



# APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM

**Annual Comprehensive Financial Report**  
**for Fiscal Year 2023**

**Arkansas Public Employees' Retirement System  
Annual Comprehensive Financial Report**

**for Fiscal Year 2023**





Public Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2023***

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



# APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM



## System Overview

for the fiscal years ended June 30, 2023 (FY23) and June 30, 2021 (FY22)

	FY23	FY22
<b>The Fund</b>		
Valuation Assets (in Millions)	\$10,638	\$10,220
Market Value Funded Ratio	79%	79%
Funding Value Funded Ratio	81%	84%
Rate of Return	8.83%	(10.54%)
Benefits Paid (in Millions)	\$659.1	\$635.1

### Our Members

#### Active

Total Active Members	43,352	42,771
Average Age	44.3	44.6
Average Years of Service	8.5	8.8
Average Salary	\$48,724	\$45,020

#### Retired

Total Retired Members	42,276	41,390
Average Monthly Pension	\$1,386	\$1,351

#### Inactive

Total Inactive Members	15,247	15,066
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### Covered Employers

Total Covered Employers	613	623
Contributions (in Millions)	\$340.1	\$320.8



December 1, 2023

Board of Trustees  
Arkansas Public Employees' Retirement System  
Little Rock, AR 72201

To the Members of the Arkansas Public Employees' Retirement System (APERS):

We are pleased to present to you the *Arkansas Public Employees' Retirement System Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023*.

The compilation of this report reflects the combined efforts of APERS' management under the leadership of the Board of Trustees of the Arkansas Public Employees' Retirement System (the Board). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial status of APERS and changes therein. 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 APERS' members and their employers.

### **Plan Basics**

APERS was established for state employees by legislation enacted in 1957 and subsequently expanded to include the employees of counties, municipalities, schools, and other political subdivisions. APERS mission is to provide a secure benefit in retirement to our members. All services provided by management are performed to meet this objective. The summary of plan provisions is presented in the Actuarial Section, and a comprehensive list of all participating employers is provided in the Statistical Section.

### **Financial Information**

The Fiscal Year 2023 Annual Report has been prepared to conform to the accounting principles generally accepted in the United States.

APERS 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.

### **Investments**

The APERS Board has established a policy which requires that the funds be invested in conformity with the authority and limitations found in Arkansas Code Annotated § 24-2-601 et seq., which includes the fiduciary responsibilities under the "prudent investor rule." These laws enable the board to establish an investment policy based upon certain investment criteria and

allows for delegation of investment authority to professional investment consultants. The Board has established an Investment Policy Statement that guides management in the investment of fund assets. Through the diversification of the investment portfolio, the fund seeks to reduce overall risks and increase returns. A summary of the asset allocation can be found in the Investments Section.

For fiscal year 2023, the fund recognized an 8.83% rate of return. Each quarter, the investment consultant provides a summary of performance compared to the established benchmarks and comparable funds. A comparable analysis of rates of return is presented in the Investments Section. The investment fund takes a long-term investment view and for the last 20 years APERS' annualized rate of return has been 7.56%.

### **Actuarial Analysis**

A pension is well-funded when it has enough assets to meet the future obligations to plan participants. A greater level of funding results in a larger ratio of assets accumulated to the actuarial accrued liability. The advantage of a well-funded plan is that the participants can be assured that enough assets exist to pay all promised benefits to members.

APERS' statutory funding objective is to meet long-term benefit promises through contributions that remain approximately level as a percentage of member payroll. According to the actuarial firm, "if the contributions to the system are level in concept and soundly executed, APERS will pay all promised benefits when due – the ultimate test of financial soundness." The Board has established an Actuarial Funding Policy that targets a funding level of 100%.

The actuarial accrued liability and actuarial funding value of assets of APERS as of June 30, 2023, amounted to \$13.07 billion and \$10.64 billion respectively. On a funding value of assets basis, the funded status of the APERS trust fund was 81% in fiscal year 2023. A detailed discussion of funding and actuarial measures is provided in the Actuarial Section of this report.

### **Professional Services**

The Board retains independent consultants to perform professional services that are essential to the trust fund's long-term strength and stability. Actuarial services are provided by Gabriel, Roeder, Smith & Company (GRS); investment consulting is provided by Callan, LLC and Stephens, Inc.; and the annual financial audit is conducted by Arkansas Legislative Audit in accordance with A.C.A. § 24-2-702.

### **Awards and Acknowledgments**

APERS was awarded the Public Pension Standards Award for Funding and Administration for the 17th year in a row by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

## Introduction

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### Message from the Chair and Executive Director

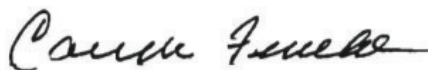
Throughout fiscal year 2023, the Board worked diligently to fulfill our fiduciary responsibility by adopting or proposing policies to maintain and strengthen the trust fund. The Board supported several important legislative changes to the system that were enacted during the 2023 session.

Several of these changes took effect July 1, 2023. The legislature adopted multiple proposals that will provide a more efficient procedure for the administration of APERS survivor benefits. Some of the changes include the use of a member's federal tax returns to determine the eligibility of adult beneficiaries, a standard six (6) month marriage period either pre- or post-retirement for a member to select a spousal option beneficiary, and the effective date of all survivor benefits. Several technical corrections were made in the laws governing the retirement system to ensure the continued reliable administration of benefits to its members.

The 94th General Assembly passed legislation that address the investment policies of public entities. Act 411 requires the divestment of certain investments with financial service providers who are found to discriminate against energy, fossil fuel, firearms, or ammunition industry entities, or refuse to deal based on environmental, social justice, and other governance-related factors. Act 498 reiterates the fiduciary duty of APERS and its agents to make investment decisions, including shareholder proxy votes, based solely on the financial interests of APERS and its members.

We would like to express our sincere thanks to the entire APERS Board of Trustees for their judicious leadership and the high expectations they set for the retirement system, as well as the full staff of APERS for their hard work and dedication throughout the year. The APERS team works diligently each day to provide high quality, professional service to our members and efficiently operate each division of the agency, and each trustee understands the importance of maintaining a strong retirement system to fulfill the promises made to our members.

Sincerely,



Candice Franks, Chair  
APERS' Board of Trustees



Amy Fecher  
APERS' Executive Director

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## Board of Trustees

**Candice Franks, Chair**

State Employee Member, Appointment -Governor  
Expiration of Term, March 9, 2025

**Larry Walther, Vice Chair**

Ex-Officio Member  
Treasurer of State

**Daryl Bassett**

State Employee Member, Appointment -Governor  
Expiration of Term, March 9, 2026

**Gary Carnahan**

Municipal Employee Member, Appointment  
-Governor  
Expiration of Term, March 9, 2024

**Kaye Donham**

Retired State Employee, Appointment -Speaker of  
the House Representative  
Expiration of Term, July 30, 2027

**Dale Douthit**

State Employee Member, Appointment -Governor  
Expiration of Term, March 9, 2023

**Jim Hudson**

Ex-Officio Member  
Secretary of the Department of Finance and  
Administration

**Joe Hurst**

Municipal Employee Member, Appointment  
-Governor  
Expiration of Term, March 9, 2022

**Dennis Milligan**

Ex-Officio Member  
Auditor of State

**Barry Moehring**

County Employee Member, Appointment  
-Governor  
Expiration of Term, March 9, 2027

**Gary Wallace**

Retired Law Enforcement Member, Appointment-  
President Pro Tempore of the Senate  
Expiration of Term, July 30, 2027

**Russell White**

Retired Law Enforcement Member, Appointment  
-Speaker of the House Representative  
Expiration of Term, July 30,2027

**Richard Wilson**

Retired State Employee, Appointment-President  
Pro Tempore of the Senate  
Expiration of Term, July 30, 2027

# Administration

## Introduction

APERS' primary purposes are to ensure a secure retirement benefit for current and future members of the retirement system, to guide the fund through sound investment practices, and to provide education on retirement to our membership.

APERS' administration works to accomplish this by:

- monthly benefits payments to our retirees and beneficiaries,
- adjusting the plan and management of the fund through board and/or legislative actions as needed,
- management of the system's funds in accordance with the prudent investor rule as outlined in the Investment Policy adopted by the APERS board, and
- general retirement education through webinars and individual retirement counseling both online and in person for our members.

## Administrative Staff

**Amy Fecher**  
Executive Director

**Carlos Borromeo**  
Deputy Director of Investments and Finance

**Jason Willett**  
Chief Fiscal Officer

**Allison Woods**  
Deputy Director of Benefits

**Ashley Golleher**  
Deputy Director of Operations

**Laura Gilson**  
General Counsel

**Phillip Norton**  
Director of Information Technology

**Jennifer Taylor**  
Director of Benefits Administration

**Jacobia Bates**  
Director of Public Affairs

**Patty Shipp**  
Assurance Officer

**Usha Doolabh**  
Manager, Investments

**Jon Aucoin**  
Manager, Digital Services

**Cheryl Wilburn**  
Manager, Benefits Operations

**Tammy Shadwick**  
Manager, Human Resources

**Shelly George**  
Manager, Employer Reporting

## 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

### **Investment Managers**

**Acadian Asset Management**  
Boston, MA 02110

### **Artisan Partners**

Milwaukee, WI 53202

### **Baillie Gifford Overseas Ltd.**

Edinburgh, Scotland

### **Blackstone Alternative Asset Management, LP**

New York, NY 10154

### **Carlyle Property Investors LP**

New York, NY 10022

### **CastleArk Management, LLC**

Chicago, IL 60606

### **Clarion Partners LLC**

New York, NY 10169

### **DoubleLine Capital**

Los Angeles, CA 90071

### **Franklin Templeton Institutional**

Coral Gables, FL

### **Harrison Street Real Estate Partners**

Chicago, IL 60606

### **Heitman America Real Estate**

Chicago, IL 60606

### **Horrell Capital Management**

Little Rock, AR 72211

### **International Farmland Corporation**

Kinston, NC 28504

### **Invesco Real Estate**

Dallas, TX 75240

### **LaSalle Investment Management**

San Francisco, CA 94111

### **Lazard Asset Management**

New York, NY 10020

### **LSV Asset Management**

Chicago, IL 60606

### **MacKay Shields**

New York, NY 10105

### **Mellon Capital**

Pittsburgh, PA 15258

### **Pinnacle Forest Investments, LLC**

Little Rock, AR 72211

### **PGIM, Inc.**

Newark, NJ 07102

### **PGIM U.S. Agriculture**

San Francisco, CA 94111

### **Principal Real Estate Investors LLC**

Des Moines, IA 50309

### **SSI Investment Management**

Beverly Hills, CA 90210

### **Starwood Management LLC**

Los Angeles, CA 90025

### **Stephens Investment Management Group**

Houston, TX 77046

### **TA Associates Realty**

Boston, MA 02109

### **Wellington Management Company**

Boston, MA 02210





# APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM



## Management's Discussion and Analysis

This discussion and analysis of the Arkansas Public Employees' Retirement System (APERS or "the system") provides an overview of the system's financial activities for the fiscal year ended June 30, 2023 (fiscal year 2023). It is intended to be used in conjunction with the executive letter and APERS' financial statements and notes, which begin on page 17 of this report.

### Using This Financial Report

This annual comprehensive financial report reflects the activities of APERS as reported in the Statement of Fiduciary Net Position (page 17) and the Statement of Changes in Fiduciary Net Position (page 18). These statements are presented on an accrual basis and reflect all trust fund activities as incurred. The Notes to Financial Statements are an integral part of the financial statements and include additional information essential to understanding the basic financial statements. The Required Supplementary Information following the Notes to the Financial Statements provide historical information and additional details considered useful in evaluating the condition of the plan. Investment data in the Financial section is presented at fair value. See the Actuarial section of this report for a detailed discussion of the actuarial value of assets and liabilities and the funded ratio.

### Financial Highlights

APERS' net position restricted for pension benefits increased by \$561.5 million during FY2023. On June 30, 2023, total plan assets were \$10.9 billion. These assets along with deferred outflows of resources of \$656,073, exceeded total liabilities of \$641.9 million and deferred inflows of resources of \$1,854,673, resulting in a net position restricted for pension benefits of \$10.3 billion.

Total additions for the system increased approximately \$2 billion in FY2023. While employer and employee contributions increased \$31.2 million in FY2023, the primary reason for this large increase in FY2023 additions was the significant increase in net investment income of \$2 billion. APERS had an investment return of 8.83% in FY2023 after having a negative investment return of -10.5% in FY2022.

Benefit payments increased \$24 million in FY2023 due both to an increase in the number of retirees

being paid monthly benefits and to the 3% increase in the annual cost of living adjustment that happens every July 1.

The other primary expenditures of the system consisting of refunds of contributions and administrative expenses decreased slightly in FY2023. Refunds tend to fluctuate from year to year. Administrative expenses have been controlled well as management has more efficiently utilized existing staff to be able to service an increasing number of retirees and members.

### The Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position (page 17) reports the pension trust fund's assets, liabilities, and resulting net position at the end of the fiscal year such that

$$\text{assets} - \text{liabilities} = \text{net position.}$$

It is a snapshot of the financial position of the pension trust fund at that specific time.

### The Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position (page 18) reports the pension trust fund's financial transactions that have occurred during the fiscal year such that

$$\text{additions} - \text{deductions} = \text{net change in net position.}$$

It supports the change that has occurred to the prior year's net position value on the Statement of Fiduciary Net Position.

### Notes to the Financial Statements

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 to the statements. The notes 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, the basis of accounting, management's use of estimates, and other accounting policies.
  - Note 3 describes deposits and investment risk.
  - Note 4 addresses other post-employment benefits (OPEB).
  - Note 5 provides information regarding legally required reserves.
  - Note 6 provides capital assets activity.
  - Note 7 describes the system's Deferred Retirement Option Plan.
  - Note 8 provides information regarding the system's net pension liability.
- 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.

## Basic Financial Statements

### Statement of Fiduciary Net Position *(as of June 30, 2022 and 2023)*

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
Cash and Cash Equivalents	\$394,085,173	\$240,196,456
Receivables	53,517,239	76,234,747
Investments, At Fair Value		
Government Securities	424,305,562	340,010,080
Corporate Securities	4,532,116,307	4,063,195,267
International Securities	2,746,165,821	2,443,880,730
Core Plus Bond Fund	624,377,427	619,265,497
Real Estate	1,156,560,772	1,425,009,448
Diversified Strategies	211,187,778	474,539,260
Timberland	194,227,908	99,015,477
Commercial Loans	799,504	4,357,162
Total Investments at Fair Value	9,889,741,081	9,469,272,922
Securities Lending Collateral Pool	592,069,032	552,355,151
Capital Assets, Net of Accumulated Depreciation	8,610,892	11,520,541
Other Assets	386,561	372,269
<b>TOTAL ASSETS</b>	<b>10,938,409,978</b>	<b>10,349,952,086</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	656,073	989,044
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	14,441,804	18,386,701
Investment Purchases Payable	35,371,108	44,053,518
Securities Lending Liability	592,094,075	554,112,356
<b>TOTAL LIABILITIES</b>	<b>641,906,987</b>	<b>616,552,575</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	1,854,673	549,924
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS</b>	<b>\$10,295,304,391</b>	<b>\$9,733,838,631</b>

**Statement of Changes in Fiduciary Net Position** (for fiscal years 2022 and 2023)

<b>ADDITIONS</b>	<b>2023</b>	<b>2022</b>
Contributions		
Employer Contributions	\$340,152,342	\$320,196,067
Employee Contributions	93,037,947	81,213,355
Supplemental	-	609,078
Total Contributions	<u>433,190,289</u>	<u>402,018,499</u>
Investment Income		
Interest	94,715,712	68,325,015
Dividends	95,716,346	107,678,551
Investment Gain/Loss	584,007,636	(1,383,035,911)
Security Lending Income	35,270,276	2,417,943
Real Estate Income	63,143,165	67,467,882
Other	-	-
Investment Management Expenses	(63,349,341)	(55,740,820)
Net Investment Income	<u>809,503,794</u>	<u>(1,192,887,342)</u>
Other Additions		
Miscellaneous Additions	645,214	509,696
Transfers from Other Public Employees Retirement Systems	3,241,159	3,643,141
Miscellaneous Transfers from State Agencies	411,367	322,309
Total Other Additions	<u>4,297,740</u>	<u>4,475,146</u>
Total Additions	1,246,991,823	(786,393,696)
<b>DEDUCTIONS</b>		
Benefit Payments	659,133,497	635,176,766
Member Refunds	16,473,823	17,687,189
Administrative Expenses	10,465,629	11,794,786
Total Deductions	<u>664,658,742</u>	<u>664,658,742</u>
<b>ADJUSTMENTS</b>		
Actuarial Adjustment to DJ Unfunded Liability	546,886	(562,637)
<b>NET INCREASE (DECREASE)</b>	561,465,760	(1,451,615,075)
<b>Net Position Restricted for Pension Benefits</b>		
Beginning of Year	9,733,838,631	11,185,453,706
End of Year	<u>\$10,295,304,391</u>	<u>\$9,733,838,631</u>

## Notes to the Financial Statements

### Note 1: Plan Description

#### General Information

APERS is a cost-sharing, multiple employer, defined benefit pension plan established by the 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 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 thirteen member Board of Trustees of the Arkansas Public Employees' Retirement System (the Board). Membership includes five state and five non-state employees, and three ex-officio trustees, including the Auditor of State, Treasurer of State, and the Director of the Department of Finance and Administration.

Six members are appointed by the Governor, two are appointed by the President Pro Tempore, and two are appointed by the Speaker of the House of Representative.

#### 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 employees, and other public entities defined by law.

Membership	2023	2022
Retirees and beneficiaries receiving benefits (includes DROP participants)	42,276	41,390
Terminated plan members entitled to but not yet receiving benefits	15,247	15,066
Active plan members	43,352	42,771

#### Reporting Entities/Employers

Employers	2023	2022
State	240	245
County	87	87
Municipal	187	186
School	24	30
District Judges	3	3
District Court	35	35
Other Non-State	37	37
Totals	613	623

#### Entities Not Reported

The executive director and administrative staff of APERS also serve as the executive and administrative staff of two other 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 *GASB Statement No. 14: The Financial Reporting Entity* because these three 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.

#### Employer Contributions

All participating employers are required to contribute a portion of their eligible employee's salaries into the system. The Board establishes the provisions for these employer contributions based on the rates the independent actuary determines are necessary to fund the system. Because of the cost of providing enhanced service credit to certain members classified as public safety employees, and 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 the actuary.

<b>Employer Contribution Rates</b>	<b>Fiscal Year 2023</b>
State Division	15.32%
Wildlife Subdivision	27.32%
State Capitol Police Subdivision	15.32%
County Division	15.32%
Municipal Division	15.32%
School Division	4.00%
Other Non-State Division	15.32%

### Employee Contributions

The system was established as a contributory plan in which member-employees also contributed a portion of their salaries to the system. 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 previously been a member was automatically enrolled as a non-contributory member.

Act 2084 of 2005 directed APERS to establish a new contributory plan effective July 1, 2005. It required that all covered employees first hired on or after July 1, 2005, contribute 5% of their salary into the system. 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.

Act 365 of 2021 which took effect July 1, 2022, raises the contribution rate from 5.25% to 5.50% for contributory members for fiscal year 2023. This rate will continue to increase by 0.25% each July 1 until it reaches 7%.

A member's employee contributions are refundable if the member terminates APERS-covered employment before a monthly benefit is payable. Employee contributions remaining on deposit with APERS earn interest (at the annual rate of 2%), which is included in any refund of contributions.

### System Administration

The costs of administering the system 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 local elected officials.

The normal retirement benefit amount, paid on a monthly basis, is determined by the member's final average compensation 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.

## Note 2: Summary of Significant Accounting Policies

### 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 (or loss) includes net appreciation (or 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 that underlie 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 that 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 8
- 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. A schedule of capital asset activity for the fiscal year can be found on page 37.

### 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 8 and the required supplementary information – have 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. 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, short-term investment funds, and petty cash.

As of June 30, 2023, these totals were \$59,439, \$3,868,227, \$390,157,307, 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 for Deposits

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, 2023, the system’s only deposits exposed to potential custodial credit risk were those holding its foreign currency balance, which is detailed in the table “Foreign Currency Risk” on page 26. 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 authorizes 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 investments 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 the following page reflects the fair value of investments.

