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May 28, 2002

Ms. Wendy M. Comes, CPA, CGFM  
Executive Director  
Federal Accounting Standards Advisory Board  
Mailstop 6K17V  
441 G Street NW, Suite 6814  
Washington, DC 20548

***Reclassification of Stewardship Responsibilities and Eliminating  
the Current Service Assessment Exposure Draft***

Dear Ms. Comes:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board (FASAB) exposure draft (ED), *Reclassification of Stewardship Responsibilities and Eliminating the Current Service Assessment*.

The FMSB, comprised of 21 members with accounting and auditing backgrounds in federal, state, and local government, academia, and public accounting, reviews and responds to proposed standards and regulations of interest to AGA members. The FMSB's comments and recommendations regarding the proposed changes are presented below. However, our comments and recommendations do not necessarily represent positions of individual FMSB members or the organizations that they represent. Local AGA chapters and individual members are encouraged to comment separately.

This ED proposes to reclassify the information about stewardship responsibilities from Required Supplementary Stewardship Information (RSSI). Risk assumed information required by Statement of Federal Financial Accounting Standards (SFFAS) No. 5, as well as the current services assessment (CSA) required by SFFAS 8, would be reclassified to Required Supplementary Information (RSI). Additionally, the ED proposes to reclassify social insurance information, required by SFFAS 17, from RSSI to information integral to the basic financial statements. Although the FMSB is concerned about the piecemeal disassembling of RSSI, and the measurement and audit problems inherent to social



insurance, we generally support the reclassification efforts of the FASAB as proposed in this ED, but believe that social insurance information should be reported as RSI.

The FMSB's specific responses to the questions raised in Appendix B on page 14 follow.

1. This exposure draft proposes that information about risk assumed, required by SFFAS 5 and currently designated required supplementary stewardship information (RSSI), shall be designated required supplementary information (RSI). Do you agree with this decision? If not, please explain your reasons, and the alternative you would prefer.

The FMSB supports the reclassification of risk assumed information from RSSI to RSI. The FMSB believes that RSI is the most appropriate reporting category for risk assumed information, because the inherent softness of the measurements makes auditing cost prohibitive, at best, and ineffective at worst. The difficulty of auditing these numbers is further complicated by the lack of audit guidance for RSSI information. Therefore, we believe that RSI is the appropriate reporting category to best address the measurement and audit problems.

2. This exposure draft proposes that information about the Current Services Assessment (CSA), required by SFFAS 8 and currently designated RSSI, shall be designated RSI. Do you agree with this decision? If not, please explain your reasons, and the alternative you prefer.

The FMSB supports the reclassification of CSA to RSI for the reasons given in the response to Question 1 above.

3. This exposure draft proposes that the requirement to present the CSA shall be eliminated for FY 2004 and following years. Do you agree with this decision? If not, please explain your reasons, and the alternatives you would prefer.

Subject to the concerns expressed below, the FMSB agrees with the elimination of CSA for FY 2004 and following years. If the CSA information will no longer be provided because the Consolidated Financial Report (CFR) will be published prior to the President's budget, then why continue to require the reporting of CSA until 2004? If CSA provides information useful for financial reporting, then the timing issue alone does not appear to provide sufficient justification for

elimination of the category. If, alternatively, the FASAB has determined that the CSA information is of limited usefulness or more readily available outside the CFR, then the FMSB would support the immediate elimination of the category.

4. This exposure draft proposes that the information about social insurance, required by SFFAS 17 and currently designated RSSI, shall be designated an integral part of the basic financial statements, essential to fair presentation in conformance with GAAP. Do you agree with this decision? If not, please explain your reasons, and the alternative you would prefer. Agencies that prepare this information and their auditors are encouraged to provide information on the expected cost of compliance with the proposed standard.

The FMSB believes that the measurement problems unique to social insurance, such as the length of time of projections and the variable nature of many of the economic and demographic assumptions, as well as the significant cost of generating auditable numbers, make the reclassification of social insurance information from RSSI to information integral to the basic financial statements problematic. Moreover, social insurance programs are subject to the political process and the changes inherent therein. This high level of uncertainty will result in information that is potentially misleading to the users of the financial statements. To record the obligation as information integral to the basic financial statements would imply an unsupportable level of reliability and contractual certainty. Therefore, the FMSB does not support the reclassification of social insurance information as proposed in the ED. Instead, the FMSB encourages the FASAB to reclassify social insurance information to RSI. Further, within RSI, we encourage disclosures about what the numbers mean and their inherent limitations.

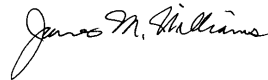
5. This exposure draft proposes an effective date for periods beginning after September 30, 2002. Do you agree with this effective date? If not, what date would be preferable, and why?

Because this ED proposes only reclassification or elimination of existing information, the FMSB does not foresee problems with the implementation date for periods beginning after September 30, 2002.

Again, the FMSB appreciates the opportunity to provide comments on this ED. Should you have any questions or desire further details on FMSB's position, please contact me at (216) 583-8276 or

[james.williams17@ey.com](mailto:james.williams17@ey.com), or Rhoda Icerman, the FMSB facilitator for this project, at (850) 644-7874, or [ricerma@cob.fsu.edu](mailto:ricerma@cob.fsu.edu).

Sincerely,

A handwritten signature in black ink that reads "James M. Williams". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

James M. Williams, CPA, CGFM, Chair,  
AGA Financial Management Standards Board

C: Mr. Richard V. Norment, CGFM  
AGA National President