



November 25, 2009

Memorandum

To: Members of the Board
From: Richard Fontenrose, Assistant Director
Through: Wendy M. Payne, Executive Director
Subj: Social Insurance – **TAB B**¹

MEETING OBJECTIVES

To approve a ballot draft Statement of Federal Financial Accounting Standards (SFFAS) 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*. (Ballots are due December 17th.)

BRIEFING MATERIAL

Attached is a ballot draft SFFAS 37 with changes marked from the preballot draft e-mailed November 5, 2009. Staff believes that the changes are editorial in nature, to add clarity or consistency or to correct errors.

Attachments:

1. Ballot draft SFFAS with tracked changes from preballot draft
2. Ballot draft SFFAS, clean copy
3. Ballot

STAFF ANALYSIS

The following comments from members were not acted on or were partially acted on by staff:

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

1. On page 4 of the summary section, the Office of Management and Budget proposed deleting references to “represents a compromise” and the first sentence in the final paragraph that starts “Although opinions continue to differ ...”
2. Regarding paragraph 2 and generally, Mr. Steinberg questions where a table is required in the MD&A and whether “other singular presentation” means a table or something like a table or merely narrative. Mr. Granof also asked whether “other singular presentation” could be anything other than a table or schedule.
3. Similarly, in paragraph 24.c.i, Mr. Steinberg notes that paragraph 24 starts by saying “present and explain,” and comments that the direction to discuss the closed group measure “in the narrative” is unnecessary because there is no other way to “present and explain.” However, the objective in 24.c.i is to ensure that the preparer does not conclude that the closed group measure must be in the table. In addition, paragraph 25 specifically mentions the table or other singular presentation and thus is questioned by Mr. Steinberg in that regard.
4. Regarding paragraph 28, OMB asks whether the last sentence (“The open group measure line should be the same as ...”) is needed since the reader is directed to Appendix C in that paragraph. The Board has heretofore emphasized the need for the numbers to be the same.
5. Regarding paragraph 30, which is a one-sentence paragraph, Mr. Granof thinks the point about not precluding subtotals by cohort is obvious and unnecessary. In the past the Board has concluded that there is a possibility of misunderstanding in that regard.
6. Paragraphs 38 and 40 were changed based on a comment from Mr. Dacey. Mr. Dacey believes that

[N]ew paragraph 38 in the latest draft SFFAS 37 should be deleted, along with removing related revisions to paragraph 32 (4) of SFFAS 17, as discussed in paragraph 40. Sensitivity information is critical to the reader’s understanding of the SOSI estimates and the related uncertainty surrounding such estimates (see paragraph 35) and should be presented in the consolidated governmentwide financial report. Further, paragraph 39 of the draft standard, which states that “...the level of detail at the government-wide level should be less than at the component level” provides sufficient flexibility to minimize potential overload of the consolidated governmentwide financial report. Unlike other areas where the consolidated governmentwide financial report refers to component units for more detail (e.g., the breakdown of amounts presented in the consolidated governmentwide financial report), paragraph 38 (as drafted) would not require presentation of summary information on sensitivity analysis information in the consolidated governmentwide financial report.

Finally, I do not believe that we had significant Board discussions about this issue and, as the change was not otherwise discussed in the requirements or basis for conclusions sections of the ED, it was likely overlooked by some ED readers."

Staff has changed the paragraph to require a summary rather than refer the reader to the component entity's report, but staff did not specify a minimum reporting, as SFFAS 17 does.

7. Regarding paragraph A87, Mr. Steinberg would replace the word "needed" in the phrase "the accrued benefit obligation would give interested readers ... a needed perspective" with "another" perspective because he believes that, if the members thought it was a "needed" perspective, the Board would require it. The staff believes that the Board generally thinks it is needed but that the other considerations discussed in the basis for conclusions justify dropping it at this time.

Members who would endorse any of these changes should let me know as soon as possible. If a majority endorses any of the changes, we hope to present those changes at the meeting and amend the ballot draft before ballots are collected.