

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

*As Engrossed: S3/10/11*

# A Bill

SENATE BILL 79

5 By: Senator J. Key  
6

## For An Act To Be Entitled

8 AN ACT TO AMEND STATUTES CONCERNING THE ARKANSAS FIRE  
9 AND POLICE PENSION REVIEW BOARD; AND FOR OTHER  
10 PURPOSES.  
11  
12

## Subtitle

14 TO AMEND STATUTES CONCERNING THE ARKANSAS  
15 FIRE AND POLICE PENSION REVIEW BOARD.  
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

20 SECTION 1. Arkansas Code § 24-10-409(e), concerning proration of state  
21 revenues between a political subdivision and its relief fund, is amended to  
22 read as follows:

23 (e)(1) All ~~Except as provided in subdivision (e)(2) of this section,~~  
24 all moneys ~~se~~ received by the political subdivisions shall be applied to the  
25 employer contribution required to support this system.

26 (2) If there is any money remaining after the subsidy account  
27 balance has been exhausted, as calculated by the actuary for the Arkansas  
28 Fire and Police Pension Review Board, the governing body of the political  
29 subdivision may transfer any or all of the excess moneys to the governing  
30 body's police pension and relief fund or fire pension and relief fund, or  
31 both, with the prior written approval of the board.  
32

33 SECTION 2. Arkansas Code § 24-11-207 is amended to read as follows:  
34 24-11-207. Annual ~~accountant's~~ financial report.

35 (a)(1) The board of trustees of each plan shall annually cause ~~an~~  
36 ~~accountant's~~ a financial report to be prepared covering each plan fiscal



1 year.

2 (2) The ~~accountant's~~ annual financial report shall be prepared  
3 ~~by an accountant, or at the direction of~~ the board of trustees ~~may authorize~~  
4 ~~the city clerk or recorder or treasurer or, in the case of a fire improvement~~  
5 ~~district, the secretary treasurer of the board of commissioners to prepare~~  
6 ~~the report, but only if the fund's accounts have been kept~~ and in accordance  
7 with reporting procedures established by ~~the office of~~ the Arkansas Fire and  
8 Police Pension Review Board.

9 (b) Each ~~accountant's~~ annual financial report shall include at least  
10 the following:

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

12 (B) The revenues ~~exhibit~~ shall ~~show~~ include at least the  
13 annual total for each of the following items:

14 (i) Employee contributions;

15 (ii) Employer contributions from the state;

16 (iii) Employer contributions, other;

17 (iv) Investment income:

18 (a) Interest and dividends;

19 (b) Gain or loss on sales;

20 (c) Other (specify); and

21 (d) The total of subdivisions (b)(1)(B)(i)-

22 (iii) of this section;

23 (v) The change in unrealized gain or loss from the  
24 previous year ~~on corporate common or preferred stock, if using the option to~~  
25 ~~include eighty percent (80%) of year-end market value;~~

26 (vi) Other (specify); and

27 (vii) The total of subdivisions (b)(1)(B)(i)-(vi) of  
28 this section.

29 (C) The expenditures ~~exhibit~~ shall ~~show~~ include at least  
30 the annual total for each of the following items:

31 (i) Refunds of employee contributions;

32 (ii) Benefits paid;

33 (iii) Administrative expenses;

34 (iv) Other (specify); and

35 (v) The total of subdivisions (b)(1)(C)(i)-(iv) of

36 this section.

1 (D) The difference between revenues and expenditures is  
2 the change in plan reserve assets for the year; and

3 (2)(A) The plan reserve assets.

4 (B) The reserve assets ~~exhibit~~ at year's end shall ~~show~~  
5 include at least the total for each of the following items:

6 (i) Cash and bank checking accounts, noninterest-  
7 earning;

8 (ii) Bank deposits, interest-earning;

9 (iii) Savings and loan deposits, interest-earning;

10 (iv) Other cash equivalents, maturing in one (1)  
11 year or less;

12 (v) United States Government securities;

13 (vi) Non-United States Government securities;

14 (vii) Mortgages;

15 (viii) Corporate bonds;

16 (ix) Corporate common and preferred stock;

17 (x) Other (specify); and

18 (xi) The total of subdivisions (b)(2)(B)(i)-(x) of  
19 this section.

20 (C) The For actuarial valuation purposes, the assets will  
21 be valued on the ~~asset valuation~~ method determined by the Arkansas Fire and  
22 Police Pension Review Board in consultation with its actuary+.

