

Financial Statements of the United States Government for the Years Ended September 30, 2009 and 2008

Statements of Net Cost

These statements present the net cost of fiscal years 2009 and 2008 Government¹ operations, including the operations related to earmarked funds (funds financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time). The Government's fiscal year begins October 1 and ends September 30. Costs and earned revenues are categorized on the Statement of Net Cost by significant entity, providing greater accountability by showing the relationship of the agencies' net cost to the Governmentwide net cost. Costs and earned revenues are presented in this report by department on an accrual basis, while the budget presents costs and revenues by obligations and receipts, generally on a cash basis. The focus of the budget of the United States is by agency. Budgets are prepared, defended, and monitored by agency. In reporting by agency, we are assisting the external users in assessing the budget integrity, operating performance, stewardship, and systems and controls of the Government.

These statements contain the following three components:

- Gross cost—is the full cost of all the departments and entities. These costs are assigned on a cause-and-effect basis, or reasonably allocated to the corresponding departments and entities.
- Earned revenue—is exchange revenue resulting from the Government providing goods and services to the public at a price.
- Net cost—is computed by subtracting earned revenue from gross cost.

Net cost for Governmentwide reporting purposes includes the General Services Administration (GSA) and the Office of Personnel Management (OPM) agency allocations, and is net of intragovernmental eliminations. For this reason, individual agency net cost amounts will not agree with the agency's financial statements. Because of their specific functions, most of the costs originally associated with GSA and OPM have been allocated to their user agencies for Governmentwide reporting purposes. The remaining costs for GSA and OPM on the Statements of Net Cost are the administrative operating costs, the expenses from prior and past costs from health and pension plan amendments, and the actuarial gains and losses for these agencies. The interest on securities issued by the Department of the Treasury (Treasury) and held by the public is reported on Treasury's financial statements, but because of its importance, and the dollar amounts involved, it is reported separately in these statements.

Statements of Operations and Changes in Net Position

These statements report the results of Government operations which include the results of earmarked fund operations. They include non-exchange revenues that are generated principally by the Government's sovereign power to tax, levy duties, and assess fines and penalties. These statements also present the cost of Government operations, net of revenue earned from the sale of goods and services to the public (exchange revenue). They further include certain adjustments and unreconciled transactions that affect the net position.

¹ For purposes of this document, "Government" refers to the United States Government.

Revenue

Individual income tax and tax withholdings include Federal Insurance Contributions Act (FICA)/Self-Employment Contributions Act (SECA) taxes and other taxes. These taxes are characterized as non-exchange revenue.

Excise taxes consist of taxes collected for various items, such as airline tickets, gasoline products, distilled spirits and imported liquor, tobacco, firearms, and others. These are also characterized as non-exchange revenue.

Miscellaneous earned revenues consist of earned revenues received from the public with virtually no associated cost. Therefore, unlike other earned revenues on the Statement of Net Cost, miscellaneous earned revenues are not subtracted from gross cost to derive net cost. It includes rents and royalties on the Outer Continental Shelf Lands resulting from the leasing and development of mineral resources on public lands.

Earmarked revenues are required by statute to be used for designated activities, benefits or purposes and must be accounted for separately from the rest of the Government's non-earmarked revenues. See Note 24—Earmarked Funds for detailed information.

Intragovernmental interest represents interest earned from the investment of surplus earmarked revenues, which finance the deficit spending of non-earmarked operations. These investments are recorded as intragovernmental debt holdings and are included in Note 14—Federal Debt Securities, in the table titled Intragovernmental Debt Holdings: Federal Debt Securities Held as Investments by Government Accounts. These interest payments and the associated investments are eliminated in the consolidation process.

Net Cost of Government Operations

The net cost of Government operations (which is gross cost less earned revenue) flows through from the Statements of Net Cost. The net cost associated with earmarked activities is separately reported.

Intragovernmental Transfers

Intragovernmental transfers reflect amounts required by statute to be transferred from the General Fund of the Treasury to earmarked funds (an example is the annual transfer to the Department of Health and Human Services' (HHS) Supplementary Medical Insurance Trust Fund (Medicare Parts B and D) which receives sufficient funding from the General Fund to equal the annual costs incurred by these Medicare programs). Additionally, this line item includes contributions to earmarked funds made by Federal agencies on behalf of their employees, beneficiaries, or others.

