

# PREFACE

## TREASURY PROFILE

The Treasury Department was created by an act of Congress approved on September 2, 1789, 31 U.S.C. 301. Many subsequent acts have influenced the development of the Department, delegating new duties and establishing numerous bureaus and divisions which now compose the Department. Today, the Treasury's mission can be categorized into four basic functions: formulating and recommending of economic, financial, tax, and fiscal policies; serving as financial agent for the U.S. Government; enforcing the law; and manufacturing coins and currency.

## FINANCIAL MANAGEMENT SERVICE

The Financial Management Service of the Department of the Treasury performs a critical role in fulfilling the Treasury's mission as the Government's financial manager through its responsibility for the Government's delivery systems for payments and collections, the central accounting and reporting systems, the Government's cash management programs, credit and debt collection activities, and various other financial services.

In its role as financial agent of the Government, the Financial Management Service publishes this Annual Report of the U.S. Government. This report presents an overview of the Government's cash basis financial position and results of operations. It summarizes selected data that are maintained in the central accounts based on data provided by Federal entities, disbursing officers, and the Federal Reserve banks. Details supporting the information presented in this report are contained in the Annual Report Appendix, which is available from Financial Management Service's Reports Management Division. An order form for the appendix is provided as the last page of this publication.

## LEGISLATIVE REQUIREMENT

The requirements for the preparation of a report on the receipts and outlays of the Government originated with

Article 1, Section 9 of the Constitution of the United States. It provides in part that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law, and a regular Statement of Account of the Receipts and Expenditures of all public money shall be published from time to time". (Emphasis provided). This requirement was followed by a standing order of the House of Representatives, dated December 31, 1791, which required an annual report on receipts and outlays of the Government. This was superseded by the following:

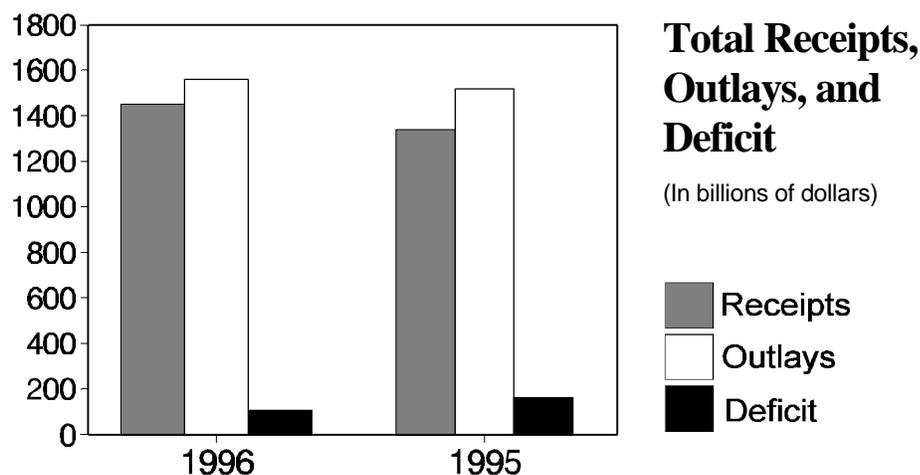
- 31 U.S.C. 331(c) provides, "On the first day of each regular session of Congress, the Secretary shall submit to Congress a report for the prior fiscal year on the total amount of public receipts and public expenditures listing receipts, when practicable, by ports, districts, and States and the expenditures by each appropriation."
- 31 U.S.C. 351(a) provides, "The Secretary of the Treasury shall prepare reports that will inform the President, the Congress, and the public on the financial operations of the United States Government."

This Annual Report is recognized as the official publication of receipts and outlays with which all other reports containing similar data must be in agreement. It is used by the Congressional Budget Office in serving the needs of Congress; the Office of Management and Budget in reviewing the President's Budget programs; the General Accounting Office in performing its audit activities; the various departments and agencies of the Government in reconciling their accounts; and the general public in continually reviewing the operations of their Government. Other reports prepared by the Financial Management Service that contain related information include: the "Daily Treasury Statement," the "Monthly Treasury Statement of Receipts and Outlays of the United States Government," and the "Treasury Bulletin."

## FINANCIAL HIGHLIGHTS

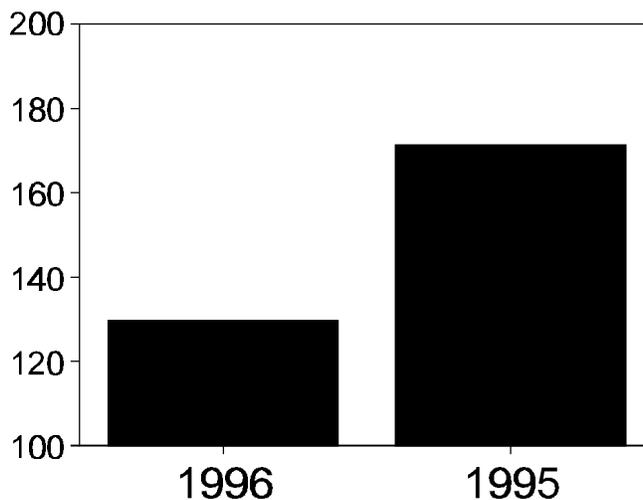
This report shows only those financial highlights of the U.S. Government that are directly related to the

cash operations of the Department of the Treasury and of the rest of the Federal Government.



### Total Borrowing from the Public

(In billions of dollars)



(In billions of dollars)

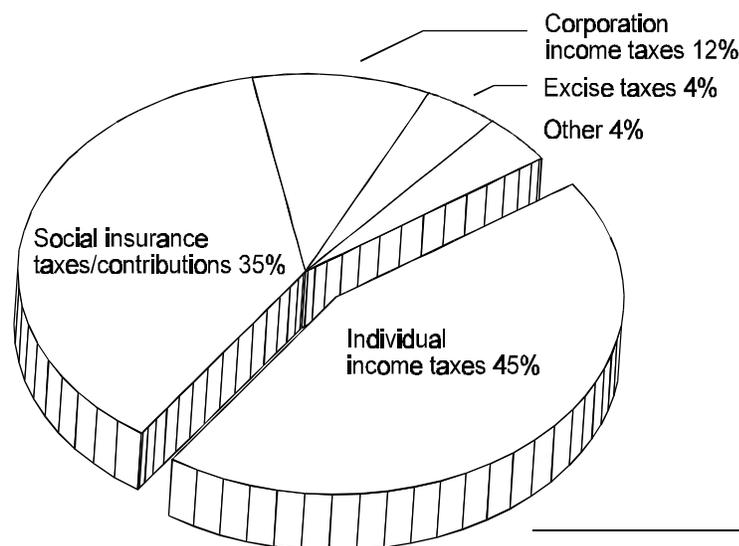
	Fiscal 1996	Fiscal 1995	Percent change
Total receipts . . . . .	1,452.763	1,351.495 r	7.5
Total outlays . . . . .	1,560.040	1,515.410 r	2.9
Total deficit . . . . .	107.277	163.916 r	-34.6
Total assets . . . . .	103.159	89.349 r	15.5
Total borrowing from the public . . .	129.657	171.363 r	-24.3
Excess of liabilities over assets . . .	106.662	163.194 r	-34.6

