Letter of Comment No. 11 File Reference: 34-E-PLS Date Received: 10/14/11

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

October 12, 2011

Director of Research and Technical Activities:

I am writing this letter on behalf of the Board of Trustees of the Madeira & Indian Hill Joint Fire District, Ohio.

I have chosen to respond to questions 7 and 8 contained in the *EXPOSURE DRAFT* SUPPLEMENT -Proposed Statement of the Governmental Accounting Standards Board: Plain-Language Supplement Pension Accounting and Financial Reporting.

The response and supporting reasons are contained in the two pages attached to this letter. If you have questions or need additional information, please do not hesitate to contact me.

Sincerely,

Madeira & Indian Hill Joint Fire District, Ohio

Dianne M. Donlan, Clerk

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7. Do you agree or disagree with the GASB's proposals that governments in cost-sharing multipleemployer plans report a liability equal to their long-term proportionate share of the collective net pension liability? Why do you agree or disagree?

This is not a liability of Ohio local governments. Not only are local governments unable to pay; Ohio local governments have no intention of paying this liability.

There are two reasons Ohio local governments maintain that this is not a local liability:

- 1. Membership of our employees is mandatory. Ohio local governments can not operate without employees and thus are compelled to hire employees and participate.
- 2. Ohio local governments have no representation on Pension Boards. Employees, retirees, Ohio Governor, Ohio Treasurer, and Ohio Legislature are all represented but not Ohio local governments.

The Pension Boards set withholding rates, grant benefits, invest funds, manage and administer the plan, including implementing policies regarding amount of underfunded liability to incur/allow.

Therefore, Ohio local governments have:

- a. no control over rates set
- b. no control over benefits granted
- c. no control over investmt strategy
- d. no control over policy regarding amount of underfunded liability to incur/allow

Ohio Pensions do not fit the category *Cost-Sharing Multiple-Employer Plans*. GASB should consider adding another category. Ohio local governments are not merely "sharing costs".

Per GASB:

"In a *cost-sharing* multiple-employer plan, on the other hand, governments share the costs and risks of (1) providing benefits and (2) administering the plan and the assets accumulated to pay benefits."

Ohio local governments maintain that they:

- provide no benefits
- do not administer the plan or assets

Ohio local governments' role is to comply with state mandated requirements for which they have no representation on the pension board and no mechanism for input, therefore they can not be held responsible for to pay their portion of underfunded Ohio pension liabilities any more than the Ohio can be held responsible to pay for it's portion of underfunded social security liabilities by the federal government.

We recommend GASB form a new State mandated multiple-employer plan that in cases similar to Ohio provides for the liability to be recorded by the state and provides for disclosures by the local government explaining that such liabilities are recorded by the state.

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- 8. How would recognition of a proportionate net pension liability affect any or all of the following:
- a. The usefulness of the information to the analyses you perform, the work you do, or the decisions you make?

No affect on decisions since Ohio local governments have no control. As discussed above, Ohio local governments must hire employees and are thus compelled to participate in a retirement system in which they have no control or input.

b. Your ability to assess a government's accountability?

No control results in no accountability for reasons discussed previously.

c. Your ability to assess interperiod equity?

Ohio local governments can only deal in current-year revenues/benefits since they merely pay at the rates that are mandated.