

**CONSOLIDATED  
FINANCIAL STATEMENTS  
of the United States Government**

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**Fiscal Year 1985  
Prototype**

***...Treasury's commitment to full disclosure  
of financial information to the public.***



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THE SECRETARY OF THE TREASURY

WASHINGTON

July 1, 1986

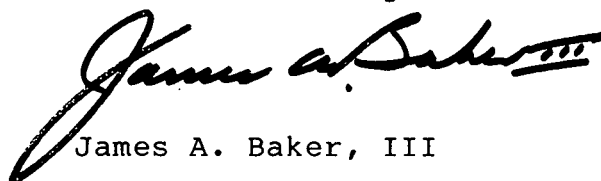
Statement of the  
Secretary of the Treasury

The Department of the Treasury is pleased to present these Consolidated Financial Statements disclosing information on the financial condition of the Federal Government for the fiscal year 1985. They have been prepared in conformity with generally accepted accounting principles (GAAP) but remain a prototype document because GAAP reports are not prepared by all Federal agencies. The statements underline the Treasury's commitment to full disclosure of financial information to the public. In recent years, several Federal agencies have developed consolidated GAAP statements, but the Federal sector still trails the progress of State and local governments--at least 25 States now prepare GAAP-based financial statements.

The renewed emphasis within the Federal Government on improving financial management systems has produced additional agency systems capable of reporting under GAAP, and their progress should be seen in the FY 1986 statements. We expect to have a redesigned Governmentwide accounting and reporting system in place for the FY 1987 statements. Other Federal projects include OMB's development of a standardized general ledger to bring consistency to accounting within all agencies and the efforts to expand use of generic systems and off-the-shelf software.

Improvement in the quality and the timeliness of source data will make the Consolidated Financial Statements a more reliable and useful document in the future. We hope that these statements will enhance public understanding of the complex issues involved in managing the Government's financial resources.

One major change in this year's report involves the reclassification of the social security liability for future benefit payments as a contingent liability. This liability, previously included on the Statement of Financial Position, may now be found in the section on Commitments and Contingencies.

  
James A. Baker, III



**Comptroller General  
of the United States**

Washington, D.C. 20548

July 1, 1986

**STATEMENT OF THE UNITED STATES  
GENERAL ACCOUNTING OFFICE**

The need for sound financial management is one of the most critical issues facing the federal government today. With annual spending now exceeding 1 trillion dollars and current budget deficits of over \$200 billion, the federal government must develop modern financial management systems. These systems are necessary for efficient and effective decision making about the size and affordability of government programs and for producing financial reports which accurately portray the government's operations and financial condition.

This consolidated financial report provides useful information, that is not available elsewhere, about the financial condition and operations of the federal government as a whole; it is supplementary to information contained in budget documents. The consolidated statements disclose the magnitude of the government's assets and future claims on government resources not fully disclosed in the budget. This includes information on the government's inventories and fixed assets as well as its pension liabilities, and the size of the public debt.

The amount of liability for social security benefits, which had been included in the Statement of Financial Position in previous consolidated financial reports, has been eliminated by Treasury from the Statement in this report and included in a footnote instead. Social security benefits is the single largest liability of the federal government. In 1985 the liability amounted to over 2 trillion dollars and would have represented about 40 percent of total liabilities had it been reported in the Statement of Financial Position. At present we are not sure whether social security should be a liability or only disclosed in a footnote. The nature of social security is perhaps the most contentious issue in federal financial reporting and is currently under study to determine how best to report it in the consolidated financial statements.

Although this report is a prototype, it is a step toward a goal we strongly support--the annual publication of formal consolidated financial statements of the United States government which can sustain the scrutiny of an independent audit. Achieving this goal will be a significant milestone towards building strong viable financial management systems that will serve the needs of government and help restore public confidence in the management of the government.

Agency summary level statements, along with additional supplemental information, form the basis for preparing this consolidated report. Our ultimate objective is to establish credibility of the financial

statements and to be able to audit them and render a favorable opinion on their fair presentation. To achieve this objective, however, we will first audit the underlying agency statements. We have begun this process with pilot audits at selected major federal agencies.

We are convinced that the need for such an audit is critical since it would give assurance that the information is reliable as well as adding discipline to the overall financial management systems, including the underlying reports needed to manage government programs. Our limited audit work has indicated that some of the numbers in these consolidated statements can be more fairly stated. A primary example of this is the receivables and related allowances in the consolidated statement of financial position. Based on the work we have done, we believe the allowance for losses is substantially understated resulting in a significant overstatement of net receivables and a significant understatement of the costs of the related programs. Likewise, we believe the estimated losses on loan guarantees and insurance is significantly understated.

Regardless of the current shortcomings, these consolidated financial statements are critical to improving financial management. They are the underpinning for budget and management reports and encourage agencies to improve their underlying systems. Although improvements have been and are being made, much still remains to be done to produce formal consolidated statements that can be audited. Currently, the Department of the Treasury estimates certain amounts contained in the accompanying statements based on available data. One of the major improvements undertaken by the Treasury, however, has been the development of a new governmental accounting and reporting system which will facilitate the preparation of the financial statements when it becomes operational, primarily in the consolidation of information received from agencies that the Treasury has estimated for this year's statements.

Treasury also intends to further improve the formats and presentation of the consolidated financial report. We at GAO are committed to achieving the goal of audited consolidated federal financial statements and we are working with the Treasury and the Office of Management and Budget to help make it a reality in the near future. We are particularly interested in further revisions planned for the formats and presentation of the statements and will work closely with Treasury in this endeavor.

As with earlier reports of this nature, we have not audited the accompanying statements and accordingly, we do not express an opinion on them.



Charles A. Bowsher  
Comptroller General  
of the United States

# INTRODUCTION

The reformatting of the Consolidated Financial Statements, begun in the FY 1984 report to more closely approximate corporate annual reports to stockholders, has been continued in the FY 1985 CFS. Five supplemental tables, Flow of Funds Projections, Financial Statements of the U.S. Government Restated for General Price-Level Changes, Effect of Individual and Corporate Tax Benefits on Federal Revenues, Additions to Non-Federal Economic Resources, and Federal Facts and Figures, have been eliminated because these tables were derived entirely from other published reports. For the convenience of the reader, the sources of information for these tables have been listed at the end of the report.

