

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representative McJunkin**

A Bill

HOUSE BILL

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE §24-11-207 TO ALLOW LOCAL
9 POLICE PENSION FUNDS IN THEIR ANNUAL ACCOUNTANT'S REPORT
10 TO INCLUDE EIGHTY PERCENT (80%) OF ANY GAINS AND LOSSES OF
11 AN ASSET'S YEAR-END FAIR MARKET VALUE IN THE PLAN'S
12 REVENUES AND IN THE PLAN'S RESERVE ASSETS; AND FOR OTHER
13 PURPOSES."

Subtitle

16 "AN ACT TO ALLOW LOCAL POLICE PENSION FUNDS TO INCLUDE ANY
17 GAINS AND LOSSES OF AN ASSET'S YEAR-END FAIR MARKET VALUE
18 IN THE PLAN'S REVENUES AND IN THE PLAN'S RESERVE ASSETS."

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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22 SECTION 1. Arkansas Code § 24-11-207 is hereby amended to read as
23 follows:

24 "24-11-207. Annual accountant's report.

25 (a) (1) The board of trustees of each plan shall annually cause an
26 accountant's report to be prepared covering each plan fiscal year.

27 (2) The accountant's report shall be prepared by an accountant;
28 however, in the case of a fund with less than twenty-five thousand dollars
29 (\$25,000) in total assets, the board of trustees may authorize the city clerk
30 or, in the case of a fire improvement district, the secretary-treasurer of the
31 board of commissioners to prepare the report, but only if the fund's accounts
32 have been kept in accordance with bookkeeping procedures established by the
33 office of the Arkansas Fire and Police Pension Review Board.

34 (b) Each accountant's report shall include at least the following:

35 (1) The plan's revenues and expenditures during the year.

1 (A) The revenues exhibit shall show at least the annual
2 total for each of the following items:

- 3 (i) Employee contributions;
- 4 (ii) Employer contributions, from state;
- 5 (iii) Employer contributions, other;
- 6 (iv) Investment income:
 - 7 (a) Interest and dividends;
 - 8 (b) Gain or loss on asset values, calculated at
9 eighty percent (80%) of the year-end market value of all assets;
 - 10 (c) Other (specify);
 - 11 (d) Total of (i) + (ii) + (iii);
 - 12 (v) Other (specify);
 - 13 (vi) Total of (i) through (v).

14 (B) The expenditures exhibit shall show at least the annual
15 total for each of the following items:

- 16 (i) Refunds of employee contributions;
- 17 (ii) Benefits paid;
- 18 (iii) Administrative expenses;
- 19 (iv) Other (specify);
- 20 (v) Total of (i) through (iv).

21 (C) The difference between revenues and expenditures is the
22 change in plan reserve assets for the year;

23 (2) The plan reserve assets. The reserve assets exhibit at year-
24 end shall show at least the total for each of the following items:

- 25 (A) Cash and bank checking accounts, noninterest-earning;
- 26 (B) Bank deposits, interest-earning;
- 27 (C) Savings and loan deposits, interest-earning;
- 28 (D) Other cash equivalents, maturing one (1) year or less;
- 29 (E) USA government securities;
- 30 (F) Non-USA government securities;
- 31 (G) Mortgages;
- 32 (H) Corporate bonds;
- 33 (I) Corporate common stock;
- 34 (J) Other (specify);
- 35 (K) Total of (A) through (J).

1 The asset values shall be eighty percent (80%) of the year-end market
2 value.

3 (3) The accumulated employee contributions at year-end of all
4 nonretired covered employees;

5 (4) A comparison between the actual employer contributions
6 received for the year and the actuary's computed contributions for the year,
7 including the following items:

8 (A) Total employer contributions, in dollars;

9 (B) Covered employee payroll, in dollars

10 (C) Actual employer contribution expressed in percentage
11 or, in the case of volunteer fire department pension plans, expressed in
12 dollar amounts, (A)/(B);

13 (D) Actuary's computed contribution expressed in
14 percentage, from most recent biennial reports, or, in the case of volunteer
15 fire department pension plans, expressed in dollar amounts, for the biennium;

16 (5) For a plan covering both volunteer firemen and full-paid
17 firemen, the following items specified in this section, which shall be
18 prepared separately for each of the two (2) groups:

19 (A) Subdivision (1)(A)(i) of this subsection;

20 (B) Subdivisions (1)(B)(i) and (ii) of this subsection;

21 (C) Subdivision (3) of this subsection; and

22 (D) Subdivision (4) of this subsection;

23 (6) Investment results for the year. The investment results
24 exhibit shall show at least the following results:

25 (A) Ordinary income from all plan reserve assets, except
26 common stock, expressed as an annual percentage. The numerator for this
27 calculation shall be all interest dollars received for the year, and the
28 denominator shall be the average cost value of all plan reserve assets, except
29 common stock, held during the year;

30 (B) Total return from all plan reserve assets, except
31 common stock, expressed as an annual percentage. The numerator for this
32 calculation shall be the numerator for (A) plus (or minus) the net of all
33 realized gains and losses on sales of the assets during the year, and the
34 denominator shall be the same as for (A);

35 (C) Ordinary income from common stock assets, expressed as

1 an annual percentage. The numerator for this calculation shall be all dividend
2 dollars received for the year, and the denominator shall be the average market
3 value of all common stock held during the year;

4 (D) Total return from common stock assets, expressed as an
5 annual percentage. The numerator for this calculation shall be the numerator
6 for (C) plus (or minus) the net of all market value changes in common stock
7 during the year, realized and unrealized, and the denominator shall be the
8 same as for (C);

9 (E) Ordinary income from all plan reserve assets, expressed
10 as an annual percentage. The numerator for this calculation shall be the total
11 of the numerators in (A) and (C), and the denominator shall be the total of
12 the denominators in (A) and (C);

13 (F) Total return from all plan reserve assets, expressed as
14 an annual percentage. The numerator for this calculation shall be the total of
15 the numerators in (B) and (D), and the denominator shall be the total of the
16 denominators in (B) and (D).

17 (c) The accountant shall certify that, in his opinion, the information
18 contained in his report is an accurate statement of these activities in
19 accordance with the provisions of this subchapter."

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21 SECTION 2. All provisions of this act of general and permanent nature
22 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
23 Revision Commission shall incorporate the same in the Code.

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25 SECTION 3. If any provisions of this act or the application thereof to
26 any person or circumstance is held invalid, the invalidity shall not affect
27 other provisions or applications of the act which can be given effect without
28 the invalid provisions or application, and to this end the provisions of this
29 act are declared to be severable.

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31 SECTION 4. All laws and parts of laws in conflict with this act are
32 hereby repealed.

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