Federal Accounting Standards Advisory Board

August 12, 2010

Memorandum

To: Members of the Board

From: Eileen W. Parlow, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: Earmarked Funds – Tab C[1]

MEETING OBJECTIVES

To discuss research and determine next steps for this project regarding the following issues:

1. Earmarked funds with negative net position (including deferred compensation funds)
2. Eliminations within earmarked funds
3. Placement of earmarked funds data in agency financial statements
4. Potential staff implementation guidance
   a. source of inflows
   b. treatment of funds with mixed sources of inflows
5. Reporting on earmarked funds in the Consolidated Financial Report of the U.S. Government (CFR)
6. Terminology - "Earmarked Funds"

Questions for the Board begin on page 5.

BRIEFING MATERIAL

This memorandum contains an analysis and recommendations beginning on page 2. In addition, the following are attached:

1. Summary Minutes of July 21, 2010 Earmarked Funds Task Force meeting
2. List of agencies represented on the Earmarked Funds Task Force
3. FY 2009 CFR:

[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.

- Statements of Operation and Changes in Net Position
- Balance Sheet

BACKGROUND

At the April 2010 meeting, the Board concluded that staff should recruit a task force of representatives from agencies that have reported significant earmarked funds activity.

In July 2010, the task force met and discussed potential options for filtering earmarked funds and identified other implementation issues for Statement of Federal Financial Accounting Standards (SFFAS) 27, *Identifying and Reporting Earmarked Funds*.

ISSUES FOR BOARD DISCUSSION

1. Earmarked Funds with Negative Net Position

The primary objective of SFFAS 27 relates to intra-governmental borrowing/investing:

> Under this standard the financial statements would thus present- in a transparent manner- the cumulative financing provided by earmarked funds to the general fund that will need to be repaid in order to use earmarked funds for the designated activities, purposes or benefits.[2]

Another objective of SFFAS 27 relates to special accountability:

> All earmarked funds have characteristics that justify special accountability. While many Government programs raise implied commitments for the future, there is a more explicit commitment associated with the statutory establishment of earmarked funds. The Government raises an expectation on the part of the public that the Government will use the amounts collected from specific sources and accumulated in earmarked funds for their stated purpose. There is often a direct link between the source of fund revenues and designated activities, benefits or purposes in an effort to charge beneficiaries or users for benefits received. Resource inflow is accounted for separately from general tax receipts, allowing the program's status to be more easily examined. Many earmarked funds receive permanent appropriations in an amount equal to these inflows that become available without recurrent action by Congress through annual appropriations.[3]

However, netting the net position of earmarked funds with both negative and positive net position does not adequately support either objective. With respect to the first objective, including earmarked funds with negative net positions results in an understatement of the net position of earmarked funds supporting the general fund. For example, in FY 2009, nearly $2.3 trillion negative net position for those funds with a negative balance (largely deferred compensation funds) partially offset the $3 trillion

[2] SFFAS 27, Basis for Conclusions, Paragraph 63.
[3] SFFAS 27, Basis for Conclusions, Paragraph 54.

positive net position for those funds with a positive balance[4] (largely social insurance funds). With respect to the second objective, the existence of a negative net position means that all funds collected have been "used" – that is, a liability exists that exceeds any exchange revenues earned or non-exchange revenues collected.

At the April 2010 Board meeting. several members indicated that the recognition of a long-term liability for an earmarked fund accomplishes the basic reporting objective of SFFAS 27 and that the additional reporting requirements in SFFAS 27 should not be necessary. The logic being that the balance sheet shows that $3.5 trillion is required to settle existing liabilities of earmarked funds with a negative balance. The negative net position does not represent "cumulative financing provided by earmarked funds to the general fund." No consensus on an option for eliminating the additional reporting requirements was reached at the April meeting. Instead, staff sought input from the task force on various options.