Unmatched Transactions and Balances

Unmatched transactions and balances are adjustments needed to bring the change in net position into balance due to unreconciled intragovernmental differences, agency reporting errors, timing differences, and General Fund transactions in the consolidated financial statements. See Note 1—Summary of Significant Accounting Policies and the Supplemental Information—Unmatched Transactions and Balances for detailed information.

Net Position, Beginning of Period

The net position, beginning of period, reflects the net position reported on the prior year's balance sheet as of the end of that fiscal year. The net position for earmarked funds is shown separately.

Prior period adjustments are revisions to adjust the beginning net position and balances presented on the prior year financial statements due to corrections of errors or changes in accounting principles. See Note 1B—Basis of Accounting and Revenue Recognition, and Note 21—Prior Period Adjustments for detailed information.

Net Position, End of Period

The net position, end of period, amount reflects the net position as of the end of the fiscal year. The net position for earmarked funds is separately shown.

Reconciliations of Net Operating Cost and Unified Budget Deficit

These statements reconcile the results of operations (net operating cost) on the Statements of Operations and Changes in Net Position to the unified budget deficit in the President's budget. The premise of the reconciliation is that the accrual and budgetary accounting bases share transaction data.

Receipts and outlays in the President's budget are measured primarily on a cash basis and differ from the accrual basis of accounting used in the *Financial Report*. These statements begin with the net results of operations (net operating cost), where operating revenues are reported on a modified cash basis of accounting and the net cost of Government operations on an accrual basis of accounting and reports activities where the bases of accounting for the components of net operating cost and the unified budget deficit differed.

Components of Net Operating Cost Not Part of the Budget Deficit

This information includes the operating components, such as the changes in benefits payable for veterans, military and civilian employees, the environmental liabilities, and depreciation expense not included in the budget results.

Components of the Budget Deficit Not Part of Net Operating Cost

This information includes the budget components, such as capitalized fixed assets, changes in net inventory, and increases in other assets not included in the operating results. These items impact the balance sheet only and are not part of the operating results.

Statements of Changes in Cash Balance from Unified Budget and Other Activities

The primary purpose of these statements is to report how the annual unified budget deficit relates to the change in the Government's cash and other monetary assets and debt held by the public. It explains why the unified budget deficit normally would not result in an equivalent change in the Government's cash and other monetary assets.

These statements reconcile the unified budget deficit to the change in cash and other monetary assets during the fiscal year and explain how the budget deficits (fiscal years 2009 and 2008) were financed. A budget deficit is the result of outlays (expenditures) exceeding receipts (revenue) during a particular fiscal year.

The budget deficit is typically financed through borrowings from the public. Other transactions also require cash disbursements and are not part of the repayments of the debt. These other transactions, such as the payment of interest on debt held by the public, contributed to the use of cash. The budget deficit also includes certain amounts that are accrued and will be disbursed in a future period or are adjustments that did not affect the cash balance. These amounts include interest accrued on debt issued by Treasury and held by the public and subsidy expense related to direct and guaranteed loan as well as equity investment activity and did not contribute to the change in the cash balance.

These statements show the adjustments for noncash outlays included in the budget and items affecting the cash balance not included in the budget to explain the change in cash and other monetary assets.

Balance Sheets

The balance sheets show the Government's assets, liabilities, and net position. When combined with stewardship information, this information presents a more comprehensive understanding of the Government's financial position. The net position for earmarked funds is shown separately.

Assets

Assets included on the balance sheets are resources of the Government that remain available to meet future needs. The most significant assets that are reported on the balance sheets are property, plant, and equipment; cash and other monetary assets; inventories; loans receivable and mortgage backed securities, net; and Troubled Asset Relief Program (TARP) Direct Loans and Equity Investments, net. There are, however, other significant resources available to the Government that extend beyond the assets presented in these financial statements. Those resources include stewardship assets, including natural resources, and the Government's sovereign powers to tax, regulate commerce, set monetary policy, and the power to print additional currency.

Liabilities and Net Position

Liabilities are obligations of the Government resulting from prior actions that will require financial resources. The most significant liabilities reported on the balance sheets are Federal debt securities held by the public and accrued interest and Federal employee and veteran benefits payable. Liabilities also include environmental and disposal liabilities and social insurance benefits due and payable as of the reporting date.