## Statement of Invested Assets

(Assets by type at fair value in dollars as of June 30, 2023)\*

Category	Base Market Value	APERS	ASPRS
Government Securities	\$ 440,629,119	\$ 424,305,562	\$ 16,323,556
Corporate Securities	4,706,472,708	4,532,116,614	174,356,094
International Securities	2,851,814,194	2,746,165,821	105,648,373
Core Plus Bond Fund	648,397,994	624,377,427	24,020,567
Real Estate	1,201,055,086	1,156,560,772	44,494,314
Diversified Strategies	219,312,431	211,187,778	8,124,653
Timberland	201,700,095	194,227,908	7,472,186
Commercial Loans	830,262	799,504	30,758
	<b>\$10,270,211,888</b>	<b>\$ 9,889,741,388</b>	<b>\$ 380,470,501</b>
Securities Lending Collateral Investments, at Fair Value:			
Commercial Paper	36,752,881	35,391,333	1,361,547
Repurchase Agreements	93,155,864	89,704,812	3,451,052
Floating Rate Notes	450,577,395	433,885,305	16,692,090
Asset Backed Securities	34,360,514	33,087,594	1,272,920
	<b>614,846,653</b>	<b>592,069,044</b>	<b>22,777,609</b>
	<b>\$10,409,684,254</b>	<b>\$10,021,628,073</b>	<b>\$388,056,181</b>

\*Totals may not add due to rounding.

### Custodial Credit Risk for Investments

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 fiscal year end, there were no investments exposed to custodial credit risk.

### Credit Risk for Investments

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.

The following schedule indicates the system's exposure to credit risk for investments.

## The System's Exposure to Credit Risk

### Moody's Quality Ratings *(in dollars as of June 30, 2023)*

Moody's Rating	Aaa	Aa	A	Baa	Ba	B	Caa or below	Not Rated	Base Market Value
Total	423,691,714	20,127,455	90,804,800	288,681,262	67,701,967	28,868,269	22,224,948	1,383,325,578	2,325,425,997

### S&P's Quality Ratings *(in dollars as of June 30, 2023)*

S&P Rating	AAA	AA	A	BBB	BB	B	CCC or below	Not Rated	Base Market Value
Totals	8,449,614	413,224,931	88,407,092	302,943,057	90,760,611	28,100,680	22,700,792	1,370,839,219	2,325,425,997
Securities Lending Collateral	32,060,618.57	180,995,020.90	249,961,767.58	-	-	-	554,895.36	149,943,847.29	613,516,149.70

All figures are APERS and ASPRS combined.

### Concentration of Credit Risk for Investments

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 for Investments

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 monthly. 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.

The system had the following debt security investments and maturities:

### Debt Security Investments and Maturities

(in dollars as of June 30, 2023)

	Market Value	Less than 1	1 - 5	6 - 10	More than 10	Fund - No Maturities
Government Securities	\$ 409,600,838	\$ 7,845,302	\$ 26,427,079	\$ 56,751,142	\$ 318,577,315	\$ 0
Corporate Securities	932,567,715	39,141,977	419,579,346	173,151,368	300,695,024	0
International Securities	175,157,905	982,183	83,250,351	49,241,151	41,684,219	0
Floating Rate Fund	20,866,048	0	0	0	0	20,866,048
Core Plus Bond Fund	648,397,994	0	0	0	0	648,397,994
Commercial Loans	830,262	0	625,062	205,200	0	0
Municipal Bonds	1,333,070	0	0	0	1,333,070	0
Co-Mingled Funds	8,827,546	0	0	0	0	8,827,546
High Yield Income Fund	127,844,619	127,844,619	0	0	0	0
	<u>\$ 2,325,425,997</u>	<u>\$ 175,814,081</u>	<u>\$ 529,881,838</u>	<u>\$ 279,348,861</u>	<u>\$ 662,289,629</u>	<u>\$ 678,091,588</u>
Securities Lending Collateral	\$ 613,516,150	\$ 576,629,966	\$ 36,331,288		554,895	
	<u>\$ 2,938,942,147</u>	<u>\$ 752,444,047</u>	<u>\$ 566,213,126</u>	<u>\$ 279,348,861</u>	<u>\$ 662,844,524</u>	<u>\$ 678,091,588</u>

All figures are APERS and ASPRS combined.

### 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.

### Foreign Currency Risk *(as of June 30, 2023)*

Currency	Fair Value
Australian Dollar	\$ 6,757,018
Brazilian Real	\$15,780,271
British Pound Sterling	\$267,628,854
Canadian Dollar	\$90,389,959
Chinese Yuan Renminbi	\$65,143,115
Euro Currency	\$574,922,345
Hong Kong Dollar	\$28,872,258
Indian Ruphia	\$11,885,532
Israeli Shekel	\$29,871,093
Japanese Yen	\$178,582,949
Mauritian Rupee	\$2,166,818
Mexican New Peso	\$11,435,575
Norwegian Krone	\$812,209
New Zealand Dollar	\$8,348,345
Singapore Dollar	\$21,572,352
South Korean Won	\$55,321,806
Swedish Krone	\$37,292,183
Swiss Franc	\$197,204,468
Taiwan Dollar	\$22,719,921
Thailand Baht	\$135,075
	<hr/>
	\$ 1,626,842,149

### 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 system's ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

### Mortgage-Backed Securities

A mortgage-backed security (MBS) is a type of asset-backed security that is secured by a mortgage or collection of mortgages. MBSs depend on the underlying pool of mortgage loans to provide cash flow to make principal and interest payments on the security to its holders. The payments are usually periodic, similar to coupon payments. MBSs are subject to credit risk, prepayment risk, and extension risk.

A collateralized mortgage obligation (CMO) is an MBS that comprises classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. 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. These instruments are reported at fair value in the Statement of Fiduciary Net Position.

### 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.

### 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.

### 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.

### 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, can hold such instruments.

APERS does comply with *GASB No. 53* and will disclose its exposure to derivative instruments if there is exposure. APERS had no exposure to any *GASB No. 53* derivative instruments at June 30, 2023.

### 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.

## Financial

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### Foreign Currency Forwards *(in dollars as of June 30, 2023)*

	Pay	Receive	Notional Value	Market Value	Unrealized G/L
Canadian Dollar	CAD	USD	(70,062)	(70,208)	(146)
U.S. Dollar	USD	GBP	(694,309)	694,450	141
U.S. Dollar	USD	GBP	(939,132)	946,142	7,010
			<u>(1,703,503)</u>	<u>1,570,384</u>	<u>7,006</u>

All figures are APERS and ASPRS combined.

### 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.

### Financial Futures *(in dollars as of June 30, 2023)*

Futures Contract	Expiration	Notional Value	Fair Value	Unrealized Gain/(Loss)
U.S. 2-year Treasury Note	Sept 2023	\$ (40,114,641)	\$ (39,652,031)	\$ 462,610
U.S. 5-year Treasury Note	Sept 2023	2,816,438	2,784,438	(32,000)
U.S. 10-year Treasury Note	Sept 2023	69,048,835	68,257,500	(791,335)
U.S. 10-year Ultra Treasury Note	Sept 2023	40,710,437	40,387,188	(323,249)
U.S. Long Bond Treasury	Sept 2023	15,132,182	15,101,844	(30,338)
U.S. Ultra Bond Treasury	Sept 2023	24,193,771	24,246,938	53,167
		<u>\$ 111,787,021</u>	<u>\$ 111,125,875</u>	<u>\$ (661,146)</u>

## Fair Value Measurements

APERS categorizes its fair value measurements within the fair value hierarchy by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lower priority to unobservable inputs (Level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The system assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table(s) on the following pages shows the fair value leveling of the investments for the system.

Assets classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor. Real estate, timberland, and partnership assets classified in Level 3, due to lack of an independent pricing source, are valued using an internal fair value as provided by the investment manager.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument(s) and should not be perceived as the particular investment's risk.



## Investments and Derivative Instruments Measured at Fair Value

(in dollars as of June 30, 2023)

	Fair Value	Level 1	Level 2	Level 3
<b>Investments At Fair Value</b>				
U.S Domestic Equities	\$ 2,286,654,752	\$ 2,286,654,752	\$-	\$-
Convertible Securities	\$353,871,825	\$17,544,629	336,327,196	\$-
Preferred Securities	\$20,143,224	\$18,184,339	\$1,958,885	\$-
International Equities	1,716,468,103	1,716,468,103	\$-	\$-
Convertible Securities	\$42,955,407	\$-	42,955,407	\$-
Preferred Securities	\$169,035	\$-	\$169,035	\$-
Fixed Income	125,713,598	\$-	125,713,598	\$-
Domestic Fixed Income	777,563,260	\$-	777,563,260	\$-
Global Bond Fund	\$8,500,520	\$8,500,520	\$-	\$-
Floating Rate Fund	\$20,093,045	\$20,093,045	\$-	\$-
U.S. Government Securities	181,207,715	\$181,207,715	\$-	\$-
Futures	\$(636,653)	\$(636,653)	\$-	\$-
Corporate Bonds	\$-	\$-	\$-	\$-
Loans	\$799,504	\$-	\$-	799,504
Total Investments	5,533,503,334	4,248,016,449	1,284,687,380	799,504
<b>Securities Lending Collateral Investments, at Fair Value</b>				
Commercial Paper	\$35,382,792	\$-	\$35,382,792	\$-
Asset Backed Securities	\$33,079,609	\$-	\$33,079,609	\$-
Floating Rate Securities	433,780,591	\$-	433,780,591	\$-
<b>Total Securities Lending Collateral</b>	502,242,992	-	502,242,992	-
<b>Total Investments Measured at Fair Value</b>	<u>\$ 6,035,746,326</u>	<u>\$ 4,248,016,449</u>	<u>\$ 1,786,930,372</u>	<u>\$ 799,504</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
High Yield Core Fund	\$ 1,017,883	1,017,883		-
Defensive Bond Fund	43,252,004			43,252,004
Domestic Equity Index Funds	1,124,496,025			1,124,496,025
Core Plus Bond Fund	\$625,244,637	1,017,883		624,226,754
Timberland	\$91,083,129			
Global Equity Pooled Funds				
MCM REIT Index	11,189,501			
MCM ACWI ex-US Index	584,523,185			
Acadian	180,388,410			180,388,410
Franklin Templeton	148,684,929	148,684,929		
Core Real Estate				
Invesco Core	553,215,695			
Heitman Core	349,259,161			
Value AddReal Estate				
Heitman Value Add	46,374,291			
TA Fund X	\$7,974			
TA Fund XI	22,501,377			
TA Fund XII	98,171,332			
LaSalle Fund Fund VI	\$5,341,341			
LaSalle Fund Fund VII	27,274,042			
Harrison Street VIII	42,946,960			
Starwood SOF XII	15,935,692			
Clarion	78,808,889			
Agriculture/Farmland				
PGIM Agriculture	36,404,856			
IFC	50,757,361			
Diversified Strategies				
Blackstone	211,136,815			
<b>Total Investments Measured at the NAV</b>	<u>\$ 4,346,997,606</u>			

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Investments classified as Level 3 in the preceding table are unobservable, meaning that the assets lack an independent pricing source. Values are provided by the investment manager or an external pricing source such as an independent appraiser.

### **Investments Measured at the Net Asset Value (NAV)**

The fair value of investments that are organized as commingled funds or limited partnerships have no readily ascertainable fair value. The value is determined by using the net asset value per share or its equivalent. Commingled fund values are based on each investor's proportionate share of the total underlying assets in the fund less any liabilities for client withdrawals, investment purchases or other accrued expenses.

Limited partnership values are based on the capital account balance the general partner reports at the end of each reporting period, adjusted by subsequent contributions, distributions, management fees, and changes in values of foreign currency and published market prices for certain securities.

Even though the limited partnerships and commingled funds issue annual financial statements audited by independent auditors, the year-end for the state and these entities do not always agree. There are inherent uncertainties in estimating fair values for these types of investments, and it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different from the reported net asset value. With certain exceptions, mainly the equity and the fixed income funds, these investments cannot be redeemed, or, have certain restrictions regarding redemption. The real estate investments distributions are through the liquidation of the underlying assets or net operating cash flows. Each investment has a different redemption frequency and notice period as noted in the following table:

## Financial

### Investments Measured at the Net Asset Value *(in dollars as of June 30, 2023)*

	Fair Value	Strategy Type	Fund Life of Non-redeemable mandates	Unfunded Commitments
High Yield Core Fund	\$625,244,637	Active High Yield Fixed Income	N/A	none
Defensive Bond Fund	\$43,252,004	Income Oriented	N/A	none
Domestic Equity Index Funds	\$1,124,496,025	S & P 500 Index	N/A	none
Core Plus Bond Fund	\$625,244,637	Active Global Fixed Income	N/A	none
Timberland	\$91,083,129	Timber	N/A	none
International Equity Pooled Funds				
MCM REIT Index	\$11,189,501	Global Real Estate securities	N/A	none
MCM ACWI ex-US Index	\$584,523,185	International Equities	N/A	none
Acadian	\$180,388,410	International Equities	N/A	none
Franklin Templeton	\$148,684,929	International Equities	N/A	none
Core Real Estate				
Heitman	\$553,215,695	Core Real Estate	N/A	none
Invesco	\$349,259,161	Core Real Estate	N/A	none
Value Add Real Estate				
Heitman Value Partners IV	\$46,374,291	Value Add Real Estate	N/A	\$5,169,501
TA Fund X	\$7,974	Value Add Real Estate	N/A	none
TA Fund XI	\$22,501,377	Value Add Real Estate	N/A	none
TA Fund XII	\$98,171,332	Value Add Real Estate	N/A	\$-
TA Fund XIII	\$-	Value Add Real Estate	N/A	\$72,204,120
LaSalle Fund Fund VI	\$5,341,341	Value Add Real Estate	N/A	
LaSalle Fund Fund VII	\$27,274,042	Value Add Real Estate	N/A	
Harrison Street Fund VIII	\$42,946,960	Value Add Real Estate	N/A	\$10,458,413
Starwood SOF XII	\$15,935,692	Value Add Real Estate	N/A	\$57,763,296
Clarion LIT Fund	\$78,808,889	Value Add Real Estate	N/A	\$-
Principal Enhanced Fund	\$-	Value Add Real Estate	N/A	\$81,831,336
Carlyle Property	\$-	Value Add Real Estate	N/A	\$81,831,336
Agriculture/Farmland				
PGIM Agriculture	\$36,404,856	Agriculture/Farmland	N/A	\$11,843,350
International Farmland	\$50,757,361	Agriculture/Farmland	N/A	\$-
Diversified Strategies:				
Global Risk Premium	\$-	Risk Premia	N/A	none
Global Real Return	\$-	Global Real Return	N/A	none
Blackstone	\$211,136,815	Fund of Funds	N/A	none
<b>Total</b>	<b>\$4,972,242,243</b>			<b>\$247,710,142</b>

Redemption Frequency (if currently eligible)	Redemption Notice Period	Other Redemption Restrictions	Restriction Time Remaining
monthly	T + 3	N/A	N/A
daily	T + 1	N/A	N/A
daily	T + 3	N/A	N/A
daily	T + 3	N/A	N/A
none	N/A	N/A	partnership terminates in December 2027
daily	T + 1	N/A	N/A
daily	T + 1	N/A	N/A
daily w 10day notice	T + 1	N/A	N/A
daily	T + 1	N/A	N/A
quarterly	T + 45	N/A	N/A
quarterly	T + 90	N/A	N/A
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	currently in capital redistribution phase
7-year lock up	N/A	N/A	currently in capital redistribution phase
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	currently in capital redistribution phase
7-year lock up	N/A	N/A	currently in capital redistribution phase
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
7-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
open end w/ 2-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
open end w/ 2-year lock up	N/A	N/A	the lock up period starts on the day of the last capital call
weekly and monthly	T + 2	N/A	N/A
daily	T + 3	N/A	N/A
last day of each quarter	1yr; 2yrs; 3yrs; >3yrs	55% liquidity; then 20%; then 15%; then 10%	N/A

### High Yield Core Fund

The High Yield Active Core philosophy is centered on the belief that the best risk-adjusted returns and, ultimately, the best absolute returns are generated by a strategy of yield capture and error avoidance.

### Defensive Bond Fund

The investment objective is to exploit different sources of return available in high yield corporate securities in a way that generates risk-adjusted returns superior to those available from conventional high yield securities. The investment strategy is based on the assumption and observation that numerous market inefficiencies exist throughout the capital markets (particularly in the high yield bond markets) and that the prudent, active and systematic exploitation of these inefficiencies can generate returns consistent with these objectives.

### Domestic Equity Index Funds

This is a Standard and Poor's 500 (S&P 500) Index fund.

### Core Plus Bond Fund

The Core Plus Fixed Income strategy seeks excess return from multiple sources, including sector allocation and subsector and security selection. Duration, yield curve, and currency positioning is moderate. The largest component of the Core Plus Fixed Income risk budget is allocated to portfolio strategies that have consistently generated the highest return for the lowest unit of risk over time, such as sector allocation and subsector security selection. The Core Plus Fixed Income portfolios may emphasize spread product in the sector allocation process and therefore may hold larger-than-benchmark allocations to corporate bonds, structured product, high yield bonds, and emerging markets debt. As a result, the strategy would likely outperform in a 'risk on' environment where corporate bonds, for example, are outperforming. The reverse would also likely be true. The Core Plus Fixed Income portfolios take an actively-managed, relative-value driven approach. The strategy is expected to perform best in markets with excess spread dislocations that it can capitalize on through relative value trading.

### Timberland

An objective of a timber investment is to provide the fund with diversification from traditional asset classes. The goal of the timber investment is to get a stable core-type return with very low or little volatility.

### International Equity Pooled Funds

- The Bank of New York Mellon Employee Benefit Daily Valued Non-Securities Lending Real Estate Investment Trust Index Fund— This REIT Index Fund seeks to match the performance and the characteristics of the Dow Jones U.S. Select REIT Index which tracks the performance of publicly traded REITs and REIT-like securities and designed to serve as a proxy for direct real estate investments.
- Bank of New York Mellon All Country World Index ex-US – The MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the U.S.) and 24 Emerging Markets (EM) countries. With 2,166 constituents, the index covers approximately 85% of the global equity opportunity set outside the U.S.
- Acadian All Country World ex-US Small Cap – The Acadian All Country World ex-US Small Cap strategy employs a combination of top-down and bottom-up multi-factor models to construct the strategy. The top-down consists of value, growth, momentum, volatility, and macro factors. The bottom up drives 80% of the process.

### Real Estate

This asset class provides diversification to the total portfolio and strives to reduce total fund volatility while also enhancing the total return of the portfolio. Real estate has a low, and in some cases, negative, correlation with other major investment asset classes. The following are the strategies that comprise the Real Estate asset class and are explained in greater detail.

### Core Real Estate

- Invesco Core Real Estate (ICRE) – The ICRE strategy is a portfolio of U.S. properties diversified by property type and geographic location, with an emphasis on attractive current income returns and the opportunity for both income and capital growth. It is based on top-down economic fundamentals combined with bottom-up local market intelligence.
- Heitman America Real Estate Trust (HART) – The HART strategy creates a high-quality, low-risk portfolio of stabilized, income-producing assets diversified by property type and

economic exposure through acquiring assets in infill locations within major metropolitan areas, focusing on strong site attributes such as proximity to amenities and transportation networks, and ensuring that assets are well constructed with features that will appeal to tenants over long periods of time.

### Value Added Real Estate

- Heitman Value Partners IV (“HVP IV”) is the fourth offering in Heitman’s North American value-add series. It is a closed-end, commingled fund that will pursue a diverse set of real estate opportunities with value-added business plans. The objective is to provide investors with attractive risk-adjusted returns. The strategy seeks to benefit from Heitman’s extensive research, real estate, and capital markets expertise to identify emerging investment opportunities and trends before they are fully appreciated by the broader market. The Fund will execute investment strategies that capitalize on those opportunities.
- TA Realty Funds X, XI, XII and XIII – TA Realty has managed value-add, commingled real estate funds for approximately 30 years. They have investments in 35 markets, and four property types (office, industrial, multifamily, and retail). The firm has developed and refined a consistent approach focused on creating diversified real estate portfolios that can generate strong cash flow, benefit from an intensive asset management approach, and result in the long-term creating of value of the life of the fund(s).
- LaSalle Funds VI and VII – The Funds pursue non-core properties that exhibit strong fundamentals and are expected to generate both income and appreciation. The sectors focused upon are office, multifamily, retail, industrial, and specialty.
- Harrison Street Fund VIII – The Fund acquires, develops, and/or redevelops assets in the education, healthcare, life science, and storage sectors. The majority of the return is anticipated to be generated through appreciation.
- Starwood Distressed Opportunity Fund XII – The strategy pursues distressed investment opportunities which are expected to arise from economic disruptions. Investments will be made across multiple sectors, including

multifamily, affordable housing, hotels, office, and industrial. The Fund will invest primarily in the United States and Europe. The fund will pursue both debt and equity investments, including the acquisition of distressed or non-performing loans.

