



September 20, 2004

Wendy Comes, Executive Director
Federal Accounting Standards Advisory Board
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Advancing
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Ms. Comes:

The Association of Government Accountants (AGA) Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft (ED) of a proposed Federal Financial Accounting and Auditing Technical Release entitled, *Recognition of the Transfer of Funds Between Interior's Reclamation Fund and Energy's Western Area Power Administration (WAPA): In Accordance with SFFAS 1 Accounting for Selected Assets and Liabilities and SFFAS 5 Accounting for Liabilities of the Federal Government.*

The FMSB, comprising 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's responses to the two questions posed in the ED are:

1) This ED proposes that Energy/WAPA continue recognizing a liability for the appropriated funds transferred from Interior's Reclamation Fund when those funds are transferred and that Interior's Bureau of Reclamation should recognize an advance/receivable for the same transfer of appropriated funds at the time of the transfer. The FMSB agrees with this proposal, for the following reasons:

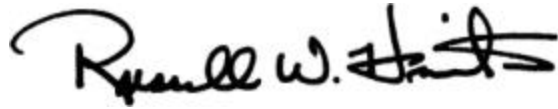
- The point of recognition for the advance/receivable and the liability is at the point the funds are transferred from Interior's Reclamation fund to WAPA;
- The collecting of the fee impacts the timing of the repayment, not the requirement to repay;
- The statutory framework requires repayment and therefore a liability and advance/receivable must be recognized; and
- We cannot say that there is no debt because there is no debt instrument that commits Energy to paying the Reclamation Fund. Congressional statute requires WAPA to repay the Reclamation Fund for power marketing.

2) The FMSB does not believe that more technical guidance is needed in this proposal. SFFAS 5 and 1 provide sufficient technical guidance. Interior and Energy should both provide adequate disclosures to address their "accounting" relationship.



The FMSB appreciates the opportunity to comment on the ED. This response letter represents a consensus of the views of the FMSB members. No FMSB members objected to its issuance. We would be pleased to discuss this letter with you at your convenience. You can contact me at hintonrw@audits.state.ga.us or (404) 656-2174 or Anna D. Gowans Miller, CPA, AGA's Technical Manager and facilitator for this project, at amiller@agacgfm.org or (703) 684-6931, ext. 203.

Sincerely,

A handwritten signature in black ink that reads "Russell W. Hinton". The signature is written in a cursive style with a prominent initial "R" and a stylized "H".

Russell W. Hinton, CGFM, Chair,
AGA Financial Management Standards Board

cc. Bobby A. Derrick, CGFM
AGA National President

DRAFT

**Association of Government Accountants
Financial Management Standards Board**

July 2004 – June 2005

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