As with reported assets, the Government's responsibilities, policy commitments, and contingencies are much broader than these reported balance sheet liabilities. They include the social insurance programs in the Statements of Social Insurance and are disclosed in the Supplemental Information—Social Insurance section and a wide range of other programs under which the Government provides benefits and services to the people of this Nation, as well as certain future loss contingencies.

The Government has entered into contractual commitments requiring the future use of financial resources and has unresolved contingencies where existing conditions, situations, or circumstances create uncertainty about future losses. Commitments, as well as contingencies that do not meet the criteria for recognition as liabilities on the balance sheets, but for which there is at least a reasonable possibility that losses have been incurred, are disclosed in Note 22—Contingencies and Note 23—Commitments.

The collection of earmarked taxes and other earmarked revenue is credited to the corresponding Earmarked Fund that will use these funds to meet a particular Government purpose. If the collections from taxes and other sources exceed the payments to the beneficiaries, the excess revenue is invested in Treasury securities or “loaned” to Treasury’s General Fund; therefore, the trust fund balances do not represent cash. An explanation of the trust funds for social insurance and many of the other large trust funds is included in Note 24—Earmarked Funds. That note also contains information about trust fund receipts, disbursements, and assets.

Because of its sovereign power to tax and borrow, and the country’s wide economic base, the Government has unique access to financial resources through generating tax revenues and issuing Federal debt securities. This provides the Government with the ability to meet present obligations and those that are anticipated from future operations and are not reflected in net position.

Statements of Social Insurance

The Statements of Social Insurance provide estimates of the status of the most significant social insurance programs: Social Security, Medicare, Railroad Retirement, and Black Lung social insurance programs, which are administered by the Social Security Administration (SSA), HHS, the Railroad Retirement Board (RRB), and the Department of Labor (DOL), respectively. The estimates are actuarial present values² of the projections and are based on the economic and demographic assumptions representing the trustees’ best estimates as set forth in the relevant Social Security and Medicare trustees’ reports and in the relevant agency performance and accountability reports for the RRB and the DOL (Black Lung).

The magnitude and complexity of social insurance programs, coupled with the extreme sensitivity of projections relating to the many assumptions of the programs, produce a wide range of possible results. In preparing the Statements of Social Insurance, Government management considers and selects assumptions and data that it believes provide a reasonable basis for the assertions in the statement. However, because of the large number of factors that affect the Statements of Social Insurance and the fact that such assumptions are inherently subject to substantial uncertainty (arising from the likelihood of future events, significant uncertainties, and contingencies), there will be differences between the estimates in the Statements of Social Insurance and the actual results, and those differences may be material. Note 26—Social Insurance describes the social insurance programs, reports long-range estimates that can be used to assess the financial condition of the programs, and explains some of the factors that impact the various programs. Using this information, readers can apply their own judgment as to the condition and sustainability of the individual programs.

² Present values recognize that a dollar paid or collected in the future is worth less than a dollar today, because a dollar today could be invested and earn interest. To calculate a present value, future amounts are thus reduced using an assumed interest rate, and those reduced amounts are summed.

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**United States Government
Statements of Net Cost
for the Years Ended September 30, 2009, and September 30, 2008**

