

Financial Statements of the United States Government for the Fiscal Years Ended September 30, 2017, and 2016

The consolidated financial statements of the United States Government (Government) were prepared using U.S. Generally Accepted Accounting Principles (GAAP). The consolidated financial statements include the accrual-based financial statements and the sustainability financial statements, which are discussed in more detail below, and the related notes to the consolidated financial statements. Collectively, the accrual-based financial statements, the sustainability financial statements, and the notes represent basic information that is deemed essential for the consolidated financial statements to be presented in conformity with GAAP.

ACCRUAL-BASED FINANCIAL STATEMENTS

The accrual-based financial statements present historical information on what the federal government owns (assets) and owes (liabilities) at the end of the year, what came in (revenues) and what went out (net costs) during the year, and how accrual-based net operating costs of the federal government reconcile to the budget deficit and changes in its cash balance during the year. The following sections discuss each of the accrual-based financial statements.

Statements of Net Cost

These statements present the net cost of the Government operations for fiscal years 2017 and 2016, including the operations related to funds from dedicated collections. 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 *Financial Report* on an accrual basis, while the budget presents outlays 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.

The Statements of Net Cost contain the following four components:

- Gross cost—is the full cost of all the departments and entities excluding (gain)/loss from changes in assumptions. These costs are assigned on a cause-and-effect basis, or reasonably allocated to the corresponding entities.
- Earned revenue—is exchange revenue resulting from the Government providing goods and services to the public at a price.
- (Gain)/loss from changes in assumptions—is the gain or loss from changes in long-term assumptions used to measure the liabilities reported for federal civilian and military employee pensions, other post-employment benefits, and other retirement benefits, including veterans' compensation.
- Net cost—is computed by subtracting earned revenue from gross cost, adjusted by the (gain)/loss from changes in assumptions.

Individual agency net cost amounts will differ from the agency's financial statements primarily because of reallocations completed at the governmentwide level which are listed below.

- Benefit program costs.
- Intragovernmental eliminations, as adjusted for buy/sell costs and related revenues.
- Imputed costs.

Because of its specific function, most of the benefit program costs originally associated with the Office of Personnel Management (OPM) have been reallocated to the user agencies for governmentwide reporting purposes. The remaining costs for OPM on the Statements of Net Cost are the administrative operating costs, the expenses from prior costs from health and pension plan amendments, and the actuarial gains and losses, if applicable.

General Services Administration (GSA) is the primary provider of goods and services to federal agencies. GSA's net cost is adjusted for its intragovernmental buy/sell costs and related revenues. The remaining costs for GSA on the Statements of Net Cost are administrative operating costs. With regard to intragovernmental buy/sell costs and related revenues, the amounts recognized by each agency are added to, and subtracted from, respectively, the individual agency non-federal net cost amounts. In addition, the intragovernmental imputed costs recognized for the receipt of goods and services, financed in whole or part by the providing agencies, are added to the individual agency non-federal net cost amounts.

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, net operating costs, which include the results of operations for funds from dedicated collections. They include non-exchange revenues, which are generated from transactions that do not require a Government entity to give value directly in exchange for the inflow of resources. The Government does not "earn" the non-exchange revenue. These are generated principally by the Government's sovereign power to tax, levy duties, and assess fines and penalties. These statements also include the net cost reported in the Statements of Net Cost. They further include certain adjustments and unreconciled transactions that affect the net position.

Revenue

Inflows of resources to the government that the government demands or that it receives by donations are identified as non-exchange revenue. The inflows that it demands include individual income tax and tax withholdings, excise taxes, corporation income taxes, unemployment taxes, custom duties, and estate and gift taxes. The non-exchange revenue is recognized when collected and adjusted for the change in net measurable and legally collectable amounts receivable.

Individual income tax and tax withholdings include *Federal Insurance Contributions Act (FICA)/Self-Employment Contributions Act (SECA)* taxes and other taxes.

Excise taxes consist of taxes collected for various items, such as airline tickets, gasoline products, distilled spirits and imported liquor, tobacco, firearms, and other items.

Other taxes and receipts include Federal Reserve Banks (FRBs) earnings, tax related fines, penalties and interest, and railroad retirement taxes.

Miscellaneous earned revenues consist of earned revenues received from the public with virtually no associated cost. These revenues include rents and royalties on the Outer Continental Shelf Lands resulting from the leasing and development of mineral resources on public lands.

Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the Government's general revenue. See Note 20—Funds from Dedicated Collections for detailed information.

Intragovernmental interest represents interest earned from the investment of surplus dedicated collections, which finance the deficit spending of all other fund's non-dedicated operations. These investments are recorded as intragovernmental debt holdings and are included in Note 11—Federal Debt Securities Held by the Public and Accrued Interest, in the table titled Intragovernmental Debt Holdings: Federal Debt Securities Held as Investments by Government Accounts. These interest earnings and the associated investments are eliminated in the consolidation process.

Net Cost of Government Operations

The net cost of Government operations—gross cost (including gains/losses from changes in assumptions) less earned revenue—flows through from the Statements of Net Cost. The net cost and intragovernmental net cost associated with funds from dedicated collections activities are separately reported.

Intragovernmental Transfers

Intragovernmental transfers reflect budgetary and other financing sources for funds from dedicated collections, excluding financing sources related to non-exchange revenues, intragovernmental interest, and miscellaneous revenues. These intragovernmental transfers include appropriations, transfers, and other financing sources. These amounts are labeled as “other changes in fund balance” in Note 20—Funds from Dedicated Collections. Some transfers reflect amounts required by statute to be transferred from the General Fund of the U.S. Government (General Fund) to funds from dedicated collections. For Supplementary Medical Insurance (SMI), transfers from the General Fund financed 74 percent and 76 percent of 2017 program costs to Part B and D, respectively.