r = revised

## RECEIPTS BY SOURCE CATEGORY

Total receipts amounted to \$1,452.8 billion in fiscal 1996, an increase of \$101.3 billion from fiscal 1995.

The percentage distribution of 1996 receipts by source category is graphically depicted below.



Major changes in the amount of receipts by source category are described below. The table that follows shows the amount of receipts for fiscal 1996 and 1995 by source category, and the amount and percentage change from fiscal 1995.

- **Individual income taxes** were \$656.4 billion in fiscal 1996, an increase of \$66.2 billion or 11.2 percent.
- **Corporation income taxes** were \$171.8 billion, an increase of \$14.8 billion from fiscal 1995 to fiscal 1996.
- Receipts from the three major forms of **social insurance taxes and contributions** increased from \$484.5 billion in fiscal 1995 to \$509.4 billion in fiscal 1996, an increase of \$24.9 billion or 5.1 percent.
  - **Employment taxes and contributions** receipts totaled \$476.4 billion, a change of \$25.3 billion or 5.6 percent more than the prior year.
  - **Unemployment insurance** receipts were \$28.6 billion in fiscal 1996, a decrease from fiscal 1995 of \$0.3 billion or 1.0 percent.
- **Other retirement contributions** receipts decreased by \$0.08 billion to a total of \$4.5 billion in fiscal 1996.
- **Excise tax** receipts in fiscal 1996 were \$54.0 billion, a decrease of \$3.5 billion from the prior year.
- **Other receipts**, including estate and gift taxes, customs duties, and miscellaneous receipts, decreased from \$62.3 billion in fiscal 1995 to \$61.1 billion in fiscal 1996. A discussion of the level of the receipts for each of the components of this category is presented below.
  - **Estate and gift tax** receipts increased by \$2.4 billion in fiscal 1996 to \$17.2 billion.
  - **Customs duties** decreased by \$0.6 billion in fiscal 1996 to \$18.7 billion.
  - **Miscellaneous receipts** totaled \$25.2 billion in fiscal 1996, a decrease of \$3.0 billion more than the fiscal 1995 level.

# RECEIPTS BY SOURCE CATEGORY

IN MILLIONS OF DOLLARS

	Fiscal 1996	Fiscal 1995	Change from 1995	Percent change
<b>Individual income taxes</b> .....	656,417	590,243	66,174	11.2
<b>Corporate income taxes</b> .....	171,824	157,004	14,820	9.4
<b>Total income taxes</b> .....	828,241	747,247	80,994	10.8
<b>Social insurance taxes and contributions:</b>				
<b>Employment taxes and contributions</b> .....	476,362	451,046	25,316	5.6
<b>Unemployment insurance</b> .....	28,584	28,878	-294	-1.0
<b>Other retirement contributions</b> .....	4,469	4,550	-80	-1.8
<b>Total social insurance taxes and contributions</b> ..	509,415	484,474	24,941	5.1
<b>Excise taxes</b> .....	54,015	57,484	-3,469	-6.0
<b>Other:</b>				
<b>Estate and gift taxes</b> .....	17,189	14,763	2,425	16.4
<b>Customs duties</b> .....	18,671	19,300	-629	-3.3
<b>Miscellaneous receipts</b> .....	25,232	28,226 r	-2,994	-10.6
<b>Total other</b> .....	61,092	62,289 r	-1,198	-1.9
<b>Total receipts</b> .....	1,452,763	1,351,495 r	101,268	7.5

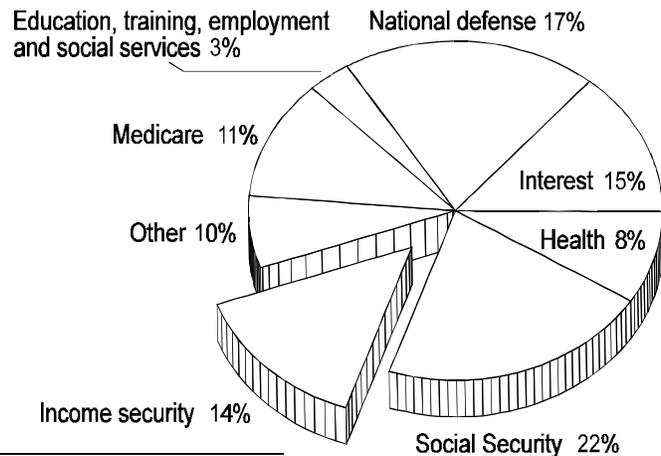
Details may not add to totals due to rounding.  
r = revised

## OUTLAYS BY FUNCTION

Outlays are liquidations of the Government's obligation through the issuance of checks or disbursement of cash. Total outlays were \$1,560.0 billion in fiscal 1996, an increase of \$44.6 billion or 2.9 percent more than the amount of the preceding fiscal year. Shown below is the percentage distribution of fiscal 1996 outlays among the eight largest categories included in the Government's activities so that all budget authority and outlays, loan guarantees, and tax expenditures can be presented according to the national needs being addressed.

National needs are grouped in 17 broad areas to provide a coherent and comprehensive basis for analyzing and understanding the budget. Two additional categories—interest and undistributed offsetting receipts—do not address specific national needs, but are included to cover the entire budget. Under the functional classification system, each outlay is assigned to a classification that best defines its most important purpose, even though many outlays serve more than one purpose.

Total outlays in fiscal 1996 were \$1,560.0 billion compared with \$1,515.4 billion in fiscal 1995. The percentage distribution of outlays among the eight largest functional classifications is shown graphically below.



The table that follows shows fiscal 1996 and fiscal 1995 outlays for each functional classification and the amount and percentage change in outlay levels between these 2 fiscal years. Changes in outlays for the largest functional classifications are briefly discussed below.

