WEST VIRGINIA LEGISLATURE
FIRST REGULAR SESSION, 2003

ENROLLED

COMMITTEE SUBSTITUTE
FOR
House Bill No. 2972

(By Mr. Speaker, Mr. Kiss, and Delegates Browning and Hall)

Passed March 8, 2003

In Effect Ninety Days from Passage
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FOR

H. B. 2972

(BY MR. SPEAKER, MR. KISS, AND DELEGATES BROWNING AND HALL)

[Passed March 8, 2003; in effect ninety days from passage.]

AN ACT to amend and reenact section twenty, article twenty-two, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to municipal policemen’s and firemen’s pension and relief funds; funding options; providing that a municipality may elect normal cost funding following election to fund at one hundred seven percent of prior years funding; and conditions upon the election.

Be it enacted by the Legislature of West Virginia:

That section twenty, article twenty-two, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:
ARTICLE 22. RETIREMENT BENEFITS GENERALLY; POLICEMEN'S PENSION AND RELIEF FUND; FIREMEN'S PENSION AND RELIEF FUND; PENSION PLANS FOR EMPLOYEES OF WATERWORKS SYSTEM, SEWERAGE SYSTEM OR COMBINED WATERWORKS AND SEWERAGE SYSTEM.


1 The board of trustees for each pension and relief fund shall have regularly scheduled actuarial valuation reports prepared by a qualified actuary. All of the following standards must be met:

   (a) An actuarial valuation report shall be prepared at least once every three years commencing with the later of: (1) The first day of July, one thousand nine hundred eighty-three; or (2) three years following the most recently prepared actuarial valuation report: Provided, That this most recently prepared actuarial valuation report meets all of the standards of this section.

   (b) The actuarial valuation report shall consist of, but is not limited to, the following disclosures: (1) The financial objective of the fund and how the objective is to be attained; (2) the progress being made toward realization of the financial objective; (3) recent changes in the nature of the fund, benefits provided, or actuarial assumptions or methods; (4) the frequency of actuarial valuation reports and the date of the most recent actuarial valuation report; (5) the method used to value fund assets; (6) the extent to which the qualified actuary relies on the data provided and whether the data was certified by the fund’s auditor or examined by the qualified actuary for reasonableness; (7) a description and explanation of the actuarial assumptions and methods; and (8) any other information the qualified actuary feels is necessary or would be useful in fully and fairly disclosing the actuarial condition of the fund.
(c)(1) After the thirtieth day of June, one thousand nine hundred ninety-one, and thereafter, the financial objective of each municipality shall not be less than to contribute to the fund annually an amount which, together with the contributions from the members and the allocable portion of the state premium tax fund for municipal pension and relief funds established under section fourteen-d, article three, chapter thirty-three of this code and other income sources as authorized by law, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years: Provided, That in the fiscal year ending the thirtieth day of June, one thousand nine hundred ninety-one, the municipality may elect to make its annual contribution to the fund utilizing an alternative contribution in an amount not less than: (i) One hundred seven percent of the amount contributed for the fiscal year ending the thirtieth day of June, one thousand nine hundred ninety; or (ii) an amount equal to the average of the contribution payments made in the five highest fiscal years beginning with the 1984 fiscal year whichever is greater: Provided, however, That contribution payments in subsequent fiscal years under this alternative contribution method may not be less than one hundred seven percent of the amount contributed in the prior fiscal year: Provided further, That prior to utilizing this alternative contribution methodology the actuary of the fund shall certify in writing that the fund is projected to be solvent under the alternative contribution method for the next consecutive fifteen-year period. For purposes of determining this minimum financial objective: (1) The value of the fund’s assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value; and (2) all costs, deficiencies, rate of interest, and other factors under the fund shall be determined on the basis of actuarial assumptions and methods which, in aggregate, are reasonable (taking into account the experience of the fund and reasonable expectations) and which, in combination, offer the qualified
actuary’s best estimate of anticipated experience under the fund: And provided further, That any municipality which elected the alternative funding method under this section and which has an unfunded actuarial liability of not more than twenty-five percent of fund assets, may, beginning the first day of September, two thousand three, elect to revert back to the standard funding method, which is to contribute to the fund annually an amount which is not less than an amount which, together with the contributions from the members and the allocable portion of the state premium tax fund for municipal pension and relief funds established under section fourteen-d, article three, chapter thirty-three of this code and other income sources as authorized by law, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years, beginning from the first day of July, one thousand nine hundred ninety-one.

(2) No municipality may anticipate or use in any manner any state funds accruing to the police or firemen’s pension fund to offset the minimum required funding amount for any fiscal year.

(3) Notwithstanding any other provision of this section or article to the contrary, each municipality shall contribute annually to the fund an amount which may not be less than the normal cost, as determined by the actuarial report.

(d) For purposes of this section the term “qualified actuary” means only an actuary who is a member of the society of actuaries or the American academy of actuaries. The qualified actuary shall be designated a fiduciary and shall discharge his or her duties with respect to a fund solely in the interest of the members and member’s beneficiaries of that fund. In order for the standards of this section to be met, the qualified actuary shall certify that the actuarial valuation report is complete and accurate and that in his or her opinion the technique and
assumptions used are reasonable and meet the requirements of this section of this article.

(e) The cost of the preparation of the actuarial valuation report shall be paid by the fund.

(f) Notwithstanding any other provision of this section, for the fiscal year ending the thirtieth day of June, one thousand nine hundred ninety-one, the municipality may calculate its annual contribution based upon the provisions of the supplemental benefit provided for in this article enacted during the one thousand nine hundred ninety-one regular session of the Legislature.
That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

Chairman Senate Committee

Greg Butchee
Chairman House Committee

Originating in the House.

In effect ninety days from passage

Clerk of the Senate

Clerk of the House of Delegates

President of the Senate

Speaker of the House of Delegates

The within is approved this the 27th day of March, 2003.

Governor