



APERS 2022

ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Annual Comprehensive Financial Report for Fiscal Year 2022

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

for Fiscal Year 2022



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Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2022***

Presented to

Arkansas Public Employees Retirement System

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in blue ink that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

Table of Contents

Introduction

System Overview	7
Letter of Transmittal	8
Board of Trustees	11
Administration	12
Professional Service Providers	13

Financial Section

Management's Discussion and Analysis	15
Basic Financial Statements	17
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements	19
Note 1: Plan Description	19
Note 2: Summary of Significant Accounting Policies	20
Note 3: Deposits and Investments	22
Note 4: Other Post-Employment Benefits	36
Note 5: Legally Required Reserves	36
Note 6: Summary of Capital Assets	37
Note 7: Deferred Retirement Option Plan	37
Note 8: Net Pension Liability	37
Required Supplementary Information	39
Schedule of Employer Contributions	39
Actuarial Methods and Assumptions	39
Schedule of the Net Pension Liability	40
Schedule of Investment Returns	40
Schedule of Changes in the Net Pension Liability and Related Ratios	42

Investments Section

Investment Overview	45
Capital Markets Commentary	45
Investment Results	48
Domestic Equity	49
International Equity	50
Fixed Income	51
Diversified Strategies	52
Real Assets	52
Schedule of Comparative Investment Results by Year	53
Schedule of Comparative Annualized Investment Results	54
Schedule of Manager Distribution	55
Schedule of Brokerage Commissions	56
Schedule of Investment Fees	56

Actuarial Section

Actuary's Certification Letter	57
Summary of Actuarial Assumptions	60
Actuarial Data	61
Single Life Retirement Values	61
Separations from Active Employment Before Retirement	62
Probabilities of Retirement for Members Eligible to Retire: State and Local Government Division	63
Probabilities of Retirement for Members Eligible to Retire: General Assembly Division	64
Short Condition Test	65
Ten-Year Comparative Statement	65
Analysis of Experience	66
Gains/Losses by Risk Area	67
Summary of Plan Provisions	68

Statistical Section

The System	73
Schedule of Revenues by Source	73
Chart of Revenues by Source	73
Schedule of Investment Return Rate	74
Chart of Investment Return Percentage Rate	74
Schedule of Expenses by Type	75
Summary of Administrative Expenses	75
Schedule of Benefit Expenses by Type	76
Chart of Benefit Expenses by Type	76
Membership	77
Members	77
Chart of Memberships by Type (Percentages)	77
Summary of Active and Retired Member Valuation	78
Chart of Memberships by Type - 10 year comparison	78
Comparison of Active and Retired Members by County	79
Comparison of Monthly Annuity by Credited Years of Service	80
Comparison of New Retirees by Credited Years of Service	80
Schedule of Retired Members by Type of Benefit	81
Chart of Retired Members by Type of Benefit (Percentages)	82
Schedule of Retirees and Benefits Paid by County	83
Employers	85
Chart of Employer Contributions - 10 year comparison	85
Chart of Employer Contribution Rates - 10 year comparison	85
Schedule of Participating Employers	87



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System Overview

for the fiscal years ended June 30, 2022 (FY22) and June 30, 2021 (FY21)

	FY22	FY21
The Fund		
Valuation Assets (in Millions)	\$10,220	\$9,893
Market Value Funded Ratio	79%	94%
Funding Value Funded Ratio	84%	84%
Rate of Return	(10.54%)	31.49%
Benefits Paid (in Millions)	\$635.1	\$608.2

Our Members

Active

Total Active Members	42,771	42,667
Average Age	44.6	44.7
Average Years of Service	8.8	9.0
Average Salary	\$45,020	\$41,759

Retired

Total Retired Members	41,390	39,805
Average Monthly Pension	\$1,351	\$ 1,334

Inactive

Total Inactive Members	15,066	14,802
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Covered Employers

Total Covered Employers	623	631
Contributions (in Millions)	\$320.8	\$306.0



May 2, 2022

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

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

We are pleased to present to you the *Arkansas Public Employees Retirement System Annual Financial Report for Fiscal Year 2022* (2022 Annual Report).

The compilation of this report reflects the combined efforts of APERS' management under the leadership of the Board of Trustees of the Arkansas Public Employees Retirement System (the Board). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial status of the system and changes therein. The report is intended to provide extensive and reliable information for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the system's members and their employers.

Plan Basics

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

Financial Information

The 2022 Annual Report has been prepared to conform to the accounting principles generally accepted in the United States.

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

Investments

The investments of APERS are governed primarily by an investment authority known as the "prudent investor rule." The rule established a standard for all fiduciaries, which includes anyone who has investment authority with respect to a fund. The Board has established an

Investment Policy Statement that guides management in the investment of fund assets. Through the diversification of the investment portfolio, the fund seeks to reduce overall risks and increase returns. A summary of the asset allocation can be found in the Investments Section.

For fiscal year 2022, the fund recognized a -10.54% rate of return. For the last five years, the system's annualized rate of return has been 7%. Each quarter, the investment consultant provides a summary of performance compared to the established benchmarks and comparable funds. A comparable analysis of rates of return is presented in the Investments Section.

Actuarial Analysis

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

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

The actuarial accrued liability and actuarial funding value of assets of the system as of June 30, 2022, amounted to \$12.23 billion and \$10.22 billion respectively. On a funding value of assets basis, the funded status of the system remained at 84% in fiscal year 2022, the same percentage as in fiscal year 2021. A detailed discussion of funding and actuarial measures is provided in the Actuarial Section of this report.

Professional Services

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

Awards and Acknowledgments

APERS was awarded the Public Pension Standards Award for Funding and Administration for the 16th year in a row by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, The National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

Message from the Chair and Executive Director

Throughout fiscal year 2022, the Board worked diligently to fulfill our fiduciary responsibility to the system by adopting or proposing policies to maintain and to strengthen it. The Board supported several important legislative changes to the system that were enacted during the 2021 session.

Introduction

Several of these changes took effect July 1, 2022. The contribution rate for contributory members was raised from 5.0% to 5.25% for fiscal year 2023. This rate will continue to be adjusted by 0.25% each July 1 until it reaches 7.0%. The legislature adopted other significant proposals that altered the way final average compensation (FAC) and cost-of-living adjustments (COLA) will be calculated for members first hired on or after July 1, 2022. These adjustments will help ensure that our system continues the path toward its long-term financial objective of a fully funded system while maintaining a great retirement benefit for our members.

The 93rd General Assembly expanded our Board to 13 members with changes made to how some members are selected. The maximum length for participation in our Deferred Retirement Option Plan (DROP) has been increased from seven to 10 years.

Each trustee understands the importance of maintaining a strong retirement system to fulfill the promises made to our members. We continue working toward that goal at each board meeting and throughout the year. The entire administrative staff of APERS deliver high-quality, professional service to each APERS member and stakeholder.

We would like to express our sincere thanks to the entire APERS Board of Trustees for their judicious leadership and the high expectations they set for the system, as well as the full staff of APERS for their hard work and dedication throughout the year. Our team works diligently each day to provide professional service to our members and efficiently operate each division of the agency.

Sincerely:



Candice Franks, Chair
APERS Board of Trustees



Amy Fecher
Executive Director

Board of Trustees

Candace Franks, Chair

State Employee Representative
Expiration of Term, March 9, 2025

Larry Walther, Vice Chair

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

David Hudson

County Employee Representative
Expiration of Term, March 9, 2021

Joe Hurst

Municipal Employee Representative
Expiration of Term, March 9, 2022

Dale Douthit

State Employee Representative
Expiration of Term, March 9, 2023

Gary Carnahan

Municipal Employee Representative
Expiration of Term, March 9, 2024

Daryl Bassett

State Employee Representative
Expiration of Term, March 9, 2026

Richard Wilson

Retired Trustee
Expiration of Term, July 30, 2027

Russell White

Retired Law Enforcement Trustee
Expiration of Term, July 30, 2027

Gary Wallace

Retired Law Enforcement Trustee
Expiration of Term, July 30, 2027

Kaye Donham

Retired Trustee
Expiration of Term, July 30, 2027

Dennis Milligan

Treasurer of State
Ex-Officio Member

Andrea Lea

Auditor of State
Ex-Officio Member

Administration

Introduction

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

APERS' administration works to accomplish this through

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

Administrative Staff

Amy Fecher
Executive Director

Allison Woods
Deputy Director of Benefits

Carlos Borromeo
Deputy Director of Investments and Finance

Jason Willett
Chief Fiscal Officer

Laura Gilson
General Counsel

Phillip Norton
Director of Information Technology

Jennifer Taylor
Director of Benefits Administration

Patty Shipp
Assurance Officer

Jon Aucoin
Communications Manager

Jacobia Bates
Education Services Manager

Cheryl Wilburn
Benefits Operations Manager

Tammy Shadwick
Human Resources Manager

Shelly George
Employer Reporting Manager

Professional Service Providers

Custodian Bank

The Bank of New York Mellon
Pittsburgh, PA 15258

Actuary

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

Investment Consultant

Callan Associates, Inc.
Chicago, IL 60602

Investment Managers

Acadian Asset Management
Boston, MA 02110

AQR Capital Management
Greenwich, CT 06830

Artisan Partners
Milwaukee, WI 53202

Baillie Gifford Overseas Ltd.
Edinburgh, Scotland

Blackstone Alternative Asset Management, LP
New York, NY 10154

CastleArk Management, LLC
Chicago, IL 60606

DoubleLine Capital
Los Angeles, CA 90071

Franklin Templeton Institutional
Coral Gables, FL

Harrison Street Real Estate Partners
Chicago, IL 60606

Heitman America Real Estate
Chicago, IL 60606

Horrell Capital Management
Little Rock, AR 72211

INTECH
West Palm Beach, FL 33401

International Farmland Corporation
Kinston, NC 28504

Invesco Real Estate
Dallas, TX 75240

LaSalle Investment Management
San Francisco, CA 94111

Lazard Asset Management
New York, NY 10020

LSV Asset Management
Chicago, IL

MacKay Shields
New York, NY 10105

Mellon Capital
Pittsburgh, PA 15258

Newton Capital Management
New York, NY 10166-0005

PGIM U.S. Agriculture
San Francisco, CA 94111

Pinnacle Forest Investments, LLC
Little Rock, AR 72211

PGIM, Inc.
Newark, NJ 07102

SSI Investment Management
Beverly Hills, CA 90210

Starwood Management LLC
Los Angeles, CA 90025

Stephens Investment Management Group
Houston, TX 77046

TA Associates Realty
Boston, MA 02109

Wellington Management Company
Boston, MA 02210



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Management's Discussion and Analysis

This discussion and analysis of the Arkansas Public Employees Retirement System (APERS or "the system") provides an overview of the system's financial activities for the fiscal year ended June 30, 2022 (fiscal year 2022). It is intended to be used in conjunction with the executive letter and APERS' financial statements and notes, which begin on page 17 of this report.

Using This Financial Report

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

Financial Highlights

APERS' net position restricted for pension benefits decreased by \$ 1.5 billion during FY2022. On June 30, 2022, total plan assets were \$10.3 billion. These assets along with deferred outflows of resources of \$989,044, exceeded total liabilities of \$616.6 million and deferred inflows of resources of \$549,924, resulting in a net position restricted for pension benefits of \$9.7 billion.

- Total additions for the system decreased \$3.9 billion in FY2022. While employer and employee contributions increased \$20.4 million in FY2022, the primary reason for this large decrease in FY2022 additions was the significant decrease in net investment income of \$3.9 billion. APERS had a negative investment return of -10.5% in FY2022 after having an investment return of 31.5% in FY2022.
- Benefit payments increased \$26.9 million in FY2022 due both to an increase in the number

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

- The other primary expenditures of the system consisting of refunds of contributions and administrative expenses increased slightly in FY2022. Refunds tend to fluctuate from year to year. Administrative expenses have been controlled well as management has more efficiently utilized existing staff to be able to service an increasing number of retirees and members.

The Statement of Fiduciary Net Position

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

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

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

The Statement of Changes in Fiduciary Net Position

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

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

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

Notes to the Financial Statements

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

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

- Note 2 summarizes significant accounting policies, the basis of accounting, management's use of estimates, and other accounting policies.
- Note 3 describes deposits and investment risk.
- Note 4 addresses other post-employment benefits (OPEB).
- Note 5 provides information regarding legally required reserves.
- Note 6 provides capital assets activity.
- Note 7 describes the system's Deferred Retirement Option Plan.
- Note 8 provides information regarding the system's net pension liability.

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

Basic Financial Statements

Statement of Fiduciary Net Position *(as of June 30, 2021 and 2022)*

ASSETS	2022	2021
Cash and Cash Equivalents	\$240,196,456	\$264,755,414
Receivables	76,234,747	89,583,739
Investments, At Fair Value		
Government Securities	340,010,080	275,825,062
Corporate Securities	4,063,195,267	5,150,979,094
International Securities	2,443,880,730	3,148,501,532
Core Plus Bond Fund	619,265,497	575,732,584
Real Estate	1,425,009,448	1,168,613,735
Diversified Strategies	474,539,260	500,026,543
Timberland	99,015,477	76,372,899
Commercial Loans	4,357,162	8,422,949
Total Investments at Fair Value	9,469,272,922	10,904,474,398
Securities Lending Collateral Pool	552,355,151	779,471,694
Capital Assets, Net of Accumulated Depreciation	11,520,541	12,228,106
Other Assets	372,269	415,075
TOTAL ASSETS	10,349,952,086	12,050,928,426
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	989,044	1,254,987
LIABILITIES		
Accounts Payable and Accrued Expenses	18,386,701	17,233,143
Investment Purchases Payable	44,053,518	68,069,109
Securities Lending Liability	554,112,356	780,903,440
TOTAL LIABILITIES	616,552,575	866,205,692
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	549,924	524,015
NET POSITION RESTRICTED FOR PENSION BENEFITS	\$9,733,838,631	\$11,185,453,706

Statement of Changes in Fiduciary Net Position (for fiscal years 2021 and 2022)

ADDITIONS	2022	2021
Contributions		
Employer Contributions	\$320,196,067	\$305,974,670
Employee Contributions	81,213,355	75,044,922
Supplemental	609,078	595,977
Total Contributions	<u>402,018,499</u>	<u>381,615,569</u>
Investment Income		
Interest	68,325,015	40,879,324
Dividends	107,678,551	91,020,702
Investment Gain/Loss	(1,383,035,911)	2,537,478,084
Security Lending Income	2,417,943	3,029,655
Real Estate Income	67,467,882	35,826,072
Other		587,622
Investment Management Expenses	(55,740,820)	(42,997,775)
Net Investment Income	<u>(1,192,887,342)</u>	<u>2,665,823,683</u>
Other Additions		
Miscellaneous Additions	509,696	616,616
Transfers from Other Public Employees Retirement Systems	3,643,141	3,741,391
Miscellaneous Transfers from State Agencies	322,309	278,562
Total Other Additions	<u>4,475,146</u>	<u>4,636,569</u>
Total Additions	<u>(786,393,696)</u>	<u>3,052,075,821</u>
DEDUCTIONS		
Benefit Payments	635,176,766	608,207,117
Member Refunds	17,687,189	15,798,750
Administrative Expenses	11,794,786	11,644,847
Total Deductions	<u>664,658,742</u>	<u>635,650,714</u>
ADJUSTMENTS		
Actuarial Adjustment to DJ Unfunded Liability	(562,637)	17,908
NET INCREASE (DECREASE)	<u>(1,451,615,075)</u>	<u>2,416,443,015</u>
Net Position Restricted for Pension Benefits		
Beginning of Year	<u>11,185,453,706</u>	<u>8,769,010,690</u>
End of Year	<u>\$9,733,838,631</u>	<u>\$11,185,453,706</u>

Notes to the Financial Statements

Note 1: Plan Description

General Information

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

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

Membership

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

Membership	2022	2021
Retirees and beneficiaries receiving benefits (includes DROP participants)	41,390	40,762
Terminated plan members entitled to but not yet receiving benefits	15,066	14,802
Active plan members	42,771	42,667

Reporting Entities/Employers

Employers	2022	2021
State	245	248
County	87	87
Municipal	186	184
School	30	35
District Judges	3	3
District Court	35	38
Other Non-State	37	36
Totals	623	631

Entities Not Reported

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

Employer Contributions

All participating employers are required to contribute a portion of their eligible employee's salaries into the system. The Board establishes the provisions for these employer contributions based on the rates the independent actuary determines are necessary to fund the system. Because of the cost of providing enhanced service credit to certain members classified as public safety employees, and pursuant to the provisions of Act 625 of 1983 and Act 1097 of 1993, certain agencies employing individuals in public safety positions are required to remit additional contributions in amounts determined by the actuary.

Employer Contribution Rates	Fiscal Year 2022
State Division	15.32%
Wildlife Subdivision	27.32%
State Capitol Police Subdivision	15.32%
County Division	15.32%
Municipal Division	15.32%
School Division	4.00%
Other Non-State Division	15.32%

Employee Contributions

The system was established as a contributory plan in which member-employees also contributed a portion of their salaries to the system. However, with the passage of Act 793 of 1977, existing members and previous members were offered the opportunity to choose to become non-contributory members. Anyone who joined the system subsequent to January 1, 1978, and had previously been a member was automatically enrolled as a non-contributory member.

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

Act 365 of 2021 which took effect July 1, 2022, raises the contribution rate from 5.0% to 5.25% for contributory members for fiscal year 2023. This rate will continue to increase by 0.25% each July 1 until it reaches 7%.

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

System Administration

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

Benefits

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

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

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

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

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

Investments

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

Net investment income (or loss) includes net appreciation (or depreciation) in the fair value of investments, interest income, dividend income, securities lending income and expenses, and

investment expenses, which include investment management and custodial fees and all other significant investment related costs. The system's international investment managers may enter into forward foreign exchange contracts to protect against fluctuation in exchange rates between the trade date and the settlement date of foreign investment transactions. Any gains and losses on these contracts are included in income in the period in which the exchange rates change.

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

Use of Estimates

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

- The net position restricted for pensions at the date of the financial statements
- The net pension liability and other actuarial information presented in Note 8
- The required supplementary information as of the benefit information date
- The changes in fiduciary net position during the reporting period

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

Cash and Cash Equivalents

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

Capital Assets

Capital assets purchased and in the custody of APERS were recorded as expenditures at the time of purchase. Assets with costs exceeding \$5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation and setup costs, and installation costs). Depreciation is reported for capital assets based on a straight-line method with no salvage value. The estimated useful life generally assigned by APERS to capital assets held ranges from five to 20 years. A schedule of capital asset activity for the fiscal year can be found on page 37.

Risks and Uncertainties

Certain data in this report – including contributions to the system and the net pension liability, as well as other actuarial information in Note 8 and the required supplementary information – have been formulated based on certain projections about interest rates, inflation rates, and employee compensation and demographics. Due to the dynamic nature of these factors, it is possible that these projections will need to be revised in the near term. Because of the uncertainties inherent in making such projections, the effect of any such changes could be material to the financial statements.

