August 26, 2014

Director of Research and Technical Activities
Project No. 34-1E
Governmental Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

To the Director of Research and Technical Activities:

This letter is in response to your invitation to provide comments on the Exposure Draft for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The North Canton Public Library is a participating employer in the Ohio Public Employees Retirement System (OPERS), which offers post-employment health care benefits that fall under the scope of the Exposure Draft.

OPERS is a cost-sharing multi-employer plan. Employer participation and contribution rates are established by state statute, making pensions a statutorily guaranteed benefit, while health care is not. A portion of the statutory contribution rate may be used to fund health care, but this is at the sole discretion of OPERS. As an employer, we have no control over the portion of the contribution rate allocated to fund the health care plan, nor any control over the benefits offered. We are also not expected to contribute beyond the remittance of the contribution rate. Since we have no intention of providing further funding beyond our required contribution, reflection of a liability on our financial statements or notes would be misleading.

We are concerned that the liability, if allocated, would not be relevant. Not all of our employees may ultimately be eligible to receive health care; so once again reporting a liability based on employer contributions would be misleading.

We agree with GASB on the need for increased transparency and accountability for postemployment benefit plans. However, we oppose the philosophical shift that eliminates the connection between accounting requirements and the actual liability that employers have for funding of postemployment benefit plans. The funding of postemployment benefit plans, as well as pensions, is ultimately the responsibility of OPERS. We respectfully recommend that the net OPEB liability be reflected on the financial statements of OPERS.

Sincerely,

Kelly J. Boggs
Fiscal Officer