

January 31, 2011

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

Advancing
Government
Accountability

2208 Mount Vernon Ave
Alexandria, VA 22301

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Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB or the board) on its proposed technical bulletin entitled, *Accounting for Federal Natural Resources Other than Oil and Gas*. The FMSB, comprising 24 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.

Q1. This proposed technical bulletin would explicitly apply the requirements of SFFAS 38, Accounting for Federal Oil and Gas Resources, to all federal natural resources under lease, contract or other long-term agreement and reasonably estimable as of the reporting date (see paragraphs 9 and 16). The Board believes that explicitly applying SFFAS 38 to all federal natural resources is preferable to remaining silent and relying on preparers and auditors to follow the hierarchy of generally accepted accounting principles and apply SFFAS 38 to other federal natural resources through analogy. The Board believes that being explicit will result in more complete, consistent, and useful reporting of federal natural resources. Do you agree or disagree with the Board's decision? Please explain the reason for your position in as much detail as possible.

We agree that applying SFFAS 38 to all federal natural resources will result in more complete, consistent and useful reporting of federal natural resources.

Q2. Appendix B: Federal Natural Resources is a listing of various categories/types of natural resources. It is intended as a general guide to the universe of natural resources that were considered during development of this technical bulletin (see Appendix B).

- a. Which categories of federal natural resources, if any, result in annual receipts and/or collections that would be material to a federal reporting entity over the life of the related lease, contract, or other long-term agreement?*

Timber, oil and gas.

- b. Are there any categories/types of federal natural resources omitted from the listing in Appendix B which result in annual receipts and/or collections that would be considered material to a federal reporting entity over the life of the related lease, contract, or other long-term agreement?*

Not that we are aware of.

- c. *Are there any categories/types of federal natural resources that a federal agency currently recognizes as an asset on the face of its balance sheet/statement of financial position?*

No.

Q3. This proposed technical bulletin applies the same valuation guidance contained in SFFAS 38 for federal oil and gas proved reserves to all federal natural resources under lease, contract, or other long-term agreement and reasonably estimable as of the reporting date (see paragraphs 23 through 27). Do you agree or disagree that the valuation guidance is sufficient? Please explain the reasons for your position in as much detail as possible.

We agree.

Q4. Please comment specifically on the reasonableness of the proposed technical bulletin from each of the following three perspectives:

- a. *Cost – Considering the preparer and auditor perspective, would any federal agency incur significant costs to implement the requirements of this proposed technical bulletin? Please explain the reason for your position in as much detail as possible.*

We do not know.

- b. *Timing – Considering that the proposed requirements would be reported in RSI, is a fiscal year 2012 implementation date reasonable? Please explain the reason for your position in as much detail as possible.*

Yes, as most of the information should currently be tracked, we believe that a fiscal year 2012 date for implementation is reasonable.

- c. *Benefits – Considering the user perspective (internal as well as external), would the benefits of this proposed technical bulletin outweigh the costs of implementation. Please explain the reason for your position in as much detail as possible.*

We believe that the benefits will outweigh the costs.

We appreciate the opportunity to comment on this document and would be pleased to discuss this letter with you at your convenience. A majority of members approved the issuance of this letter. If you have questions concerning the comments in this letter, please contact Anna D. Gowans Miller, CPA, AGA's director of research and staff liaison for the FMSB, at amiller@agacgfm.org or at 703.684.6931 ext. 313.

Sincerely,



Eric S. Berman, CPA, Chair
AGA Financial Management Standards Board

cc: Lisa Casias, CPA
AGA National President

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

July 2010 – June 2011

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