Note 3: Deposits and Investments

Deposits

Deposits are carried at cost and are included in “cash and cash equivalents.” Cash and cash equivalents include demand accounts, cash in state treasury, short-term investment funds, and petty cash. As of June 30, 2022, these totals were \$45,393, \$5,796,268, \$234,354,595, and \$200 respectively. State Treasury Management Law governs the management of funds held in the State Treasury (cash in state treasury), and it is the responsibility of the Treasurer of State to ensure the funds are adequately insured and collateralized.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the system will not be able to recover deposits or collateral securities. The system’s policy is to place deposits only in collateralized or insured accounts. As of June 30, 2022, the system’s only deposits exposed to potential custodial credit risk were those holding its foreign currency balance of \$3,174,628, which is detailed in the table “Foreign Currency Risk” on page 26. The system holds foreign currency in banks outside the United States as a result of transactions by international investment managers.

Investments

Arkansas Code Annotated §§ 24-2-601 – 24-2-619 authorize the Board to have full power to invest

and reinvest monies of the system and to hold, purchase, sell, assign, transfer or dispose of any of the investments or proceeds of the investments in accordance with the prudent investor rule. Security transactions and any resulting gains or losses are accounted for on a trade basis. Net investment income includes net appreciation in the fair value of investments, interest income, dividend income, and total investment expense, which includes investment management fees, custodial fees, and all other significant investment-related costs.

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

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

Statement of Invested Assets

(Assets by type at fair value in dollars as of June 30, 2022)*

Category	Base Market Value	APERS	ASPRS
Government Securities	\$353,175,906	\$340,010,080	\$13,165,826
Corporate Securities	4,220,529,782	4,063,195,267	157,334,515
International Securities	2,538,512,359	2,443,880,730	94,631,629
Core Plus Bond Fund	643,244,615	619,265,497	23,979,117
Real Estate	1,480,188,477	1,425,009,448	55,179,029
Diversified Strategies	492,914,307	474,539,260	18,375,047
Timberland	102,849,541	99,015,477	3,834,064
Commercial Loans	4,525,879	4,357,162	168,717
	<u>9,835,940,867</u>	<u>9,469,272,922</u>	<u>366,667,945</u>
Securities Lending Collateral Investments, at Fair Value:			
Commercial Paper	32,298,611	31,094,571	1,204,041
Repurchase Agreements	80,386,030	77,389,367	2,996,663
Floating Rate Notes	444,700,288	428,122,573	16,577,715
Asset Backed Securities	16,358,458	15,748,641	609,817
	<u>573,743,387</u>	<u>552,355,151</u>	<u>21,388,235</u>
	<u>\$10,409,684,254</u>	<u>\$10,021,628,073</u>	<u>\$388,056,181</u>

*Totals may not add due to rounding.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, the system will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are (a) uninsured, (b) not registered in the name of the government, and (c) held by either the counterparty or the counterparty's trust department or agent but not in the system's name. Arkansas Code Annotated § 24-2-606 does address the custodianship of assets, and the investment policy states that "the custodian bank shall, by nominee agreement, hold any and all securities for the beneficial interest of the APERS fund." As of June 30, 2022, there were no investments exposed to custodial credit risk.

Credit Risk for Investments

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

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

Financial

The System's Exposure to Credit Risk

Moody's Quality Ratings *(in dollars as of June 30, 2022)*

Moody's Rating	Aaa	Aa	A	Baa	Ba	B	Caa or below	Not Rated	Base Market Value
Government Securities	\$329,613,097	0	\$520,598	0	0	0	0	\$4,251,750	\$334,385,445
Corporate Securities	16,454,298	18,456,708	71,282,463	228,649,673	64,442,895	30,299,805	19,699,344	472,490,576	921,775,762
International Securities	2,844,523	1,723,413	22,897,566	67,903,210	22,586,513	3,150,202	1,269,223	52,694,343	175,068,992
Floating Rate Fund	0	0	0	0	0	0	0	28,305,730	28,305,730
Core Plus Bond Fund	0	0	0	0	0	0	0	643,244,615	643,244,615
Commercial Loans	0	0	0	1,225,741	0	2,956,339	343,800	0	4,525,879
Municipal Bonds	0	1,431,649	0	0	0	0	0	0	1,431,649
Co-Mingled Funds	0	0	0	0	0	0	0	5,870,639	5,870,639
High Yield Income Fund	0	0	0	0	0	0	0	48,299,115	48,299,115
	\$348,911,917	\$21,611,769	\$94,700,627	\$297,778,624	\$87,029,408	\$36,406,345	\$21,312,367	\$1,255,156,769	\$2,162,907,827

All figures are APERS and ASPRS combined.

S&P's Quality Ratings *(in dollars as of June 30, 2022)*

S&P Rating	AAA	AA	A	BBB	BB	B	CCC or below	Not Rated	Base Market Value
Government Securities	0	\$329,613,097	0	0	0	0	0	\$4,772,348	\$334,385,445
Corporate Securities	6,497,721	6,709,531	63,695,264	263,914,421	66,673,148	33,135,336	18,835,345	462,314,995	921,775,762
International Securities	1,099,468	1,362,256	21,647,802	63,360,712	25,686,834	7,029,318	1,010,993	53,871,610	175,068,992
Floating Rate Fund	0	0	0	0	0	0	0	28,305,730	28,305,730
Core Plus Bond Fund	0	0	0	0	0	0	0	643,244,615	643,244,615
Commercial Loans	0	0	0	1,225,741	0	2,956,339	343,800	0	4,525,879
Municipal Bonds	0	1,431,649	0	0	0	0	0	0	1,431,649
Co-Mingled Funds	0	0	0	0	0	0	0	5,870,639	5,870,639
High Yield Income Fund	0	0	0	0	0	0	0	48,299,115	48,299,115
	\$7,597,189	\$339,116,534	\$85,343,066	\$328,500,874	\$92,359,981	\$43,120,993	\$20,190,138	\$1,246,679,052	\$2,162,907,827
Securities Lending Collateral	\$15,699,362	\$208,465,454	\$205,892,916	0	0	0	\$659,096	\$143,026,559	\$573,743,387

All figures are APERS and ASPRS combined.

Concentration of Credit Risk for Investments

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

Interest Rate Risk for Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive

to changes in interest rates due to their terms or characteristics. Interest rate risk is the greatest risk faced by an investor in the debt securities market since the price of a debt security will often move in the opposite direction of the change in interest rates.

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

As of June 30, 2022, the system had the following debt security investments and maturities:

Debt Security Investments and Maturities *(in dollars as of June 30, 2022)*

	Market Value	Less than 1	1 - 5	6 - 10	More than 10	Fund - No Maturities
Government Securities	\$334,385,445	\$8,999,511	\$48,417,806	\$44,451,437	\$232,516,691	0
Corporate Securities	921,775,762	69,030,300	334,582,979	210,301,782	307,860,701	0
International Securities	175,068,992	7,342,611	49,307,658	63,226,582	55,192,141	0
Floating Rate Fund	28,305,730	0	0	0	0	28,305,730
Core Plus Bond Fund	643,244,615	0	0	0	0	643,244,615
Commercial Loans	4,525,879	0	1,433,900	3,091,980	0	0
Municipal Bonds	1,431,649	0	0	0	1,431,649	0
Co-Mingled Funds	5,870,639	0	0	0	0	5,870,639
High Yield Income Fund	48,299,115	48,299,115	0	0	0	0
	<u>2,162,907,827</u>	<u>133,671,537</u>	<u>433,742,343</u>	<u>321,071,781</u>	<u>597,001,182</u>	<u>677,420,984</u>
Securities Lending Collateral	573,469,724	548,126,029	24,684,598	0	659,096	
	<u>\$2,736,377,550</u>	<u>\$681,797,566</u>	<u>\$458,426,942</u>	<u>\$321,071,781</u>	<u>\$597,660,278</u>	<u>\$677,420,984</u>

Financial

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The system's currency risk resides within the international equity investments as well as within the fixed income investments and the fixed income managers. The system's policy is to allow the external investment managers to decide what

action to take regarding their respective portfolio's foreign currency exposure using currency forward contracts. The system has a formal investment policy for foreign currency risk which limits foreign currency exposure to 10% of the investment manager's respective portfolio.

Foreign Currency Risk *(as of June 30, 2022)*

Currency	Percentage	Equities	Cash	Forward Contracts	Fair Value
Australian Dollar	0.61%	\$8,759,601	\$0	\$0	\$8,759,601
Brazilian Real	0.81	11,663,439	0	0	11,663,439
British Pound Sterling	15.17	215,913,132	2,146,070	(5,481)	218,053,721
Canadian Dollar	6.67	95,846,031	60,883	0	95,906,914
Chinese Yuan Renminbi	6.88	98,910,150	0	0	98,910,150
Euro Currency	36.39	523,077,974	401	(4,997)	523,073,378
Hong Kong Dollar	2.39	33,625,253	660,471	28	34,285,752
Indian Ruphia	0.17	2,453,833	0	0	2,453,833
Israeli Shekel	1.45	20,905,463	0	0	20,905,463
Japanese Yen	10.30	147,579,498	53,661	366,121	147,999,279
Liberian Dollar	0.20	2,839,089	0	0	2,839,089
Malaysian Ringgit	0.00	0	0	0	0
Mauritian Rupee	0.14	2,062,412	0	0	2,062,412
Mexican New Peso	0.59	8,529,803	0	0	8,529,803
Norwegian Krone	0.06	825,985	0	0	825,985
New Zealand Dollar	0.39	5,580,789	0	0	5,580,789
Papua New Guinea Kina	0.00	0	0	0	0
Philippines Peso	0.00	0	0	0	0
Russian Ruble	0.00	0	0	0	0
Singapore Dollar	1.14	16,418,519	0	0	16,418,519
South African Rand	0.00	0	0	0	0
South Korean Won	3.20	46,015,522	0	0	46,015,522
Swedish Krone	2.35	33,516,128	253,143	0	33,769,272
Swiss Franc	9.58	137,733,696	0	0	137,733,696
Taiwan Dollar	1.38	19,781,503	0	0	19,781,503
Thailand Baht	0.14	1,985,100	0	0	1,985,100
	100.00%	\$1,434,022,919	\$3,174,628	\$355,672	\$1,437,553,219

Asset-Backed Securities

Asset-backed securities (ABSs) are bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other credit providers. The system's ability to recover the amount of principal invested in these securities depends on the performance and quality of the trust assets.

Mortgage-Backed Securities

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

A collateralized mortgage obligation (CMO) is an MBS that comprises classes of bonds created by prioritizing the cash flows of the underlying mortgage pool. CMOs may be collateralized by whole-loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities.

The system invests in MBSs and CMOs for diversification and to enhance fixed income returns. These instruments are reported at fair value in the Statement of Fiduciary Net Position.

Corporate Bonds

Corporate bonds are a debt security issued by a corporation. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.

Convertible Corporate Bonds

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

Pooled Funds

Pooled funds are funds from many individual investors that are aggregated for the purposes of investment and benefit from economies of scale. The system could be indirectly exposed to credit and market risks associated with forward currency contracts to the extent that these pooled funds hold forward currency contracts for purposes of managing exposure to fluctuations in foreign exchange rates. APERS and ASPRS have \$647,675,792 invested in

international pooled funds.

Securities Lending

Arkansas Code Annotated § 24-2-602 and the Board's investment policy permit the system to participate in a securities lending program to augment investment income. The system lends its securities to brokers-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future.

U.S. securities are loaned versus collateral valued at 102.56% of the market value of the securities plus any accrued interest for domestic loans. Non-U.S. securities are loaned versus collateral valued at 111.42% of the market value of the securities plus any accrued interest. Collateral is marked-to-market daily if price movements exceed certain minimal thresholds.

As of June 30, 2022, the cash collateral investments had an average weighted maturity of one day, whereas the weighted average loan maturity was two days. Investments with cash collateral were approximately \$573.5 million (market value).

Derivative Instruments

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

Derivative instruments are financial contracts or agreements whose values depend on the values of one or more underlying assets, reference rates, or financial indexes. Derivative instruments include futures contracts, forward contracts, swap contracts, options contracts, and forward foreign currency exchange. APERS, through its external investment managers, can hold such instruments.

APERS does comply with *GASB No. 53* and will disclose its exposure to derivative instruments if there is exposure. APERS had no exposure to any *GASB No. 53* derivative instruments at June 30, 2022.

Foreign Currency Forward Contracts

A foreign currency forward is a contractual agreement between two parties to pay or receive specific amounts of foreign currency at a future date in exchange for another currency at an agreed upon exchange rate. Forward commitments are not standardized and carry credit risk due to the possible

Financial

nonperformance by one of the counterparties. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened. These transactions are entered in order to hedge risks from foreign currency rate fluctuation

and to facilitate trade settlement of foreign security transactions. Forwards carry foreign currency risk resulting from adverse fluctuations in foreign exchange rates.

Foreign Currency Forwards *(in dollars as of June 30, 2022)*

	Pay	Receive	Notional Value	Market Value	Unrealized G/L
Swiss Franc	CHF	USD	\$(82,170)	\$(81,924)	\$245
Euro currency	EUR	USD	(688,319)	(687,860)	458
British Pound	GBP	USD	(2,150,568)	(2,155,967)	(5,399)
Hong Kong dollar	HKD	USD	(309,203)	(309,175)	28
Japanese Yen	JPY	USD	(7,786,268)	(7,383,779)	402,489
Swedish Krona	SEK	USD	(312,418)	(310,159)	2,259
U.S. Dollar	USD	CHF	89,733	89,368	(365)
U.S. Dollar	USD	KRW	95,349	95,262	(86)
U.S. Dollar	USD	GBP	53,569	53,413	(156)
U.S. Dollar	USD	JPY	630,328	593,960	(36,368)
U.S. Dollar	USD	EUR	1,071,393	1,065,938	(5,455)
U.S. Dollar	USD	GBP	90,661	90,734	73
			<u>\$(9,297,913)</u>	<u>\$(8,940,189)</u>	<u>\$357,724</u>

Financial Futures

A financial future is an agreement to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. These derivative securities are used to improve

yield, adjust duration of the portfolio, circumvent changes in interest rates, or to replicate an index. Futures contracts are standardized and traded on organized exchanges, thereby reducing credit risk.

Financial Futures *(in dollars as of June 30, 2022)*

Futures Contract	Expiration	Notional Value	Fair Value	Unrealized Gain/(Loss)
U.S. 2-year Treasury Note	Sept 2022	\$21,494,418	\$21,421,594	\$(72,824)
U.S. 5-year Treasury Note	Sept 2022	16,041,215	15,939,500	(101,715)
U.S. 10-year Treasury Note	Sept 2022	45,684,188	45,753,063	68,875
U.S. 10-year Ultra Treasury Note	Sept 2022	26,868,972	27,003,500	134,528
U.S. Long Bond Treasury	Sept 2022	(5,412,875)	(5,545,000)	(132,125)
U.S. Ultra Bond Treasury	Sept 2022	20,173,119	20,682,063	508,943
		<u>\$124,849,036</u>	<u>\$125,254,719</u>	<u>\$405,683</u>

Fair Value Measurements

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

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

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

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

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

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

Investments and Derivative Instruments Measured at Fair Value

(in dollars as of June 30, 2022)

	Fair Value	Level 1	Level 2	Level 3
Investments At Fair Value				
U.S Domestic Equities	\$2,473,695,407	\$2,473,695,407	0	0
Convertible Securities	322,356,942	45,477,691	276,879,252	0
Preferred Securities	3,120,366	0	3,120,366	0
International Equities	1,491,390,839	1,491,390,839	0	0
Convertible Securities	30,570,550	0	30,570,550	0
Preferred Securities	18,474,593	18,474,593	0	0
Fixed Income	138,545,058	0	138,545,058	0
Domestic Fixed Income	0	0	0	0
Global Bond Fund	5,651,791	5,651,791	0	0
Floating Rate Fund	27,250,537	27,250,537	0	0
U.S. Government Securities	179,064,971	179,064,971	0	0
Futures	390,559	390,559	0	0
Corporate Bonds	722,103,615	0	722,103,615	0
Loans	4,357,162	0	0	4,357,162
Total Investments	5,416,972,391	4,241,396,389	1,171,218,840	4,357,162
Securities Lending Collateral Investments, at Fair Value				
Repo	77,389,367	0	77,389,367	0
Commercial Paper	31,094,571	0	31,094,571	0
Asset Backed Securities	15,748,641	0	15,748,641	0
Floating Rate Securities	428,122,573	0	428,122,573	0
Total Securities Lending Collateral	552,355,151	0	552,355,151	0
Total Investments Measured at Fair Value	\$5,969,327,542	\$4,241,396,389	\$1,723,573,991	\$4,357,162
Investments Measured at the Net Asset Value (NAV)				
High Yield Core Fund	941,430			
Defensive Bond Fund	45,557,171			
Domestic Equity Index Funds	573,700,430			
Core Plus Bond Fund	619,265,485			
Timberland	81,134,789			
Global Equity Pooled Funds				
MCM REIT Index	110,739,019			
MCM ACWI ex-US Index	517,104,141			
Acadian	162,651,189			
Franklin Templeton	134,129,291			
Core Real Estate				
Invesco Core	615,433,133			
Heitman Core	392,094,269			
Value AddReal Estate				
Heitman Value Add	66,766,633			
TA Fund X	27,613			
TA Fund XI	53,738,422			
TA Fund XII	109,878,767			
LaSalle Fund Fund VI	7,841,732			
LaSalle Fund Fund VII	39,043,463			
Harrison Street VIII	29,446,369			
Starwood SOF XII	15,868,893			
Agriculture/Farmland				
PGIM Agriculture	2,011,793			
Diversified Strategies				
AQR Global Risk Premium	140,273,174			
Newton Global Real Return	133,483,629			
Blackstone	200,782,447			
Total Investments Measured at the NAV	\$4,051,913,283			

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

Investments Measured at the Net Asset Value (NAV)

The fair value of investments that are organized as commingled funds or limited partnerships have no readily ascertainable fair value. The value is determined by using the net asset value per share or its equivalent. Commingled fund values are based on each investor's proportionate share of the total underlying assets in the fund less any liabilities for client withdrawals, investment purchases or other accrued expenses. Limited partnership values are based on the capital account balance the general partner reports at the end of each reporting period, adjusted by subsequent contributions, distributions,

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

Investments Measured at the Net Asset Value *(in dollars as of June 30, 2022)*

	Fair Value	Strategy Type	Fund Life of Non-redeemable mandates	Unfunded Commitments
High Yield Core Fund	\$941,430	Active High Yield Fixed Income	N/A	none
Defensive Bond Fund	45,557,171	Income Oriented	N/A	none
Domestic Equity Index Funds	573,700,430	S & P 500 Index	N/A	none
Core Plus Bond Fund	619,265,485	Active Global Fixed Income	N/A	none
Timberland	81,134,789	Timber	N/A	none
International Equity Pooled Funds				
MCM REIT Index	110,739,019	Global Real Estate securities	N/A	none
MCM ACWI ex-US Index	517,104,141	International Equities	N/A	none
Acadian	162,651,189	International Equities	N/A	none
Franklin Templeton	134,129,291	International Equities	N/A	none
Core Real Estate				
Invesco	615,433,133	Core Real Estate	N/A	none
Heitman	392,094,269	Core Real Estate	N/A	none
Value Add Real Estate				
Heitman Value Partners IV	66,766,633	Value Add Real Estate	N/A	5,558,228
TA Fund X	27,613	Value Add Real Estate	N/A	none
TA Fund XI	53,738,422	Value Add Real Estate	N/A	none
TA Fund XII	109,878,767	Value Add Real Estate	N/A	0
TA Fund XIII	0	Value Add Real Estate	N/A	72,204,120
LaSalle Fund Fund VI	7,841,732	Value Add Real Estate	N/A	
LaSalle Fund Fund VII	39,043,463	Value Add Real Estate	N/A	
Harrison Street Fund VIII	29,446,369	Value Add Real Estate	N/A	20,108,163
Starwood SOF XII	15,868,893	Value Add Real Estate	N/A	57,763,296
Clarion LIT Fund	0	Value Add Real Estate	N/A	81,831,336
Principal Enhanced Fund	0	Value Add Real Estate	N/A	81,831,336
Carlyle Property	0	Value Add Real Estate	N/A	81,831,336
Agriculture/Farmland				
PGIM Agriculture	2,011,793	Agriculture/Farmland	N/A	46,124,287
International Farmland	0	Agriculture/Farmland	N/A	48,136,080
Diversified Strategies:				
AQR Global Risk Premium	140,273,174	Risk Premia	N/A	none
Newton Global Real Return	133,483,629	Global Real Return	N/A	none
Blackstone	200,782,447	Fund of Funds	N/A	none
Total	\$4,051,913,283			\$411,958,495

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

High Yield Core Fund

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

Defensive Bond Fund

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

Domestic Equity Index Funds

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

Core Plus Bond Fund

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

Timberland

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

International Equity Pooled Funds

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

Real Estate

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

Core Real Estate

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

areas, focusing on strong site attributes such as proximity to amenities and transportation networks, and ensuring that assets are well constructed with features that will appeal to tenants over long periods of time.