Staff has identified three options for the Board to consider:

(a) exclude funds that normally have a negative net position from earmarked funds reporting
(b) display a separate breakout of earmarked funds into negative and positive net position
(c) exclude deferred-compensation funds from earmarked funds reporting

The task force members were asked to "field test" this issue by analyzing their FY 2009 data to separate earmarked funds with negative versus positive net position. None reported any significant difficulty implementing this request.

Staff has identified the following pros and cons for each option.

Option A: Exclude funds that normally have a negative net position from earmarked funds reporting
Note: This option would not exclude earmarked funds with a negative net position from the financial statements, but rather would have such funds classified with "all other" funds for purposes of financial statement reporting.

Pro	**Con**
This would support the objective of SFFAS 27 to report cumulative financing to the general fund that needs to be repaid in order to use the earmarked funds for designated purposes.	This might present an implementation issue for funds that normally have a zero or near-zero balance since their status may change from year to year. If this option is selected, the Board should consider how "zero or near zero" earmarked funds should be classified.
For the largest negative net position earmarked funds, the civil service	Information regarding total revenues committed for earmarked fund purposes

[4] Note that "all other funds" had an overall positive balance but is likely the net of positive and negative balances.

retirement funds, there are already extensive reporting requirements, such that earmarked funds reporting is redundant.	will not be available. However, currently the largest negative net position funds support deferred compensation programs for which the government wide exchange revenue is likely immaterial.
Task force members indicated that this option would not present significant implementation issues or burden.	

Option B: Display a separate breakout of earmarked funds into earmarked funds with negative versus positive net position

Pro	Con
Compared with existing requirements, this would better support the objective of SFFAS 27 to report cumulative financing to the general fund that needs to be repaid in order to use the earmarked funds for designated purposes. The positive net position would reveal this amount.	For reporting on the face of the balance sheet, this would likely produce a somewhat cumbersome and potentially confusing display. 1. It is uncertain how the required extra lines or columns could be succinctly labeled. 2. It would be even more difficult to present two years of comparative data in close enough proximity so that they could be easily compared. 3. It is difficult to explain the significance of the earmarked negative net position.
Presentation of both negative and positive balances would allow all the costs and revenues associated with earmarked funds to be identified.	The additional disclosures required by SFFAS 27 (condensed information about assets, liabilities, gross cost, exchange and nonexchange revenue, etc.) for significant individual and all other earmarked funds would be slightly more cumbersome if negative and positive net position earmarked funds were separately displayed.

Option C: Exclude deferred-compensation funds from earmarked funds reporting
Note: This option would not exclude deferred compensation funds from the financial statements, but rather would have those funds classified with “all other” funds for purposes of financial statement reporting.

Pro	Con
This option would also support the primary objective of SFFAS 27 because federal deferred-compensation funds recognize very material long-term actuarial liabilities and accordingly constitute the largest	Other earmarked funds could potentially recognize material long-term liabilities in the future. Although such funds should also be excluded, they would not be covered by this option.

negative-net-position earmarked funds.	
Those interested in “special accountability” for earmarked revenues are not members of the general public. They are employees and former employees (civilian and military) whose interests extend beyond the contributions they make. Their interests are more likely to be in the liability accumulated and the changes in that liability over time. Extensive reporting on federal deferred compensation is already required by SFFAS 5, as amended. This reporting is a more likely to meet the special accountability needs of the individuals who contributed revenue to deferred-compensation funds.	To the extent that deferred compensation funds hold investments in Treasury securities, the note required by par. 27 may be significant to users interested in the assets held by the fund. That note would alert financial statement users to the fact that “When the earmarked fund redeems its Treasury securities to make expenditures, the U.S. Treasury will finance those expenditures in the same manner that it finances all other expenditures.” However, this could be addressed during the development of an amendment.

Staff analysis and recommendation
Staff believes that the arguments in favor of excluding earmarked funds with negative net position are compelling and recommends that they be excluded. Staff believes that this also may apply, although to a lesser extent, to earmarked funds with a zero or near-zero net position.