- Clarion Partners Lion Industrial Trust – This is a \$26 billion open-end industrial fund. It is one of the largest private industrial funds in the U.S. and one of the few “pure-play.” The strategy is to invest in warehouse/distribution facilities that appeal to companies focused on e-commerce, logistics, and supply-chain management, with an emphasis on large core industrial markets throughout the United States.
- Principal Enhanced Property Fund – This is an open-end, commingled fund sponsored and managed by Principal Real Estate Investors. The features and objectives of the Fund include: pursues a nationally diversified portfolio of high-quality assets, pursues an “enhanced” or “core plus” investment strategy, and provides market competitive total return.
- Carlyle Property Investors – This U.S. focused core-plus fund has its focus on sectors where accelerating demographic trends drive demand. The fund objectives: target investments with a Core+ return profile, seek attractive property rent and NOI growth, seek to generate attractive levels of income and quarterly distributions, and construct a highly diversified portfolio by sector and geography.

### Agriculture / Farmland

- PGIM U.S. Agriculture Fund – PGIM manages \$2 billion in assets and over 173,000 acres under management. PGIM began investing on behalf of investors in 1989. PGIM seeks to build diversified portfolios of assets with good quality soils and water security located in microclimates with favorable growing conditions. Targeted investments typically fall within one of the following investment themes: healthier lifestyles, Farm Tech Efficacies and Higher productivity, competitive advantage/scale, and opportunistic.
- International Farm Corporation Core Farmland Fund - This fund seeks to generate stable income and attractive risk-adjusted financial returns. The strategy has a lower correlation to other

asset classes, has a lease strategy that reduces risk, and seeks long-term appreciation. The strategy may enable food sourcing solutions for core fund and IFC growers as well.

### Diversified Strategies

This asset class provides diversification to the total portfolio and strives to reduce total fund volatility while also enhancing the total return of the portfolio. The following are the strategies that comprise the Diversified Strategies asset class and are explained in greater detail:

- **Global Risk Premium Tactical Fund (GRPT)** – The AQR Global Risk Premium Tactical Fund seeks to efficiently deliver exposure to a broadly diversified set of global risk premia. In many institutional portfolios, equity risk is the predominant risk, a concentration driven by the need for high expected return that cannot be satisfied in a traditionally constrained, well-diversified portfolio. Rather than diversifying by capital, this strategy seeks to diversify based on risk across global equities, global nominal bonds, inflation sensitive assets, and credit/default related assets. Starting from this strategic risk-parity base, GRPT then employs modest tactical tilts across sub-sectors and across individual exposures, attempting to exploit temporary opportunities which may arise within markets. Following basic financial theory, AQR designed its Risk Parity strategies based on what they believe to be the most optimal liquid portfolio of global market betas, and AQR offers that same portfolio at various levels of leverage to target a desired amount of risk as approximated by ex-ante volatility. AQR’s approach employs modest leverage to scale up a lower-risk, broadly-diversified portfolio.
- **Newton Global Real Return (US\$)** – Newton’s global real return US\$ strategy is an actively managed, unconstrained, multi-asset strategy, which aims to achieve a return of one-month USD LIBOR +4 % p.a. over rolling five-year periods. The strategy seeks to add value through security selection and asset type flexibility and it also has an emphasis on capital preservation. The strategy is long only, does not use leverage or short securities, and is daily valued.

- **Blackstone (Fund of Funds)** – The system hired Blackstone to manage a fund-of-funds strategy. As the name suggests Blackstone invests APERS’ funds in other hedge funds. The number of funds that APERS invests in varies on market conditions. The types of strategies that are contained within APERS’ portfolio also vary. For full disclosure purposes on June 30 there were fundamental equity strategies, event driven strategies, fundamental credit strategies, credit trading strategies, distressed credit strategies, RMBS strategies, structured ABS strategies, multi-strat strategies, commodity strategies, macro rates strategies, thematic macro strategies, quantitative strategies, CTA strategies, and special situation strategies in the portfolio.

### Note 4: Other Post-Employment Benefits

*GASB Statement No. 75: 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 annual comprehensive financial report.

The 2023 charge of \$1,576,892 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 *The State of Arkansas 2023 Annual Comprehensive Financial Report* will contain the complete OPEB footnote required by *GASB Statement No.75*.

### Note 5: Legally Required Reserves

- 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 70% to 90% 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.

### Reserve Balances

(as of June 30, 2023)

Members' Deposit Account	\$617,015,975
Members' Deposit Account Interest Reserve	112,477,517
Employer Accumulation Account	2,313,158,273
Retirement Reserve	6,509,779,464
Deferred Annuity	613,987,796
DROP Reserve	108,630,209
Dec 31, 2004 Accrued Liability Reserve	20,173,213
Other	81,946
Total	<u>\$10,295,304,391</u>

### Note 6: Summary of Capital Assets

(as of June 30, 2022 and 2023)

#### Capital Assets

Balance as of June 30, 2022	\$23,589,012
Additions	-
Deletions	<u>(4,584)</u>
Balance as of June 30, 2023	23,584,428

#### Accumulated Depreciation

Balance as of June 30, 2022	12,068,471
Depreciation Expense	2,909,649
Deletions	<u>(4,584)</u>
Balance as of June 30, 2023	14,973,536

Net Capital Assets as of June 30, 2023 \$ 8,610,892

### 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 10 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% annually. The system had a balance of \$108,630,209 in the DROP reserve as of June 30, 2023.

### Note 8: Net Pension Liability

The components of the net pension liability (NPL) of the system on June 30, 2023, were as follows:

Total pension liability	\$13,209,490,955
Plan fiduciary net position	\$10,295,304,391
Net pension liability	\$2,914,186,564
Plan fiduciary net position as a percentage of total pension liability	77.94%

### Long-term Expected Return on Plan Assets

The system's policy in regard to the allocation of its invested 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.

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 price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 to 2029 were based upon capital market assumptions provided by the plan's investment consultants. For each major asset class that is included in the pension plan's current asset allocation as of June 30, 2023, these best estimates are summarized in the following table:



<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Estate	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fixed	18%	1.79%
Total	100%	
Total Real Rate of Return		4.94%
Plus: Price Inflation - Actuary's Assumption		2.50%
Less: Investment Expenses (Passive)		0.00%
Net Expected Return		7.44%

**Sensitivity of the Net Pension Liability**

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
6.00%	7.00%	8.00%
\$4,644,951,151	\$2,914,186,564	\$1,488,200,387

**Discount Rate**

A single discount rate of 7% 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%. 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.

## Required Supplementary Information

### Schedule of Employer Contributions

(dollars in millions)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2014	264.1	264.1	0	1,748	15.11
2015	263.3	263.3	0	1,757	14.98
2016	264.2	264.2	0	1,795	14.72
2017	261.3	261.3	0	1,788	14.61
2018	276.3	276.3	0	1,849	14.94
2019	293.0	293.0	0	1,936	15.13
2020	298.9	298.9	0	1,929	15.49
2021	305.9	305.9	0	1,908	16.04
2022	320.2	320.2	0	2,054	15.59
2023	\$ 339.6	\$ 339.6	0	\$ 2,252	15.08%

\*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 on this page is the valuation payroll. Based upon the limitations of this schedule, the final column cannot be compared to the contribution rates actually charged to APERS participating employers.

### Actuarial Methods and Assumptions

<b>Actuarial Cost Method</b>	Entry age normal
<b>Assumed Investment Return</b>	7.00%
<b>Projected salary increases</b>	3.25% to 9.85% including inflation (3.25% to 6.96% including inflation for District Judges)
<b>Mortality tables</b>	Based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017
<b>Inflation rate</b>	3.25% Wage inflation and 2.5% price inflation
<b>Payroll Increase</b>	3.25%

## Schedule of the Net Pension Liability

Year 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%
2016	\$9,762,106,222	\$7,370,758,150	\$2,391,348,072	75.50%	\$1,795,174,463	133.21%
2017	\$10,612,937,270	\$8,028,796,790	\$2,584,140,480	75.65%	\$1,788,074,570	144.52%
2018	\$10,808,687,173	\$8,602,752,132	\$2,205,935,041	79.59%	\$1,849,202,619	119.29%
2019	\$11,245,856,457	\$8,833,327,660	\$2,412,528,797	78.55%	\$1,936,042,263	124.61%
2020	\$11,632,595,177	\$8,769,010,690	\$2,863,584,487	75.38%	\$1,929,343,374	148.42%
2021	\$11,954,285,999	\$11,185,453,706	\$768,832,293	93.57%	\$1,907,642,349	40.30%
2022	\$12,430,222,099	\$9,733,838,632	\$2,696,383,467	78.31%	\$2,054,188,304	131.26%
2023	\$13,209,490,955	\$10,295,304,391	\$2,914,186,564	77.94%	\$2,252,048,646	129.40%

## Schedule of Investment Returns

(annual money-weighted rate of return, net of investment expense, by fiscal year)

2014	18.97%
2015	2.28%
2016	(0.06)%
2017	11.89%
2018	9.90%
2019	5.31%
2020	2.00%
2021	30.83%
2022	(10.81)%
2023	8.43%



**Schedule of Changes in the Net Pension Liability and Related Ratios**

Fiscal Year Ending June 30	2023	2022	2021	2020
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$224,674,840	\$205,730,312	\$200,169,558	\$198,416,559
Interest	872,640,034	838,746,422	816,578,389	789,604,504
Benefit Changes	0	0	(5,405,298)	0
Differences Between Expected and Actual Experience	170,265,906	84,323,321	(65,645,442)	2,007,866
Assumption Changes	187,295,676	0	0	0
Benefit Payments, Including Refunds of Employee Contributions	(675,607,600)	(652,863,955)	(624,006,385)	(603,290,209)
<b>NET CHANGE IN TOTAL PENSION LIABILITY</b>	<b>\$779,268,856</b>	<b>475,936,100</b>	<b>321,690,822</b>	<b>386,738,720</b>
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	\$12,430,222,099	11,954,285,999	11,632,595,177	11,245,856,457
<b>TOTAL PENSION LIABILITY, END OF YEAR (a)</b>	<b>\$13,209,490,955</b>	<b>12,430,222,099</b>	<b>11,954,285,999</b>	<b>11,632,595,177</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$339,554,854	320,231,614	305,922,769	298,919,954
Contributions - Member	92,360,864	80,317,012	74,358,836	70,923,737
Net Investment Income	809,503,795	(1,192,887,341)	2,665,823,683	174,561,773
Benefit Payments, Including Refunds of Employee Contributions	(675,607,600)	(652,863,955)	(624,006,385)	(603,290,209)
Administrative Expense	(10,465,349)	(11,794,785)	(11,644,328)	(11,681,604)
Other Additions	6,119,195	5,382,381	5,988,441	6,249,379
<b>NET CHANGE IN PLAN FIDUCIARY NET POSITION</b>	<b>\$561,465,759</b>	<b>(1,451,615,074)</b>	<b>2,416,443,016</b>	<b>(64,316,970)</b>
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	\$9,733,838,632	11,185,453,706	8,769,010,690	8,833,327,660
<b>PLAN FIDUCIARY NET POSITION, END OF YEAR (b)</b>	<b>\$10,295,304,391</b>	<b>9,733,838,632</b>	<b>11,185,453,706</b>	<b>8,769,010,690</b>
<b>NET PENSION LIABILITY, END OF YEAR (a) - (b)</b>	<b>\$2,914,186,564</b>	<b>\$2,696,383,467</b>	<b>\$768,832,293</b>	<b>\$2,863,584,487</b>
<b>PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY</b>	<b>77.94%</b>	<b>78.31%</b>	<b>93.57%</b>	<b>75.38%</b>
<b>COVERED - EMPLOYEE PAYROLL</b>	<b>\$2,252,048,646</b>	<b>\$2,054,188,304</b>	<b>\$1,907,642,349</b>	<b>\$1,929,343,374</b>
<b>NET PENSION LIABILITY AS A PERCENTAGE OF COVERED - EMPLOYEE PAYROLL</b>	<b>129.40%</b>	<b>131.26%</b>	<b>40.30%</b>	<b>148.42%</b>

2019	2018	2017	2016	2015	2014
\$189,567,873	\$181,557,602	\$174,663,657	\$169,112,934	\$168,811,990	\$160,924,334
759,163,751	745,846,405	719,134,258	692,210,941	682,217,546	658,535,986
(62,984)	0	0	0	0	0
60,093,169	(6,960,593)	62,849,281	2,912,566	(137,672,890)	(23,038,076)
0	(180,097,868)	416,146,405	0	192,273,597	214,798,742
(571,592,525)	(544,595,643)	(521,962,553)	(494,105,931)	(464,111,187)	(424,003,992)
437,169,284	195,749,903	850,831,048	370,130,510	441,519,056	587,216,994
10,808,687,173	10,612,937,270	9,762,106,222	9,391,975,712	8,950,456,656	8,363,239,662
11,245,856,457	10,808,687,173	10,612,937,270	9,762,106,222	9,391,975,712	8,950,456,656
292,951,695	276,282,425	261,334,560	264,216,252	263,332,831	264,050,160
67,221,706	63,430,545	57,711,427	55,000,117	50,750,458	47,215,843
450,493,099	782,326,766	862,824,701	(4,260,175)	168,929,698	1,207,897,156
(571,592,525)	(544,595,643)	(521,962,553)	(494,105,931)	(464,111,187)	(424,003,992)
(14,739,700)	(11,497,216)	(9,495,869)	(6,929,103)	(6,949,282)	(6,854,975)
6,241,253	8,008,465	7,626,374	6,594,649	6,745,403	8,302,355
230,575,528	573,955,342	658,038,640	(179,484,191)	18,697,921	1,096,606,547
8,602,752,132	8,028,796,790	7,370,758,150	7,550,242,341	7,531,544,420	6,434,937,873
8,833,327,660	8,602,752,132	8,028,796,790	7,370,758,150	7,550,242,341	7,531,544,420
\$2,412,528,797	\$2,205,935,041	\$2,584,140,480	\$2,391,348,072	\$1,841,733,371	\$1,418,912,236
78.55%	79.59%	75.65%	75.50%	80.39%	84.15%
\$1,936,042,263	\$1,849,202,619	\$1,788,074,570	\$1,795,174,463	\$1,757,056,813	\$1,748,350,136
124.61%	119.29%	144.52%	133.21%	104.82%	81.16%



**Investment**

APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM





## Investment Overview

Investment returns play an important role in the funded ratio of the APERS' trust fund. The Board of Trustees of the Arkansas Public Employees' Retirement System (the Board) has adopted an Investment Policy Statement whose purpose is the exclusive benefit of the participants and beneficiaries of the system and whose objective is maximizing the total rate of return on investments within prudent risk parameters. The overall goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefit and administrative requirements of the system.

The system's investments are managed by professional investment management firms based upon statutory investment authority as well as the investment policies adopted by the Board. The investment staff coordinates and monitors the investment of the trust fund's assets and assists in the formulation and implementation of investment policies and long-term investment strategy.

The net investment portfolio fair values shown in this section, and used for the basis of calculating investment returns, may differ from those shown in other sections of this report. The values shown in this section are the appropriate industry standard basis for investment return calculation.

### Asset Allocation and Diversification

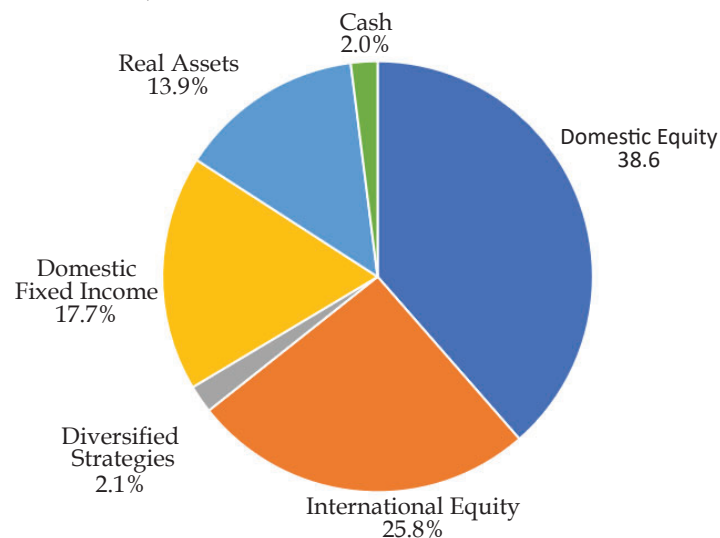
Asset allocation is a process which is designed to construct an optimal long-term asset mix which achieves a specific set of investment objectives. The Investment Policy Statement establishes the system's asset allocation policy as designed to meet those objectives.

The system's asset allocation policy has been adopted to provide diversification. The goal is to maximize the investment return as well as to be consistent with prudent levels of market and economic risks. The most important decision is the determination of asset allocation targets.

The pie chart illustrates the actual asset allocation to each type of investment as of the fiscal year.

### Summary of Investments by Asset Class

as of June 30, 2023



Due to rounding, chart may not equal 100%

Risk is further diversified by utilizing active and passive management as well as by retaining multiple investment management firms with varying investment styles.

The system also places restrictions on the investment managers. APERS has investment guidelines that manage the risk of high concentrations in a particular sector, industry, or security.

### Capital Markets Commentary

The system posted a return of 8.83%. Domestic Equity posted a 17.08% return for the fiscal year. International Equity posted a 14.19% return. Fixed Income posted a 0.82% return. Real Estate posted a (9.75%) return.

### Third Quarter of 2022

The theme for the third quarter of the year was Ukraine war impacting energy prices, the continued hiking of interest rates, and the markets fearing a recession.

September 2022 (Q1 of FY 2023) lived up to its reputation as the cruelest month with the S&P 500 Index falling by -9.21%. The bond market did not help as the investment grade bond index fell -4.47%.

## Investments

The financial markets were hammered by a third consecutive 75 basis point rate hike by the Federal Reserve. It was the most aggressive tightening since the 1980s. Fed Chairman Jerome Powell said “we have got to get inflation behind us. I wish there were a painless way to do that. There isn’t.”

The European Central Bank also raised rates by 75 basis points. Adding fuel to the fire and causing additional market turmoil, Russia illegally annexed four Ukrainian territories.

	3Q22
S&P 500	-4.9%
Russell 3000	-4.5%
Russell 2000	-2.2%
MSCI EAFE	-9.4%
MSCI ACWI xUS	-9.9%
Bloomberg Agg	-4.8%

### Fourth Quarter of 2022

December is historically one of the strongest months of the year for stock performance. December 2022 was a disappointment. The S&P 500 fell -5.76% in the month of December alone. For the calendar year the index fell -18.11% as the headwinds from inflation continue, as does the war in Ukraine, and a continued fear of a recession. Inflation was +6.5% for the calendar year ending December 2022. The Federal Reserve hiked interest rates another 50 basis points in the middle of December.

A more pessimistic outlook by members of the Federal Open Market Committee was reflected in their Summary of Economic Projections, as well as a more hawkish tone from Federal Reserve Chairman Jerome Powell. The Bloomberg Aggregate fell -13% for the year, the worst year ever. For 4Q2022, value stocks outperformed growth stocks, large cap stocks outperformed small caps, and equities continued to experience higher volatility as the macroeconomic environment (e.g. inflation, a potential recession, continued geopolitical concerns) continues to influence the markets. On the good side of things, the developed market international stocks performed better than the S&P 500 during the

quarter. Internationally smaller rate hikes, lower absolute yield levels, less P/E contraction, and better earnings were the primary catalysts.

	4Q22	2022
S&P 500	7.60%	-18.1%
Russell 3000	7.20%	-19.2%
Russell 2000	6.2%	-20.4%
MSCI EAFE	17.3%	-14.5%
MSCI ACWI xUS	14.3%	-16.0%
Bloomberg Agg	1.9%	-13.0%

### First Quarter of 2023

Concerns over petulant inflation and the Fed’s choreographed responses to it that were prevalent early in the month of March were turned upside down by a mid-month banking crisis that seemed to appear out of nowhere. I wrote in my CIO report how the banking crisis reminded me of a movie and the market behavior reminded me of the 2008 collapse as 2 of the 4 largest bank failures in the history of the United States occurred in March 2023.

The failures of Silicon Valley Bank and Signature Bank, a run on First Republic Bank (bankrupt in April 2023), as well as the near collapse of Credit Suisse, all in rapid succession, had the financial markets staring into a financial abyss. Rapid and coordinated efforts and responses by the Federal Reserve, the U.S. Treasury Department, the FDIC, five foreign central banks, and a handful of U.S. banking juggernauts all helped circumvent what could have turned into a systemic meltdown of the U.S. financial and banking system.

In March alone, the yield on the 2-year Treasury note fell from 4.82% to 4.03%, which was the largest monthly decline since January of 2008 during the Global Financial Crisis. Investors anticipated that the rates hikes were over, and rate cuts would ensue by the end of summer 2023. For the quarter, “risk on” was rewarded, as low-quality stocks beat high-quality stocks, and high-beta beat low-beta. Growth outperformed value.

