

August 3, 2011

Dear Employer,

We are contacting you today with important information about a new GASB pronouncement and are requesting your assistance in gathering information necessary to comply with the implementation.

New Pension Exposure Drafts Issued

On July 8, 2011 the Governmental Accounting Standards Board (GASB) released two exposure drafts relating to pensions. The first exposure draft relates to reporting requirements by government employers that provide pension benefits through a qualified trust such as OPERS. This exposure draft would be applicable to all employers who participate in OPERS. The second exposure draft provides reporting requirements for pension plans that administer those benefits such as OPERS. These exposure drafts provide guidance on the accounting and financial reporting requirements only and do not impact funding.

The changes proposed by these exposure drafts are significant. Most importantly, all employers would be required to include a portion of the net pension liability on their financial statements and to reflect a net pension expense on those statements. Additionally, employers would be required to present more extensive financial disclosures and required supplementary information. We anticipate these changes will impact most employers' financial statement preparation and audit processes in a significant manner. The proposed standards may be viewed in their entirety at www.gasb.org.

As part of the GASB's standard setting process, the GASB issues an exposure draft of the pending pronouncement and solicits comments. Comments on this exposure draft are due to the GASB by September 30, 2011. We strongly encourage all our employers to provide the GASB with comments. OPERS will provide employers with a sample letter to facilitate employer responses.

Field Test

A new step in the GASB standard setting process is a field test of the implementation process. OPERS has volunteered to be part of the GASB's field test. This means that OPERS will be implementing the new standards as if they were in effect on December 31, 2010, and will be providing comments to the GASB on implementation issues including assumptions, audit concerns, additional costs and preparation time challenges.

Information Needed from Employers:

In order to implement a successful field test we need to know the fiscal year ends of all our employers. This will allow us to allocate the unfunded liability and roll it forward to each employer's year end for future inclusion on employers' financial statements. ***This is a test exercise only and you do not need to actually include this on your financial statements yet!***

In addition to your employer's fiscal year end, we are requesting information about your financial reporting structure. We have attached a brief questionnaire (less than 4 minutes to complete) that we need to have completed and returned to OPERS prior to August 15, 2011.

How to respond:

- The questionnaire is attached to this letter for your immediate attention. If you are not the finance director, chief fiscal or chief operating officer of your organization, please hand carry this information to the correct person to fill out immediately.
- The questionnaire is available to be completed electronically by accessing the following site: <http://www.zoomerang.com/Survey/WEB22CTGVHMKHE/>
- Each organization should fill out only one survey

In order to completely understand the impact of the proposed new standards on employers, OPERS is seeking a few employers who would like to test implement the new standards on their statements. This would involve "mocking up" your most recent financial statements based on the new standards and evaluating the impact on your audit, bond issues, etc. The questionnaire includes a section for potential volunteers.

We appreciate your assistance with gathering this information and will continue to provide you with updates about this important subject.

Regards,



Karen Carraher
Interim Executive Director