Note: Staff also believes that when two or more earmarked funds within an agency support a single program,[5] those funds could be evaluated as a whole for negative/positive net position. This is current practice, and staff believes that it should be explicitly supported by some level of FASAB guidance.

Question for the Board:
1. Should SFFAS 27 be amended so that funds normally showing a negative (or near-zero) net position would be excluded from earmarked funds reporting and reported with “all other funds”?

2. Eliminations within Earmarked Funds

The members of the task force indicated that the primary implementation issue for SFFAS 27 is the requirement for agencies to display eliminations relating to earmarked funds:

> For the U.S. Treasury and any other component entity where earmarked fund investments are eliminated within the component entity, the note disclosure should

[5] Earmarked funds program are sometimes supported with separate funds for receipt versus spending and/or a “parent/child” fund structure.

include eliminations, similar to the note disclosure provided by the U.S. Government-wide financial statements as described in paragraph 30.

Paragraph 30 of SFFAS 27 requires information on earmarked funds to be provided "for selected individual earmarked funds and in aggregate for all remaining earmarked funds with eliminations necessary to produce the Government-wide total of earmarked funds."

Staff analysis and recommendation:
The above requirements for eliminations in SFFAS 27 are somewhat confusing. For example, the purpose of disaggregating earmarked funds is to display their investments in Treasury securities, not to eliminate those investments. In addition, several agencies, including Treasury, indicated that their financial systems cannot automate elimination entries within earmarked funds in addition to eliminations within the agency, and that it is not practical to calculate such eliminations manually. In such instances, the eliminations column in the earmarked funds disclosure does not balance to zero because it displays parts of elimination entries between earmarked and all other funds. In addition, the combined totals, rather than the consolidated totals, tie to the amounts reported on the face of the financial statements.

In such instances, the display of eliminations serves no purpose. Staff recommends that eliminations within earmarked funds should not be required at the agency level, except when necessary to eliminate payables and receivables when two or more earmarked funds that support a single program are reported by the same agency. (Such funds are sometimes called "parent/child" funds.) In such instances, agencies should be permitted (but not required) to display consolidated totals for the fund group without a separate display of eliminations.

For the CFR, although the eliminations within earmarked funds currently appear to be somewhat immaterial, staff has no recommendation to change reporting requirements.

Question for the Board

2 (a) Does the Board agree with staff recommendation (not to require eliminations within earmarked funds at the agency level, except when necessary to eliminate payables and receivables when two or more earmarked funds that support a single program are reported by the same agency)?
2 (b) Should an amendment or other guidance clarify that when two or more earmarked funds support a single program, consolidated totals can be displayed and a separate eliminations column is not required?

3. Placement of Basic Information on Earmarked Funds

Many of the task force members believe that presenting information on earmarked funds on the face of the agency-level financial statements (balance sheet and statement of changes in net position) versus the notes is not helpful for readers. Among the reasons were:

- Displaying six components of net position (unexpended appropriations and results of operations for earmarked funds, non-earmarked funds, and consolidated) is too complex of a breakout, especially for distinctions that are not familiar to the general reader. This complexity is likely to present a picture that is confusing to the general reader and may even discourage some from reading further.

- Because of the extra columns required for earmarked versus non-earmarked funds (and eliminations) comparative information for the prior fiscal year generally often must be presented on a separate page. Such a presentation does not clearly communicate changes during the reporting period. For some agencies that have a preponderance of either earmarked (such as the SEC) or non-earmarked funds, the separate display may be even more puzzling for readers.

Staff analysis and recommendation

Staff notes that this problem does not occur at the CFR level because the CFR does not disaggregate unexpended appropriations from results of operations. In addition, the CFR Statement of Operations and Changes in Net Position provides valuable information about the overall role of earmarked funds in the federal government. For example, in FY 2009, earmarked funds revenue provided about half of the federal government's total revenue.[6]

Staff believes that the separate display of earmarked versus non-earmarked funds on the face of agency-level financial statements (balance sheet and statement of changes in net position) is confusing to readers for reasons presented above. Staff recommends that (a) for agency-level financial statements, the disaggregation of net position for earmarked versus non-earmarked funds could be presented either on the face of the balance sheet or in a note; (b) disaggregation of earmarked versus non-earmarked funds on the face of agency-level statements of changes in net position should not be required, and (c) there should be no changes to the CFR reporting requirements.