	1Q23
S&P 500	7.5%
Russell 3000	7.2%
Russell 2000	2.7%
MSCI EAFE	8.5%
MSCI ACWI xUS	7.3%
Bloomberg Agg	3.0%

### Investment Portfolio Assets

At the close of FY2023, APERS' investment portfolio had a fair value of \$10.691 billion which was an increase of \$593 million from the \$10.098 billion investment value from June 30, 2022.

### Second Quarter 2023

A resilient economy continued to defy recession forecasts, a broadening number of stocks posting positive returns, and progress on the inflation front gave the Federal Reserve latitude to skip raising interest rates for the first time in ten meetings. The S&P posted a +6.61% return for the month of June 2023. Since the low in October 2022, the S&P 500 gained +24.4% from its low. During the quarter, six stocks, dubbed the "Super Six" (Meta, Amazon, NVIDIA, Microsoft, Apple, Tesla) accounted for 60 percent of the S&P 500 return. (The "Magnificent Seven" is the "Super Six" plus Alphabet.) The top 50 stocks of the S&P 500 returned +13.2% for the second quarter, and the next 450 companies only returned +2.75%. For the first half of 2023, the top 50 stocks have gained +26.3% versus +5.1% for the next 450 stocks.

Even though they skipped a June rate hike, the Fed did indicate that two more rate hikes were on the way. The rationale for the hawkish stance lies on the inflation front and headline CPI and PCE are falling at an accelerated pace, mostly due to energy prices, but the core measures remain elevated.

	2Q23	FY 2023
S&P 500	8.7%	19.6%
Russell 3000	8.4%	19.0%
Russell 2000	5.2%	12.3%
MSCI EAFE	3.0%	18.8%
MSCI ACWI xUS	6.2%	16.5%
Bloomberg Agg	-0.8%	-0.9%

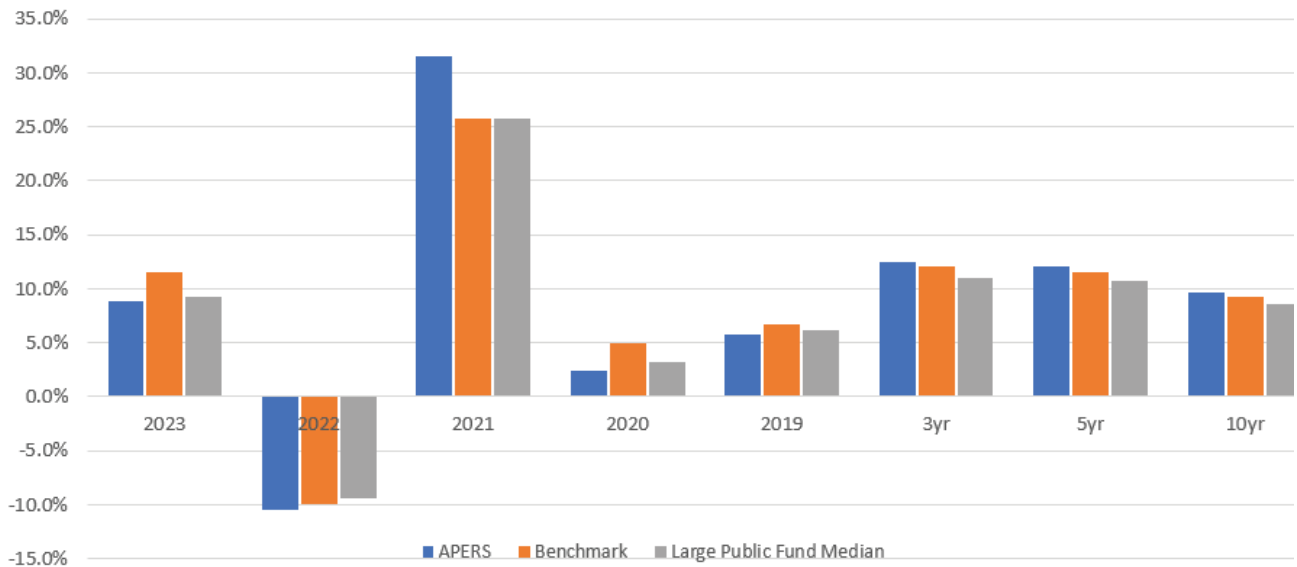
# Investment Results

For the fiscal year ending June 30, 2023, APERS realized a total portfolio investment return of +8.83%. The return underperformed the 11.50% return of APERS’ policy benchmark, a set of market indexes and weightings to those indexes that reflect APERS’ asset class targets. Outperformance was aided by active investment management, especially in the international equity allocation.

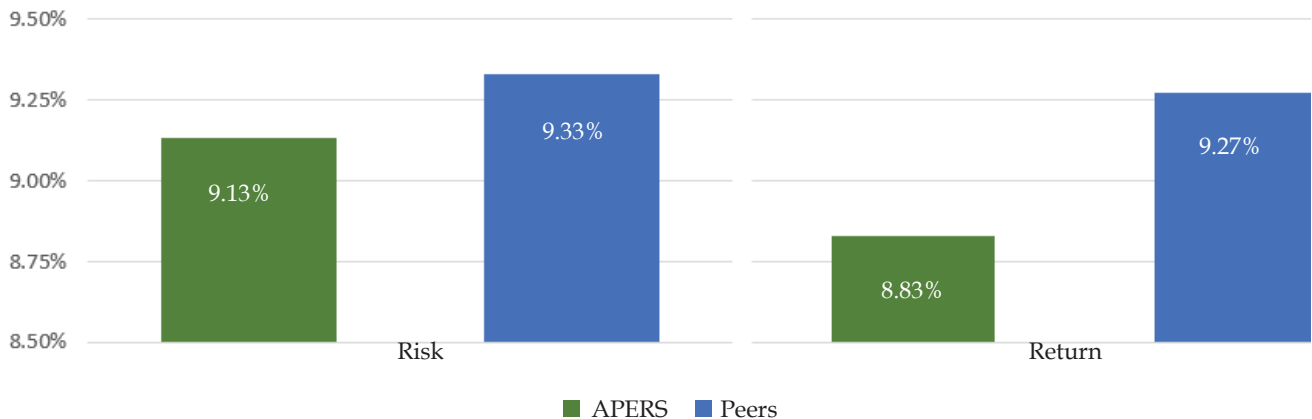
The following graphs and tables provide a historical perspective of APERS’ investment returns and performance over the past few years. APERS’ investment returns are shown for the total portfolio as well as for each asset class over various time periods. The benchmark or target for each asset class is also shown.

APERS’ +8.83% return did exceed the actuarial assumed rate of return of 7.15%.

## Investment Performance Summary



## Risk vs. Total Return

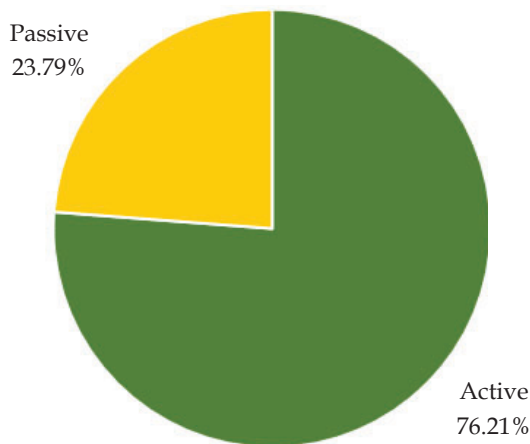


## Domestic Equity

As of June 30, 2023, 39.4% of APERS' portfolio was invested in domestic equities (U.S. stocks). The fair value of the domestic equity portfolio was \$4.125 billion.

The portfolio takes an active management approach to the U.S. stock markets with 66% invested with active investment managers.

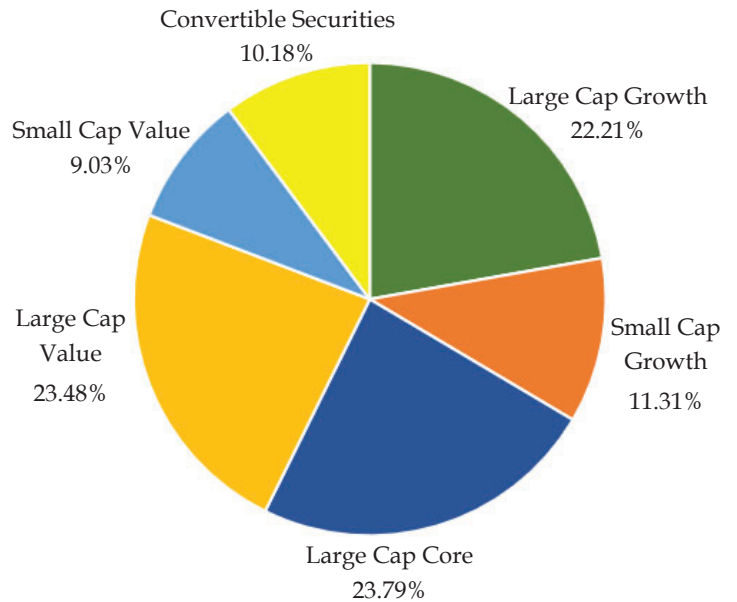
### Active vs. Passive Portfolio Assets



The passive component was primarily an S&P 500 Index fund and an Large Cap Growth Index Fund. It constitutes an efficient, low-cost means of obtaining market exposure and provides liquidity should it be needed for benefit payments.

APERS utilizes active management in small, mid, and large capitalization stock strategies. The portfolio is also invested in strategies that focus on different investment styles: a value portfolio which focuses on companies undervalued relative to their prospective dividend and earnings growth; a growth portfolio which focuses on companies whose earnings are expected to grow at rates which exceed the general economy; and a core portfolio which seeks to add value across all sectors through stock selection.

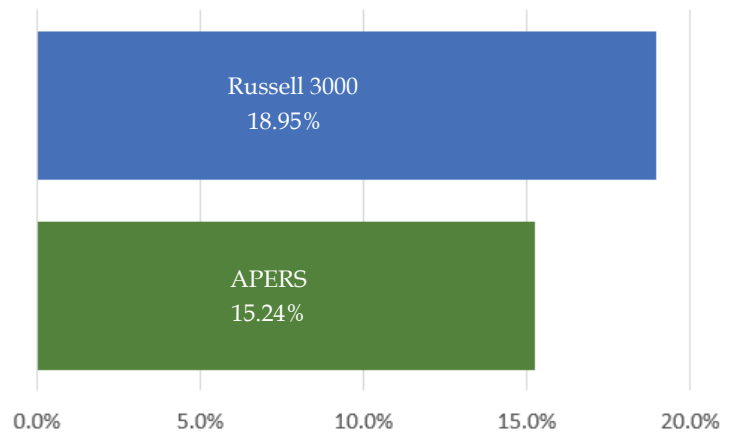
### APERS Portfolio Strategies



The portfolio is widely diversified across various equity market sectors and industries.

### Results

The domestic equity portfolio returned 15.24% for the fiscal year. APERS' benchmark, the Russell 3000 Index, returned 18.95%.

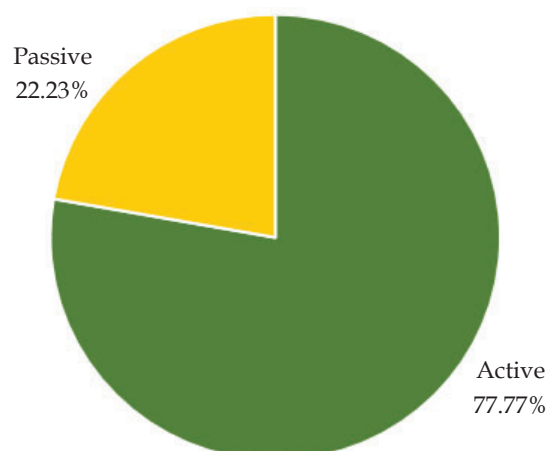


## Investments

### International Equity

As of June 30, 2023, 26.3% of APERS' portfolio was invested in international equities (Non-U.S. stocks). The fair value of the international equity portfolio was \$2.755 billion.

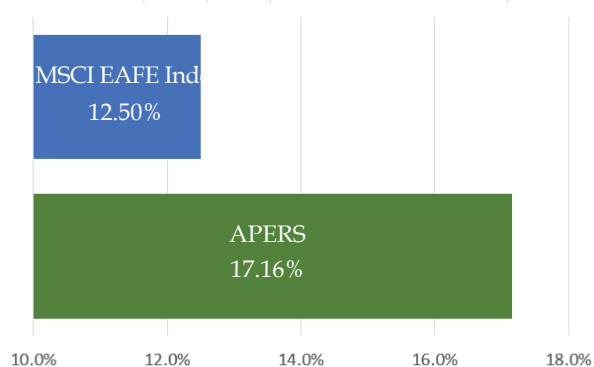
The portfolio takes an active management approach to international markets with approximately 77% invested with active investment managers. The international portfolio assets are allocated across developed and emerging markets. APERS utilizes the MSCI EAFE (Europe, Asian, and Far East) Index as its benchmark for the international equity index.



The passive component is an ACWI ex-US Index Fund. Similar to the S&P 500 Index Fund, it constitutes an efficient, low-cost means of obtaining market exposure and provides liquidity should it be needed for benefit payments.

### Results

The international equity portfolio returned 17.16% for the fiscal year. APERS' benchmark, the MSCI EAFE Index, returned 12.5%.

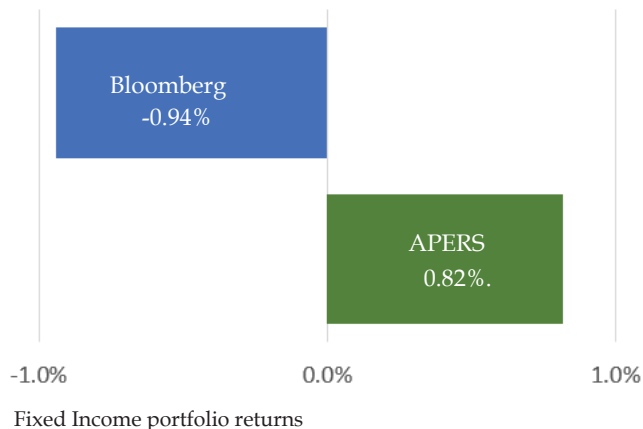
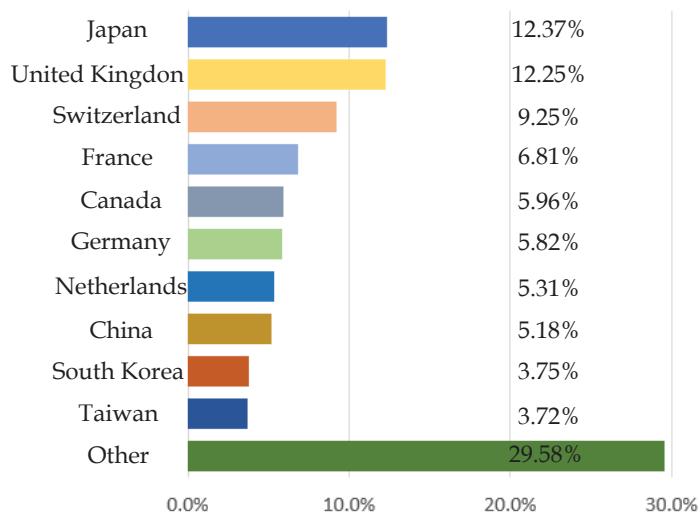


### Top 10 Holdings

The top 10 holdings within the public equity portfolio (domestic and international combined) as of June 30, 2023

	Holding	Market Value*
1	ALPHABET INC	\$23,748,560
2	MICROSOFT CORP	\$18,333,765
3	APPLE INC	\$14,985,799
4	SAMSUNG ELECTRONICS CO LTD	\$13,525,244
5	VISA INC	\$12,670,745
6	S&P GLOBAL INC	\$12,641,398
7	COMPASS GROUP PLC	\$12,515,184
8	NOVARTIS AG	\$12,397,563
9	ABB LTD	\$12,301,066
10	LABORATORY CORP OF AMERICA	\$12,146,943

### Public Equity Distribution by Country



### Top 10 Holdings

The top 10 holdings within the fixed income portfolio as of June 30, 2023

### Fixed Income

As of June 30, 2023, 18% of APERS' portfolio was invested in fixed income securities. The fair value of the international equity portfolio was \$1.887 billion

#### Core-Plus Fixed Income

APERS' fixed income portfolio is invested in core-plus fixed income strategies. The objective is to generate a return above the core fixed income investment. The fixed income portfolio is 100% invested in core plus and is 100% actively managed.

The core-plus portfolio is a diversified portfolio of fixed income securities, utilizing cash and cash equivalents, forward foreign exchange contracts, swaps, currency options, financial futures, government and government agency bonds, Eurobonds, nondollar bonds, nonconvertible preferred stock, options on fixed income instruments, mortgage-backed bonds, corporate bonds, commercial mortgage-backed securities, private placement corporate bonds, and asset-backed securities.

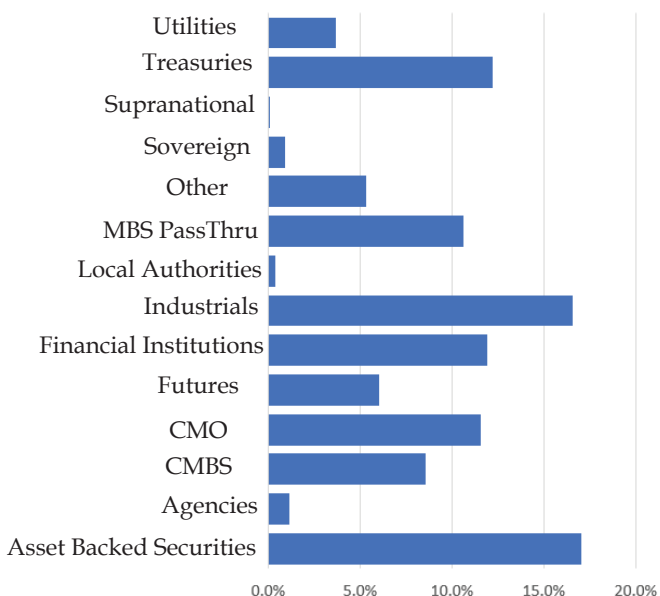
#### Results

The fixed income portfolio returned 0.8% for the fiscal year. APERS' benchmark, the Bloomberg Aggregate Index, returned -0.9%.

Holdings	Market Value*
1 US Treasury 3.625% 05/15/2053	\$85,586,290
2 US Treasury 3.375% 05/15/2033	\$31,168,030
3 US Treasury 3.875% 05/15/2043	\$27,502,584
4 US Treasury 3.875% 04/30/2025	\$10,984,822
5 FNMA 5.000% 02/01/2053	\$10,211,747
6 FNMA 4.000% 05/01/2052	\$8,113,422
7 FHLMC 4.500% 09/01/2052	\$7,929,923
8 US Treasury 3.625% 05/15/2026	\$7,135,563
9 US Treasury 4.000% 06/30/2028	\$6,834,163
10 Conn L&P VAR RT 03/25/2042	\$5,837,049

\*Figures are APERS and ASPRS combined

### Fixed Income Distribution



### Diversified Strategies

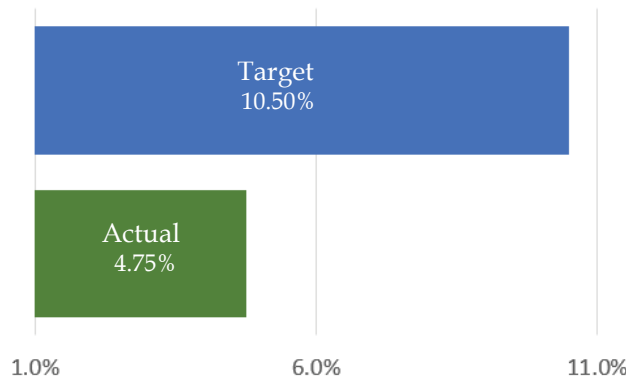
As of June 30, 2023, 2.1% of APERS' portfolio was invested in diversified strategies. This asset class has the smallest allocation target. The fair value of the portfolio was \$219 million.

The Fund-of-Funds strategy invests in hedge funds. The total number of funds varies as does the types of strategies. On June 30, 2023, there were fundamental equity strategies, event driven strategies, fundamental credit strategies, credit trading strategies, distressed credit strategies, RMBS strategies, structured ABS strategies, "multi-strat" strategies, commodity strategies, macro rates strategies, thematic macro strategies, quantitative strategies, CTA strategies, and special situation strategies in the portfolio

#### Results

The Diversified Strategies portfolio returned 4.75% for the fiscal year. APERS' target returned 10.5% which is not a benchmark because a benchmark does not exist. The target comprises 60% of the MSCI World Index and 40% of the Bloomberg Aggregate Index.

