



Greater Albany Public School District 8J

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RE: Support for House Bill 4155

Dear House Rules Committee Members:

I am writing in support of House Bill 4155 which addresses a critical issue for governments in Oregon. Beginning with the June 30, 2015 audit, the State and local governments across Oregon will be required to report their "share" of unfunded liabilities/ overfunded surpluses in their pension plans on the face of the financial statements. This requirement is known as GASB 68.

In order to meet this reporting requirement, each governmental entity either needs certain pieces of actuarially sound and audited data directly from their pension system provider, or the State and each of the 900+ local governments will have to send their auditors to the pension system to obtain and audit the information. Clearly, a centralized approach to develop and audit the information will eliminate redundant government work and reduce costs to all governments.

Why is a bill needed? Legislation is required to authorize the public employees' retirement system staff to expend funds to complete the required GASB #68 analysis. The additional costs to provide this analysis would come from Employer earnings on the system; however, in our opinion, **the cost of having a centralized approach to providing this information will be less than if each individual entity pursues this work separately.** This bill will not change pension payments for anyone and does not pass costs to employees or to member's pension accounts – costs will be borne solely by the governmental units that need the information.

Consequences for not passing any legislation:

An incomplete audit which would lead to:

- A "qualified" audit opinion for non-compliance with GASB #68;
- The likely downgrade in credit ratings affecting bond costs for taxpayers or ratepayers;
- Additional direct audit costs for each of our 900 plus local governments;
- Inconsistent pension reporting which could lead to further citizen confusion;

Please support HB 4155 which allows the implementation of a partnership to efficiently implement GASB #68 reporting requirements.

Respectfully,

Russell Allen
Director of Business and Operations