23 ~~(3) The accumulated employee contributions at year's end of all~~  
24 ~~nonretired covered employees; and~~

25 ~~(4) For a plan covering both volunteer firemen and full-paid~~  
26 ~~firemen, the following items specified in this section, which shall be~~  
27 ~~prepared separately for each of the two (2) groups+:~~

28 ~~(A) Subdivision (b)(1)(B)(i) of this section+;~~

29 ~~(B) Subdivisions (b)(1)(C)(i) and (ii) of this section+;~~

30 ~~and~~

31 ~~(C) Subdivision (b)(3) of this section+;~~

32 (c) The accountant individual who prepares the annual financial  
33 reports and the chair of the board of trustees shall certify that, ~~in his or~~  
34 ~~her opinion,~~ the information contained in ~~his or her~~ the report is an  
35 accurate statement of these activities and was prepared in accordance with  
36 the provisions of this subchapter and by using the same method of accounting

1 used in previous years.

2  
3 SECTION 3. Arkansas Code § 24-11-422(b), concerning benefits upon  
4 voluntary retirement, is amended to read as follows:

5 (b)(1)(A) Any police officer who has more than twenty (20) years of  
6 service at the time of retirement shall be entitled to receive the sum of  
7 twenty dollars (\$20.00) per month in addition to his or her regular  
8 retirement pay for each full year worked over and above twenty (20) years.

9 (B) In no instance shall he or she receive more than one  
10 hundred dollars (\$100) per month in addition to his or her regular benefit.

11 (2) The increase in benefit levels provided in this subsection  
12 for service beyond twenty (20) years shall apply only to those police  
13 officers who retire on or after January 1, 1987.

14 (3) If a deceased officer receives the benefit provided under  
15 this subsection at the time of his or her death, the benefit shall be  
16 included in the amount paid to a surviving spouse or surviving child under §  
17 24-11-425(a)(1)(A)(ii).

18  
19 SECTION 4. Arkansas Code § 24-11-425(e) and (f), concerning the  
20 benefits upon death of an active or retired member, are amended to read as  
21 follows:

22 (e)(1) In addition to the monthly pension provided in subsections (a)  
23 and (b) of this section, the board shall order and direct the payment of the  
24 sum of one hundred twenty-five dollars (\$125) per month to each child under  
25 eighteen (18) years of age ~~who has not completed high school. However, if the~~  
26 ~~child enrolls in an institution of higher learning after completing high~~  
27 ~~school, then~~ the payment shall continue to each child over eighteen (18)  
28 years of age as long as the child is a full-time student but not beyond the  
29 child's twenty-third birthday unless he or she is a dependent child who is  
30 physically or mentally permanently disabled.

31 (2) The board may continue a benefit for life for a dependent  
32 child who is physically or mentally permanently disabled and this fact is  
33 certified to the board by a physician on the board. The board may first  
34 require that a second evaluation be performed by another physician to be  
35 named by the board, and they shall review the child's disabled status from  
36 time to time, but at least every five (5) years.

1 (f)(1) The sum total of the pension to be paid the surviving spouse or  
 2 the qualifying child of the deceased police officer shall not exceed one-half  
 3 ( $\frac{1}{2}$ ) of the salary attached to the rank the police officer held at the time of  
 4 his or her death or the monthly pension amount being paid to the deceased  
 5 police officer at the time of his or death, whichever is greater.

6 (2) However, the limit on the sum total amount under subdivision  
 7 (f)(1) of this section may be exceeded through benefit increases authorized  
 8 under § 24-11-102.

9  
 10 SECTION 5. Arkansas Code § 24-11-801 is amended to read as follows:

11 24-11-801. Board of trustees – Members.

12 (a) The board of trustees of every firemen's pension and relief fund  
 13 established in a city, incorporated town, or duly qualified fire protection  
 14 district ~~pursuant to the provisions of~~ under this subchapter shall be  
 15 composed of the following:

16 (1) The chief executive, who shall serve as chair of the board;

17 (2) The city or district clerk or recorder, who shall serve as  
 18 *secretary of the board;*

19 (3) *The fire chief or, if the fire chief is not a member of the*  
 20 *fund, the highest ranking member of the fire department who is a member and*  
 21 *who is willing to serve; and*

22 (4)(A) *Four (4) active or retired members of the*  
 23 *pension fund.*

24 (B)(i) As used in this section, "member" includes an  
 25 active or retired member of the fund.

26 (ii) "Member" does not include a beneficiary of the  
 27 fund.

28 (b) The board thus created shall provide for the disbursement of the  
 29 firemen's relief and pension fund and shall designate its beneficiaries as  
 30 directed in this act.

31 ~~(c) The fire department shall elect the active member or members by~~  
 32 ~~secret written ballot in May of each year, with the member or members to be~~  
 33 ~~chosen in alternate years.~~

34 ~~(d)(c)~~ (c) The active and retired members shall elect the ~~retired~~ member  
 35 ~~or members~~ trustees by secret written ballot in May of each year, ~~with the~~  
 36 ~~member or members to be chosen in alternate years~~ by a method to be

1 determined by the board.