The Financial Highlights and Supplemental Tables have been prepared from data contained in the CFS and are intended to expand significant items in the statements. The reconciliation of accrual operating results to the cash deficit has been augmented by the addition of a summary of cash basis receipts and outlays to better contrast the different results produced by each accounting method. Throughout the CFS, the graphic representations of data have been improved to provide a pictorial overview of data relationships which the user may explore in greater detail in the statements.

The detail of line items in the Statement of Financial Position is now contained in Notes to Financial Statements, and the Statement of Operations presents only expenses by agency which now makes the CFS format consistent with other Treasury reports. With the exception of the reclassification of the accrued actuarial liability for future social security benefit payments from a balance sheet liability to a contingent liability, the statements and the methodology used to prepare them remain unchanged.

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***Financial  
Highlights***

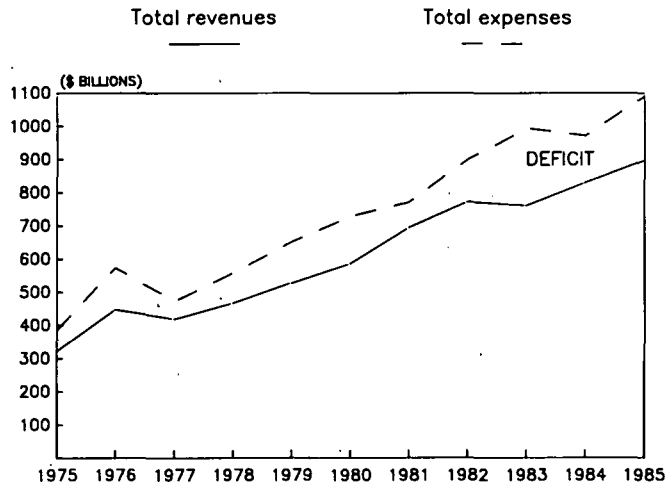
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# FINANCIAL HIGHLIGHTS

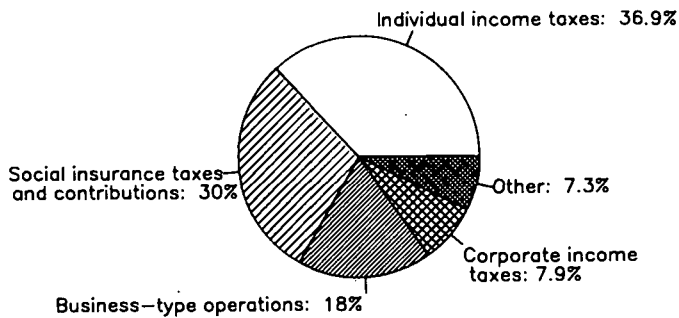
## Revenues and expenses

The following graphs show revenues and expenses for fiscal years 1975 through 1985, and the major categories of revenues by source and expenses by function for fiscal year 1985. These amounts, taken from the Statement of Operations, have been calculated on an accrual basis and differ from those reported on the cash basis in other reports. The data supporting the graph of expenses by function has been estimated based on calculated amounts in prior years.

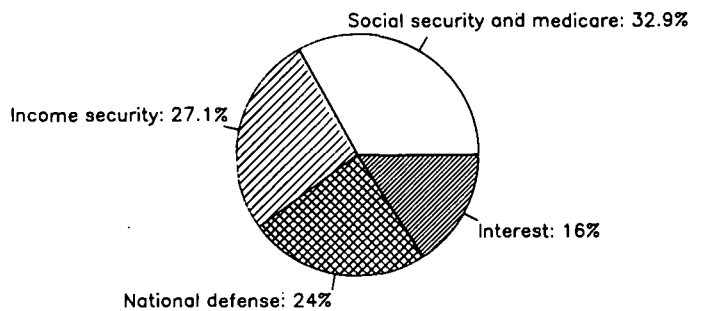
TOTAL REVENUES AND TOTAL EXPENSES  
FY 1975-85



## MAJOR SOURCES OF REVENUES



## MAJOR EXPENSES BY FUNCTION

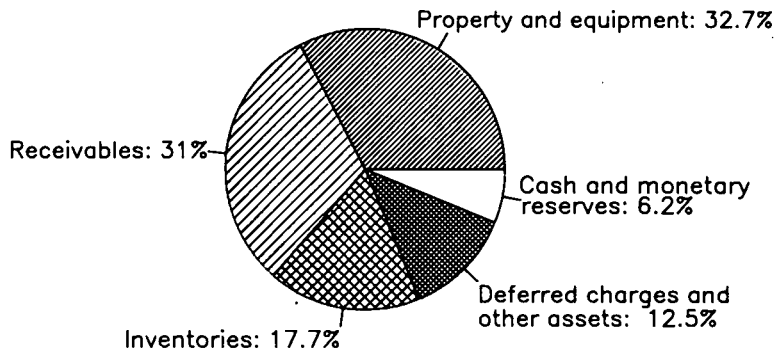




## Major categories of assets

Assets are resources owned by the Federal Government that are available to pay liabilities or provide public services in the future. The following chart is derived from the Statement of Financial Position and depicts the major categories of assets for FY 1985 as a percent of total assets. The components for each of these major categories are contained in Notes to Financial Statements.

### MAJOR CATEGORIES OF ASSETS

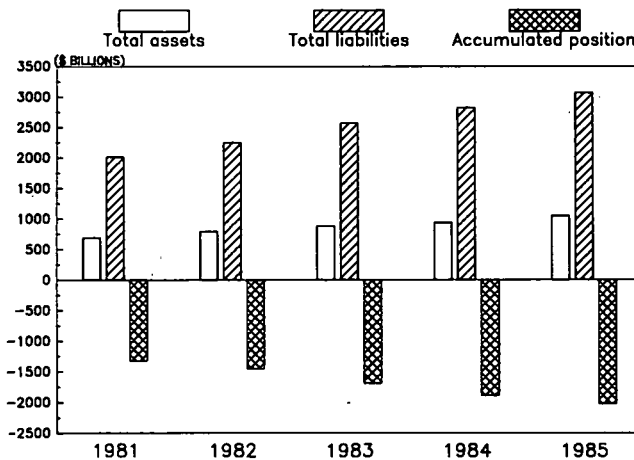


Total: \$1,047.9 billion

## Assets, liabilities, and accumulated position

The following graph depicts the assets, liabilities, and accumulated position reported in the Statement of Financial Position for fiscal years 1981 through 1985. Accumulated position, the excess of liabilities over assets, is shown below the base line to emphasize Federal equity claims or interests in assets.

