ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Annual Financial Report

June 30, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
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Sen. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair

Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

Arkansas Public Employees Retirement System
Legislative Joint Auditing Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Arkansas Public Employees Retirement System, an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Arkansas Public Employees Retirement System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Arkansas Public Employees Retirement System as of June 30, 2024, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the office, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As indicated above, the financial statements of the Arkansas Public Employees Retirement System are intended to present the financial position and the changes in financial position of only the portion of the State that is attributable to the transactions of the Arkansas Public Employees Retirement System. They do not purport to, and do not, present fairly the financial position of the State of Arkansas as of June 30, 2024, or the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As described in Note 5 to the financial statements, in 2024 the office adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the office's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Governmental Accounting Standards Board requires that a Management's Discussion and Analysis be presented to supplement government-wide financial statements. However, as discussed in the "Emphasis of Matter" paragraph above, the financial statements of the Arkansas Public Employees Retirement System are only for the specific transactions and activity of the Agency and not for the State as a whole. Therefore, the Management's Discussion and Analysis is not required to be presented for the Arkansas Public Employees Retirement System individually. Our opinion on the basic financial statements is not affected by the omission of this information.

Other Information

Management is responsible for the other information included in the report. The other information comprises the Schedule of Selected Information but does not include the basic financial statements, required supplementary information, and our auditor's reports thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of the testing, and not to provide an opinion on the effectiveness of the office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the office's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 14, 2025
SA1037024

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Arkansas Public Employees Retirement System
Legislative Joint Auditing Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Arkansas Public Employees Retirement System (the "Agency"), an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Arkansas Public Employees Retirement System's basic financial statements, and have issued our report thereon dated January 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that are described below in the Schedule of Findings and Responses as item 2024-1.

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SCHEDULE OF FINDINGS AND RESPONSES

2024-1 Ark. Code Ann. § 19-11-1302 provides that a partial equity ownership agreement (PEOA) executed by a state retirement system is subject to review by submission of the PEOA to the Office of State Procurement (OSP) and the Arkansas Legislative Council (ALC). When submitting a PEOA for review, the state retirement system shall provide information including, but not limited to, (1) the managing parties to the PEOA, (2) the state retirement system's interest and ownership in the PEOA, and (3) other information regarding the terms of the PEOA that the OSP or ALC may reasonably require for an adequate review.

In a letter dated August 22, 2023, APERS (the Agency) submitted a PEOA to ALC for review, in accordance with Ark. Code Ann. § 19-11-1302. Within this letter, and in the accompanying Private Equity Investment Executive Summary, APERS indicated an amount allocated up to $300 million for an investment in Dover Street XI (the Fund) with the managing party of HarbourVest Partners, LLC.

Our review of the 2024 fiscal year-end Capital Account Statement and Subscription Agreement for the Fund revealed that the actual commitment to the Fund was $400 million, which is substantially different than the statement of allocation of up to $300 million made to ALC and allowed for $100 million to be committed without ALC review.

We recommend the Agency ensure designated amounts submitted for review to ALC, in accordance with Ark. Code Ann. § 19-11-1302, agree to the executed commitment amounts, allowing ALC to adequately review the PEOA. If significant changes are needed after initial submission to ALC, we recommend the Agency submit the revised terms for further review.

Management response: *When submitting the PEOA for review to the ALC, APERS reported that the actual "out-of-pocket" investment, or maximum capital deployed, would be up to $300 million. The APERS Board of Trustees targeted a $300 million NAV (net asset value) for this investment. However, during our Legislative Audit, due to the structure of a secondary investment strategy, it was noted that to achieve a $300 million NAV, APERS needed to commit $400 million. While we were under the impression that we were correctly reporting to ALC by submitting the NAV or actual spend on this contract, out of an abundance of caution, we resubmitted the contract to ALC on January 7, 2025, to represent both the NAV as well as the actual commitment amount. In future investment reports concerning partial equity ownership, if an investment warrants the commitment size as well as the NAV target, APERS will clearly state these amounts in initial contract submission.*

Agency's Response to Findings

Government Auditing Standards require the auditors to perform limited procedures on the Agency's response to the finding identified in our audit and described in the Schedule of Findings and Responses above. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

Tom Bullington

Tom Bullington, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
January 14, 2025

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

Exhibit A

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash and cash equivalents	$ 318,440,310	$ 22,713,438	$ 2,803,155	$ 343,956,903
Receivables:				
Employer contributions	4,313,077	1,887	182,162	4,497,126
Plan member contributions	1,088,006			1,088,006
Local district judges retirement funds	4,090,215			4,090,215
Investment principal receivable	38,856,137	1,511,951	59,933	40,428,021
Accrued investment income	25,227,304	981,632	1,101,276	27,310,212
Other, net of allowance for uncollectable accounts	80,673		5,131	85,804
Total Receivables	73,655,412	2,495,470	1,348,502	77,499,384
Investments:				
U.S. Government securities	185,213,569	7,206,939	10,144,304	202,564,812
Government agency securities	280,651,507	10,920,573	33,751,514	325,323,594
Municipal bonds	526,924	20,504	107,470	654,898
Domestic equities	3,071,091,143	119,500,782	75,721,007	3,266,312,932
Domestic corporate obligations	874,015,465	34,009,258	62,723,417	970,748,140
International equities	1,557,148,291	60,590,985	9,097,420	1,626,836,696
International obligations	178,167,703	6,932,774	13,635,842	198,736,319
Mutual and exchange traded funds	327,098,667	12,727,902	311,390	340,137,959
Pooled investment funds	2,306,392,617	89,745,210	98,665,319	2,494,803,146
Real estate	1,538,162,725	59,852,228	26,453,650	1,624,468,603
Commercial loans	624,022	24,281	134,314	782,617
Diversified strategies	233,666,789	9,092,327		242,759,116
Private markets	140,185,851	5,454,843		145,640,694
Investment derivatives	2,355,855	91,670	177,711	2,625,236
Total Investments	10,695,301,128	416,170,276	330,923,358	11,442,394,762
Securities lending collateral:				
Tri-party repurchase agreements	166,823,001	6,491,334		173,314,335
Commercial paper	213,943,978	8,324,882		222,268,860
Corporate bonds	127,033,874	4,943,079		131,976,953
Certificates of deposit	45,456,849	1,768,794		47,225,643
Asset-backed securities	97,716,146	3,802,282		101,518,428
Total Securities Lending Collateral	650,973,848	25,330,371		676,304,219
Other assets:				
Prepaid expenses	404,894			404,894
Capital assets, at cost, less accumulated depreciation	9,130,626			9,130,626
Total Other Assets	9,535,520			9,535,520
Total Assets	11,747,906,218	466,709,555	335,075,015	12,549,690,788
Deferred outflows of resources - related to other post employment benefits	366,758			366,758
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	11,748,272,976	466,709,555	335,075,015	12,550,057,546
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accrued expenses and other liabilities	14,858,386	608,869	345,303	15,812,558
Due to other agencies	11,943			11,943
Compensated absences	540,231			540,231
Post-employment benefit liability	2,875,192			2,875,192
Investment principal payable	32,430,947	1,261,937	39,660	33,732,544
Securities lending liability	651,069,078	25,334,078		676,403,156
Total Liabilities	701,785,777	27,204,884	384,963	729,375,624
Deferred inflows of resources - related to other post employment benefits	1,529,717			1,529,717
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	703,315,494	27,204,884	384,963	730,905,341
NET POSITION RESTRICTED FOR PENSIONS	$ 11,044,957,482	$ 439,504,671	$ 334,690,052	$ 11,819,152,205

The accompanying notes are an integral part of these financial statements.

Exhibit B

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan	Total
ADDITIONS				
Contributions:				
Employer	$ 348,653,977	$ 11,012,463	$ 3,447,299	$ 363,113,739
Plan members	102,239,193	8,021	1,307,899	103,555,113
Supplemental contributions		11,427,008	6,413,035	17,840,043
Motor vehicle title fees		4,915,733		4,915,733
Designated court fees		674,665	406,259	1,080,924
Driver's license reinstatement fees		1,547,229		1,547,229
Total Contributions	450,893,170	29,585,119	11,574,492	492,052,781
Investment income:				
From investing activities:				
Net increase (decrease) in the fair value of investments	880,203,690	34,142,932	25,047,809	939,394,431
Interest and dividends	169,082,023	6,629,540	9,458,260	185,169,823
Other investment income	563,900	21,822		585,722
Total Investment Income (Loss)	1,049,849,613	40,794,294	34,506,069	1,125,149,976
Less investment expense	43,709,063	1,695,379	1,228,417	46,632,859
Net Investment Income (Loss)	1,006,140,550	39,098,915	33,277,652	1,078,517,117
From securities lending activities:				
Securities lending income	38,795,492	1,508,053		40,303,545
Less securities lending expense	35,618,505	1,385,051		37,003,556
Net Securities Lending Income	3,176,987	123,002		3,299,989
Other additions:				
Transfers from other public employees retirement plans	2,908,926			2,908,926
Miscellaneous additions	526,062	499	275	526,836
Total Other Additions	3,434,988	499	275	3,435,762
TOTAL ADDITIONS	1,463,645,695	68,807,535	44,852,419	1,577,305,649
DEDUCTIONS				
Benefits	682,663,974	31,410,879	18,107,583	732,182,436
Refunds of contributions	19,159,269			19,159,269
Transfers to other public employees retirement plans		170,000	115,000	285,000
Administrative expenses	12,169,361	57,099	34,589	12,261,049
TOTAL DEDUCTIONS	713,992,604	31,637,978	18,257,172	763,887,754
NET INCREASE (DECREASE) IN NET POSITION	749,653,091	37,169,557	26,595,247	813,417,895
NET POSITION - BEGINNING OF YEAR	10,295,304,391	402,335,114	308,094,805	11,005,734,310
NET POSITION - END OF YEAR	$ 11,044,957,482	$ 439,504,671	$ 334,690,052	$ 11,819,152,205

The accompanying notes are an integral part of these financial statements.

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity/History

Act 177 of 1957, as amended, established the Arkansas Public Employees Retirement System (APERS) as an office of Arkansas state government for the purpose of providing retirement benefits for employees and various elected officials of state and local government in Arkansas. The Act also provided for the administration and control of the system to be vested in a nine-member Board of Trustees. Act 686 of 2021 expanded board membership to 13. Six members are appointed by the Governor, with three members being state employees and three members being non-state employees. Each appointee shall have at least five continuous years of service with a public employer(s) that is a member of the system, and no more than one state employee or non-state employee appointed may be a retired member. The three non-state employees must consist of at least one currently elected county judge and at least one mayor. Four members are appointed by the Legislature, two each by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. All four of these appointees are required to be retired members of the public employees plan, and two are required to be retired law enforcement but not from the State Police Retirement Plan. The Auditor of State, the Treasurer of State, and the Secretary of the Department of Finance and Administration are ex-officio members.

