

1-1 By: Truitt (Senate Sponsor - Duncan) H.B. No. 2664
1-2 (In the Senate - Received from the House May 7, 2007;
1-3 May 8, 2007, read first time and referred to Committee on State
1-4 Affairs; May 15, 2007, reported favorably by the following vote:
1-5 Yeas 8, Nays 0; May 15, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to audits of certain public retirement system actuarial
1-9 valuations, studies, and reports.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subchapter B, Chapter 802, Government Code, is
1-12 amended by adding Section 802.1012 to read as follows:

1-13 Sec. 802.1012. AUDITS OF ACTUARIAL VALUATIONS, STUDIES, AND
1-14 REPORTS. (a) In this section, "governmental entity" means a unit
1-15 of government that is the employer of active members of a public
1-16 retirement system.

1-17 (b) Except as provided by Subsection (k), this section
1-18 applies only to a public retirement system with total assets the
1-19 book value of which, as of the last day of the preceding fiscal
1-20 year, is at least \$100 million.

1-21 (c) Every five years, the actuarial valuations, studies,
1-22 and reports of a public retirement system most recently prepared
1-23 for the retirement system as required by Section 802.101 or other
1-24 law under this title or under Title 109, Revised Statutes, must be
1-25 audited by an independent actuary who:

1-26 (1) is engaged for the purpose of the audit by the
1-27 governmental entity; and

1-28 (2) has the credentials required for an actuary under
1-29 Section 802.101(d).

1-30 (d) Before beginning an audit under this section, the
1-31 governmental entity and the independent actuary must agree in
1-32 writing to maintain the confidentiality of any nonpublic
1-33 information provided by the public retirement system for the audit.

1-34 (e) Before beginning an audit under this section, the
1-35 independent actuary must meet with the manager of the pension fund
1-36 for the public retirement system to discuss the appropriate
1-37 assumptions to use in conducting the audit.

1-38 (f) Not later than the 30th day after completing the audit
1-39 under Subsection (c), the independent actuary shall submit to the
1-40 public retirement system for purposes of discussion and
1-41 clarification a preliminary draft of the audit report that is
1-42 substantially complete.

1-43 (g) The independent actuary shall:

1-44 (1) discuss the preliminary draft of the audit report
1-45 with the governing body of the public retirement system; and

1-46 (2) request in writing that the retirement system, on
1-47 or before the 30th day after the date of receiving the preliminary
1-48 draft, submit to the independent actuary any response that the
1-49 retirement system wants to accompany the final audit report.

1-50 (h) The independent actuary shall submit to the
1-51 governmental entity the final audit report that includes the audit
1-52 results and any response received from the public retirement
1-53 system:

1-54 (1) not earlier than the 31st day after the date on
1-55 which the preliminary draft is submitted to the retirement system;
1-56 and

1-57 (2) not later than the 60th day after the date on which
1-58 the preliminary draft is submitted to the retirement system.

1-59 (i) At the first regularly scheduled open meeting after
1-60 receiving the final audit report, the governing body of the
1-61 governmental entity shall:

1-62 (1) include on the posted agenda for the meeting the
1-63 presentation of the audit results;

1-64 (2) present the final audit report and any response

2-1 from the public retirement system; and
2-2 (3) provide printed copies of the final audit report
2-3 and the response from the public retirement system for individuals
2-4 attending the meeting.

2-5 (j) The governmental entity shall:

2-6 (1) maintain a copy of the final audit report at its
2-7 main office for public inspection;

2-8 (2) submit a copy of the final audit report to the
2-9 public retirement system and the State Pension Review Board not
2-10 later than the 30th day after the date the final audit report is
2-11 received by the governmental entity; and

2-12 (3) pay all costs associated with conducting the audit
2-13 and preparing and distributing the report under this section.

2-14 (k) This section does not apply to the Employees Retirement
2-15 System of Texas, the Teacher Retirement System of Texas, the Texas
2-16 County and District Retirement System, the Texas Municipal
2-17 Retirement System, or the Judicial Retirement System of Texas Plan
2-18 Two.

2-19 SECTION 2. The first audit required under Section 802.1012,
2-20 Government Code, as added by this Act:

2-21 (1) shall be conducted not later than September 1,
2-22 2008; and

2-23 (2) must include an audit of each actuarial valuation,
2-24 study, and report of the public retirement system that was prepared
2-25 for that retirement system in the preceding five years.

2-26 SECTION 3. This Act takes effect September 1, 2007.

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