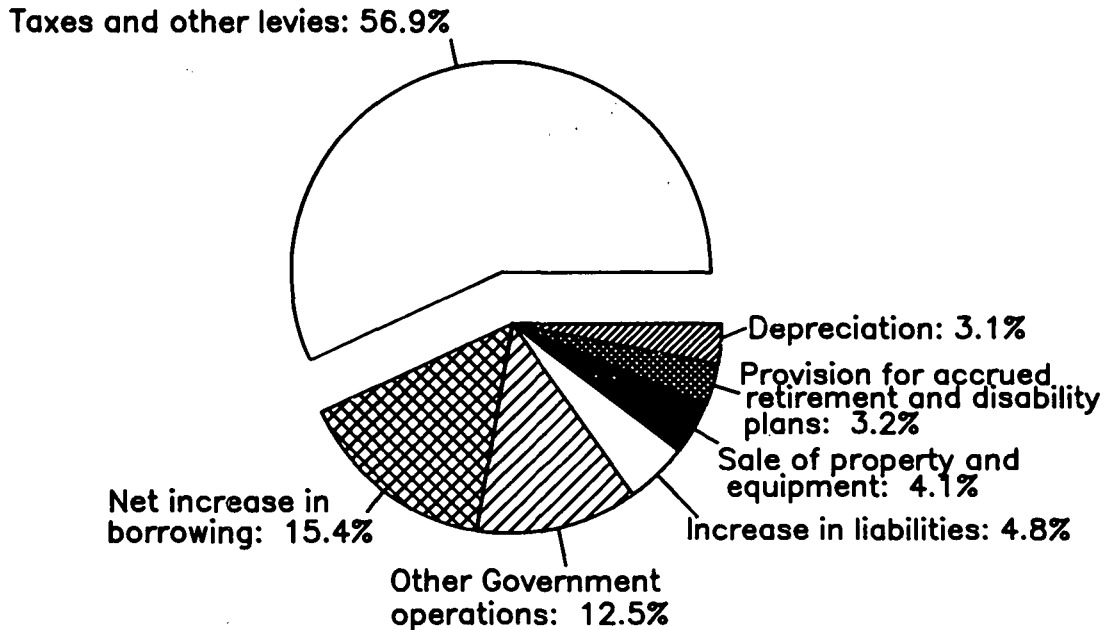
### TOTAL ASSETS, TOTAL LIABILITIES, AND ACCUMULATED POSITION FY 1981-85



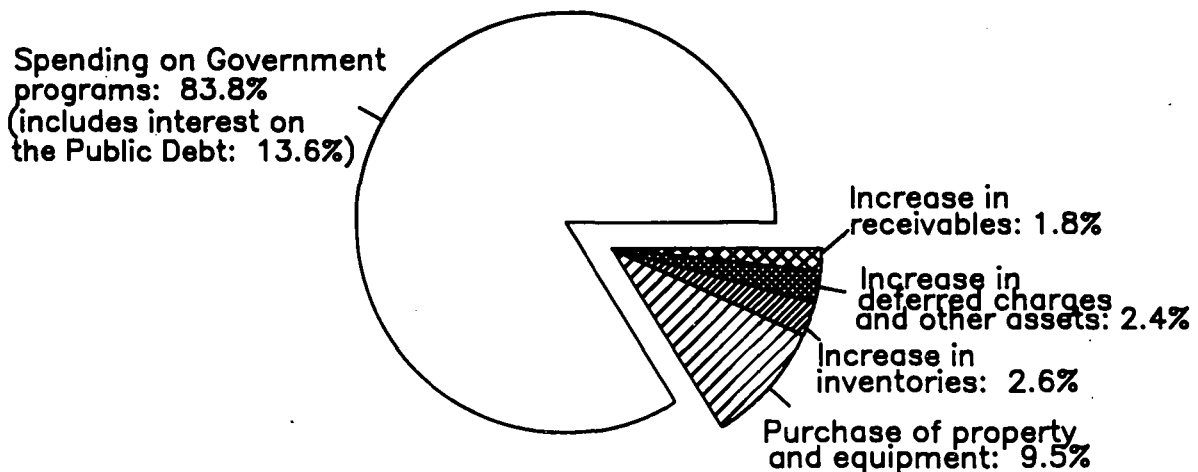
## Sources and uses of funds

The charts below have been derived from the Statement of Changes in Financial Position for FY 1985 and show the resources provided during the period and the uses to which they were put. This statement is not intended to substitute for either the Statement of Financial Position or the Statement of Operations; instead, it presents additional useful information not included in those reports.

### SOURCES OF FUNDS



### USES OF FUNDS



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**Consolidated  
Financial  
Statements**

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**United States Government Consolidated Statement  
of Financial Position as of September 30, 1985 and 1984**

<b>Assets</b>	<b>1985</b>	<b>1984</b>
	(\$ billions)	
Cash and monetary reserves (Note 2) .....	64.6	72.8
Receivables, net of allowances for losses of \$16.3 in 1985 and \$11.6 in 1984 (Note 3) .....	324.4	301.4
Inventories, at cost (Note 4) .....	185.5	151.4
Property and equipment, at cost less accumulated depreciation of \$313.4 in 1985 and \$299.5 in 1984 (Notes 5 and 6) .....	342.7	312.1
Deferred charges and other assets .....	130.7	99.6
Total .....	1,047.9	937.3
<b>Liabilities and Accumulated Position</b>		
Accounts payable .....	163.6	161.5
Unearned revenue .....	41.4	31.8
Borrowing from the public (Note 7) .....	1,498.8	1,299.5
Accrued pension, retirement, and disability plans (Note 8) .....	1,252.0	1,210.3
Social security (Note 9) .....	—	—
Contingent liabilities for guarantee and insurance programs (Note 10) .....	8.7	3.5
Other liabilities .....	103.8	58.5
Total liabilities .....	3,068.3	2,765.1
Accumulated position end of period (Note 11) .....	-2,020.4	-1,827.8
Total .....	1,047.9	937.3

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The accompanying notes are an integral part of this statement.