Value Added Real Estate

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

will pursue both debt and equity investments, including the acquisition of distressed or non-performing loans.

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

Agriculture / Farmland

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

Diversified Strategies

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

- Global Risk Premium Tactical Fund (GRPT)
 - The AQR Global Risk Premium Tactical Fund seeks to efficiently deliver exposure to a broadly diversified set of global risk premia. In many institutional portfolios, equity risk is the predominant risk, a concentration driven by the need for high expected return that cannot be satisfied in a traditionally constrained, well-diversified portfolio. Rather than diversifying by capital, this strategy seeks to diversify based on risk across global equities, global nominal bonds, inflation sensitive assets, and credit/default related assets. Starting from this strategic risk-parity base, GRPT then employs modest tactical tilts across sub-sectors and across individual exposures, attempting to exploit temporary opportunities which may arise within markets. Following basic financial theory, AQR designed its Risk Parity strategies based on what they believe to be the most optimal liquid portfolio of global market betas, and AQR offers that same portfolio at various levels of leverage to target a desired amount of risk as approximated by ex-ante volatility. AQR's approach employs modest leverage to scale up a lower-risk, broadly-diversified portfolio.
- Newton Global Real Return (US\$) – Newton's global real return US\$ strategy is an actively managed, unconstrained, multi-asset strategy, which aims to achieve a return of one-month USD LIBOR +4 % p.a. over rolling five-year periods. The strategy seeks to add value through security selection and asset type flexibility and it also has an emphasis on capital preservation. The strategy is long only, does not use leverage or short securities, and is daily valued.
- Blackstone (Fund of Funds) – The system hired Blackstone to manage a fund-of-funds strategy. As the name suggests Blackstone invests APERS' funds in other hedge funds. The number of funds that APERS invests in varies on market conditions. The types of strategies that are contained within APERS' portfolio also vary. For full disclosure purposes on June 30 there were fundamental equity strategies, event

driven strategies, fundamental credit strategies, credit trading strategies, distressed credit strategies, RMBS strategies, structured ABS strategies, multi-strat strategies, commodity strategies, macro rates strategies, thematic macro strategies, quantitative strategies, CTA strategies, and special situation strategies in the portfolio.

Note 4: Other Post-Employment Benefits

GASB Statement No. 75: Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions requires that OPEB expense of proprietary and fiduciary funds be recognized on the accrual basis in the fund financial statements. APERS is considered a fiduciary fund in the state-wide annual comprehensive financial report.

The 2022 charge of \$393,220 is a prorated amount from the Arkansas Department of Finance and Administration based on a state-wide actuarial study. The amount charged to APERS is based on budgeted employees of the agency. *The State of Arkansas 2022 Annual Comprehensive Financial Report* will contain the complete OPEB footnote required by *GASB Statement No.75*.

Note 5: Legally Required Reserves

- The Employers' Accumulation Account accumulates employers' contributions to be used in providing the reserves required for transfer to the Retirement Reserve Account as members retire or become eligible for disability benefits.
- The Retirement Reserve Account is the account to which member contributions, interest on those contributions, and employer contributions are transferred upon member retirement.
- The Deferred Annuity Account is the amount set up to cover estimated retirement benefits to inactive vested members who are not currently receiving benefit payments.

As a by-product of achieving level contribution financing, actuarial accrued liabilities usually become increasingly well funded over a period of years. Funded ratios in the 70% to 90% range are common in public sector retirement plans.

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

Reserve Balances (as of June 30, 2022)

Members' Deposit Account	\$559,296,816
Members' Deposit Account Interest Reserve	104,002,318
Employer Accumulation Account	1,992,904,418
Retirement Reserve	6,376,224,191
Deferred Annuity	580,335,670
DROP Reserve	101,366,665
Dec 31, 2004 Accrued Liability Reserve	19,626,327
Other	82,226
Total	<u>\$9,733,838,631</u>

Note 6: Summary of Capital Assets

(as of June 30, 2021 and 2022)

Capital Assets

Balance as of June 30, 2021	\$21,414,675
Additions	2,202,118
Deletions	<u>(27,781)</u>
Balance as of June 30, 2022	23,589,012

Accumulated Depreciation

Balance as of June 30, 2021	9,186,569
Depreciation Expense	2,909,683
Deletions	<u>(27,781)</u>
Balance as of June 30, 2022	12,068,471

Net Capital Assets as of June 30, 2022 \$11,520,541

Note 7: Deferred Retirement Option Plan

A Deferred Retirement Option Plan (DROP) is available to members of the system as authorized by A.C.A. §§ 24-4-801 - 24-4-806. In lieu of terminating employment and accepting a retirement benefit under the system, any member who has at least 28 years of actual service in the system can elect to participate in the DROP. The DROP allows a member to defer the receipt of retirement benefits for a maximum of 10 years. During that time, a percentage of a member's chosen benefit is deposited into an account that accrues interest at a rate of 2% annually. The system had a balance of \$101,366,665 in the DROP reserve as of June 30, 2022.

Note 8: Net Pension Liability

The components of the net pension liability (NPL) of the system on June 30, 2022, were as follows:

Total pension liability	\$12,430,222,099
Plan fiduciary net position	\$9,733,838,632
Net pension liability	\$2,696,383,467
Plan fiduciary net position as a percentage of total pension liability	78.31%

Long-term Expected Return on Plan Assets

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected price inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2020 to 2029 were based upon capital market assumptions provided by the plan's investment consultants. For each major asset class that is included in the pension plan's current asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	37%	6.22%
International Equity	24%	6.69%
Real Estate	16%	4.81%
Absolute Return	5%	3.05%
Domestic Fixed	18%	0.57%
Total	<u>100%</u>	
Total Real Rate of Return		4.93%
Plus: Price Inflation - Actuary's Assumption		2.50%
Less: Investment Expenses (Passive)		<u>0.00%</u>
Net Expected Return		7.43%

Discount Rate

A single discount rate of 7.15% 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 7.15%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments

was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability, calculated using a single discount rate of 7.15%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Discount Rate	1% Increase
6.15%	7.15%	8.15%
\$4,286,757,199	\$2,696,383,467	\$1,383,387,497

Required Supplementary Information

Schedule of Employer Contributions

(dollars in millions)

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a % of Covered Payroll
2013	\$ 251.4	\$ 251.4	0	\$ 1,696	14.82%
2014	264.1	264.1	0	1,748	15.11
2015	263.3	263.3	0	1,757	14.98
2016	264.2	264.2	0	1,795	14.72
2017	261.3	261.3	0	1,788	14.61
2018	276.3	276.3	0	1,849	14.94
2019	293.0	293.0	0	1,936	15.13
2020	298.9	298.9	0	1,929	15.49
2021	305.9	305.9	0	1,908	16.04
2022	\$ 320.2	\$ 320.2	0	\$ 2,054	15.59%

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

Actuarial Methods and Assumptions

Actuarial Cost Method	Entry age normal
Assumed Investment Return	7.15%
Projected salary increases	3.25% to 9.85% including inflation (3.25% to 6.96% including inflation for District Judges)
Mortality tables	Based on the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017
Inflation rate	3.25% Wage inflation and 2.5% price inflation
Payroll Increase	3.25%

Schedule of the Net Pension Liability

Year Ending June 30	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Fiduciary Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$8,950,456,656	\$7,531,544,420	\$1,418,912,236	84.15%	\$1,748,350,136	81.16%
2015	\$9,391,975,712	\$7,550,242,341	\$1,841,733,371	80.39%	\$1,757,056,813	104.82%
2016	\$9,762,106,222	\$7,370,758,150	\$2,391,348,072	75.50%	\$1,795,174,463	133.21%
2017	\$10,612,937,270	\$8,028,796,790	\$2,584,140,480	75.65%	\$1,788,074,570	144.52%
2018	\$10,808,687,173	\$8,602,752,132	\$2,205,935,041	79.59%	\$1,849,202,619	119.29%
2019	\$11,245,856,457	\$8,833,327,660	\$2,412,528,797	78.55%	\$1,936,042,263	124.61%
2020	\$11,632,595,177	\$8,769,010,690	\$2,863,584,487	75.38%	\$1,929,343,374	148.42%
2021	\$11,954,285,999	\$11,185,453,706	\$768,832,293	93.57%	\$1,907,642,349	40.30%
2022	\$12,430,222,099	\$9,733,838,632	\$2,696,383,467	78.31%	\$2,054,188,304	131.26%

Schedule of Investment Returns

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

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



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Schedule of Changes in the Net Pension Liability and Related Ratios

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

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



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Investment Overview

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

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

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

Asset Allocation and Diversification

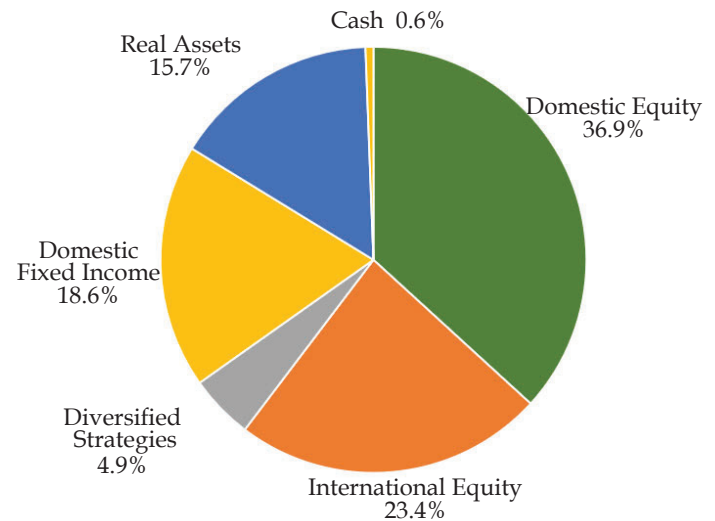
Asset allocation is a process which is designed to construct an optimal long-term asset mix which achieves a specific set of investment objectives. The Investment Policy Statement establishes the system's asset allocation policy as designed to meet those objectives.

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

The pie chart illustrates the actual asset allocation to each type of investment as of June 30, 2022.

Summary of Investments by Asset Class

as of June 30, 2022



Due to rounding, chart may not equal 100%

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

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

Capital Markets Commentary

As fiscal year 2021 ended the markets had recovered from the COVID-19 collapse. FY 2021 posted an amazing return of 31.49%.

September 30, 2021

September 2021 (Q1 of FY 2022) lived up to its reputation as the cruelest month of the year for stock returns based on data going back as far as 1928. Stock prices capitulated to a series of obstacles. As the Federal Reserve Bank moved closer to tapering their bond purchases, surging energy prices, a Chinese property giant that was failing, continued standoff over the U.S. debt ceiling, the passage of the \$3.5 trillion climate and social stability bill, and the ongoing COVID-19 health crisis all weighed on the markets during the quarter.

Investments

The S&P 500 posted its worse monthly performance in September 2021. The bullet points for 3Q21:

- Slowing economic growth
- Inflationary pressure
- Monetary policy
- Decreased risk appetite

In the U.S. GDP growth slipped to 2% in 3Q after a 6.7% gain in 2Q. Consumers grew cautious as the COVID Delta variant fueled a pandemic surge which softened consumer and business spending.

Internationally, China's GDP rose less than 1% annualized in 3Q21 as renewed pandemic restrictions and supply chain issues challenged growth.

The 3Q GDP fell dramatically from 6.7% in 2Q to 2.00%.

Interest rates: The 10-year treasury closed 3Q at 1.488%.

December 31, 2021

The fourth quarter of 2021 was able to recover some of the third quarter's loss. Economic data in 4Q recovered but tight labor markets and a mismatch between jobs and job seekers, confused employers. Inflation spiked to a record 7% for the first time in decades. But in the background, the markets continue to be nervous about supply chain issues, the end of fiscal stimulus, the Omicron variant, and the Fed tapering.

The S&P 500 posted a strong +11.0% gain in 4Q21. Large Cap growth was the top performer as persistent inflation pushed investors into the perceived safety of the largest stocks during the quarter.

The international markets shifted back to the COVID favorites, boosting information technology stocks. Similar to the S&P 500, large cap stocks were favored, and the emerging markets struggled as China experienced significant pressure from economic slowdown and regulatory crackdown.

The 4Q GDP hit a robust 6.9%.

Interest rates: The 10-year treasury finished 2021 at 1.518%.

March 30, 2022

The month of March did see a "buy-the-dip" rally, but it couldn't lift the S&P 500 enough. The S&P 500 closed 1Q22 -4.60%. The escalation between Russia and Ukraine caused a lot of unease. Hawkish rhetoric from the Federal Reserve, warning of more aggressive rate hikes to combat inflation, and a surge in COVID cases in China, South Korea, and the United Kingdom all weighed on the markets.

Equity and Fixed Income markets all traded sharply lower following the Russian invasion of Ukraine. After the invasion, Russia faced condemnation and sanctions that crippled its stocks, bonds, and currency, thereby shocking the global markets. The invasion exacerbated inflationary concerns and led energy prices to surge as Russia is the second largest natural gas provider and the third largest oil producer in the world.

Inflation: CPI for 1Q22, +8.5%

The 1Q22 GDP fell 1.4% from almost 7% in the previous quarter.

Interest rates: The 10-year treasury closed the quarter at 2.351%.

There was nowhere to hide. For the quarter:

- S&P 500 -4.60%
- Russell 2000 -7.53%
- Russell 3000 -5.28%
- MSCI ex US -4.81%
- MSCI ACWI xUS -6.52%
- Bloomberg Agg -5.93%

June 30, 2022

Inflationary pressures, a determined Federal Reserve, and escalating fears of a recession were the dominant issues of 2Q22.

By June 13, 2022, the S&P 500 Index had officially entered bear market territory, down -21.82% from the January 3rd peak. For the June 30 fiscal year end, the S&P 500 was down -16.10% for the quarter, and -10.62% for the fiscal year.

Usually one would expect bonds to offset that loss. Over the past 100 years, stocks and bonds have only been down together about 10% of the time. Nevertheless, bonds went down as well. The Bloomberg Agg fell -4.69% for the quarter, and -10.29% for the fiscal year.

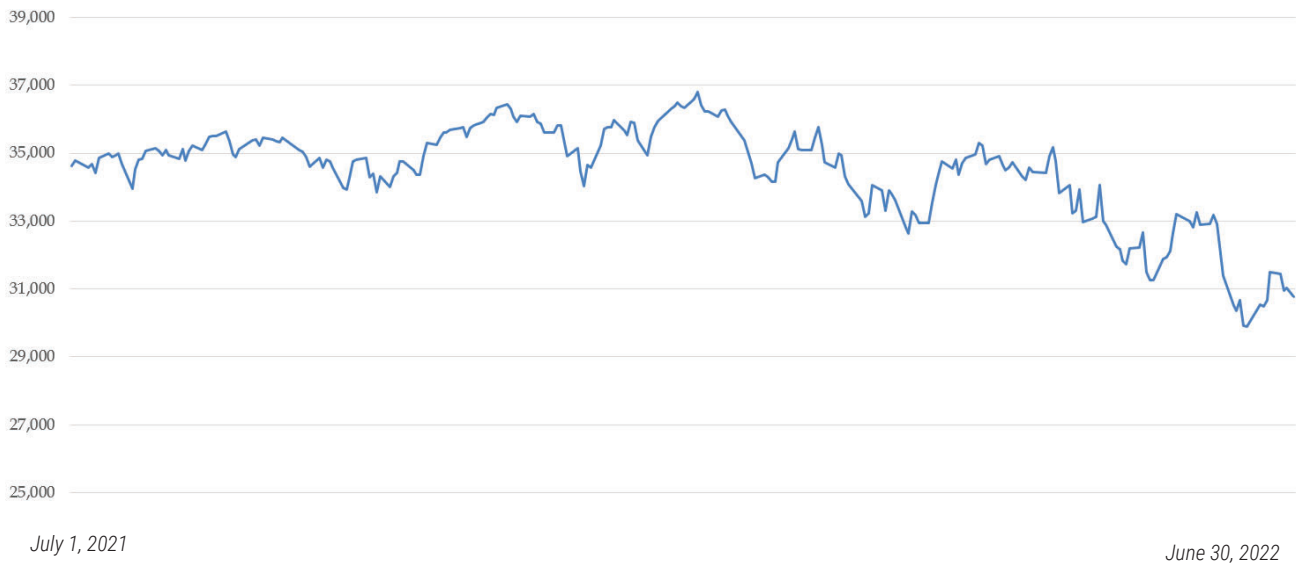
The 2Q22 GDP fell 0.9% after dropping 1.6% in 1Q22. Forecasters have cut growth estimates for 2022 to 0%, or lower, and to 1.5% for 2023.

Interest rates: The 10-year treasury closed the quarter at 3.015%.

