

Report on the

**Alabama Firefighters Annuity  
and Benefit Fund  
State of Alabama  
Tuscaloosa, Alabama**

**July 1, 2010 through September 30, 2012**

Filed: February 8, 2013



**Department of  
Examiners of Public Accounts**

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*Ronald L. Jones, Chief Examiner*



Ronald L. Jones  
Chief Examiner

State of Alabama  
Department of  
**Examiners of Public Accounts**

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Honorable Ronald L. Jones  
Chief Examiner of Public Accounts  
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the *Code of Alabama 1975*, Section 41-5-21, I submit this report on the results of the examination of the Alabama Firefighters Annuity and Benefit Fund for the period July 1, 2010 through September 30, 2012.

Sworn to and subscribed before me this  
the 29<sup>th</sup> day of January, 2013.

Haie Graylor  
Notary Public

Respectfully submitted,

James Miller

James Miller  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Alabama Firefighters Annuity and Benefit Fund  
July 1, 2010 through September 30, 2012**

The Alabama Firefighters Annuity and Benefit Fund (the "Fund") was established and operates under the authority of the *Code of Alabama 1975*, Sections 36-21-180 through 36-21-197. The Fund was created for the purpose of providing retirement allowances and other benefits for members of the Fund.

This report presents the results of the first examination of the Fund and a review of compliance by the Fund with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5-14. Our examination was performed for the purpose of determining whether the public officers, agents, and employees of the Fund properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Fund. Our examination included determining compliance by the Fund with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. As a part of our examination, we also reviewed internal control policies and procedures relating to the areas listed above. Our examination did not encompass managerial and operational matters, such as whether the Fund accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

Tests performed during the examination did not disclose any significant instances of noncompliance with applicable laws and regulations.

Mr. Milton Parsons, Executive Director, and Mr. Dale Wyatt, Chairman of the Board of Commissioners, were invited to an exit conference held on November 14, 2012. Individuals in attendance were: Mr. Dale Wyatt, Mr. Reid Vaughan, Vice-Chairman, and Mr. Robert Ezekiel, Commissioner, along with Bebe Green and James Miller from the Department of Examiners of Public Accounts.



Department of  
**Examiners of Public Accounts**

**COMMENTS**

**Alabama Firefighters Annuity and Benefit Fund  
July 1, 2010 through September 30, 2012**

The Alabama Firefighters Annuity and Benefit Fund (the "Fund") was established and operates under the authority of the *Code of Alabama 1975*, Sections 36-21-180 through 36-21-197. The Fund was created for the purpose of providing retirement allowances and other benefits for members of the Fund.

The *Code of Alabama 1975*, Section 36-21-181, created a Board of Commissioners to manage the Fund. The Board of Commissioners consists of five individuals who are appointed as follows: a consumer member appointed by the Governor for an initial term of two years; a volunteer firefighter appointed by the Alabama Association of Volunteer Fire Departments for an initial term of two years; a volunteer firefighter appointed by the Alabama Firefighters Association for an initial term of four years; a paid firefighter appointed by the Professional Firefighters Association of Alabama for an initial term of four years; and a paid firefighter appointed by the Alabama Association of Fire Chiefs for an initial term of four years. Thereafter, each member of the Board shall serve for a period of four years. All members are eligible to succeed themselves. If a member's term has expired and a replacement has not been appointed, then that member serves until their replacement is appointed.

According to the *Code of Alabama 1975*, Section 36-21-182, the Board members are entitled to receive \$30.00 per day for attendance of board meetings as well as mileage and per diem when traveling for Fund business at the same rate allowed state employees.

According to the *Code of Alabama 1975*, Section 36-21-183, the Board of Commissioners may exercise the following powers in order to carry out its responsibilities:

1. To collect all moneys the Fund is authorized to collect.
2. To provide for and maintain all necessary administrative facilities and personnel.
3. To provide for payment of all administrative salaries, fees, and expenses.
4. To cause the Fund's moneys to be invested in a manner consistent with the Employees' Retirement System of Alabama investment policies and practices.
5. To pass upon all applications for annuities and benefits.
6. To adopt such rules as may be necessary or desirable to expedite the administration of the affairs of the Board pursuant to the Alabama Administrative Procedure Act.

7. To provide upon request descriptive literature regarding the Fund.
8. To pay all benefits and annuities that may be determined to be due under the Fund's enabling statutes and under the rules and regulations of the Board.
9. To make refunds and repayments to which members may be entitled.
10. To employ such agents, attorneys, actuaries and other specialized personnel as shall be necessary or desirable to enable the Board to carry on its functions in a proper and actuarially sound manner.
11. To receive by gift, grant, devise, or bequest any moneys or properties of any nature or description.
12. To carry out any powers expressly granted to the Board elsewhere in the Fund's enabling statutes.
13. All other powers necessary for the proper administration of the provisions of the Fund's enabling statutes.

