



# CITY OF BELLBROOK

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

To the Director of Research and Technical Activities:

The City of Bellbrook is a participating employer in the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F), both cost-sharing multi-employer plans. We are responding to the Governmental Accounting Standards Board (GASB) invitation to provide comments on its Exposure Draft, Accounting and Financial Reporting for Pensions and amendment of GASB Statement No. 27. This Exposure Draft addresses changes in the way participants in government sponsored pension plans account for and report pension assets and liabilities in their annual financial statements.

From the standpoint of a small municipal government (population 7,000; 38 full-time employees), I have a few concerns with the proposed amendment to GASB Statement No. 27.

First, OPERS and OP&F are cost-sharing multi-employer plans in the State of Ohio. Employer participation in the plans is established by state statute that also dictates employer contribution rates and the benefits to be received by our employees. As an employer, we have no control over the contribution rates assessed and we don't control the benefits offered or how they are calculated. Any changes to the existing contribution rates or benefit levels require action by the state legislature. Ultimately if there was a plan termination, default, or some other unlikely event, the state legislature would need to determine the final dispensation of any unfunded liability. Thus, the assignment of the liability is somewhat misleading given the structure within our state. This raises a question regarding the application of accounting standards that are not in accordance with state statute.

Second, the City of Bellbrook has always strived to issue timely financial statements to our residents and other interested parties. If the City is required to wait for the calculation of its share of pension liability and pension expense from OPERS and OP&F, this may cause unnecessary delays to the final issuance of our financial statements.

Third, since private employers don't record their share of defined benefit Social Security or cost sharing net pension liabilities on their financial statements, we feel it is inappropriate for public employers to be subject to different accounting standards. We believe any allocation of the

liability to the employer is arbitrary and misleading, and would suggest additional note disclosures of plan system information on the employers' financial statements.

Finally, the 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.

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,

*Mark Schlagheck*

Mark Schlagheck  
City Manager/Finance Director  
City of Bellbrook