>	<b>2,998</b>	<b>26,862,036</b>
<b>Qdro Alternate Payees</b>	<b>183</b>	<b>1,346,409</b>
<b>Total Retirees &amp; Beneficiaries</b>	<b>31,530</b>	<b>434,760,117</b>
<b>DROP Participants</b>	<b>1,576</b>	<b>49,188,840</b>
<b>Total Including DROP Participants</b>	<b>33,106</b>	<b>\$ 483,948,957</b>



- Life
- Option A-60
- Option A-120
- Option B-50
- Option B-75
- Option B-100

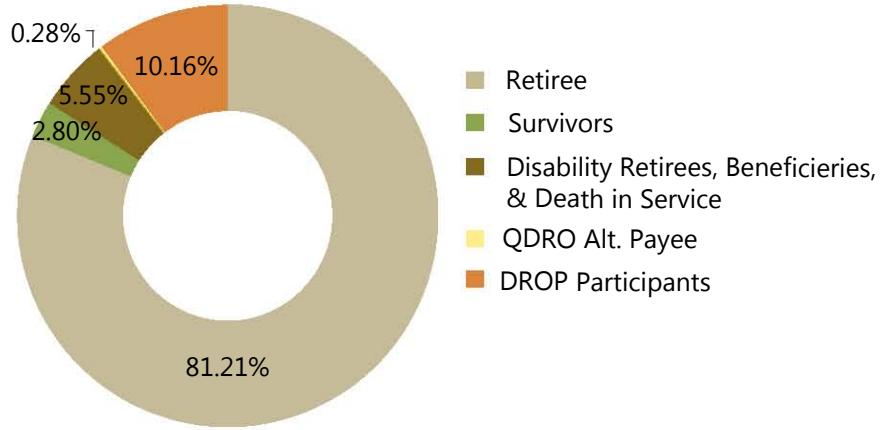
**SCHEDULE OF AVERAGE BENEFIT PAYMENTS**

As of June 30, 2015

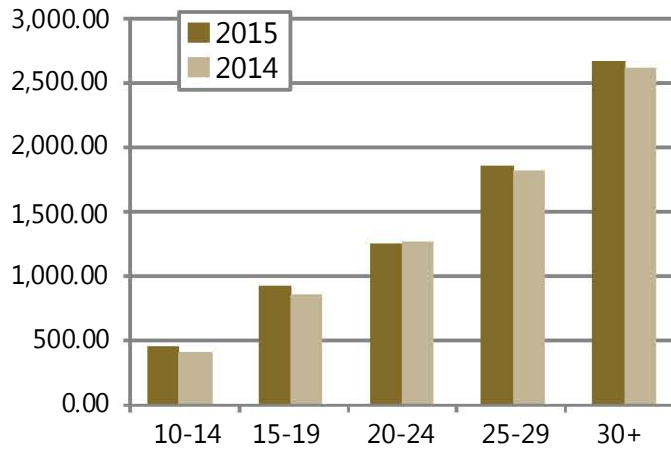
	Years of Credited Service				
	10-14	15-19	20-24	25-29	30+
<b>Retirement Effective Dates - July 1, 2014 to to June 30, 2015</b>					
Average Monthly Benefit	\$ 420.20	\$ 880.21	\$ 1,203.30	\$1,791.29	\$2,596.14
Average Monthly Final Average Salary	2,492.75	3,223.74	3,405.57	3,614.95	4,185.63
Number of Active Retirees	874	266	205	292	166
<b>Retirement Effective Dates - July 1, 2013 to June 30, 2014</b>					
Average Monthly Benefit	385.25	816.85	1,221.11	1,761.67	2,545.41
Average Monthly Final Average Salary	2,308.71	2,902.09	3,380.74	3,500.21	3,935.74
Number of Active Retirees	792	236	182	301	116
<b>Retirement Effective Dates - July 1, 2012 to June 30, 2013</b>					
Average Monthly Benefit	401.06	798.16	1,236.38	1,852.09	2,610.09
Average Monthly Final Average Salary	2,340.27	2,822.71	3,298.83	3,609.85	4,076.87
Number of Active Retirees	842	223	188	297	154
<b>Retirement Effective Dates - July 1, 2011 to June 30, 2012</b>					
Average Monthly Benefit	368.13	827.28	1,165.93	2,021.23	2,497.87
Average Monthly Final Average Salary	2,150.93	2,848.16	3,129.53	3,725.95	3,676.87
Number of Active Retirees	770	221	190	292	113
<b>Retirement Effective Dates - July 1, 2010 to June 30, 2011</b>					
Average Monthly Benefit	380.79	816.28	1,126.12	1,875.53	2,786.46
Average Monthly Final Average Salary	2,148.96	2,707.11	2,995.18	3,438.95	4,064.61
Number of Active Retirees	653	201	185	288	165
<b>Retirement Effective Dates - July 1, 2009 to June 30, 2010</b>					
Average Monthly Benefit	354.18	742.01	985.02	1,939.01	2,568.91
Average Monthly Final Average Salary	1,945.69	2,563.92	2,587.86	3,396.95	3,825.90
Number of Active Retirees	622	176	160	240	116
<b>Retirement Effective Dates - July 1, 2008 to June 30, 2009</b>					
Average Monthly Benefit	352.45	750.67	1,043.86	1,998.17	2,505.15
Average Monthly Final Average Salary	1,866.84	2,539.91	2,699.71	3,257.35	3,559.62
Number of Active Retirees	667	226	193	412	204
<b>Retirement Effective Dates - July 1, 2007 to June 30, 2008</b>					
Average Monthly Benefit	374.16	798.85	954.66	2,046.15	2,766.70
Average Monthly Final Average Salary	1,886.96	2,522.21	2,445.19	3,315.05	3,747.53
Number of Active Retirees	529	175	163	441	161
<b>Retirement Effective Dates - July 1, 2006 to June 30, 2007</b>					
Average Monthly Benefit	390.00	792.85	1,099.28	2,217.60	3,051.76
Average Monthly Final Average Salary	1,874.07	2,487.10	2,655.61	3,322.59	3,831.36
Number of Active Retirees	534	195	176	442	204
<b>Retirement Effective Dates - July 1, 2005 to June 30, 2006</b>					
Average Monthly Benefit	380.77	707.84	1,001.99	2,211.69	2,790.89
Average Monthly Final Average Salary	1,815.55	2,203.17	2,357.92	3,246.00	3,587.00
Number of Active Retirees	502	200	146	468	140
<b>Retirement Effective Dates - July 1, 2005 to June 30, 2015</b>					
Average Monthly Benefit	382.45	1,470.19	2,256.81	2,490.49	6,259.42
Average Monthly Final Average Salary	1,331.93	1,578.79	1,723.90	1,514.44	1,861.82
Number of Active Retirees	6,785	2,119	1,788	3,473	1,539