- National defense**—This function includes those activities directly related to the defense and security of the United States. National defense outlays for fiscal 1996 decreased by \$6.7 billion to \$265.4 billion. This amount encompasses Government spending for conventional forces, strategic forces, atomic energy defense activities, and other defense related activities.
- Education, training, employment and social services**—These programs provide assistance for the development and learning of skills for opportunities and job placement. Outlays for this function were \$50.8 billion for fiscal 1996, a decrease of 6.4 percent or \$3.5 billion more than fiscal 1995 outlays.
- Health**—The Federal Government helps to meet the nation's health care needs by financing and providing health care services, aiding disease prevention, and supporting research and training. Outlays for this function were \$118.9 billion in fiscal 1996 an increase of \$3.8 billion more than the prior fiscal year.
- Medicare**—Through Medicare the Federal Government contributes to the health and well being of aged and disabled Americans. The outlays for this function were \$174.2 billion in fiscal 1996, an increase of 9.0 percent or \$14.4 billion more than fiscal 1995 outlays.
- Income Security**—Income security benefits are paid to the aged, the disabled, the unemployed, and to low income families. Outlays for these benefits were \$225.3 billion in fiscal 1996, an increase of 2.2 percent or \$4.8 billion from the fiscal 1995 level. Included within this classification are programs such as general retirement and disability, public assistance, and unemployment compensation.

- **Social Security**—Through Social Security, the Federal Government contributes to the income security of aged and disabled Americans. This function's outlays were \$ 349.7 billion for fiscal 1996, an increase of 4.1 percent or \$13.8 billion more than fiscal 1995 outlays.

- **Interest**—This function includes interest paid by the Federal Government, offset by interest collections from the public and interest received by Government trust funds. Net interest outlays are very sensitive to both interest rates and the amount of debt outstanding. Net interest outlays increased in fiscal 1996 to \$241.1 billion, a 3.8 percent increase from the prior fiscal year.

## OUTLAYS BY FUNCTION

IN MILLIONS OF DOLLARS

	Fiscal 1996	Fiscal 1995	Change from 1995	Percent change
National defense.....	265,365	272,066 r	-6,701	-2.5
International affairs .....	13,670	16,434 r	-2,764	-16.8
General science, space, and technology .....	17,947	16,724 r	1,223	7.3
Energy .....	2,934	4,936 r	-2,002	-40.6
Natural resources and environment.....	22,826	22,078 r	748	3.4
Agriculture .....	8,963	9,773 r	-810	-8.3
Commerce and housing credit .....	-10,543	-17,812 r	7,268	-40.8
Transportation .....	38,589	39,350 r	-761	-1.9
Community and regional development .....	11,406	10,641 r	765	7.2
Education, training, employment, and social services .....	50,802	54,263 r	-3,461	-6.4
Health .....	118,868	115,092 r	3,776	3.3
Medicare .....	174,225	159,855 r	14,370	9.0
Income security .....	225,268	220,449 r	4,819	2.2
Social security .....	349,674	335,846 r	13,828	4.1
Veterans benefits and services.....	37,026	37,938 r	-912	-2.4
Administration of justice .....	17,565	16,223 r	1,342	8.3
General Government .....	11,986	13,835 r	-1,849	-13.4
Interest.....	241,091	232,173 r	8,918	3.8
Undistributed offsetting receipts .....	-37,619	-44,455	6,836	-15.4
<b>Total outlays.....</b>	<b>1,560,040</b>	<b>1,515,410 r</b>	<b>44,630</b>	<b>2.9</b>

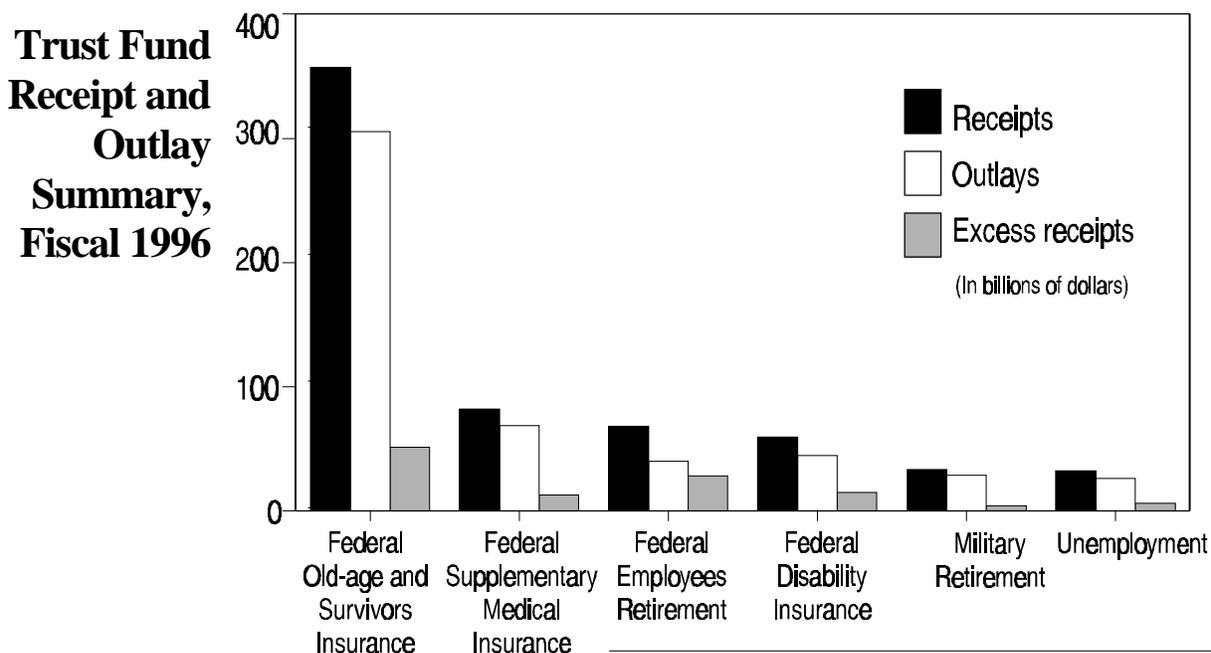
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## TRUST FUND RECEIPT AND OUTLAY SUMMARY

Trust fund accounts are maintained to record the receipt and outlay of moneys held in trust by the Government for use in carrying out specific purposes or programs in accordance with the terms of a trust agreement or statute. This section summarizes how trust fund operations contribute to the overall level of receipts and outlays of the Federal Government. This section also demonstrates the variety of trust funds and their operations. Some trust funds such as the Fed-

eral Disability Insurance Fund, the Federal Employees Retirement Fund, the Federal Old-age and Survivors Insurance Fund, the Federal Supplementary Medical Insurance Fund, the Military Retirement Fund, and the Unemployment Trust Fund accumulated excess receipts in fiscal 1996. The chart presented below summarizes the operations of the major trust funds in fiscal 1996.