**United States Government  
Consolidated Statement of Operations  
for the Years Ended September 30, 1985 and 1984**

	1985	1984
	(\$ billions)	
<b>Revenues</b>		
Levied under the Government's sovereign power		
Individual income taxes.....	330.9	296.0
Corporate income taxes.....	70.7	62.3
Social insurance taxes and contributions.....	268.8	241.9
Excise taxes.....	35.9	37.4
Estate and gift taxes.....	6.4	6.0
Customs duties.....	12.0	11.4
Miscellaneous.....	10.9	16.4
	735.6	671.4
Earned through Government business-type operations		
Sale of goods and services.....	32.1	33.5
Interest.....	75.5	61.0
Other.....	53.9	64.6
	161.5	159.1
<b>Total revenues</b> .....	897.1	830.5
<b>Expenses by agency</b>		
Legislative branch.....	1.2	1.3
Judicial branch.....	0.7	0.7
Executive branch		
Office of the President.....	17.9	17.5
Departments		
Agriculture.....	66.5	50.4
Commerce.....	2.1	1.9
Defense.....	300.8	247.2
Education.....	13.0	12.8
Energy.....	15.6	13.5
Health and Human Services.....	242.3	235.8
Housing and Urban Development.....	30.6	23.4
Interior.....	8.4	9.8
Justice.....	3.4	3.2
Labor.....	18.5	19.9
State.....	2.3	2.2
Transportation.....	39.7	36.8
Treasury: Interest.....	148.2	129.0
Other.....	7.8	7.1
Independent agencies.....	170.6	158.3
	1,089.7	970.8
<b>Total expenses</b> .....	1,089.7	970.8
<b>Current period results</b> .....	-192.6	-140.3

The accompanying notes are an integral part of this statement.

**United States Government  
Consolidated Statement of Receipts and Outlays  
and Reconciliation of Accrual Operating Results  
to the Cash Basis Budget**

	1985	1984
	(\$ billions)	
<b>Budget receipts</b>		
Individual income taxes .....	330.9	296.0
Corporation income taxes .....	61.3	56.9
Social insurance taxes and contributions .....	268.8	241.9
Excise taxes .....	35.9	37.4
Estate and gift taxes .....	6.4	6.0
Customs duties .....	12.1	11.3
Miscellaneous receipts .....	18.6	17.0
	<u>734.0</u>	<u>666.5</u>
<b>Budget outlays</b>		
Legislative branch .....	1.6	1.6
Judicial branch .....	1.0	0.9
Executive Office of the President .....	0.1	0.1
Funds appropriated to the President .....	11.3	8.5
Departments		
Agriculture .....	49.6	37.4
Commerce .....	2.1	1.9
Defense .....	262.9	240.4
Education .....	16.7	15.5
Energy .....	10.2	8.3
Health and Human Services .....	315.6	292.3
Housing and Urban Development .....	28.7	16.5
Interior .....	4.8	5.0
Justice .....	3.5	3.2
Labor .....	23.9	24.5
State .....	2.6	2.4
Transportation .....	25.1	24.0
Treasury .....	165.0	141.0
Independent agencies .....	71.1	70.7
Undistributed offsetting receipts .....	-59.0	-52.4
	<u>936.8</u>	<u>841.8</u>
Total budget deficit .....	-202.8	-175.3
Total deficit of off-budget entities .....	-9.1	-10.0
	<u>-211.9</u>	<u>-185.3</u>

**Reconciliation of Accrual Operating Results  
to the Cash Basis Budget  
as of September 30, 1985 and 1984**

	1985	1984
	(\$ billions)	
Expenses over revenues (current period results on accrual basis).....	192.6	140.3
<b>Deduct:</b>		
Net expenses of off-budget agencies.....	12.5	10.0
Increase in actuarial liabilities for pension, retirement, and disability plans.....	41.7	1.1
Depreciation.....	40.1	37.8
Change in contingent liabilities for guarantee and insurance programs.....	5.1	1.1
Other accrual adjustments.....	24.5	24.1
<b>Add:</b>		
Capital outlays.....	118.4	102.3
Net loan disbursements.....	15.2	6.3
Seigniorage.....	0.5	0.5
Reported budget outlays over receipts (cash basis).....	<u>202.8</u>	<u>175.3</u>

**United States Government Consolidated Statement  
of Changes in Financial Position  
for the Years Ended September 30, 1985 and 1984**

	1985	1984
	(\$ billions)	
Cash and monetary reserves beginning of period .....	72.8	79.7
<b>Sources of funds:</b>		
Taxes and other levies .....	735.6	671.4
Other Government operations .....	161.5	159.1
Net increase in borrowing .....	199.4	169.1
Depreciation .....	40.1	37.8
Provision for accrued pension, retirement, and disability plans .....	41.6	1.1
Sale of property and equipment .....	52.4	37.6
Increase in liabilities .....	62.2	24.3
	<hr/>	<hr/>
Total sources of funds .....	1,365.6	1,180.1
	<hr/>	<hr/>
<b>Uses of funds:</b>		
Spending on Government programs .....	1,089.7	970.8
Purchase of property and equipment .....	123.0	99.6
Increase in receivables .....	23.0	15.5
Increase in inventories .....	34.1	8.0
Increase in deferred charges and other assets .....	31.2	13.4
	<hr/>	<hr/>
Total uses of funds .....	1,301.0	1,107.3
	<hr/>	<hr/>
Cash and monetary reserves end of period .....	64.6	72.8
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The accompanying notes are an integral part of this statement.



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***Notes to Financial  
Statements***

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# Notes to Financial Statements

## 1. Summary of general accounting policies

Principal financial statements.—These consist of a Statement of Financial Position, a Statement of Operations, and a Statement of Changes in Financial Position. Because of their developmental nature, only the most significant changes in format are disclosed in the Notes.

Principles of consolidation.—The statements include the accounts of all significant agencies and funds included in the budget of the U.S. Government. Agencies such as the U.S. Postal Service and the Federal Financing Bank, classified as off-budget (not included in calculating the budget surplus or deficit), have also been included in the statements because they are wholly owned and are clearly within the scope of Government operations. Government-sponsored enterprises such as the Federal land banks are excluded because they are privately owned. Significant intragovernmental transactions of an identifiable nature were eliminated in consolidation.

