August 28, 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 Minerva Public 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 understand the intent that the new financial reporting proposals are designed to standardize how participants in public postemployment benefit plans disclose that information in their financial statements, and 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.

While the proposed changes in accounting standards have broader applicability to single and agent employer systems, we do not believe they reflect the significant differences in the structure of multiple-employer cost-sharing plans such as OPERS. The changes recommended by the proposed accounting standards will result in reporting data that is too volatile to be used as a benchmark for employer performance. Prudent fiscal management at the local level is not improved by this proposal, but rather harmed by a misleading portrayal of liability.

Reporting of OPEB expense and liabilities that are not representative of the nature of the plan in Ohio could lead to short-sighted decisions and ultimately lead to confusion and a lack of trust by the public. In addition, we believe the proposed changes will lead to significant lags in the availability of information, dissemination of confusing information, and significant additional costs.
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 OPERS.

Respectfully,

Mary Jane Smith
Fiscal Officer
Minerva Public Library