

CITY OF ADA

A MUNICIPAL CORPORATION

Letter of Comment No. 44

File Reference: 34-E

Date Received: 9/28/11

"City of Pure Spring Waters"

**Finance Department
231 South Townsend
Ada, Oklahoma 74820
(580) 436-6300**

September 19, 2011

Director of Research and Technical Activities
Project No. 34-E
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Re: Accounting and Financial Reporting for Pensions Proposed Amendment

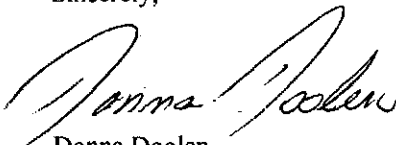
Dear Director;

As a contributor to the State of Oklahoma's Police and Fire Pension and Retirement Systems, we want to go on record contesting the proposed amendment to report the deficits of these plans on the cities financials.

The Statutes establishing both of these retirement systems specifically state "This system shall be the responsibility of the state and not that of the participating municipalities." In addition to the state statutes the State Attorney General has issued an opinion stating that the unfunded actuarial accrued liability is the responsibility of the state. So by definition, we should not be required to report any of the net pension liability of the cost-sharing multi-employer plans that we participate in with the state. We have been required by State Statute to contribute 13% annually to the plans, and we do not have the authority to modify the contribution rates to help improve the plans funding level. There is no option to delay or reduce that amount or concern about any budget constraints the City might be experiencing. We have met our obligations as required by the Oklahoma Legislature through State Statute. We also do not have authority over the benefits provided by the plan or any enhancements made to the original plan; as the State of Oklahoma has assumed this responsibility. This will again be an unfunded mandate on cities because of poor decisions made by the past and current legislators. GASB says the new draft doesn't require the cities to change anything "just" to report our share of the net pension liability, deferred inflows/outflows, and pension expense; however, we have concerns of how this may impact our ability to sell bonds when we need them. In addition, one will simply assume that the next step will be to "require" cities to cough up the shortages for these plans.

I hope the Board will reconsider the implementation of the proposed amendment.

Sincerely,



Donna Doolen
Finance Director
City of Ada, Oklahoma

Cc: David Hathcoat, City Manager