The table on the following page summarizes trust fund operations in fiscal 1996 and fiscal 1995 and the dollar change between these 2 fiscal years. Presented below is a description of the receipts and outlays of the major trust funds for fiscal 1996.

- **Federal Old-age and Survivors Insurance Fund**—Receipts in this fund were \$357.0 billion and outlays were \$305.5 billion. The excess of receipts amounted to \$51.5 billion.
- **Federal Supplementary Medical Insurance Fund**—The receipts for this fund were \$82.0 billion and outlays were \$69.0 billion, for excess receipts of \$13.1 billion.
- **Federal Employees Retirement Fund**—Receipts of the Federal Employees Retirement Fund were

\$68.5 billion. The fund's outlays were \$40.3 billion for excess receipts of \$28.2 billion.

- **Federal Disability Insurance Fund**—Federal Disability Insurance Fund receipts were \$59.4 billion while outlays totaled \$44.6 billion, which put excess receipts for the fiscal year at \$14.9 billion.
- **Military Retirement Fund**—The Military Retirement Fund accumulated \$33.4 billion in receipts and \$28.8 billion in outlays, which put receipts in excess of \$4.5 billion more than outlays.
- **Unemployment Trust Fund**—The receipts of the Unemployment Trust Fund were \$32.4 billion and outlays were \$26.2 billion. Excess receipts amounted to \$6.2 billion.

# TRUST FUND RECEIPT AND OUTLAY SUMMARY

IN MILLIONS OF DOLLARS

Trust fund	1996			1995			Change		
	Receipts	Outlays	Excess	Receipts	Outlays	Excess	Receipts	Outlays	Excess
Airport and airway . . . . .	3,128	6,619	-3,491	6,291	7,312 r	-1,021 r	-3,163	-693	-2,470
Black lung disability . . . . .	991	986	5	987	987	*	4	-2	6
Federal disability insurance . . . . .	59,435	44,558	14,877	70,215	41,380	28,835	-10,780	3,178	-13,958
Federal employees life and health . . . . .	-	-657	657	-	-1,240	1,240	-	583	-583
Federal employees retirement . . . . .	68,461	40,263	28,198	66,806	38,899	27,908	1,655	1,364	290
Federal hospital insurance . . . . .	123,501	127,683	-4,182	114,847	114,883	-36	8,653	12,799	-4,146
Federal old-age and survivors insurance . . . . .	356,993	305,461	51,533	326,084	294,474	31,611	30,909	10,987	19,922
Federal supplementary medical insurance . . . . .	82,025	68,946	13,079	58,169	65,213	-7,044	23,856	3,734	20,123
Hazardous substance superfund . . . . .	1,486	1,416	70	2,294	1,472	823	-809	-56	-752
Highway . . . . .	25,974	23,329	2,645	23,780	22,649 r	1,130 r	2,194	680	1,514
Military advances . . . . .	14,747	14,323	425	12,469	13,417	-948	2,278	906	1,372
Military retirement . . . . .	33,374	28,831	4,543	34,624	27,797	6,827	-1,250	1,035	-2,284
Railroad retirement . . . . .	8,515	7,999	516	9,093	7,924	1,169	-579	75	-653
Unemployment . . . . .	32,398	26,229	6,169	32,820	25,282	7,539	-422	947	-1,369
Veterans life insurance . . . . .	1,295	1,221	74	1,356	1,231	126	-61	-9	-52
All other trust funds . . . . .	3,622	4,224	-602	4,128 r	3,454 r	674 r	-506	769	-1,276
<b>Total trust fund receipts and outlays . . . . .</b>	<b>815,944</b>	<b>701,429</b>	<b>114,515</b>	<b>763,965 r</b>	<b>665,133 r</b>	<b>98,832 r</b>	<b>51,979</b>	<b>36,297</b>	<b>15,683</b>
<b>Total Federal fund receipts and outlays . . . . .</b>	<b>914,418</b>	<b>1,136,210</b>	<b>-221,792</b>	<b>835,794 r</b>	<b>1,098,544 r</b>	<b>-262,750 r</b>	<b>78,624</b>	<b>37,666</b>	<b>40,957</b>

Details may not add to totals due to rounding.

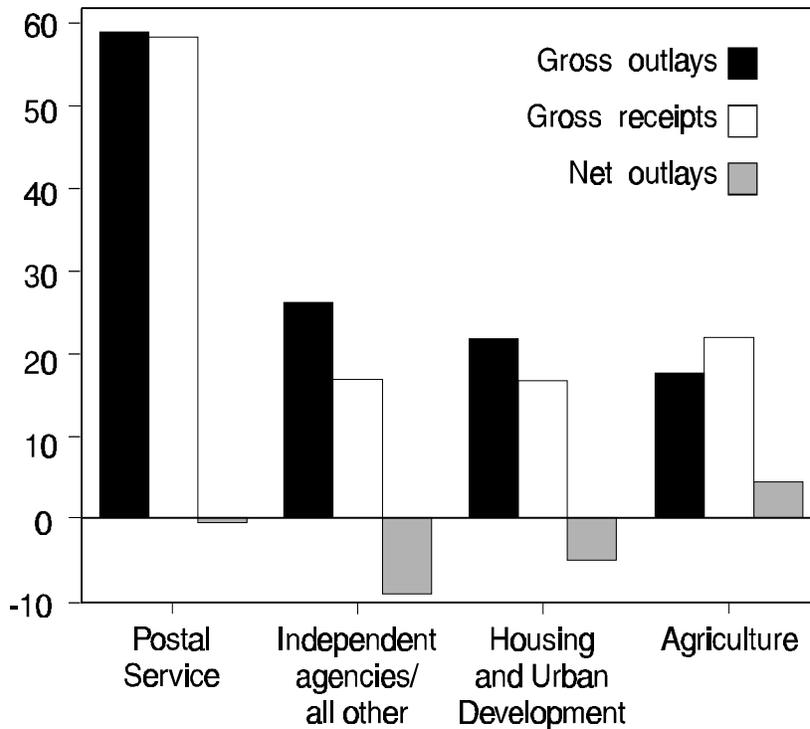
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## REVOLVING FUND ACTIVITY BY DEPARTMENT

Public enterprise revolving funds are authorized by specific provisions of law to finance a continuing cycle of operations in which outlays generate receipts and the receipts are available for outlays without fur-

ther action by Congress. The chart below summarizes fiscal 1996 receipt and outlay activity for the departments of the Government with the largest revolving fund operations.



