

## **BILL ANALYSIS**

Senate Research Center  
81R16178 TJS-F

H.B. 1070  
By: Truitt (Duncan)  
State Affairs  
5/8/2009  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 1070 requires that actuarial statements of government-funded pension systems valued at \$100 million be audited once every five years; clarifies the current statute by adding an additional six-month window for retirement systems to comply with actuarial auditing requirements, once they determine that the book value of their assets for that year exceeds \$100 million; and provides that governmental entities that have started but not finished the auditing process under last session's requirements do not have to include an audit of each actuarial valuation prepared for that retirement system in the preceding five years.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Sections 802.1012(a), (b), and (c), Government Code, as follows:

(a) Defines "plan year," and makes nonsubstantive changes.

(b) Provides that except as provided by Subsection (k), this section applies only to a public retirement system with total assets the book value of which, as of the last day of the retirement system's preceding plan year, rather than fiscal year, is at least \$100 million.

(c) Requires that the actuarial valuations, studies, and reports of the retirement system, rather than of a public retirement system, most recently prepared for the retirement system as required by Section 802.101 (Actuarial Valuation) or other law under this title or under Title 109 (Pensions), Revised Statutes, not later than the date six months after the last day of the first plan year in which a public retirement system has total assets the book value of which as of the last day of that plan year is at least \$100 million, and, subject to continuing applicability under Subsection (b), every five years after that date, be audited by an independent actuary who is engaged for the purpose of the audit by the governmental entity and has the credentials required for an actuary under Section 802.101(d) (relating to requiring an actuary employed under this section to be a fellow of the Society of Actuaries, a member of the American Academy of Actuaries, or an enrolled actuary under the Employee Retirement Income Security Act of 1974). Makes a nonsubstantive change.

SECTION 2. (a) Provides that the change in law made by this Act applies only to a public retirement system to which Section 802.1012(a), Government Code, as amended by this Act, applies and that has a plan year that ends on or after September 1, 2009.

(b) Provides that a governmental entity that has received a final audit report under Section 802.1012 (Audits of Actuarial Valuations, Studies, and Reports), Government Code, as added by Chapter 733 (H.B. 2664), Acts of the 80th Legislature, Regular Session, 2007, before the effective date of this Act is not required to initiate an audit under Section 802.1012, Government Code, as amended by this Act, before September 1, 2013.

(c) Requires that a governmental entity that was required to but has not initiated an audit under Section 802.1012, Government Code, as added by Chapter 733 (H.B. 2664), Acts of the 80th Legislature, Regular Session, 2007, before the effective date of this Act initiate the audit not later than March 1, 2010.

(d) Requires that the first audit initiated under Section 802.1012, Government Code, as amended by this Act, include an audit of each actuarial valuation, study, and report of the public retirement system prepared for that retirement system in the preceding five years. Provides that this subsection does not apply to a governmental entity that has initiated but has not completed an audit under Section 802.1012, Government Code, as added by Chapter 733 (H.B. 2664), Acts of the 80th Legislature, Regular Session, 2007, before the effective date of this Act.

SECTION 3. Effective date: September 1, 2009.