



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 9, 2007

The Honorable Don Balfour
State Senator
State Capitol, Room 453
Atlanta, Georgia 30334

SUBJECT: State Auditor's Certification
Senate Bill 156 (LC 21 9263)

Dear Senator Balfour:

This bill would amend provisions relating to minimum funding standards for public retirement systems. Specifically, this bill would authorize political subdivisions to create retiree health benefit plans for the purpose of providing for the payment of covered post-employment health care expenses for eligible present and future retirees. This bill would require that the plan and assets of any trust or fund be under the governance and investment authority of a retirement system maintained by the political subdivision or other board of trustees established for such purpose. All employer contributions, employee contributions, appropriations, earnings, and reserves for the payment of obligations under the plan shall be credited to such trust or fund. Any funds that remain after covered other post-employment benefit expenses and administrative costs have been paid shall be retained in such trust or fund as a special reserve for adverse fluctuation. This bill also provides that prefunded assets of whatever kind or nature of any other post-employment benefit plan or trust, and the earnings derived from such investments, must be used to fund covered other post-employment benefit expenses. Such assets are declared to be public property and are exempt from taxation, levy and sale, garnishment, attachment, or any other process.

This is to certify that this is a nonfiscal retirement bill as defined in the Public Retirement Systems Standards Law.

Respectfully,

/s/ Russell W. Hinton
State Auditor