### Revolving Fund Activity by Department, Fiscal 1996

(In billions of dollars)

Below is a summary of receipts and outlays of the major revolving funds. The table on page 18 shows revolving fund activity by department for fiscal 1996.

- **Postal Service**—In fiscal 1996, revolving funds of the Postal Service generated \$56.6 billion in gross outlays, \$57.2 billion in gross receipts, and net outlays of  $-\$0.6$  billion.
- **Independent agencies-all others**—The net outlays of revolving funds maintained by these agencies amounted to  $-\$9.0$  billion in fiscal 1996. This total consisted of \$16.3 billion in gross outlays and \$25.3 billion in gross receipts, and includes:

- Export-Import Bank, which had gross outlays of \$0.3 billion and gross receipts of \$1.3 billion;

- Federal Deposit Insurance Corporation, which had gross outlays of \$3.3 billion and gross receipts of \$12.2 billion, and

- Tennessee Valley Authority, which had gross outlays of \$9.4 billion and gross receipts of \$8.6 billion.

- **Department of Housing and Urban Development**—In fiscal 1996, the gross outlays of revolving funds of this department totaled \$16.1 billion, while gross receipts were \$21.1 billion. Net revolving fund outlays in fiscal 1996 were  $-\$5.0$  billion.
- **Department of Agriculture**—In fiscal 1996, gross outlays of revolving funds operated by the Department of Agriculture totaled \$21.2 billion and gross receipts totaled \$17.0 billion. Net outlays were \$4.2 billion.

# REVOLVING FUND ACTIVITY BY DEPARTMENT

IN MILLIONS OF DOLLARS

	Fiscal 1996 gross outlays	Fiscal 1996 gross receipts	Fiscal 1996 net outlays	Fiscal 1995 net outlays	Difference
Legislative Branch.....	11	11	*	*	*
Funds Appropriated to the President.....	-341	1,122	-1,464	-266 r	-1,198
<b>Departments:</b>					
Agriculture.....	21,248	17,032	4,216	5,484	-1,269
Commerce.....	61	50	11	-11	22
Defense, military.....	121	93	28	77	-48
Education.....	11	54	-43	-42	-2
Energy.....	1,717	1,841	-125	-116	-8
Health and Human Services.....	20	4	16	11	5
Housing and Urban Development.....	16,129	21,144	-5,015	-2,307	-2,708
Interior.....	275	154	121	110	11
Labor.....	1,001	1,852	-851	-430	-421
Transportation.....	324	378	-53	-82	28
Treasury.....	-628	1,064	-1,692	-2,464	772
Veterans Affairs.....	1,236	1,382	-146	-267	122
Environmental Protection Agency.....	*	1	*	1	-2
Small Business Administration.....	497	800	-303	-655	352
<b>Independent agencies:</b>					
Export-Import Bank.....	298	1,344	-1,047	-204	-843
Federal Deposit Insurance Corporation.....	3,257	12,167	-8,910	-17,594 r	8,684
Postal Service.....	56,568	57,194	-626	-1,969	1,342
Tennessee Valley Authority.....	9,395	8,639	757	1,313	-557
All Other.....	3,384	3,189	195	-403 r	598
<b>Total independent agencies.....</b>	<b>72,903</b>	<b>82,534</b>	<b>-9,631</b>	<b>-18,857</b>	<b>9,226</b>
<b>Total revolving fund receipts and outlays.....</b>	<b>114,585</b>	<b>129,515</b>	<b>-14,930</b>	<b>-19,813 r</b>	<b>4,882</b>

Details may not add to totals due to rounding.

r = revised

\* Less than \$500,000.

# APPROPRIATIONS, OUTLAYS, AND BALANCES BY DEPARTMENT

IN MILLIONS OF DOLLARS

	Unobligated balances beginning of fiscal year	Appropriated and other obligational authority	Transfers, borrowings, and investments	Outlays	Balances withdrawn and other transactions	Unobligated balances end of fiscal year
Legislative Branch.....	1,180	2,471	-17	2,272	244	1,449
The Judiciary.....	588	3,173	6	3,061	118	683
Executive Office of the President.	22	201	-	202	*	20
Funds Appropriated to the President.....	31,680	25,780	-259	9,716	15,795	31,939
<b>Departments:</b>						
Agriculture.....	35,852	81,273	-15,854	54,338	11,081	47,550
Commerce.....	842	3,657	*	3,703	-46	644
Defense.....	179,642	290,976	-51	285,792	5,133	177,543
Education.....	5,165	28,486	-31	29,900	-1,445	5,004
Energy.....	8,012	15,269	-239	16,199	-1,169	8,593
Health and Human Services. . . .	148,388	323,019	-23	319,802	3,195	144,789
Housing and Urban Development.....	27,933	21,710	-1,670	25,512	-5,473	31,788
Interior.....	4,837	7,303	-13	6,718	573	5,494
Justice.....	3,435	15,609	10	11,951	3,668	4,792
Labor.....	55,976	39,730	-97	32,496	7,136	63,468
State.....	8,659	5,673	-	4,953	720	9,104
Transportation.....	41,639	38,468	-3	38,776	-310	39,753
Treasury.....	21,605	367,863	-7,880	365,333	-5,350	15,727
Veterans Affairs.....	16,837	38,612	-	36,915	1,697	15,324
Environmental Protection Agency.....	8,828	6,503	-	6,046	457	9,472
General Services Administration.....	3,434	174	-63	625	-514	2,941
National Aeronautics and Space Administration. . . .	1,691	13,886	*	13,882	4	1,736
Office of Personnel Management.....	394,533	71,167	*	42,872	28,295	422,807
Small Business Administration .	1,138	1,088	-43	872	174	907
Social Security Administration .	452,918	441,195	-	375,232	65,964	516,116
Independent Agencies.....	65,100	21,629	-10,035	8,579	3,812	68,626
<b>Total.....</b>	<b>1,519,933</b>	<b>1,864,914</b>	<b>-36,262</b>	<b>1,695,745</b>	<b>133,757</b>	<b>1,626,271</b>