STATISTICAL GRAPHS

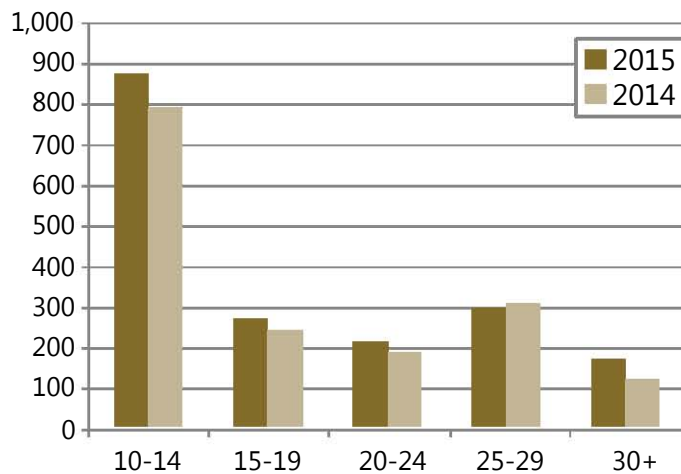
Percentages of Benefits Paid by Type



Comparison of Monthly Annuity by Credited Years of Service



Comparison of Retirees by Credited Years of Service



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# Appendix

**Schedule of Retirees and Benefits Paid by County**

**APERS & ASPRS - Fiduciary Net Position**

**APERS & ASPRS - Changes in Fiduciary Net Position**

**APERS & ASPRS - Manager Distribution**

**APERS & ASPRS - Ten Largest Holdings**

**APERS & ASPRS - Brokerage Commissions**

**APERS & ASPRS - Investment Fees**

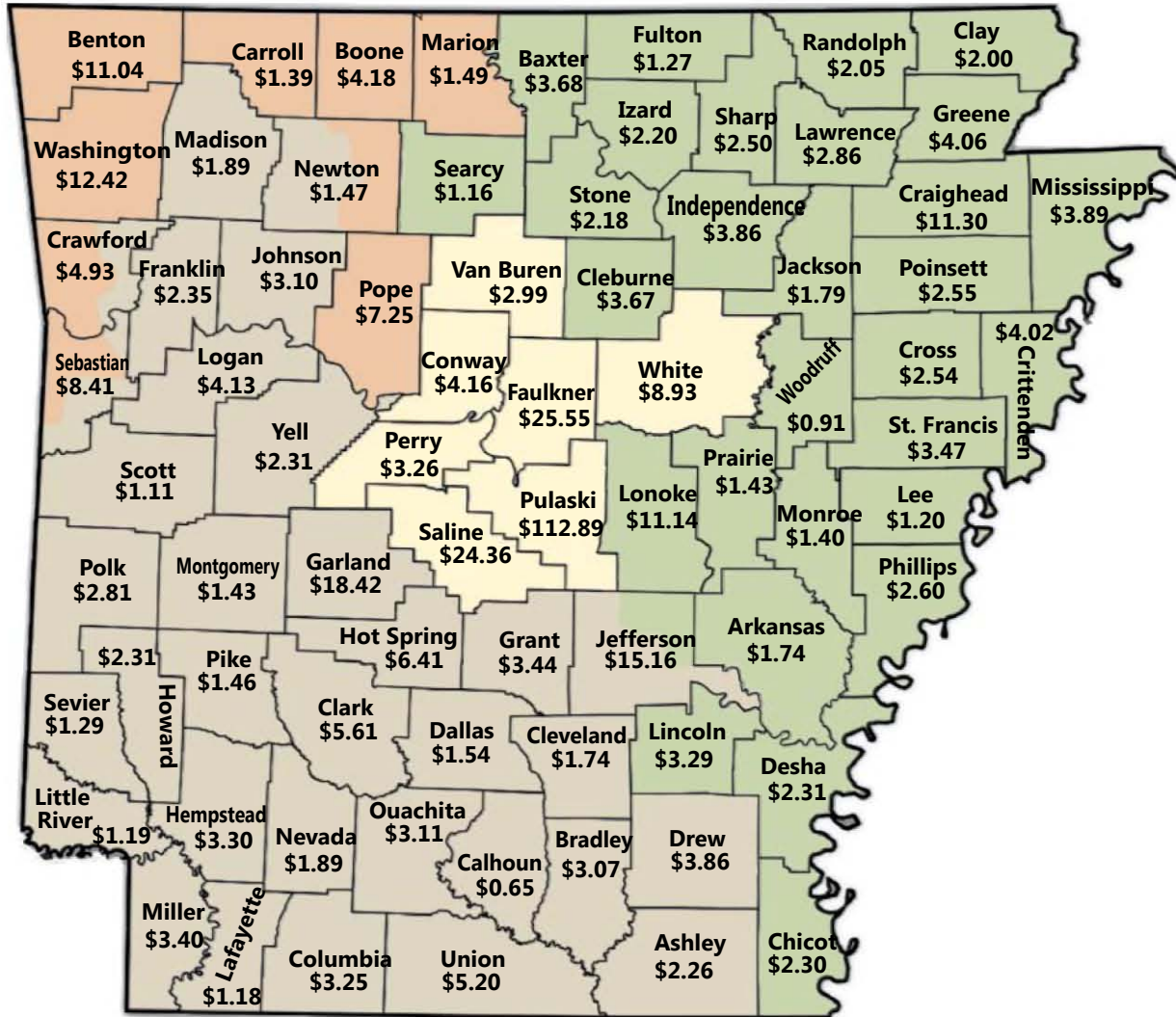
**Summary of Active Member Valuation**

**Schedule of Participating Employers**



# SCHEDULE OF RETIREES AND BENEFITS PAID BY COUNTY

As of June 30, 2015



(The figures shown are benefits paid by county in millions of dollars)

	Total Retirees	Total Amount
1st District	7,750	\$ 89,454,132
2nd District	10,795	\$ 182,131,788
3rd District	3,794	\$ 48,808,781
4th District	9,032	\$ 112,573,471
Out of State	2,223	\$ 21,764,518
<b>Total Retirees and Benefits</b>	<b>33,594</b>	<b>\$ 454,732,690</b>

## SCHEDULE OF RETIREES AND BENEFITS PAID BY COUNTY\*

As of June 30, 2015

**DISTRICT I**

Total Retirees	7,750
Total Amount	\$89,454,131.79

County	Retirees	Benefits Paid
ARKANSAS	183	\$ 1,742,450
BAXTER	314	\$ 3,677,595
CHICOT	203	\$ 2,301,080
CLAY	185	\$ 1,998,537
CLEBURNE	279	\$ 3,665,210
CRAIGHEAD	977	\$11,300,568
CRITTENDEN	311	\$ 4,023,326
CROSS	233	\$ 2,541,566
DESHA	197	\$ 2,311,125
FULTON	134	\$ 1,266,980
GREENE	351	\$ 4,056,760
INDEPENDENCE	387	\$ 3,856,886
IZARD	191	\$ 2,200,346
JACKSON	139	\$ 1,793,002
JEFFERSON**	6	\$ 75,167
LAWRENCE	214	\$ 2,856,407
LEE	127	\$ 1,195,596
LINCOLN	254	\$ 3,293,947
LONOKE	779	\$11,136,739
MISSISSIPPI	379	\$ 3,893,803
MONROE	120	\$ 1,402,347
PHILLIPS	249	\$ 2,603,014
POINSETT	240	\$ 2,551,638
PRAIRIE	118	\$ 1,434,681
RANDOLPH	192	\$ 2,048,067
SEARCY	124	\$ 1,164,744
SHARP	231	\$ 2,503,823
ST. FRANCIS	317	\$ 3,471,791
STONE	223	\$ 2,181,779
WOODRUFF	93	\$ 905,157

**DISTRICT II**

Total Retirees	10,795
Total Amount	\$182,131,787.99

County	Retirees	Benefits Paid
CONWAY	313	\$ 4,158,013
FAULKNER	1637	\$ 25,545,378
PERRY	241	\$ 3,263,301
PULASKI	6249	\$ 112,888,616
SALINE	1438	\$ 24,355,656
VAN BUREN	215	\$ 2,990,416
WHITE	702	\$ 8,930,408

**DISTRICT III**

Total Retirees	3,794
Total Amount	\$48,808,781.46

County	Retirees	Benefits Paid
BENTON	825	\$ 11,044,366
BOONE	370	\$ 4,181,380
CARROLL	150	\$ 1,392,987
CRAWFORD**	281	\$ 3,364,089
MARION	142	\$ 1,490,353
NEWTON**	45	\$ 359,513
POPE	554	\$ 7,253,384
SEBASTIAN**	558	\$ 7,298,964
WASHINGTON	869	\$ 12,423,748

\*Does not include DROP/PAW lump sum payments.

\*\*County totals divided over two districts.



