

Matt Blunt
Governor



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Thomas J. Sadowski
Director

March 12, 2007

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

RE: Preliminary Views, *Accounting for Social Insurance, Revised*

Dear Ms Comes:

We have reviewed and analyzed the preliminary views, and have the following comments in response:

Q1: We believe that a liability and expense should be recognized when the benefit payments become "due and payable". Due to the difficulty and uncertainty in estimating the long term liability and expense, we believe that the financial statements will lack integrity if the primary view is used. Therefore, we agree with the alternative view.

Q2: We believe that Social Security and Medicare obligations are not measurable for purposes for recording a liability after 40 quarters or equivalent of work in covered employment as proposed in the primary view. Again, we believe that there is a high degree of uncertainty in the estimates that would cause the financial statements to be misleading if a liability was recognized after 40 quarters or equivalent of work in covered employment.

Q3: We agree with the primary view for changes to the SOSI. Adding new line items for revised amounts and adding a section to explain changes would help users to better understand any changes that were made to social insurance programs.

Q4: We agree that a statement of fiscal sustainability should be presented as required supplementary information. As we believe that a liability should not be recognized until the benefit payments become "due and payable", a separate statement addressing the sustainability of social insurance would help users to ascertain the long term effects of providing those benefits and may also be helpful for budgeting purposes with out comprising the reliability of the financial statements.

Q5: We do not believe that earmarked revenues should be treated as deferred revenue. We believe that for recognition purposes, both earmarked revenues and non earmarked revenues should be treated the same.

Q6: We have no additional comments on the primary or alternative views.

As always, we appreciate the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Jessica Opie".

Jessica Opie, CPA
Financial Reporting Supervisor
Division of Accounting