Act 311 of 1951, as amended, established the Arkansas State Police Retirement System (ASPRS) as an office of Arkansas state government for the purpose of providing retirement benefits for commissioned police officers of the Division of Arkansas State Police. Act 1242 of 2009 transferred all assets of ASPRS to APERS to be held in trust for the benefit of ASPRS members and established a seven-member Board of Trustees. The Board members include one active or retired member enrolled in the Tier One benefit program; one active, vested member enrolled in the Tier Two benefit program; one State Police Commissioner appointed by the Governor; and three citizens-at-large appointed by the Governor. The Chief Fiscal Officer of the State, or a designee, serves by virtue of his or her position.

Act 365 of 1953, as amended, established the Arkansas Judicial Retirement System (AJRS) as an office of Arkansas state government for the purpose of providing retirement benefits for Arkansas Chancery, Circuit, and Court of Appeals Judges and for Supreme Court Justices. Act 922 of 1983 transferred the administrative duties of AJRS to the Executive Director and administrative staff of APERS and gave AJRS the authority to establish a trust fund and initiate employer contributions into the fund. Act 240 of 1997 established a five-member Board of Trustees appointed by the Arkansas Judicial Council.

All Board members serve without compensation; however, each member is entitled to receive reimbursement for mileage and travel expenses incurred while performing official duties of their respective Board. Reimbursement shall be in an amount not to exceed that which is authorized by law as the maximum allowable travel reimbursement for state employees at the time the travel is incurred.

B. Plan Descriptions

The Arkansas Public Employees Retirement System manages three defined benefit pension plans: two single-employer plans (i.e., State Police retirement plan and judicial retirement plan) and one multi-employer cost sharing plan (i.e., public employees retirement plan). On June 30, 2024, membership in each plan consisted of the following:

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan
Retirees and beneficiaries currently receiving benefits, including DROP participants	42,986	789	179
Terminated members entitled to but not yet receiving benefits	15,370	121	13
Active members	43,405	527	145
Total	101,761	1,437	337

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Plan Descriptions (Continued)

Public Employees Retirement Plan Description

The public employees retirement plan is a cost-sharing, multiple-employer defined benefit pension plan that covers all state employees who are not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees, and certain non-teaching school employees. Benefits are also provided for governors, General Assembly members, state and county constitutional officers, and quasi-judicial members.

On June 30, 2024, the number of employers participating in the plan was as follows:

State	236
Municipal	187
County	87
Other Non-State	38
Court Clerks	34
School	22
District Judges	3
Total	607

The public employees retirement plan was established as contributory. Act 793 of 1977 allowed existing and previous members to become noncontributory members. Anyone joining after January 1, 1978, was automatically enrolled as a noncontributory member. Act 2084 of 2005 established a new contributory requirement for all covered employees first hired on or after July 1, 2005. Employees hired prior to this date that are noncontributory have the option to become a contributory member at any time.

Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service or (2) at age 55 with five years of actual service. A member who is defined as a public safety member is eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average compensation (FAC) and (2) the number of years of credited service. FAC for members first hired prior to July 1, 2022, is the average of the three highest annual compensations paid during a completed fiscal year of credited service, and for members first hired on or after July 1, 2022, FAC is the average of the five highest annual compensations. The plan also provides for disability and survivor benefits.

Under Arkansas Code, the following groups or individuals are allowed credit for years of service on a basis greater than 1:1:

Public safety members	1.5 per year for individuals employed prior to July 1, 1997
Governor	3 per year if first elected to public office prior to July 1, 1999
Elected state constitutional officers	2.5 per year if first elected to public office prior to July 1, 1999
Elected under state division	2 per year if first elected to public office prior to July 1, 1999
Local elected officials	2 per year

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Plan Descriptions (Continued)

Public Employees Retirement Plan Description (Continued)

The benefit provisions provided by the public employees retirement plan are established by state law and may be amended only by the General Assembly. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount if first hired prior to July 1, 2022, is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. If first hired on or after July 1, 2022, the redetermined amount is the lessor of 3% or the percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers as determined by the United States Department of Labor.

State Police Retirement Plan Description

The State Police retirement plan is a single-employer, defined benefit pension plan administered by APERS that covers all commissioned police officers of the Division of Arkansas State Police. It was established as a contributory plan but was amended by Act 793 of 1977 to allow existing and previous members to become noncontributory members. Anyone joining the system after January 1, 1978, was automatically enrolled as a noncontributory member. Act 1071 of 1997 created a Tier Two benefit program for all officers hired on or after April 3, 1997. Existing members of the plan in effect prior to this date (hereafter referred to as Tier One) had one year to elect coverage under Tier Two.

Tier One contributory members are eligible for full retirement benefits (1) at any age with 30 years of credited service or (2) at age 50 with five years of credited service. Reduced benefits are payable at any age after 20 years of credited service. The normal retirement benefit, paid monthly, is determined based on (1) the member’s final average compensation (average of salary paid in the three years immediately preceding termination) and (2) the number of years and months of credited service.

Tier One noncontributory members are eligible for full retirement benefits (1) at any age with 28 years of actual service; (2) at age 52 with five years of actual service; or (3) at age 65 with five years but less than 28 years of actual service. The age requirement is reduced by one month for every two months of Public Safety service credit but not below age 52. Public Safety service credit is granted at the rate of 1.5 months of credit for each actual month of Public Safety employment. Reduced benefits are payable after five years of actual service once the covered employee is within 10 years of becoming eligible for full benefits. The normal retirement benefit, paid monthly, is determined based on (1) the member’s final average compensation (an average of the highest 60 calendar months’ salary) and (2) the number of years and months of credited service.

Tier Two members are eligible for full retirement benefits (1) at any age with 28 years of credited service or (2) at age 65 with five years but less than 28 years of credited service. The age requirement for Tier Two is reduced by 75% of a month for each credited month of service but not below age 55. Reduced benefits are payable after five years of actual service once the covered employee is within 10 years of becoming eligible for full benefits. The normal retirement benefit, paid monthly, is determined based on (1) the member’s final average compensation (the highest 48 calendar months’ salary) and (2) the number of years and months of credited service.

For all Tiers, the plan also provides for disability and survivor benefits.

The benefit provisions provided by the State Police retirement plan are established by state law and may be amended only by the General Assembly. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Plan Descriptions (Continued)

Judicial Retirement Plan Description

The judicial retirement plan is a single-employer, defined benefit pension plan administered by APERS that covers all Chancery, Circuit, and Court of Appeals Judges and Supreme Court Justices, whether elected or appointed to office. Act 399 of 1999 created a Tier Two benefit program for all judges or justices elected or appointed on or after July 30, 1999. Existing members of the plan in effect prior to this date (hereafter referred to as Tier One) had until the end of their current term to elect coverage under Tier Two.

Under Tier One, members are eligible for full retirement benefits (1) at any age with 20 years of credited service or (2) at age 65 with 10 years of credited service. Persons who became members after June 30, 1983, must also have at least eight years of actual service as a Supreme Court Justice or as a judge of the Circuit Courts or the Court of Appeals.

Members are eligible for reduced benefits (1) at any age if they were a member before July 1, 1983, and have at least 18 but less than 20 years of credited service or (2) are between the ages of 62 and 65 with 14 years of credited service. The normal retirement benefit, paid monthly, is 60% of the annual salary payable to the last judicial office held. For any person who was a member on or before June 30, 1983, the retirement benefits are increased or decreased as the salary for the particular judicial office is increased or decreased. For all judges or justices who were first elected or appointed on or after July 1, 1983, the redetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. The plan also provides for disability and survivor benefits.

Under Tier Two, members are eligible for full retirement benefits (1) at any age with 20 years of actual service or (2) at age 65 with eight years of actual service. Members are eligible for reduced benefits if they are between the ages of 62 and 65 and have eight years of actual service. The normal retirement benefit, paid monthly, is 3.2% of the salary of the last judicial office held multiplied by the number of years of actual service, not to exceed 80% of the salary of the last judicial office held. Retiree benefit increases are calculated each year on July 1 for the following 12 months. The redetermined amount is the amount of the benefit payable as of the immediately preceding July 1, increased by 3%. The plan also provides for disability and survivor benefits.

The benefit provisions provided by the judicial retirement plan are established by state law and may be amended only by the General Assembly

C. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds are recognized in the accompanying financial statements.

Fiduciary Funds

Trust and Custodial Funds –Trust and Custodial Funds are used to report resources held by the Agency in a trustee capacity or as an agent for individuals, other governmental units, and other funds. These include Pension Trust Funds, Employee Health Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds. The specific activity accounted for at this Agency includes the following:

Public Employees Retirement Plan Fiduciary Pension Trust Fund
State Police Retirement Plan Fiduciary Pension Trust Fund
Judicial Retirement Plan Fiduciary Pension Trust Fund

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting

Basis of accounting refers to when additions and deductions are recognized and reported in the financial statements. The economic resources measurement focus and accrual basis of accounting are used in Fiduciary Fund financial statements. Under the accrual basis, additions are recognized when earned, and deductions are recorded when incurred.

E. Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash in State Treasury, cash on deposit with investment managers, and all short-term instruments with maturities at purchase of 90 days or less. All short-term investments are stated at fair value or net asset value, as applicable.

F. Deposits and Investments

Deposits

Deposits are carried at cost and consist of cash in bank, cash on deposit with investment managers, and cash in State Treasury totaling $36,393,946, $3,839,783 and $6,343,133, respectively. State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of State is responsible for ensuring these funds are adequately insured and collateralized.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the Agency will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. A formal policy for custodial credit risk has not been adopted by any Board of Trustees. As of June 30, 2024, none of the Agency's bank balance of $36,393,946 was exposed to custodial credit risk as it was fully insured by the Federal Deposit Insurance Corporation. However, as of June 30, 2024, $3,839,783 on deposit with investment managers was exposed to custodial credit risk as it was uninsured and uncollateralized.

Investments

Ark. Code Ann. §§ 24-2-601 — 24-2-619 grants each plan's Board of Trustees full power to invest and reinvest monies of their respective systems 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. The Code also states each system shall seek to invest not less than 5% or more than 10% of its portfolio in Arkansas-related investments, as long as each System's responsibility to invest in accordance with the prudent investor rule is not limited or impaired. As stated in Note 1A, all assets of ASPRS were transferred to APERS, and the Board of Trustees for APERS makes all investment decisions.

The Boards of APERS and AJRS determine specific guidelines and parameters by which each investment manager is required to invest. Asset allocation guidelines have been established as follows:

	Domestic Equity	International Equity	Fixed Income	Convertible Bonds	Real Assets	Diversified Strategies	Private Markets
APERS and ASPRS							
Upper Limit	41%	22%	26%	8%	21%	10%	10%
Target	**36%**	**17%**	**21%**	**3%**	**16%**	**2%**	**5%**
Lower Limit	31%	12%	16%	0%	11%	0%	0%
AJRS							
Upper Limit	42%	20%	45%	N/A	13%	N/A	N/A
Target	**37%**	**15%**	**40%**	**N/A**	**8%**	**N/A**	**N/A**
Lower Limit	32%	10%	35%	N/A	3%	N/A	N/A

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

The fair value measurement of investments is categorized within the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. In instances where inputs used to measure fair value fall into different levels, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The hierarchy of inputs is defined as follows:

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.