Questions for the Board

Does the Board agree that:
3 (a) for agency-level financial statements, the disaggregation of net position for earmarked versus non-earmarked funds could be presented either on the face of the balance sheet or in a note;
3 (b) disaggregation of earmarked versus non-earmarked funds on the face of the agency-level statement of changes in net position should not be required since it is to be presented either on the face of the balance sheet or in a note; and
3 (c) the CFR should continue to display disaggregation of earmarked versus non-earmarked funds on the government-wide balance sheet and statement of operations and changes in net position.

[6] See attachment 3 to this memorandum.

4. Potential Staff Implementation Guidance

a. Source of Inflows (Non-federal Source Required)
b. Classification of Funds with Mixed Funding

At the April Board meeting, the Board reviewed draft language clarifying that a non-federal source of revenue or other financing was required for a fund to qualify as earmarked. The Board indicated approval in concept, with potential refinements to the language. The Task Force members also reviewed the draft and indicated that guidance would be helpful.

Shortly after SFFAS 27 was issued, then Chairman David Mosso provided letter guidance regarding funds with mixed funding. Staff recommends incorporating that guidance in any final issuance clarifying SFFAS 27.

The following language addresses these two issues. This draft presents the guidance in question and answer format because one option is to prepare implementation guidance. The format can easily be changed to accommodate inclusion in amendments to SFFAS 27.

Draft Guidance

Q 1. To qualify as an earmarked fund, must there be at least one non-federal entity providing revenue or other financing source to the fund?

Yes. At least one specifically identified revenue or other financing source must be provided to the federal government by a non-federal source for the express purpose of financing the fund.

In some cases, specifically identified revenues or other financing sources are collected from a non-federal source by one agency and transferred to another agency for purposes of financing the fund. For example, Social Security taxes are assessed against non-federal entities (employees and employers) by the Internal Revenue Service for collection and deposit into the general fund of the U.S. Treasury. Amounts equal to those tax assessments are subsequently appropriated out of the general fund of the U.S. Treasury for transfer to the Old-Age and Survivors Insurance and Disability Insurance Trust Funds. Such use of intermediate accounting or financing mechanisms does not change the nature of the revenue or other financing source (i.e., specifically identified revenues or other financing sources originally collected from a non-federal source that must be accounted for separately from the government's general revenues).

To summarize, if a fund does not receive at least one source of specifically identified revenue described in par. 11.1 of SFFAS 27, and further clarified in the above paragraph, it would not qualify as an earmarked fund.

Q 2. Should a fund with mixed sources of funding that does not include earmarked revenues (as defined in SFFAS 27) as the majority of its funding be classified as earmarked and subject to the reporting requirements for earmarked funds in SFFAS 27?

No. For purposes of financial statement reporting, if less than half of a fund's revenues or other financing sources meet the definition of earmarked funds as promulgated in paragraph 11 of SFFAS 27, the provisions of SFFAS 27 need not be applied.

The intent of SFFAS 27 is that for purposes of financial statement reporting, a fund should be classified in accordance with the majority of the source of its funding.

Important Note: This guidance applies only to general purpose financial statements of reporting entities and the U.S. Government-wide Financial Report. Paragraph 9 of SFFAS 27 states that:

> This statement provides accounting and reporting standards to earmarked funds in the general purpose financial statements of reporting entities and the U.S. Government-wide Financial Report. This statement does not affect reporting in the Budget of the United States Government or any other special purpose type of report.