2 ~~(e)~~(d) All member trustees shall serve two-year terms without  
3 compensation.

4 ~~(f)(1) The number of active members or retired members to serve on the~~  
5 ~~board shall be determined by the proportionate number of active members to~~  
6 ~~retired members, as follows:~~

7 ~~(A) When the number of active members equals seventy five~~  
8 ~~percent (75%) of the total of retired members and active members, the board~~  
9 ~~shall be composed of three (3) active members and one (1) retired member;~~

10 ~~(B) When the number of active members equals fifty percent~~  
11 ~~(50%) of the total of retired members and active members, the board shall be~~  
12 ~~composed of two (2) active members and two (2) retired members; and~~

13 ~~(C) When the number of retired members equals seventy five~~  
14 ~~percent (75%) of the total of retired members and active members, the board~~  
15 ~~shall be composed of one (1) active member and three (3) retired members.~~

16 ~~(2)(A) However, when no retirant is available to serve on the~~  
17 ~~board, all four (4) employee positions shall be held by active members of the~~  
18 ~~pension fund and shall be elected for two year terms as provided in~~  
19 ~~subsection (c) of this section.~~

20 ~~(B) However, when no active member is available to serve~~  
21 ~~on the board, all four (4) positions shall be held by retired members of the~~  
22 ~~pension fund and shall be elected for two year terms as provided in~~  
23 ~~subsection (c) of this section.~~

24 ~~(g)~~(e) The board shall have the power to may make all rules and  
25 ~~regulations~~ needful for its guidance to implement the provisions regarding  
26 board composition.

27 ~~(h)~~(f) The chief executive in the cities, incorporated towns, or fire  
28 protection districts shall be the chair, the city or town clerk or recorder  
29 or clerk of the fire protection district shall be ex officio secretary, and  
30 the city, town, or fire protection district treasurer shall be ex officio  
31 treasurer of the board of trustees during his or her respective term of  
32 office as the official of the city, incorporated town, or fire protection  
33 district.

34 ~~(i)~~(g) The secretary and treasurer of each board of trustees shall  
35 report annually, at the same time annual reports are required as clerk,  
36 recorder, or treasurer, the precise status of the firemen's relief and

1 pension fund, showing all receipts and disbursements on account with a full  
2 and complete list of all beneficiaries of the fund and the amount paid each  
3 beneficiary.

4 ~~(j)~~(h)(1) Each member of the board of trustees of the firemen's  
5 pension and relief fund who receives gifts or other compensation that in  
6 total exceeds one hundred dollars (\$100), including, but not limited to,  
7 trips and meals, from current or potential investment advisors or managers of  
8 the firemen's pension and relief fund shall prepare an annual statement  
9 listing:

10 (A) Each item received;

11 (B) The estimated value of each item; and

12 (C) From whom each item was received.

13 (2)(A) Each member of the board of trustees of the firemen's  
14 pension and relief fund shall attest by written affidavit that the member's  
15 annual statement is true and current to the best of his or her knowledge.

16 (B)(i) An annual statement and affidavit from each board  
17 member shall be collected by the board of trustees of the firemen's pension  
18 and relief fund or the municipal treasurer.

19 (ii) One (1) copy of the statement and affidavit  
20 shall be filed with the Secretary of State.

21 (iii) A second copy of each statement and affidavit  
22 shall be retained on file by the board of trustees of the firemen's pension  
23 and relief fund or the municipal treasurer and shall be available for review  
24 by any plan participant.

25 (C)(i) As part of the annual report to the Arkansas Fire  
26 and Police Pension Review Board, the chair of the board of trustees of the  
27 firemen's pension and relief fund for each plan shall certify that the  
28 statements and affidavits as described in this subsection have been completed  
29 and appropriately filed.

30 (ii) Each plan's annual report shall not be  
31 considered complete without this certification.

32

33 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
34 General Assembly that the Arkansas Fire and Police Pension Review Board is in  
35 place to provide economic security for eligible citizens of Arkansas, that  
36 the statutes need amending to account for changes in the economy, and that

1 these citizens need to be immediately covered by these changes. Therefore, an  
2 emergency is declared to exist and this act being immediately necessary for  
3 the preservation of the public peace, health, and safety shall become  
4 effective on:

5 (1) The date of its approval by the Governor;

6 (2) If the bill is neither approved nor vetoed by the Governor, the  
7 expiration of the period of time during which the Governor may veto the bill;  
8 or

9 (3) If the bill is vetoed by the Governor and the veto is overridden,  
10 the date the last house overrides the veto.

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*/s/J. Key*

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