Unmatched Transactions and Balances

Unmatched transactions and balances are adjustments needed to bring the change in net position into balance due primarily to unreconciled intragovernmental differences. See Note 1.S—Unmatched Transactions and Balances for detailed information.

The unmatched transactions and balances are included in net operating cost to make the sum of net operating costs and prior period adjustments for the year equal to the change in the net position balance.

Net Operating Cost

The net operating cost equals revenue less net cost of Government operations (that flows from the Statement of Net Cost) adjusted by unmatched transactions and balances. See Note 1.S—Unmatched Transactions and Balances for detailed information.

Net Position, Beginning of Period

The net position, beginning of period, reflects the amount reported on the prior year’s balance sheet as of the end of that fiscal year. The net position for funds from dedicated collections is shown separately.

Prior-period adjustments are revisions to the beginning net position presented on the prior year financial statements due to corrections of material errors or certain changes in accounting principles. See Note 1.T—Prior-Period Adjustments for detailed information.

Net Position, End of Period

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

Reconciliations of Net Operating Cost and Budget Deficit

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

Receipts and outlays in the budget are measured primarily on a cash basis and differ from the accrual basis of accounting used in the *Financial Report*. Refer to Note 1.B—Basis of Accounting and Revenue Recognition for details. These statements begin with the net results of operations (net operating cost) and report activities where the basis of accounting for the components of net operating cost and the budget deficit differ.

Some presentations of the budget deficit make the distinction between on-budget and off-budget totals. On-budget totals reflect the transactions of all Government entities, except those excluded from the budget by law. Off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Under current law, the off-budget totals include the Social Security trust funds and the Postal Service. The budget deficit, as presented in the *Financial Report*, combines the on-budget and off-budget totals to derive consolidated totals for federal activity.

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, environmental and disposal 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 (that are recorded as outlays in the budget when purchased and reflected in net operating cost through depreciation expense over the useful life of the asset) and increases in other assets that are not included in the operating results.

Statements of Changes in Cash Balance from Budget and Other Activities

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

These statements reconcile the budget deficit to the change in cash and other monetary assets during the fiscal year. They also serve to explain how the budget deficits were financed. A budget deficit is the result of outlays exceeding receipts during a particular fiscal year.

The budget deficit is primarily financed through borrowings from the public. Other transactions, such as the payment of interest on Treasury securities held by the public, also require cash disbursements and are not part of the deficit. Additionally, the budget deficit includes certain amounts that are recognized in the budget, but will be disbursed in a future period, or are adjustments that did not affect the cash balance. These amounts include interest accrued on Treasury securities held by the public, as well as subsidy expense related to direct and guaranteed loans.

These statements show the adjustments for non-cash 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.

In fiscal year 2017, additional lines were included in the presentation of this statement to provide further breakdown of certain categories of transactions. This presentation change did not affect the fiscal year 2016 totals related to cash and other monetary assets balances.

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 funds from dedicated collections 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 loans receivable, net; property, plant, and equipment (PP&E), net; inventories and related property, net; and cash and other monetary assets. There are, however, other significant

resources available to the Government that extend beyond the assets presented in these balance sheets. Those resources include Stewardship Land and Heritage Assets in addition to the Government's sovereign powers to tax and set monetary policy.

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, benefits due and payable, as well as insurance and guarantee program liabilities.

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 reported in the Statements of Social Insurance and disclosed in the Required Supplementary Information (RSI)—Social Insurance section, fiscal long-term projections of non-interest spending reported in the Statements of Long-Term Fiscal Projections, 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. Contingencies and commitments 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 18—Contingencies and Note 19—Commitments.

The collection of certain taxes and other revenue is credited to the corresponding funds from dedicated collections 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 deposited in the General Fund; therefore, the trust fund balances do not represent cash. An explanation of the trust funds for social insurance is included in Note 20—Funds from Dedicated Collections. That note also contains information about trust fund receipts, disbursements, and assets.

Due to 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.

The net position is the residual difference between assets and liabilities and is the cumulative results of operations since inception. For detailed components that comprise the net position, refer to the section "Statement of Operations and Changes in Net Position."

SUSTAINABILITY FINANCIAL STATEMENTS

The sustainability financial statements are comprised of the Statements of Long-Term Fiscal Projections, covering all federal government programs, and the Statements of Social Insurance and the Statement of Changes in Social Insurance Amounts, covering social insurance programs (Social Security, Medicare, Railroad Retirement, and Black Lung programs). The sustainability financial statements are designed to illustrate the relationship between projected receipts and expenditures if current policy is continued over a 75 year time horizon¹. For this purpose, the projections assume that scheduled social insurance benefit payments would continue after related trust funds are projected to be exhausted, contrary to current law, and that debt could continue to rise indefinitely without severe economic consequences. The sustainability financial statements are intended to help citizens understand current policy and the importance and magnitude of policy reforms necessary to make it sustainable.

By accounting convention, the Statements of Social Insurance do not include projected general revenues that, under current law, would be used to finance the remainder of the expenditures in excess of revenues for Medicare Parts B and D reported in the Statements of Social Insurance. The Statements of Long-Term Fiscal Projections include all revenues (including general revenues) of the federal government.

¹ With the exception of the Black Lung program, which has a rolling 25-year projection period through September 30, 2042.

Statements of Long-Term Fiscal Projections

The Statements of Long-Term Fiscal Projections are intended to assist readers of the Government's financial statements in assessing the financial condition of the federal government and how the Government's financial condition has changed (improved or deteriorated) during the year and may change in the future. They are also intended to assist readers in assessing whether future budgetary resources of the Government will likely be sufficient to sustain public services and to meet obligations as they come due, assuming that current policy for Federal Government public services and taxation is continued without change.