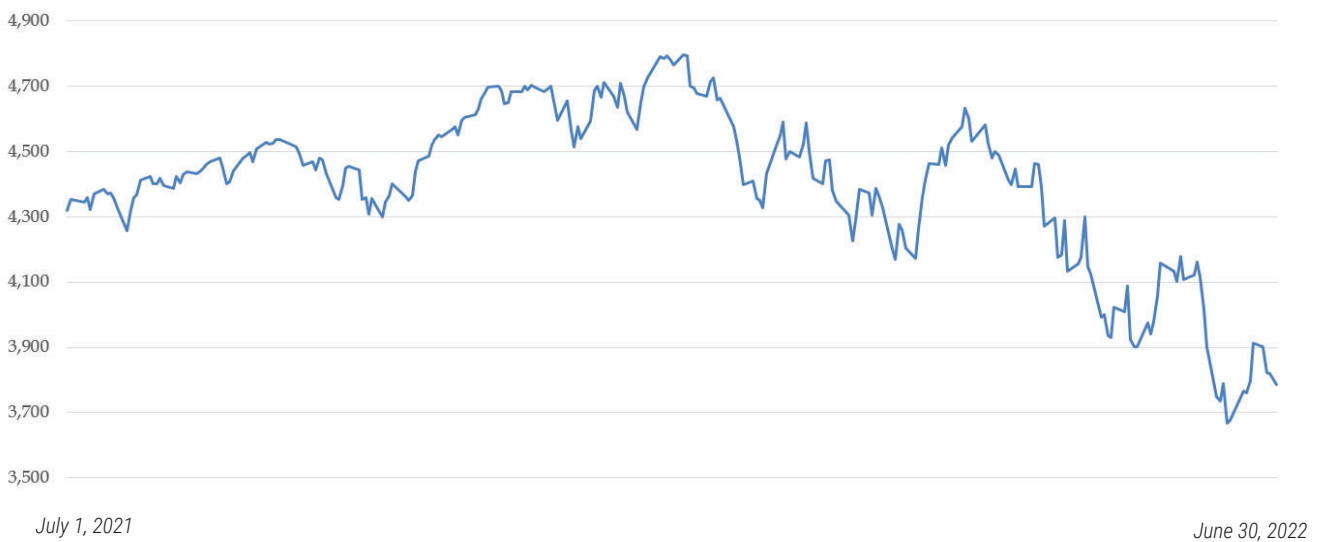
Investment Portfolio Assets

At the close of FY2022, APERS’ investment portfolio had a fair value of \$10.098 billion which was a decrease of \$1.503 billion from the \$11.603 billion investment value from June 30, 2021.

Dow Jones Industrial Average



S&P 500 INDEX



Investment Results

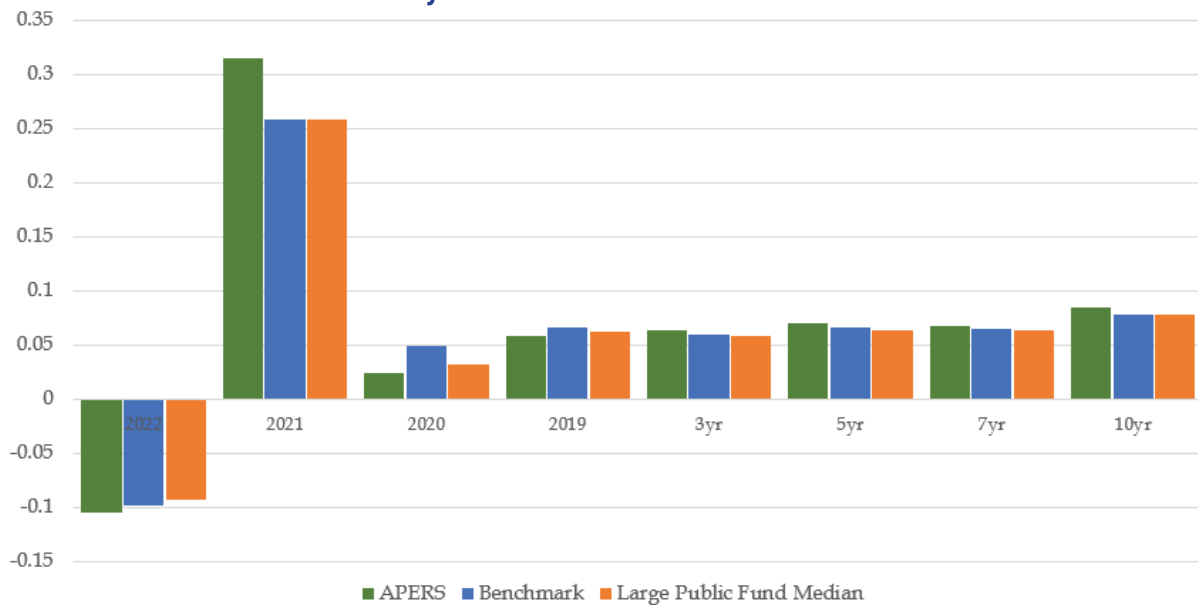
For the fiscal year ending June 30, 2022, APERS realized a total portfolio investment return of -10.54%. The return underperformed the -9.88% return of APERS' policy benchmark, a set of market indexes and weightings to those indexes that reflect APERS' asset class targets. Outperformance was aided by active investment management, especially in the international equity allocation.

APERS' -10.54% return severely missed the actuarial assumed rate of return of 7.15%.

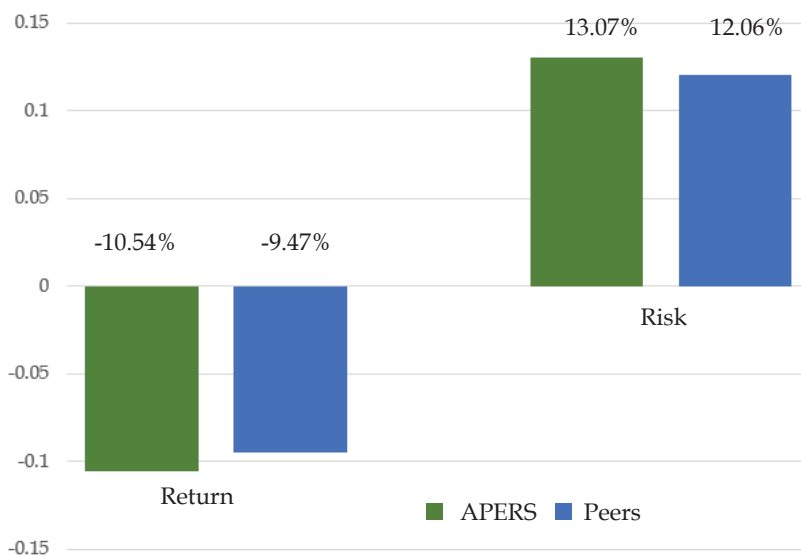
The following graphs and tables provide a historical perspective of APERS' investment returns and performance over the past few years. APERS' investment returns are shown for the total portfolio as well as for each asset class over various time periods. The benchmark or target for each asset class is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

At the November 2021 meeting, the board hired two new farmland/agriculture investment managers and committed capital to a new asset class within real assets.

Investment Performance Summary



Risk vs. Total Return

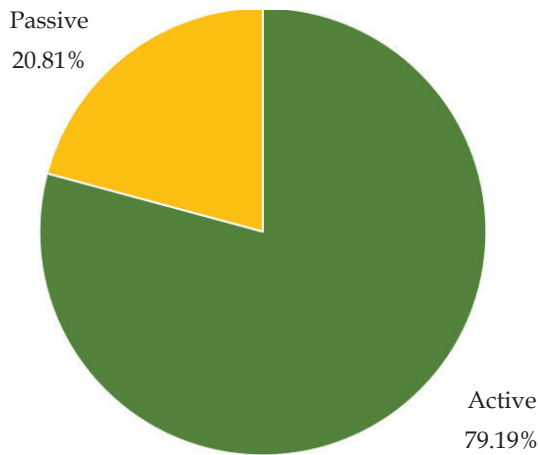


Domestic Equity

As of June 30, 2022, 37.09% of APERS' portfolio was invested in domestic equities (U.S. stocks). The fair value of the domestic equity portfolio was \$3.724 billion.

The portfolio takes an active management approach to the U.S. stock markets with 79.19% invested with active investment managers.

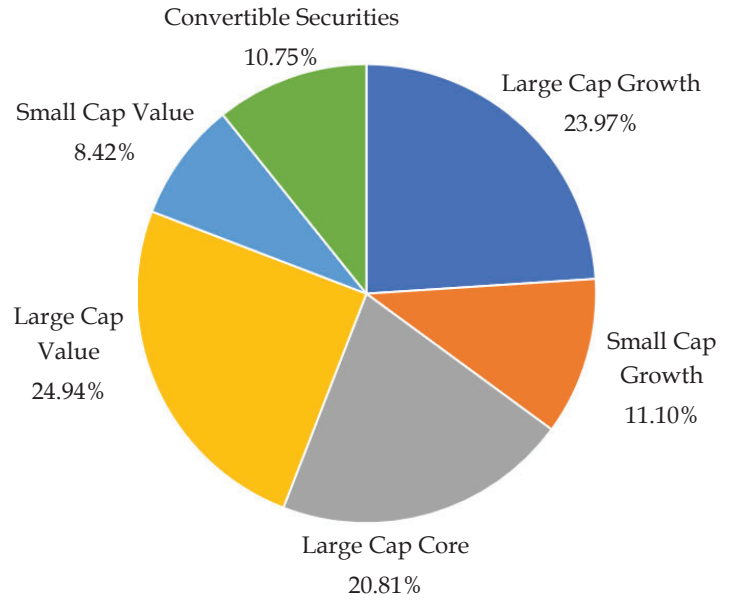
Active vs. Passive Portfolio Assets



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

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

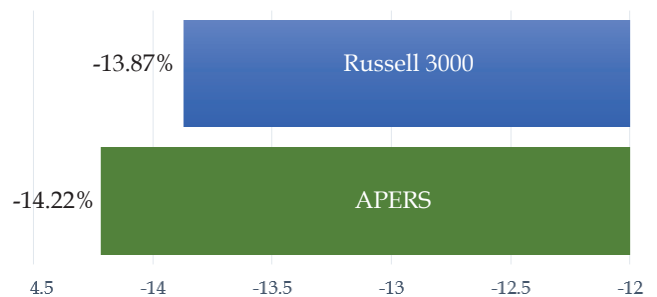
APERS Portfolio Strategies



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

Results

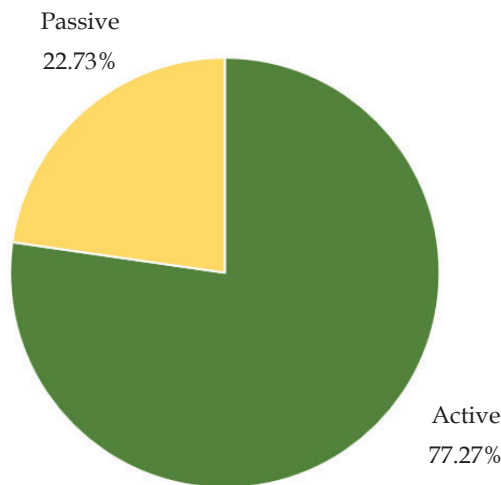
The domestic equity portfolio returned -14.22% for the fiscal year. APERS' benchmark, the Russell 3000 Index, returned -13.87%.



International Equity

As of June 30, 2022, 23.53% of APERS' portfolio was invested in international equities (Non-U.S. stocks). The fair value of the international equity portfolio was \$2.362 billion.

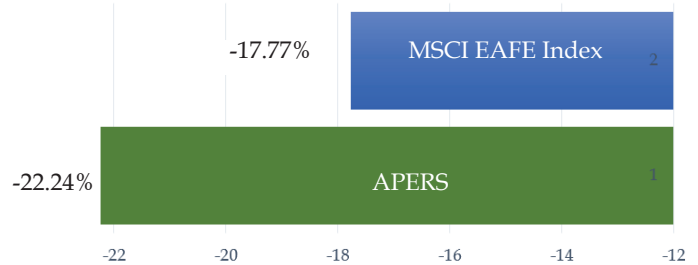
The portfolio takes an active management approach to international markets with approximately 78% invested with active investment managers. The international portfolio assets are allocated across developed and emerging markets. APERS utilizes the MSCI EAFE (Europe, Asian, and Far East) Index as its benchmark for the international equity index.



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

Results

The international equity portfolio returned -22.24% for the fiscal year. APERS' benchmark, the MSCI EAFE Index, returned -17.77%.

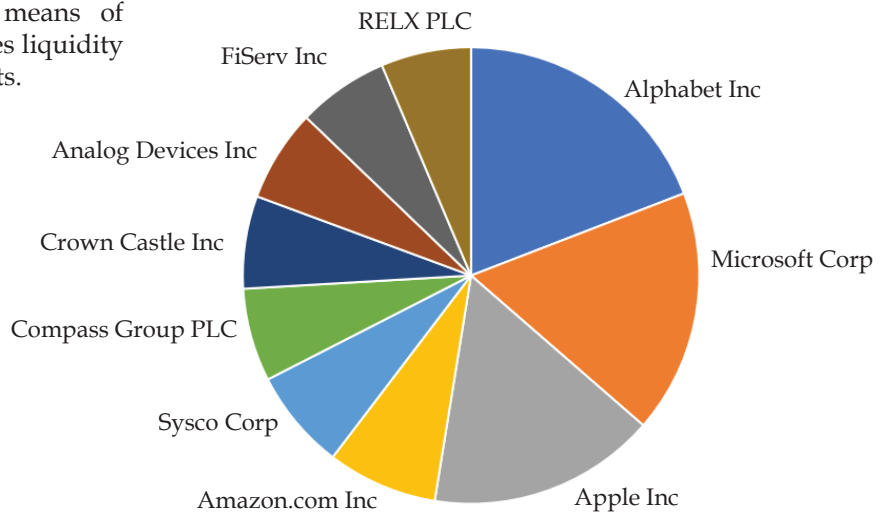


Top 10 Holdings

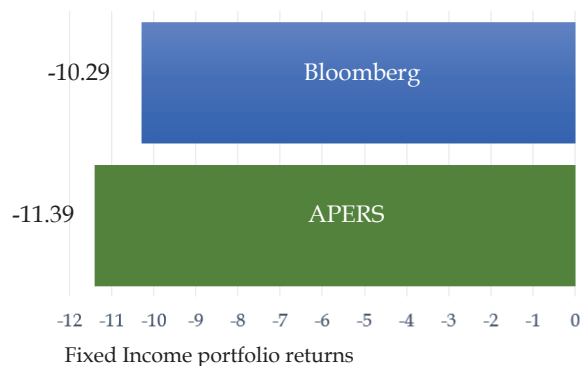
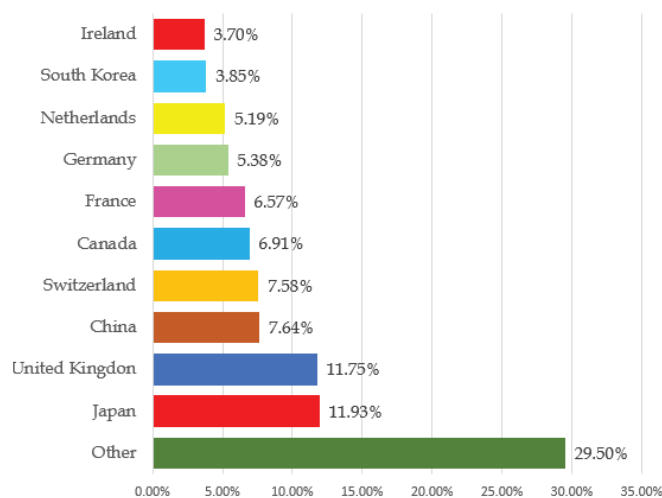
The top 10 holdings within the public equity portfolio (domestic and international combined) as of June 30, 2022

Rank	Holding	Market Value*
1	Alphabet Inc.	\$94,974,330
2	Microsoft Corp.	85,577,554
3	Apple Inc.	80,182,862
4	Amazon.com Inc.	38,754,436
5	Sysco Corp.	35,314,328
6	Compass Group PLC	32,729,026
7	Crown Castle Inc.	32,554,252
8	Analog Devices Inc.	32,399,256
9	FiServ Inc.	31,989,075
10	RELX PLC	\$31,681,013

*Figures are APERS and ASPRS combined.



Public Equity Distribution by Country



Fixed Income

As of June 30, 2022, 18.68% of APERS’ portfolio was invested in fixed income securities which was slightly overweight of the asset allocation target of 18%. The fair value of the international equity portfolio was \$1.876 billion.

Core-Plus Fixed Income

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

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

Results

The fixed income portfolio returned -11.39% for the fiscal year. APERS’ benchmark, the Bloomberg Aggregate Index, returned -10.29%.

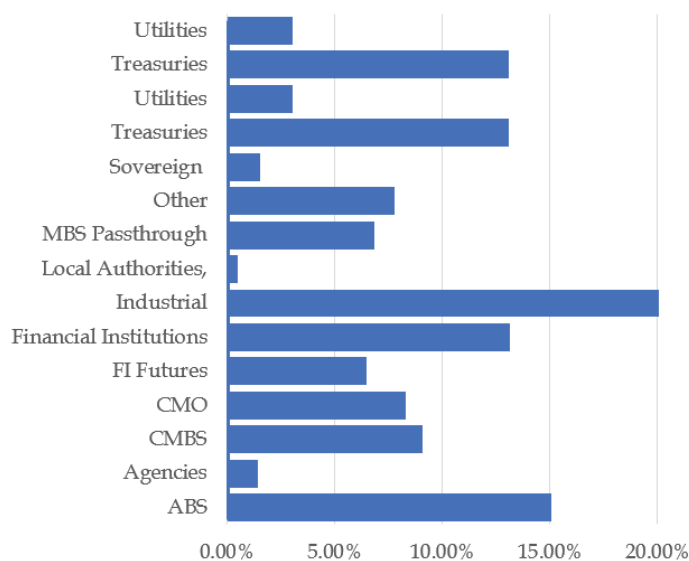
Top 10 Holdings

The top 10 holdings within the fixed income portfolio as of June 30, 2022

Holdings	Market Value*
1 U.S. Treasury Bond 1.25% 5/15/2050	\$31,072,316
2 U.S. Treasury Bond 3.25% 5/15/2042	31,002,594
3 U.S. Treasury Bond 2.875% 5/15/2052	25,951,265
4 U.S. Treasury Bond 3.25% 6/30/2027	12,161,243
5 U.S. Treasury Bond 2.875% 6/15/2025	10,328,402
6 U.S. Treasury Bond 3.00% 6/30/2024	10,013,300
7 U.S. Treasury Bond 2.50% 4/30/2024	9,524,256
8 U.S. Treasury Bond 3.25% 6/30/2029	9,296,088
9 U.S. Treasury Bond 2.875% 5/15/2032	9,287,458
10 FNMA 4.00% 5/01/2052	9,066,798

*Figures are APERS and ASPRS combined

Fixed Income Distribution



Diversified Strategies

As of June 30, 2022, 4.91% of APERS’ portfolio was invested in diversified strategies. This asset class has the smallest allocation target. The fair value of the portfolio was \$492.9 million.

The Diversified Strategies allocation provides diversification to the total portfolio and strives to reduce total fund volatility while also enhancing the total return of the portfolio.

One of the strategies is a Risk Premium Tactical Fund. It seeks to efficiently deliver exposure to a broadly diversified set of global risk premia. Rather than diversifying by capital, this strategy seeks to diversify based on risk across global equities, global nominal bonds, inflation sensitive assets, and credit/default related assets.