Staff analysis and recommendation

There are two options for addressing these issues. As originally proposed, these issues could be addressed with the remaining changes to SFFAS 27 so that all changes – whether clarifications or amendments – are proposed in a single Board document. Alternatively, if resolution of the proposed amendments is not reached timely, staff believes both issues could be addressed in a timely manner via FASAB staff implementation guidance rather than being rolled into the larger project of considering potential amendments to SFFAS 27. Implementation guidance can be used to narrow acceptable practices under an existing standard to a common practice.

Question for the Board

4a. Does the Board agree in substance with the guidance presented above on both issues?
4b. Does the Board have a preference for either (1) presenting all the guidance and amendments in a single proposal or (2) providing implementation guidance on non-controversial issues in a more timely manner?

5. CFR Reporting on Earmarked Funds

Staff does not recommend any changes that would be unique to the CFR.

Question for the Board

5. Is the Board aware of any issues that are unique to the CFR that should be addressed?

6. Terminology – "Earmarked Funds"

The task force participants strongly agreed that the term "earmarked funds" is a likely cause of confusion for both readers and preparers. They agreed that a new term, such as a term that includes the phrase "dedicated collections," would be more intuitive and less likely to cause confusion. Staff plans to present options for new names after the Board has addressed the scope of earmarked funds reporting.

Question for the Board

6. Does the Board agree that the discussion of a revised term for this category of funds should be deferred until the Board has reached tentative conclusions on potential changes to the classification and reporting of this category of funds?

Attachment 1: Summary Minutes: July 21, 2010 Task Force Meeting

Attendees:

David Bethea	Department of Justice
Atisha Burks	Department of Commerce
Wendy Calvin	Department of Transportation
Maryla Engelking	Department of Defense
Marilyn Evans	Department of the Treasury
Bill Fleming	Securities and Exchange Commission
Stephen Hull	Social Security Administration
Keith Ingram	Commodity Futures Trading Commission
Jerry Shea	Department of Veterans Affairs
John Walter	Railroad Retirement Board
Cynthia Wilbur	Office of Personnel Management
Ping Wu	Department of Justice
Wendy Payne	FASAB Executive Director
Eileen Parlow	FASAB Assistant Director

In addition, written responses were provided by:
Kevin Close, USDA
Jeff Norris, KPMG
Frank Synowiec, GAO

The Task Force addressed the questions in the July 8, 2010, briefing materials. Because all of the attendees represented component agencies, all of the questions were addressed with a focus on component level financial statements.

1. Would there be any operational benefit to moving from display on the face of the balance sheet and statement of changes in net position to disclosure-only, either (a) including a disclosure of eliminations within earmarked funds, or (b) excluding disclosure of eliminations within earmarked funds (so that reporting on the face of the financial statements would be done only at the CFR level)?

Display on face of the financial statements

Many of the Task Force members indicated that although there would be little impact on operations (financial statement preparation and audit), they strongly believe that the separate display of earmarked funds versus all other funds on the face of agencies' balance sheets and statements of changes in net position result in a cluttered and confusing presentation that is not understandable or informative to financial statement readers.

Eliminations

Eliminations were identified as perhaps the most problematic issue in the implementation of SFFAS 27. Most agencies display combined totals in the disclosure and on the face of the financial statements. (Many of these agencies may not have significant or even any transactions between earmarked funds.) Several agencies are able to calculate and display within-earmarked eliminations, but at least two agencies are not able to calculate eliminations only for transactions within earmarked funds. As a result, the eliminations columns in the earmarked funds disclosure sometimes include both eliminations within earmarked funds and eliminations between earmarked funds and non-earmarked funds. As a result, the consolidated totals in the note do not tie to balances on the face of the financials statements.

2. (a) Are the potential filters listed below and described in Attachment C sufficiently specific and clear that you will be able to perform field testing at your agency?

   (b) Which filters (if any) do you believe might be helpful to users in highlighting earmarked funds financing and/or helpful to agencies in achieving more effective and efficient use of financial management resources at your agency?

