

TED WHEELER
STATE TREASURER

LAURA LOCKWOOD-McCALL
TREASURER'S DESIGNEE

CAROL JUANG McCOOG
CHAIR



**MUNICIPAL DEBT
ADVISORY COMMISSION**
350 WINTER STREET NE,
SUITE 100
SALEM, OREGON 97301-3896
(503) 378-4930

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Transmitted via email

Re: MDAC Letter in Support of HB 4155 (2014 Session - GASB 68 Implementation)

Dear Chair Rosenbaum and members of the Senate Rules Committee:

As Chair of the Oregon Municipal Debt Advisory Commission (MDAC), I am writing to you in support of House Bill 4155 (HB 4155). HB 4155 authorizes the Public Employees Retirement Board to establish procedures for recovering administrative costs from participating public employers for providing those employers with information or services needed for preparing financial statements in compliance with generally accepted accounting principles. Specifically, under Government Accounting Standards Board Statement No. 68 (GASB 68) 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 their financial statements.

In order to comply with GASB 68, the State and local governments will need information from PERS, and legislation is required to allow PERS staff to expend funds to complete the required GASB 68 analysis for participating employers. If the State or local governments do not comply with GASB 68, they will not be issued clean audit opinions by an independent auditor.

MDAC is a state-wide commission that provides technical assistance to local governments and state agencies to improve the market for bond issues in Oregon. Members of the MDAC serve at the pleasure of the Governor and include representatives from the Office of the State Treasurer, League of Oregon Cities, Association of Oregon Counties, Oregon School Boards Association, Special Districts Association of Oregon and from the public. In connection with bond issues, the State and local governments are required to provide audited financial statements to investors and rating agencies. If these financial statements are not accompanied by clean audit opinions by independent auditors (i.e., they include "qualified" audit opinions), investors may not view such governments' bond issues in a favorable light and rating agencies may lower the governments' credit ratings. Both of these outcomes would likely result in higher borrowing costs for governments and ultimately, higher taxes, fees and charges for Oregonians.

The MDAC urges you to support HB 4155 which would allow the State and Oregon local governments to efficiently implement the reporting requirements of GASB 68.

Regards,


Carol McCoog, Chair
Municipal Debt Advisory Committee

Cc: Nancy Brewer, MDAC Member
Javier Fernandez, MDAC Member
Paul Matthews, MDAC Member
Doug Middlestettler, MDAC Member
Laura Lockwood-McCall, MDAC Member
Laurie Steele, MDAC Member