| | Gross | Earned | Net | Gross | Earned | Net |
|---|----------------|--------------|----------------|----------------|--------------|----------------|
| | Cost | Revenue | Cost | Cost | Revenue | Cost |
| (In billions of dollars) | 2009 | | | 2008 | | |
| Department of Health and Human Services | 866.4 | 59.5 | 806.9 | 769.1 | 56.4 | 712.7 |
| Social Security Administration | 736.6 | 0.4 | 736.2 | 663.9 | 0.3 | 663.6 |
| Department of Defense | 718.4 | 35.6 | 682.8 | 767.6 | 26.8 | 740.8 |
| Department of the Treasury..... | 254.6 | 19.4 | 235.2 | 197.0 | 12.4 | 184.6 |
| Interest on Treasury Securities held by the public..... | 189.1 | - | 189.1 | 241.6 | - | 241.6 |
| Department of Labor..... | 140.2 | - | 140.2 | 60.6 | - | 60.6 |
| Department of Agriculture..... | 132.0 | 10.5 | 121.5 | 109.3 | 9.8 | 99.5 |
| Department of Transportation..... | 80.1 | 0.5 | 79.6 | 71.5 | 0.8 | 70.7 |
| Department of Housing and Urban Development..... | 62.6 | 1.0 | 61.6 | 60.6 | 0.8 | 59.8 |
| Department of Homeland Security | 62.1 | 8.4 | 53.7 | 60.0 | 7.9 | 52.1 |
| Federal Deposit Insurance Corporation | 63.4 | 18.8 | 44.6 | 24.3 | 1.7 | 22.6 |
| Department of Energy | 46.8 | 3.9 | 42.9 | 35.8 | 4.2 | 31.6 |
| Department of Education..... | 44.9 | 6.5 | 38.4 | 66.9 | 5.0 | 61.9 |
| Department of Justice..... | 31.2 | 1.1 | 30.1 | 31.7 | 1.1 | 30.6 |
| Office of Personnel Management..... | 41.2 | 16.9 | 24.3 | 39.5 | 16.0 | 23.5 |
| National Aeronautics and Space Administration..... | 24.2 | 0.1 | 24.1 | 20.4 | 0.2 | 20.2 |
| Department of State | 25.6 | 2.5 | 23.1 | 22.1 | 2.6 | 19.5 |
| Department of the Interior..... | 20.8 | 2.2 | 18.6 | 23.4 | 2.1 | 21.3 |
| Pension Benefit Guaranty Corporation..... | 22.9 | 10.5 | 12.4 | 2.3 | 3.5 | (1.2) |
| Department of Commerce | 13.9 | 2.1 | 11.8 | 11.9 | 2.0 | 9.9 |
| Railroad Retirement Board..... | 22.7 | 11.2 | 11.5 | 20.7 | 4.2 | 16.5 |
| Agency for International Development | 11.8 | 0.7 | 11.1 | 9.1 | (0.1) | 9.2 |
| Environmental Protection Agency | 10.1 | 0.6 | 9.5 | 10.1 | 0.5 | 9.6 |
| Federal Communications Commission..... | 8.8 | 0.5 | 8.3 | 8.5 | 0.4 | 8.1 |
| National Science Foundation..... | 6.1 | - | 6.1 | 6.0 | - | 6.0 |
| Small Business Administration..... | 6.3 | 0.4 | 5.9 | 1.9 | 0.4 | 1.5 |
| National Credit Union Administration..... | 6.1 | 1.3 | 4.8 | 0.5 | 0.1 | 0.4 |
| Smithsonian Institution | 0.9 | - | 0.9 | 0.9 | - | 0.9 |
| Export-Import Bank of the United States..... | 1.5 | 0.8 | 0.7 | 0.4 | 0.7 | (0.3) |
| U.S. Nuclear Regulatory Commission..... | 1.3 | 0.8 | 0.5 | 1.2 | 0.8 | 0.4 |
| General Services Administration | 1.0 | 0.5 | 0.5 | 1.0 | 0.5 | 0.5 |
| Securities and Exchange Commission..... | 1.1 | 1.1 | - | 1.1 | 1.0 | 0.1 |
| Farm Credit System Insurance Corporation | - | 0.3 | (0.3) | - | 0.2 | (0.2) |
| Tennessee Valley Authority..... | 10.2 | 11.0 | (0.8) | 10.2 | 10.1 | 0.1 |
| U.S. Postal Service..... | 58.2 | 67.1 | (8.9) | 60.0 | 73.7 | (13.7) |
| Department of Veterans Affairs | (38.8) | 4.0 | (42.8) | 434.6 | 4.2 | 430.4 |
| All other entities | 51.3 | 0.7 | 50.6 | 45.9 | 0.6 | 45.3 |
| Total | 3,735.6 | 300.9 | 3,434.7 | 3,891.6 | 250.9 | 3,640.7 |

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

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

| | Non- Earmarked | | Consolidated | Non- Earmarked | | Consolidated |
|---|-------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| | Funds | Earmarked Funds | | Funds | Earmarked Funds | |
| (In billions of dollars) | 2009 | | | 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 | <u>1,192.5</u> | <u>1,190.5</u> | <u>2,383.0</u> | <u>1,661.7</u> | <u>1,200.7</u> | <u>2,862.4</u> |
| Eliminations..... | | | (184.6) | | | (201.0) |
| Consolidated revenue | | | <u>2,198.4</u> | | | <u>2,661.4</u> |
| 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 | <u>2,091.2</u> | <u>1,528.1</u> | <u>3,619.3</u> | <u>2,387.4</u> | <u>1,454.3</u> | <u>3,841.7</u> |
| Eliminations..... | | | (184.6) | | | (201.0) |
| Consolidated net cost..... | | | <u>3,434.7</u> | | | <u>3,640.7</u> |
| 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 | <u>(1,302.1)</u> | <u>48.4</u> | <u>(1,253.7)</u> | <u>(1,093.5)</u> | <u>84.4</u> | <u>(1,009.1)</u> |
| 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 | <u>(12,208.6)</u> | <u>752.7</u> | <u>(11,455.9)</u> | <u>(10,908.1)</u> | <u>704.6</u> | <u>(10,203.5)</u> |