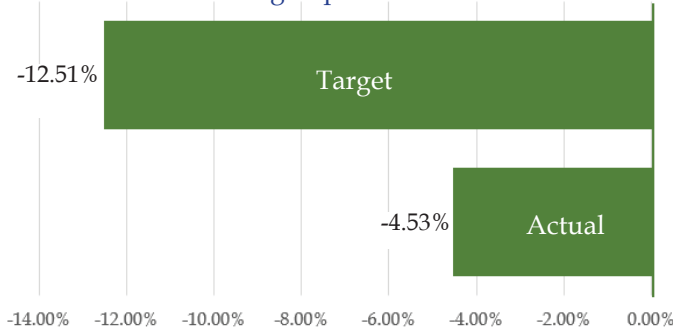
The Global Real Return strategy is an actively managed, unconstrained, multi-asset strategy, which aims to achieve a return of one-month USD LIBOR +4% over rolling five-year periods.

The Fund-of-Funds strategy invests in hedge funds. The total number of funds varies as does the types of strategies. On June 30, 2022, there were fundamental equity strategies, event driven strategies, fundamental credit strategies, credit trading strategies, distressed credit strategies, RMBS strategies, structured ABS strategies, “multi-strat” strategies, commodity strategies, macro rates strategies, thematic macro strategies, quantitative strategies, CTA strategies, and special situation strategies in the portfolio.

Results

The Diversified Strategies portfolio returned -4.53% for the fiscal year. APERS’ target returned -12.51% which is not a benchmark because a benchmark does not exist. The target comprises 60% of the MSCI World Index and 40% of the Bloomberg Aggregate Index.

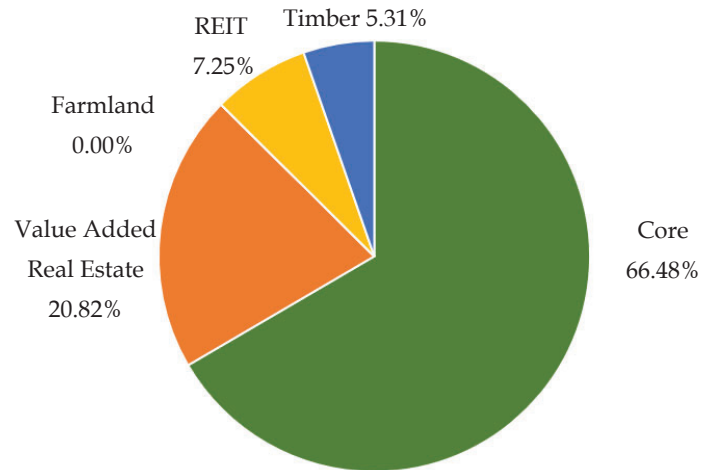
Diversified Strategies portfolio



Real Assets

As of June 30, 2022, 15.80% of APERS’ portfolio was invested in real assets. The fair value of the portfolio was \$1.586 billion.

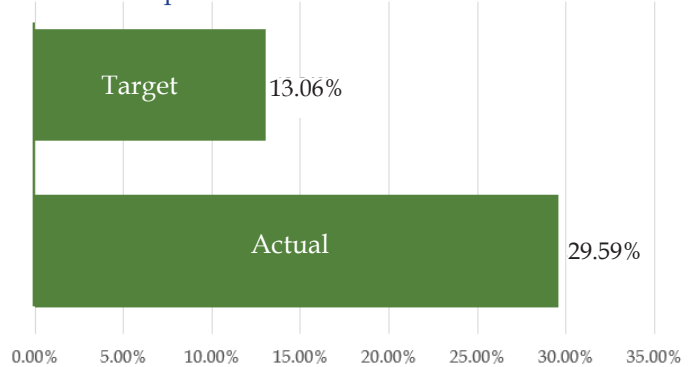
The asset allocation comprises five different sub-categories: core real estate, value add real estate, timber, agriculture, and a passive REIT index.



Results

The Real Assets portfolio returned 29.59% for the fiscal year. APERS’ target returned 13.06% which is not a benchmark because a benchmark does not exist. The target comprises CPI-U +4%.

Real Assets portfolio



Core Real estate returned 29.54% for the fiscal year, Value Add Real Estate returned 55.47%, Timber returned 15.52%, and REITs returned -6.07%.

Schedule of Comparative Investment Results by Year

	2022	2021	2020	2019	2018	2017	2016
Total Fund							
APERS	(10.54)%	31.49%	2.41%	5.78%	10.25%	12.30%	0.30%
APERS Benchmark	(9.88)%	25.82%	4.91%	6.68%	8.40%	12.90%	0.27%
Actuarial Assumed Investment Return	7.15%	7.15%	7.15%	7.15%	7.15%	7.15%	7.50%
Domestic Equities							
APERS	(14.22)%	43.65%	6.06%	8.12%	16.27%	17.52%	(0.38)%
Russell 3000 Index	(13.87)%	44.16%	6.53%	8.98%	14.78%	18.51%	2.14%
International Equities							
APERS	(22.24)%	41.35%	(1.45)%	1.98%	7.22%	18.39%	(6.88)%
MSCI - EAFE Index	(17.77)%	32.35%	(5.13)%	1.08%	6.84%	20.27%	(10.16)%
Fixed Income							
APERS	(11.39)%	4.32%	6.81%	8.57%	0.79%	3.04%	5.06%
Bloomberg Aggregate Index	(10.29)%	(0.33)%	8.74%	7.87%	(0.40)%	(0.31)%	6.00%
Diversified Strategies							
APERS	(4.53)%	17.26%	(1.17)%	10.20%	6.43%	5.51%	2.86%
Diversified Strategy Target	(12.51)%	22.15%	6.45%	7.41%	6.40%	10.51%	0.82%
Real Assets							
APERS	29.59%	18.52%	(4.37)%	1.72%	11.34%	3.27%	8.29%
Consumer Price Index - U + 4%	13.06%	9.39%	4.65%	5.65%	6.87%	5.63%	5.01%

Schedule of Comparative Annualized Investment Results

	3-year	5-year	7-year	10-year
Total Fund				
APERS	6.40%	7.03%	6.77%	8.43%
APERS Benchmark	5.95%	6.58%	6.53%	7.87%
Actuarial Assumed Investment Return	7.15%	7.15%		
Domestic Equities				
APERS	9.33%	10.44%	9.79%	12.00%
Russell 3000 Index	9.77%	10.60%	10.43%	12.57%
International Equities				
APERS	2.70%	3.44%	3.88%	6.72%
MSCI - EAFE Index	1.07%	2.20%	2.70%	5.40%
Fixed Income				
APERS	(0.42)%	1.56%	2.26%	2.76%
Bloomberg Aggregate Index	(0.93)%	0.88%	1.42%	1.54%
Diversified Strategies				
APERS	3.43%	5.35%	5.01%	6.02%
Diversified Strategy Target	4.39%	5.39%	5.44%	6.56%
Real Assets				
APERS	13.67%	10.71%	9.27%	8.93%
Consumer Price Index - U + 4%	8.98%	7.88%	7.14%	6.59%

Schedule of Manager Distribution

(for the year ended June 30, 2022)

Asset Allocation	Total	APERS	ASPRS
Domestic Equity			
SSI Investment Management	\$400,497,007	\$385,567,120	\$14,929,888
Lazard Asset Management	446,078,745	429,449,643	16,629,102
Wellington	482,686,719	464,692,931	17,993,789
CastleArk Management	477,660,827	459,854,396	17,806,431
Intech	415,117,893	399,642,962	15,474,931
Stephens	413,473,252	398,059,631	15,413,621
LSV Asset Management	313,736,339	302,040,750	11,695,589
Horrell Capital (Passive)	179,158,757	172,480,005	6,678,752
MCM EB DV Stock Index	595,915,258	573,700,490	22,214,767
Domestic Fixed Income			
Mackay CP II (Pareto)	635,684,108	611,986,821	23,697,286
Doubleline Capital	597,382,409	575,112,949	22,269,460
Prudential Investments	643,244,615	619,265,485	23,979,130
International Equity			
MCM ACWI Ex-US Index Fund	537,127,453	517,104,201	20,023,252
Acadian Asset Management	168,949,351	162,651,189	6,298,161
Franklin Templeton	139,323,031	134,129,291	5,193,740
Manning & Napier	267,071	257,115	9,956
Lazard Asset Management	495,550,969	477,077,621	18,473,347
Artisan Partners	557,439,071	536,658,634	20,780,437
Baillie Gifford	464,042,789	446,744,016	17,298,773
Diversified Strategies			
AQR Capital Management	145,704,816	140,273,174	5,431,642
Newton Capital Management	138,652,368	133,483,629	5,168,738
Blackstone	208,557,123	200,782,447	7,774,676
Real Assets			
CastleArk (Global Energy)	14,909	14,353	556
PGIM Agriculture	2,089,693	2,011,793	77,900
Harrison Street Fund VIII	30,586,588	29,446,369	1,140,219
Starwood SOF XII	16,483,367	15,868,893	614,474
Invesco Realty (Core Fund)	644,061,218	620,051,646	24,009,572
Heitman Value Fd IV	64,547,775	62,141,537	2,406,238
Ta Associates Realty - Fund X	28,682	27,613	1,069
Ta Associates Realty - Fund XI	55,819,275	53,738,422	2,080,853
Ta Associates Realty - Fund XII	114,133,481	109,878,767	4,254,714
Lasalle Investment Management - Fund VI	8,145,379	7,841,732	303,647
Lasalle Investment Management - Fund VII	40,555,299	39,043,463	1,511,837
Heitman Real Estate	410,610,512	395,303,609	15,306,903
Pinnacle Forest Investments	84,276,481	81,134,789	3,141,692
MCM EB DV Non St Rt	115,027,044	110,739,019	4,288,024
Short-term Investment Fund	56,240,859	48,957,845	7,283,014
TOTAL FUND	<u>\$10,098,870,531</u>	<u>\$9,717,214,351</u>	<u>\$381,656,180</u>

Schedule of Brokerage Commissions

(for the year ended June 30, 2022)

Brokerage firm	Total Commission	APERS	ASPRS
Morgan Stanley & Co.	\$709,772	\$683,313	\$26,459
Merrill Lynch	118,790	114,362	4,428
J P Morgan Securities	117,816	113,424	4,392
Citigroup Global Markets	110,391	106,276	4,115
Credit Suisse	100,247	96,510	3,737
Goldman Sachs & Co.	96,691	93,087	3,604
UBS	71,644	68,973	2,671
Virtu Americas LLC, New York	61,593	59,297	2,296
Piper Jaffray & Co., Jersey City	54,783	52,741	2,042
Liquidnet Inc.	43,092	41,485	1,606
All others	630,494	606,991	23,504
	<u>\$2,115,313</u>	<u>\$2,036,458</u>	<u>\$78,855</u>

Schedule of Investment Fees

(for the year ended June 30, 2022)

	Combined Fees	APERS Fees	ASPRS Fees
Domestic Equity	\$14,683,947	\$14,136,553	\$547,394
International Equity	10,039,576	9,665,317	374,259
Fixed Income	3,930,859	3,784,323	146,536
Real Assets	24,792,456	23,868,233	924,223
Diversified Strategies	3,958,879	3,811,298	147,581
The Bank of New York Mellon*	532,406	512,559	19,847
Callan Associates†	338,680	326,054	12,625
Total Investment Service Fees	<u>\$58,276,802</u>	<u>\$56,104,336</u>	<u>\$2,172,466</u>

*Custodian bank

† Investment consultant

Actuary's Certification Letter



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November 14, 2022

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

Dear Board Members:

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

We performed an actuarial valuation and issued an actuarial valuation report for APERS as of June 30, 2022. The purpose of the June 30, 2022 annual actuarial valuation was to determine the contribution requirements for the year beginning July 1, 2024 and to measure the System's funding progress. The actuarial valuation report should not be relied upon for any other purpose. The valuation process develops contribution rates that are sufficient to fund the plan's normal cost (i.e., the cost assigned by the valuation method to the year of service about to be rendered) as well as to fund unfunded actuarial accrued liabilities as a level percent of active member payroll (level dollar for the District Judges portion of APERS) over a period of up to 30 years. The most recent valuations were completed based upon population data, asset data, and plan provisions as of June 30, 2022. In addition, a separate report was issued (dated November 3, 2022) to provide actuarial information for GASB Statement No. 67 and GASB Statement No. 68.

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

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

Actuarial Section

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

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Board of Trustees
Arkansas Public Employees Retirement System
November 14, 2022
Page 2

Financial Section

- Schedule of Funding Progress
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of the Net Pension Liability
- Schedule of Contributions
- Notes to Schedule of Contributions

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

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas, including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. These assumptions are adopted by the Board after considering the advice of the actuary and other professionals. The assumptions and the methods comply with the requirements of the Actuarial Standards of Practice. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution rates as needed.

The June 30, 2022 valuations were based upon assumptions that were recommended in connection with a study of experience covering the period 2012-2017. The investment return assumption was changed for the June 30, 2017 valuation and the demographic assumptions were changed for the June 30, 2018 valuation.

On the basis of the June 30, 2022 actuarial valuations and the benefits and contribution rates then in effect, it is our opinion that the Arkansas Public Employees Retirement System continues to satisfy the general financial objective of level contribution financing.

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

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

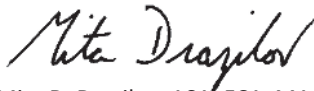


Board of Trustees
Arkansas Public Employees Retirement System
November 14, 2022
Page 3

The signing individuals are independent of the plan sponsor.

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

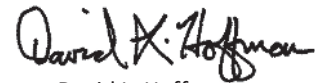
Respectfully submitted,
Gabriel, Roeder, Smith & Company



Mita D. Drazilov, ASA, FCA, MAAA



Heidi G. Barry, ASA, FCA, MAAA



David L. Hoffman

MDD/HGB/DLH:dj



Summary of Actuarial Assumptions

Economic Assumptions

The investment return rate used in making the valuation was 7.15% per year, compounded annually (net after investment expenses). This rate of return is not the assumed real rate of return. The real rate of return is the portion of investment return which is more than the wage inflation rate. Considering the assumed wage inflation rate of 3.25%, the 7.15% investment return rate translates to an assumed net real rate of return of 3.90%. The wage inflation assumption was first used for the June 30, 2015, valuation, including also the District Judges division. The investment return assumption was first used for the June 30, 2017, valuation, including also the District Judges division.

Pay increase assumptions for individual active members are shown on pages E-8 and E-10. Part of the assumption for each age is for a merit and/or seniority increase, and the other 3.25% recognizes wage inflation. The wage inflation assumption consists of 2.50% for price inflation and 0.75% for real wage growth. These assumptions were first used for the June 30, 2018, valuation and for the District Judges division for the June 30, 2015, valuation.

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

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

Non-Economic Assumptions

The mortality tables used to measure retired life mortality were the RP-2006 Healthy Annuitant benefit weighted generational mortality tables for males and females. The disability post-retirement mortality tables used were the RP-2006 Disabled Retiree benefit weighted generational mortality tables for males and females. The death-in-service mortality tables used were the RP-2006 Employee benefit weighted generational mortality tables for males and females. Mortality rates are multiplied by 135% for males and 125% for females and are adjusted for fully generational mortality improvements using Scale MP-2017. This assumption was first used for the June 30, 2018, valuation.

The probabilities of retirement for members eligible to retire are shown on pages E-4 through E-7. These probabilities were first used for the June 30, 2018, valuation and for the June 30, 2007, valuation for the District Judges division.

The probabilities of withdrawal from service, death-in-service and disability are shown for sample ages on pages E-8 through E-10. These probabilities were first used for the June 30, 2018, valuation and for the District Judges division for the June 30, 2018, valuation.

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

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

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

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

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

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

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

*The data referenced in this section is taken from the actuary's report, *Arkansas Public Employees Retirement System Actuarial Valuation and Experience Gain/(Loss) Analysis June 30, 2022*, prepared by Gabriel Roeder Smith & Co. The page numbers mentioned above refer to this report. A PDF copy of the report is available for download at www.apers.org.

Actuarial Data

Single Life Retirement Values

Sample Attained Ages	Present Value of \$1.00 Monthly for Life		Present Value of \$1.00 Monthly for Life Increasing 3% Annually		Future Life Expectancy (Years) 2022 *	
	Men	Women	Men	Women	Men	Women
40	\$ 156.24	\$ 160.06	\$ 229.85	\$ 239.48	41.26	44.94
45	151.16	156.10	216.93	228.14	36.35	39.96
50	144.75	150.78	202.11	214.61	31.59	35.04
55	136.82	143.70	185.37	198.62	27.01	30.19
60	127.07	134.79	166.63	180.41	22.63	25.52
65	115.36	123.93	146.13	160.24	18.51	21.10
70	101.57	110.73	124.07	138.02	14.68	16.93
75	85.72	95.09	100.89	114.12	11.18	13.07
80	68.46	77.57	77.70	89.65	8.09	9.62
85	51.31	59.65	56.31	66.54	5.55	6.74

Sample Attained Ages	Benefit Increasing 3.0% Yearly	Portion of Age 60 Lives Still Alive *	
		Men	Women
60	\$100	100 %	100 %
65	116	93	96
70	134	85	89
75	155	73	80
80	180	56	67

* Applicable to calendar year 2022. Life expectancies and rates in future years are determined by the fully generational MP-2017 projection scale.

Separations from Active Employment Before Retirement

(State and Local Government Division as of June 30, 2022)

Sample Ages	Years of Service	Percent of Active Members Separating within the Next Year						Pay Increase Assumptions for an Individual Employee		
		Withdrawal		Death *		Disability		Merit & Seniority	Base (Economy)	Increase Next Year
		Men	Women	Men	Women	Men	Women			
	0	40.0 %	40.0 %							
	1	25.0	25.0							
	2	20.0	20.0							
	3	15.0	15.0							
	4	12.0	12.0							
20	5+	11.0	11.0	0.05 %	0.02 %	0.01 %	0.01 %	6.60 %	3.25 %	9.85 %
25		11.0	11.0	0.06	0.02	0.04	0.04	5.16	3.25	8.41
30		9.7	9.7	0.07	0.03	0.07	0.07	3.30	3.25	6.55
35		6.8	6.8	0.08	0.04	0.09	0.09	2.28	3.25	5.53
40		4.8	4.8	0.09	0.06	0.13	0.13	1.70	3.25	4.95
45		3.7	3.7	0.13	0.08	0.17	0.17	1.38	3.25	4.63
50		3.0	3.0	0.22	0.13	0.34	0.34	1.00	3.25	4.25
55		2.1	2.1	0.37	0.22	0.60	0.60	0.68	3.25	3.93
60		1.3	1.3	0.65	0.33	0.85	0.85	0.42	3.25	3.67

*Applicable to calendar year 2022 Rates in future years are determined by the above rates and the MP-2017 projection scale. Pay increase rates are age based only, and not service based.

Probabilities of Retirement for Members Eligible to Retire: State and Local Government Division

(as of June 30, 2022)

Retirement Ages (with less than 28 years of service)	Percent of Eligible Active Members Retiring Within Next Year	
	Unreduced	Reduced
55		2.5 %
56		2.5
57		3.0
58		3.5
59		4.0
60		5.0
61		5.5
62		20.0
63		20.0
64		15.0
65	22.0 %	
66	25.0	
67	23.0	
68	18.0	
69	18.0	
70	18.0	
71	18.0	
72	18.0	
73	18.0	
74-84	20.0	
85 & Over	100.0	

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

**Probabilities of Retirement for Members Eligible to Retire:
General Assembly Division**

(as of June 30, 2022)

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

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

Short Condition Test

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

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

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

In a system that has been following the discipline of level percent-of-payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in unusual circumstances).