Assets classified in Level 1 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. Assets classified in Level 3 are valued using an internal fair value as provided by the investment manager due to lack of an independent pricing source. Investments that are valued using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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. The fair value measurement of plan investments and securities lending collateral as of June 30, 2024, is as follows:

	Total	Level 1	Level 2	Level 3
Investments Measured at Fair Value:				
U.S. Government securities	$ 202,564,812	$ 202,564,812		
Government agency securities:				
Government agency collateralized mortgage obligations	98,418,414		$ 98,418,414	
Government agency pooled securities	226,905,180		226,905,180	
Municipal bonds	654,898		654,898	
Domestic equities:				
Common stock	3,238,947,819	3,238,947,819		
Convertible preferred stock	25,877,386	11,923,535	13,953,851	
Preferred stock	1,487,728		1,487,728	
Domestic corporate obligations:				
Corporate bonds	315,829,814		315,829,814	
Convertible bonds	334,143,567		334,143,567	
Asset and mortgage-backed securities	320,774,759		320,774,759	
International equities:				
Equity securities	1,614,628,120	1,614,628,120		
Preferred stock	12,208,576	12,208,576		
International obligations:				
Corporate securities	99,857,519		99,857,519	
Convertible bonds	46,645,036		46,645,036	
Emerging markets	25,894,973		25,894,973	
Asset-backed securities	25,592,859		25,592,859	
Non-U.S. Government securities	745,931		745,931	
Mutual and exchange traded funds:				
Smaller companies international fund	164,487,108	164,487,108		
Emerging markets equity portfolio	134,161,199	134,161,199		
Floating rate bond fund	21,005,777	21,005,777		
Global bond fund	8,742,767	8,742,767		
High dividend yield ETF	11,429,719	11,429,719		
Russell 2000 ETF	108,343	108,343		
Russell 2000 value ETF	104,173	104,173		
Core S&P small-cap ETF	98,874	98,874		
Commercial loans	782,617			$ 782,617
Investment derivatives:				
Futures	2,625,236	2,625,236		
Total Measured at Fair Value	$ 6,934,723,204	$ 5,423,036,058	$ 1,510,904,529	$ 782,617

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Investments Measured at Net Asset Value or Equivalent (NAV):	
Pooled investment funds:	
Mellon S&P 500 Equity Index Fund	$ 766,895,908
Prudential Core Plus Bond Fund	682,700,350
Mellon ACWI ex-US Index Fund	630,339,627
Mellon Short-Term Investment Sweep	297,379,841
Acadian ACWI ex-US Small Cap Index Fund	215,330,175
Mellon Russell 1000 Growth Fund	54,075,021
MacKay Defensive Bond Arbitrage Fund	52,367,136
Mellon Large Cap Growth Fund	43,359,992
Baillie Gifford International Choice Fund	35,896,157
Mellon Global Real Estate Investment Trust Fund	12,443,817
MacKay High Yield Income Fund	1,394,962
Real estate:	
Invesco Core Real Estate	538,591,518
Heitman America Real Estate Trust	320,226,720
TA Realty Funds XI, XII, and XIII	131,221,575
Timberfund I	101,112,028
Principal Enhanced Property	85,808,730
Carlyle Property Investors Fund	81,486,019
Clarion Lion Industrial Trust Fund	78,011,272
IFC Core Farmland Fund	52,719,017
Harrison Street Fund VIII	48,780,029
PGIM U.S. Agriculture Fund	48,297,517
Heitman Value Fund IV	45,449,660
Starwood Distressed Opportunity Fund XII	41,341,952
Harrison Street Fund IX	31,489,774
LaSalle Funds VI and VII	19,932,792
Diversified strategies:	
Blackstone Hedge Fund of Funds	242,759,116
Private markets:	
HarbourVest Dover street XI	108,366,327
Neuberger Berman fund of one	37,274,367
Total Measured at NAV	$ 4,805,051,399

	Total	Level 1	Level 2	Level 3
Securities Lending Collateral:				
Corporate bonds	$ 131,976,953		$ 131,976,953	
Commercial paper	222,268,860		222,268,860	
Certificate of deposits	47,225,643		47,225,643	
Asset-backed securities	101,518,428		101,518,428	
Total Measured at Fair Value	502,989,884		$ 502,989,884	
Tri-party repurchase agreements	173,314,335			
Total Securities Lending Collateral*	$ 676,304,219			

*Cash collateral received totaled $676,848,392. The amount reported in the footnote above is the market value of the collateral received at June 30, 2024. The repurchase agreements are permanently priced and not recorded at fair value or NAV. They are included here only to agree total securities lending collateral to Exhibit A.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Exhibit A presents all highly liquid investments with maturity of three months or less when purchased as cash equivalents. As such, the amounts presented in the exhibit may not agree with amounts shown in this note. Below is a reconciliation to the amounts presented in the exhibit:

Reconciliation to Exhibit A	Investments	Cash and Cash Equivalents
Note 1F:		
Investments measured at fair value	$ 6,934,723,204	
Investments measured at NAV	4,805,051,399	
Cash in bank		$ 36,393,946
Cash on deposit with investment managers		3,839,783
Cash in State Treasury		6,343,133
Reconciling items:		
Mellon Short-Term Investment Sweep	(297,379,841)	297,379,841
Petty cash fund		200
Total Exhibit A	$ 11,442,394,762	$ 343,956,903

Investments Classified as Level 1 – Level 1 investments in the preceding table are exchange-traded securities whose values are based on published market prices and quotations from either national security exchanges or active markets for those securities.

Investments Classified as Level 2 – Level 2 investments in the preceding table include publicly-traded debt securities and exchange-traded stocks in inactive markets. Investments in this category are sourced from reputable pricing vendors using pricing matrix models and techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank, Bank of New York-Mellon.

Investments Classified as Level 3 – Level 3 investments in the preceding table are unobservable, meaning the assets lack an independent pricing source. Values are provided by the investment manager using discounted cash flow or market comparable techniques.

Investments Measured at the Net Asset Value or Equivalent (NAV) – Investments measured at NAV have no readily ascertainable fair value. The value is determined by using the net asset value per share or its equivalent. Pooled or 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 assets held in the partnership. Even though the limited partnerships and commingled funds issue annual financial statements audited by independent auditors, the year-end for these entities and APERS 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 and the Timberfund I 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:

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

	Fair Value	Strategy Type	Fund Life of Non-redeemable Mandates	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Other Redemption Restrictions	Restriction Time Remaining
Pooled investment funds:								
Mellon S&P 500 Equity Index Fund	$ 766,895,908	S&P 500 Index	N/A	none	daily	T + 3	N/A	N/A
Prudential Core Plus Bond Fund	682,700,350	Active global fixed income	N/A	none	daily	T + 3	N/A	N/A
Mellon ACWI ex-US Index Fund	630,339,627	International equities	N/A	none	daily	T + 1	N/A	N/A
Mellon Short-Term Investment Sweep	297,379,841	Short-term liquidity	N/A	none	daily	N/A	N/A	N/A
Acadian ACWI ex-US Small Cap Index Fund	215,330,175	International equities	N/A	none	daily	T + 10	N/A	N/A
Mellon Russell 1000 Growth Fund	54,075,021	U.S. large cap growth stocks	N/A	none	daily	T + 1	N/A	N/A
MacKay Defensive Bond Arbitrage Fund	52,367,136	Income oriented	N/A	none	daily	T + 1	N/A	N/A
Mellon Large Cap Growth Fund	43,359,992	S&P 500 Index	N/A	none	daily	T + 3	N/A	N/A
Baillie Gifford International Choice Fund	35,896,157	International equities	N/A	none	daily	T + 3	N/A	N/A
Mellon Global Real Estate Investment Trust Fund	12,443,817	Global real estate securities	N/A	none	daily	T + 1	N/A	N/A
MacKay High Yield Income Fund	1,394,962	Active high-yield fixed income	N/A	none	monthly	T + 3	N/A	N/A
Real estate:								
Invesco Core Real Estate	538,591,518	Core real estate	N/A	none	quarterly	T + 90	N/A	N/A
Heitman America Real Estate Trust	320,226,720	Core real estate	N/A	none	quarterly	T + 45	N/A	N/A
Timberfund I	101,112,028	Real assets	N/A	none	none	N/A	N/A	Partnership terminates December 2027
TA Realty Fund XII	94,496,345	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Capital redistribution phase
Principal Enhanced Property Fund	85,808,730	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
Carlyle Property Investors Fund	81,486,019	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
Clarion Lion Industrial Trust Fund	78,011,272	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
International Farmland Corporation Core Farmland Fund	52,719,017	Agriculture/Farmland	N/A	none	open end with 2-year lockup	N/A	N/A	Lock up period starts on the day of the last capital call
Harrison Street Fund VIII	48,780,029	Value add real estate	N/A	7,443,860	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
PGIM U.S. Agriculture Fund	48,297,517	Agriculture/Farmland	N/A	none	open end with 2-year lockup	N/A	N/A	Lock up period starts on the day of the last capital call
Heitman Value Fund IV	45,449,660	Value add real estate	N/A	4,845,619	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
Starwood Distressed Opportunity Fund XII	41,341,952	Value add real estate	N/A	37,500,000	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
TA Realty Fund XIII	36,361,251	Value add real estate	N/A	33,750,000	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
Harrison Street Fund IX	31,489,774	Value add real estate	N/A	19,802,625	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
LaSalle Fund VII	15,331,636	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Capital redistribution phase
LaSalle Fund VI	4,601,156	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Capital redistribution phase
TA Realty Fund XI	363,979	Value add real estate	N/A	none	7-year lock up	N/A	N/A	Capital redistribution phase
Diversified strategies:								
Blackstone Hedge Fund of Funds	242,759,116	Fund of funds	N/A	none	last day of each quarter	1yr; 2yrs; 3yrs; >3yrs	55% liquidity; then 20%; then 15%; then 10%	N/A
Private Markets:								
HarbourVest Dover Street XI	108,366,327	Secondary P/E fund	N/A	324,000,000	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
Neuberger Berman Fund of One	37,274,367	P/E Fund of one	N/A	295,750,000	7-year lock up	N/A	N/A	Lock up period starts on the day of the last capital call
Totals	$ 4,805,051,399			$ 723,092,104				

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Mellon S&P 500 Equity Index Fund – This is an S&P 500 Index fund.

Prudential Core Plus Bond Fund – This fund seeks excess return from multiple sources, including sector allocation and subsector and security selection. Duration, yield curve, and currency positioning are moderate. The largest component of the fund's 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 fund 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 fund takes an actively managed, relative-value driven approach and is expected to perform best in markets with excess spread dislocations that it can capitalize on through relative value trading.