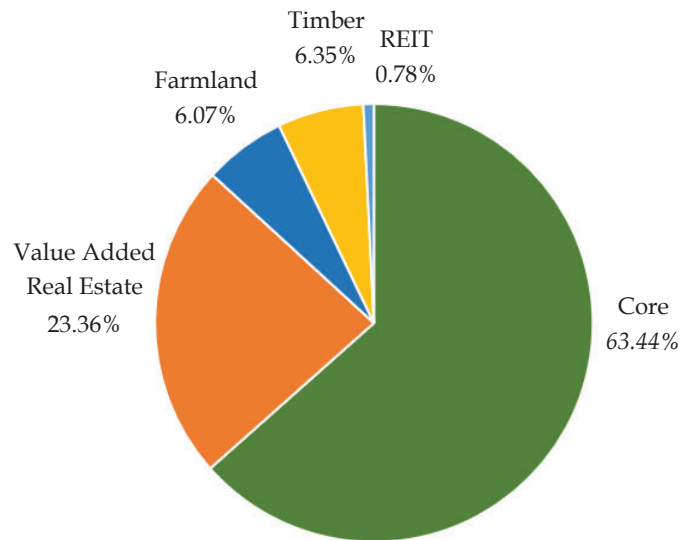
Diversified Strategies portfolio



### Real Assets

As of June 30, 2023, 14.2% of APERS' portfolio was invested in real assets. The fair value of the portfolio was \$1.485 billion.

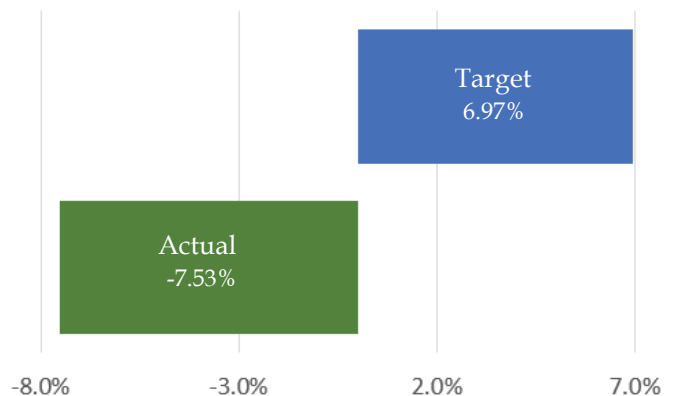
The asset allocation comprises five different sub-categories: core real estate, value add real estate, timber, agriculture, and a passive REIT index.



#### Results

The Real Assets portfolio returned -7.53% for the fiscal year. APERS' target returned 6.97% which is not a benchmark because a benchmark does not exist. The target comprises CPI-U +4%.

Real Assets portfolio



Core Real estate returned -9.24% for the fiscal year, Value Add Real Estate returned -8.77%, Timber returned 17.13%, REITs returned -1.1%, and Agriculture returned 4.68%



## Schedule of Comparative Investment Results by Year

	2023	2022	2021	2020	2019	2018	2017
<b>Total Fund</b>							
APERS	8.83%	-10.54%	31.49%	2.41%	5.78%	10.25%	12.30%
APERS Benchmark	11.50%	-9.88%	25.82%	4.91%	6.68%	8.40%	12.90%
Actuarial Assumed Investment Return	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%
<b>Domestic Equities</b>							
APERS	15.24%	-14.22%	43.65%	6.06%	8.12%	16.27%	17.52%
Russell 3000 Index	18.95%	-13.87%	44.16%	6.53%	8.98%	14.78%	18.51%
<b>International Equities</b>							
APERS	17.06%	-22.24%	41.35%	(1.45)%	1.98%	7.22%	18.39%
MSCI - EAFE Index	18.77%	-17.77%	32.35%	(5.13)%	1.08%	6.84%	20.27%
<b>Fixed Income</b>							
APERS	0.82%	-11.39%	4.32%	6.81%	8.57%	0.79%	3.04%
Bloomberg Aggregate Index	-0.94%	-10.29%	(0.33)%	8.74%	7.87%	(0.40)%	(0.31)%
<b>Diversified Strategies</b>							
APERS	4.75%	-4.53%	17.26%	(1.17)%	10.20%	6.43%	5.51%
Diversified Strategy Target	10.49%	-12.51%	22.15%	6.45%	7.41%	6.40%	10.51%
<b>Real Assets</b>							
APERS	-7.53%	29.59%	18.52%	(4.37)%	1.72%	11.34%	3.27%
Consumer Price Index - U + 4%	6.97%	13.06%	9.39%	4.65%	5.65%	6.87%	5.63%

## Schedule of Comparative Annualized Investment Results

	3-year	5-year	7-year	10-year
<b>Total Fund</b>				
APERS	8.58%	6.76%	8.03%	7.78%
APERS Benchmark	7.97%	7.09%	8.09%	7.62%
Actuarial Assumed Investment Return	7.15%	7.15%		
<b>Domestic Equities</b>				
APERS	12.40%	10.24%	12.10%	11.46%
Russell 3000 Index	13.89%	11.39%	12.86%	12.34%
<b>International Equities</b>				
APERS	8.76%	5.27%	7.33%	6.38%
MSCI - EAFE Index	8.93%	4.39%	5.76%	4.64%
<b>Fixed Income</b>				
APERS	-2.32%	1.57%	1.66%	2.49%
Bloomberg Aggregate Index	-3.96%	0.77%	0.44%	1.52%
<b>Diversified Strategies</b>				
APERS	5.45%	5.01%	5.28%	5.53%
Diversified Strategy Target	5.69%	6.19%	6.82%	6.55%
<b>Real Assets</b>				
APERS	12.40%	6.68%	6.83%	7.03%
Consumer Price Index - U + 4%	9.78%	7.90%	7.43%	6.71%

## Schedule of Manager Distribution

(for the year ended June 30, 2023)

Asset Allocation	Total	APERS	ASPRS
<b>Domestic Equity</b>			
SSI Investment Management	\$ 422,312,007	\$ 406,667,036	\$ 15,644,971
Lazard Asset Management	508,707,318	489,861,746	18,845,571
Wellington	472,588,558	455,081,042	17,507,516
CastleArk Management	517,998,778	498,808,995	19,189,783
Intech	377,898	363,898	14,000
Stephens	470,103,300	452,687,853	17,415,447
LSV Asset Management	358,342,617	345,067,457	13,275,161
Horrell Capital (Passive)	206,818,033	199,156,252	7,661,781
BNYM Large Cap Growth	398,489,563	383,727,119	14,762,444
MCM EB DV Stock Index	769,549,140	741,040,423	28,508,717
<b>Domestic Fixed Income</b>			
Mackay CP II (Pareto)	639,242,354	615,560,982	23,681,372
Doubleline Capital	600,332,285	578,092,375	22,239,910
Prudential Investments	648,397,994	624,377,442	24,020,552
<b>International Equity</b>			
MCM ACWI Ex-US Index Fund	607,157,102	584,664,360	22,492,742
Acadian Asset Management	187,373,390	180,431,956	6,941,435
Franklin Templeton	154,442,291	148,720,822	5,721,469
Manning & Napier	263,181	253,432	9,750
Lazard Asset Management	576,526,548	555,168,545	21,358,002
Artisan Partners	691,962,595	666,328,148	25,634,446
Baillie Gifford	538,088,001	518,153,993	19,934,008
<b>Diversified Strategies</b>			
AQR Capital Management	3.23	3.11	0.12
Newton Capital Management	-	-	-
Blackstone	219,312,431	211,187,783	8,124,648
<b>Real Assets</b>			
CastleArk (Global Energy)	11,536	11,109	427
PGIM Agriculture	37,814,521	36,413,644	1,400,877
ICF International Farming	52,722,782	50,769,614	1,953,168
Harrison Street Fund VIII	44,609,947	42,957,327	1,652,620
Starwood SOF XII	16,552,752	15,939,539	613,213
Invesco Realty (Core Fund)	579,019,606	557,569,246	21,450,360
Heitman Value Fd IV	44,500,345	42,851,785	1,648,560
Ta Associates Realty - Fund X	8,283	7,976	307
Ta Associates Realty - Fund XI	23,372,673	22,506,809	865,864
Ta Associates Realty - Fund XII	101,972,712	98,195,031	3,777,681
Lasalle Investment Management - Fund VI	5,548,168	5,342,630	205,537
Lasalle Investment Management - Fund VII	28,330,144	27,280,625	1,049,519
Heitman Real Estate	362,783,136	349,343,472	13,439,664
Pinnacle Forest Investments	94,610,040	91,105,116	3,504,924
MCM EB DV Non St Rt	11,622,780	11,192,202	430,577
Carlyle Prop Inv Fund	-	-	-
Principal Enhanced PF	-	-	-
Clarion Lion Ind Trust	81,860,518	78,827,913	3,032,605
<b>Short-term Investment Fund</b>	217,536,454	209,477,598	8,058,855
<b>TOTAL FUND</b>	<b>\$ 10,691,261,784</b>	<b>\$ 10,295,193,300</b>	<b>\$ 396,068,484</b>

## Schedule of Brokerage Commissions

(for the year ended June 30, 2022)

Brokerage firm	Total Commission	APERS	ASPRS
J.P. Morgan Securities	\$ 157,106	\$ 151,286	\$ 5,820
Citigroup Global Markets, Inc	114,112	109,885	4,227
Merrill Lynch & Co Inc	109,438	105,384	4,054
UBS	93,410	89,950	3,460
Goldman Sachs Intl	73,312	70,596	2,716
Morgan Stanley And Co	61,825	59,534	2,290
Jefferies & Co Inc	50,005	48,153	1,852
Virtu Americas Llc	41,957	40,402	1,554
Pershing	30,045	28,932	1,113
Stifel Nicolaus	26,755	25,763	991
All others (95)	473,975	456,416	17,559
	<u>\$ 2,115,313</u>	<u>\$ 2,036,458</u>	<u>\$ 78,855</u>

## Schedule of Investment Fees

(for the year ended June 30, 2022)

	Combined Fees	APERS Fees	ASPRS Fees
Domestic Equity	\$ 12,667,244	\$ 12,197,973	\$ 469,271
International Equity	3,636,124	3,501,420	134,704
Fixed Income	9,263,613	8,920,433	343,180
Real Assets	3,388,030	3,262,517	125,513
Diversified Strategies	5,513,600	5,309,343	204,257
The Bank of New York Mellon*	352,227	339,178	13,049
Callan Associates†	514,561	495,499	19,062
Total Investment Service Fees	<u>\$ 35,335,398</u>	<u>\$ 34,026,363</u>	<u>\$ 1,309,035</u>

\*Custodian bank

† Investment consultant

**Actuarial**

APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM





## Actuary's Certification Letter

November 2, 2023

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, 2023. The purpose of the June 30, 2023 annual actuarial valuation was to determine the contribution requirements for the year beginning July 1, 2025 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 30 years. The most recent valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2023. In addition, a separate report was issued (dated October 31, 2023) 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 Annual Comprehensive 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

### **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, 2023 valuations were based upon assumptions that were recommended in connection with a study of experience covering the period 2017-2022.

***On the basis of the June 30, 2023 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.***

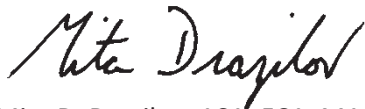
Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of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

The reports were prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation, and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The signing individuals are independent of the plan sponsor.

Mita D. Drazilov and Heidi G. 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.

Respectfully submitted,  
Gabriel, Roeder, Smith & Company



Mita D. Drazilov, ASA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA

MDD/HGB:ah



## Summary of Actuarial Assumptions

### Economic Assumptions

The investment return rate used in making the valuation was 7.00% 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 7.00% investment return rate translates to an assumed net real rate of return of 3.75%. The wage inflation assumption was first used for the June 30, 2015 valuation, including also the District Judges division. The investment return assumption was first used for the June 30, 2023 valuation, including also the District Judges division.

Pay increase assumptions for individual active members are shown on pages E-7 and E-8. 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, 2023 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 healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality tables, for males and females, respectively. The disabled retiree mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. The pre-retirement mortality tables used were 75% of the PubG-2010 Amount-

Weighted Below-Median General Employee Mortality tables for active mortality experience. Mortality rates for a particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables. Related values are shown on pages E-3 (post-retirement) and E-7 (pre-retirement). These assumptions were first used for the June 30, 2023 valuation.

The probabilities of retirement for members eligible to retire are shown on pages E-4 through E-6. These probabilities were first used for the June 30, 2023 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-7 and E-8. These probabilities were first used for the June 30, 2023 valuation and for the District Judges division for the June 30, 2018 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.

For APERS, unfunded actuarial accrued liabilities are amortized to produce contribution amounts (principal and interest) which are level percent-of-payroll contributions. Beginning with the 2023 annual actuarial valuation, the amortization period will remain closed and the remaining UAAL will be amortized over a 17-year closed period. Changes in the UAAL due to the actuarial gains or losses for each annual actuarial valuation or from changes to the actuarial assumptions will be amortized over a new closed 20-year period on an annual basis. Changes in the UAAL due to changes in benefit provisions that would result in an increase in the employer contribution rate shall be amortized over a closed 15-year period for active members and a closed 5-year period for non-active members (i.e., retired members and deferred members). Changes in the UAAL due to changes in benefit provisions

\*The data referenced in this section is taken from the actuary's report, *Arkansas Public Employees' Retirement System Actuarial Valuation and Experience Gain/(Loss) Analysis June 30, 2023*, prepared by Gabriel Roeder Smith & Co. The page numbers mentioned above refer to this report. A PDF copy of the report is available for download at [www.apers.org](http://www.apers.org).

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that would result in a decrease in the employer contribution rate shall be amortized over a closed 30-year period for active members and a closed 15-year period for non-active members (i.e., retired members and deferred members). The maximum amortization period to finance the total UAAL shall not exceed 30 years.

For the District Judges division, unfunded actuarial accrued liabilities are amortized as a level dollar contribution. Beginning with the 2023 annual actuarial valuation, the amortization period is a closed 4-year period for the New Plan and Paid-Off Old Plan and a closed 12-year period for the Still Paying Old Plan.

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).

## Actuarial Data

### 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) 2023 *	
	Men	Women	Men	Women	Men	Women
40	\$ 159.07	\$ 163.90	\$ 234.93	\$ 246.58	41.13	44.97
45	152.41	158.63	219.29	232.79	35.90	39.68
50	144.71	152.28	202.59	217.53	31.03	34.64
55	137.44	145.96	186.80	202.37	26.77	30.07
60	128.52	137.67	169.09	184.64	22.65	25.57
65	117.34	126.65	149.05	163.78	18.67	21.13
70	103.19	112.39	126.34	139.85	14.81	16.83
75	86.96	95.44	102.61	114.17	11.30	12.84
80	69.61	76.75	79.29	88.34	8.25	9.33
85	53.17	58.08	58.69	64.52	5.81	6.45

Sample Attained Ages	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive *	
		Men	Women
60	\$100	100 %	100 %
65	116	93	96
70	134	85	91
75	155	73	82
80	180	57	69

\* Applicable to calendar year 2023. Life expectancies and rates in future years are determined by the fully generational MP-2021 projection scale.

## Separations from Active Employment Before Retirement

(State and Local Government Division as of June 30, 2023)

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+	12.5	12.5	0.03 %	0.01 %	0.01 %	0.01 %	7.75 %	3.25 %	11.00 %
25		12.5	12.5	0.04	0.01	0.04	0.04	6.10	3.25	9.35
30		11.0	11.0	0.06	0.02	0.07	0.07	3.98	3.25	7.23
35		7.8	7.8	0.08	0.03	0.09	0.09	2.82	3.25	6.07
40		5.5	5.5	0.10	0.04	0.13	0.13	2.20	3.25	5.45
45		4.3	4.3	0.12	0.05	0.17	0.17	1.70	3.25	4.95
50		3.4	3.4	0.15	0.07	0.34	0.34	1.29	3.25	4.54
55		2.4	2.4	0.23	0.12	0.60	0.60	1.06	3.25	4.31
60		1.5	1.5	0.36	0.18	0.85	0.85	0.70	3.25	3.95

\*Applicable to calendar year 2022 Rates in future years are determined by the above rates and the MP-2017 projection scale.

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

**State and Local Government Division  
Age-Based Retirement**

(as of June 30, 2023)

Retirement Ages (with less than 28 years of service)	Percent of Eligible Active Members Retiring Within Next Year	
	Unreduced	Reduced
55		2.5 %
56		2.5
57		3.0
58		3.0
59		4.0
60		4.0
61		5.5
62		18.0
63		17.0
64		14.0
65	22.0 %	
66	25.0	
67	23.0	
68	18.0	
69	18.0	
70	18.0	
71	18.0	
72	18.0	
73	18.0	
74-84	20.0	
85 & Over	100.0	

\*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, 2023)

Service	Percent of Eligible Active Members Retiring Within Next Year
28	15 %
29	17
30	15
31	15
32	15
33	15
34	15
35	20
36	22
37	22
38	22
39	25
40	25
41	25
42 & 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 system'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.

## Ten-Year Comparative Statement

(dollars in millions for fiscal years ended June 30)

Val'n. Date: June 30	Entry Age Accrued Liability			Valuation Assets	Portion of Present Values Covered by Present Assets			
	(1) Active Member Contr.	(2) Retirees and Benef.	(3) Active Members (Employer Financed Portion)		(1)	(2)	(3)	Total
<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>								
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%
2016	228.4	4,929.2	4,505.1	7,768.9	100%	100%	58%	80%
2017	291.1	5,547.3	4,671.8	8,157.0	100%	100%	50%	78%
2017@	291.1	5,460.9	4,568.5	8,157.0	100%	100%	53%	79%
2018	334.7	5,717.9	4,641.7	8,416.4	100%	100%	51%	79%
2019	376.0	6,015.8	4,737.0	8,738.7	100%	100%	50%	79%
2020	410.2	6,270.1	4,832.7	9,090.4	100%	100%	50%	79%
2021#	439.2	6,531.0	4,851.3	9,892.5	100%	100%	60%	84%
2022	473.0	6,677.8	5,075.3	10,220.3	100%	100%	60%	84%
2023@	516.8	6,937.6	5,614.2	10,638.4	100%	100%	57%	81%

# 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.

### Changes in Unfunded Actuarial Accrued Liability

(dollars in millions for the fiscal year ended June 30, 2023)

	<b>Total</b> <b>(\$ in millions)</b>
(1) UAAL* at beginning of year	\$ 2,005.9
(2) Employer normal cost from last valuation	154.4
(3) Actual employer contributions	339.4
(4) Interest accrual: [(1) + ½[(2) - (3)]] x .0715	136.8
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	1,957.7
(6) Increase from benefit changes	0.0
(7) Changes from revised actuarial assumptions and methods	192.7
(8) New entrant liabilities	105.1
(9) Expected UAAL after changes: (5) + (6) + (7) + (8)	2,255.5
(10) Actual UAAL at end of year	2,430.2
(11) Gain/(Loss): (9) - (10)	\$ (174.7)

\* Unfunded actuarial accrued liability.

\* Unfunded actuarial accrued liability.



## Gains/Losses by Risk Area

(for the fiscal year ended June 30, 2023)

Type of Risk Area	Total (\$ in millions)	% of Accrued Liabilities
<b>ECONOMIC RISK AREAS .....</b>		
<i>Pay Increases.</i> If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	\$ (209.8)	(1.6)%
<i>Investment Return.</i> If there is greater investment return than assumed, there is a gain. If less return, a loss.	(56.7)	(0.4)%
<b>NON-ECONOMIC RISK AREAS .....</b>		
<i>Non-Casualty Retirements.</i> 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.	(4.7)	0.0 %
<i>Disability Retirements.</i> If there are fewer disabilities than assumed, there is a gain. If more, a loss.	1.0	0.0 %
<i>Death-in-Service Benefits.</i> If there are fewer claims than assumed, there is a gain. If more, a loss.	(2.9)	0.0 %
<i>Withdrawal.</i> If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, a loss.	69.2	0.5 %
<b>Total Active Member Actuarial Gains/(Losses)</b>	<b>\$ (203.9)</b>	<b>(1.5)%</b>
<i>Retired Life Mortality.</i>	55.7	0.4 %
<i>Other.</i> Includes data adjustments at retirement, timing of financial transactions, and miscellaneous unidentified sources.	(26.5)	(0.2)%
<b>Total Actuarial Gains/(Losses)</b>	<b>\$ (174.7)</b>	<b>(1.3)%</b>

## 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 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 precedes normal retirement age or 1% for each month below 28 years of actual service, whichever is less.