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

United States Government
Reconciliations of Net Operating Cost and Unified Budget Deficit
for the Years Ended September 30, 2009, and September 30, 2008

| (In billions of dollars) | 2009 | 2008 |
|--|-----------|-----------|
| Net operating cost | (1,253.7) | (1,009.1) |
| Components of Net Operating Cost Not Part of the Budget Deficit: | | |
| Increase in Liability for Military Employee Benefits (Note 15): | | |
| Increase in military pension liabilities | 23.0 | 125.3 |
| Increase/(decrease) in military health liabilities | 5.2 | (15.3) |
| (Decrease) in other military benefits..... | (2.6) | (0.1) |
| Increase in liability for military employee benefits..... | 25.6 | 109.9 |
| (Decrease)/Increase in liability for veteran's compensation (Note 15): | | |
| (Decrease)/increase in liabilities for veterans | (101.2) | 287.9 |
| (Decrease)/increase in liabilities for survivors | (46.9) | 50.2 |
| (Decrease)/increase in liabilities for burial benefits | (1.1) | 0.9 |
| (Decrease)/increase in liability for veteran's compensation..... | (149.2) | 339.0 |
| Increase in liabilities for civilian employee benefits (Note 15): | | |
| Increase in civilian pension liabilities | 74.6 | 68.5 |
| Increase in civilian health liabilities..... | 10.4 | 30.2 |
| Increase in other civilian benefits | 3.4 | 2.2 |
| Increase in liabilities for civilian employee benefits | 88.4 | 100.9 |
| (Decrease)/Increase in environmental and disposal liabilities (Note 16): | | |
| Increase in Energy's environmental and disposal liabilities | 1.6 | 2.4 |
| (Decrease) in all others' environmental and disposal liabilities | (2.6) | (1.6) |
| (Decrease)/increase in environmental and disposal liabilities | (1.0) | 0.8 |
| Depreciation expense | 59.5 | 54.8 |
| Property, plant, and equipment disposals and revaluations | 6.5 | 5.0 |
| Increase in benefits due and payable..... | 16.4 | 10.7 |
| Increase in insurance and guarantee program liabilities | 81.1 | 12.4 |
| Increase in other liabilities | 12.1 | 34.3 |
| Seigniorage and sale of gold | (0.4) | (0.7) |
| (Decrease)/increase in accounts payable | (0.1) | 7.1 |
| Decrease/(increase) in net accounts and taxes receivable | 2.8 | (5.2) |
| TARP downward re-estimate | (110.0) | - |
| Stock received from Government sponsored enterprises | - | (7.0) |
| (Increase) in Beneficial interest in trust | (23.5) | - |
| Increase in liquidity guarantee..... | 78.1 | 13.8 |
| Valuation loss on investments in Government sponsored enterprises | 37.9 | - |
| Components of the budget deficit that are not part of net operating cost: | | |
| Capitalized Fixed Assets: | | |
| Department of Defense | (81.5) | (71.6) |
| All other agencies..... | (30.9) | (34.8) |
| Total Capitalized Fixed Assets | (112.4) | (106.4) |
| Decrease/(increase) in net inventory..... | 5.0 | (12.5) |
| Investments in Government sponsored enterprises | (95.6) | - |
| (Increase)/decrease in securities and investments | (22.4) | 17.7 |
| (Increase) in other assets..... | (66.4) | (24.0) |
| Principal repayments of precredit reform loans | (10.1) | 14.6 |
| All other reconciling items | 14.3 | (10.9) |
| Unified budget deficit..... | (1,417.1) | (454.8) |

