

after the end of the year, potentially putting employers in violation of balanced budget statutes. In addition, we believe that users of our financial statements will become confused when our contributions no longer match our annual pension expense and the pension expense is not reflective of our employee experience.

5. **Bond Rating.** Our government has always paid its pension contributions on time and managed its budgets in an effective manner, resulting in favorable bond ratings. Our proportionate share of the net pension liability is expected to be a significant number on our balance sheet, with the potential to transform us from reporting sound financial results to reporting poor results. The potential impact on our bond rating could significantly impact our operating expenses for costs and liabilities over which we have no control.

While the proposed changes in accounting standards have broader applicability to single and agent employer systems, we do not believe they reflect the significant differences in the structure of multiple employer cost sharing plans such as OPERS. The changes recommended by the proposed accounting standards will result in reporting data that is too volatile to be used as a benchmark for employer performance. Prudent fiscal management at the local level can be obscured by the actions of larger participating employers, such as privatizing functions at the state level.

Reporting of pension expense and liabilities that are not representative of the employer's actual experience could lead to short-sighted decisions and ultimately lead to confusion and a lack of trust by the public. In addition, as the financial status of governmental entities changes, bond ratings – which impact the cost of debt service – could also be adversely affected. Additionally, we believe the proposed changes will lead to significant lags in the availability of information, dissemination of confusing information and significant additional costs.

We agree with GASB on the need for increased transparency and accountability for pension plans, employers and plan sponsors. However, we oppose the philosophical shift that eliminates the connection between the accounting requirements and the actual liability that employers have for funding of pension plans in accordance with state statutes

Respectfully,



Jill Grise
Finance Director
Municipality of West Milton