   - Materiality-type filters
     - Report only earmarked funds that are reported individually in accordance with paragraphs 23-24 of SFFAS 27
     - Report only earmarked funds that pass percentage tests similar to the Governmental Accounting Standard Board (GASB) "major funds"
   - Principle-based filters
     - Exclude deferred compensation funds from earmarked funds
     - Exclude business-type activities
     - Exclude funds with deferred revenue
     - Exclude funds that are pass-through accounts
   - Alternative filter
     - Report on the top ten funds that otherwise meet the definition AND hold the highest dollar amounts of (a) Treasury securities plus FBWT or (b) total assets)

(a) None of the Task Force members indicated any problems with the clarity of the potential filters described in the briefing materials.

(b) Materiality-type and alternative filters
None of the Task Force members indicated that any of the materiality-type filters would either improve reporting or significantly impact the efficient and effective use of financial management resources.

Principle-based filters
The OPM representative noted that because there already is a great deal of required reporting for deferred compensation funds, the earmarked funds reporting requirements are somewhat duplicative and could be excluded. There was little support for any of the other principle-based filters, but several of the participants will check further with their agencies.

Attachment 1: Summary Minutes: July 21, 2010 Task Force Meeting

Summary
Most indicated that earmarked funds reporting could be more effectively communicated to financial statement readers not by reducing the number of earmarked funds being reported, but rather by making other improvements, such as changing the name of this category of funds to something less confusing, moving the reporting from the face of the financial statements to a note, and requiring combined totals rather than presenting an elimination column that is generally immaterial and that most general readers do not understand.

3. Could you recommend any filters not listed above?

None of the attendees recommended any other filters, but one of the written comments received from Task Force members indicated that the objectives of SFFAS 27 would be better served by excluding funds with negative net positions that otherwise would be included in earmarked funds reporting. (Those funds would be reported with non-earmarked "all other" funds.)

4. Would it be helpful if future FASAB Staff Implementation Guidance might address:
   - situations in which an earmarked fund could be funded by an appropriation or transfer, and/or
   - how to report funds in accordance with SFFAS 27 when a fund has mixed sources of funding

The participants indicated that such guidance would be helpful.

5. Are there any agency concerns that are not addressed above, such as:
   - difficulty/controversy in classifying earmarked versus non-earmarked funds
   - any other concerns with SFFAS 27 implementation

Participants indicated that:

- In reporting earmarked funds individually, some preparers believe that some closely-related fund groups should be combined into a single column. Since some auditors have questioned this, it would be helpful for future guidance to clarify that this is acceptable.
- The term "earmarked funds" is confusing for preparers and for financial statement users. Potential guidance changing the term should explain the difference between earmarked spending and earmarked funds.
- There may be some minor inconsistency regarding "earmarked collections" between OMB Circulars A-11, A-136 and SFFAS 27 (to be researched).

Attachment 2: List of agencies represented on the Earmarked Funds Task Force

U.S. Department of Agriculture

Department of Commerce

Commodity Futures Trading Commission

Department of Defense

Department of Energy

Environmental Protection Agency

Federal Communications Commission

Government Accountability Office

Department of Health and Human Services

Department of Homeland Security

Department of Housing and Urban Development

Department of the Interior

Department of Justice

Department of Labor

Office of Management and Budget

Office of Personnel Management

Railroad Retirement Board

Securities and Exchange Commission

Social Security Administration

State Department

Department of Transportation

Treasury Department (main Treasury and CFR reporting)

Department of Veterans Affairs

Attachment 3: CFR FY 2009 and FY 2008
Statements of Operations and Changes in Net Position and Balance Sheets

United States Government
Statements of Operations and Changes in Net Position
for the Years Ended September 30, 2009, and September 30, 2008