The Statements of Long-Term Fiscal Projections display the present value of 75-year projections by major category of the Federal Government's receipts and non-interest spending. These projections show the extent to which future receipts of the Government exceed or fall short of the Government's non-interest spending. The projections are presented both in terms of present value dollars and in terms of present value dollars as a percent of present value Gross Domestic Product (GDP). The projections are on the basis of policies currently in place and are neither forecasts nor predictions. These projections are consistent with the projections for Social Security and Medicare presented in the Statements of Social Insurance and are based on the same economic and demographic assumptions as underlie the Statements of Social Insurance. These statements also display the fiscal gap, which is a summary measure of the combination of non-interest spending reductions and receipt increases necessary to hold the ratio of debt held by the public to GDP at the end of the projection period to its value at the beginning of the period. Note 23—Long-Term Fiscal Projections, further explains the methods used to prepare these projections and provides additional information. Unaudited required supplementary information further assesses the sustainability of current fiscal policy and provides results based on alternative assumptions to those used in the basic statement.

As discussed further in Note 23, a sustainable policy is one where the ratio of debt held by the public to GDP (the debt-to-GDP ratio) is stable or declining over the long term. GDP measures the size of the Nation's economy in terms of the total value of all final goods and services that are produced in a year. Considering financial results relative to GDP is a useful indicator of the economy's capacity to sustain the Government's many programs.

Statements of Social Insurance and Changes in Social Insurance Amounts

The Statements of Social Insurance provide estimates of the status of the most significant social insurance programs: Social Security, Medicare, Railroad Retirement, and Black Lung². They are administered by the Social Security Administration (SSA), U.S. Department of Health and Human Services (HHS), the Railroad Retirement Board (RRB), and the Department of Labor (DOL), respectively. The estimates are actuarial present values³ of the projections and are based on the economic and demographic assumptions representing the trustees' reasonable estimates as set forth in the relevant Social Security and Medicare trustees' reports as well as in the agency financial reports of HHS, SSA, and DOL (Black Lung) and in the relevant agency performance and accountability report for the RRB. The SOSI projections, with one exception related to Medicare Part A and OASDI, are based on current law; that is, they assume that scheduled social insurance benefit payments would continue after related trust funds are projected to be depleted, contrary to current law. By law, once assets are exhausted, expenditures cannot be made except to the extent covered by ongoing tax receipts and other trust fund income.

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 statements. However, because of the large number of factors that affect the Statements of Social Insurance, plus 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 22—Social Insurance describes the social insurance programs, reports long-range estimates that can be used to assess the financial condition of the programs,

² In relation to the amounts presented in the Statements of Social Insurance and Changes in Social Insurance Amounts, the combined Railroad Retirement and Black Lung programs account for less than a quarter of one percent of the statement totals, and therefore, are not material from the consolidated perspective.

³ 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.

and explains some of the factors that impact the various programs. The Statements of Changes in Social Insurance Amounts reconcile the change between the current valuation period and the prior valuation period.

**United States Government
Statement of Net Cost
for the Year Ended September 30, 2017**

(In billions of dollars)	Gross Cost	Earned Revenue	Subtotal	(Gain)/Loss from Changes in Assumptions	Net Cost
Department of Health and Human Services	1,186.8	101.1	1,085.7	0.4	1,086.1
Social Security Administration.....	999.1	0.3	998.8	-	998.8
Department of Defense	718.7	77.4	641.3	24.1	665.4
Department of Veterans Affairs	254.8	4.8	250.0	229.7	479.7
Interest on Treasury Securities Held by the Public	296.3	-	296.3	-	296.3
Office of Personnel Management	90.1	22.3	67.8	102.5	170.3
Department of the Treasury.....	179.5	37.9	141.6	-	141.6
Department of Agriculture	142.9	8.1	134.8	-	134.8
Department of Transportation	79.6	0.9	78.7	-	78.7
Department of Housing and Urban Development	70.9	1.7	69.2	-	69.2
Department of Homeland Security	77.3	12.3	65.0	(0.5)	64.5
Department of Education	84.4	30.6	53.8	-	53.8
Department of Labor.....	43.5	-	43.5	-	43.5
Department of Energy	46.9	5.6	41.3	-	41.3
Defense Security Cooperation Agency	36.7	-	36.7	-	36.7
Department of Justice	34.2	1.6	32.6	-	32.6
Department of State	31.3	4.8	26.5	0.3	26.8
Federal Communications Commission.....	20.7	0.4	20.3	-	20.3
National Aeronautics and Space Administration.....	19.6	0.2	19.4	-	19.4
Department of the Interior	20.2	2.7	17.5	-	17.5
U.S. Agency for International Development	13.2	-	13.2	-	13.2
Department of Commerce.....	12.9	3.3	9.6	-	9.6
Railroad Retirement Board.....	13.0	3.8	9.2	-	9.2
Environmental Protection Agency.....	8.8	0.4	8.4	-	8.4
National Science Foundation	7.1	-	7.1	-	7.1
U.S. Postal Service	71.9	68.7	3.2	-	3.2
Smithsonian Institution	0.9	-	0.9	-	0.9
Millennium Challenge Corporation	0.7	-	0.7	-	0.7
U.S. Nuclear Regulatory Commission.....	0.9	0.8	0.1	-	0.1
Overseas Private Investment Corporation	-	0.1	(0.1)	-	(0.1)
Securities and Exchange Commission.....	1.9	2.1	(0.2)	-	(0.2)
Small Business Administration	0.1	0.3	(0.2)	-	(0.2)
Farm Credit System Insurance Corporation	-	0.4	(0.4)	-	(0.4)
General Services Administration	0.2	0.6	(0.4)	-	(0.4)
National Credit Union Administration.....	(0.1)	0.7	(0.8)	-	(0.8)
Tennessee Valley Authority.....	9.9	10.7	(0.8)	-	(0.8)
Export-Import Bank of the United States	0.4	1.2	(0.8)	-	(0.8)
Pension Benefit Guaranty Corporation.....	9.8	14.1	(4.3)	-	(4.3)
Federal Deposit Insurance Corporation.....	1.5	10.6	(9.1)	-	(9.1)
All other entities	22.7	1.4	21.3	-	21.3
Total.....	4,609.3	431.9	4,177.4	356.5	4,533.9