Estimates of source data.—Because actual amounts as of September 30, 1985, were not available, the Statement of Financial Position contains certain estimated amounts. The amounts have been estimated by calculating a simple average of the change in reported amounts for the fiscal years 1982, 1983, and 1984. In instances where the estimate is the basis for generating subsequent amounts (e.g., accumulated depreciation is derived from amounts for property and equipment), the subsequent amounts should also be considered estimates.

Fiscal year.—The fiscal year of the U.S. Government ends on September 30.

Reclassification and adjustment.—For comparability, certain fiscal 1984 data are reclassified where appropriate to conform to the financial statement presentation for fiscal 1985.

## 2. Cash and monetary reserves

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Operating cash in the Treasury .....	17.1	30.4
International monetary reserves:		
Gold (monetized at the statutory price of \$42.22 per ounce) .....	11.1	11.1
Special drawing rights .....	6.8	5.6
U.S. reserve position in the International Monetary Fund .....	11.7	11.6
Other cash:		
Accountability for cash and other assets held outside the Treasury .....	7.3	6.5
Convertible foreign currencies (at market value) .....	8.7	6.0
Other U.S. Treasury monetary assets .....	1.3	0.9
Nonpurchased foreign currencies .....	0.6	0.7
	64.6	72.8
	64.6	72.8

### 3. Receivables

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Accounts receivable .....	24.8	31.9
Accrued taxes receivable .....	39.6	30.2
Loans receivable .....	253.0	229.1
Advances and prepayments .....	7.0	10.2
	<u>324.4</u>	<u>301.4</u>

All receivables are shown net of reported allowances for losses. The September 30, 1985, total for taxes receivable represents \$36.1 billion for delinquent taxes and \$3.5 billion for accrued corporate taxes.

Outstanding loans and allowances have been recorded as reported by the various lending agencies. The allowances for losses are presumed to be understated and they are under study.

### 4. Inventories

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Goods for sale .....	64.5	35.6
Work in process .....	2.6	2.4
Raw materials .....	17.5	15.8
Materials and supplies for Government use .....	83.4	81.1
Stockpiled materials and commodities .....	17.5	16.5
	<u>185.5</u>	<u>151.4</u>

Inventories include nondepreciable personal property and are stated at cost. The inventory accounts do not include the weapons stockpile since the extent of this inventory is classified. Totals for the Department of Defense for fiscal 1985 and 1984 were \$129.8 billion and \$109.6 billion, respectively.

### 5. Property and equipment

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Land .....	14.8	10.3
Buildings, structures, and facilities .....	153.7	137.0
Military hardware .....	350.2	330.2
Equipment .....	92.9	88.6
Construction in progress .....	38.4	37.5
Leasehold improvements .....	2.3	2.2
Other .....	3.8	5.8
	<u>656.1</u>	<u>611.6</u>

Land is valued at the cost paid by the Government. The cost of land acquired through donation, exchange, bequest, forfeiture, or judicial process is estimated by the General Services Administration at amounts the Government would have paid if purchased at the date of acquisition. Pending the study of valuation methods, the Outer Continental Shelf and other offshore lands and the 655.7 million acres of public domain land have not been included.

Buildings, structures, and facilities include all real property owned by the Federal Government except land. The amounts for the Department of Defense for fiscal years 1985 and 1984 are \$60.8 billion and \$58.5 billion, respectively.

Military hardware and equipment are recorded at acquisition cost and include only depreciable property currently in use or in usable condition.

**6. Accumulated depreciation**

Most Government agencies do not calculate depreciation on property and equipment; therefore, accumulated depreciation is estimated on a straightline basis, from available information. The useful lives applied to each classification of asset are:

Buildings, structures, and facilities .....	50 years
Ships and service craft .....	30 years
Industrial plant equipment .....	20 years
All other depreciable assets .....	10 years

**7. Borrowing from the public**

The amount of Federal debt outstanding is reported net of unamortized premiums and discounts. The amounts reported for fiscal years 1985 and 1984 reflect a reduction for intragovernmental holdings of \$318.1 billion and \$264.7 billion, respectively. As of September 30, 1985, approximately 14.0 percent was held by foreign and international investors.

**8. Accrued pension, retirement, and disability plans**

The accounting for accrued pension, retirement, and disability plans is subject to several different assumptions, definitions, and methods of calculation. Each of the major plans is summarized below.

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Military personnel .....	437.1	422.3
Civilian employees .....	561.2	537.0
Veterans compensation .....	223.7	221.8
Federal employees compensation .....	11.9	11.3
Other pension plans .....	18.1	17.9
	<u>1,252.0</u>	<u>1,210.3</u>

Military personnel and civilian employees: The liabilities under these two pension plans represent a major portion of the total unfunded liability which is to be reported under Public Law 95-595. In prior years, the accrued pension liabilities at September 30 represented the actuarial present value of accumulated plan benefits and were calculated in accordance with instructions developed jointly by the General Accounting Office and the Office of Management and Budget under the provisions of Public Law 95-595.

The actuarial liabilities as of September 30, 1985, were not available for either plan and have been estimated in accordance with the methodology outlined in Note 1.

Veterans compensation: Represents the present value of projected annual benefit payments.

Federal employees compensation: Represents estimated future costs for approved Federal Employees Compensation Act cases.

Other annual pension reports received from plans covered by Public Law 95-595 are reported in the same manner as military personnel and civilian employees described above.

**9. Social security**

In prior years, a liability equalling the amortized portion of the unfunded liability for the social security program was included on the Statement of Financial Position. The unfunded liability is determined annually and the change is amortized over a 30-year period. As of September 30, 1985, the unfunded liability for social security was \$4,647.4 billion of which \$2,059.8 billion was recorded through amortization. The amounts for September 30, 1984, were \$4,207.7 billion and \$1,911.8 billion, respectively. The liability represents the present value of the projected excess of future benefit payments to present participants over the contributions still to be made by the same group and their employers for the next 75 years. This liability has been reclassified as a contingent liability and may be found in the supplemental table, Commitments and Contingencies.

The Congress and the trustees of the funds prepare estimates based on a different financing method they regard as more appropriate for social insurance programs. The actuarial amounts below are calculated on the assumption that future young workers will be covered by the program as they enter the labor force.