Mellon ACWI ex-US Index Fund – This fund captures large and mid-cap representation across 22 of 23 developed market (DM) countries (excluding the United States) and 24 emerging market countries (EM). The index encompasses approximately 85% of the global equity opportunity set outside the United States.

Mellon Large Cap Growth Fund – Mellon Large Cap Growth Fund seeks to provide investment results that correspond to the total return of stocks of large capitalization U.S. companies. It invests in securities in the Russell 1000 Growth Index which is a market capitalization-weighted index designed to measure the performance of the large-cap growth segment of the U.S. equity market.

Mellon Short-Term Investment Sweep – Pooled cash management account used by all plans administered by APERS. The fund invests in U.S. Government and agency securities and other short-term instruments.

Acadian ACWI ex-US Small-Cap Index Fund – This fund captures long-term capital appreciation by investing in a portfolio of small-capitalization stocks in global, non-U.S. markets with a dedication to emerging markets. The strategy uses multi-factor models focusing on value, growth, momentum, volatility, and macro factors.

MacKay Defensive Bond Arbitrage Fund – The investment objective of this fund 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.

Mellon Russell 1000 Growth Fund – This fund seeks to match the performance and overall characteristics of the Russell 1000 Growth Index in a risk controlled, cost effective manner. The fund's approach aims to minimize tracking error, manage transaction costs, and utilize a full replication approach.

Baillie Gifford International Choice Fund – The Choice Fund aims to deliver good long-term performance to shareholders by investing in a portfolio of 60-90 international growth stocks, with up to 15% in emerging markets. The portfolio is built through bottom-up stock selection. It differs from the benchmark and looks for businesses that seek to outperform the market over the long term. Portfolio guidelines ensure a level of diversification across sectors and regions.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Mellon Global Real Estate Investment Trust 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 is designed to serve as a proxy for direct real estate investments.

MacKay High Yield Income 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.

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:

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.

TA Realty Funds XI, XII, and XIII – TA Realty has managed value-add, commingled real estate funds for approximately 30 years. It has 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 for the life of the fund(s).

Timberfund I – The Timberfund I is a managed investment that was created for the purpose of acquiring, growing, and disposing of timber, timberlands, and forest products for commercial exploitation.

Clarion Lion Industrial Trust Fund – Open-end private industrial fund that invests in warehouse and distribution facilities used by companies focused on e-commerce, logistics, and supply chain management with an emphasis on large core industrial markets throughout the United States.

International Farmland Corporation Core Farmland Fund – An agriculture fund that 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 sees long-term appreciation. The strategy may enable food sourcing solutions for core fund and IFC growers.

Heitman Value Fund IV – This fund is a closed-end, commingled fund that pursues a diverse set of real estate opportunities with value-added business plans. The objective is to provide investors with attractive risk-adjusted returns by benefitting from extensive research as well as real estate and capital market expertise to identify emerging opportunities and trends before they are fully appreciated by the broader market.

Harrison Street Fund VIII & IX – 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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

PGIM U.S. Agriculture Fund – Manages over 173,000 acres with a diversified portfolio of assets with good quality soils and water security located in microclimates with favorable growing conditions. Targeted investments follow a theme of healthier lifestyles, technology efficiencies, higher productivity, competitive advantage/scale, and opportunistic.

LaSalle Funds VI and VII – The LaSalle Funds pursue non-core properties that exhibit strong fundamentals and are expected to generate both income and appreciation. The sectors focused on are office, multifamily, retail, industrial, and specialty.

Starwood Distressed Opportunity Fund XII – The Starwood strategy pursues distressed investment opportunities which are expected to arise from economic disruptions. Investments will be made across multiple sections, including multifamily, affordable housing, hotels, office, and industrial. The fund will invest primarily in the United States and Europe, and will purse both debt and equity investments including the acquisition of distressed or nonperforming loans.

Principal Enhanced Property Fund – Open-end commingled fund. Objectives of the fund include a nationally diversified portfolio of high quality assets with a core plus investment strategy to provide a competitive market return.

Carlyle Property Investors Fund – U.S. focused core plus fund with a focus on sectors where accelerating demographic trends drive demand. Fund objectives are to target investments with a core plus return, seek attractive property rent and NOI growth, generate attractive levels of income with quarterly distributions, and construct a highly diversified portfolio by sector and geographic area.

Blackstone Hedge Fund of Funds – Blackstone manages a hedge fund-of-funds strategy through investing in other hedge funds. Their strategies will vary based on market conditions and can include 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.

HarbourVest Dover Street XI – The strategy is a private equity secondaries strategy. A secondary strategy mitigates the J-curve, offers exposure to seasoned assets, offers broad diversification, can capitalize on market dislocations and offers compelling returns with lower risk.

Neuberger Berman Fund of One – This fund is structured similarly to the Blackstone Fund of Funds strategy. The system retained Neuberger Berman to manage a fund of one strategy specifically for APERS. The strategy may invest in other private equity strategies.

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2024, the annual money-weighted rate of return for each plan was as follows:

Public Employees Retirement Plan	9.92%
State Police Retirement Plan	9.94%
Judicial Retirement Plan	10.81%

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics. A formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates has not been adopted by any Board of Trustees. The summary shown below indicates that 86.59% of plan investments and 25.81% of investments purchased with securities lending cash collateral have maturities that are one year or longer. As of June 30, 2024, the Agency has the following investment balances and segmented maturities:

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less than 1	1 - 5	More than 5 - 10	More than 10
U.S. Government securities	$ 202,564,812	$ 14,740,605	$ 47,696,325	$ 49,671,748	$ 90,456,134
Government agency securities	325,323,594			6,347,867	318,975,727
Municipal bonds	654,898				654,898
Domestic corporate obligations	970,748,140	46,213,085	383,981,942	179,159,925	361,393,188
International obligations	198,736,320	12,155,903	77,578,554	64,600,641	44,401,222
Mutual and exchange traded funds	29,748,543		8,742,767	21,005,776	
Pooled investment funds	1,033,842,289	297,379,841	1,394,962	735,067,486	
Commercial loans	782,617		782,617		
Totals	$ 2,762,401,213	$ 370,489,434	$ 520,177,167	$ 1,055,853,443	$ 815,881,169
Securities Lending Collateral					
Tri-party repurchase agreements	$ 173,314,335	$ 173,314,335			
Corporate bonds	131,976,953	58,857,966	$ 73,118,987		
Commercial paper	222,268,860	222,268,860			
Certificate of deposits	47,225,643	47,225,643			
Asset-backed securities	101,518,428	82,832	100,904,692		$ 530,904
Totals	$ 676,304,219	$ 501,749,636	$ 174,023,679	$ 0	$ 530,904

Mortgage-Backed Securities – As of June 30, 2024, investments that were affiliated with mortgages had a fair value of $565,331,231. The overall return or yield on mortgage-backed securities depends on the amount of interest collected over the life of the security and the change in the market value. Although the full amount of principal will be received if prepaid, the interest income that would have been collected during the remaining period to maturity, net of any market adjustment, is lost. Accordingly, the yields and maturities of mortgage-backed securities generally depend on when the underlying mortgage loan principal and interest are repaid. If market rates fall below a mortgage loan's contractual rate, it is generally to the borrower's advantage to prepay the existing loan and obtain new, lower financing. In addition to changes in interest rates, mortgage loan prepayments depend on other factors, such as loan types and geographic location of the related properties.

Asset-Backed Securities – As of June 30, 2024, asset-backed securities had a fair value of $207,878,410. Included in this amount was $101,518,640 in securities lending collateral. Asset-backed securities represent interests in various trusts consisting of pooled financial assets other than mortgage loans conveyed by the issuing parties. The ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Domestic and International Corporate Debt – As of June 30, 2024, domestic and international corporate debt had a fair value of $573,559,260. Included in this amount are $315,829,814 in domestic corporate bonds, $99,857,519 in international corporate securities, $25,894,973 in emerging market debt, and $131,976,953 in corporate bonds purchased with securities lending cash collateral. Corporate debt is made up of instruments issued by private corporations. They have a term maturity and can have either a fixed or variable interest rate. Variable interest rate bonds have adjustments that are made periodically and vary directly with movements in interest rates.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Convertible Corporate Bonds – As of June 30, 2024, convertible bonds had a fair value of $380,788,603. Included in this amount are $334,143,567 in domestic convertible bonds and $46,645,036 in international convertible bonds. These bonds convey an option to the bondholder to exchange each bond for a specified number of shares of common stock of the corporation. Convertible bonds offer lower coupon rates and promised yields to maturity than do nonconvertible bonds. A variable coupon varies directly with movements in interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The risk is measured by the credit quality of investments in debt securities as described by nationally recognized statistical rating organizations. A formal investment policy that limits investment in debt based on their statistical rating as a means of managing exposure to credit risk has not been adopted by any Board of Trustees. The Agency's exposure to credit risk as of June 30, 2024, as rated by Standard and Poor's and Moody's Investors Service, is as follows:

Standard and Poor's		Moody's Investors Service	
Rating	Fair Value	Rating	Fair Value
AAA	$ 8,264,834	Aaa	$ 535,971,453
AA	537,707,273	Aa	21,654,835
A	784,898,258	A	783,430,118
BBB	352,733,029	Baa	302,332,512
BB	80,576,842	Ba	82,381,407
B	78,862,754	B	82,954,420
CCC or below	13,538,128	Caa or below	24,147,791
		WR	3,193,729
Not rated	905,820,095	Not rated	926,334,948
Total	$ 2,762,401,213	Total	$ 2,762,401,213
Securities lending collateral			
AAA	$ 66,994,586	Aaa	$ 84,375,426
AA	160,642,358	Aa	206,324,217
A	234,350,153	A	125,034,894
CCC or below		Caa or below	530,904
		P-1	36,713,015
Not rated	214,317,122	Not rated	223,325,763
Total	$ 676,304,219	Total	$ 676,304,219

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Agency 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 uninsured, are not registered in the name of the respective plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the plan's name. A formal investment policy for custodial credit risk has not been adopted by any Board of Trustees. As of June 30, 2024, no investments were exposed to custodial credit risk.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Agency's investment in a single issuer (not including investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, or other pooled investments). A formal investment policy for concentration of credit risk has not been adopted by any Board of Trustees. As of June 30, 2024, no investments in any one issuer represented more than 5% of the total investments of any plan managed by APERS.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. A formal investment policy that limits investment in foreign currency has not been adopted by any Board of Trustees. As of June 30, 2024, exposure to foreign currency risk in U.S. dollars for investments and deposits is as follows:

Currency		Total Exposure	Cash Deposits	Equities	Fixed Income	Foreign Currency Contracts	Investment Principal Receivable	Investment Principal Payable	Accrued Income
Australian Dollar	AUD	$ 5,906,480		$ 5,906,480					
Brazilian Real	BRL	10,003,131		9,964,755					$ 38,376
British Pound Sterling	GBP	275,871,899	$ 1,050,312	274,180,792		$ 798,532		$ (798,532)	640,795
Canadian Dollar	CAD	63,973,030	167,341	63,031,370			$ 390,480		383,839
Chinese Yuan Renminbi	CNY	117,841							117,841
Danish Krone	DKK	37,386,477		36,998,658					387,819
Euro	EUR	380,384,350	220,404	376,160,990		1,316,909		(1,316,909)	4,002,956
Hong Kong Dollar	HKD	49,466,817	77,107	49,180,610					209,100
Israeli Shekel	ILS	7,790,478		7,790,478					
Japanese Yen	JPY	168,276,569	150,291	167,634,913		(2,338)			493,703
Mexican Nuevo Peso	MXN	9,567,930		9,567,930					
Norwegian Krone	NOK	228							228
Singapore Dollar	SGD	12,868,961		12,868,961					
South Korean Won	KRW	55,985,169	167,682	55,651,932					165,555
Swedish Krona	SEK	48,777,293		48,616,979					160,314
Swiss Franc	CHF	182,162,528		180,151,304					2,011,224
Totals		$ 1,308,539,181	$ 1,833,137	$ 1,297,706,152	$ 0	$ 2,113,103	$ 390,480	$ (2,115,441)	$ 8,611,750

For foreign currency contracts in the schedule above, a positive number represents the market value of contracts to purchase that currency in excess of the market value of contracts to sell that currency. A negative number, therefore, represents the market value of contracts to sell foreign currency in excess of contracts to purchase that currency.