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

**United States Government
Statement of Net Cost
for the Year Ended September 30, 2016 (Restated)**

(In billions of dollars)	Gross Cost	Earned Revenue	Subtotal	(Gain)/Loss from Changes in Assumptions	Net Cost
Department of Health and Human Services	1,170.0	96.1	1,073.9	0.4	1,074.3
Social Security Administration.....	982.1	0.3	981.8	-	981.8
Department of Defense	721.9	55.1	666.8	(57.6)	609.2
Department of Veterans Affairs	276.5	4.9	271.6	377.5	649.1
Interest on Treasury Securities Held by the Public	273.0	-	273.0	-	273.0
Office of Personnel Management	60.2	21.3	38.9	(47.1)	(8.2)
Department of the Treasury.....	148.7	19.4	129.3	-	129.3
Department of Agriculture	142.1	8.5	133.6	-	133.6
Department of Transportation	80.7	0.9	79.8	-	79.8
Department of Housing and Urban Development	31.2	1.7	29.5	-	29.5
Department of Homeland Security	66.5	13.1	53.4	0.2	53.6
Department of Education	103.1	29.9	73.2	-	73.2
Department of Labor.....	46.4	-	46.4	-	46.4
Department of Energy	68.6	4.3	64.3	-	64.3
Defense Security Cooperation Agency	36.0	-	36.0	-	36.0
Department of Justice	38.7	1.6	37.1	-	37.1
Department of State	32.6	4.7	27.9	(0.1)	27.8
Federal Communications Commission.....	10.4	0.5	9.9	-	9.9
National Aeronautics and Space Administration.....	20.0	0.2	19.8	-	19.8
Department of the Interior	19.2	2.5	16.7	-	16.7
U.S. Agency for International Development	12.6	-	12.6	-	12.6
Department of Commerce.....	12.5	3.3	9.2	-	9.2
Railroad Retirement Board.....	15.3	3.9	11.4	-	11.4
Environmental Protection Agency.....	9.0	0.4	8.6	-	8.6
National Science Foundation	7.0	-	7.0	-	7.0
U.S. Postal Service	77.2	70.4	6.8	-	6.8
Smithsonian Institution	0.8	-	0.8	-	0.8
Millennium Challenge Corporation	0.6	-	0.6	-	0.6
U.S. Nuclear Regulatory Commission.....	0.9	0.8	0.1	-	0.1
Overseas Private Investment Corporation	-	0.1	(0.1)	-	(0.1)
Securities and Exchange Commission.....	1.7	2.0	(0.3)	-	(0.3)
Small Business Administration	0.5	0.3	0.2	-	0.2
Farm Credit System Insurance Corporation	-	0.3	(0.3)	-	(0.3)
General Services Administration	0.6	0.7	(0.1)	-	(0.1)
National Credit Union Administration.....	(0.7)	0.1	(0.8)	-	(0.8)
Tennessee Valley Authority.....	9.3	10.6	(1.3)	-	(1.3)
Export-Import Bank of the United States	(0.2)	1.2	(1.4)	-	(1.4)
Pension Benefit Guaranty Corporation.....	19.4	14.0	5.4	-	5.4
Federal Deposit Insurance Corporation.....	0.2	9.5	(9.3)	-	(9.3)
All other entities	21.1	1.3	19.8	-	19.8
Total.....	4,515.7	383.9	4,131.8	273.3	4,405.1

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

**United States Government
Statement of Operations and Changes in Net Position
for the Year Ended September 30, 2017**

	Funds other than those from Dedicated Collections (Combined)	Funds from Dedicated Collections (Note 20) (Combined)	Eliminations	Consolidated
(In billions of dollars)	2017			
Revenue (Note 17):				
Individual income tax and tax withholdings	1,560.1	1,127.8	-	2,687.9
Corporation income taxes	299.1	-	-	299.1
Excise taxes	24.7	62.6	-	87.3
Unemployment taxes	-	44.1	-	44.1
Customs duties	33.2	-	-	33.2
Estate and gift taxes	22.8	-	-	22.8
Other taxes and receipts	135.9	36.2	-	172.1
Miscellaneous earned revenues	24.0	4.1	-	28.1
Intragovernmental interest	-	99.6	(99.6)	-
Total Revenue	2,099.8	1,374.4	(99.6)	3,374.6
Net Cost of Government Operations:				
Net cost	2,885.8	1,648.1	-	4,533.9
Intragovernmental net cost	(8.5)	8.5	-	-
Intragovernmental interest	99.6	-	(99.6)	-
Total net cost	2,976.9	1,656.6	(99.6)	4,533.9
Intragovernmental transfers	(327.1)	327.1	-	-
Unmatched transactions and balances (Note 1.S)	2.6	-	-	2.6
Net operating (cost)/revenue	(1,201.6)	44.9	-	(1,156.7)
Net position, beginning of period	(22,671.1)	3,374.3	-	(19,296.8)
Prior period adjustments—changes in accounting principles (Note 1.T)	37.1	0.2	-	37.3
Net operating (cost)/revenue	(1,201.6)	44.9	-	(1,156.7)
Net position, end of period	(23,835.6)	3,419.4	-	(20,416.2)