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r = revised

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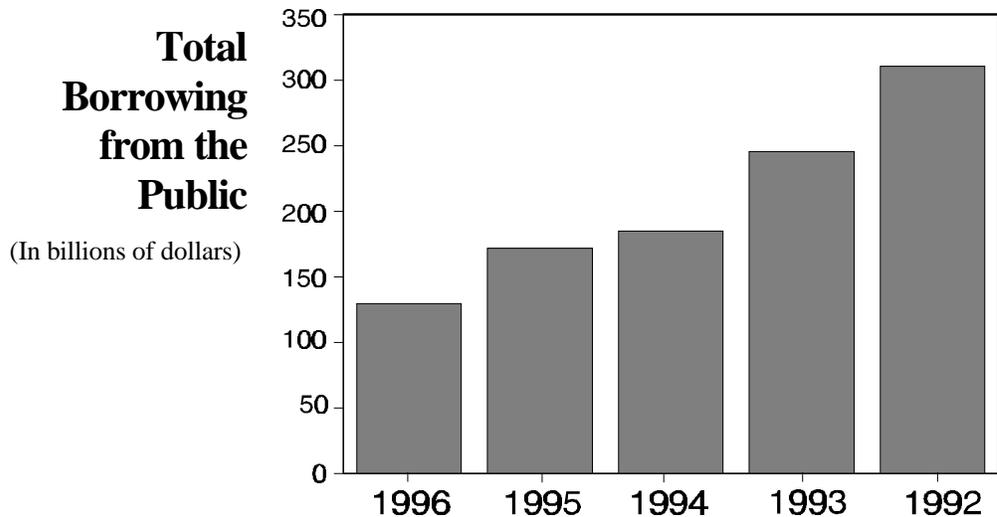
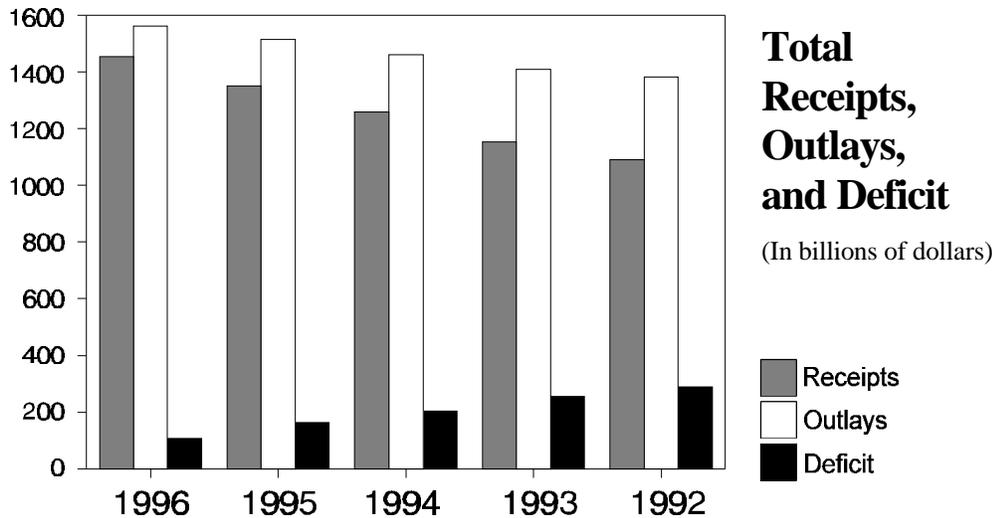
# FIVE-YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

## IN MILLIONS OF DOLLARS

(This financial statement shows only those financial highlights of the United States Government directly related to the cash operations of the Department of the Treasury and the rest of the Federal Government.)

	Fiscal 1996	Fiscal 1995	Fiscal 1994	Fiscal 1993	Fiscal 1992
Total receipts . . . . .	1,452,763	1,351,495 r	1,258,411 r	1,153,226	1,090,453
Total outlays . . . . .	1,560,040	1,515,410 r	1,461,359 r	1,408,532	1,380,793 r
Total deficit . . . . .	107,277	163,916 r	202,948 r	255,306	290,339 r
Total assets . . . . .	103,159	89,349 r	151,153 r	6,110r	20,091 r
Total borrowing from the public . . . . .	129,657	171,363 r	184,583 r	248,594 r	310,696 r
Excess of liabilities over assets . . . . .	106,662	163,194 r	202,234 r	254,955 r	290,077 r

r = revised



# BALANCE SHEET

IN MILLIONS OF DOLLARS

	September 30, 1996	September 30, 1995
<b>Assets</b>		
<b>Cash and monetary assets:</b>		
<b>U.S. Treasury operating cash:</b>		
Federal reserve account .....	7,700	8,620
Tax and loan note accounts .....	36,525	29,329
<b>Special drawing rights:</b>		
Total holdings .....	10,177	11,035
Special drawing rights certificates issued to Federal Reserve banks .....	-9,718	-10,168
Monetary assets with International Monetary Fund (IMF) ..	15,428	14,682
<b>Other cash and monetary assets:</b>		
U.S. Treasury monetary assets .....	87	356
Cash and other assets held outside the Treasury Account .....	21,133	29,697 r
U.S. Treasury time deposits .....	4,724	528
<b>Total cash and monetary assets .....</b>	<b>86,056</b>	<b>84,080 r</b>
<b>Loan financing accounts:</b>		
Guaranteed loans .....	-14,022	-12,714
Direct loans .....	32,780	19,732
<b>Miscellaneous asset accounts .....</b>	<b>-1,655</b>	<b>-1,748 r</b>
<b>Total assets .....</b>	<b>103,159</b>	<b>89,349 r</b>
<b>Excess of liabilities over assets</b>		
<b>Excess of liabilities over assets at beginning of fiscal year .....</b>	<b>3,584,917</b>	<b>3,421,723 r</b>
<b>Add: Total deficit for fiscal year .....</b>	<b>107,277</b>	<b>163,916 r</b>
Subtotal .....	3,692,194	3,585,639 r
<b>Deduct: Other transactions not applied to surplus or deficit .....</b>	<b>615</b>	<b>722</b>
<b>Excess of liabilities over assets at close of fiscal year .....</b>	<b>3,691,579</b>	<b>3,584,917 r</b>
<b>Total assets and excess of liabilities over assets .....</b>	<b>3,794,738</b>	<b>3,674,266 r</b>
<b>Liabilities</b>		
<b>Borrowing from the public:</b>		
Public debt securities outstanding .....	5,224,812	4,973,985
Premium and discount on public debt securities .....	-77,932	-79,996
<b>Total public debt securities .....</b>	<b>5,146,880</b>	<b>4,893,989</b>
Agency Securities Outstanding .....	35,043	26,955 r
<b>Total Federal securities .....</b>	<b>5,181,923</b>	<b>4,920,944 r</b>
<b>Deduct: Net federal securities held as investments by Government accounts .....</b>		
<b>Total borrowing from the public .....</b>	<b>3,732,957</b>	<b>3,603,299 r</b>
Accrued interest payable .....	45,605	50,611
Special drawing rights allocated by IMF .....	7,052	7,380
Deposit fund liabilities .....	7,218	8,186
Miscellaneous liability accounts (checks outstanding, etc.) ..	1,906	4,790 r
<b>Total liabilities .....</b>	<b>3,794,738</b>	<b>3,674,266 r</b>

