August 27, 2014

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

To the Director of Research and Technical Activities:

As Fiscal Officer, I am writing on behalf of Coshocton County, a participating employer in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer system with nearly 3700 employers. I request your sincere consideration of this comment letter in regards to the Exposure Draft, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, and that you require the net OPEB liability be reflected on the financial statements of the retirement system instead. There seems to be a disturbing but growing trend that is eliminating the connection between the accounting requirements and the actual liability that employers have.

I realize that the purpose of GASB is to establish and improve standards of accounting and financial reporting for U.S. state and local governments with the intention of providing greater accountability. I also understand that these rules are set nationally, however, in the case of the proposed OPEB Standard, there should be certain exceptions. GASB lists as one of its core values objectivity through impartial decisions informed by credible research and thorough deliberations, including due consideration of the views of constituents and the work of other standards setters. I respectfully request that this core value be in the forefront during the Board’s consideration of this proposed standard.

As you are aware, the Public Employee’s Retirement System is governed by Chapter 145 of the Ohio Revised Code. The statutes included in this section, specifically Revised Code 145.48 and 145.58, not only cap the employers’ liability to a fourteen per cent contribution rate, but also provide that OPEB is optional for each retirement system. If Ohio Law allows this option to the retirement system, it is not realistic and very misleading that a GASB statement allocates this OPEB liability to an employer. Health care is not a statutorily guaranteed benefit.

OPERS has voiced their concerns that the allocation of liability for this statement is even more arbitrary than what will be needed for GASB 68. This being said, I believe that we are in sincere danger of presenting ambiguous Statements of Net Assets and related operating statements should this proposal be implemented. These, instead of providing greater accountability of actual liabilities, will serve only to confuse the public with invented obligations that will never have to be borne by the reporting agency.

Instead of enforcing the reporting of hypothetical scenarios and confusing report users because of the separation of reporting and funding, consider perhaps excluding Ohio and other governments with similar retirement systems that place the full liability of future retirement and OPEB payments with the
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retirement system itself. If objectivity is truly applied, I am sure that the Board will agree that the OPEB liability, as well as the GASB 68 liability, are in fact borne by the retirement system and not the reporting agencies.

Please reconsider not only the OPEB proposal, but perhaps even consider an amendment to GASB 68, to place the liability where the liability correctly lies. These items are not even a part of our agency nor are they something for which our agency, without a change to Ohio law, would ever be responsible. The haphazard allocation of such items serves no real purpose in furthering transparency or accountability. Do not require counties and other local governments in Ohio to report imaginary liabilities.

Sincerely yours,

Christine R. Sycks
Coshocton County Auditor

cc: OPERS
Julian & Grube
CAAO