

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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NEWS RELEASE

FASAB Issues an Exposure Draft, *Revisions to Identifying and Reporting Earmarked Funds: Amending Statement of Federal Financial Accounting Standards 27*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the FASAB is seeking input on the exposure draft, *Revisions to Identifying and Reporting Earmarked Funds: Amending Statement of Federal Financial Accounting Standards 27*.

The Board is proposing to modify the definition of earmarked funds by clarifying that (1) at least one source of funds external to the federal government must exist for a fund to qualify as earmarked, and (2) a specific exclusion is proposed for any funds that are established to account for pensions, other retirement benefits, other post-employment or other benefits provided for federal employees (civilian and military).

The Board also is proposing that component entities would have the option to continue to use the existing format of separate lines or columns to display information on earmarked funds on the face of the balance sheet and statement of changes in net position, or to use an alternative format. In addition, component entities would be permitted to report either consolidated or combined information and would be required to label the information accordingly.

The Board also is proposing to require explicitly that component entities report information in sufficient detail to support government-wide reporting requirements.

The Board also is proposing to change the term "earmarked funds" to "funds from dedicated collections."

According to Chairman Allen, "An important objective of SFFAS 27 was to display the extent to which the federal government's 'general fund' has borrowed from social insurance funds and other funds with dedicated collections. However, the Board did not anticipate that the resulting reporting would include certain funds that recognize large long-term liabilities and whose large negative balances mask the extent to which the

general fund has borrowed from dedicated collections. The proposed revisions to the definition and the proposed exclusion will remedy this problem. In addition, the proposed new term, 'funds from dedicated collections,' is a unique and descriptive term that will not be confused with other commonly used terms such as 'earmarking,' which refers to earmarked spending."

Respondents are encouraged to provide the reasons for their positions. The exposure draft requests comments by August 22, 2011. The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website at <http://www.fasab.gov/board-activities/documents-for-comment/exposure-drafts-and-documents-for-comment/>.

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.