**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 precedes 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 (60 months for members hired on or after July 1, 2022).

Average of highest 36 calendar months of covered compensation.

#### Full Age & 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.

For members first hired on or after July 1, 2022, the redetermined amount is the monthly benefit payable as of the preceding July 1 increased by the lesser of three percent (3%), or the percentage change in the Consumer Price Index for Urban Wage Earnings and Clerical Workers (CPI-W) over the one-year period ending in the December preceding the redetermination date.

**Member Contribution Rates**

5% of covered compensation (pre-tax). Beginning July 1, 2022, the member contribution rate will increase in increments of 0.25% per year until it reaches the maximum 7%. 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 2% 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 or more years of 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 or more years of 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.

**Total and Permanent Disability**

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

Disabled after 5 or more years of 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.

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**New Contributory Plan**
**Non-Contributory Plan**


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**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 or more years of 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 or more years of 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.

## Actuarial

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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)	2-1/2 times regular rate with 5 years actual service required to meet benefit eligibility.
General Assembly	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.
Other Elected Public Officials (municipal and county officials)	2 times regular rate with 5 years actual service required to meet benefit eligibility.
All Other Members	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 10 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**

# APERS

ARKANSAS PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM



# The System

## Schedule of Revenues by Source

(in dollars for fiscal years ended June 30)

Year Ended June 30	Member Contributions	Employer Contributions	Investment Income	Transfers and Others	Total
2014	48,237,869	264,477,703	1,208,430,494	6,786,822	1,527,932,888
2015	51,596,001	262,720,214	169,621,019	6,558,462	490,495,697
2016	55,944,132	263,545,822	(4,177,314)	6,271,067	321,583,707
2017	58,500,339	262,063,747	862,824,701	6,105,620	1,189,494,407
2018	64,730,519	276,784,232	782,326,767	6,069,774	1,129,911,292
2019	68,206,685	293,575,107	450,493,098	5,115,404	817,390,294
2020	71,470,967	299,497,566	174,561,773	4,870,799	550,401,105
2021	75,044,922	306,570,648	2,665,823,683	4,636,568	3,052,075,821
2022	81,213,355	320,805,145	(1,192,887,342)	4,475,146	(786,393,696)
2023	93,037,947	340,152,342	809,503,794	4,297,740	1,246,991,823

## Chart of Revenues by Source

(in millions of dollars for fiscal years ended June 30)



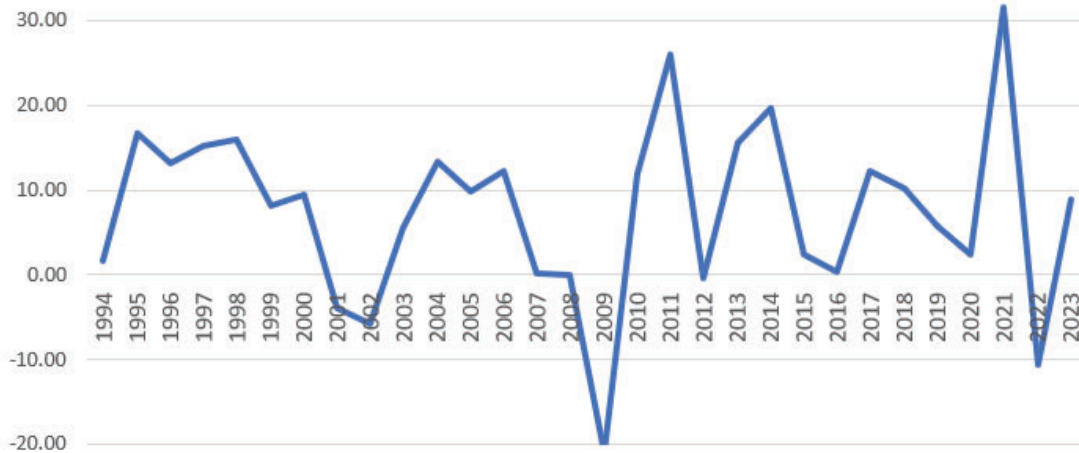
### Schedule of Investment Return Rate

(for fiscal years ended June 30)

Year	Rate	Year	Rate
1994	1.75	2009	-20.89
1995	16.60	2010	11.95
1996	13.23	2011	26
1997	15.11	2012	-0.33
1998	15.91	2013	15.58
1999	8.16	2014	19.68
2000	9.42	2015	2.45
2001	-3.82	2016	0.3
2002	-5.72	2017	12.3
2003	5.53	2018	10.25
2004	13.42	2019	5.78
2005	9.85	2020	2.41
2006	12.24	2021	31.49
2007	18.01	2022	-10.54
2008	-4.45	2023	8.83%

### Chart of Investment Return Percentage Rate

(for fiscal years ended June 30)





## Schedule of Expenses by Type

(for fiscal years ended June 30)

Fiscal Year	Benefit Payments <sup>1</sup>	Administrative Expenses <sup>2</sup>	Refunds	Total
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
2016	480,913,495	7,181,913	13,188,729	501,284,137
2017	508,200,406	9,502,608	13,755,408	531,458,422
2018	530,861,312	11,503,639	13,727,908	556,092,859
2019	555,352,597	14,739,700	16,239,928	586,332,225
2020	587,453,797	11,682,726	15,835,290	614,971,813
2021	608,207,117	11,644,847	15,798,750	635,650,713
2022	635,176,766	11,794,786	17,687,189	664,658,741
2023	659,133,497	10,465,629	16,473,823	686,072,949

1 Includes DROP and PAW distributions.

2 A summary of administrative expenses can be found on the table below.

## Summary of Administrative Expenses

(for fiscal years ended June 30)

	2023	2022	2021	2020	2019
Personnel Services	\$ 5,352,973	\$4,812,611	\$4,752,456	\$4,894,754	\$4,907,576
Communications	304,318	308,144	322,120	276,125	347,126
Purchases	96,810	94,745	62,055	128,986	92,039
Services and Charges	1,023,106	977,132	1,631,521	1,613,277	1,637,239
Bad Debt Expense	234,687	231,024	155,787	65,265	716,682
Depreciation Expense	2,909,649	2,909,683	2,177,851	2,178,514	2,175,693
Post Employment Benefits	(1,576,467)	393,220	338,871	58,203	1,656,182
Data Processing Charges	2,120,554	2,068,228	2,204,186	2,467,603	3,207,163
Total Administrative Expenses	\$10,465,629	\$11,794,786	\$11,644,847	\$11,682,726	\$14,739,700

### Schedule of Benefit Expenses by Type \*

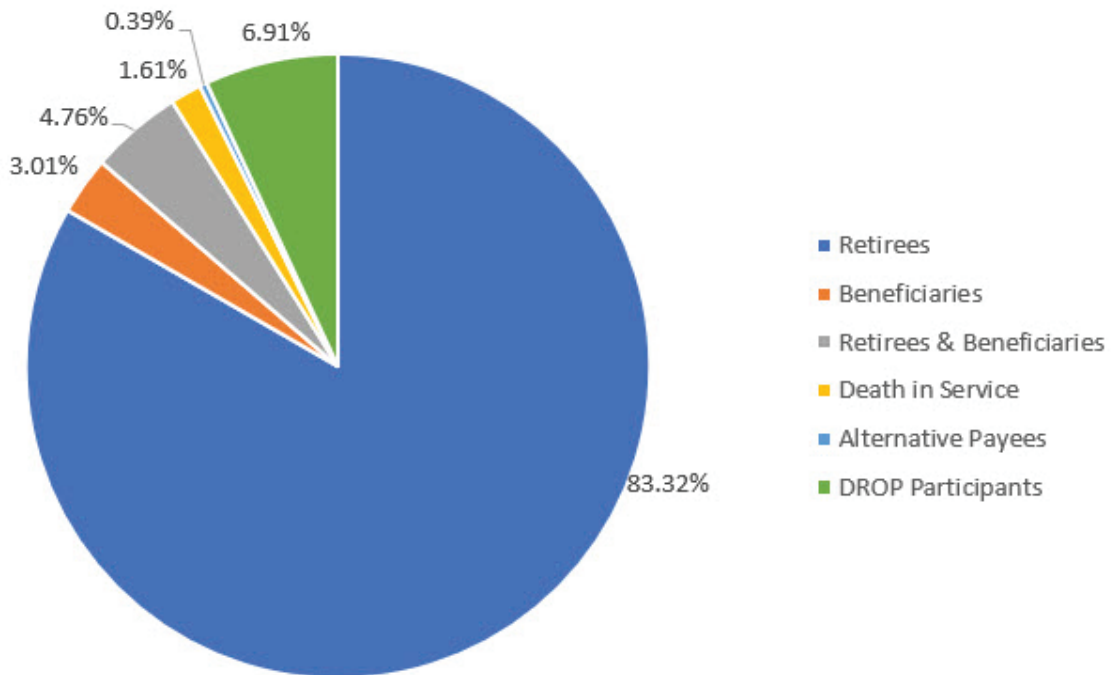
(for fiscal years ended June 30)

Fiscal Year	Age and Service		Disability	Death in Service	QDRO Alternative Payees	DROP Participants
	Retirees	Beneficiaries	Retirees & Beneficiaries			
2014	363,644,841	12,006,363	27,648,624	320,928		
2015	392,995,993	13,555,679	26,854,608	7,428	1,346,409	49,188,840
2016	417,856,215	14,859,185	27,738,864	41,088	1,549,793	47,686,116
2017	449,127,264	13,258,740	29,710,308	8,837,724	1,798,296	37,399,188
2018	471,378,204	14,960,412	30,417,624	9,385,248	2,005,704	46,929,948
2019	500,098,272	15,582,348	31,298,916	9,604,896	2,159,076	50,352,876
2020	523,802,448	17,078,448	32,792,592	10,211,760	2,284,872	50,936,592
2021	548,656,164	18,254,160	33,479,772	10,482,132	2,448,240	45,525,552
2022	559,176,360	19,560,720	33,151,632	10,797,852	2,601,300	45,928,200
2023	\$610,081,680	\$ 21,165,660	\$33,523,944	\$11,347,044	\$2,714,904	\$48,414,816

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

### Chart of Benefit Expenses by Type \*

(for fiscal year ended June 30, 2023)



\* Figures in chart are rounded thus may not equal 100 percent.

# 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.

## Members\*

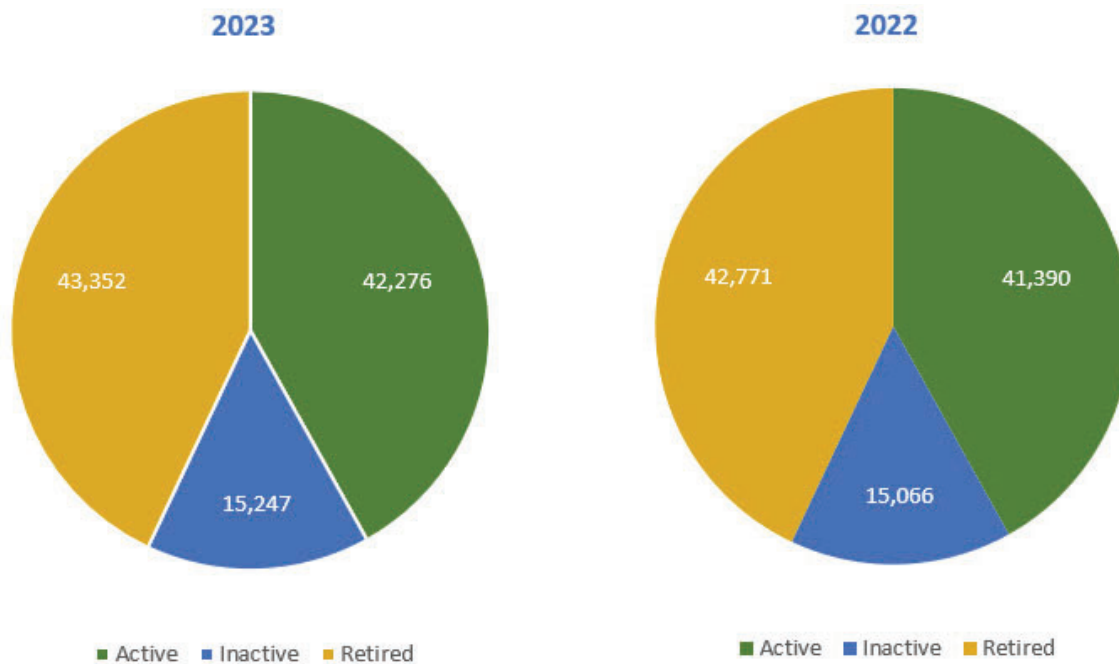
(for fiscal years ended June 30)

	2023	2022
Retirees and Beneficiaries Receiving Benefits (includes DROP participants)	42,276	41,390
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	15,247	15,066
Active Plan Members	43,352	42,771

\* Includes members of the Arkansas District Judges Retirement System

## Charts of Memberships by Type

(for fiscal years ended June 30)



## Summary of Active and Retired Member Valuation

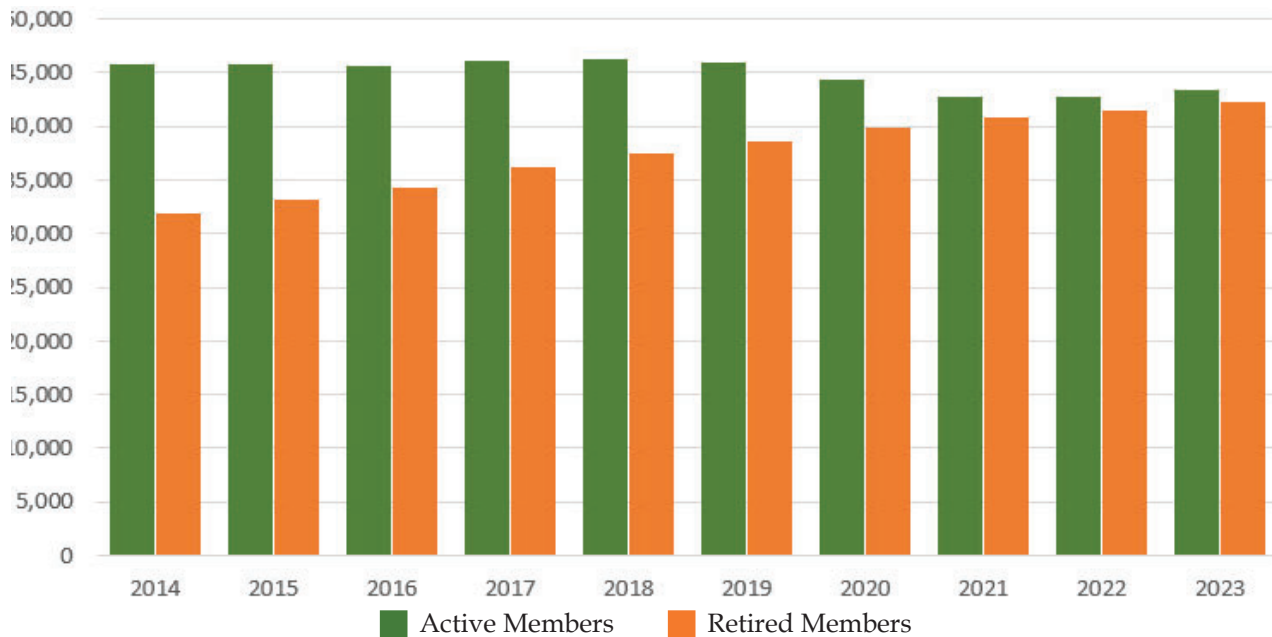
Historical Comparative Schedule

Valuation Date	Active Members				Retired Lives (including DROP members)			
	Number	Valuation Payroll			Number	Active per Retired	Annual Benefits	
		Dollars in Millions	Average	% Increase			Dollars in Millions	As a % of Pay
6/30/14	45,841	1,638.0	35,735	1.3	31,914	1.4	457.1	27.9
6/30/15	45,722	1,645.0	35,979	0.7	33,106	1.4	483.9	29.4
6/30/16	45,676	1,686.5	36,923	2.6	34,214	1.3	509.7	30.2
6/30/17	46,094	1,668.8	36,204	(1.9)	36,260	1.3	540.1	32.4
6/30/18	46,207	1,723.6	37,302	3.0	37,398	1.2	575.1	33.4
6/30/19	45,965	1,802.4	39,212	5.1	38,543	1.2	609.1	33.8
6/30/20	44,373	1,795.7	40,469	3.2	39,805	1.1	637.1	35.5
6/30/21	42,669	1,781.8	41,759	3.2	40,762	1.0	658.8	37.0
6/30/22	42,771	1,925.5	45,020	7.8	41,390	1.0	671.2	34.9
6/30/23	43,352	\$ 2,112.3	\$ 48,724	8.2%	42,276	1.0	\$ 703.5	33.3%

The above valuation payroll results do not include DROP payroll.

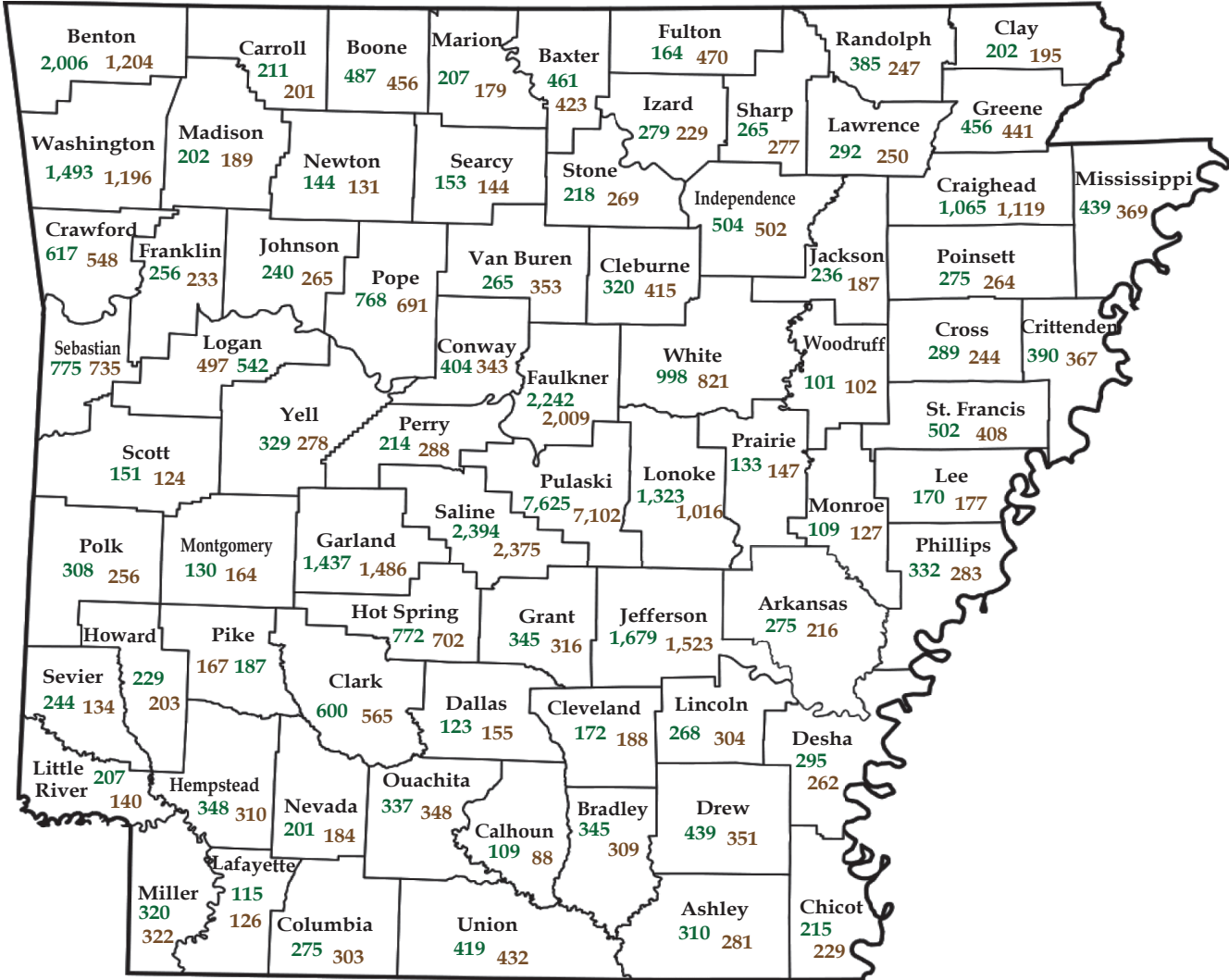
## Chart of Memberships by Type - 10 year comparison

(for fiscal years ended June 30)