Concentrations of Investments – Generally accepted accounting principles require each pension plan to disclose investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represent 5% or more of fiduciary net position. As of June 30, 2024, no investments in any one organization made by an individual plan represented 5% or more of the fiduciary net position of that plan.

Derivatives – Derivative instruments are financial contracts or agreements whose value is derived from one or more underlying assets, reference rates, and/or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, option contracts, and forward foreign currency exchange. Through its external investment managers, the plans could hold such instruments. The external investment managers could enter into swaps and futures contracts to gain or hedge exposure to certain markets, to manage interest rate risk, and to use forward foreign exchange contracts primarily to hedge foreign currency exposure. Investments in limited partnerships and commingled or pooled funds may include derivatives that are not shown in any derivative totals. There is a risk that the counterparties to the contracts will not be able to meet the contract terms. The external investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures.

The fair value balances of derivative instruments outstanding at June 30, 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended, are as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

Investments (Continued)

	Changes in Fair Value		Fair Value at June 30, 2024	
Type	Classification	Amount	Classification	Amount
Futures	Net increase (decrease) in the fair value of investments	$ 3,408,878	Investment derivatives	$ 2,625,236

Futures – A financial future is a contractual obligation to purchase or sell assets at a predetermined date and price. These contracts are traded on an organized exchange and are used to improve yield, adjust duration of the portfolio, circumvent changes in interest rates, or replicate an index. Risks associated with such contracts include movement in interest rates and the ability of the counterparty to perform. As of June 30, 2024, the fair value and notional amounts of futures are as follows:

Futures Contract	Expiration	Amount	Notional	
U.S. 2-year treasury note	September 2024	$ 1,501,172	USD	$ 364,400,000
U.S. 5-year treasury note	September 2024	116,797	USD	13,000,000
U.S. 10-year treasury note	September 2024	502,625	USD	72,100,000
U.S. Ultra 10-year treasury note	September 2024	52,250	USD	(8,800,000)
U.S. Treasury bond	September 2024	262,093	USD	13,700,000
U.S. Ultra bond	September 2024	190,299	USD	20,500,000
Total		$ 2,625,236		

Securities Lending Transactions – The APERS Board of Trustees' policies allow the public employees plan and the State Police plan to enter into securities lending transactions, whereby securities are lent to broker-dealers or other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The securities lending program is administrated by the Bank of New York-Mellon (the "Custodian"). The legal and contractual authorization for the securities lending program is contained in the Securities Lending Discretionary Agency Agreement between APERS and the Custodian. There were no restrictions on the amount of security loans that can be made, and for the year ended June 30, 2024, there were no violations of the Agency Agreement. Collateral must be provided in the amount of 102% for domestic loans and 105% for international loans. Securities on loan (Underlying Securities) to participating brokers at year-end include U.S. government securities, corporate securities, and international securities. Brokers who borrow the securities provide collateral in the form of government securities, letters of credit, and cash collateral. At year-end, there was no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed. The Custodian provides for full indemnification for any losses that might occur in the program due to the failure of a broker to return a security that was borrowed (and if the collateral is inadequate to replace the securities lent) or to pay the trust funds for income of the securities while on loan. Collateral securities received cannot be pledged or sold unless the borrower defaults. Cash collateral received is invested and appears as an asset on the Statement of Fiduciary Net Position. A corresponding liability is recorded, as the cash collateral must be returned to the borrower upon expiration of the loan. The loan maturity dates generally do not match the maturity dates of the investments made with cash collateral received. The cash collateral investments had a weighted average maturity of 311 days on June 30, 2024, whereas the loan maturity was 7 days.

NOTE 1: Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets purchased (or leased) 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 or setup costs, and installation costs). Only leases in excess of $25,000 (and SBITAs in excess of $1,000,000) with non-State entities were recorded. Gifts or contributions are generally recorded in the accounts at acquisition value at the time received. Acquisition value is the market value if the Agency would have purchased the item. Depreciation is reported based on a straight-line method, with no salvage value. Estimated useful lives generally assigned are as follows:

Assets:	Years
Equipment	5-20
Intangibles	4-95
Other capital assets	10-15

Capital assets activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Fiduciary activities:				
Equipment	$ 142,716			$ 142,716
Intangible assets	21,239,594			21,239,594
Right-to-Use assets:				
RtU Buildings	2,202,118	$ 771,005		2,973,123
RtU SBITAs		3,548,295		3,548,295
Less accumulated depreciation	14,973,536	3,799,566		18,773,102
Fiduciary activities, net	$ 8,610,892	$ 519,734	$ 0	$ 9,130,626

H. Leases and Subscription Based Information Technology Arrangements (SBITAs)

The Agency has acquired property by entering into a contract that conveys control of the right-to-use another entity's nonfinancial asset which is treated as a lease under the GASB Statement No. 87. The Agency has also acquired the right-to-use another party's IT software, as specified in the contract for a period of time in an exchange or exchange-like transaction under the GASB Statement No. 96. For more information on the Agency's right-to-use assets, refer to Note 1G above. Future amounts required to pay principal and interest on lease and SBITA obligations as of June 30, 2024, were as follows:

Lease Obligations Years Ending June 30,	Principal	Interest	Total
2025	$ 771,005	$ 13,372	$ 784,377

SBITA Obligations Years Ending June 30,	Principal	Interest	Total
2025	$ 842,389	$ 83,183	$ 925,572
2026	903,725	54,251	957,976
2027	968,287	23,225	991,512
Totals	$ 2,714,401	$ 160,659	$ 2,875,060

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Compensated Absences – Employee Leave

Annual leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for their unused accrued annual leave up to 30 days. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

Sick leave is earned by all full-time employees and may be accrued up to 120 days. Compensation up to a maximum of $7,500 for unused sick leave is payable to employees upon retirement.

Compensated absences payable attributable to this Agency's employee annual and sick leave as of June 30, 2024 and 2023, amounted to $540,231 and $544,826, respectively. The net changes to compensated absences payable during the year ended June 30, 2024, amounted to $(4,594).

J. Postemployment Benefits Other Than Pensions (OPEB)

Arkansas State Employee Health Insurance Plan (Plan)

Plan Description – The Department of Transformation and Shared Services – Employee Benefits Division (DTSS-EBD) provides medical and prescription drug benefits for eligible state employees and retirees. Policies for DTSS-EBD related to medical and prescription drug plans are established by the State Board of Finance (Board) and may include ad hoc benefit changes or annual cost redeterminations. For the current year, no ad hoc or cost redetermination changes occurred. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power to enact and amend duties of and benefit provisions of the Board and DTSS-EBD, respectively, as published in Subchapter 4, Chapter 5 of Title 21 of the Arkansas Code Annotated. DTSS-EBD is included in the State of Arkansas's Annual Comprehensive Financial Report (ACFR), which includes all applicable financial information, notes, and required supplementary information. That report may be obtained by writing to Department of Transformation and Shared Services, 501 Woodlane, Suite 201, Little Rock, Arkansas 72201 or by calling 501-319-6565.

The Agency contributes to the Plan, a single employer defined benefit OPEB plan administered by DTSS-EBD, on a monthly basis. The Board establishes medical and prescription drug benefits for three classes of covered individuals: active employees, terminated employees with accumulated benefits, and retires and beneficiaries. The Plan is established on the basis of a pay-as-you-go financing requirement, and no assets are accumulated in a trust, as defined by Governmental Accounting Standards Board (GASB) Statement No. 75. The State's annual OPEB cost for the Plan is based on an actuarially-determined calculated amount made in accordance with GASB Statement No. 75.

Funding Policy – Employer contributions to the Plan are established by Ark. Code Ann. § 21-5-414 and may not exceed $550 per budgeted position. Employees, retirees, and beneficiaries contribute varying amounts based on the type of coverage and inclusion of family members. Benefits for Medicare-eligible retirees are coordinated with Medicare Parts A and B, and the Plan is the secondary payer. The portion of the State's annual OPEB liability attributable to APERS as of June 30, 2024, is $2,875,192.

K. Contributions and Reserves

Contributions

The general financial objective of all Arkansas public employee retirement plans is to have rates of contribution that remain relatively level for Arkansas citizens from generation to generation. Any employee contributions are refundable if covered employment terminates before a monthly benefit is payable. Below are the contribution provisions for each plan.

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Contributions and Reserves (Continued)

Contributions (Continued)

Public Employees Retirement Plan – Contribution provisions applicable to the participating employers are established by the APERS Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly, certain municipal and county elected officials, and certain agencies employing individuals in public safety positions must also remit additional contributions. Ark. Code Ann. § 24-4-401 requires all contributory members to contribute 5.50% of annual compensation.

Employer contribution rates during the fiscal year ended June 30, 2024, as a percentage of active member payroll, are as follows:

State, County, Municipal, and Non-State Divisions	15.32%
Wildlife Officers and Military Department Civilian Firefighters Subdivisions	27.32%
District Judge Division	67.13%
School Division	4.00%

State Police Retirement Plan – Employer contribution provisions for the State Police retirement plan are established by Ark. Code Ann. § 24-6-209 at 26% of active member payroll. For any remaining members still employed and covered by the Tier One contributory plan, the employee contribution rate established by Ark. Code Ann. § 24-6-208 is 9.25% of the member's salary.

