

**MASSACHUSETTS**  
Public Employee Retirement Administration Commission  
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**M E M O R A N D U M**

**TO:** All Retirement Boards

**FROM:** Joseph E. Connarton, Executive Director

**RE:** Accounting for Fixed Income Securities

**DATE:** December 6, 1999

The Public Employee Retirement Administration Commission has determined that in order to be consistent with methods prescribed by the Government Accounting Standards Board the method by which individually owned fixed income securities are valued will be changed. Effective December 31, 1999 all individually owned fixed income securities will be valued for accounting purposes at market value. After that date any gain or loss on the sale of a fixed income security will be calculated as the difference between the sale price and the most recent market value of the security (the later of the prior December 31<sup>st</sup> or the date of purchase).

This change will necessitate that the 1999 Annual Statement Reflect the market value of fixed income securities rather than the amortized value. The increase or decrease in market value for 1999 will be the difference between the December 31, 1998 amortized value (or the purchase price if purchased in 1999), and the ending market value on December 31, 1999.

All boards must immediately notify their custodian and accounting software vendors of this change. If there are any questions relating to this matter do not hesitate to contact me.