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

United States Government
Statements of Changes in Cash Balance from Unified Budget and Other Activities
for the Years Ended September 30, 2009, and September 30, 2008

| (In billions of dollars) | 2009 | 2008 |
|---|-----------|-----------|
| Unified budget deficit | (1,417.1) | (454.8) |
| Adjustments for noncash outlays included in the budget: | | |
| Interest accrued by Treasury on debt held by the public | 171.9 | 209.0 |
| TARP downward re-estimate | 110.0 | - |
| Subsidy expense/(income) (Notes 4 and 5) ... | (3.1) | 3.0 |
| Subtotal | 278.8 | 212.0 |
| Items affecting the cash balance not included in the Budget: | | |
| <i>Net Transactions from financing activity:</i> | | |
| Borrowings from the public | 8,931.0 | 5,615.8 |
| Repayment of debt held by the public | (7,185.6) | (4,853.1) |
| Subtotal | 1,745.4 | 762.7 |
| <i>Transactions from monetary and other activity:</i> | | |
| Interest paid by Treasury on debt held by the public | (170.7) | (213.3) |
| Net TARP direct loans and equity investments activity | (291.0) | - |
| Net GSE—mortgage backed securities activity | (171.0) | (5.0) |
| Net loan activity | 58.7 | (30.9) |
| Allocations of special drawing rights | 48.3 | - |
| Other | (112.7) | 25.8 |
| Subtotal | (638.4) | (223.4) |
| Cash and other monetary assets (Note 2): | | |
| (Decrease)/increase in cash and other monetary assets | (31.3) | 296.5 |
| Balance, beginning of period | 424.5 | 128.0 |
| Balance, end of period | 393.2 | 424.5 |

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..... | <u>2,667.9</u> | <u>1,974.7</u> |
| 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 | <u>14,123.8</u> | <u>12,178.2</u> |
| 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 | <u>(11,455.9)</u> | <u>(10,203.5)</u> |
| Total liabilities and net position | <u>2,667.9</u> | <u>1,974.7</u> |

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

**United States Government
Statements of Social Insurance (Note 26)
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections**

| (In billions of dollars) | 2009 | 2008 | 2007 | 2006 | UNAUDITED 2005 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Federal Old-Age, Survivors and Disability Insurance (Social Security): ¹⁴ | | | | | |
| <i>Revenue (Contributions and Earmarked Taxes) from:</i> | | | | | |
| Participants who have attained eligibility age (62 and over) | 575 | 542 | 477 | 533 | 464 |
| Participants who have not attained eligibility age | 18,559 | 18,249 | 17,515 | 16,568 | 15,290 |
| Future participants | 18,082 | 17,566 | 16,121 | 15,006 | 13,696 |
| All current and future participants | 37,217 | 36,357 | 34,113 | 32,107 | 29,450 |
| <i>Expenditures for Scheduled Future Benefits for:</i> | | | | | |
| Participants who have attained eligibility age (62 and over) | (7,465) | (6,958) | (6,329) | (5,866) | (5,395) |
| Participants who have not attained eligibility age | (30,207) | (29,021) | (27,928) | (26,211) | (23,942) |
| Future participants | (7,223) | (6,933) | (6,619) | (6,480) | (5,816) |
| All current and future participants | (44,894) | (42,911) | (40,876) | (38,557) | (35,154) |
| <i>Present value of future expenditures in excess of future revenue</i> | (7,677) ¹ | (6,555) ² | (6,763) ³ | (6,449) ⁴ | (5,704) ⁵ |
| Federal Hospital Insurance (Medicare Part A): ¹⁴ | | | | | |
| <i>Revenue (Contributions and Earmarked Taxes) from:</i> | | | | | |
| Participants who have attained eligibility age (65 and over) | 209 | 202 | 178 | 192 | 162 |
| Participants who have not attained eligibility age | 6,348 | 6,320 | 5,975 | 5,685 | 5,064 |
| Future participants | 5,451 | 5,361 | 4,870 | 4,767 | 4,209 |
| All current and future participants | 12,008 | 11,883 | 11,023 | 10,644 | 9,435 |
| <i>Expenditures for Scheduled Future Benefits for:</i> | | | | | |
| Participants who have attained eligibility age (65 and over) | (2,958) | (2,747) | (2,558) | (2,397) | (2,179) |
| Participants who have not attained eligibility age | (18,147) | (17,365) | (15,639) | (15,633) | (12,668) |
| Future participants | (4,673) | (4,506) | (5,118) | (3,904) | (3,417) |
| All current and future participants | (25,778) | (24,619) | (23,315) | (21,934) | (18,264) |
| <i>Present value of future expenditures in excess of future revenue</i> | (13,770) ¹ | (12,736) ² | (12,292) ³ | (11,290) ⁴ | (8,829) ⁵ |
| Federal Supplementary Medical Insurance (Medicare Part B): ¹⁴ | | | | | |
| <i>Revenue (Premiums) from:</i> | | | | | |
| Participants who have attained eligibility age (65 and over) | 498 | 461 | 433 | 409 | 363 |
| Participants who have not attained eligibility age | 4,224 | 3,859 | 3,184 | 3,167 | 2,900 |
| Future participants | 1,270 | 1,158 | 1,172 | 906 | 924 |
| All current and future participants | 5,992 | 5,478 | 4,789 | 4,481 | 4,187 |
| <i>Expenditures for Scheduled Future Benefits for:</i> | | | | | |
| Participants who have attained eligibility age (65 and over) | (2,142) | (1,986) | (1,834) | (1,773) | (1,622) |
| Participants who have not attained eligibility age | (16,342) | (14,949) | (12,130) | (12,433) | (11,541) |
| Future participants | (4,672) | (4,262) | (4,257) | (3,407) | (3,408) |
| All current and future participants | (23,156) | (21,197) | (18,221) | (17,613) | (16,571) |
| <i>Present value of future expenditures in excess of future revenue</i> ⁶ | (17,165) ¹ | (15,719) ² | (13,432) ³ | (13,131) ⁴ | (12,384) ⁵ |