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

United States Government
Statement of Operations and Changes in Net Position
for the Year Ended September 30, 2016 (Restated)

	Funds other than those from Dedicated Collections (Combined)	Funds from Dedicated Collections (Note 20) (Combined)	Eliminations	Consolidated
(In billions of dollars)	2016			
Revenue (Note 17):				
Individual income tax and tax withholdings	1,525.5	1,077.7	-	2,603.2
Corporation income taxes	294.3	-	-	294.3
Excise taxes	42.1	58.3	-	100.4
Unemployment taxes	-	46.9	-	46.9
Customs duties	33.3	-	-	33.3
Estate and gift taxes	21.0	-	-	21.0
Other taxes and receipts	185.1	42.9	-	228.0
Miscellaneous earned revenues	15.3	2.9	-	18.2
Intragovernmental interest	-	102.8	(102.8)	-
Total Revenue	2,116.6	1,331.5	(102.8)	3,345.3
Net Cost of Government Operations:				
Net cost	2,799.4	1,605.7	-	4,405.1
Intragovernmental net cost	(8.7)	8.7	-	-
Intragovernmental interest	102.8	-	(102.8)	-
Total net cost	2,893.5	1,614.4	(102.8)	4,405.1
Intragovernmental transfers	(409.5)	409.5	-	-
Unmatched transactions and balances (Note 1.S)	8.1	-	-	8.1
Net operating (cost)/revenue	(1,178.3)	126.6	-	(1,051.7)
Net position, beginning of period	(21,491.3)	3,247.7	-	(18,243.6)
Prior period adjustments (Note 1.T, 1.V and 20)	(1.5)	-	-	(1.5)
Net operating (cost)/revenue	(1,178.3)	126.6	-	(1,051.7)
Net position, end of period	(22,671.1)	3,374.3	-	(19,296.8)

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

United States Government
Reconciliations of Net Operating Cost and Budget Deficit
for the Years Ended September 30, 2017, and 2016

(In billions of dollars)	2017	Restated 2016
Net operating cost	<u>(1,156.7)</u>	<u>(1,051.7)</u>
Components of net operating cost not part of the budget deficit		
Excess of accrual-basis expenses over budget outlays		
* Federal employee and veteran benefits payable		
Pension and accrued benefits	180.5	(106.9)
Veterans compensation and burial benefits	313.7	477.7
Post-retirement health and accrued benefits	5.3	56.8
Other benefits	(8.8)	9.4
Subtotal - federal employee and veteran benefits payable	<u>490.7</u>	<u>437.0</u>
* Insurance and guarantee program liabilities	15.5	16.7
* Environmental and disposal liabilities	17.9	35.0
* Accounts payable	8.4	(5.9)
* Benefits due and payable	0.6	4.3
* Other liabilities	4.5	13.8
Subtotal - excess of accrual-basis expenses over budget outlays	<u>537.6</u>	<u>500.9</u>
Amortized expenses not included in budget outlays		
Property, plant, and equipment depreciation expense	33.6	52.2
Other expenses that are not reported as budget outlays		
Property, plant, and equipment disposals and revaluations	(10.0)	(24.9)
Agencies year-end credit reform subsidy re-estimates	28.5	10.4
Excess of accrual-basis revenue over budget receipts		
Accounts receivable, net	(7.3)	(7.3)
Taxes receivable, net	(2.8)	(8.1)
Other losses/(gains) and cost/(revenue) that are not budget receipts		
* Investments in government-sponsored enterprises	16.0	(2.3)
Deposit fund balances	11.4	20.3
Subtotal - components of net operating cost not part of budget deficit	<u>607.0</u>	<u>541.2</u>
Components of the budget deficit that are not part of net operating cost		
Budget receipts not included in net operating cost		
Credit reform and other loan activities	(25.8)	9.5
Budget outlays not included in net operating cost		
Acquisition of capital assets	(78.6)	(81.5)
* Debt and equity securities	(8.0)	(3.8)
* Inventories and related property	(12.4)	6.3
Effect of prior year agencies credit reform subsidy re-estimates	(10.4)	2.3
* Other assets	(2.2)	20.2
Subtotal - components of the budget deficit that are not part of net operating cost	<u>(137.4)</u>	<u>(47.0)</u>
Other		
All other reconciling items	21.4	(29.9)
Budget deficit	<u>(665.7)</u>	<u>(587.4)</u>

* The amounts represent the year over year net change in the Balance Sheet line items.

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

**United States Government
Statements of Changes in Cash Balance from Budget and Other Activities
for the Years Ended September 30, 2017, and 2016**

