

1. Alternative reporting requirements for small governments.

In Statement 45, the GASB provided an alternative methodology for small governments to determine their obligations for other post-employment benefits. Acknowledging that the cost to ascertain those obligations would outweigh the benefit provided to small governments, the GASB acted responsibly by providing an alternative methodology. The same should be true with pension accounting and financial reporting.

While the State of New Hampshire is the largest employer in the NHRS, accounting for approximately 23% of the membership (11,792), only two other employers have more than 1,000 members in the system. Nearly all other employers have less than 500 members in the NHRS, many with less than 100. From a financing standpoint, the same is also true: very few New Hampshire governments, other than the State and a few of the larger local governments, issue their own debt in the open market. The vast majority finance through the New Hampshire Municipal Bond Bank or through their local bank. Finally, more than half of the employers are on a December 31 fiscal year end compared with the NHRS June 30 year end, which under the GASB proposal, would require a separate valuation for many small government, or procedures to "roll forward" amounts from the NHRS valuation date.

As advocated in section B, the collective information about the NHRS is far more relevant to the general users of small government financial statements than the more detailed disclosures being proposed. A small government alternative that provides more detailed information *in the footnotes* (as suggested in B2 above) about the NHRS would seem to be a reasonable approach to meeting the GASB's objectives without overwhelming those smaller governments desiring to present financial statements in accordance with GAAP.

2. Alternative allocation methodology.

While advocating against the allocation of each employer's proportionate share of the collective net pension liability, should the GASB decide to maintain that position, a simpler allocation based on past contributions or as a percent of payroll would be a more reasonable, practical, and cost-effective approach.

Thank you for the opportunity to present these comments on the exposure draft for accounting and financial reporting for public pensions.