Totals may not equal the sum of components due to rounding.

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

**United States Government
Statements of Social Insurance (Note 26), continued
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections**

| (In billions of dollars) | 2009 | 2008 | 2007 | 2006 | UNAUDITED 2005 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Federal Supplementary Medical Insurance (Medicare Part D): ¹⁴ | | | | | |
| <i>Revenue (Premiums and State Transfers) from:</i> | | | | | |
| Participants who have attained eligibility age (65 and over) | 140 | 123 | 167 | 173 | 185 |
| Participants who have not attained eligibility age | 1,442 | 1,380 | 1,627 | 1,700 | 1,790 |
| Future participants | 618 | 604 | 611 | 492 | 572 |
| All current and future participants | <u>2,199</u> | <u>2,107</u> | <u>2,405</u> | <u>2,366</u> | <u>2,547</u> |
| <i>Expenditures for Scheduled Future Benefits for:</i> | | | | | |
| Participants who have attained eligibility age (65 and over) | (595) | (581) | (794) | (792) | (880) |
| Participants who have not attained eligibility age | (6,144) | (6,527) | (7,273) | (7,338) | (7,913) |
| Future participants | (2,632) | (2,856) | (2,699) | (2,121) | (2,440) |
| All current and future participants | <u>(9,371)</u> | <u>(9,964)</u> | <u>(10,766)</u> | <u>(10,250)</u> | <u>(11,233)</u> |
| <i>Present value of future expenditures in excess of future revenue</i> ⁶ | <u>(7,172)</u> ¹ | <u>(7,857)</u> ² | <u>(8,361)</u> ³ | <u>(7,884)</u> ⁴ | <u>(8,686)</u> ⁵ |
| Railroad Retirement: | | | | | |
| <i>Revenue (Contributions and Earmarked Taxes) from:</i> | | | | | |
| Participants who have attained eligibility | 5 | 5 | 5 | 5 | 4 |
| Participants who have not attained eligibility | 48 | 43 | 41 | 40 | 37 |
| Future participants | 70 | 54 | 54 | 56 | 41 |
| All current and future participants | <u>123</u> | <u>102</u> | <u>100</u> | <u>100</u> | <u>82</u> |
| <i>Expenditures for Scheduled Future Benefits for:</i> | | | | | |
| Participants who have attained eligibility | (102) | (97) | (93) | (92) | (84) |
| Participants who have not attained eligibility | (91) | (88) | (86) | (84) | (73) |
| Future participants | (30) | (26) | (26) | (25) | (16) |
| All current and future participants | <u>(223)</u> | <u>(212)</u> | <u>(205)</u> | <u>(201)</u> | <u>(173)</u> |
| <i>Present value of future expenditures in excess of future revenue</i> ⁷ | <u>(100)</u> ¹ | <u>(109)</u> ² | <u>(105)</u> ³ | <u>(101)</u> ⁴ | <u>(91)</u> ⁵ |
| Black Lung (Part C): | | | | | |
| <i>Present value of future revenue in excess of future expenditures</i> ⁸ | <u>6</u> ⁹ | <u>5</u> ¹⁰ | <u>5</u> ¹¹ | <u>4</u> ¹² | <u>5</u> ¹³ |
| Total present value of future expenditures in excess of future revenue | <u>(45,878)</u> | <u>(42,970)</u> | <u>(40,948)</u> | <u>(38,851)</u> | <u>(35,689)</u> |

Totals may not equal the sum of components due to rounding.