(In billions of dollars)	2017	Restated 2016
Cash flow from budget activities		
Total budget receipts	3,314.9	3,266.7
Total budget outlays	(3,980.6)	(3,854.1)
<i>Budget deficit</i>	(665.7)	(587.4)
Adjustments for non-cash outlays included in the budget		
Interest accrued on Treasury securities held by the public	279.3	264.1
Net amortization on Treasury securities held by the public.....	17.0	8.9
Agencies year-end credit reform subsidy re-estimates	(18.1)	(12.7)
Subsidy expense accrued under direct loan & guarantee programs	20.3	19.0
<i>Subtotal - adjustments for non-cash transactions in the budget</i>	298.5	279.3
Cash flow from activities not included in the budget		
Cash flow from non-budget activities		
Interest paid on Treasury securities held by the public	(241.6)	(244.3)
Direct loans		
Loan disbursements	(224.2)	(211.5)
Repayment of loans.....	167.6	122.7
Loan guarantees		
Default payment/claims	(106.9)	(122.5)
Fees and recoveries on defaulted loans	120.5	101.9
Miscellaneous liabilities	(1.0)	1.1
Deposit fund liability balances	8.9	(9.6)
Loans to the IMF	2.3	0.9
Investments in non-federal securities	(0.1)	3.4
Seigniorage	0.3	0.6
<i>Subtotal - cash flow from non-budget activities</i>	(274.2)	(357.3)
Cash flow from monetary transactions		
Reserve position in the IMF	-	1.2
<i>Subtotal - cash flow from monetary transactions</i>	-	1.2
Cash flow from financing		
Borrowing from the public	8,703.6	8,390.4
Repayment of debt held by the public	(8,226.0)	(7,352.2)
Effect of uninvested principal from the Thrift Savings Plan (TSP) G Fund	-	(203.2)
Agency securities	-	0.1
<i>Subtotal - cash flow from financing</i>	477.6	835.1
Other	(32.9)	(8.1)
Change in cash and other monetary assets balance	(196.7)	162.8
Beginning cash and other monetary assets balance	467.9	305.1
Ending cash and other monetary assets balance	271.2	467.9

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

**United States Government
Balance Sheets
as of September 30, 2017, and 2016**

(In billions of dollars)	2017	Restated 2016
Assets:		
Cash and other monetary assets (Note 2).....	271.2	467.9
Accounts and taxes receivable, net (Note 3).....	143.3	133.2
Loans receivable, net (Note 4).....	1,348.5	1,277.6
Inventories and related property, net (Note 5).....	326.7	314.3
Property, plant and equipment, net (Note 6).....	1,034.5	979.5
Debt and equity securities (Note 7).....	116.2	108.2
Investments in government-sponsored enterprises (Note 8).....	92.6	108.6
Other assets (Note 9).....	147.7	145.5
Total assets	<u>3,480.7</u>	<u>3,534.8</u>
Stewardship land and heritage assets (Note 24)		
Liabilities:		
Accounts payable (Note 10).....	70.8	62.4
Federal debt securities held by the public and accrued interest (Note 11).....	14,724.1	14,221.1
Federal employee and veteran benefits payable (Note 12).....	7,700.1	7,209.4
Environmental and disposal liabilities (Note 13).....	464.5	446.6
Benefits due and payable (Note 14).....	218.8	218.2
Insurance and guarantee program liabilities (Note 15).....	202.5	187.0
Loan guarantee liabilities (Note 4).....	42.9	18.2
Other liabilities (Note 16).....	473.2	468.7
Total liabilities	<u>23,896.9</u>	<u>22,831.6</u>
Contingencies (Note 18) and Commitments (Note 19)		
Net Position:		
Funds from Dedicated Collections (Note 20).....	3,419.4	3,374.3
Funds other than those from Dedicated Collections.....	<u>(23,835.6)</u>	<u>(22,671.1)</u>
Total net position	<u>(20,416.2)</u>	<u>(19,296.8)</u>
Total liabilities and net position	<u>3,480.7</u>	<u>3,534.8</u>

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

**United States Government
Statements of Long-Term Fiscal Projections (Note 23)
Present Value of 75 Year Projections as of September 30, 2017 and 2016¹**

	In trillions of dollars			Percent of GDP ²		
	2017	2016	Change	2017	2016	Change
Receipts:						
Social Security Payroll Taxes.....	58.0	56.3	1.7	4.3	4.3	-
Medicare Payroll Taxes	19.4	18.8	0.6	1.4	1.4	-
Individual Income Taxes	141.9	139.0	2.9	10.5	10.7	(0.1)
Other Receipts.....	49.0	47.5	1.6	3.6	3.6	-
Total Receipts	268.4	261.6	6.8	19.9	20.1	(0.2)
Non-interest spending:						
Social Security.....	78.7	75.6	3.0	5.8	5.8	-
Medicare Part A ³	26.6	26.5	0.1	2.0	2.0	(0.1)
Medicare Parts B & D ⁴	32.3	31.3	1.1	2.4	2.4	-
Medicaid.....	32.1	31.7	0.4	2.4	2.4	-
Other Mandatory	40.5	41.6	(1.1)	3.0	3.2	(0.2)
Defense Discretionary	39.1	32.0	7.2	2.9	2.5	0.5
Non-defense Discretionary	35.3	33.6	1.7	2.6	2.6	-
Total Non-interest Spending	284.6	272.2	12.4	21.1	20.9	0.2
Receipts less non-interest spending	(16.2)	(10.6)	(5.6)	(1.2)	(0.8)	(0.4)
Fiscal gap⁵.....				(2.0)	(1.6)	(0.4)

¹75-year present value projections for 2017 are as of 9/30/2017 for the period FY 2018-2092; projections for 2016 are as of 9/30/2016 for the period FY 2017-2091.

²The 75-year present value of nominal Gross Domestic Product (GDP), which drives the calculations above is \$1,347.0 trillion starting in FY 2018, and was \$1,302.8 trillion starting in FY 2017.

³Represents portions of Medicare supported by payroll taxes.

⁴Represents portions of Medicare supported by general revenues. Consistent with the President's Budget, outlays for Parts B & D are presented net of premiums.

⁵To prevent the debt-to-GDP ratio from rising over the next 75 years, a combination of non-interest spending reductions and receipts increases that amounts to 2.0 percent of GDP on average is needed (1.6 percent of GDP on average in 2016). See Financial Statement Note 23.