Additionally, in accordance with Ark. Code Ann. § 24-6-209(b), the State makes an annual transfer to the plan by computing the dollar amount required based on the actuarially determined employer rate in the most recent annual actuarial valuation and subtracting from that amount the employer statutory contribution and the driver's license reinstatement fees. The State's supplemental contribution during FY2024 under this provision of law amounted to $11,427,008.

Judicial Retirement Plan – Employer contribution provisions for the judicial retirement plan are established by Ark. Code Ann. § 24-8-210 for Tier One and by Ark. Code Ann. § 24-8-707 for Tier Two at 12% of active member payroll. Contributory members are required to contribute 6% of their annual salary for Tier One and 5% for Tier Two. Employee contributions are no longer required for Tier One members when a judge is certified eligible for retirement or for Tier Two when a judge or justice has sufficient service to receive the maximum benefit under the plan provisions.

Additionally, in accordance with Ark. Code Ann. § 24-8-210(b), the State makes an annual transfer to the plan by computing the dollar amount required based on the actuarially determined employer rate in the most recent annual actuarial valuation and subtracting from that amount the employer statutory contribution amount and the court cost revenue received. The State's supplemental contribution during FY2024 under this provision of law amounted to $6,413,035.

Reserves

The reserve accounts are an allocation of the net position restricted for pensions and do not limit the availability of assets to be used for existing pensions or pension administration. They are made to comply with the provisions of Arkansas Code or the decisions of plan management. The reserve balances at June 30, 2024, are as follows:

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Contributions and Reserves (Continued)

Contributions (Continued)

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan	Total
Members' deposit account reserve	$ 684,886,447	$ 456,094	$ 14,598,404	$ 699,940,945
Employer's accumulation account reserve	2,674,628,424	97,569,470	93,490,572	2,865,688,466
Retirement reserve	6,751,614,083	329,702,458	219,168,915	7,300,485,456
December 31, 2004, accrued liability reserve	19,792,928			19,792,928
Undistributed reserves	914,035,600	11,776,649	7,432,161	933,244,410
Totals	$ 11,044,957,482	$ 439,504,671	$ 334,690,052	$ 11,819,152,205

L. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (a deduction) until a future period.

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (addition) until a future period.

M. Federal Income Tax Status

During the year ended June 30, 2024, all plans qualified under 26 USC § 401(a) and were exempt from federal income taxes under 26 USC § 501(a).

NOTE 2: Deferred Retirement Option Program (DROP)

	Deferred Retirement Option Program by Retirement Plan		
		State Police	
	Public Employees	Tier One	Tier Two
Authority for Program:	Ark. Code Ann. §§ 24-4-801 – 24-4-806	Ark. Code Ann. §§ 24-6-301 – 24-6-307	Ark. Code Ann. §§ 24-6-501 – 24-6-508
Participation Eligibility:	Members with 28 years of actual service subject to an early participation reduction of one-half of 1% for each month away from 30 years or 30 years of actual service with no reduction in benefits. Member election to enter the DROP is irrevocable, and additional service credit in any state-supported retirement system cannot be accumulated.	Members with 28 years of credited service who are eligible to receive a service retirement pension and have been approved by the ASPRS Board of Trustees. Member election to enter the DROP is irrevocable, and additional service credit in any state-supported retirement system cannot be accumulated.	Members with 28 years of actual service as a member of the Tier Two plan, including reciprocal service, who are eligible to receive a service retirement pension and have been approved by the ASPRS Board of Trustees. Member election to enter the DROP is irrevocable, and additional service credit in any state-supported retirement system cannot be accumulated.
Period of Participation:	The maximum period of participation is ten years, at which time employment must terminate.	The maximum period of participation is seven years, at which time employment with the Division of Arkansas State Police must terminate.	The maximum period of participation is seven years, at which time employment with the Division of Arkansas State Police must terminate.
Amount of Benefit Credited to the Member's Account:	Members receive 75% of their monthly retirement benefit subject to the participation reduction shown in "Participation Eligibility."	Members receive 100% of their monthly retirement benefit.	Members receive 72% of their monthly retirement benefit.
Interest Rate Credited to the Member's Account:	The interest rate is set by the APERS Board of Trustees and credited to the individual's account balance annually at the end of the fiscal year. For FY2024, the rate was 3.00%.	The interest rate is adjusted by the ASPRS Board of Trustees as needed and credited to the individual's account balance annually at the end of the fiscal year. The rate cannot be greater than 5% or less than 1%. For FY2024, the rate was 3.25%	The interest rate is adjusted by the ASPRS Board of Trustees as needed and credited to the individual's account balance annually at the end of the fiscal year. The rate cannot be greater than 5% or less than 1%. For FY2024, the rate was 3.25%.
Balance held by the Plan at June 30, 2024	$121,039,525	$4,242,871	$501,307

Note: State law does not authorize members of the judicial retirement plan to participate in a deferred retirement option.

NOTE 3: Net Pension Liability of Participating Employers

For each retirement plan, the components of the net pension liability of the participating employers at June 30, 2024, were as follows:

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan
Total pension liability	$ 13,533,079,393	$ 574,074,407	$ 353,569,032
Less: plan net position	11,044,957,481	439,504,672	334,690,053
Employers' net pension liability	$ 2,488,121,912	$ 134,569,735	$ 18,878,979
Plan net position as a percentage of the total pension liability	81.61%	76.56%	94.66%

Actuarial Assumptions – The total pension liability for each retirement plan was determined by an actuarial valuation as of June 30, 2024. The actuarial assumptions used in the valuation and adopted by the respective Boards of Trustees were applied to all prior periods included in the measurement. The actuarial experience study period and the significant assumptions and other inputs used to measure the total pension liability are as follows:

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan
Actuarial study period	7/01/2017 – 6/30/2022	7/01/2017 – 6/30/2022	7/01/2016 – 6/30/2021
Wage inflation rate	3.25%	3.25%	3.25%
Salary increases	3.25% - 11.00%	3.25% - 8.25%	3.25%
Investment rate of return*	7.00%	7.00%	5.50%

*Net of investment and administrative expenses.

Mortality Tables Public Employees Retirement Plan – 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 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.

Mortality Tables State Police Retirement Plan – The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were the PubS-2010 Amount-Weighted Below-Medium Income Safety Retiree Mortality tables for healthy retires, multiplied by 114% for males and 108% for females. The disables retiree mortality tables, for post-retirement disables mortality, used in evaluating allowances to be paid were the PubNS-2010 Amount-Weighted Safety Disabled Retiree Mortality tables for disabled retirees, multiplied by 114% for males and 108% for females. The pre-retirement mortality tables used was 75% of the PubS-2010 Amount-Weighted Below-Median Safety 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.

Mortality Tables Judicial Retirement Plan – The healthy retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were the PubG-2010 Above-Median Income Retiree Mortality tables for healthy retirees. The disabled retiree mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were the PubG-2010 Disabled Retiree Mortality tables for disabled retires. The pre-retirement mortality tables used was 175% of the PubG-2010 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.

NOTE 3: Net Pension Liability of Participating Employers (Continued)

Long-Term Rate of Return All Retirement Plans – The long-term expected rate of return on all pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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. For all plans, best estimates of arithmetic real rates of return for the 10-year period from 2024 – 2033 were based upon capital market assumptions provided by each plan's investment consultant. For each major asset class included in the respective pension plan's current asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

	Public Employees and State Police Retirement Plans		Judicial Retirement Plan	
Asset Allocation	Target	Long-Term Expected Real Rate of Return	Target	Long-Term Expected Real Rate of Return
Broad domestic equity	39.00%	5.03%	37.00%	5.18%
International equity	17.00%	6.34%	15.00%	6.59%
Real assets	16.00%	4.51%	8.00%	4.77%
Private equity	5.00%	9.00%		
Hedge funds	2.00%	3.63%		
Domestic fixed	21.00%	3.38%	40.00%	2.56%
	100.00%		100.00%	

Discount Rate Public Employees and State Police Retirement Plans – A single discount rate of 7.00% 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 7.00%. 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 public employees and State Police retirement plans' 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.

Discount Rate Judicial Retirement Plan – A single discount rate of 5.50% 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 5.50%. 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 the actuarially determined contribution rate and the member rate. Based on these assumptions, the judicial retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability – Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the participating employers' net pension liability by plan, calculated using the current discount rate, as well as what the participating employers' net pension liability would be if it were calculated using a single discount rate that is 1% lower and 1% higher than the current rate:

	Sensitivity of the Net Pension Liability to Changes in the Discount Rate		
Net Pension Liability	1% Lower than Current Rate	Current Rate	1% Higher than Current Rate
Public Employees Retirement Plan - current rate 7.00%	$ 4,245,632,793	$ 2,488,121,912	$ 1,039,183,785
State Police Retirement Plan - current rate 7.00%	206,890,479	134,569,735	74,718,201
Judicial Retirement Plan - current rate 5.50%	60,361,897	18,878,979	(16,537,373)

NOTE 4: Required Supplementary Schedules

Detailed historical information about the pension liabilities for which the pension plan's assets are being held and managed and the significant assumptions used to measure these liabilities are required supplementary information. This required supplementary information, prepared in accordance with the parameters of GASB Statement No. 67, as amended, is included immediately following the notes to the financial statements.

NOTE 5: New Accounting Pronouncement

The Agency implemented GASB Statement No. 96, *Subscription Based Information Technology Agreements* (SBITAs) in the fiscal year ended June 30, 2024. A SBITA is defined as a contract that conveys control of the right-to-use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Schedule 1