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

**United States Government
Statements of Social Insurance (Note 26), continued
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections**

| (In billions of dollars) | 2009 | 2008 | 2007 | 2006 | UNAUDITED 2005 |
|--|-----------------|-----------------|-----------------|-----------------|-------------------|
| Social Insurance Summary: ¹⁴ | | | | | |
| <i>Participants who have attained eligibility age:</i> | | | | | |
| Revenue (e.g., Contributions and earmarked taxes) | 1,427 | 1,333 | 1,260 | 1,312 | 1,178 |
| Expenditures for scheduled future benefits | (13,262) | (12,369) | (11,608) | (10,920) | (10,160) |
| Present value of future expenditures in excess of future revenue | (11,835) | (11,036) | (10,348) | (9,608) | (8,982) |
| <i>Participants who have not attained eligibility age:</i> | | | | | |
| Revenue (e.g., Contributions and earmarked taxes) | 30,621 | 29,851 | 28,342 | 27,160 | 25,081 |
| Expenditures for scheduled future benefits | (70,931) | (67,950) | (63,056) | (61,696) | (56,138) |
| Present value of future expenditures in excess of future revenue | (40,310) | (38,099) | (34,714) | (34,536) | (31,057) |
| Closed group – Total present value of future expenditures in excess of future revenue | (52,145) | (49,135) | (45,062) | (44,145) | (40,039) |
| <i>Future participants:</i> | | | | | |
| Revenue (e.g., Contributions and earmarked taxes) | 25,491 | 24,743 | 22,828 | 21,227 | 19,442 |
| Expenditures for scheduled future benefits | (19,224) | (18,578) | (18,714) | (15,933) | (15,092) |
| Present value of future revenue in excess of future expenditures | 6,267 | 6,165 | 4,114 | 5,294 | 4,350 |
| Open group – Total present value of future expenditures in excess of future revenue | (45,878) | (42,970) | (40,948) | (38,851) | (35,689) |

¹ The projection period is 1/1/2009 -12/31/2083 and the valuation date is 1/1/2009.

² The projection period is 1/1/2008 -12/31/2082 and the valuation date is 1/1/2008.

³ The projection period is 1/1/2007 -12/31/2081 and the valuation date is 1/1/2007.

⁴ The projection period is 1/1/2006 -12/31/2080 and the valuation date is 1/1/2006.

⁵ The projection period is 1/1/2005 -12/31/2079 and the valuation date is 1/1/2005.

⁶ These amounts represent the present value of the future transfers from the General Fund of the Treasury to the Supplementary Medical Insurance Trust Fund. These future intragovernmental transfers are included as income in both HHS' and the Centers for Medicare & Medicaid Services' Financial Reports but are not income from the Governmentwide perspective of this report.

⁷ These amounts approximate the present value of the future financial interchange and the future transfers from the General Fund of the Treasury to the Social Security Equivalent Benefit Account (see discussion of Railroad Retirement Program in the required supplemental information section of this report). They are included as income in the Railroad Retirement Financial Report but are not income from the Governmentwide perspective of this report.

⁸ Does not include interest expense accruing on the outstanding debt.

⁹ The projection period is 9/30/2009 -9/30/2040 and the valuation date is 9/30/2009.

¹⁰ The projection period is 9/30/2008 -9/30/2040 and the valuation date is 9/30/2008.

¹¹ The projection period is 9/30/2007 -9/30/2040 and the valuation date is 9/30/2007.

¹² The projection period is 9/30/2006 -9/30/2040 and the valuation date is 9/30/2006.

¹³ The projection period is 9/30/2005 -9/30/2040 and the valuation date is 9/30/2005.

¹⁴ Participants for the Social Security and Medicare programs are assumed to be the "closed group" of individuals who are at least age 15 at the start of the projection period, and are participating as either taxpayers, beneficiaries, or both, except for the 2007 Medicare programs for which current participants are assumed to be at least 18 instead of 15 years of age.

Totals may not equal the sum of components due to rounding.

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