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Actuarial liabilities .....	12,328.9	11,655.8
Actuarial assets .....	<u>12,060.1</u>	<u>11,693.2</u>
Actuarial surplus (or deficit).....	<u>-268.8</u>	<u>37.4</u>

**10. Contingent liabilities for guarantee and insurance programs**

A number of agencies do not make any provision for estimated loss on loan guarantees and insurance, while others provide minimal estimates of losses.

**11. Accumulated position**

	Sept. 30, 1985	Sept. 30, 1984
	(\$ billions)	
Accumulated position beginning of period.....	-1,827.8	-1,687.5
Current period results .....	<u>-192.6</u>	<u>-140.3</u>
Accumulated position end of period .....	<u>-2,020.4</u>	<u>-1,827.8</u>

The accumulated positions as of September 30, 1984 and 1985, have been restated to reflect the elimination of the actuarial liability for future social security benefits and the associated noncash provision for the increase in the liability between years.

**12. Contingencies**

Several Government agencies insure businesses and individuals against various types of risks. The amount of insurance coverage in force, representing the maximum risk exposure to the Government, is \$2,659.1 billion as of September 30, 1985.

The Government also guarantees loans by non-Government enterprises to businesses and individuals. These guarantees become liabilities of the Government only when it is required to honor its guarantees. Loan guarantees in force at September 30, 1985, are \$668.7 billion.

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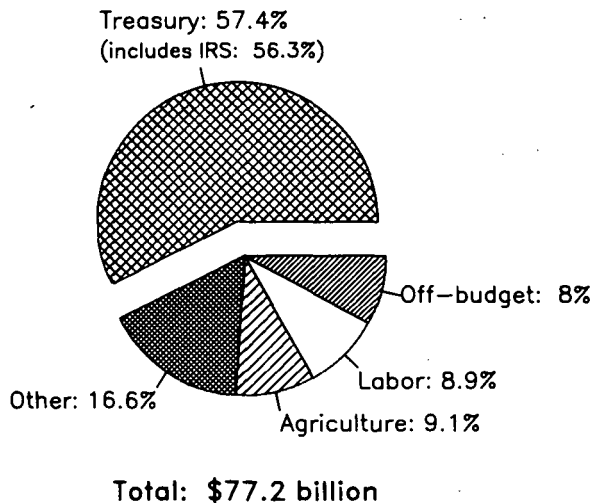
## **Supplemental Tables**

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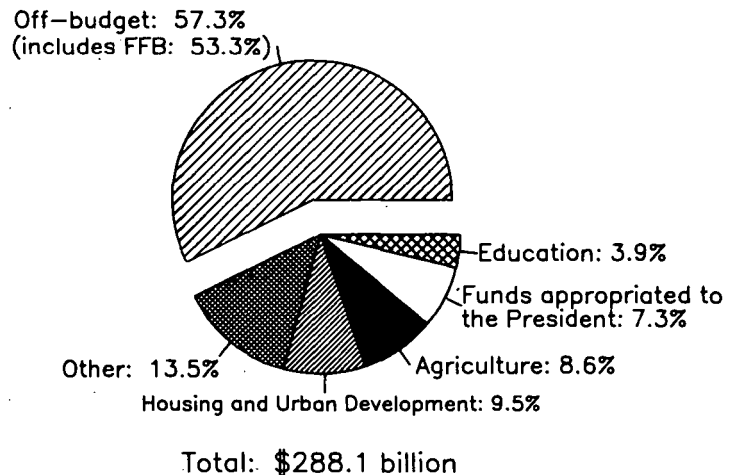
## SUMMARY OF ACCOUNTS AND LOANS RECEIVABLE DUE FROM THE PUBLIC

Total accounts receivable amounted to \$77.2 billion in FY 1985, an increase of \$13.7 billion from FY 1984. Total loans receivable amounted to \$288.1 billion in FY 1985, an increase of \$27.0 billion from FY 1984. Graphically depicted below are summaries by agency of accounts and loans receivable data.

### ACCOUNTS RECEIVABLE



### LOANS RECEIVABLE



The Debt Collection Act of 1982 (31 U.S.C. 3719) requires the Director of the Office of Management and Budget, in consultation with the Secretary of the Treasury and the Comptroller General of the United States, to establish regulations requiring each agency with outstanding debts to prepare and transmit to OMB and the Treasury a report which summarizes the status of accounts and loans receivable managed by each agency. These receivables result from a wide range of Federal activities including tax assessments; sale of Government services such as satellite launchings; sale of Government goods such as natural resources from Federal lands; overpayments to annuitants; and various loan programs such as student and housing loans. The data in the reports will enable the Federal Government to improve collection activity.

The table which follows supports the balance sheet receivables, "Accounts receivable" and "Loans receivable" which are shown net of allowances, taxes receivable, and intragovernmental holdings. The information in the table is based on data submitted by Federal agencies to the Treasury and published annually in the Treasury Bulletin.

**Accounts and Loans Receivable By Agency**  
(\$ billions)

	Accounts receivable		Loans receivable	
	1985	1984	1985	1984
Legislative branch .....	*	*	—	—
Executive branch				
Funds appropriated to the President .....	1.0	0.6	20.9	20.5
Departments				
Agriculture .....	7.0	6.6	24.9	20.0
Commerce .....	0.2	*	0.9	0.9
Defense .....	0.8	0.7	*	*
Education .....	0.4	0.7	11.1	10.6
Energy .....	1.8	0.6	*	*
Health and Human Services .....	2.4	2.7	0.6	0.7
Housing and Urban Development .....	1.8	0.9	27.3	14.0
Interior .....	0.4	0.4	0.6	0.5
Justice .....	*	*	—	—
Labor .....	6.9	10.4	*	*
State .....	*	*	*	*
Transportation .....	*	0.1	2.2	1.9
Treasury .....	44.3	31.0	3.2	3.3
Veterans Administration .....	1.0	1.0	2.7	2.6
Other independent agencies .....	3.0	2.9	28.6	29.8
Off-budget agencies .....	6.2	4.9	165.1	156.3
	<u>77.2</u>	<u>63.5</u>	<u>288.1</u>	<u>261.1</u>
Gross receivables .....				
Less taxes receivable, allowances, and intragovernmental transfers .....	-52.4	-31.6	-35.1	-32.0
Net receivables due from the public .....	<u>24.8</u>	<u>31.9</u>	<u>253.0</u>	<u>229.1</u>