In addition, the liabilities for service already rendered by active members (liability 3) will be partially covered by the remainder of present assets. The larger the funded portion of liability 3, the stronger the condition of the system.

Liability 3 being fully funded is uncommon.

Ten-Year Comparative Statement

(dollars in millions for fiscal years ended June 30)

Val'n. Date: June 30	Entry Age Accrued Liability			Valuation Assets	Portion of Present Values Covered by Present Assets			
	(1)	(2)	(3)		(1)	(2)	(3)	Total
	Active Member Contr.	Retirees and Benef.	Active Members (Employer Financed Portion)					
STATE DIVISION (including sub-divisions)								
1998@	\$17.2	\$ 640.3	\$1,395.9	\$2,328.5	100%	100%	119%	113%
1999@#	16.9	784.0	1,634.2	2,637.1	100%	100%	112%	108%
2000	15.8	747.5	1,865.7	2,943.3	100%	100%	117%	112%
LOCAL GOVERNMENT DIVISION								
1998@	\$ 8.8	\$ 337.9	\$ 501.1	\$ 968.1	100%	100%	124%	114%
1999#	8.8	446.9	587.9	1,074.7	100%	100%	105%	103%
2000	7.6	440.0	706.0	1,178.1	100%	100%	103%	102%
STATE AND LOCAL GOVERNMENT DIVISION								
2013@	147.9	3,855.2	4,281.1	6,159.3	100%	100%	50%	74%
2014@	176.3	4,246.7	4,440.6	6,894.9	100%	100%	56%	78%
2015@	201.1	4,654.5	4,439.2	7,351.7	100%	100%	56%	79%
2016	228.4	4,929.2	4,505.1	7,768.9	100%	100%	58%	80%
2017	291.1	5,547.3	4,671.8	8,157.0	100%	100%	50%	78%
2017@	291.1	5,460.9	4,568.5	8,157.0	100%	100%	53%	79%
2018	334.7	5,717.9	4,641.7	8,416.4	100%	100%	51%	79%
2019	376.0	6,015.8	4,737.0	8,738.7	100%	100%	50%	79%
2020	410.2	6,270.1	4,832.7	9,090.4	100%	100%	50%	79%
2021#	439.2	6,531.0	4,851.3	9,892.5	100%	100%	60%	84%
2022	473.0	6,677.8	5,075.3	10,220.3	100%	100%	60%	84%

After legislated changes in benefit provisions.

@ After changes in actuarial assumptions.

Analysis of Experience

Purpose of Gain/(Loss) Analysis

Regular actuarial valuations give valuable information about the composite change in unfunded actuarial accrued liabilities – whether or not the liabilities are increasing or decreasing and by how much.

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

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

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

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

Changes in Unfunded Actuarial Accrued Liability

(dollars in millions for the fiscal year ended June 30, 2022)

(1) UAAL* at beginning of year	\$ 1,929.0
(2) Employer normal cost from last valuation	146.6
(3) Actual employer contributions	320.1
(4) Interest accrual: [(1) + ½[(2) - (3)]] x .0715	131.7
(5) Expected UAAL before changes: (1) + (2) - (3) + (4)	1,887.2
(6) Increase from benefit changes	0.0
(7) Changes from revised actuarial assumptions and methods	0.0
(8) New entrant liabilities	61.7
(9) Expected UAAL after changes: (5) + (6) + (7) + (8)	1,948.9
(10) Actual UAAL at end of year	2,005.9
<hr/>	
(11) Gain/(Loss): (9) - (10)	\$ (57.0)

* Unfunded actuarial accrued liability.

Gains/Losses by Risk Area (for the fiscal year ended June 30, 2022)

Type of Risk Area	Total (\$ in millions)	% of Accrued Liabilities
ECONOMIC RISK AREAS		
Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.	\$ (106.5)	(0.9)%
Investment Return. If there is greater investment return than assumed, there is a gain. If less return, a loss.	(113.8)	(0.9)%
NON-ECONOMIC RISK AREAS		
Non-Casualty Retirements. If members retire at older ages or with lower final average pays than assumed, there is a gain. If younger ages or higher average pays, a loss.	2.8	0.0 %
Disability Retirements. If there are fewer disabilities than assumed, there is a gain. If more, a loss.	1.2	0.0 %
Death-in-Service Benefits. If there are fewer claims than assumed, there is a gain. If more, a loss.	(3.2)	0.0 %
Withdrawal. If more liabilities are released by other separations than assumed, there is a gain. If smaller releases, a loss.	82.5	0.7 %
Total Active Member Actuarial Gains/(Losses)	\$ (137.0)	(1.1)%
Retired Life Mortality.	79.0	0.6 %
Other. Includes data adjustments at retirement, timing of financial transactions, and miscellaneous unidentified sources.	\$ 1.0	0.0 %
Total Actuarial Gains/(Losses)	\$ (57.0)	(0.5)%

Summary of Plan Provisions

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

Voluntary Retirement

New Contributory

Normal retirement with a full benefit

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

Early retirement with a reduced benefit

After age 55 with 5 years of service or any age with 25 years of service. The reduction is equal to ½ of 1% for each month retirement precedes normal retirement age or 1% for each month below 28 years of actual service, whichever is less.

Final Average Compensation (FAC)

Average of highest annual compensations paid during any period of 3 years (5 years for members hired on or after July 1, 2022).

Non-Contributory

Normal retirement with a full benefit

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

Early retirement with a reduced benefit

After age 55 with 5 years of service or any age with 25 years of service. The reduction is equal to ½ of 1% for each month retirement precedes normal retirement age or 1% for each month below 28 years of actual service.

Final Average Compensation (FAC)

Average of highest annual compensations paid during any period of 3 years (5 years for members hired on or after July 1, 2022).

Full Age and Service Retirement Benefit

New Contributory

2.00% of FAC times years of service (2.03% for service prior to July 1, 2007), plus .5% of FAC for each year of actual service over 28 years rendered after July 1, 2009.

The minimum monthly benefit is \$150 minus any age and beneficiary option reductions.

Non-Contributory

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

The minimum monthly benefit is \$150 minus any age and beneficiary option reductions.

Benefit Increases After Retirement

New Contributory

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

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

Non-Contributory

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

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

Member Contribution Rates

New Contributory

5% of covered compensation (pre-tax). Beginning July 1, 2022, the member contribution rate will increase in increments of 0.25% per year until it reaches the maximum 7%. Member contributions are refundable if APERS-covered employment terminates. Members will earn interest on the contributions at a rate of 2% annually.

Non-Contributory

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

Deferred Vested Retirement

New Contributory

Vested termination benefits with 5 or more years of actual service and leaving APERS-covered employment before normal retirement age. Deferred full retirement benefit, based on service and compensation at termination, begins at age 65. A death benefit is payable to surviving spouse of member who dies before benefit commencement.

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

Non-Contributory

Vested termination benefits with 5 or more years of actual service, and leaving APERS-covered employment before normal retirement age. Deferred full retirement benefit, based on service and compensation at termination, begins at age 65. A death benefit is payable to surviving spouse of member who dies before benefit commencement.

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

Total and Permanent Disability

New Contributory

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

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

Non-Contributory

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

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

Death After Retirement

New Contributory

If death occurs before total monthly benefit payments equal member's accumulated contributions, the difference is refunded, if an annuity option was not elected.

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

Non-Contributory

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

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

Death While in APERS-Covered Employment

New Contributory

Member's accumulated contributions are refundable if monthly benefits are not payable.

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

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

Dependent parent benefits are payable if neither spouse nor dependent children benefits are payable.

Non-Contributory

Member's accumulated contributions before 1978 are refundable if monthly benefits are not payable.

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

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

Dependent parent benefits are payable if neither spouse nor dependent children benefits are payable.

Credited Service

Position	Service Credit
Public Safety Members (including State Capitol Police and Wild-life Sub-Division members) hired before July 1, 1997.	1 ½ times regular rate with 5 years actual service required to meet benefit eligibility rules.
Governor (hired before July 1, 1999)	3 times regular rate with 5 years actual service required to meet death-in-service eligibility and 4 years actual service required for other benefit eligibility.
Elected State Constitutional Officers (hired before July 1, 1999)	2-1/2 times regular rate with 5 years actual service required to meet benefit eligibility.
General Assembly	Regular crediting rate with 5 years of actual service required to meet death-in-service eligibility and 10 years of actual service required for other benefit eligibility.
Other Elected Public Officials (municipal and county officials)	2 times regular rate with 5 years actual service required to meet benefit eligibility.
All Other Members	Regular rate.

APERS Deferred Retirement Option Plan

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

Members, for a maximum of 10 years, may continue employment and have 75% of their accrued benefit (at date of participation with 30 or more years of service) paid into the Deferred Retirement Option Plan in lieu of any further benefit accruals.

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

Employer contributions continue for members participating in the DROP.



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The System

Schedule of Revenues by Source

(in dollars for fiscal years ended June 30)

Year Ended June 30	Member Contributions	Employer Contributions	Investment Income	Transfers and Others	Total
2013	44,549,911	249,062,186	851,920,691	8,915,952	1,154,448,740
2014	48,237,869	264,477,703	1,208,430,494	6,786,822	1,527,932,888
2015	51,596,001	262,720,214	169,621,019	6,558,462	490,495,697
2016	55,944,132	263,545,822	(4,177,314)	6,271,067	321,583,707
2017	58,500,339	262,063,747	862,824,701	6,105,620	1,189,494,407
2018	64,730,519	276,784,232	782,326,767	6,069,774	1,129,911,292
2019	68,206,685	293,575,107	450,493,098	5,115,404	817,390,294
2020	71,470,967	299,497,566	174,561,773	4,870,799	550,401,105
2021	75,044,922	306,570,648	2,665,823,683	4,636,568	3,052,075,821
2022	81,213,355	320,805,145	(1,192,887,342)	4,475,146	(786,393,696)

Chart of Revenues by Source

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



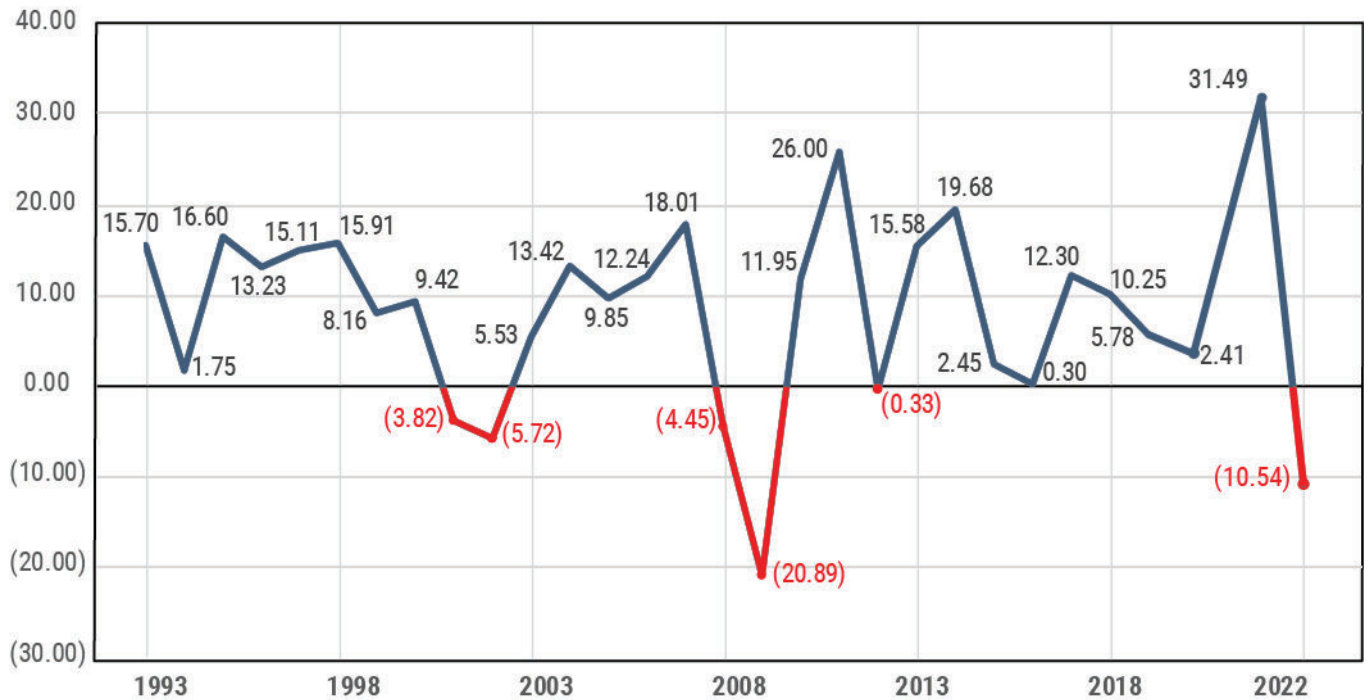
Schedule of Investment Return Rate

(for fiscal years ended June 30)

Year	Rate	Year	Rate
1993	15.70%	2008	(4.45)%
1994	1.75	2009	(20.89)
1995	16.60	2010	11.95
1996	13.23	2011	26.00
1997	15.11	2012	(0.33)
1998	15.91	2013	15.58
1999	8.16	2014	19.68
2000	9.42	2015	2.45
2001	(3.82)	2016	0.30
2002	(5.72)	2017	12.30
2003	5.53	2018	10.25
2004	13.42	2019	5.78
2005	9.85	2020	2.41
2006	12.24	2021	31.49
2007	18.01%	2022	(10.54)%

Chart of Investment Return Percentage Rate

(for fiscal years ended June 30)



Schedule of Expenses by Type

(for fiscal years ended June 30)

Fiscal Year	Benefit Payments ¹	Administrative Expenses ²	Refunds	Total
2013	396,607,128	7,340,273	8,446,701	412,394,102
2014	414,548,645	7,209,769	9,455,348	431,213,761
2015	451,912,791	7,201,144	12,195,637	471,309,572
2016	480,913,495	7,181,913	13,188,729	501,284,137
2017	508,200,406	9,502,608	13,755,408	531,458,422
2018	530,861,312	11,503,639	13,727,908	556,092,859
2019	555,352,597	14,739,700	16,239,928	586,332,225
2020	587,453,797	11,682,726	15,835,290	614,971,813
2021	608,207,117	11,644,847	15,798,750	635,650,713
2022	635,176,766	11,794,786	17,687,189	664,658,741

1 Includes DROP and PAW distributions.

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

Summary of Administrative Expenses

(for fiscal years ended June 30)

	2022	2021	2020	2019	2018
Personnel Services	\$4,812,611	\$4,752,456	\$4,894,754	\$4,907,576	\$4,654,834
Communications	308,144	322,120	276,125	347,126	226,678
Purchases	94,745	62,055	128,986	92,039	76,857
Services and Charges	977,132	1,631,521	1,613,277	1,637,239	1,634,717
Bad Debt Expense	231,024	155,787	65,265	716,682	0
Depreciation Expense	2,909,683	2,177,851	2,178,514	2,175,693	2,061,822
Post Employment Benefits	393,220	338,871	58,203	1,656,182	639,368
Data Processing Charges	2,068,228	2,204,186	2,467,603	3,207,163	2,209,363
Total Administrative Expenses	\$11,794,786	\$11,644,847	\$11,682,726	\$14,739,700	\$11,503,639

Schedule of Benefit Expenses by Type *

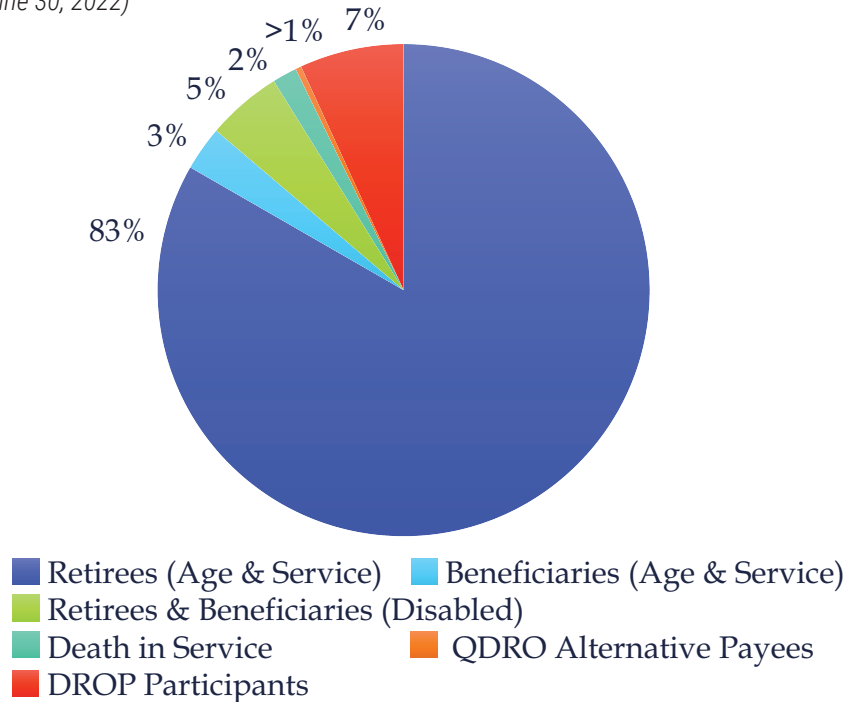
(for fiscal years ended June 30)

Fiscal Year	Age and Service		Disability	Death in Service	QDRO Alternative Payees	DROP Participants
	Retirees	Beneficiaries	Retirees & Beneficiaries			
2013	333,567,174	11,125,082	26,158,872	336,180		
2014	363,644,841	12,006,363	27,648,624	320,928		
2015	392,995,993	13,555,679	26,854,608	7,428	1,346,409	49,188,840
2016	417,856,215	14,859,185	27,738,864	41,088	1,549,793	47,686,116
2017	449,127,264	13,258,740	29,710,308	8,837,724	1,798,296	37,399,188
2018	471,378,204	14,960,412	30,417,624	9,385,248	2,005,704	46,929,948
2019	500,098,272	15,582,348	31,298,916	9,604,896	2,159,076	50,352,876
2020	523,802,448	17,078,448	32,792,592	10,211,760	2,284,872	50,936,592
2021	548,656,164	18,254,160	33,479,772	10,482,132	2,448,240	45,525,552
2022	\$559,176,360	\$19,560,720	\$33,151,632	\$10,797,852	\$2,601,300	\$45,928,200

* Expenses are based on annualized June 30 benefits amounts.