SCHEDULE OF RETIREES AND BENEFITS PAID BY COUNTY\*

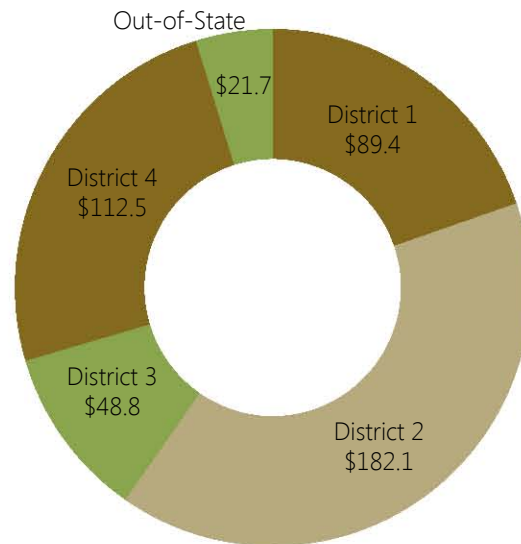
**DISTRICT IV**

Total Retirees	9,032
Total Amount	\$112,573,470.75

County	Retirees	Benefits Paid
ASHLEY	222	\$ 2,257,293.79
BRADLEY	236	\$ 3,071,853.59
CALHOUN	82	\$ 651,612.03
CLARK	453	\$ 5,609,027.75
CLEVELAND	158	\$ 1,740,663.30
COLUMBIA	280	\$ 3,252,745.94
CRAWFORD**	150	\$ 1,572,277.95
DALLAS	136	\$ 1,536,405.19
DREW	278	\$ 3,860,841.38
FRANKLIN	184	\$ 2,346,762.71
GARLAND	1249	\$ 18,417,365.11
GRANT	239	\$ 3,442,655.90
HEMPSTEAD	263	\$ 3,301,660.84
HOT SPRING	567	\$ 6,409,863.22
HOWARD	177	\$ 2,312,274.25
JEFFERSON**	1069	\$ 15,082,913.40
JOHNSON	218	\$ 3,099,707.57
LAFAYETTE	114	\$ 1,183,313.65
LITTLE RIVER	146	\$ 1,185,355.25
LOGAN	411	\$ 4,126,219.59
MADISON	142	\$ 1,888,248.74
MILLER	292	\$ 3,397,357.07
MONTGOMERY	129	\$ 1,431,917.47
NEVADA	160	\$ 1,893,484.35
NEWTON**	79	\$ 1,110,429.51
OUACHITA	296	\$ 3,107,766.46
PIKE	125	\$ 1,460,464.45
POLK	252	\$ 2,807,806.10
SCOTT	131	\$ 1,109,189.30
SEBASTIAN**	81	\$ 1,114,892.76
SEVIER	119	\$ 1,286,896.04
UNION	382	\$ 5,196,416.03
YELL	212	\$ 2,307,790.06

	Total Retirees	Total Amount
1st District	7,750	\$ 89,454,132
2nd District	10,795	\$ 182,131,788
3rd District	3,794	\$ 48,808,781
4th District	9,032	\$ 112,573,471
Out of State	2,223	\$ 21,764,518
Total Retirees and Benefits	33,594	\$ 454,732,690

Benefits Paid by District (In Millions)



\*Does not include DROP/PAW lump sum payments.  
 \*\*County totals divided over two districts.

## APERS AND ASPRS COMBINED STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2015

	Combined	APERS	ASPRS
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 245,619,505	\$ 230,352,583	\$ 15,266,923
<b>Receivables</b>			
Contributions	4,187,920	4,157,178	30,742
Dec 2004 Actuarial Liability Receivable	8,978,643	8,978,643	0
Investment Principal Receivable	42,322,785	40,842,637	1,480,148
Accrued Investment Income Receivable	16,563,394	15,984,105	579,289
Termination Agreement Receivable	5,472,487	5,281,099	191,388
Allowance for Doubtful Accounts	(1,992,110)	(1,922,440)	(69,670)
Other Receivables	0	0	0
<b>Total Receivables</b>	75,533,119	73,321,222	2,211,897
<b>Investments, At Fair Value</b>			
Government Securities			
U.S. Government Securities	102,117,855	98,546,504	3,571,351
Futures	(886,892)	(855,875)	(31,017)
Government Agency Securities	106,985,609	103,244,018	3,741,591
Corporate Securities			
Collateralized Obligations	42,836,765	41,338,642	1,498,123
Corporate Bonds	431,594,392	416,500,311	15,094,082
Convertible Bonds	195,538,208	188,699,681	6,838,526
Convertible Preferred Stock	50,913,345	49,132,761	1,780,584
Common Stock	2,615,766,542	2,524,285,757	91,480,785
Equity Index Funds	664,232,453	641,002,358	23,230,095
Equity Commingled	91,331,806	88,137,673	3,194,133
High Yield Income Fund	62,198,449	60,023,193	2,175,256
International Securities			
Global Fixed Income Fund	0	0	0
Corporate Fixed Income	29,490,333	28,458,972	1,031,361
Equity Securities	1,186,484,912	1,144,990,165	41,494,747
Global Preferred Stock	1,268,569	1,224,203	44,365
Equity Pooled Fund Units	734,209,502	708,532,111	25,677,391
Global Equity Index Funds	0	0	0
Global Collateralized Obligations	0	0	0
Emerging Markets	1,578,750	1,523,537	55,213
Emerging Markets Collateralized Obligations	0	0	0
Forward Contracts	358,051	345,529	12,522
Core Plus Bond Fund	416,709,685	402,136,164	14,573,521
Interest Rate Swaps	0	0	0
Real Estate	400,970,443	386,947,368	14,023,075
Diversified Strategies	263,840,565	254,613,311	9,227,254
Timberland	162,929,874	157,231,753	5,698,120
Municipal Bonds	0	0	0
Commercial Loans	5,324,741	5,138,520	186,221
<b>Total Investments</b>	7,565,793,957	7,301,196,656	264,597,302
<b>Securities Lending Collateral Investments, At Fair Value</b>			
Repurchase Agreements	186,880,811	180,345,059	6,535,753
Asset Backed Floating Rate Notes	258,089,910	249,063,773	9,026,137
U.S. Agencies	0	0	0
U.S. Governments	0	0	0
Certificates of Deposit	0	0	0
Commercial Paper	0	0	0
Corporate Floating Rate Notes	528,856,142	510,360,541	18,495,601
Corporate Bonds	1,929,455	0	1,929,455
Time Deposits	53,240,634	53,240,634	0
Fixed Rate Notes	0	0	0
Bank Obligations	0	0	0
Asset Backed Securities	0	0	0
<b>Total Securities Lending Collateral Investments</b>	1,028,996,952	993,010,007	35,986,946
Prepays and Other Assets	29,906	29,906	0
Fixed Assets, Net	10,372,669	10,372,669	0
<b>TOTAL ASSETS</b>	8,926,346,110	8,608,283,042	318,063,067
<b>LIABILITIES</b>			
Accrued Expenses and Other Liabilities	9,527,822	9,050,136	477,686
Compensated Absences Payable	296,754	296,754	0
Investment Principal Payable	51,745,489	49,935,802	1,809,687
Other Post Employment Benefits	2,273,819	2,273,819	0
Securities Lending Liability	1,032,747,843	996,629,718	36,118,125
Due to Other Agencies	103,574	103,574	0
<b>TOTAL LIABILITIES</b>	1,096,695,302	1,058,289,804	38,405,498
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	\$ 7,829,650,808	\$ 7,549,993,238	\$ 279,657,570

Totals may not add due to rounding. The APERS *Statement Of Fiduciary Net Position* can be found on page 32.