### Comparison of Active and Retired Members by County

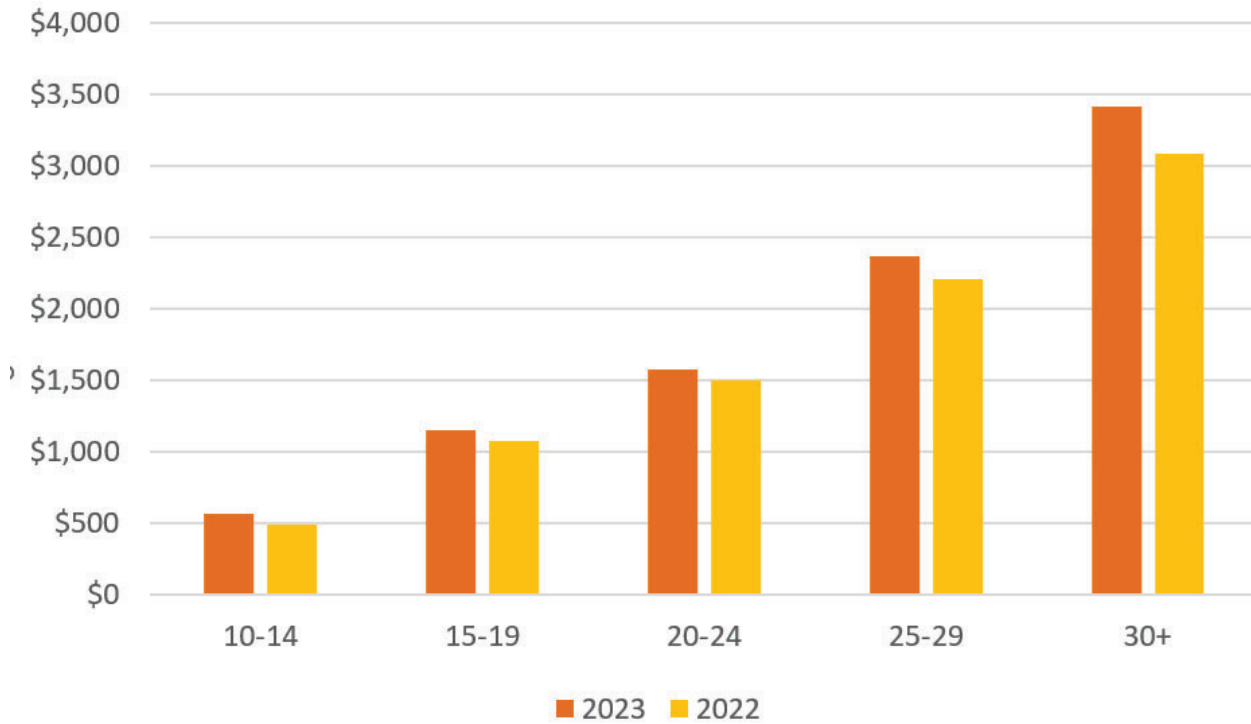
(for fiscal year ended June 30, 2022)



■ Active Members ■ Retired Members

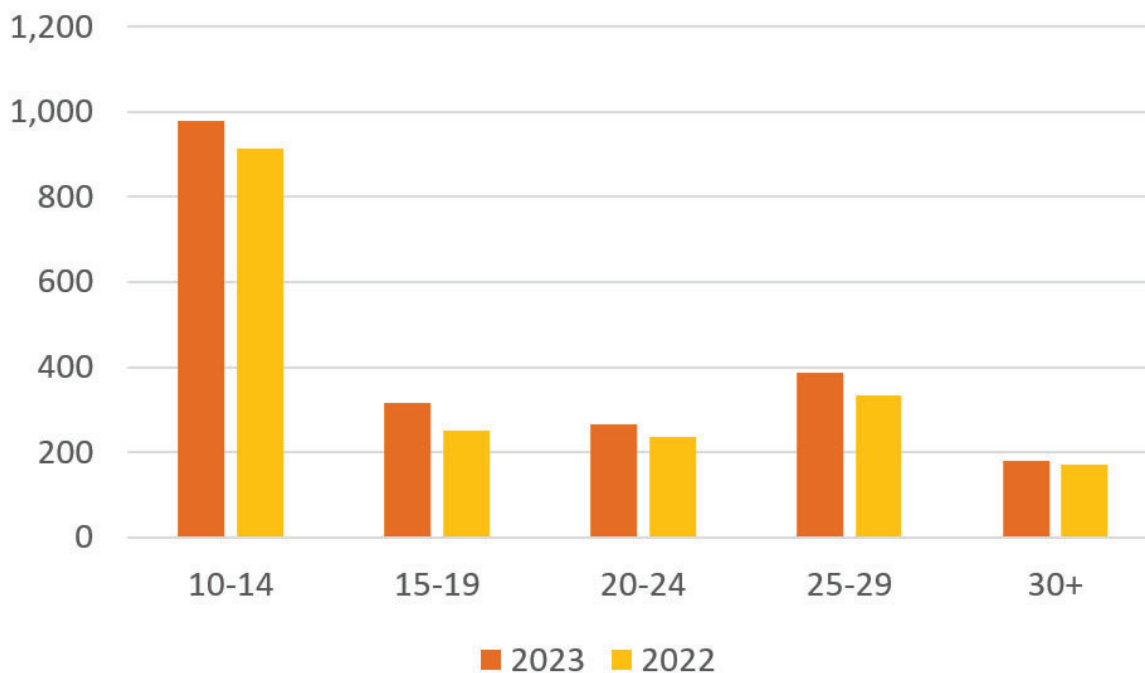
### Comparison of Monthly Annuity by Credited Years of Service

(in dollars for fiscal years ended June 30)



### Comparison of New Retirees by Credited Years of Service

(for fiscal years ended June 30)



## Schedule of Retired Members by Type of Benefit

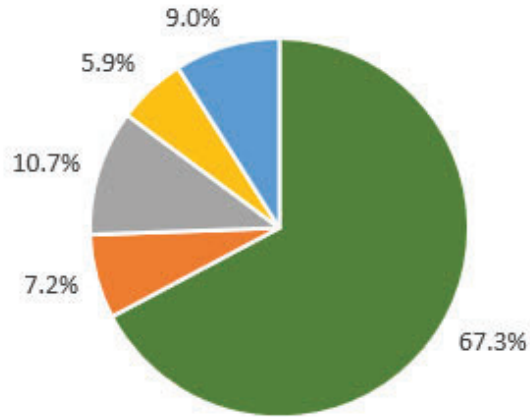
(for fiscal year ended June 30, 2023)

Type of Annuity	Number	Annual Annuities
<b>Age &amp; Service Retirees</b>		
Life	23,077	\$ 404,847,468
Option A-60 ( 5 years certain)	2,467	33,640,776
Option A-120 (10 years certain)	3,675	49,542,156
Option B-50 (joint and 50% survivor)	2,011	43,462,440
Option B-75 (joint and 75% survivor)	3,085	54,708,276
<b>Totals</b>	<b>34,315</b>	<b>586,201,116</b>
<b>Disability Retirees</b>		
Life	2,058	23,024,412
Option A-60	178	1,870,692
Option A-120	380	4,093,992
Option B-50	147	1,728,336
Option B-75	270	2,806,512
<b>Totals</b>	<b>3,033</b>	<b>33,523,944</b>
<b>Beneficiaries of Age &amp; Service and Disability Retirees</b>		
Life	38	889,260
Option A-60	49	465,696
Option A-120	334	3,378,588
Option B-50	462	4,774,872
Option B-75	934	11,657,244
<b>Totals</b>	<b>1,817</b>	<b>21,165,660</b>
<b>Total Age &amp; Service Retirees &amp; Beneficiaries</b>	<b>36,132</b>	<b>607,366,776</b>
<b>Death-in-Service Beneficiaries</b>	<b>1,288</b>	<b>11,347,044</b>
<b>Total Death and Disability Retirees &amp; Beneficiaries</b>	<b>4,321</b>	<b>44,870,988</b>
<b>QDRO Alternate Payees</b>	<b>324</b>	<b>2,714,904</b>
<b>Total Retirees &amp; Beneficiaries</b>	<b>40,777</b>	<b>654,952,668</b>
<b>DROP Participants</b>	<b>1,473</b>	<b>48,414,816</b>
<b>DROP "Frozen" Participants</b>	<b>26</b>	<b>179,976</b>
<b>Total Including DROP Participants</b>	<b>42,276</b>	<b>\$ 703,547,460</b>

### Chart of Retired Members by Type of Benefit (Percentages)

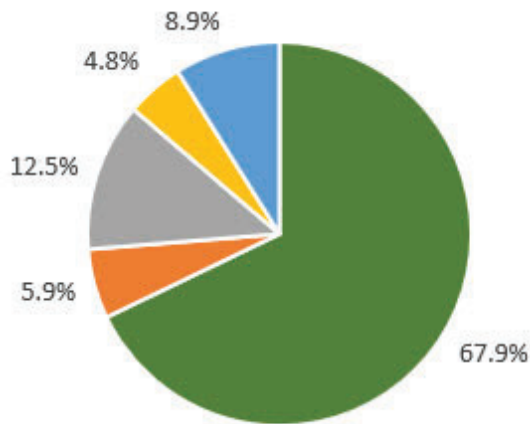
(for fiscal year ended June 30, 2023)

#### Age & Service Retirees



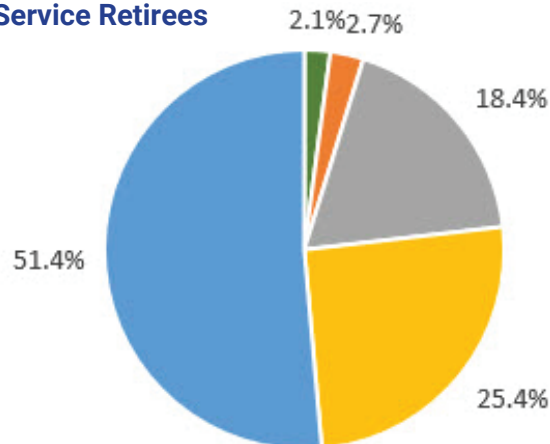
■ Life ■ Option A-60 ■ Option A-120 ■ Option B-50 ■ Option B-75

#### Disability Retirees



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

#### Beneficiaries of Age & Service Retirees



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



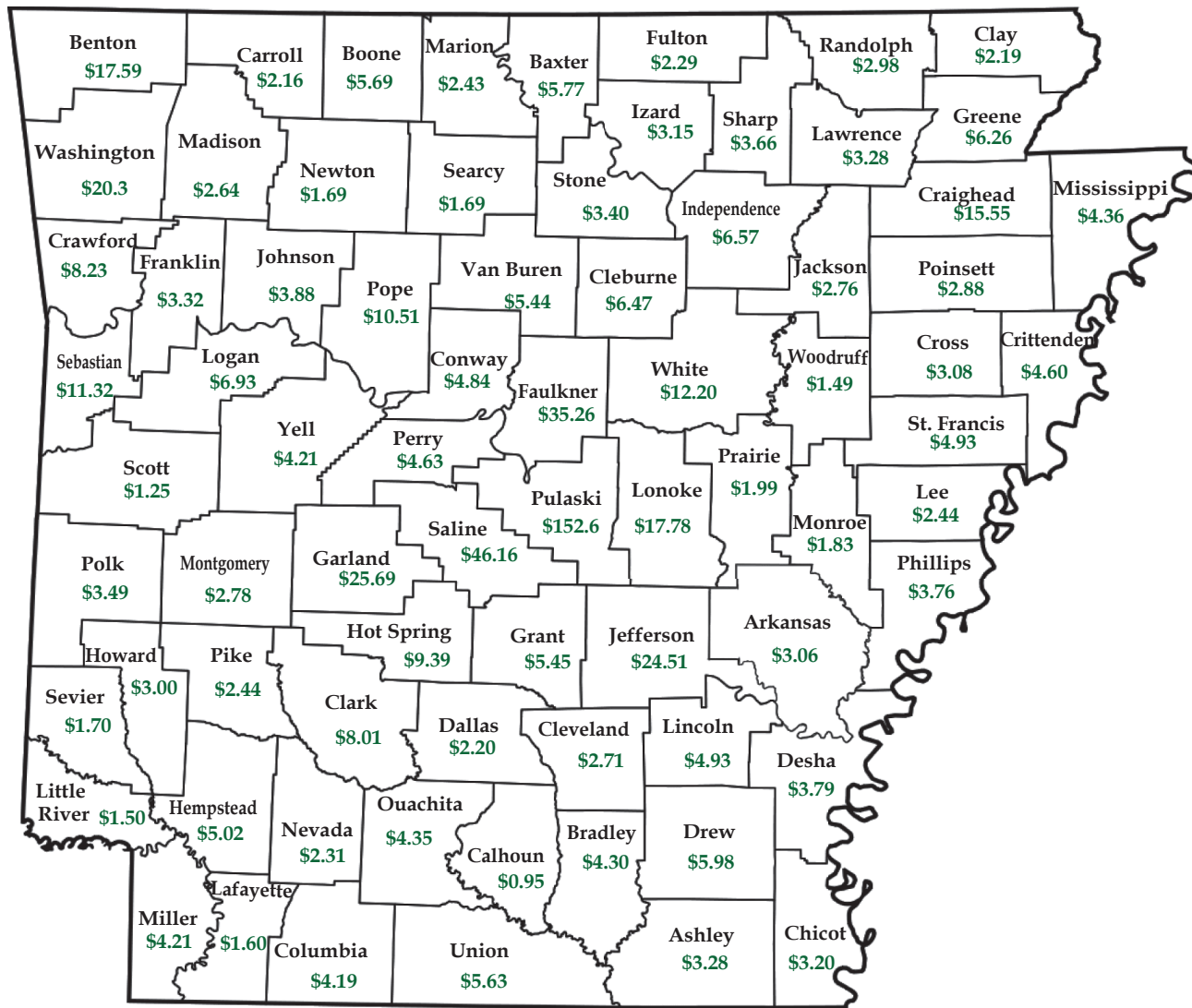
## Schedule of Retirees and Benefits Paid by County

(for fiscal year ended June 30, 2023)

County	Benefits Paid	Retirees	County	Benefits Paid	Retirees
Arkansas	\$3,063,991	238	Lee	\$2,445,977	177
Ashley	\$3,282,366	281	Lincoln	\$4,934,116	304
Baxter	\$5,776,800	423	Little River	\$1,505,380	140
Benton	\$17,593,603	1,204	Logan	\$6,932,241	497
Boone	\$5,689,010	456	Lonoke	\$17,782,732	1016
Bradley	\$4,301,991	309	Madison	\$2,646,682	189
Calhoun	\$951,409	88	Marion	\$2,433,583	179
Carroll	\$2,163,341	201	Miller	\$4,215,166	322
Chicot	\$3,203,527	229	Mississippi	\$4,360,019	369
Clark	\$8,015,949	565	Monroe	\$1,833,298	127
Clay	\$2,190,401	192	Montgomery	\$2,788,387	164
Cleburne	\$6,474,557	415	Nevada	\$2,315,395	184
Cleveland	\$2,716,921	188	Newton	\$1,694,652	131
Columbia	\$4,191,629	303	Ouachita	\$4,354,780	348
Conway	\$4,845,340	343	Perry	\$4,637,183	288
Craighead	\$15,554,532	1,119	Phillips	\$3,760,166	283
Crawford	\$8,234,164	548	Pike	\$2,440,852	167
Crittenden	\$4,608,778	367	Poinsett	\$2,889,495	261
Cross	\$3,087,470	244	Polk	\$3,497,604	256
Dallas	\$2,205,337	155	Pope	\$10,512,728	691
Desha	\$3,795,343	262	Prairie	\$1,990,519	147
Drew	\$5,988,152	351	Pulaski	\$152,615,650	7102
Faulkner	\$35,266,368	2,009	Randolph	\$2,985,170	247
Franklin	\$3,321,581	233	Saint Francis	\$4,937,439	408
Fulton	\$2,293,366	170	Saline	\$46,167,617	2375
Garland	\$25,692,927	1,486	Scott	\$1,255,291	124
Grant	\$5,458,758	315	Searcy	\$1,688,300	144
Greene	\$6,259,151	441	Sebastian	\$11,328,791	735
Hempstead	\$5,023,837	310	Sevier	\$1,703,555	134
Hot Spring	\$9,394,572	711	Sharp	\$3,665,370	277
Howard	\$3,005,634	203	Stone	\$3,409,316	269
Independence	\$6,571,036	502	Union	\$5,632,184	432
Izard	\$3,151,949	229	Van Buren	\$5,444,322	353
Jackson	\$2,767,037	187	Washington	\$20,305,879	1196
Jefferson	\$24,517,455	1,535	White	\$12,201,081	821
Johnson	\$3,880,694	265	Woodruff	\$1,499,355	102
Lafayette	\$1,601,753	126	Yell	\$4,215,149	278
Lawrence	\$3,288,672	250			

Map of Arkansas Counties with Total Benefits Paid

(in millions of dollars for fiscal year ended June 30, 2023)

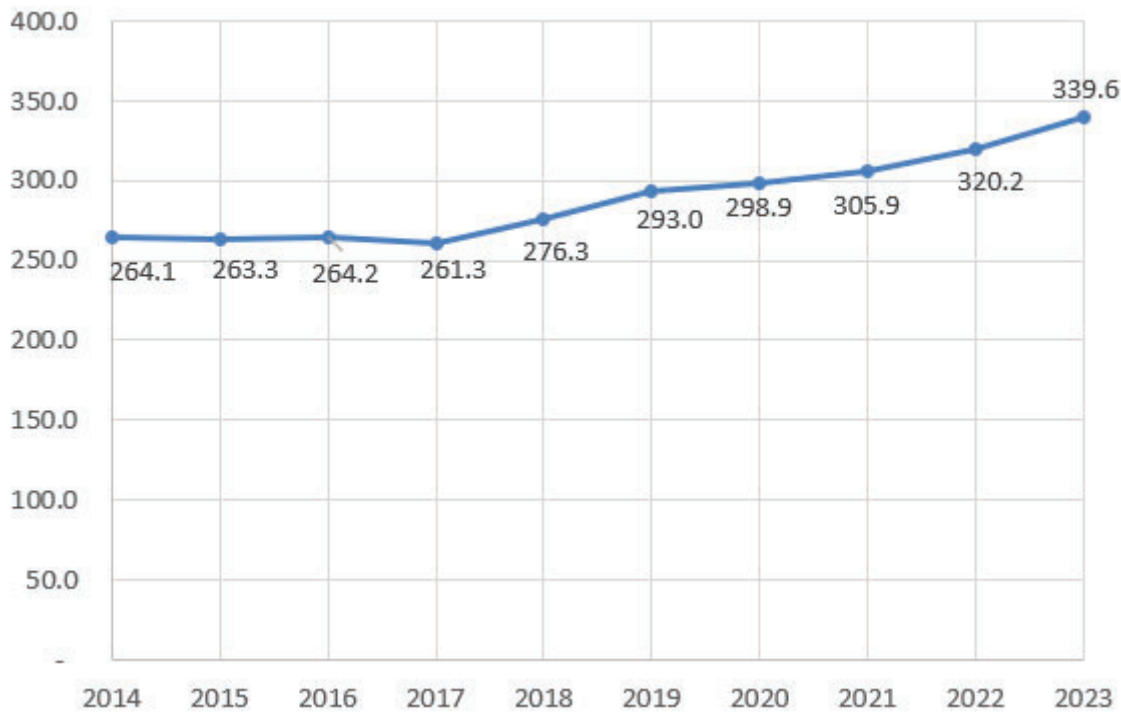


In Arkansas	
Total Payees	38,690
Total Paid	\$628,454,826
Out of State	
Total Payees	3,451
Total Paid	\$39,067,539
Totals	
Total Payees	42,141
Total Paid	\$667,522,365