**Summary of Gross Accounts and Loans Receivable as of September 30, 1985**

	Accounts receivable	Percent of total	Loans receivable	Percent of Total
Beginning balance, September 30, 1984 .....	63.5	82.3	261.1	90.6
New receivables .....	76.6	99.2	96.7	33.6
Repayments and reclassifications .....	-61.5	-79.7	-68.5	-23.8
Amounts written off .....	-1.4	-1.8	-1.2	-0.4
Ending balance, September 30, 1985 .....	<u>77.2</u>	<u>100.0</u>	<u>288.1</u>	<u>100.0</u>

**Aging Schedule of Accounts and Loans Receivable as of September 30, 1985**

	Accounts receivable	Percent of total	Loans receivable	Percent of Total
Not delinquent .....	<u>31.6</u>	<u>41.0</u>	<u>30.3</u>	<u>10.5</u>
Delinquent				
1-30 days .....	3.6	4.6	0.3	0.1
31-90 days .....	4.5	5.8	0.5	0.2
91-180 days .....	8.5	11.0	0.8	0.3
181-360 days .....	7.6	9.9	1.2	0.4
Over 360 days .....	21.4	27.7	7.1	2.4
Total delinquent .....	45.6	59.0	9.9	3.4
Noncurrent receivables .....	—	—	247.9	86.1
Total gross receivables .....	<u>77.2</u>	<u>100.0</u>	<u>288.1</u>	<u>100.0</u>

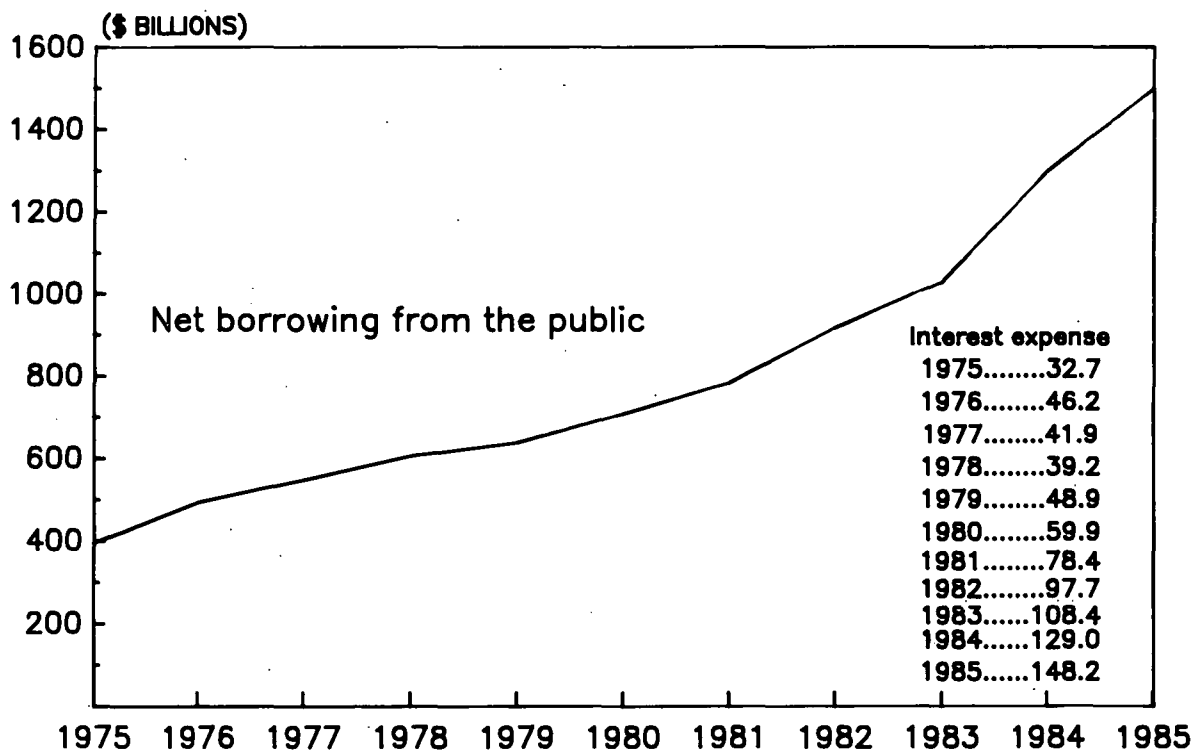
\* Less than \$50 million.



## FEDERAL DEBT

Total net borrowing from the public amounted to \$1,498.8 billion in FY 1985, an increase of \$199.3 billion from FY 1984. This chart has been presented to graphically show the increase in net borrowing from the public.

### NET BORROWING FROM THE PUBLIC WITH INTEREST EXPENSE FY 1975-85

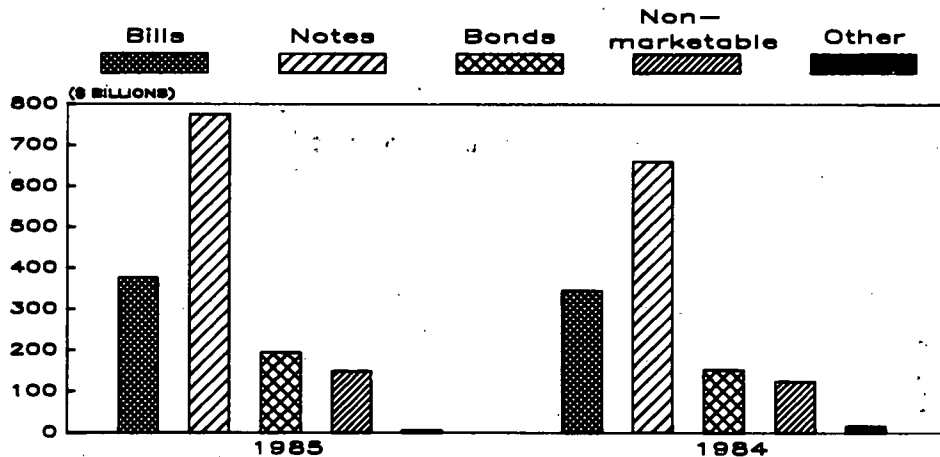


The Federal Debt schedule which follows reflects information on the borrowing of the Federal Government needed to finance the Government's operations. This schedule directly supports the balance sheet caption, "Borrowing from the public," which is shown net of intragovernmental holdings and unamortized premium or discount. Intragovernmental holdings represent that portion of the total Federal debt held by Federal entities, including the major trust funds. The distribution of 1985 net borrowing from the public by major source category is graphically depicted.