Details may not add to totals due to rounding.

r = revised

# STATEMENT OF OPERATIONS

IN MILLIONS OF DOLLARS

	Fiscal 1996	Fiscal 1995
<b>Receipts</b>		
Individual income taxes .....	656,417	590,243
Corporation income taxes .....	171,824	157,004
<b>Social insurance taxes and contributions:</b>		
Employment taxes and contributions (off-budget) .....	367,492	351,080
Employment taxes and contributions (on-budget) .....	108,870	99,966
Unemployment insurance .....	28,584	28,878
Other retirement contributions .....	4,469	4,550
Excise taxes .....	54,015	57,484
Estate and gift taxes .....	17,189	14,763
Custom duties .....	18,671	19,300
Miscellaneous receipts .....	25,232	28,226 r
<b>Total receipts</b> .....	<b>1,452,763</b>	<b>1,351,495 r</b>
<b>Outlays</b>		
Legislative branch .....	2,272	2,621
The Judiciary .....	3,061	2,903
Executive Office of the President .....	202	213
Funds appropriated to the President .....	9,716	11,164
<b>Departments:</b>		
Agriculture .....	54,338	56,667
Commerce .....	3,703	3,403
Defense-Military .....	253,258	259,565
Defense-Civil .....	32,535	31,664
Education .....	29,900	31,321
Energy .....	16,199	17,618
Health and Human Services .....	319,802	303,075
Housing and Urban Development .....	25,512	29,045
Interior .....	6,718	7,389 r
Justice .....	11,951	10,786 r
Labor .....	32,496	32,093 r
State .....	4,953	5,347
Transportation .....	38,776	38,776
Treasury .....	365,333	348,480
Veterans Affairs .....	36,915	37,769
Environmental Protection Agency .....	6,046	6,349
General Service Administration .....	625	709
National Aeronautics and Space Administration .....	13,882	13,377
Office of Personnel Management .....	42,872	41,279
Small Business Administration .....	872	678
Social Security Administration .....	375,232	362,226
Independent agencies .....	8,579	-1,470 r
Undistributed offsetting receipts .....	-135,705	-137,635 r
<b>Total outlays</b> .....	<b>1,560,040</b>	<b>1,515,410 r</b>
<b>Surplus (+) or deficit (-)</b> .....	<b>-107,277</b>	<b>-163,916 r</b>
<b>Other transactions not applied to current year's surplus or deficit</b>		
Seigniorage (gain on coin production) .....	-587	-722
Profit on sale of gold .....	-28	*
<b>Total other transactions not applied to current year's surplus (+) or deficit (-)</b> .....	<b>-615</b>	<b>-722</b>

Details may not add to totals due to rounding.

\* Less than \$500,000.

r = revised

# STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS

IN MILLIONS OF DOLLARS

	Fiscal 1996	Fiscal 1995
<b>Sources</b>		
<b>Increases in liabilities:</b>		
Borrowing from the public .....	129,657	171,363 r
Accrued interest payable to the public .....	-	7,324
Special drawing rights allocated by International Monetary Fund (IMF) .....	-	191
Deposit fund liabilities .....	-	859
Miscellaneous liabilities (checks outstanding, etc.) .....	-	-
<b>Decreases in assets:</b>		
<b>U.S. Treasury operating cash:</b>		
Federal reserve account .....	920	-
Tax and loan note accounts .....	-	-
<b>Special drawing rights (SDRs):</b>		
SDR certificates issued to Federal Reserve banks .....	-	2,150
Total holdings .....	858	-
Funds available with IMF .....	-	-
Net activity, guaranteed loan financing .....	1,308	2,908
Other cash and monetary assets .....	4,637	-
Miscellaneous assets .....	-	346 r
Other transactions not applied to surplus or deficit .....	615	722
<b>Total Sources</b> .....	<b>137,996</b>	<b>185,862 r</b>
<b>Applications</b>		
<b>Deficit</b> .....	<b>107,277</b>	<b>163,916 r</b>
<b>Increases in assets:</b>		
<b>U.S. Treasury operating cash:</b>		
Federal reserve account .....	-	1,772
Tax and loan note accounts .....	7,196	235
<b>Special drawing rights (SDRs):</b>		
SDR certificates issued to Federal Reserve banks .....	450	-
Total holdings .....	-	1,064
Funds available with IMF .....	746	2,614
Net activity, direct loan financing .....	13,049	7,005
Other cash and monetary assets .....	-	9,125 r
Miscellaneous assets .....	93	-
<b>Decreases in liabilities:</b>		
Accrued interest payable to the public .....	5,006	-
Special drawing rights allocated by IMF .....	328	-
Deposit fund liabilities .....	968	-
Miscellaneous liabilities (Checks Outstanding, etc.) .....	2,884	131 r
<b>Total applications</b> .....	<b>137,996</b>	<b>185,862 r</b>

Details may not add to totals due to rounding.

r = revised

# NOTES TO THE FINANCIAL STATEMENTS

## 1. *Description of Accounts Related to Cash Operations*

The classes of accounts maintained in connection with the cash operations of the Government include:

- The accounts of fiscal officers or agents who receive money for deposit in the U.S. Treasury or for other authorized disposition or who make expenditures by drawing checks on the Treasury;
- The accounts of administrative agencies that classify receipt and outlay transactions according to the individual receipt, appropriation, or fund account, and
- The accounts of the Treasury of the United States, which is responsible for the receipt and custody of money deposited by fiscal officers or agents.

