



PUBLIC POLICY STATEMENT

The GASB Should Not Set Standards For Fiscal Sustainability Reporting

Background.

Accounting and financial reporting in the public sector traditionally have focused on providing users of basic financial statements with historical information concerning a government's financial position, results of operations, cash flows, and compliance with finance-related legal and contractual provisions. In recent years, there has been some movement on the part of authoritative accounting standard-setting bodies in the public sector to expand this traditional understanding of accounting and financial reporting to embrace all forms of financial *accountability* (a much broader concept than *accounting*), which would effectively justify their involvement in virtually any aspect of public finance, including budgeting. One highly visible practical manifestation of this trend has been the Governmental Accounting Standards Board's (GASB) involvement in performance measurement. More recently, the GASB has expressed an interest in developing standards of reporting for fiscal sustainability as part of its economic condition reporting project.

GFOA Policy.

Whereas, the GFOA recognizes that accounting and financial reporting are essential to accountability; and

Whereas, the GFOA recognizes at the same time that accounting and financial reporting are just one component of accountability; and

Whereas, the involvement of an accounting standard-setting body in matters beyond the scope of accounting and financial reporting exceeds its legitimate authority and expertise and constitutes an inappropriate use of scarce resources; and

Whereas, the GFOA believes that the issue of assessing a government's future fiscal sustainability clearly is beyond the scope of accounting and financial reporting as they have traditionally and universally been understood

Therefore, be it resolved that the GFOA adamantly opposes any effort on the part of the GASB to set standards of reporting for fiscal sustainability.

Policy adopted by the GFOA Membership, June 8, 2010.