August 29, 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:

The Perry County District Library is a participating employer in the Ohio Public Employees Retirement System (OPERS or the System), a cost-sharing multi-employer plan with approximately 3,700 employers. We are responding to the Governmental Accounting Standards Board (GASB) invitation to provide comments on its Exposure Draft, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Exposure Draft addresses changes in the way participants in government sponsored postemployment benefit plans, other than pensions, account for and report associated assets and liabilities in their annual financial statements. OPERS offers postemployment health care that falls under the scope of this Exposure Draft.

We appreciate the lengthy deliberative process undertaken by the GASB Board that culminated in the Exposure Drafts issued in June 2014, and understand the intent that the new financial reporting proposals are designed to standardize how participants in public postemployment benefit plans disclose postemployment benefits information in their financial statements, similar to the pension standards issued in 2012. We appreciate your efforts to make financial reporting more transparent; however, we believe there are several challenges associated with implementing the proposed standards for multiple employer cost-sharing plans. Though these proposed standards may work well with single employer and agent multi-employer plans, they do not accurately reflect the transactions in accordance with the rules that govern these plans as established by OPERS Board of Trustees and Ohio statutes.

As an employer and public library, we have concerns when looking at the liability placed on us for the structure and operation of the health care plan, the proportionate share of the net OPEB liability & expense, the fiscal planning and budgeting volatility, and the potential impact due to a change in bond rating as a result of the net OPEB liability.

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 the accounting requirements and the actual liability that employers have for funding of postemployment benefit plans in accordance with OPERS Board of Trustees established plan. The funding of the postemployment benefit plan is ultimately the responsibility of OPERS and volatile in nature as the plan has changed significantly over the past several years. Again, we respectfully recommend that the net OPEB liability be reflected on the financial statements of the System.

Respectfully,

Ruth Sullivan
Fiscal Officer

Melissa Marolt
Director