Letter of Comment No. 18
File Reference: 34-E
Date Received: 9/19/11

RESOLUTION 3254

A RESOLUTION OPPOSING CERTAIN ELEMENTS OF GASB EXPOSURE DRAFT NO. 34-E AND APPROVING THE SUBMITTAL OF COMMENTS RELATED TO GASB EXPOSURE DRAFT NO. 34-E.

WHEREAS, the City of Bartlesville participates in both single employer and cost sharing multiple employer pension plans; and

WHEREAS, recent GASB exposure drafts relating to pension reporting will have significant adverse impacts on the City's financial position relating to these pension plans; and

WHEREAS, the Fire and Police cost sharing multiple employer pension plans' net pension liability, under current Oklahoma State Law, is not an obligation of the City; and

WHEREAS, this exposure draft will require the City to recognize liabilities and expenditures due to our mandatory participation in these State plans regardless of legal liability ; and

WHEREAS, the proposed exposure draft may result in significant cost increases to the City's accounting, audit, and actuarial costs; and

NOW, THERFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BARTLESVILLE, OKLAHOMA that:

The City of Bartlesville wishes to respectfully submit the comments contained herein to the GASB for their consideration in the formulation of the final rules related to GASB Exposure Draft No. 34-E. These comments, detailed below, are in opposition to certain elements of this exposure draft.

1) The first and most obvious area of concern for many municipalities will be the cost impact of additional accounting, auditing, and actuarial work that will need to be performed. This standard will essentially require municipalities to either change their funding assumption for defined benefit plans to align with the GASB requirements or pay for a second costly actuarial study utilizing the GASB's requirements. These costs are not insubstantial or inconsequential to many Oklahoma municipalities, and it is our hope that the GASB is adequately weighing the cost/benefit of its proposal for all sizes of municipalities.

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2) The second, and perhaps greatest, area of concern relates to the negative impact on the financial position to municipalities participating in mandatory multiple-employer, cost-sharing pension systems. In Oklahoma, all municipalities with professional fire or police departments are required to participate in the corresponding State mandated pension system. These systems require contributions from employer and employee with the State, under current legislation, carrying the burden to fund the remainder of the net pension liability. It seems, at the least, unfair to require local governments to report a proportionate share of the State of Oklahoma's net pension liability, when it cannot be shown that the municipality has any legal obligation. Why would a local government recognize a liability when there is no "obligation"? This standard will adversely affect the financial position of every municipality participating in these plans without regard to where the actual obligation lies.

APPROVED BY THE CITY COUNCIL AND SIGNED BY THE MAYOR OF THE CITY OF BARTLESVILLE THIS 6th DAY OF SEPTEMBER 2011.

Mayor

Council Member

Council Member

Council Member

Council Member

Attest:

City Clerk

CITY OF BARTLESVILLE OFFICIAL SEAL OKLAHOMA