The *Code of Alabama 1975*, Section 36-21-180, provides for an executive director of the Board. The executive director was selected by the Board and currently serves without compensation. The executive director is required by the *Code of Alabama 1975*, Section 36-21-194, to make semiannual reports to the Board showing the total amount of money on hand at the time of such report, all investments then held by the Board, and itemizing by classifications all receipts and disbursements since the last such semiannual report.

The Fund has no employees and the Board has entered into an agreement with the Alabama Fire College and Personnel Standards Commission (the "Fire College") for the Fire College to provide clerical support, office space and equipment usage for the administration of the Fund's business activities.

As authorized by the *Code of Alabama 1975*, Section 36-21-186, the Fund is supported by a minimum annual fee of \$2 which may be voluntarily contributed from either or both the income tax return of the contributor and the annual ad valorem statement of the contributor by indicating on a check-off box which shall be provided. In addition, the Fund receives monthly fees from each member and miscellaneous contributions.

The *Code of Alabama 1975*, Section 36-21-187, mandates that each member of the Fund pay a regular fee of \$20 per calendar month, to be paid on or before the tenth calendar day of each month as long as their membership is current or until they are entitled to benefits. A member who reaches 25 years of qualified service in the Fund and earned maximum benefits is no longer required to pay the monthly membership fee and retains all the rights and privileges of all other members. Any member that neglects to pay the monthly fee for 60 days after its due date shall have their membership terminated by the Board. The *Code of Alabama 1975*, Section 36-21-193, provides that any member who withdraws from the Fund is entitled to receive 90 percent of all amounts previously paid to the Fund by such member.

The *Code of Alabama 1975*, Section 36-21-192, requires the Board to have an actuary make an actuarial valuation every three years or earlier, if deemed required, of the receipts and income accruing to the Fund based on age, expected mortality, disability, and retirement status of the members and the qualified service and membership service of members and to determine what percentage of the proposed payments, annuities, and benefits entitled to members of the Fund may be paid if the Fund is to be kept on an actuarially sound and solvent basis. The Board shall make adjustments of annuities and benefits, up or down, as recommended by the actuary. Any increase or decrease in benefits as a result of the actuarial study shall be applicable to all persons then receiving benefits.

The *Code of Alabama 1975*, Section 36-21-185, requires that the Board deliver all moneys not currently needed for the functioning of the Board to the Employees' Retirement System of Alabama (ERS) to be invested and reinvested as determined by ERS administrative policies and practices. The Fund did not have any investments as of September 30, 2012. All moneys of the Board not currently invested by the ERS shall be held in a special trust account or accounts in any bank or banks in the state and may be withdrawn by voucher, check, or electronic debit by the executive director pursuant to authorization given by the Board. The Board maintains its moneys in one bank account.

Financial information pertaining to the Fund can be found in Exhibit 1 for the fiscal years ended September 30, 2012 and September 30, 2011. The Board began receiving and disbursing funds during the fiscal year ended September 30, 2011.

The Fund did not own any nonconsumable personal property as of September 30, 2012.

***Schedule of Cash Receipts, Disbursements and Balances***  
***For the Period October 1, 2010 through September 30, 2012***

	2011-2012	2010-2011
<b><u>Receipts</u></b>		
Member Contributions	\$ 9,233.00	\$ 20.00
Ad Valorem Tax Checkoff Donations	44,109.97	42,387.51
Miscellaneous Donations	1,229.00	451.00
Total Receipts	<u>54,571.97</u>	<u>42,858.51</u>
<b><u>Disbursements</u></b>		
Actuarial Services	5,000.00	10,500.00
Software Development Services		480.00
Supplies, Materials, and Operating Expenses	1,378.14	214.26
Total Disbursements	<u>6,378.14</u>	<u>11,194.26</u>
Excess (Deficiency) of Receipts Over Disbursements	48,193.83	31,664.25
Cash Balances at Beginning of Year	<u>31,664.25</u>	
Cash Balances at End of Year	<u>\$ 79,858.08</u>	<u>\$ 31,664.25</u>



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***Board Members and Officials***  
***July 1, 2010 through September 30, 2012***

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**Board Members**

**Term Expires**

Hon. Roger Dale Wyatt	Chairman	2014
Hon. Christopher Reid Vaughan	Vice-Chairman	2014
Hon. Robert Ezekiel	Member	2014
Hon. Billy Doss	Member	2016
Hon. Charlie Dixon	Member	2016
Hon. Roy Mott	Member	Resigned 2012

**Officials**

**Address**

Mr. Milton Parsons	Executive Director	Alabama Firefighters Annuity and Benefit Fund P. O. Box 71210 Tuscaloosa, AL 35407 <a href="http://www.alabamafirefightersabf.org">www.alabamafirefightersabf.org</a>
Ms. Sandra Mott	Executive Director (1)	

(1) Sandra Mott served as Executive Director from October 25, 2010 until November 16, 2010.