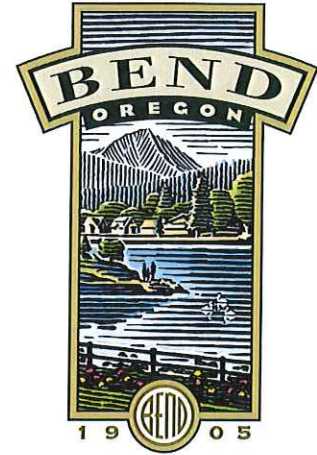


Senate Committee on Rules
900 Court Street NE, Room 453
Salem, Oregon 97301

February 27, 2014

RE: Support for House Bill 4155, Governmental Accounting Standards Board Statement 68

Chair Rosenbaum and Members of the Committee:



710 NW WALL STREET
PO BOX 431
BEND, OR 97701
[541] 388-5505 TEL
[541] 385-6676 FAX
WWW.CI.BEND.OR.US

We are writing to request your support for House Bill 4155 which addresses a critical issue for governments in Oregon. Beginning with the June 30, 2015 audit, 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 requirement, each governmental entity either needs 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. A centralized approach to develop and audit the information will eliminate redundant government work and reduce costs for all involved.

JIM CLINTON
Mayor

JODIE BARRAM
Mayor Pro Tem

MARK CAPELL
City Councilor

VICTOR CHUDOWSKY
City Councilor

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 along – costs will be borne solely by the governmental units that need the information.

DOUG KNIGHT
City Councilor

SCOTT RAMSAY
City Councilor

SALLY RUSSELL
City Councilor

House Bill 4155 is important to the City of Bend as it will assist in maintaining a clean audit opinion and high credit ratings which can significantly affect public confidence and support as well as assist in keeping bond costs down. The City is dedicated to compliance with applicable accounting standards and this legislation would allow the City to keep its annual audit costs at a manageable level.

Consequences for not passing legislation: An incomplete audit which could lead to:

- A "modified" audit opinion for non-compliance with GASB 68;
- Downgraded credit ratings affecting bond costs for taxpayers or ratepayers;
- Additional direct audit costs for 900+ local governments;
- Inconsistent pension reporting which could lead to further citizen confusion;

ERIC KING
City Manager

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric King", is written over a blue circular stamp or seal.

Eric King, City Manager