Chart of Benefit Expenses by Type *

(for fiscal year ended June 30, 2022)



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

Membership

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

Members*

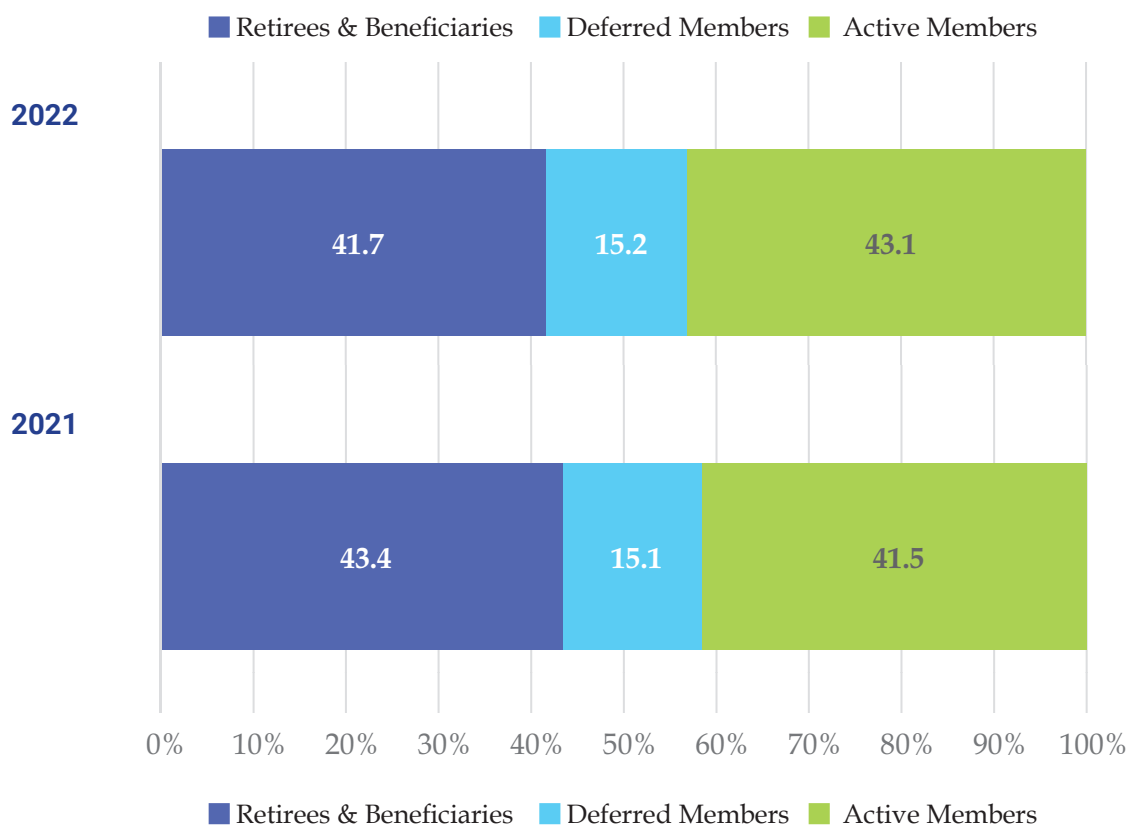
(for fiscal years ended June 30)

	2022	2021
Retirees and Beneficiaries Receiving Benefits (includes DROP participants)	41,390	40,762
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	15,066	14,802
Active Plan Members	42,771	42,667

* Includes members of the Arkansas District Judges Retirement System

Chart of Memberships by Type (Percentages)

(for fiscal years ended June 30)



Summary of Active and Retired Member Valuation

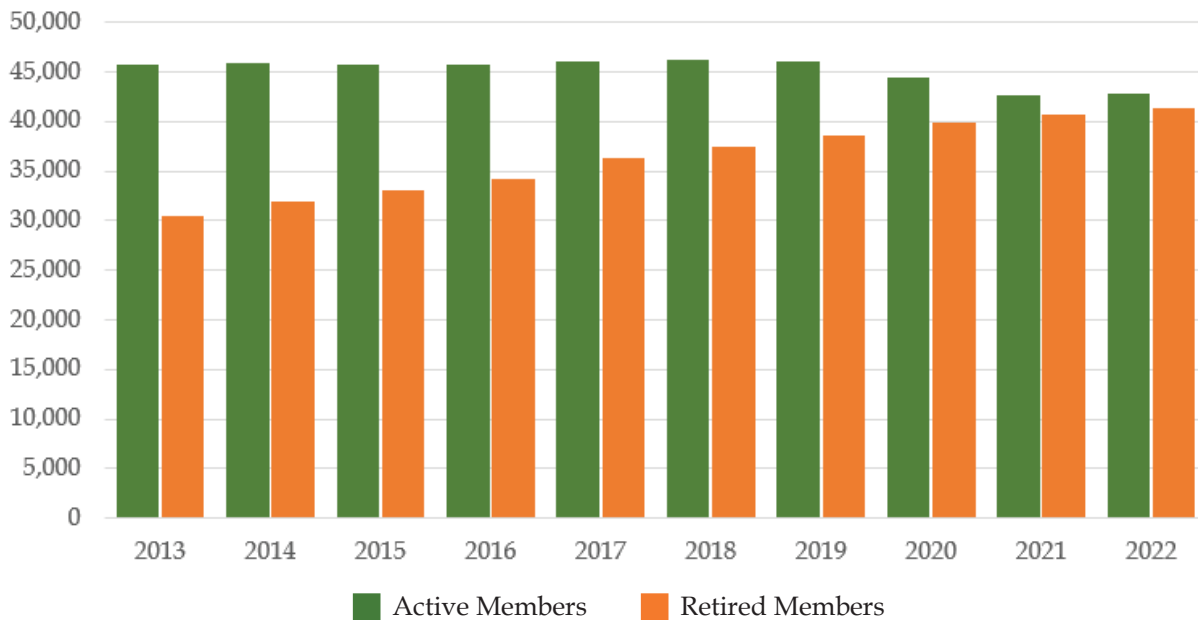
Historical Comparative Schedule

Valuation Date	Active Members				Retired Lives (including DROP members)			
	Number	Valuation Payroll			Number	Active per Retired	Annual Benefits	
		Dollars in Millions	Average	% Increase			Dollars in Millions	As a % of Pay
6/30/13	45,707	1,612.7	35,285	0.9	30,533	1.5	426.2	26.4
6/30/14	45,841	1,638.0	35,735	1.3	31,914	1.4	457.1	27.9
6/30/15	45,722	1,645.0	35,979	0.7	33,106	1.4	483.9	29.4
6/30/16	45,676	1,686.5	36,923	2.6	34,214	1.3	509.7	30.2
6/30/17	46,094	1,668.8	36,204	(1.9)	36,260	1.3	540.1	32.4
6/30/18	46,207	1,723.6	37,302	3.0	37,398	1.2	575.1	33.4
6/30/19	45,965	1,802.4	39,212	5.1	38,543	1.2	609.1	33.8
6/30/20	44,373	1,795.7	40,469	3.2	39,805	1.1	637.1	35.5
6/30/21	42,669	1,781.8	41,759	3.2	40,762	1.0	658.8	37.0
6/30/22	42,771	\$ 1,925.5	\$ 45,020	7.8%	41,390	1.0	\$ 671.2	34.9%

The above valuation payroll results do not include DROP payroll.

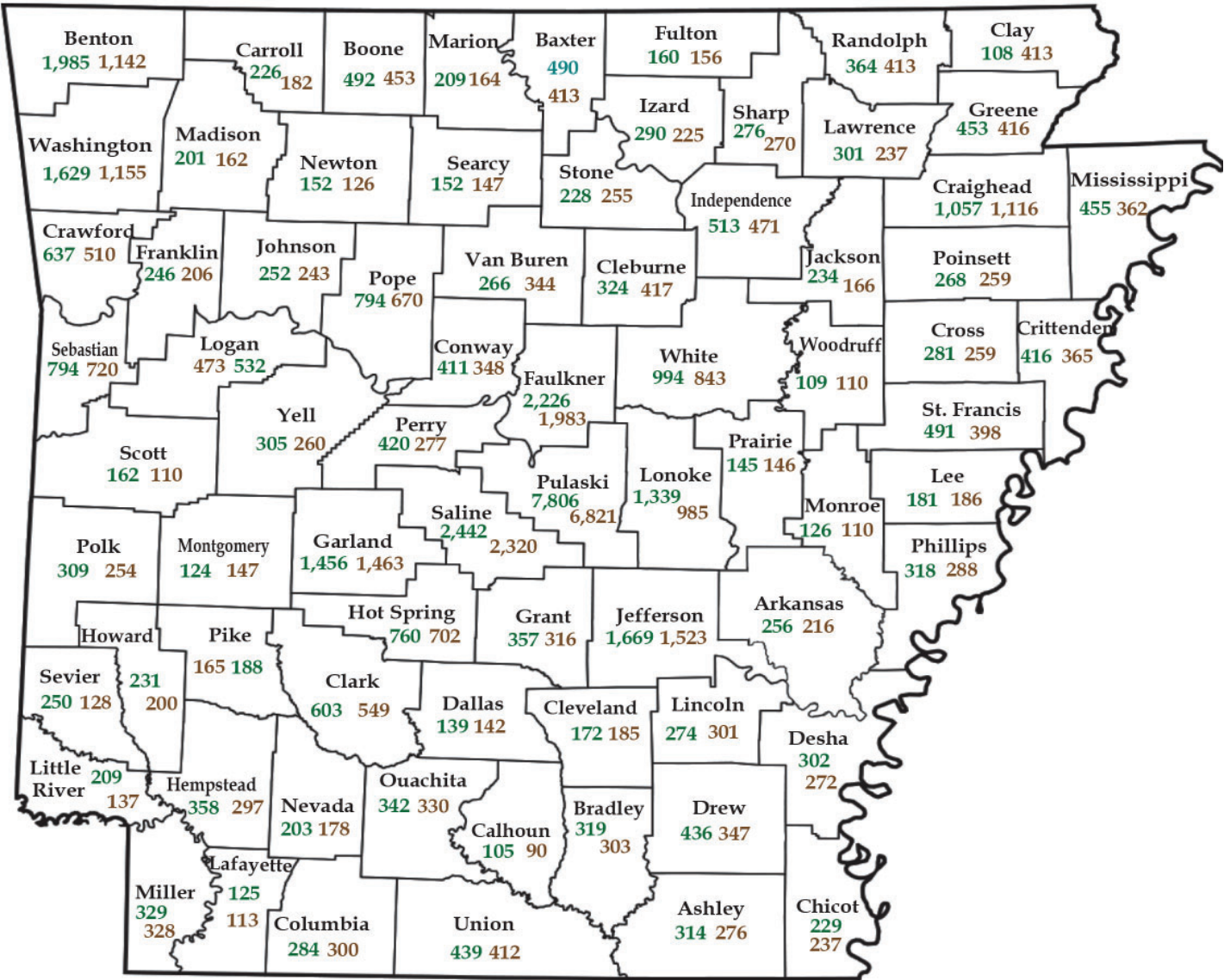
Chart of Memberships by Type - 10 year comparison

(for fiscal years ended June 30)



Comparison of Active and Retired Members by County

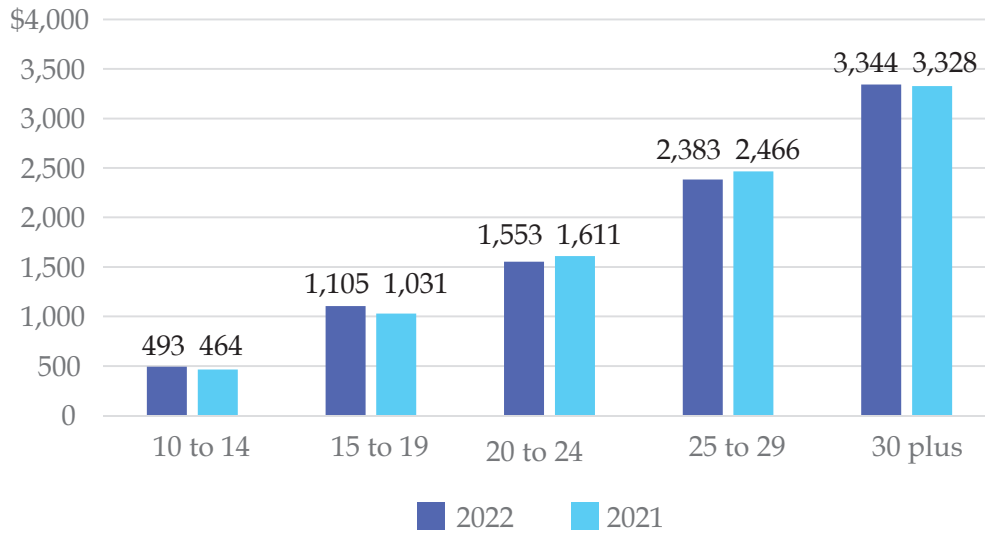
(for fiscal year ended June 30, 2022)



■ Active Members ■ Retired Members

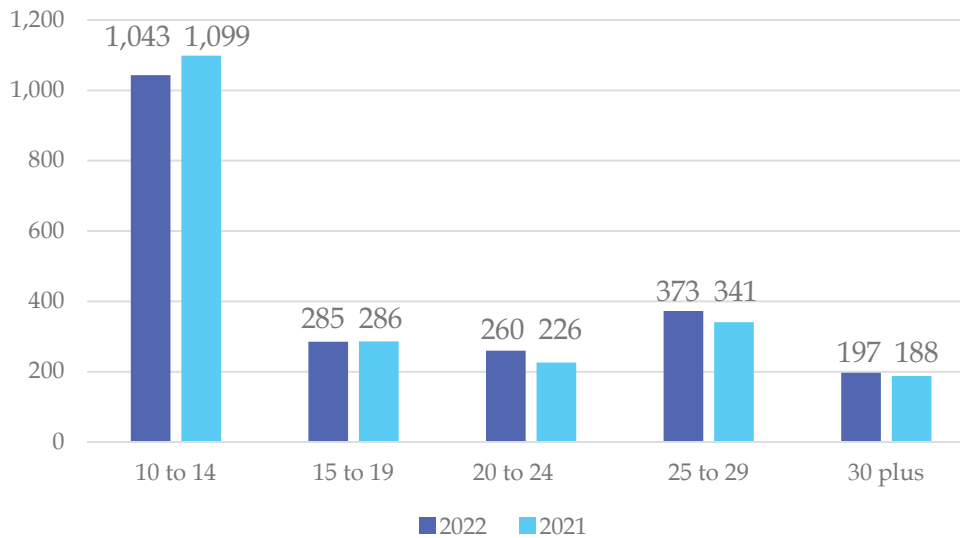
Comparison of Monthly Annuity by Credited Years of Service

(in dollars for fiscal years ended June 30)



Comparison of New Retirees by Credited Years of Service

(for fiscal years ended June 30)



Schedule of Retired Members by Type of Benefit

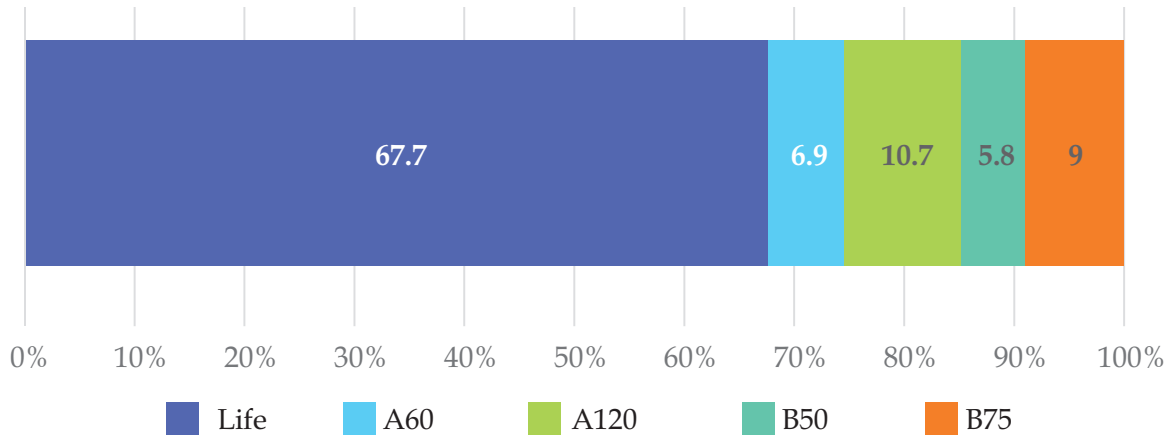
(for fiscal year ended June 30, 2022)

Type of Annuity	Number	Annual Annuities
Age & Service Retirees		
Life	22,704	\$388,175,748
Option A-60 (5 years certain)	2,304	30,836,532
Option A-120 (10 years certain)	3,579	47,243,748
Option B-50 (joint and 50% survivor)	1,949	40,948,752
Option B-75 (joint and 75% survivor)	3,007	51,971,580
Total	33,543	559,176,360
Disability Retirees		
Life	2,087	22,637,820
Option A-60	182	1,870,668
Option A-120	384	4,019,304
Option B-50	148	1,751,304
Option B-75	279	2,872,536
Total	3,080	33,151,632
Beneficiaries of Age & Service Retirees		
Life	39	796,332
Option A-60	50	392,772
Option A-120	323	3,127,980
Option B-50	439	4,484,724
Option B-75	887	10,758,912
Total	1,738	19,560,720
Total Age & Service Retirees & Beneficiaries	35,281	578,737,080
Death-in-Service Beneficiaries	1,256	10,797,852
Total Death and Disability Retirees & Beneficiaries	4,336	43,949,484
QDRO Alternate Payees	316	2,601,300
Total Retirees & Beneficiaries	39,933	625,287,864
DROP Participants	1,426	45,531,888
DROP "Frozen" Participants	31	396,312
Total Including DROP Participants	41,390	\$671,216,064

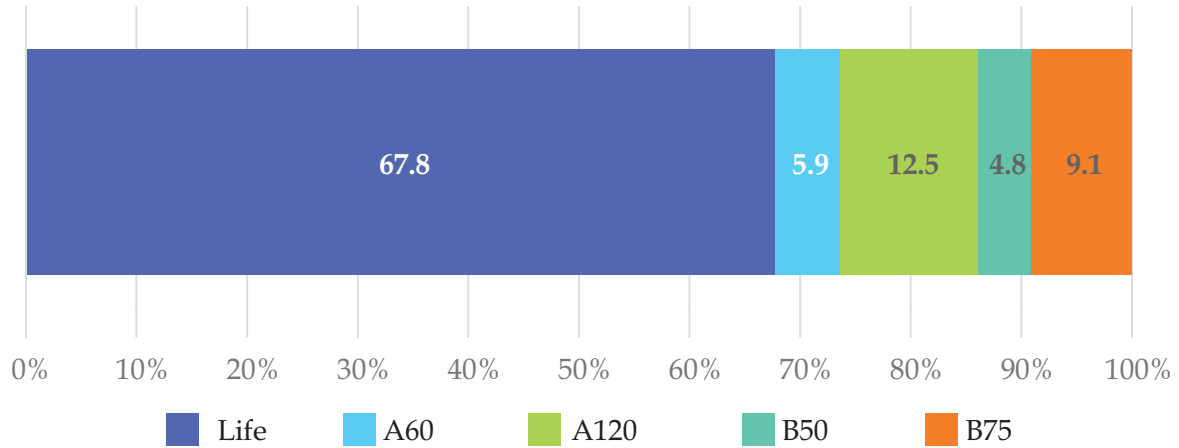
Chart of Retired Members by Type of Benefit (Percentages)

(for fiscal year ended June 30, 2022)