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 22)
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections

(In trillions of dollars)	2017	2016	2015	2014	2013
Federal Old-age, Survivors and Disability Insurance (Social Security):¹¹					
<i>Revenue (Contributions and Dedicated Taxes) from:</i>					
Participants who have attained eligibility age (age 62 and over) ..	1.4	1.3	1.2	1.0	0.9
Participants who have not attained eligibility age.....	30.3	29.3	27.8	25.4	24.6
Future participants.....	30.5	29.7	26.6	24.6	23.4
All current and future participants	<u>62.1</u>	<u>60.3</u>	<u>55.5</u>	<u>51.0</u>	<u>48.9</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (age 62 and over) ..	(14.7)	(13.6)	(12.8)	(11.9)	(11.0)
Participants who have not attained eligibility age.....	(50.2)	(48.4)	(45.3)	(42.4)	(40.6)
Future participants.....	(12.6)	(12.4)	(10.9)	(10.0)	(9.6)
All current and future participants	<u>(77.5)</u>	<u>(74.4)</u>	<u>(69.0)</u>	<u>(64.3)</u>	<u>(61.2)</u>
<i>Present value of future expenditures in excess of future revenue</i>	<u>(15.4)¹</u>	<u>(14.1)²</u>	<u>(13.4)³</u>	<u>(13.3)⁴</u>	<u>(12.3)⁵</u>
Federal Hospital Insurance (Medicare Part A):¹¹					
<i>Revenue (Contributions and Dedicated Taxes) from:</i>					
Participants who have attained eligibility age (age 65 and over) ..	0.5	0.5	0.4	0.3	0.3
Participants who have not attained eligibility age.....	10.7	10.3	9.1	8.4	8.1
Future participants.....	10.6	10.0	8.4	7.8	7.7
All current and future participants	<u>21.7</u>	<u>20.7</u>	<u>17.9</u>	<u>16.5</u>	<u>16.2</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (age 65 and over) ..	(4.5)	(4.3)	(3.8)	(3.5)	(3.4)
Participants who have not attained eligibility age.....	(17.2)	(16.8)	(14.5)	(14.1)	(14.6)
Future participants.....	(3.5)	(3.4)	(2.8)	(2.8)	(2.9)
All current and future participants	<u>(25.3)</u>	<u>(24.5)</u>	<u>(21.1)</u>	<u>(20.4)</u>	<u>(21.0)</u>
<i>Present value of future expenditures in excess of future revenue</i>	<u>(3.5)¹</u>	<u>(3.8)²</u>	<u>(3.2)³</u>	<u>(3.8)⁴</u>	<u>(4.8)⁵</u>
Federal Supplementary Medical Insurance (Medicare Part B):¹¹					
<i>Revenue (Premiums) from:</i>					
Participants who have attained eligibility age (age 65 and over) ..	1.1	1.0	0.9	0.8	0.7
Participants who have not attained eligibility age.....	5.9	5.3	4.6	4.5	4.1
Future participants.....	1.4	1.2	1.0	1.1	0.9
All current and future participants	<u>8.4</u>	<u>7.5</u>	<u>6.5</u>	<u>6.5</u>	<u>5.7</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (age 65 and over) ..	(4.5)	(4.0)	(3.6)	(3.2)	(2.9)
Participants who have not attained eligibility age.....	(21.4)	(19.2)	(16.8)	(17.0)	(15.1)
Future participants.....	(4.9)	(4.3)	(3.5)	(4.1)	(3.4)
All current and future participants	<u>(30.8)</u>	<u>(27.5)</u>	<u>(24.0)</u>	<u>(24.3)</u>	<u>(21.4)</u>
<i>Present value of future expenditures in excess of future revenue⁶</i>	<u>(22.4)¹</u>	<u>(20.0)²</u>	<u>(17.5)³</u>	<u>(17.9)⁴</u>	<u>(15.7)⁵</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 22), continued
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections

(In trillions of dollars)	2017	2016	2015	2014	2013
Federal Supplementary Medical Insurance (Medicare Part D):¹¹					
<i>Revenue (Premiums and State Transfers) from:</i>					
Participants who have attained eligibility age (age 65 and over) ..	0.3	0.3	0.3	0.2	0.2
Participants who have not attained eligibility age.....	2.0	2.2	1.8	1.6	1.5
Future participants.....	0.8	1.0	0.8	0.7	0.7
All current and future participants	<u>3.1</u>	<u>3.5</u>	<u>2.9</u>	<u>2.5</u>	<u>2.3</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (age 65 and over) ..	(1.0)	(1.0)	(0.9)	(0.8)	(0.7)
Participants who have not attained eligibility age.....	(6.9)	(7.7)	(6.4)	(5.9)	(5.9)
Future participants.....	(2.9)	(3.6)	(2.8)	(2.6)	(2.6)
All current and future participants	<u>(10.8)</u>	<u>(12.2)</u>	<u>(10.2)</u>	<u>(9.3)</u>	<u>(9.2)</u>
<i>Present value of future expenditures in excess of future revenue⁶</i>	<u>(7.6)¹</u>	<u>(8.7)²</u>	<u>(7.3)³</u>	<u>(6.8)⁴</u>	<u>(6.9)⁵</u>
Other:⁷					
<i>Present value of future expenditures in excess of future revenues^{8, 9, 10}</i>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>	<u>(0.1)</u>
<i>Total present value of future expenditures in excess of future revenue</i>	<u>(49.0)</u>	<u>(46.7)</u>	<u>(41.5)</u>	<u>(41.9)</u>	<u>(39.7)</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 22), continued
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections

(In trillions of dollars)	2017	2016	2015	2014	2013
Social Insurance Summary¹¹					
<i>Participants who have attained eligibility age:</i>					
Revenue (e.g., contributions and dedicated taxes)	3.3	3.1	2.8	2.3	2.1
Expenditures for scheduled future benefits	(24.7)	(22.9)	(21.3)	(19.4)	(18.2)
Present value of future expenditures in excess of future revenue.....	(21.4)	(19.8)	(18.5)	(17.1)	(16.1)
<i>Participants who have not attained eligibility age:</i>					
Revenue (e.g., contributions and dedicated taxes)	48.9	47.1	43.4	40.0	38.4
Expenditures for scheduled future benefits	(95.7)	(92.2)	(83.1)	(79.6)	(76.3)
Present value of future expenditures in excess of future revenue.....	(46.8)	(45.1)	(39.7)	(39.6)	(37.9)
Closed-group - Total present value of future expenditures in excess of future revenue.....	(68.2)	(64.9)	(58.2)	(56.7)	(54.0)
<i>Future participants:</i>					
Revenue (e.g., contributions and dedicated taxes)	43.3	41.9	36.8	34.3	32.9
Expenditures for scheduled future benefits	(24.0)	(23.7)	(20.1)	(19.6)	(18.6)
Present value of future revenue in excess of future expenditure	19.3	18.2	16.8	14.8	14.3
Open-group - Total present value of future expenditures in excess of future revenue	(49.0)	(46.7)	(41.5)	(41.9)	(39.7)

¹ The projection period for Social Security and Medicare is 1/1/2017-12/31/2091 and the valuation date is 1/1/2017.

² The projection period for Social Security and Medicare is 1/1/2016-12/31/2090 and the valuation date is 1/1/2016.

³ The projection period for Social Security and Medicare is 1/1/2015-12/31/2089 and the valuation date is 1/1/2015.

⁴ The projection period for Social Security and Medicare is 1/1/2014-12/31/2088 and the valuation date is 1/1/2014.

⁵ The projection period for Social Security and Medicare is 1/1/2013-12/31/2087 and the valuation date is 1/1/2013.

⁶ These amounts represent the present value of the future transfers from the General Fund 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 Includes Railroad Retirement and Black Lung.

⁸ These amounts do not include the present value of the financial interchange between the railroad retirement and social security systems, which is included as income in the Railroad Retirement Financial Report, but is not included from the governmentwide perspective of this report. (See discussion of Railroad Retirement Program in the unaudited required supplementary information section of this report).

⁹ Does not include interest expense accruing on the outstanding debt of the Black Lung Disability Trust Fund.

¹⁰ For information on the projection periods and valuation dates for the Railroad Retirement and Black Lung programs, refer to the financial statements of RRB and DOL, respectively.

¹¹ Current participants for the Social Security and Medicare programs are assumed to be the "closed-group" of individuals who are at least 15 years of age at the start of the projection period, and are participating as either taxpayers, beneficiaries, or both.

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
Statement of Changes in Social Insurance Amounts
for the Year Ended September 30, 2017 (Note 22)**

(In trillions of dollars)	Social Security ¹	Medicare HI ¹	Medicare SMI ¹	Other ²	Total
Net present value (NPV) of future revenue less future expenditures for current and future participants (the "open group") over the next 75 years, beginning of the year	(14.1)	(3.8)	(28.7)	(0.1)	(46.7)
Reasons for changes in the NPV during the year:					
Changes in valuation period	(0.6)	(0.2)	(1.2)	-	(2.0)
Changes in demographic data, assumptions, and methods	(0.1)	(0.1)	-	-	(0.2)
Changes in economic data, assumptions, and methods	(0.6)	-	-	-	(0.6)
Changes in law or policy	-	-	-	-	-
Changes in economic and other health care assumptions	-	0.2	(0.5)	-	(0.3)
Change in projection base	-	0.3	0.4	-	0.7
Net change in open group measure	(1.2)	0.3	(1.4)	-	(2.3)
Open group measure, end of year.....	<u>(15.4)</u>	<u>(3.5)</u>	<u>(30.0)</u>	<u>(0.1)</u>	<u>(49.0)</u>

¹ Amounts represent changes between valuation dates 1/1/2016 and 1/1/2017.

² Includes Railroad Retirement changes between valuation dates 10/1/2015 and 10/1/2016 and Black Lung changes between 9/30/2016 and 9/30/2017.

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
Statement of Changes in Social Insurance Amounts
for the Year Ended September 30, 2016 (Note 22)

(In trillions of dollars)	Social Security ¹	Medicare HI ¹	Medicare SMI ¹	Other ²	Total
Net present value (NPV) of future revenue less future expenditures for current and future participants (the "open group") over the next 75 years, beginning of the year	(13.4)	(3.2)	(24.8)	(0.1)	(41.5)
Reasons for changes in the NPV during the year:					
Changes in valuation period.....	(0.5)	(0.1)	(1.1)	-	(1.7)
Changes in demographic data, assumptions, and methods	0.6	0.2	0.3	-	1.1
Changes in economic data, assumptions, and	(0.9)	-	-	-	(0.9)
Changes in law or policy	0.1	-	0.2	-	0.3
Changes in economic and other health care assumptions	-	(0.4)	(3.0)	-	(3.4)
Change in projection base	-	(0.3)	(0.3)	-	(0.6)
Net change in open group measure	(0.7)	(0.6)	(3.9)	-	(5.2)
Open group measure, end of year.....	<u>(14.1)</u>	<u>(3.8)</u>	<u>(28.7)</u>	<u>(0.1)</u>	<u>(46.7)</u>

¹ Amounts represent changes between valuation dates 1/1/2015 and 1/1/2016.

² Includes Railroad Retirement changes between valuation dates 1/1/2015 and 10/1/2015 and Black Lung changes between 9/30/2015 and 9/30/2016.

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

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