## APERS AND ASPRS COMBINED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2015

	Combined	APERS	ASPRS
<b>ADDITIONS</b>			
<b>Contributions</b>			
Employer	\$ 268,737,313	\$ 262,327,561	\$ 6,409,752
Plan Member	51,690,815	51,596,001	94,814
Supplemental	6,967,029	392,653	6,574,376
Court Fees	1,011,998	0	1,011,998
Driver's License Reinstatement Fees	1,222,353	0	1,222,353
Motor Vehicle Title Fees	4,565,652	0	4,565,652
<b>Total Contributions</b>	<b>334,195,160</b>	<b>314,316,215</b>	<b>19,878,944</b>
<b>Investment Income</b>			
Interest	75,715,079	73,075,336	2,639,743
Dividends	83,455,228	80,542,075	2,913,153
Investment Gain/(Loss)	43,769,940	42,240,341	1,529,599
Security Lending Income	3,036,320	2,930,365	105,955
<b>Total Investment Income</b>	<b>205,976,567</b>	<b>198,788,117</b>	<b>7,188,451</b>
Less: Investment Expense	30,223,864	29,167,098	1,056,767
<b>Net Investment Income</b>	<b>175,752,703</b>	<b>169,621,019</b>	<b>6,131,684</b>
<b>Other Sources</b>			
Miscellaneous Additions	1,029,031	1,029,024	7
Transfers from Other Public Employees Retirement Systems	5,267,700	5,267,700	0
Miscellaneous Transfers from State Agencies	261,739	261,739	0
<b>Total Other Additions</b>	<b>6,558,469</b>	<b>6,558,462</b>	<b>7</b>
<b>TOTAL ADDITIONS</b>	<b>516,506,331</b>	<b>490,495,697</b>	<b>26,010,634</b>
<b>DEDUCTIONS</b>			
Benefits	475,271,592	451,912,791	23,358,801
Refunds of Contributions	12,195,637	12,195,637	0
Administrative Expenses	7,397,375	7,201,144	196,231
<b>TOTAL DEDUCTIONS</b>	<b>494,864,604</b>	<b>471,309,572</b>	<b>23,555,032</b>
<b>ADJUSTMENTS</b>			
Actuarial Adjustments to ADJRS Unfunded Liability	(382,513)	(382,513)	0
<b>NET INCREASE (DECREASE)</b>	<b>21,259,214</b>	<b>18,803,612</b>	<b>2,455,602</b>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>			
Beginning of Year	7,808,391,595	7,531,189,627	277,201,968
End of Year	\$ 7,829,650,808	\$ 7,549,993,238	\$ 279,657,570

Totals may not add due to rounding.

See notes to financial statements.

The APERS *Statement Of Changes In Fiduciary Net Position* can be found on page 33.

## APERS AND ASPRS MANAGER DISTRIBUTION - COMBINED STATEMENT

As of June 30, 2015

Asset Allocation	Market Value (\$ Thousands)	Percent of Total	APERS	ASPRS
<b>DOMESTIC EQUITY (\$3,299,654,501; 42.19%)</b>				
MCM S&P Index Fund	\$ 664,232,567	8.49%	\$ 641,002,468	\$ 23,230,099
CastleArk Management	428,577,853	5.48	413,589,268	14,988,585
Golden Capital Mgmt.	176,040,499	2.25	169,883,863	6,156,636
INTECH	372,655,207	4.77	359,622,396	13,032,811
Wellington Mgmt. Co.	308,549,844	3.95	297,758,980	10,790,864
Westwood Mgmt.	174,734,314	2.23	168,623,359	6,110,955
Lazard Asset Mgmt.	297,841,381	3.81	287,425,022	10,416,359
Lombardia Capital	168,612,034	2.16	162,715,192	5,896,842
SSI Investment Mgmt.	265,251,710	3.39	255,975,104	9,276,606
Horrell Capital Mgmt.	95,398,902	1.22	92,062,531	3,336,371
State Street Global Advisors	91,331,807	1.17	88,137,674	3,194,133
Stephens Inv. Mgmt. Group	256,428,383	3.28	247,460,354	8,968,029
<b>INTERNATIONAL EQUITY (\$1,955,899,165; 25.01%)</b>				
Lazard Asset Mgmt.	411,259,551	5.26	396,876,637	14,382,914
Artisan Partners	437,651,522	5.60	422,345,605	15,305,917
Baillie Gifford	369,138,313	4.72	356,228,498	12,909,815
Transition Account	2,314	0.00	2,233	81
Manning & Napier	343,320,959	4.39	331,314,050	12,006,909
Pyramis Global Advisors	394,526,507	5.04	380,728,795	13,797,712
<b>FIXED INCOME (\$1,241,313,667; 15.87%)</b>				
Mackay Shields	824,486,775	10.54	795,652,131	28,834,644
Prudential Investments	416,826,893	5.33	402,249,273	14,577,620
<b>REAL ASSETS (\$916,334,783; 11.72%)</b>				
INVESCO Real Estate	340,037,073	4.35	328,145,011	11,892,062
INVESCO GLOBAL REITS	150,711,385	1.93	145,440,580	5,270,805
TA Associates Realty	31,205,127	0.40	30,113,795	1,091,332
CastleArk Mgmt. - AR Energy Fund	65,613,879	0.84	63,319,175	2,294,704
CastleArk Mgmt. Global Energy Fund	133,150,016	1.70	128,493,382	4,656,634
Pinnacle Forest Investments	162,929,874	2.08	157,231,754	5,698,120
LaSalle Inc. & Growth VI LP	32,687,429	0.42	31,544,257	1,143,172
<b>DIVERSIFIED STRATEGIES (\$365,822,095; 4.68%)</b>				
AQR Capital	111,068,611	1.42	107,184,226	3,884,385
Blackstone Alternative Asset Mgmt.	152,771,954	1.95	147,429,085	5,342,869
Newton Capital	101,981,530	1.30	98,414,946	3,566,584
<b>SHORT-TERM INVESTMENT FUND*</b>	41,264,917	0.53	33,855,385	7,409,529
<b>COMPOSITE FUND</b>	<b>\$7,820,289,130</b>	<b>100.00%</b>	<b>\$7,540,825,029</b>	<b>\$ 279,464,098</b>

\* Includes National Timber Partners and UBS receivables.  
Totals may not add due to rounding.

The APERS schedule of manager distribution can be found on page 85.

## APERS AND ASPRS TEN LARGEST HOLDINGS\* - COMBINED STATEMENT

As of June 30, 2015

DOMESTIC FIXED INCOME HOLDINGS	Par	Market Value	APERS	ASPRS
U S Treasury Bond 2.875% 05/15/2043	25,855,000	\$ 24,639,039	\$ 23,777,342	\$ 861,697
U S Treasury Note 0.75% 03/31/2018	16,490,000	16,406,231	15,832,458	573,772
U S Treasury-CPI Inflation 1.125% 01/15/2021	10,274,345	10,867,483	10,487,416	380,067
Countrywide Financial Corp 6.25% 05/15/2016	9,455,000	9,826,203	9,482,553	343,650
Commit To Pur FNMA SF MTG 4% 07/01/2045	7,780,000	8,242,754	7,954,482	288,273
U S Treasury Note 2.50% 08/15/2023	7,295,000	7,452,280	7,191,653	260,627
U S Treasury Note 2.50% 08/15/2024	7,200,000	7,323,192	7,067,079	256,113
U S Treasury Bond 3.00% 11/15/2044	6,720,000	6,573,504	6,343,610	229,894
Prudential Financial Inc. 7.375% 06/15/2019	5,400,000	6,402,564	6,178,648	223,916
Commit To Pur FNMA SF MTG 4.5% 07/01/2045	5,590,000	6,043,293	5,831,942	211,351
<b>TOTAL</b>		<b>\$ 103,776,544</b>	<b>\$ 100,147,184</b>	<b>\$ 3,629,360</b>

DOMESTIC EQUITY HOLDINGS	Shares	Market Value	APERS	ASPRS
Apple Inc.	391,776	\$ 49,138,505	\$ 47,419,992	\$ 1,718,513
Facebook Inc.	372,800	31,973,192	30,854,999	1,118,193
Gilead Sciences Inc.	271,608	31,799,865	30,687,733	1,112,132
Microsoft Corp.	456,600	20,158,890	19,453,876	705,014
Union Pacific Corp.	204,034	19,458,723	18,778,196	680,527
Allergan PLC	54,524	16,545,853	15,967,198	578,655
Advanced Auto Parts Inc.	99,071	15,781,020	15,229,113	551,907
The Walt Disney Co.	135,244	15,436,750	14,896,883	539,867
Cisco Systems Inc.	524,170	14,393,708	13,890,319	503,389
Home Depot Inc.	129,026	14,338,659	13,837,196	501,464
<b>TOTAL</b>		<b>\$ 229,025,164</b>	<b>\$ 221,015,504</b>	<b>\$ 8,009,660</b>

INTERNATIONAL EQUITY HOLDINGS	Shares	Market Value	APERS	ASPRS
Baidu Inc.	140,911	\$ 28,052,562	\$ 27,071,484	\$ 981,078
Samsung Electronics Co Ltd.	20,605	23,422,955	22,603,788	819,167
Novartis AG	234,217	23,094,641	22,286,956	807,685
Roche Holding AG	77,543	21,739,089	20,978,812	760,278
Lloyds Banking Group PLC	15,875,419	21,282,102	20,537,807	744,296
Tesco PLC	6,353,782	21,239,256	20,496,459	742,797
Compass Group PLC	1,210,786	20,051,259	19,350,010	701,249
Carlsberg A/S	218,578	19,832,739	19,139,131	693,607
ING Groep NV	1,126,687	18,591,802	17,941,594	650,208
Royal Bank Of Scotland Group	3,187,400	17,620,076	17,003,852	616,224
<b>TOTAL</b>		<b>\$ 214,926,482</b>	<b>\$ 207,409,892</b>	<b>\$ 7,516,589</b>

\* By market value.

