

840 CMR: PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

840 CMR 4.00: FINANCIAL OPERATIONS/STANDARD METHOD OF ACCOUNTING

Section

- 4.01: Ledger Accounts, Cash Book and Journal
- 4.02: Entries and Posting of Accounts; Trial Balance
- 4.03: Copies to be Sent to PERAC
- 4.04: Failure to File Financial Reports

840 CMR 4.00, establishing standard methods of accounting for boards, is promulgated by the Public Employee Retirement Administration Commission pursuant to M.G.L. c. 7, § 50 and M.G.L. c. 32, § 21. Except as may otherwise be provided by the Commission, or by supplementary rules of a particular retirement board approved by the Commission pursuant to 840 CMR 14.02, or by statute, 840 CMR 4.00 shall govern methods of accounting of all retirement boards.

4.01: Ledger Accounts, Cash Book and Journal

Every board shall establish, number and maintain ledger accounts in the form prescribed by the Commission and shall maintain a cash book, the format of which shall be provided or approved by the Commission, and a journal for adjusting entries.

4.02: Entries and Posting of Accounts; Trial Balance

- (1) Entries shall be entered on a daily basis.
- (2) The Cash Book and Journal shall be posted to the ledger accounts monthly.
- (3) A Trial Balance shall be performed monthly.

4.03: Copies to be Sent to PERAC

- (1) Within four weeks of the close of each month, after all entries for the month have been posted and a trial balance performed, the board shall send to the Commission a photocopy of the following for the month:
 - (a) cash book entries;
 - (b) trial balance; and
 - (c) journal entries
- (2) The board shall send or have sent to the Commission a copy of all custodian statements received by the board within four weeks of the close of the month. Such statements shall be separated into the following five categories: cash, short term investments*, fixed income investments, equities, and pooled funds. Such statements shall include, but not be limited to:
 - (a) monthly custodian bank statements which detail transaction activity including investment income, investments purchased, accrued interest paid, investments sold, book value of investments sold, profit/loss on investments sold, accrued interest sold, cusip numbers, name of brokers and commissions paid, trade receivables and payables, trade dates, settlement dates and actual settlement dates.
 - *Short term investments are defined as U.S. Treasury Bills, Commercial Paper, Certificates of Deposit, Repurchase Agreements, Cooperative Shares, Savings and Loan Shares, Money Market and Term Deposits.
 - (b) monthly account appraisal which provides an alphabetical listing of assets held for each category; information for each asset should include a complete description of the asset, cusip numbers, par value or number of shares, book value and market value.
- (3) The board shall send or have sent to the Commission a copy of all statements received by the board within four weeks of the close of the month. Such statements shall detail the activity of the retirement system including purchases and sales of fund shares, income, dividend re-investments, fund expenses, and ownership interest of the retirement system in any commingled funds, including, but not limited to, separate accounts, bank pooled funds, mutual funds, group trusts and limited partnerships.

840 CMR: PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

4.04: Failure to File Financial Reports

Any retirement board failing to file the financial statements and reports required by M.G.L. c. 32, § 20(5)(g), or by 840 CMR 4.03 shall be subject to the penalties provided by M.G.L. c. 32, § 24(2) and to revocation of exemption pursuant to 840 CMR 19.00.

REGULATORY AUTHORITY

840 CMR 4.00: M.G.L. c. 7, § 50; c. 32, § 21.