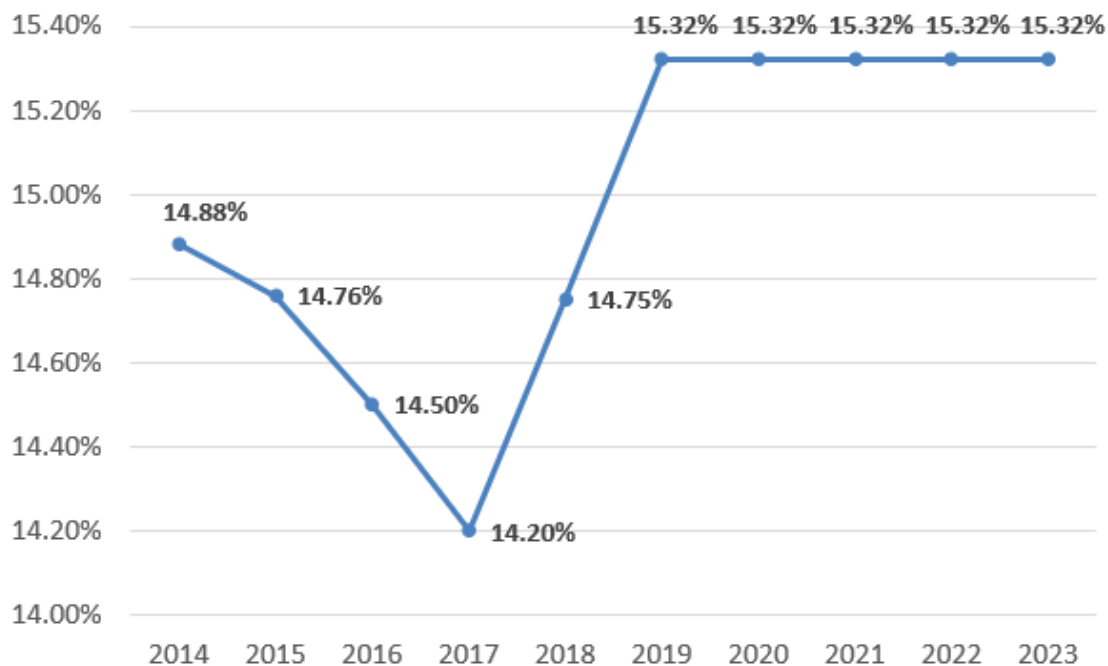
# Employers

## Chart of Employer Contributions - 10 year comparison

(in millions of dollars for fiscal years ended June 30)

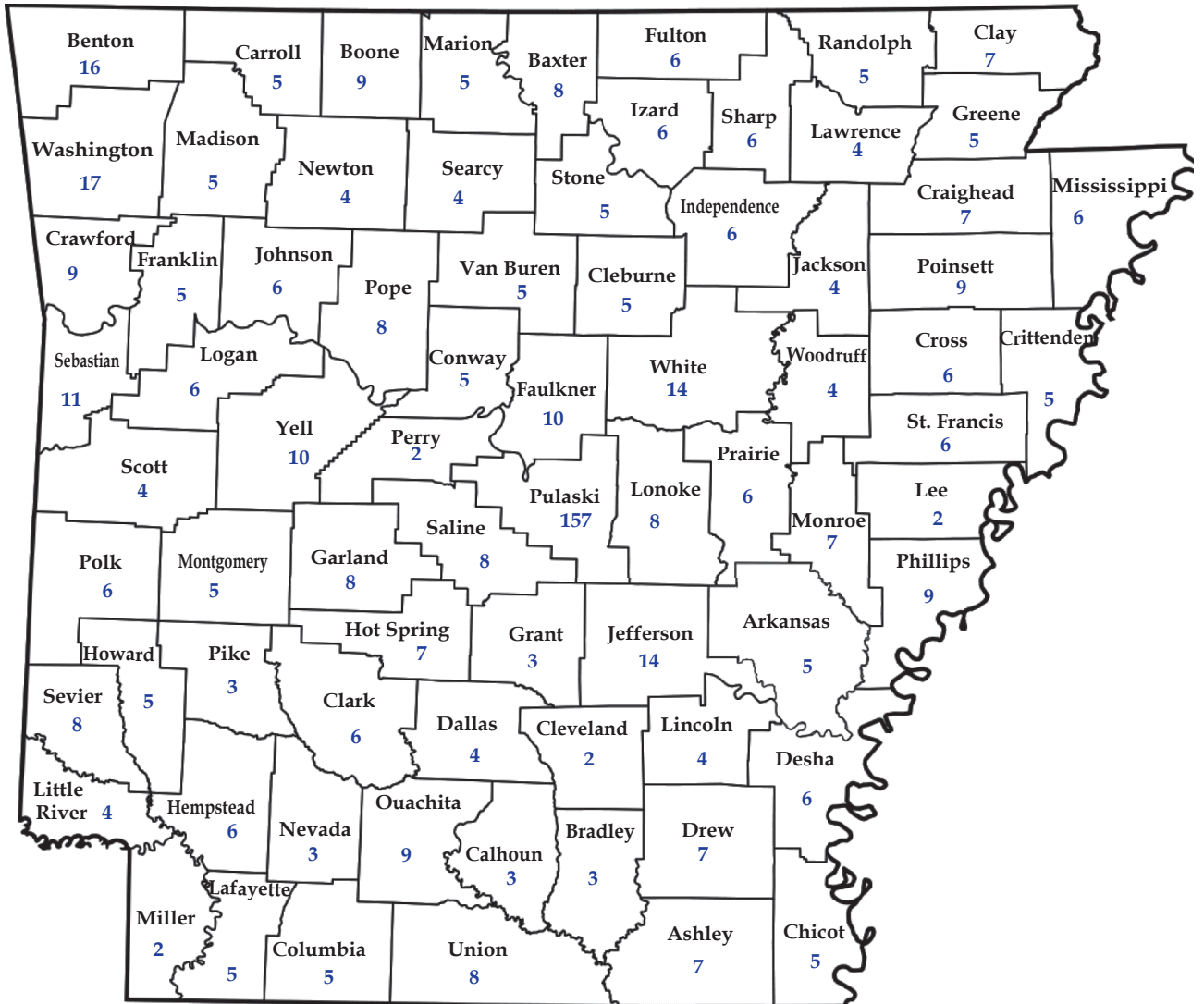


## Chart of Employer Contribution Rates - 10 year comparison



**Map of Participating Employers by County**

(for fiscal year ended June 30, 2023)



APERS Covered Employers by County

## Schedule of Participating Employers

### State Agencies

10th Judicial Victim Assistance Office	Board of Examiners in Speech, Language, and Audio
15th Judicial Victim/Witness Office	Board of Examiners in Counseling
21st State Judicial Drug Task Force	Benton County Conservation District
3rd Judicial Drug Task Force	Black River Technical College
Administrative Office of the Courts	Boone County Conservation District
Appraisers Licensing/Certification Board	Buffalo Conservation District
Arkansas Claims Commission	Calhoun County Conservation District
Arkansas County Conservation District	Capitol Zoning District Commission
Arkansas Crime Info Center	Carroll County Conservation District
Arkansas Development Finance Authority	Chicot County Conservation District
Arkansas Disability Determination For SSA	Clark County Conservation District
Arkansas Economic Development Commission	Clay County Conservation District
Arkansas Employment Security Division	Cleburne County Conservation District
Arkansas Ethics Commission	Columbia County Conservation District
Arkansas Game & Fish Commission	Commissioner of State Lands
Arkansas Geological Commission	Constitutional Officers
Arkansas Lottery Commission	Contractors Licensing Board
Arkansas Minority Health Commission	Conway County Conservation District
Arkansas Motor Vehicle Commission	Cossatot Community College of U of A
Arkansas Public Defender Commission	Cossatot Conservation District
Arkansas Public Employees' Retirement System	Court of Appeals
Arkansas Real Estate Commission	Craighead County Conservation District
Arkansas School for the Blind	Crawford County Conservation District
Arkansas School for the Deaf	Crime Lab
Arkansas Securities Department	Crittenden County Conservation District
Arkansas State Board of Accountancy	Crooked Creek Conservation District
Arkansas State Board of Pharmacy	Cross County Conservation District
Arkansas State Board of Optometry	Dallas County Conservation District
Arkansas State Library	Department of Agriculture
Arkansas State University	Department of Commerce
Arkansas State University at Beebe	Department of Correction
Arkansas Technical University	Department of Education
Arkansas Waterways Commission	Department of Energy
Arkansas Towing & Recovering Board	Department of Finance and Administration
Arkansas Veteran's Child Welfare Service	Department of Health
Arkansas Northeastern College	Department of Human Services
Arkansas Tobacco Settlement Commission	Department of Inspector General
Arkansas Athletic Commission	Department of Labor
Arkansas Board of Parole	Department of Parks and Heritage
Arkansas Department of Agriculture	Department of Public Safety
Arkansas Sentencing Commission	Department of the Military
Ashley County Conservation District	Department of Transformation
Division Assessment Coordination	Department of Veterans Affairs
ASU-Newport	Division of Heritage
Attorney General	Division of Corrections
Auctioneers Licensing Board	Department of Finance & Administration
Auditor of State	Division of Higher Education
Baxter County Conservation District	Department of Human Services
Board of Barber Examiners	Division of Labor
Board of Collection Agencies	Department of Veterans Affairs

## Statistical

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Division Community Correction  
Division Emergency Management  
Division of Environmental Quality  
Division of Information Systems  
Deputy Prosecuting Attorney  
Desha County Conservation District  
Disabled Veterans Service  
District Judge Pilot  
Division of Aeronautics  
Drew County Soil & Water Conservation District  
Drug Task Force 13th Judicial District  
Drug Task Force 14th Judicial District  
Drug Task Force 15th Judicial District  
Drug Task Force 5th Judicial District  
Drug Task Force-Batesville  
Drug Task Force 10th Judicial District  
East State Arkansas Community College  
Educational Television Commission  
Faulkner County Conservation District  
Fire Protection Licensing Board  
First State Judicial Drug Task Force  
Franklin County Conservation District  
Fulton County Conservation District  
Garland County Conservation District  
General Assembly House-Regular  
General Assembly Senate-Regular  
General Assembly - Senate  
Geographic Information Office  
Governor's Office  
Greene County Conservation District  
Health Services Permit Agency  
Hearing Instrument Dispensers Board  
Hempstead County Conservation District  
Henderson State University  
Home Inspector Registration Board  
Hot Springs County Conservation District  
House, Speaker's Office  
Independence County Conservation District  
Insurance Department  
Izard County Conservation District  
Jackson County Conservation District  
Jefferson County Conservation District  
Johnson County Conservation District  
Jud Discipline & Disability Co  
Lafayette Conservation District  
Law Enforce Standards & Training Division  
Lawrence County Conservation District  
Lee County Conservation District  
Legislative Audit Division  
Legislative Council / Local Affairs  
Lieutenant Governor  
Lincoln County Conservation District  
Liquified Petroleum Gas Division  
Logan County Conservation District  
Lonoke County Conservation District  
Madison County Conservation District  
Martin Luther King, Jr. Commission  
Manufactured Home Commission/ Mobile Home Std  
Mine Creek Conservation District  
Mississippi County Conservation District  
Monroe County Conservation District  
Montgomery County Conservation District  
National Park Community College  
Nevada County Conservation District  
Newton County Conservation District  
North Arkansas College  
Northwest State Arkansas Community College  
Office of Medicaid Inspector General  
Oil & Gas Commission  
Ouachita Conservation District  
Ouachita Vo-Tech/College of the Ouachitas  
Ozarka Technical College  
Parks & Tourism  
Phillips County Conservation District  
Phillips Community College - U of A  
Pike County Conservation District  
Poinsett County Conservation District  
Pope County Conservation District  
Poteau River Conservation District  
Prairie County Conservation District  
Professional Bail Bondsman Licensing Board  
Prosecuting Attorney  
Prosecutor Coordinator  
Public Service Commission  
Pulaski Conservation District  
Pulaski Technical College  
Randolph County Conservation District  
Rich Mountain Community College  
Rich Mountain Conservation District  
South Arkansas Community College  
Sebastian County Conservation District  
Secretary of State  
Senate Clerk  
Sharp County Conservation District  
Social Work Licensing Board  
Soil & Water Conservation  
South Central Drug Task Force  
Southeast State Arkansas Technical College  
Southern Arkansas University  
Southern Arkansas University Tech  
Spinal Cord Commission  
State Board Election Commission  
State Board of Architects  
State Board of Chiropractic Exam  
State Board of Dental Examiners  
State Board of Dispensing Opticians  
State Board of Examiners in Psychiatry  
State Board of Nursing

State Board of Physical Therapy  
 State Board of Licensing for Professional Engineers  
 State Dietetics Licensing Board  
 State Medical Board  
 State Francis County Conservation District  
 State Bank Department  
 State Board of Veterinary Examiners  
 State Capitol Police  
 State Military- Civilian Firefighters  
 State Military Department  
 State Police (Non-Troopers)  
 State Treasurer  
 State: Constitutional State Officers Sub-Division  
 State: Governors Sub-Division  
 Statewide Shared Services  
 Stone County Conservation District  
 Supreme Court  
 Supreme Court of Arkansas  
 Twentieth (20th) Judicial District Drug Task Force  
 U of A at Fayetteville  
 U of A Community College at Hope  
 U of A Community College at Morrilton  
 U of A Medical Sciences  
 U of A Community College at Batesville  
 U of A Cooperative Extension Service  
 UALR Human Resources  
 Union County Conservation District  
 University of Arkansas at Monticello  
 University of Arkansas at Pine Bluff  
 University of Central Arkansas  
 University of Arkansas at Ft. Smith  
 Van Buren County Conservation District  
 Vocation & Technical Education  
 Washington County Conservation District  
 White County Conservation District  
 Workers' Compensation Commission  
 Yell County Conservation District

**County Agencies**

Arkansas River Valley Regional Library  
 Arkansas County  
 Ashley County  
 Association of Arkansas 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  
 Drainage District # 9 (Gr. Lake)  
 Drew County  
 East Central Arkansas Regional Library  
 Faulkner County  
 Franklin County  
 Fulton County  
 Garland County  
 Grant County  
 Greene County  
 Hempstead County  
 Hot Springs 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

## Statistical

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Mississippi County  
Monroe County  
Montgomery County  
Nevada County  
Newton County  
Ouachita County  
Perry County  
Phillips County  
Phillips County Library  
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 Judge  
Sevier County  
Sharp County  
St Francis County  
Stone County  
Union County  
Van Buren County  
Washington County  
White County Public Library  
White County  
White River Regional Library  
Woodruff County  
Yell County Library  
Yell County

## Municipal Agencies

Alma Water & Sewer Department  
Arkansas Municipal League  
Arkansas City  
Batesville Waterworks  
Bradford Water & Sewer  
Brinkley Municipal Water & Sewer Department  
Caddo Valley  
Camden Water & Utilities  
Cammack Village  
Cave City  
Central Arkansas Water  
City of Alexander  
City of Alma  
City of Arkadelphia  
City of Ash Flat  
City of Ashdown  
City of Augusta  
City of Austin  
City of Batesville  
City of Beebe  
City of Bentonville  
City of Biscoe  
City of Bono  
City of Bradford  
City of Brinkley  
City of Bryant  
City of Cabot  
City of Calico Rock  
City of Carlisle  
City of Cave Springs  
City of Cedarville  
City of Centerton  
City of Charleston  
City of Cherry Valley  
City of Clarksville  
City of Clinton  
City of Corning  
City of Cotter  
City of Crawfordsville  
City of Crossett  
City of Danville  
City of Dardanelle  
City of Decatur  
City of Des Arc  
City of Dewitt  
City of Dierks  
City of Dover  
City of Elkins  
City of Elm Springs  
City of England  
City of Eudora  
City of Farmington  
City of Flippin



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City of Fordyce	City of Mountain Pine
City of Foreman	City of Mountain View
City of Gassville	City of Mountain View Water & Sewer
City of Gentry	Commission
City of Goshen	City of Murfreesboro
City of Gravette	City of Nashville
City of Green Forest	City of Norman
City of Greenbriar	City of Ola
City of Guy	City of Pangburn
City of Greenland	City of Paragould
City of Greers Ferry	City of Paris
City of Hackett	City of Perryville
City of Hamburg	City of Piggott
City of Hampton	City of Plummerville
City of Hardy	City of Pottsville
City of Harrisburg	City of Prairie Grove
City of Harrison	City of Prescott
City of Haskell	City of Quitman
City of Hazen	City of Ravenden
City of Heber Springs	City of Rector
City of Helena-West Helena	City of Rison
City of Hope	City of Rogers
City of Horatio	City of Russellville
City of Hot Springs	City of Salem
City of Huntington	City of Scranton
City of Huntsville	City of Searcy
City of Huttig	City of Shannon Hills
City of Jacksonville	City of Sheridan
City of Jasper	City of Shirley
City of Junction City	City of Smackover
City of Kibler	City of Stamps
City of Knoxville	City of Strong
City of Lamar	City of Stuttgart
City of Lavaca	City of Summit
City of Lepanto	City of Truman
City of Leslie	City of Van Buren
City of Lewisville	City of Vilonia
City of Lincoln	City of Viola
City of Lockesburg	City of Waldron
City of Lowell	City of Ward
City of Magnolia	City of Warren
City of Malvern	City of West Fork
City of Mammoth Springs	City of Western Grove
City of Marked Tree	City of Wilmar
City of Marshall	City of Wynne
City of Marvell	City of Yellville
City of Mcrae	Clinton Water & Sewer
City of Melbourne	Crossett Public Library
City of Mena	Crossett Water Commission
City of Monette	El Dorado Water & Sewer
City of Monticello	Fordyce Water Department
City of Morrilton	Forrest City
City of Mount Ida	Forrest City Water Utility
City of Mountain Home	Fort Smith Public Library

## Statistical

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Harrisburg Water & Gas Division  
Hope Water & Light Company  
Hot Springs Advertising & Promotions  
Commission  
Huntsville Water & Sewer Commission  
Jacksonville Wastewater Utility  
Jacksonville Water Commission  
Little Rock Wastewater Utility  
Malvern Waterworks  
McGehee Water & Sewer  
Mena Water & Sewer  
Mount Pleasant Water Department  
North Little Rock Advertising & Promotions  
Com.  
Pangburn Water Dept  
Piggott Light & Water System  
Rogers Water Utilities  
Star City  
Star City Water & Sewer  
Stuttgart-North Arkansas County Library  
Town of Emerson  
Town of Fountain Hill  
Town of Highfill  
Town of Imboden  
Van Buren Municipal Utilities  
Vilonia Waterworks Association  
Warren Water & Sewer  
Wynne Water Utilities

### Schools

Arkadelphia School District #1  
Atkins School District #18  
Benton School District #8  
Bergman School District #3  
Booneville School District #65  
Clarksville School District #17  
Cossatot River School District  
Fairview School District  
Fayetteville School District #1  
Forrest City School District  
Fort Smith School District  
Helena-West Helena School District #2  
Hope School District #1a  
Horatio School District #55  
Lafayette County School District  
Lee County School District  
Little Rock School District  
Mountain Home School District #9  
North Little Rock School District  
Ozark School District #14  
Pine Bluff School  
Sheridan School District #37  
Two Rivers School District  
Waldron School District

### District Judges

ADJRS Pilot  
Brinkley District Court  
Little Rock District Court

### District Court Employees\*

Alpena District Court  
Berryville District Court  
Blytheville District Court  
Booneville District Court  
Camden District Court  
Cherokee Village District Court  
Clarendon District Court  
Dequeen District Court  
Dermott District Court  
Devalls Bluff District Court  
Dumas District Court  
East Camden District Court  
Elkins District Court  
Eureka Springs District Court  
Faulkner County District Court  
Fayetteville District Court  
Fort Smith District Court  
Lake Village District Court  
Little Rock District Court  
Lonoke District Court  
Marion District Court  
Maumelle District Court  
McCroy District Court  
McGehee District Court  
Newport District Court  
North Little Rock District Court  
Pine Bluff District Court  
Sherwood District Court  
Siloam Springs District Court  
Springdale District Court  
Texarkana District Court  
Trumann District Court  
Tyronza District Court  
West Memphis District Court

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\*Employer doesn't participate in APERS with the exception of the district court judge and/or court clerk.

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## Other Non-State Employers

Alpine Public Water Authority  
Benton County Solid Waste District  
Boone County Airport  
Boston Mountain Solid Waste  
Buffalo Island Regional Water  
Blytheville-Gosnell Regional Airport Authority  
Clark County Water Facility  
Fulton County Water Authority  
Hardin Public Water Authority  
Highway 71 Water District  
Hot Spring County Solid Waste Management  
James Fork Regional Water District  
Jefferson Public Water Authority  
Kimzey Regional Water District  
Little River RDA Water System  
Madison County Water Facility  
Magnet Butterfield Water  
Milltown-Washburn Water Users  
Montgomery County Regional Public Water Authority  
Northeast Arkansas Regional Solid Waste Management  
Nevada County-Prescott Solid Waste  
North Garland County Regional Water District  
Northeast Public Water Authority  
Paragould Housing Authority  
Paron-Owensville Water Authority  
Phillips County Sewer Facilities Board  
Pulaski Area Geographic Information Systems  
Pulaski County Solid Waste Management  
Riversouth Rural Water District  
Saline County Regional Solid Waste Management  
Sardis Water Association  
Southeast White County Water Authority  
South Bend Fire District 10  
Southwest Boone County Water Association  
Southwest White County Water Association  
Texarkana Regional Airport  
Upper Southwest Arkansas Solid Waste Management  
Washington Water Authority  
Watson Chapel Public Water