Totals may not add due to rounding.

The APERS schedule of top ten largest holdings can be found on page 89.

## APERS AND ASPRS BROKERAGE COMMISSIONS - COMBINED STATEMENT

As of June 30, 2015

BROKERAGE FIRM	Number of Shares Traded	Total Commission	Commission Per Share	APERS Commission	ASPRS Commission
Credit Suisse	7,902,868	\$ 261,183	\$ 0.03	\$ 252,049	\$ 9,134
J. P. Morgan Securities Inc.	4,384,979	221,279	0.05	213,540	7,739
Goldman Sachs & Co.	5,735,183	155,240	0.03	149,810	5,429
Sanford C. Bernstein & Co.	5,524,075	153,595	0.03	148,223	5,372
Citigroup Global Markets	3,945,941	138,762	0.04	133,909	4,853
Instinet Corp.	3,764,646	102,589	0.03	99,001	3,588
Deutsche Bank Securities Inc.	3,116,225	84,849	0.03	81,882	2,967
Merrill Lynch Pierce Fenner Smith Inc.	2,563,114	82,566	0.03	79,678	2,888
Jefferies & Co. Inc.	2,625,662	77,057	0.03	74,362	2,695
UBS Securities LLC	1,878,021	69,643	0.04	67,208	2,436
Simmons & Co.	2,137,427	69,096	0.03	66,679	2,416
Morgan Stanley & Co. Inc.	2,339,353	67,656	0.03	65,290	2,366
Rosenblatt Securities LLC	1,809,621	67,325	0.04	64,970	2,355
ISI Group Inc	1,702,914	62,497	0.04	60,311	2,186
Liquidnet Inc.	2,560,646	60,145	0.02	58,042	2,103
Bloomberg Tradebook LLC	1,772,422	57,541	0.03	55,528	2,012
Robert W. Baird & Co Inc.	1,454,370	57,107	0.04	55,110	1,997
Scotia Capital (USA) Inc.	1,721,835	56,231	0.03	54,264	1,967
BTIG LLC	2,705,066	53,832	0.02	51,949	1,883
Pickering Energy Partners	1,635,526	53,771	0.03	51,891	1,881
Stifel Nicolaus	1,310,115	53,121	0.04	51,263	1,858
Barclays Capital, Inc.	1,909,821	52,745	0.03	50,901	1,845
Investment Technology Group	2,156,508	52,739	0.02	50,894	1,844
Citation Group	1,165,285	51,751	0.04	49,941	1,810
William Blair & Co.	1,278,216	49,392	0.04	47,665	1,727
Others (Including 94 Brokerage Firms)	23,655,515	819,174	0.03	790,525	28,649
	92,755,354	\$3,030,884	\$ 0.03	\$ 2,924,886	\$ 105,999

Totals may not add due to rounding.

The APERS schedule of brokerage commissions can be found on page 90.

**APERS AND ASPRS INVESTMENT FEES - COMBINED STATEMENT**  
As of June 30, 2015

	Market Value	Fee	Basis Points	APERS		ASPRS	
				Market Value	Fee	Market Value	Fee
<b>EQUITIES</b>							
SSI Investment Mgmt. - Convertible Securities	\$ 265,251,710	\$ 1,046,827	40	\$ 255,975,104	\$ 1,010,302	\$ 9,276,606	\$ 36,525
Lazard Asset Mgmt. - Value	297,841,381	895,400	30	287,425,022	864,145	10,416,359	31,255
Golden Capital Mgmt. - Growth	176,040,499	394,664	22.5	169,883,863	380,887	6,156,636	13,776
Westwood Mgmt. - SMID Cap	174,734,314	1,028,007	25	168,623,359	992,123	6,110,955	35,884
MCM S&P 500 Index Fund	664,232,567	147,346	3.5	641,002,468	142,203	23,230,099	5,143
INTECH - Growth	372,655,207	1,490,384	48	359,622,396	1,438,360	13,032,811	52,024
CastleArk Mgmt. - Growth	428,577,853	1,344,372	35	413,589,268	1,297,446	14,988,585	46,926
Wellington Mgmt. Co. - Value	308,549,844	920,008	30	297,758,980	887,893	10,790,864	32,114
Stephens Investment Mgmt. - Growth	256,428,383	1,670,045	77	247,460,354	1,611,751	8,968,029	58,294
State Street Global Advisors - 130/30	91,331,807	428,830	50	88,137,674	413,861	3,194,133	14,969
Lombardia Capital - Small Cap	168,612,034	1,119,007	70	162,715,192	1,079,875	5,896,842	39,132
Horrell Capital Mgmt.-AR Index Fund	95,398,902	166,653	27	92,062,531	160,836	3,336,371	5,817
Lazard Asset Mgmt. - Int'l Equity	411,259,551	1,278,982	65	396,876,637	1,234,338	14,382,914	44,644
Manning & Napier Advisors - Int'l Equity	343,320,659	1,737,064	50	331,313,761	1,676,428	12,006,898	60,636
Pyramis Global Advisors - Int'l Equity	394,526,507	1,210,925	20	380,728,795	1,168,653	13,797,712	42,271
Baillie Gifford - Int'l Equity	369,138,313	1,550,355	44	356,228,498	1,496,238	12,909,815	54,117
Artisan Partners - Int'l Equity	437,651,522	2,386,934	55	422,345,605	2,303,614	15,305,917	83,320
	<u>\$ 5,255,551,053</u>	<u>\$18,815,802</u>		<u>\$ 5,071,749,507</u>	<u>\$18,158,953</u>	<u>\$183,801,546</u>	<u>\$ 656,847</u>
<b>DIVERSIFIED STRATEGIES</b>							
AQR Capital	\$ 111,068,611	\$ 760,968	72	\$ 107,184,226	\$ 734,416	\$ 3,884,385	\$ 26,552
Blackstone Alternative Asset Mgmt.	152,771,954	1,505,073	100	147,429,085	1,452,555	5,342,869	52,517
Newton Capital	101,981,530	642,667	70	98,414,946	620,233	3,566,584	22,434
<b>TOTAL DIVERSIFIED STRATEGIES</b>	<u>\$ 365,822,095</u>	<u>\$ 2,908,707</u>		<u>\$ 353,028,257</u>	<u>\$ 2,807,204</u>	<u>\$ 12,793,838</u>	<u>\$ 101,503</u>
<b>FIXED INCOME</b>							
MacKay Shields - Core Plus I	\$ 402,970,657	\$ 800,644	20	\$ 388,877,629	\$ 772,696	\$ 14,093,028	\$ 27,948
MacKay Shields - Core Plus II	421,516,118	627,997	15	406,774,502	606,075	14,741,616	21,921
Prudential Investments - Core Plus	416,826,893	827,665	20	402,249,273	797,187	14,577,620	30,478
<b>TOTAL FIXED INCOME</b>	<u>\$ 1,241,313,668</u>	<u>\$ 2,256,305</u>		<u>\$ 1,197,901,404</u>	<u>\$ 2,175,958</u>	<u>\$ 43,412,264</u>	<u>\$ 80,347</u>
<b>REAL ASSETS</b>							
INVESCO Real Estate - Core & Global REITS	\$ 490,748,458	\$ 2,067,006	65	\$ 473,585,591	\$ 1,994,826	\$ 17,162,867	\$ 72,180
TA Associates Realty	31,205,127	741,040	122	30,113,795	715,189	1,091,332	25,851
LaSalle Inc. & Growth VI LP	32,687,429	314,090	93	31,544,257	303,129	1,143,172	10,961
CastleArk Mgmt. - AR Energy Fund	65,613,879	874,115	125	63,319,175	843,600	2,294,704	30,516
CastleArk Mgmt. - Global Energy Fund	133,150,016	1,191,601	100	128,493,382	1,150,002	4,656,634	41,599
Pinnacle Forest Investments - Timberland	162,929,874	1,375,368	90	157,231,754	1,327,356	5,698,120	48,013
<b>TOTAL ALTERNATIVES</b>	<u>\$ 916,334,783</u>	<u>\$ 6,563,220</u>		<u>\$ 884,287,953</u>	<u>\$ 6,334,102</u>	<u>\$ 32,046,830</u>	<u>\$ 229,120</u>
<b>OTHER INVESTMENT SERVICES</b>							
Bank of New York Mellon (Custodian)		\$ 535,605			\$ 516,809		\$ 18,796
Callan Associates (Consultant)		252,530			243,709		8,821
<b>TOTAL OTHER SERVICES</b>		<u>788,135</u>			<u>760,518</u>		<u>27,617</u>
<b>TOTAL INVESTMENT SERVICE FEES</b>		<u>\$31,332,170</u>			<u>\$30,236,735</u>		<u>\$1,095,434</u>

