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July 31, 2003

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

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's (FASAB) Exposure Draft: *Statement for Federal Financial Accounting Standards -- Accounting for Fiduciary Activities*. This standard defines "fiduciary activities", defines when the term "fiduciary" will be required in general purpose Federal financial reports, and provides accounting and reporting guidance for fiduciary assets held by the Federal government.

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. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB would like to offer the following responses to the specific questions included in the Exposure Draft:

1. **Do you agree with the definition of fiduciary activities? See paragraph 11 for the definition, paragraphs 12-14 for characteristics, and paragraphs 62-74 in the basis for conclusions for the rationale.**

The FMSB believes the definition of fiduciary activities is appropriate for this standard. The definition provides sufficient criteria for users to distinguish when a fiduciary relationship exists.

2. **Do you agree with the accounting treatment of fiduciary assets? See paragraphs 15-36 and 41 for the accounting standard with respect to Federal component entities; and, see paragraphs 37-40 and 41 for the**



standard regarding the Financial Report of the United States Government. See paragraphs 75-81 in the basis for conclusions for the rationale.

The FMSB could not reach a consensus on this question. While some members agreed with the accounting treatment, others did not understand the rationale behind the distinction between accounting for fiduciary assets not held in the name of the Federal entity (outside the Treasury) and those held in the name of the Federal entity (in or out of the Treasury) since we cannot identify any difference in the Federal government's responsibility. In addition, we could not find anything in the proposed definition of fiduciary activities which supports different accounting treatments based on whose name the assets are held.

3. **Do you agree that the information in paragraph 32 should be required for note disclosure? See paragraphs 32-35 for the accounting standard and paragraphs 75-81 in the basis for conclusions for the rationale for the accounting treatment generally.**

The FMSB believes that the requirements for note disclosure in paragraph 32 are reasonable and appropriate for the circumstances.

4. **Do you agree with the requirement in paragraph 33 that, with respect to certain financial information required in paragraph 32, there should be separate columns for major activity, all other activity, and total activity? A fiduciary activity would be major if it is equal to or greater than 25 percent of the value of the entity's total fiduciary activity. If you do not agree, what display would you recommend?**

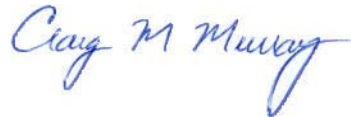
The FMSB agrees with the provision to create separate columns for major activities constituting 25 percent or more of the value of the entity's total fiduciary activity, as it would provide users with a description of the material activities.

5. **Do you agree that fiduciary assets held in the name of the Federal component entity should be reported in the Financial Report of the United States Government, that is, not eliminated during consolidation? See paragraphs 37-40 for the accounting standard and also see paragraph 77 in the basis for conclusions.**

The FMSB could not reach a consensus on this question given our response to question 2 above.

Again, the FMSB appreciates the opportunity to provide comments on this Exposure Draft. Should you have any questions, or desire further details on the FMSB's position, please contact me at MurrayC@michigan.gov or (517) 334-8050 or the FASAB facilitator, Barry Snyder, at barry.snyder@frb.gov or (202) 973-5003.

Sincerely,

A handwritten signature in blue ink that reads "Craig M Murray". The signature is written in a cursive style with a large, looped "M".

Craig M. Murray, CPA, CIA, Chair
AGA Financial Management Standards Board

c: Mr. Jullin Renthrope, CGFM
AGA National President