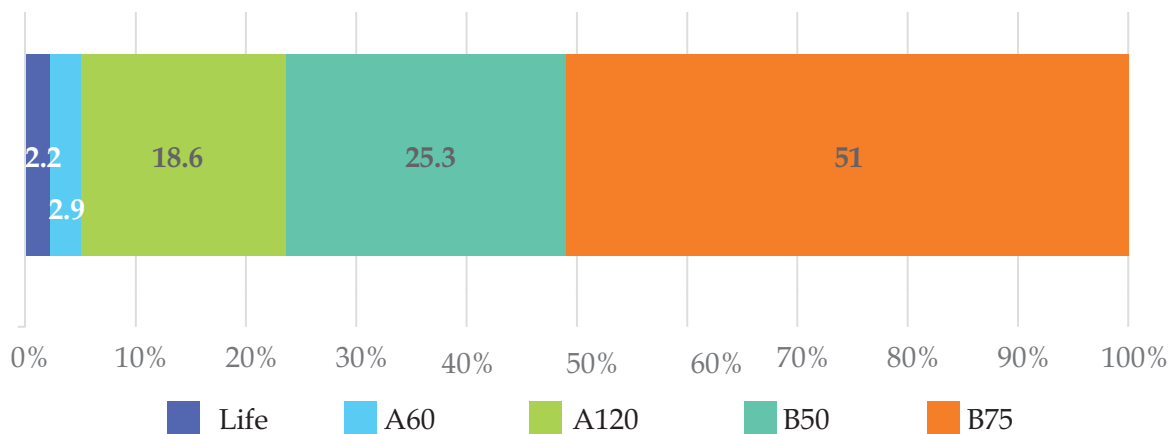
Age & Service Retirees



Disability Retirees



Beneficiaries of Age & Service Retirees



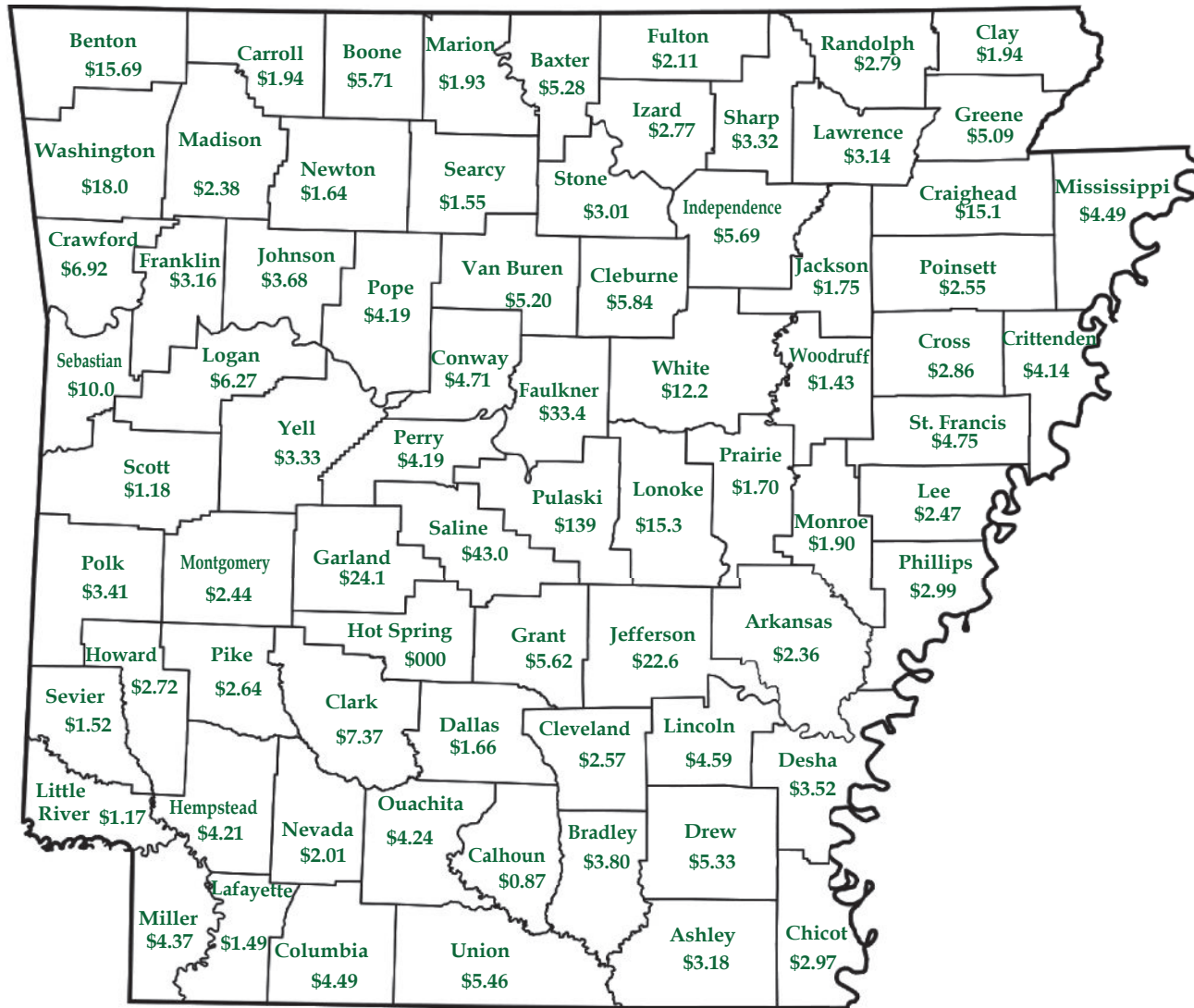
Schedule of Retirees and Benefits Paid by County

(for fiscal year ended June 30, 2022)

County	Benefits Paid	Retirees	County	Benefits Paid	Retirees
Arkansas	\$2,362,228	216	Lee	\$2,473,955	186
Ashley	\$3,185,145	276	Lincoln	\$4,595,816	301
Baxter	\$5,281,237	413	Little River	\$1,170,469	137
Benton	\$15,688,525	1,142	Logan	\$6,273,941	473
Boone	\$5,713,080	453	Lonoke	\$15,337,808	985
Bradley	\$3,809,608	303	Madison	\$2,381,964	162
Calhoun	\$879,368	90	Marion	\$1,934,559	164
Carroll	\$1,945,789	182	Miller	\$4,377,779	328
Chicot	\$2,971,302	237	Mississippi	\$4,497,768	362
Clark	\$7,379,155	549	Monroe	\$1,904,431	122
Clay	\$1,943,410	183	Montgomery	\$2,449,114	147
Cleburne	\$5,846,596	417	Nevada	\$2,019,487	178
Cleveland	\$2,574,450	185	Newton	\$1,641,148	126
Columbia	\$4,490,538	300	Ouachita	\$4,245,009	330
Conway	\$4,714,592	348	Perry	\$4,193,412	277
Craighead	\$15,102,769	1,116	Phillips	\$2,999,576	288
Crawford	\$6,928,568	510	Pike	\$2,640,392	165
Crittenden	\$4,141,997	365	Poinsett	\$2,559,235	259
Cross	\$2,867,806	259	Polk	\$3,415,369	254
Dallas	\$1,666,791	142	Pope	\$9,607,968	670
Desha	\$3,523,003	272	Prairie	\$1,701,820	146
Drew	\$5,336,287	347	Pulaski	\$139,543,729	6,821
Faulkner	\$33,437,239	1,983	Randolph	\$2,793,063	231
Franklin	\$3,167,274	206	Saint Francis	\$4,756,966	398
Fulton	\$2,113,319	156	Saline	\$43,005,848	2,320
Garland	\$24,177,307	1,463	Scott	\$1,189,141	110
Grant	\$5,621,503	316	Searcy	\$1,559,532	147
Greene	\$5,093,595	416	Sebastian	\$10,063,999	720
Hempstead	\$4,212,034	297	Sevier	\$1,527,273	128
Hot Spring	\$9,534,017	702	Sharp	\$3,320,377	270
Howard	\$2,726,201	200	Stone	\$3,017,388	255
Independence	\$5,694,099	471	Union	\$5,469,510	412
Izard	\$2,775,114	225	Van Buren	\$5,206,720	344
Jackson	\$1,750,996	166	Washington	\$18,002,084	1,155
Jefferson	\$22,693,743	1,523	White	\$12,276,115	843
Johnson	\$3,684,553	243	Woodruff	\$1,433,375	110
Lafayette	\$1,496,618	113	Yell	\$3,339,109	260
Lawrence	\$3,149,147	237			

Map of Arkansas Counties with Total Benefits Paid

(in millions of dollars for fiscal year ended June 30, 2022)



In Arkansas	
Total Payees	37,606
Total Paid	\$578,604,251
Out of State	
Total Payees	3,516
Total Paid	\$38,101,407
Totals	
Total Payees	41,122
Total Paid	\$616,705,658

Employers

Chart of Employer Contributions - 10 year comparison

(for fiscal years ended June 30)

(shown in millions)

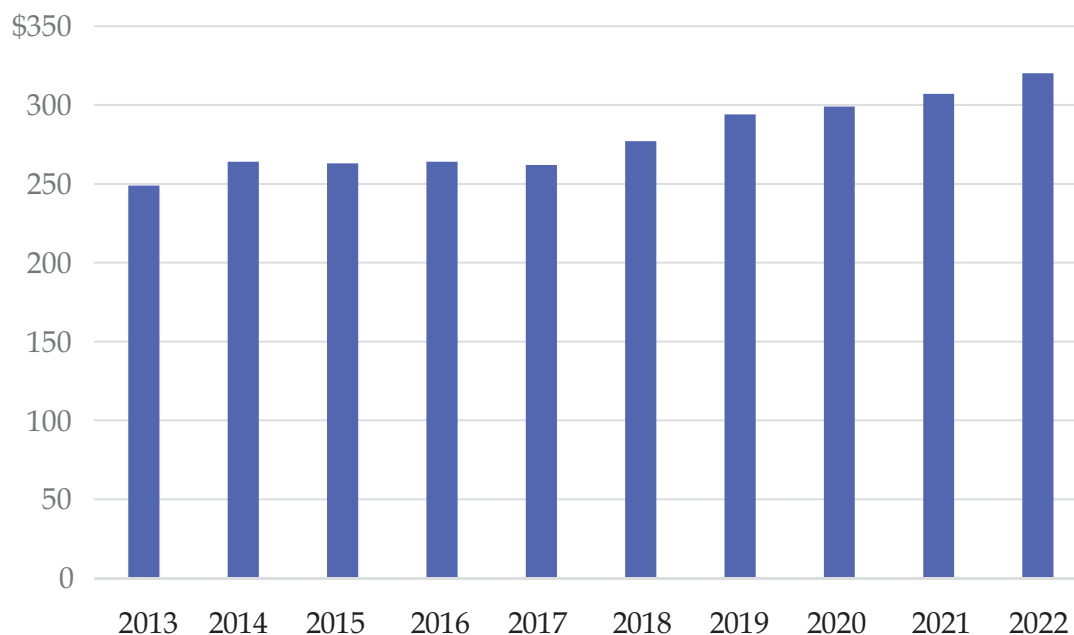
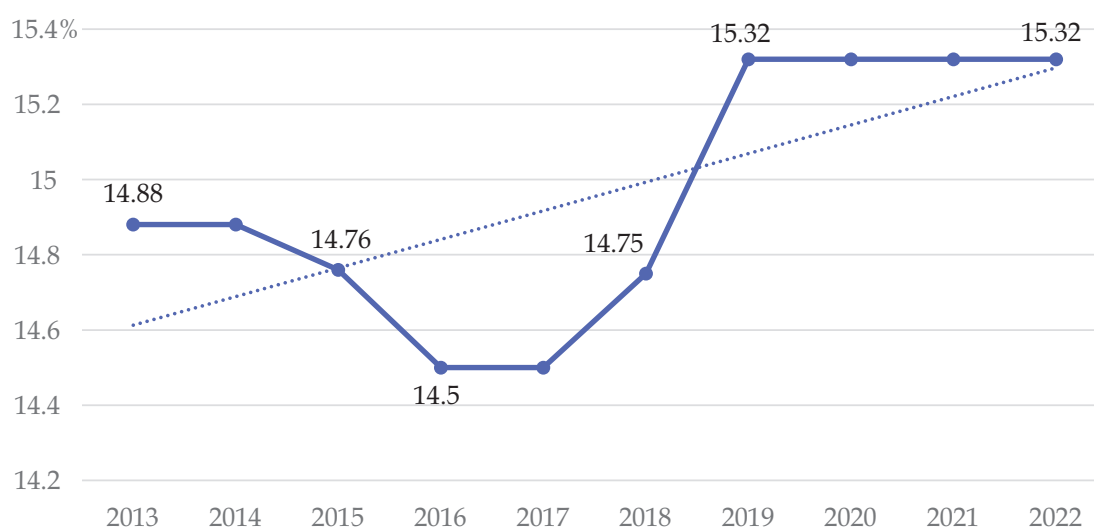
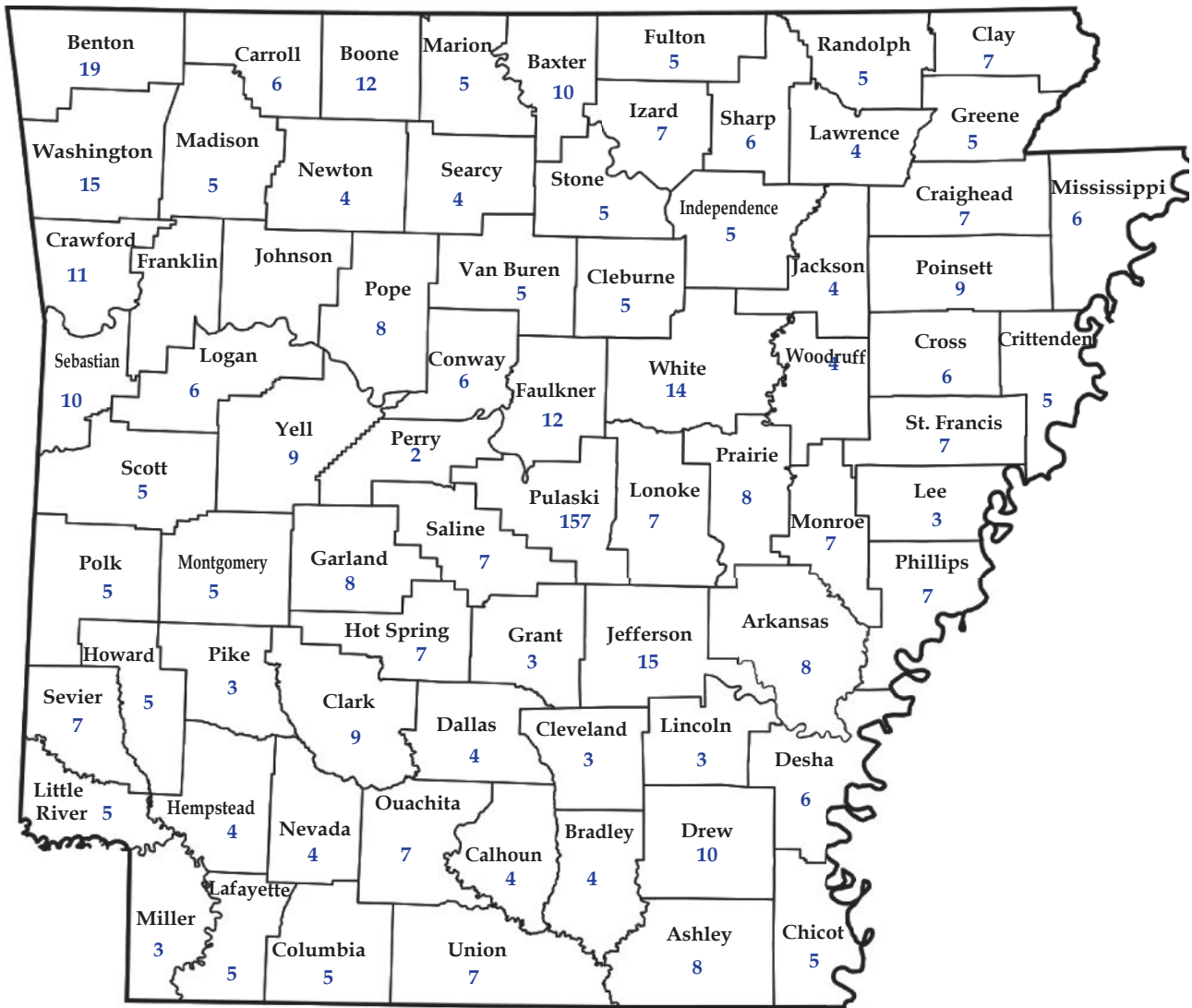


Chart of Employer Contribution Rates - 10 year comparison



Map of Participating Employers by County

(for fiscal year ended June 30, 2022)



Schedule of Participating Employers

State Agencies

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

Statistical

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

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

County Agencies

Arkansas River Valley Regional Library
 Arkansas County
 Ashley County
 Association of Arkansas Counties
 Baxter County
 Baxter County Library
 Benton County
 Boone County
 Bradley County
 Calhoun County
 Carroll County
 Chicot County
 Clark County
 Clay County
 Clay County, Western District
 Cleburne County
 Cleveland County
 Columbia County
 Conway County
 Craighead County
 Crawford County
 Crittenden County
 Cross County
 Dallas County
 Desha County
 Drainage District # 9 (Gr. Lake)
 Drew County
 East Central Arkansas Regional Library
 Faulkner County
 Franklin County
 Fulton County
 Garland County
 Grant County
 Greene County
 Hempstead County
 Hot Springs County
 Howard County
 Independence County
 Izard County
 Jackson County
 Jefferson County
 Johnson County
 Lafayette County
 Lawrence County
 Lee County
 Lincoln County
 Little River County
 Logan County
 Lonoke County
 Madison County
 Marion County

Statistical

Miller County
Mississippi County
Monroe County
Montgomery County
Nevada County
Newton County
Ouachita County
Perry County
Phillips County
Phillips County Library
Pike County
Poinsett County
Polk County
Pope County
Prairie County
Pulaski County
Randolph County
Randolph County Nursing Home
Saline County
Saline County Library
Scott County
Searcy County
Sebastian County Judge
Sevier County
Sharp County
St Francis County
Stone County
Union County
Van Buren County
Washington County
White County Public Library
White County
White River Regional Library
Woodruff County
Yell County Library
Yell County

Municipal Agencies

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

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

Statistical

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

Schools

Arkadelphia School District #1
Atkins School District #18
Bald Knob School District
Benton School District #8
Bergman School District #3
Booneville School District #65
Clarksville School District #17
Cossatot River School District
Des Arc School District #5
Fairview School District
Fayetteville School District #1
Forrest City School District
Fort Smith School District
Greenwood School District #25
Helena-West Helena School District #2
Hope School District #1a
Horatio School District #55
Hot Springs School District
Jonesboro Public Schools
Lee County School District
Little Rock School District
McCrary Public Schools
Mountain Home School District #9
North Little Rock School District
Pine Bluff Schools
Pottsville School District #61
Pulaski County Special School District
Russellville School District #14
Searcy County School District

Sheridan School District #37
Siloam Springs School District #21
South Conway County School District
Two Rivers School District
Van Buren School District #42
Waldron School District
Warren School District #1

District Judges

ADJRS Pilot
Brinkley District Court
Little Rock District Court

District Court Employees*

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

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

Other Non-State Employers

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

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