Totals may not add due to rounding.  
The APERS schedule of investment fees can be found on page 91.

## SUMMARY OF ACTIVE MEMBER VALUATION

State and Local Government Division

As of June 30, 2015

Valuation Date	Active Members				Retired Lives			
	Valuation Payroll				Annual Benefits			
	Number	\$ Millions	Average	% Increase	Active per Number	Retired	\$ Millions	As a % of Pay
6/30/84	0	0	0	0	7,036	0	\$ 19.1	4.4%
6/30/85	0	0	0	0	7,331	0	22.0	4.8
6/30/86	0	0	0	0	7,649	0	24.1	4.9
6/30/87	0	0	0	0	8,074	0	30.2	6.0
6/30/88	0	0	0	0	9,155	0	39.6	7.5
6/30/89	0	0	0	0	9,418	0	42.9	7.6
6/30/90	0	0	0	0	9,747	0	44.9	7.4
6/30/91	0	0	0	0	10,110	0	49.2	7.6
6/30/92	39,752	\$ 698.2	\$ 17,564	NA	10,456	3.8	51.9	7.4
6/30/93	39,849	733.4	18,404	4.8%	10,840	3.7	56.8	7.7
6/30/94	40,940	778.7	19,021	3.3	11,213	3.7	60.7	7.8
6/30/95	42,041	834.5	19,850	4.4	11,683	3.6	70.1	8.4
6/30/96	42,712	889.3	20,821	4.9	12,073	3.5	76.2	8.6
6/30/97	43,068	938.5	21,791	4.7	12,644	3.4	84.8	9.0
6/30/98	43,047	974.7	22,644	3.9	13,480	3.2	94.6	9.7
6/30/99	43,064	1,008.9	23,427	3.5	14,688	2.9	119.3	11.8
6/30/00	43,121	1,050.0	24,351	3.9	15,544	2.8	133.6	12.7
6/30/01	42,556	1,070.1	25,146	3.3	16,643	2.6	150.0	14.0
6/30/02	42,230	1,111.5	26,320	4.7	17,748	2.4	167.6	15.1
6/30/03	42,879	1,147.9	26,772	1.7	18,838	2.3	186.0	16.2
6/30/04	42,826	1,175.8	27,455	2.6	19,872	2.2	203.4	17.3
6/30/05	42,938	1,214.9	28,295	3.1	21,080	2.0	232.9	19.2
6/30/06	43,453	1,267.1	29,159	3.1	22,234	2.0	254.7	20.1
6/30/07	43,630	1,302.6	29,855	2.4	22,409	1.9	274.8	21.1
6/30/08	44,357	1,379.8	31,106	4.2	23,555	1.9	297.0	21.5
6/30/09	44,702	1,433.7	32,073	3.1	24,972	1.8	323.1	22.5
6/30/10	45,394	1,522.7	33,544	4.6	25,880	1.8	342.2	22.5
6/30/11	45,145	1,542.9	34,177	1.9	28,137	1.6	375.7	24.3
6/30/12	45,937	1,606.1	34,962	2.3	29,282	1.6	399.5	24.9
6/30/13	45,707	1,612.7	35,285	0.9	30,533	1.5	426.2	26.4
6/30/14	45,841	1,638.0	35,735	1.3	31,914	1.4	457.1	27.9
<b>6/30/15</b>	<b>45,722</b>	<b>1,645.0</b>	<b>35,979</b>	<b>0.7%</b>	<b>33,106</b>	<b>1.4</b>	<b>483.9</b>	<b>29.4</b>

The above valuation payroll results do not include DROP payroll.



## SCHEDULE OF PARTICIPATING EMPLOYERS

As of June 30, 2015

### State Agencies

1st Judicial Drug Task Force	Board of Registration for Professional Engineers and Professional Surveyors
21st Judicial Drug Task Force	Boone County Conservation District
3rd Judicial Drug Task Force	Buffalo Conservation District
Administrative Office of the Courts	Building Authority
AR Child Abuse and Neglect Prevention	Burial Assoc. Board
AR Crime Information Center	Calhoun County Conservation District
AR Department of Agriculture	Capitol Zoning District Commission
AR Economic Development Commission	Carroll County Conservation District
AR Fair Housing Commission	Chicot County Conservation District
AR Public Defender Commission	Claims Commission
AR State Athletic Commission	Clark County Conservation District
AR Tobacco Settlement Commission	Clay County Conservation District
AR Department of Environmental Quality	Cleburne County Conservation District
Arkansas Appraiser Licensing and Certification	Cleveland County Conservation District
Arkansas County Conservation District	College of the Ouachitas
Arkansas Ethics Commission	Columbia County Conservation
Arkansas Heritage	Commissioner of State Lands
Arkansas Lottery Commission	Constitutional Officers
Arkansas Minority Health Commission	Contractors Licensing Board
Arkansas Northeastern College	Conway County Conservation District
Arkansas Sentencing Commission	Cossatot Community College - U of A
Arkansas State Board of Massage Therapy	Cossatot Conservation District
Arkansas State Board of Optometry	Court of Appeals
Arkansas State Library	Court Reporters
Arkansas State University	Craighead County Conservation District
Arkansas State University - Beebe	Crawford County Conservation District
Arkansas Tech University	Crittenden County Conservation District
Arkansas Tobacco Control Board	Crooked Creek Conservation District
Arkansas Towing and Recovery Board	Cross County Conservation District
Ashley County Conservation District	Crowley's Ridge Tech Institute
Assessment Coordination Department	Dallas County Conservation District
ASU-Newport	Department of Aeronautics
Attorney General	Department of Community Correction
Auctioneers Licensing Board	Department of Correction
Auditor of State	Department of Emergency Management
Baxter County Conservation District	Department of Finance and Administration
Board of Examiners Speech/Lang/Path and Audio	Department of Health
Benton County Conservation District	Department of Higher Education
Black River Technical College	Department of Human Services
Board of Accountancy	Department of Information Systems
Board of Architects	Department of Labor
Board of Barber Examiners	Department of Workforce Services
Board of Chiropractic Examiners	Deputy Prosecuting Attorney
Board of Collection Agencies	Desha County Conservation District
Board of Dental Examiners	Development Finance Authority
Board of Dispensing Opticians	Dietetic Licensing Board
Board of Embalmers and Funeral Directors	Disability Determination for SS Administration
Board of Examiners in Counseling	Disabled Veterans Service
Board of Nursing	Division of Legislative Audit
Board of Pharmacy	Drug Court Juvenile Prob and Intake Off
Board of Physical Therapy	Drug Task Force - 13th Judicial District
Board of Registration for Professional Geologist	