TEN-YEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS – PUBLIC EMPLOYEES RETIREMENT PLAN FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	$ 256,766,391	$ 224,674,840	$ 205,730,312	$ 200,169,558	$ 198,416,559	$ 189,567,873	$ 181,557,602	$ 174,663,657	$ 169,112,935	$ 168,811,990
Interest	909,087,161	872,640,034	838,746,422	816,578,389	789,604,504	759,163,751	745,846,405	719,134,258	692,210,941	682,217,546
Changes in benefit terms				(5,405,298)		(62,984)				
Differences between actual and expected experience	(140,435,716)	170,265,906	84,323,321	(65,645,442)	2,007,866	60,093,169	(6,960,593)	62,849,281	2,912,566	(137,672,890)
Changes in assumptions		187,295,676					(180,097,868)	416,146,405		192,273,597
Benefit payments, including refunds of plan member contributions	(701,829,398)	(675,607,600)	(652,863,955)	(624,006,385)	(603,290,209)	(571,592,525)	(544,595,643)	(521,962,553)	(494,105,931)	(464,111,187)
NET CHANGE IN TOTAL PENSION LIABILITY	323,588,438	779,268,856	475,936,100	321,690,822	386,738,720	437,169,284	195,749,903	850,831,048	370,130,511	441,519,056
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	13,209,490,955	12,430,222,099	11,954,285,999	11,632,595,177	11,245,856,457	10,808,687,173	10,612,937,270	9,762,106,222	9,391,975,711	8,950,456,655
TOTAL PENSION LIABILITY - END OF YEAR (A)	$13,533,079,393	$13,209,490,955	$12,430,222,099	$11,954,285,999	$ 11,632,595,177	$11,245,856,457	$ 10,808,687,173	$10,612,937,270	$ 9,762,106,222	$ 9,391,975,711
PLAN NET POSITION										
Contributions - employer	$ 348,653,977	$ 340,152,342	$ 320,196,067	$ 305,974,671	$ 298,918,947	$ 293,013,343	$ 276,251,473	$ 261,656,384	$ 263,172,688	$ 262,327,562
Contributions - plan members	102,239,193	93,037,947	81,213,354	75,044,922	71,470,967	68,206,685	64,708,128	58,500,339	55,912,833	51,596,001
Supplemental contributions			609,078	595,977	578,618	561,766	555,151	407,363	404,433	392,653
Net investment income, including securities lending activity	1,009,317,537	809,503,795	(1,192,887,342)	2,665,823,683	174,561,774	450,493,098	782,326,767	862,824,701	(4,177,314)	169,621,019
Benefit payments, including refunds of plan member contributions	(701,829,398)	(675,607,600)	(652,863,955)	(624,006,385)	(603,290,209)	(571,592,525)	(544,595,643)	(521,962,553)	(494,105,931)	(464,111,187)
Administrative expense	(12,169,361)	(10,465,629)	(11,401,566)	(11,305,976)	(11,624,523)	(13,566,062)	(10,864,271)	(9,068,778)	(6,929,103)	(6,952,041)
Other	3,441,142	4,844,905	3,519,289	4,316,124	5,067,457	3,459,222	5,573,737	5,681,184	6,238,203	5,823,915
NET CHANGE IN PLAN NET POSITION	749,653,090	561,465,760	(1,451,615,075)	2,416,443,016	(64,316,969)	230,575,527	573,955,342	658,038,640	(179,484,191)	18,697,922
PLAN NET POSITION - BEGINNING OF YEAR	10,295,304,391	9,733,838,631	11,185,453,706	8,769,010,690	8,833,327,659	8,602,752,132	8,028,796,790	7,370,758,150	7,550,242,341	7,531,544,419
PLAN NET POSITION - END OF YEAR (B)	$11,044,957,481	$10,295,304,391	$ 9,733,838,631	$11,185,453,706	$ 8,769,010,690	$ 8,833,327,659	$ 8,602,752,132	$ 8,028,796,790	$ 7,370,758,150	$ 7,550,242,341
PARTICIPATING EMPLOYERS' NET PENSION LIABILITY (ASSET) END OF YEAR (A) - (B)	$ 2,488,121,912	$ 2,914,186,564	$ 2,696,383,468	$ 768,832,293	$ 2,863,584,487	$ 2,412,528,798	$ 2,205,935,041	$ 2,584,140,480	$ 2,391,348,072	$ 1,841,733,370
Plan net position as a percentage of total pension liability	81.61%	77.94%	78.31%	93.57%	75.38%	78.55%	79.59%	75.65%	75.50%	80.39%
Covered employee payroll	$ 2,256,616,749	$ 2,252,048,646	$ 2,054,188,304	$ 1,907,642,349	$ 1,929,343,374	$ 1,936,042,263	$ 1,849,202,619	$ 1,788,074,570	$ 1,795,174,463	$ 1,757,056,813
Participating employers' net pension liability (asset) as a percentage of covered employee payroll	110.26%	129.40%	131.26%	40.30%	148.42%	124.61%	119.29%	144.52%	133.21%	104.82%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
TEN-YEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
STATE POLICE RETIREMENT PLAN
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

Schedule 2

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	$ 9,795,799	$ 7,156,062	$ 7,194,124	$ 6,536,818	$ 5,861,499	$ 6,691,528	$ 6,577,148	$ 5,473,626	$ 5,488,445	$ 6,101,608
Interest	37,841,301	35,098,769	34,672,914	33,332,676	31,967,469	31,299,758	30,678,211	30,322,786	29,469,678	29,218,802
Changes in benefit terms				9,589,716	997,533					
Differences between actual and expected experience	6,450,634	24,739,809	(4,036,778)	(2,821,477)	7,543,752	(1,805,446)	467,389	(3,052,763)	1,757,687	(3,107,531)
Changes in assumptions		14,369,541					(4,529,133)	15,875,267		8,703,080
Benefit payments, including refunds of plan member contributions	(31,410,879)	(34,560,931)	(29,149,508)	(27,294,080)	(27,934,141)	(24,930,275)	(24,185,418)	(24,631,787)	(26,035,466)	(23,358,801)
NET CHANGE IN TOTAL PENSION LIABILITY	22,676,855	46,803,250	8,680,752	19,343,653	18,436,112	11,255,565	9,008,197	23,987,129	10,680,344	17,557,158
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	551,397,552	504,594,302	495,913,550	476,569,897	458,133,785	446,878,220	437,870,023	413,882,894	403,202,550	385,645,392
TOTAL PENSION LIABILITY - END OF YEAR (A)	$ 574,074,407	$ 551,397,552	$ 504,594,302	$ 495,913,550	$ 476,569,897	$ 458,133,785	$ 446,878,220	$ 437,870,023	$ 413,882,894	$ 403,202,550
PLAN NET POSITION										
Contributions - employer	$ 11,012,463	$ 10,197,986	$ 8,908,482	$ 7,706,274	$ 7,205,047	$ 6,727,409	$ 6,515,063	$ 6,416,736	$ 6,581,580	$ 6,409,752
Contributions - plan members	8,021	54,311	140,796	40,919	93,792	27,515	133,860	43,037	30,170	94,814
Supplemental contributions	11,427,008	6,952,517	6,165,687	7,139,012	7,705,096	8,035,961	7,109,703	6,693,915	6,233,769	6,574,376
State-collected fees allocated to pension plan	7,137,627	6,780,424	7,478,980	7,897,440	6,869,433	6,463,108	7,245,013	6,807,370	6,867,765	6,800,002
Net investment income, including securities lending activity	39,221,918	31,210,504	(46,247,420)	101,415,222	6,700,903	17,031,483	28,823,344	31,484,258	(210,034)	6,131,690
Benefit payments, including refunds of plan member contributions	(31,410,879)	(34,560,931)	(29,149,508)	(27,294,080)	(27,934,141)	(24,930,275)	(24,185,418)	(24,631,787)	(26,035,466)	(23,358,801)
Administrative expense	(57,099)	(77,051)	(61,920)	(51,376)	(31,455)	(393,754)	(70,967)	(50,961)	(47,879)	(41,898)
Other	(169,501)	(163,396)	(167,428)	(164,008)	(164,009)	(160,686)	(157,464)	(157,463)	(157,463)	(154,334)
NET CHANGE IN PLAN NET POSITION	37,169,558	20,394,364	(52,932,331)	96,689,403	444,666	12,800,761	25,413,134	26,605,105	(6,737,558)	2,455,601
PLAN NET POSITION - BEGINNING OF YEAR	402,335,114	381,940,750	434,873,081	338,183,678	337,739,012	324,938,251	299,525,117	272,920,012	279,657,570	277,201,969
PLAN NET POSITION - END OF YEAR (B)	$ 439,504,672	$ 402,335,114	$ 381,940,750	$ 434,873,081	$ 338,183,678	$ 337,739,012	$ 324,938,251	$ 299,525,117	$ 272,920,012	$ 279,657,570
PARTICIPATING EMPLOYER'S NET PENSION LIABILITY (ASSET) END OF YEAR (A) - (B)	$ 134,569,735	$ 149,062,438	$ 122,653,552	$ 61,040,469	$ 138,386,219	$ 120,394,773	$ 121,939,969	$ 138,344,906	$ 140,962,882	$ 123,544,980
Plan net position as a percentage of total pension liability	76.56%	72.97%	75.69%	87.69%	70.96%	73.72%	72.71%	68.41%	65.94%	69.36%
Covered employee payroll	$ 42,912,787	$ 37,711,310	$ 32,757,302	$ 33,585,266	$ 33,311,093	$ 30,287,691	$ 29,593,145	$ 29,076,764	$ 29,448,593	$ 29,929,358
Participating employer's net pension liability (asset) as a percentage of covered employee payroll	313.59%	395.27%	374.43%	181.75%	415.44%	397.50%	412.05%	475.79%	478.67%	412.79%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
TEN-YEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - JUDICIAL RETIREMENT PLAN
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

Schedule 3

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY										
Service cost	$ 8,577,925	$ 8,100,878	$ 8,053,242	$ 7,197,367	$ 7,096,255	$ 6,919,400	$ 6,927,257	$ 7,221,153	$ 7,230,267	$ 5,342,168
Interest	18,988,344	18,132,003	17,515,015	16,822,916	16,175,509	15,877,675	15,378,982	16,121,127	15,770,309	14,883,382
Changes in benefit terms										
Differences between actual and expected experience	(5,897,099)	6,858,147	(37,166)	3,798,212	2,340,115	(4,481,503)	(743,902)	(3,462,751)	(5,184,045)	12,969,853
Changes in assumptions			16,744,946					2,369,244		24,290,229
Benefit payments, including refunds of plan member contributions	(18,107,583)	(17,411,833)	(17,060,242)	(15,359,618)	(13,446,760)	(13,001,793)	(12,769,175)	(12,389,433)	(12,008,338)	(10,777,191)
NET CHANGE IN TOTAL PENSION LIABILITY	3,561,587	15,679,195	25,215,795	12,458,877	12,165,119	5,313,779	8,793,162	9,859,340	5,808,193	46,708,441
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	350,007,445	334,328,250	309,112,455	296,653,578	284,488,459	279,174,680	270,381,518	260,522,178	254,713,985	208,005,544
TOTAL PENSION LIABILITY - END OF YEAR (A)	$ 353,569,032	$ 350,007,445	$ 334,328,250	$ 309,112,455	$ 296,653,578	$ 284,488,459	$ 279,174,680	$ 270,381,518	$ 260,522,178	$ 254,713,985
PLAN NET POSITION										
Contributions - employer	$ 3,447,299	$ 3,139,441	$ 3,254,366	$ 2,879,859	$ 3,034,573	$ 2,712,974	$ 2,759,107	$ 2,687,850	$ 2,675,356	$ 2,449,709
Contributions - plan members	1,307,899	1,267,952	1,300,942	1,117,205	1,138,323	1,030,430	1,016,180	1,062,471	1,025,141	948,233
Supplemental contributions	6,413,036	4,903,105	5,438,254	5,158,514	5,143,150	5,009,400	5,075,248	5,210,693	2,285,337	2,629,192
State-collected fees allocated to pension plan	406,259	188,083	270,839	171,520	394,974	511,585	586,818	586,818	586,818	609,388
Net investment income	33,277,652	19,323,746	(43,073,793)	72,229,463	17,435,283	14,655,822	19,162,125	28,044,871	(1,744,076)	9,971,831
Benefit payments, including refunds of plan member contributions	(18,107,583)	(17,411,833)	(17,060,242)	(15,359,618)	(13,446,760)	(13,001,793)	(12,769,175)	(12,389,433)	(12,008,338)	(10,777,191)
Administrative expense	(34,589)	(57,276)	(50,407)	(33,298)	(30,039)	(37,011)	(34,009)	(60,401)	(50,119)	(31,648)
Other	(114,725)	(113,596)	(113,708)	(111,852)	(111,852)	(110,050)	(107,812)	(108,790)	(108,301)	(106,303)
NET CHANGE IN PLAN NET POSITION	26,595,248	11,239,622	(50,033,749)	66,051,793	13,557,652	10,771,357	15,688,482	25,034,079	(7,338,182)	5,693,211
PLAN NET POSITION - BEGINNING OF YEAR	308,094,805	296,855,183	346,888,932	280,837,139	267,279,487	256,508,130	240,819,648	215,785,569	223,123,751	217,430,540
PLAN NET POSITION - END OF YEAR (B)	$ 334,690,053	$ 308,094,805	$ 296,855,183	$ 346,888,932	$ 280,837,139	$ 267,279,487	$ 256,508,130	$ 240,819,648	$ 215,785,569	$ 223,123,751
PARTICIPATING EMPLOYER'S NET PENSION LIABILITY (ASSET) END OF YEAR (A) - (B)	$ 18,878,979	$ 41,912,640	$ 37,473,067	$ (37,776,477)	$ 15,816,439	$ 17,208,972	$ 22,666,550	$ 29,561,870	$ 44,736,609	$ 31,590,234
Plan net position as a percentage of total pension liability	94.66%	88.03%	88.79%	112.22%	94.67%	93.95%	91.88%	89.07%	82.83%	87.60%
Covered employee payroll	$ 28,123,486	$ 27,529,347	$ 26,259,112	$ 25,479,456	$ 24,586,078	$ 23,602,735	$ 23,434,639	$ 22,917,870	$ 22,308,000	$ 22,308,000
Participating employer's net pension liability (asset) as a percentage of covered employee payroll	67.13%	152.25%	142.71%	-148.26%	64.33%	72.91%	96.72%	128.99%	200.54%	141.61%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
TEN-YEAR SCHEDULE OF CONTRIBUTIONS – PUBLIC EMPLOYEES RETIREMENT PLAN
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

