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TESTIMONY TO HOUSE COMMITTEE ON RULES - PUBLIC HEARING on HB 4155

On behalf of the City of Portland, I am writing in support of HB 4155 and to strongly encourage passage of this bill. Adoption of this legislation is critical in order for the City of Portland and other governmental employers across Oregon to comply with new requirements for financial reporting.

New Financial Reporting Requirements

As you may know, the Governmental Accounting Standards Board (GASB) issues pronouncements that establish requirements for governmental accounting. A new pronouncement - GASB 68 - will expand the requirements for how governmental entities prepare their annual financial reports.

Centralized, Coordinated Approach

In order to comply with GASB 68, governmental employers need additional, audited information about their pension liabilities. In Oregon, PERS is best positioned to provide this information, but the agency needs the statutory authority to develop rules to recover their administrative expenses. That's what HB 4155 does. If PERS doesn't provide the information centrally, then the 900 separate governmental employers in Oregon will need to do so separately. Such a decentralized approach would undoubtedly cost far more in staff time and audit costs for those governments and require more time on the part of PERS staff to respond to all the separate inquiries.

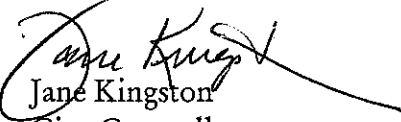
Costs and Risks of Not Meeting the Reporting Requirements

For governmental entities like the City of Portland, the risks and costs of not complying with the financial reporting requirements in GASB 68 are significant. We've been advised by Moss Adams, our external auditor, that failure to comply with GASB 68 puts the City at risk of receiving a "qualified" opinion on our annual external audit. That could negatively impact our credit ratings which could increase bond costs for taxpayers and ratepayers. Other governmental entities in Oregon may face the same risk.

City of Portland Support for HB 4155

This legislation authorizes PERS to develop rules to recover its administrative expenses, so that PERS staff can efficiently and effectively provide the information to the 900 governmental entities across Oregon so they can comply with financial reporting requirements. The City of Portland encourages legislators to adopt HB 4155.

Sincerely,


Jane Kingston
City Controller

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