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**State Agencies (continued)**


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Drug Task Force - 14th Judicial District	Miller County Conservation District
Drug Task Force - 5th Judicial District	Mine Creek Conservation District
Drug Task Force - Batesville	Mississippi County Conservation District
Drug Task Force - Monticello	Monroe County Conservation District
East Arkansas Community College	Montgomery County Conservation District
Educational TV Commission	Motor Vehicle Commission
Examiners in Psychology	National Park Community College
Faulkner County Conservation District	Natural Resources Commission
Fire Protection Licensing Board	Nevada County Conservation District
Franklin County Conservation District	Newton County Conservation District
Fulton County Conservation District	North Arkansas College
Game and Fish Commission	Northwest Arkansas Community College
Game and Fish Commission - Wildlife Off.	Office of Health Information Technology
Garland County Conservation District	Office of Rural Advocacy
General Assembly - Senate	Oil and Gas Commission
General Assembly - Senate - Regular	Ouachita County Conservation District
General Assembly - House - Regular	Ozarka Technical College
Geographic Information Office	Parks and Tourism
Geological Commission	Parole Board
Governor's Office	Phillips Community College - U of A
Greene County Conservation District	Phillips County Conservation District
Health Services Permit Agency	Pike County Conservation District
Hempstead County Soil Conservation	Poinsett County Conservation District
Henderson State University	Pope County Conservation District
History Commission	Poteau River Conservation District
Home Inspector Registration	Prairie County Conservation District
Hot Spring County Conservation District	Prof. Bail Bondsman Licensing Board
House Speaker's Office	Prosecuting Attorney
Independence County Conservation District	Prosecutor Coordinator
Insurance Department	Public Employees Retirement System
Izard County Conservation District	Public Service Commission
Jackson County Conservation District	Pulaski Conservation District
Jefferson County Conservation District	Pulaski Technical College
Johnson County Conservation District	Randolph County Conservation District
Judicial Discipline and Disability Comm.	Real Estate Commission
Judicial Drug Task Force-15th	Rehabilitation Services (Voc./Tech. Educ. Div./Rehab)
Lafayette County Conservation District	Rich Mountain Community College
Law Enforcement Standards	Rich Mountain Conservation District
Lawrence County Conservation District	School for the Blind
Lee County Conservation District	School for the Deaf
Legislative Council	Science and Technology Authority
Lieutenant Governor	Sebastian County Conservation District
Lincoln County Conservation District	Secretary of State
Liquefied Petroleum Gas Division	Securities Department
Little River Conservation District	Senate Clerk
Logan County Conservation District	Sharp County Conservation District
Lonoke County Conservation District	Social Work Licensing Board
Madison County Conservation District	South Arkansas Community College
Manufactured Home Commission	South Central Drug Task Force
Martin Luther King Jr. Commission	Southeast Arkansas Technical College
Medical Board	Southern Arkansas University
Medicaid Inspector General	Southern Arkansas University Tech

## State Agencies (continued)

Spinal Cord Commission  
 St. Francis County Conservation District  
 State Bank Department  
 State Board of Election Commissioners  
 State Capitol Police  
 State Crime Lab  
 State District Judges  
 State Military Department  
 State Police (Non-Trooper)  
 State Treasurer  
 Stone County Conservation District  
 Student Loan Authority  
 Supreme Court  
 Supreme Court – Bar of Arkansas  
 Trial Court Administrative Assistants  
 U of A - Community College at Hope  
 U of A - Community College at Morrilton  
 Union County Conservation District  
 U of A Community College at Batesville  
 U of A - Pine Bluff  
 U of A - Fayetteville  
 U of A - Little Rock  
 U of A - Medical Sciences  
 U of A - Monticello  
 U of A - Fort Smith  
 University of Central Arkansas  
 Van Buren County Conservation District  
 Veterans Affairs  
 Veterans Child Welfare  
 Veterinary Medical Examining Board  
 War Memorial Stadium  
 Washington County Conservation District  
 Waterways Commission  
 White County Conservation District  
 Woodruff County Conservation District  
 Worker's Compensation Commission  
 Yell County Conservation District

## County Agencies

AR River Valley Regional Library  
 Arkansas County  
 Ashley County  
 Association of Counties  
 Baxter County  
 Baxter County Library  
 Benton County  
 Boone County  
 Bradley County  
 Calhoun County  
 Carroll County  
 Chicot County  
 Clark County  
 Clay County  
 Clay County-Western District  
 Cleburne County  
 Cleveland County  
 Columbia County  
 Conway County  
 Craighead County  
 Crawford County  
 Crittenden County  
 Cross County  
 Dallas County  
 Desha County  
 Drew County  
 East Central AR Regional Library  
 Faulkner County  
 Franklin County  
 Fulton County  
 Garland County  
 Grant County  
 Grassy Lake-Tyronza Drainage  
 Greene County  
 Hempstead County  
 Hot Spring County  
 Howard County  
 Independence County  
 Izard County  
 Jackson County  
 Jefferson County  
 Johnson County  
 Lafayette County  
 Lawrence County  
 Lee County  
 Lincoln County  
 Little River County  
 Logan County  
 Lonoke County  
 Madison County  
 Marion County  
 Miller County  
 Mississippi County  
 Monroe County  
 Montgomery County  
 Nevada County  
 Newton County  
 Ouachita County  
 Perry County  
 Phillips County  
 Pike County  
 Poinsett County  
 Polk County  
 Pope County  
 Prairie County  
 Pulaski County  
 Randolph County  
 Randolph County Nursing Home  
 Saline County  
 Saline County Library  
 Scott County  
 Searcy County  
 Sebastian County  
 Sevier County  
 Sharp County  
 St. Francis County  
 Stone County  
 Union County  
 Van Buren County  
 Washington County  
 White County  
 White County Public Library  
 White River Regional Library  
 Woodruff County  
 Yell County  
 Yell County Library

## Municipal Agencies

City of Horatio	City of Gentry	City of Piggott
Alma Water and Sewer Department	City of Goshen	City of Plumerville
Arkansas Municipal League	City of Gravette	City of Prairie Grove
Batesville Water Works	City of Green Forest	City of Prescott
Bradford Water and Sewer System	City of Greenland	City of Quitman
Brinkley Municipal Water/Sewer	City of Gum Springs	City of Ravenden
Camden Water and Utilities	City of Hackett	City of Rector
Central Arkansas Water	City of Hamburg	City of Rison
City of Alma	City of Hampton	City of Rogers
City of Arkadelphia	City of Hardy	City of Russellville
City of Arkansas City	City of Harrisburg	City of Salem
City of Ash Flat	City of Harrison	City of Searcy
City of Ashdown	City of Haskell	City of Shannon Hills
City of Augusta	City of Hazen	City of Sheridan
City of Austin	City of Heber Springs	City of Shirley
City of Batesville	City of Helena-West Helena	City of Smackover
City of Beebe	City of Holly Grove	City of Stamps
City of Bentonville	City of Hope	City of Star City
City of Bethel Heights	City of Hot Springs	City of Strong
City of Bigelow	City of Huntington	City of Stuttgart
City of Biscoe	City of Huntsville	City of Summit
City of Bono	City of Huttig	City of Van Buren
City of Brinkley	City of Jacksonville	City of Vilonia
City of Bryant	City of Jasper	City of Viola
City of Cabot	City of Kibler	City of Waldron
City of Caddo Valley	City of Knoxville	City of Ward
City of Calico Rock	City of Lamar	City of Warren
City of Cammack Village	City of Lavaca	City of West Fork
City of Carlisle	City of Lepanto	City of Western Grove
City of Cave City	City of Leslie	City of Wilmar
City of Cave Springs	City of Lewisville	City of Wynne
City of Centerton	City of Lincoln	City of Yellville
City of Charleston	City of Lockesburg	Clinton Water and Sewer
City of Cherry Valley	City of Lowell	Crossett Public Library
City of Clarksville	City of Magnolia	Crossett Water Commission
City of Clinton	City of Malvern	El Dorado Water Works
City of Corning	City of Mammoth Spring	Fordyce Water and Sewer
City of Cotter	City of Marked Tree	Forrest City Water Utilities
City of Crawfordville	City of Marshall	Fort Smith Public Library
City of Crossett	City of Marvell	Harrisburg Water and Gas Division
City of Decatur	City of McRae	Hope Water and Light
City of Des Arc	City of Melbourne	Hot Springs Adv. and Promotion Comm.
City of DeWitt	City of Mena	Huntsville Water and Sewer
City of Dierks	City of Monette	Jacksonville Wastewater Utility
City of Dover	City of Monticello	Jacksonville Water Commission
City of Elm Springs	City of Morrilton	LR Wastewater Utility
City of Emerson	City of Mount Ida	Malvern Waterworks
City of England	City of Mountain Home	McGehee Water and Sewer System
City of Eudora	City of Mountain Pine	Mena Water and Sewer
City of Farmington	City of Mountain View	NLR Visitor's Bureau
City of Flippin	City of Mt. Pleasant	Pangburn Water Department
City of Fordyce	City of Nashville	Piggott Light and Water System
City of Foreman	City of Ola	Rogers Water Utilities
City of Forrest City	City of Pangburn	Star City Water and Sewer
City of Fountain Hill	City of Paragould	Stuttgart North AR County Library
City of Fulton	City of Paris	Town of Highfill
City of Gassville	City of Perryville	Van Buren Municipal Utilities

