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Subject: GASB 68 Disclosure - OPERS Change in Discount Rate
Date: Thursday, June 15, 2017 9:10:15 AM
Attachments: [Eric J Kline CPA.vcf](#)

Good morning,

We have learned that the Ohio Public Employees Retirement System (OPERS) adopted changes to assumptions used in the actuarial valuations of information related to the pension plan in October 2016. Since the amounts reported in the December 31, 2016 financial statements are generally based on a December 31, 2015 measurement date, these changes to the assumptions do not impact the GASB 68 amounts reported in the December 31, 2016 financial statements. While the changes to the assumptions do not affect the amounts reported in the financial statements for December 31, 2016, *GASB 68 Implementation Guide*, question 207 indicates employers should disclose information about the nature of the change and the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known, when there is a change in a relevant factor that occurs between the measurement date of the collective net pension liability and the employer's current fiscal year end, in accordance with GASB 68, paragraph 80f.

Among the changes in assumptions is a reduction of the discount rate from 8.0% to 7.5%. This change is expected to have a significant impact on the Net Pension Liability that employers will have to report for 2017. As a result, employers with employees participating in OPERS should include a disclosure in the notes to the financial statements regarding the changes in assumptions. While the expected amount of the change is not known, the disclosure should make users of the statements aware that there have been changes in assumptions between the measurement date and the fiscal year end that is expected to have a significant impact on the amounts reported in future financial statements.

The disclosure does not need to be lengthy. We believe something like the following language would be appropriate:

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Government's net pension liability is expected to be significant.

For any December 31, 2016 audits that have not been completed, please request employers to include an appropriate disclosure regarding the change in assumptions. For any December 31, 2016 audits that have been completed, we do not believe the omission of this disclosure is material enough to require us to reissue the reports

Have a great day.

Eric



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