Schedule 4

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution	$ 345,713,686	$ 345,013,853	$ 314,701,648	$ 292,250,808	$ 295,575,405	$ 296,601,675	$ 272,757,386	$ 259,270,813	$ 260,300,297	$ 259,341,856
Actual contributions	348,652,316	340,147,228	320,768,737	306,480,848	299,443,847	293,501,408	276,784,232	261,830,210	263,181,645	262,353,291
Contribution deficiency (excess)	$ (2,938,630)	$ 4,866,625	$ (6,067,089)	$ (14,230,040)	$ (3,868,442)	$ 3,100,267	$ (4,026,846)	$ (2,559,397)	$ (2,881,348)	$ (3,011,435)
Covered employee payroll	$2,256,616,749	$2,252,048,646	$2,054,188,304	$1,907,642,349	$1,929,343,374	$1,936,042,263	$1,849,202,619	$1,788,074,570	$1,795,174,463	$1,757,056,813
Actual contributions as a percentage of covered employee payroll	15.45%	15.10%	15.62%	16.07%	15.52%	15.16%	14.97%	14.64%	14.66%	14.93%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Schedule 5

TEN-YEAR SCHEDULE OF CONTRIBUTIONS – STATE POLICE RETIREMENT PLAN

FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution	$ 24,284,346	$18,297,528	$15,903,670	$16,742,255	$16,885,393	$15,576,959	$15,391,395	$14,122,584	$14,285,512	$14,171,551
Actual contributions:										
Employer*	10,186,180	10,185,428	7,546,134	7,697,245	7,161,287	6,687,160	6,461,032	6,409,203	6,587,211	6,458,317
Annual transfer from the State	11,427,008	6,952,517	6,165,687	7,139,012	7,705,096	8,035,961	7,109,703	6,693,915	6,233,769	6,574,376
Driver's license reinstatement fees	1,547,229	1,629,988	1,793,447	2,361,709	1,458,873	1,014,554	1,606,181	1,164,959	1,231,566	1,222,352
Total Actual Contributions	23,160,417	18,767,933	15,505,268	17,197,966	16,325,256	15,737,675	15,176,916	14,268,077	14,052,546	14,255,045
Contribution deficiency (excess)	$ 1,123,929	$ (470,405)	$ 398,402	$ (455,711)	$ 560,137	$ (160,716)	$ 214,479	$ (145,493)	$ 232,966	$ (83,494)
Covered employee payroll	$ 42,912,787	$37,711,310	$32,757,302	$33,585,266	$33,311,093	$30,287,691	$29,593,145	$29,076,764	$29,448,593	$29,929,358
Actual contributions as a percentage of covered employee payroll	53.97%	49.77%	47.33%	51.21%	49.01%	51.96%	51.29%	49.07%	47.72%	47.63%

Schedule 6

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
TEN-YEAR SCHEDULE OF CONTRIBUTIONS – JUDICIAL RETIREMENT PLAN
FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined contribution	$10,166,640	$ 8,770,850	$ 9,017,379	$ 8,879,590	$ 8,826,402	$ 8,466,301	$ 8,757,525	$ 8,706,499	$ 5,597,077	$ 6,496,090
Actual contributions:										
Employer*	3,447,299	3,139,441	3,254,366	2,879,859	3,034,573	2,712,974	2,759,107	2,687,850	2,675,356	2,449,709
Annual transfer from the State	6,413,035	4,903,105	5,438,254	5,158,514	5,143,150	5,009,400	5,075,248	5,210,693	2,285,337	2,629,192
Designated court fees	406,259	188,083	270,839	171,520	394,974	511,585	586,818	586,818	586,818	609,388
Total Actual Contributions	10,266,593	8,230,629	8,963,459	8,209,893	8,572,697	8,233,959	8,421,173	8,485,361	5,547,511	5,688,289
Contribution deficiency (excess)	$ (99,953)	$ 540,221	$ 53,920	$ 669,697	$ 253,705	$ 232,342	$ 336,352	$ 221,138	$ 49,566	$ 807,801
Covered employee payroll	$28,123,486	$27,529,347	$26,259,112	$25,479,456	$24,586,078	$23,602,735	$23,434,639	$22,917,870	$22,308,000	$22,308,000
Actual contributions as a percentage of covered employee payroll	36.51%	29.90%	34.13%	32.22%	34.87%	34.89%	35.93%	37.03%	24.87%	25.50%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM Schedule 7

TEN-YEAR SCHEDULE OF INVESTMENT RETURNS – PUBLIC EMPLOYEES RETIREMENT PLAN

FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	9.92%
2023	8.43%
2022	-10.81%
2021	30.83%
2020	2.00%
2019	5.31%
2018	9.89%
2017	11.89%
2016	-0.06%
2015	2.28%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Schedule 8

TEN-YEAR SCHEDULE OF INVESTMENT RETURNS – STATE POLICE RETIREMENT PLAN

FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	9.94%
2023	8.40%
2022	-10.82%
2021	30.59%
2020	2.03%
2019	5.36%
2018	9.82%
2017	11.82%
2016	-0.08%
2015	2.26%

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Schedule 9

TEN-YEAR SCHEDULE OF INVESTMENT RETURNS – JUDICIAL RETIREMENT PLAN

FOR THE TEN-YEAR PERIOD ENDED JUNE 30, 2024

	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	10.81%
2023	6.54%
2022	-12.44%
2021	25.72%
2020	6.51%
2019	5.72%
2018	7.94%
2017	12.93%
2016	-0.79%
2015	4.60%

NOTE 1: Summary of Significant Information Related to Required Supplementary Schedules

A. Changes in Benefit Terms

Public Employees Retirement Plan – No changes in benefit terms.

State Police Retirement Plan – No changes in benefit terms.

Judicial Retirement Plan – No changes in benefit terms.

B. Changes in Assumptions

Public Employees Retirement Plan – No changes in economic or non-economic assumptions.

State Police Retirement Plan – No changes in economic or non-economic assumptions.

Judicial Retirement Plan – No changes in economic or non-economic assumptions.

All actuary reports are available through APERS website at www.apers.org; by writing to APERS at 124 West Capitol, Suite 400, Little Rock, Arkansas 72201; or by calling 501-682-7800.

C. Method and Assumptions Used in Calculations of Actuarially-determined Contributions

The following actuarial methods and assumptions were used to determine contribution rates reported in the schedule of contributions:

	Public Employees Retirement Plan	State Police Retirement Plan	Judicial Retirement Plan
Actuarially-determined contribution rate:	15.32%	56.59%*	36.15%*
Valuation date:	June 30, 2021	June 30, 2023	June 30, 2022
Actuarial cost method:	Entry age normal	Entry age normal	Entry age normal
Amortization method:	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining amortization period:	16 year	16 year	Multiple period of 10 - 20 years
Asset valuation method:	4-year smoothed market	4-year smoothed market	4-year smoothed market with 25% corridor
Actuarial assumptions:			
Investment rate of return:	7.15%	7.00%	5.50%
Projected salary increases:	3.25 - 9.85%	4.05 - 8.25%	3.25%
Price inflation rate:	2.50%	2.50%	2.50%
Mortality table:	RP-2006 Mortality Tables	PubS-2010 Mortality Tables	PubG-2010 Mortality Tables

* The employer contribution rates for the State Police retirement plan and the judicial retirement plan are established by Arkansas Code at 26% and 12%, respectively.

NOTE 2: Differences between Exhibits and Required Supplementary Information

The purpose of the contribution-related schedules for each retirement plan shown at Schedules 4 – 6 is to present the trend of employers' contributions in relation to employers' actuarially-determined contributions. The employer contributions reported in Exhibit B include amounts submitted by employers for prior-year corrections and other immaterial amounts and may not agree with the schedule of contributions.

ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF SELECTED INFORMATION
JUNE 30, 2024
(UNAUDITED)

Schedule 10

	For the Year Ended June 30,				
	2024	2023	2022	2021	2020
Total Assets	$ 12,549,690,788	$ 11,671,456,094	$ 11,045,604,760	$ 12,860,498,091	$ 10,206,409,253
Total Deferred Outflows of Resources	366,758	656,073	989,044	1,254,987	24,606
Total Liabilities	729,375,624	664,523,184	633,409,316	894,013,344	817,860,312
Total Deferred Inflows of Resources	1,529,717	1,854,673	549,924	524,015	542,040
Net Position Restricted for Pensions	11,819,152,205	11,005,734,310	10,412,634,564	11,967,215,719	9,388,031,507
Total Additions	1,577,305,649	1,331,560,923	(843,319,201)	3,257,849,157	606,375,418
Total Deductions	763,887,754	738,461,177	711,261,954	678,664,945	656,690,069