

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

# **A Bill**

**HOUSE BILL 1294**

## **For An Act To Be Entitled**

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

## **Subtitle**

16 "AN ACT TO ALLOW LOCAL POLICE AND FIRE PENSION FUNDS TO  
17 INCLUDE 80% OF ANY GAINS AND LOSSES IN STOCK VALUE IN  
18 THEIR ACCOUNTANT\_S ANNUAL REPORT."

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

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 sales;
  - 9 (c) Other (specify);
  - 10 (d) Total of (i) + (ii) + (iii);
- 11 (v) Unrealized gain or loss from previous year on  
12 corporate common or preferred stock, if using the option to include eighty  
13 percent (80%) of year end market value;
- 14 (vi) Other (specify);
- 15 (vii) Total of (i) through (vi).

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

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

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

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

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

1 (J) Other (specify);

2 (K) Total of (A) through (J).

3 The asset values shall be cost values or amortized cost values. If  
4 corporate common or preferred stock is held, there shall also be shown  
5 separately the year-end market value of the stock. The value of the total  
6 corporate common or preferred stock may be shown in the plan reserve asset  
7 exhibit, subdivision (b)(2)(I) of this section, at either the cost value or  
8 eighty percent (80%) of the year end market value, whichever is greater;

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

11 (4) A comparison between the actual employer contributions  
12 received for the year and the actuary's computed contributions for the year,  
13 including the following items:

14 (A) Total employer contributions, in dollars;

15 (B) Covered employee payroll, in dollars;

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

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

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

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

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

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

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

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

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

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

6 (C) Ordinary income from common stock assets, expressed as  
7 an annual percentage. The numerator for this calculation shall be all dividend  
8 dollars received for the year, and the denominator shall be the average market  
9 value of all common stock held during the year;

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

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

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

23 (c) The accountant shall certify that, in his opinion, the information  
24 contained in his report is an accurate statement of these activities in  
25 accordance with the provisions of this subchapter."  
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27 SECTION 2. All provisions of this act of general and permanent nature  
28 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
29 Revision Commission shall incorporate the same in the Code.  
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31 SECTION 3. If any provisions of this act or the application thereof to  
32 any person or circumstance is held invalid, the invalidity shall not affect  
33 other provisions or applications of the act which can be given effect without  
34 the invalid provisions or application, and to this end the provisions of this  
35 act are declared to be severable.

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

*/s/L. McJunkin*

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