(In billions of dollars)	Non-Earmarked Funds 2009	Earmarked Funds 2009	Consolidated 2009	Non-Earmarked Funds 2008	Earmarked Funds 2008	Consolidated 2008
Revenue:						
Individual income tax and tax withholdings	912.7	862.3	1,775.0	1,210.0	868.4	2,078.4
Corporation income taxes	130.3		130.3	299.7		299.7
Unemployment taxes		38.1	38.1		39.4	39.4
Excise taxes	18.6	48.9	67.5	15.3	51.8	67.1
Estate and gift taxes	23.4		23.4	28.8		28.8
Customs duties	21.7		21.7	27.3		27.3
Other taxes and receipts	35.4	52.2	87.6	50.7	34.3	85.0
Miscellaneous earned revenues	50.4	4.4	54.8	29.9	5.8	35.7
Intragovernmental interest		184.6	184.6		201.0	201.0
Total revenue	1,192.5	1,190.5	2,383.0	1,661.7	1,200.7	2,862.4
Eliminations			(184.6)			(201.0)
Consolidated revenue			2,198.4			2,661.4
Net Cost:						
Net cost	1,906.6	1,528.1	3,434.7	2,186.4	1,454.3	3,640.7
Intragovernmental interest	184.6		184.6	201.0		201.0
Total net cost	2,091.2	1,528.1	3,619.3	2,387.4	1,454.3	3,841.7
Eliminations			(184.6)			(201.0)
Consolidated net cost			3,434.7			3,640.7
Intragovernmental transfers	(386.0)	386.0		(338.0)	338.0	
Unmatched transactions and balances (Note 1)	(17.4)		(17.4)	(29.8)		(29.8)
Net operating (cost)/revenue	(1,302.1)	48.4	(1,253.7)	(1,093.5)	84.4	(1,009.1)
Net position, beginning of period	(10,908.1)	704.6	(10,203.5)	(9,826.0)	620.2	(9,205.8)
Prior period adjustments–changes in accounting principles (Note 21)	1.6	(0.3)	1.3	11.4		11.4
Net operating (cost)/revenue	(1,302.1)	48.4	(1,253.7)	(1,093.5)	84.4	(1,009.1)
Net position, end of period	(12,208.6)	752.7	(11,455.9)	(10,908.1)	704.6	(10,203.5)

The accompanying notes are an integral part of these financial statements.

United States Government
Balance Sheets
as of September 30, 2009, and September 30, 2008

(In billions of dollars)	2009	2008
Assets:		
Cash and other monetary assets (Note 2)	393.2	424.5
Accounts and taxes receivable, net (Note 3)	90.2	93.0
Loans receivable and mortgage backed securities, net (Note 4)	538.9	253.8
TARP direct loans and equity investments, net (Note 5)	239.7	-
Beneficial interest in trust (Note 6)	23.5	-
Inventories and related property, net (Note 7)	284.6	289.6
Property, plant, and equipment, net (Note 8)	784.1	737.7
Securities and investments (Note 9)	93.1	79.6
Investments in Government sponsored enterprises (Note 11)	64.7	7.0
Other assets (Note 12)	155.9	89.5
Total assets	2,667.9	1,974.7
Stewardship land and heritage assets (Note 27)		
Liabilities:		
Accounts payable (Note 13)	73.2	73.3
Federal debt securities held by the public and accrued interest (Note 14)	7,582.7	5,836.2
Federal employee and veteran benefits payable (Note 15)	5,283.7	5,318.9
Environmental and disposal liabilities (Note 16)	341.8	342.8
Benefits due and payable (Note 17)	160.8	144.4
Insurance and guarantee program liabilities (Note 18)	166.2	85.1
Loan guarantee liabilities (Note 4)	69.4	72.9
Liquidity guarantee (Note 11)	91.9	13.8
Other liabilities (Note 19)	354.1	290.8
Total liabilities	14,123.8	12,178.2
Contingencies (Note 22) and Commitments (Note 23)		
Net position:		
Earmarked funds (Note 24)	752.7	704.6
Non-earmarked funds	(12,208.6)	(10,908.1)
Total net position	(11,455.9)	(10,203.5)
Total liabilities and net position	2,667.9	1,974.7

The accompanying notes are an integral part of these financial statements.