## Municipal Agencies (continued)

## Schools

Vilonia Waterworks Association  
 Warren Water and Sewer  
 Wynne Municipal Water Utilities

Alma School District  
 Arkadelphia School District  
 Ashdown School District  
 Atkins School District  
 Bald Knob School District  
 Bauxite School District  
 Beebe School District  
 Benton School District  
 Bergman School District  
 Berryville School District  
 Blytheville School District  
 Booneville School District  
 Brinkley School District  
 Brookland School District  
 Cabot School District  
 Cedarville School District  
 Clarendon School District  
 Clarksville School District  
 Clinton School District  
 Concord School District  
 Conway School District  
 Corning School District  
 Cossatot River School District  
 Cotter School District  
 Dardanelle School District  
 Deer/Mt Judea School District  
 Des Arc School District  
 Dollarway Schools  
 Dover School District  
 Dumas Spec School District  
 El Dorado School District  
 Emerson-Taylor-Bradley School  
 England School District  
 Fairview School District  
 Fayetteville School District  
 Fordyce School District  
 Foreman School District  
 Forrest City School District  
 Ft Smith School District  
 Genoa Central School District 1  
 Gentry School District  
 Green Forest School District  
 Greenwood School District  
 Hamburg School District  
 Hazen School District  
 Helena-West Helena School District  
 Hope School District  
 Horatio School District  
 Hot Springs School District  
 Huntsville School District  
 Jackson County Schools  
 Jasper School District  
 Jonesboro Public Schools  
 Junction City School District  
 Lafayette County School District  
 Lake Hamilton School District  
 Lakeside Public Schools

Lavaca School District  
 Lee County School District  
 Little Rock School District  
 Lonoke School District  
 Magazine School District  
 Magnolia School District  
 Malvern School District  
 Marion School District  
 McCrory Public Schools  
 Mountain Home School District  
 Mountain View School District  
 Mountainburg School District  
 Newport Special School District  
 No Little Rock School District  
 Osceola School District  
 Ozark School District  
 Paragould School District  
 Piggott School District  
 Pine Bluff Schools  
 Pocahontas School District  
 Pottsville School District  
 Pulaski Co Special School District  
 Rogers School District  
 Russellville School District  
 Searcy County School District  
 Sheridan School District  
 Shirley School District  
 Siloam Springs School District  
 So Conway County School District  
 South Miss. Co School District  
 South Pike County School District  
 South Side School District  
 Springdale School District  
 Stephens School District  
 Stuttgart School District  
 Texarkana AR School District  
 Trumann School District  
 Two Rivers School District  
 Valley Springs School District  
 Van Buren School District  
 Vilonia School District  
 Waldron School District  
 Warren School District  
 Watson Chapel School District  
 West Memphis School Cafeteria  
 White Hall School District  
 Wynne School District  
 Yellville Summit School District

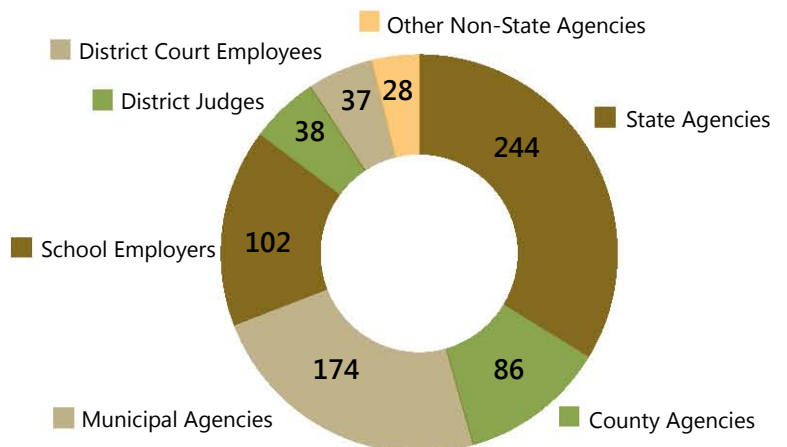
District Judges	District Court Employers*	Other Non-State Employers
Ashdown	Berryville	Blytheville – Gosnell Regional Airport
Ashley County	Blytheville District Court	Alpine Public Water Authority
Biscoe	Booneville	Benton County Solid Waste District
Bradley County	Camden	Boone County Airport
Brinkley	Clarendon	Boston Mountain Solid Waste
Cabot	Conway	Buffalo Island Regional Water District
Camden	Dequeen	Clark County Country Water Facilities
Charleston	Dermott	Hot Spring County Solid Waste Authority
Cherokee Village	Devalls Bluff	James Fork Regional Water Dist
Chicot County	Dumas	Kimzey Regional Water District
Clarksville	East Camden	Marion County Regional Airport
Crossett	Elkins	Milltown-Washburn Water Users
Dermott	Eureka Springs	Montgomery City Reg. Water Authority
Devalls Bluff	Fayetteville	Nevada County Prescott Solid Waste Management
East Camden	Ft. Smith	North East AR Regional Solid Waste Management
Elkins	Hoxie	North Garland County Regional Water District
Franklin County	Lake Village	Paragould Housing Authority
Grant County	Little Rock	Paron-Owensville Water Authority
Hamburg	Lonoke	Pulaski Area Geographic Information System (Pegis)
Hazen	Marion	Pulaski County Regional Solid Waste Management District
Helena/West Helena	Maumelle	Riversouth Rural Water District
Hot Springs	McCrary	Saline County Regional Waste Management District
Lee County	Mc Gehee	Sardis Water Association
Little Rock	Newport	SE White County Water Authority
Malvern	North Little Rock	SW Boone County Water Association
Newport	Osceola	SW White County Water Assn
Newton County	Ozark	Upper SW AR Solid Waste Management District
Ouachita County	Pine Bluff	Washington Water Authority
Ozark	Sherwood	
Phillips County	Siloam Springs	
Prairie Grove	Springdale	
Randolph County	Texarkana	
Sharp County	Trumann	
Sheridan	Tyronza	
Sherwood	Walnut Ridge	
State District Judges	West Memphis	
Ward	Wrightsville	
Woodruff County		

### Reporting Entities 2015

#### NUMBER OF PARTICIPATING EMPLOYERS

As of June 30, 2015

State Agencies	244
County Agencies	86
Municipal Agencies	174
School Employers	102
District Judges	38
District Court Employers*	37
Other Non-State Agencies	28
<b>Total</b>	<b>709</b>



\* Employer doesn't participate in APERS with the exception of the District Court Judge and/or Court Clerk.





**Arkansas Public Employees Retirement System**  
124 West Capitol Ave., Suite 400  
Little Rock, AR 72201