A set of central accounts is maintained by the Financial Management Service for the purpose of consolidating financial data reported periodically from these three sources, in order to permit the results of cash operations in central financial reports, for the Government as a whole and as a means of internal control.

The central accounts relating to cash operations disclose monthly and fiscal year information on:

- The Government's receipts by principal sources, and its outlays according to the different appropriations and other funds involved, and
- The cash transactions, classified by type, together with certain directly related assets and liabilities that underlie such receipts and outlays.

Accounting for receipts is on the basis of collections; refunds of receipts are treated as deductions from gross receipts. Accounting for outlays is on the basis of checks issued and cash payments made (cash basis). Revolving and management fund receipts and reimbursements of moneys previously expended are treated as deductions from gross outlays. The interest on the public debt, public issues, is recognized on the

accrual basis; however, the interest on special issues is on the cash basis. The structure of the accounts provides for a reconciliation, on a firm accounting basis, between the published reports of receipts and outlays for the Government as a whole and changes in the Treasury cash balance by means of such factors as checks outstanding, deposits in transit, and cash held outside the Treasury. Within the central accounts, receipt and outlay accounts are classified as:

- General fund receipt accounts;
- Special fund receipt accounts;
- General fund expenditure accounts;
- Revolving fund accounts;
- Consolidated working fund accounts;
- Management fund accounts;
- Trust fund accounts, and
- Transfer appropriation accounts.

These accounts are described in detail in the Annual Report Appendix.

## 2. *U.S. Treasury Operating Cash*

Major sources of information used by the Financial Management Service to determine Treasury's operating cash include the Daily Balance Wires from the Federal Reserve banks, reporting from the Bureau of the Public Debt, and electronic funds transfers and reconciling wires from the Internal Revenue Service Centers. Operating cash is presented on a modified cash basis: deposits are reflected as received and withdrawals are reflected as processed.

## 3. *Special Drawing Rights (SDR's)*

The special drawing rights act of 1968 and the Bretton Woods Agreements Act of 1945 authorize the United States to participate in the Special Drawing Rights Department of the International Monetary Fund

and accept the resulting financial obligations of the Fund. The Special Drawing Rights Act provides the permanent authority for the United States to meet its financing requirements in connection with the acquisition and use of SDR's (the unit of account for fund transactions) by the issuance of SDR certificates to Federal Reserve banks.

#### 4. *Miscellaneous Asset Accounts*

Included in miscellaneous assets are gold assets and their related certificates in the following amounts:

	Fiscal 1996	Fiscal 1995
Gold assets	\$11,050	\$11,051
Liabilities	\$11,050	\$11,051

#### 5. *Other Transactions Not Applied to Surplus or Deficit*

Seigniorage is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from receipts and treated as a means of financing a deficit or as a supplementary amount to be applied to reduce debt or to increase the cash in the Treasury in a year with a surplus.

Profit resulting from the sale of gold as a monetary asset is treated like seigniorage, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

#### 6. *Federal Securities Outstanding*

These consist of public debt and include all public and agency issues outstanding.

- Public debt is that portion of the Federal debt incurred when the Treasury or the Federal Financing Bank (FFB) borrows funds directly from the public or another fund or account. To avoid double counting, FFB borrowing from the Treasury is not included in the public debt. (The Treasury borrowing required to obtain the money to lend to the FFB is already part of the public debt.)

- Agency debt is that portion of the Federal debt incurred when a Federal agency, other than the Treasury or the FFB, is authorized by law to borrow funds directly from the public or another fund or account. To avoid double counting, agency borrowing from Treasury or the FFB and Federal fund advances to trust funds are not included in the Federal debt. (The Treasury or FFB borrowing required to obtain the money to lend to the agency is already part of the public debt.)

#### 7. *Deposit Fund Liabilities*

These include certain accounts established to record amounts either (a) held in suspense temporarily and later refunded or paid upon administrative or legal determination as to proper disposition thereof, or (b) held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government).

#### 8. *Undistributed Offsetting Receipts*

These receipts are composed of the following types of payments:

- Payments to trust funds by Government agencies for their employees' retirement;
- Interest paid to trust funds on their investments in Government securities; and
- Proprietary receipts from rent royalties on the Outer Continental Shelf lands.

Undistributed offsetting receipts are not deducted from outlays at the function, subfunction, or agency levels. They are deducted from the budget totals.

9. *Where applicable, prior year amounts have been revised to reflect realignment to the current Budget of the U.S. Government.*

# PRINCIPAL ADMINISTRATIVE AND STAFF OFFICERS OF THE TREASURY

Secretary of the Treasury . . . . . Robert E. Rubin  
Deputy Secretary of the Treasury. . . . . Lawrence H. Summers  
Under Secretary for International Affairs . . . . . Jeffrey R. Shafer  
Under Secretary for Domestic Finance . . . . . John D. Hawke, Jr.  
Under Secretary for Enforcement. . . . . Raymond Kelly  
Assistant Secretary for Financial Institutions. . . . . Richard S. Carnell  
Assistant Secretary for Economic Policy . . . . . Joshua Gotbaum  
Assistant Secretary for Enforcement . . . . . James E. Johnson  
Fiscal Assistant Secretary. . . . . Gerald Murphy  
General Counsel . . . . . Edward S. Knight  
Inspector General . . . . . Valerie Lau  
Assistant Secretary for International Affairs . . . . . David A. Lipton  
Assistant Secretary for Legislative Affairs and Public Liaison . . . . . Linda L. Robertson  
Assistant Secretary for Management/Chief Financial Officer. . . . . George Munoz  
Assistant Secretary for Public Affairs . . . . . Howard M. Schloss  
Assistant Secretary for Tax Policy . . . . . Donald C. Lubick (acting)  
Treasurer of the United States . . . . . Mary Ellen Withrow  
Comptroller of the Currency . . . . . Eugene A. Ludwig  
Commissioner of Financial Management Service . . . . . Russell D. Morris  
Commissioner of Internal Revenue Service. . . . . Margaret M. Richardson  
Commissioner of Bureau of the Public Debt . . . . . Richard L. Gregg

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## **ANNUAL REPORT APPENDIX ORDER FORM**

Details pertaining to the information presented in this publication are contained in the U.S. Government Annual Report Appendix. The Appendix includes details of receipts, outlays, appropriations, and balances, including summary General Ledger account balances.

For a free copy of the Appendix, mail this order form to:

Financial Management Service  
Reports Management Division  
Budget Reports Branch, Room 518D  
3700 East West Highway  
Hyattsville, MD 20782

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