## Federal Debt as of September 30, 1985

	Average Interest rate (percent)	Total debt	
		1985	1984
		(\$ billions)	
<b>Marketable</b>			
Bills .....	8.113	375.6	345.6
Notes .....	11.303	774.8	660.5
Bonds .....	11.022	194.5	152.8
	10.146	1,344.9	1,158.9
<b>Nonmarketable</b>			
Foreign government series .....	8.797	6.6	8.9
Government account series .....	7.507	0.9	1.0
U.S. savings bonds .....	7.210	77.0	72.8
Other .....	5.867	64.2	41.8
	7.345	148.7	124.5
<b>Other</b>			
Agency series .....	5.615	3.2	3.4
Other .....	—	2.0	12.7
	5.615	5.2	16.1
<b>Net borrowing from the public</b>			
Current period .....		1,498.8	1,299.5
Prior period .....		1,299.5	1,130.4
<b>Net increase</b> .....		199.3	169.1

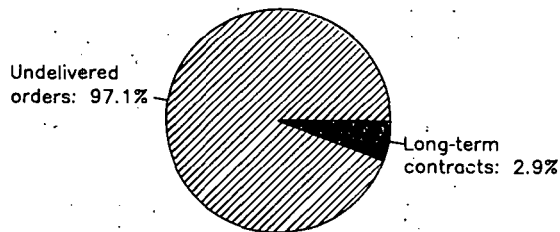
### NET BORROWING BY MAJOR SOURCE CATEGORY



## COMMITMENTS AND CONTINGENCIES

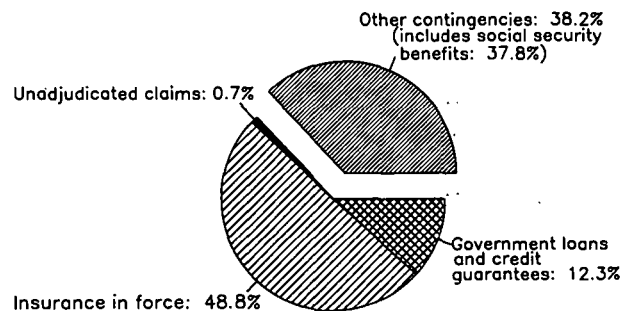
In FY 1985, total commitments amounted to \$472.1 billion and total contingencies amounted to \$5,448.1 billion. The charts below show the percentage distribution of 1985 commitments and contingencies by source category.

### COMMITMENTS



Total: \$472.1 billion

### CONTINGENT LIABILITIES (Maximum risk exposure)



Total: \$5,448.1 billion

The table that follows shows two basic types of information: the maximum potential liabilities (commitments) and the anticipated liabilities (contingencies) which it is reasonably certain, based on experience and other factors, will occur. The anticipated liabilities are the equivalent to allowances for losses.

A commitment represents an obligation to pay for goods or services upon delivery under a contractual arrangement. Commitments shown in the table are represented by long-term contracts for which appropriations have not yet been provided by the Congress, and undelivered orders represent obligations of currently available appropriations.

A contingency represents a possible exposure to a liability depending upon the outcome of uncertain future events or circumstances. Contingencies are stated in terms of the maximum risk exposure without regard to existing contingent assets which would be available to offset potential losses. The actuarial liability for future social security benefits, previously disclosed on the balance sheet, has been included with other contingencies because the probability that these payments will be continued is high. "Contingent liabilities" supports the balance sheet liability "Contingent liabilities for guarantee and insurance programs" and represents the anticipated liability.

**Commitments and Contingencies of the United States Government  
as of September 30, 1985**

(\$ billions)

		<b>Amounts outstanding</b>
<b>Commitments</b>		
Long-term contracts		
Defense .....		3.0
General Services Administration .....		2.9
Tennessee Valley Authority .....		5.2
Other .....		2.5
Subtotal .....		<u>13.6</u>
Undelivered orders		
Funds appropriated to the President .....		36.9
Defense .....		89.5
Health and Human Services .....		23.2
Housing and Urban Development .....		210.2
Transportation .....		34.1
Other agencies .....		59.6
Off-budget agencies .....		5.0
Subtotal .....		<u>458.5</u>
Total commitments .....		<u><u>472.1</u></u>
	<b>Contingent liability (Max. risk exposure)</b>	<b>Contingent liabilities</b>
<b>Contingencies</b>		
Government loan and credit guarantees		
Housing .....	426.9	0.4
Farm ownership and rural development .....	73.5	4.7
Veterans benefits .....	60.3	—
Education .....	43.7	—
Other .....	64.3	0.4
Subtotal .....	<u>668.7</u>	<u>5.5</u>
Insurance in force		
Federal Deposit Insurance Corp. ....	1,400.5	2.3
Federal Savings and Loan Insurance Corp. ....	723.3	—
Federal Emergency Management Agency .....	129.1	—
Nuclear Regulatory Commission .....	70.5	*
National Credit Union Administration .....	103.0	—
Transportation .....	183.0	—
Other .....	49.7	0.9
Subtotal .....	<u>2,659.1</u>	<u>3.2</u>
Unadjudicated claims		
Energy .....	11.3	—
Transportation .....	11.1	—
Other .....	15.2	—
Subtotal .....	<u>37.6</u>	<u>—</u>
Other contingencies		
Veterans benefits .....	13.9	—
Social security benefits .....	2,059.7	—
Other .....	9.1	—
Subtotal .....	<u>2,082.7</u>	<u>—</u>
Total contingencies .....	<u><u>5,448.1</u></u>	
Total contingent liabilities .....		<u><u>8.7</u></u>

\* Less than \$50 million.

## **SOURCES OF DISCONTINUED TABLES**

The supplemental tables listed below have been discontinued. Data may be found in other Government publications as indicated.

### **Flow of Funds Projections**

This table presented actual and projected cash receipts and outlays for a 5-year period and reflected what could happen to cash basis revenues and expenditures considering certain basic assumptions reflected in the budget. The information may be found in the Historical Tables, Budget of the United States Government, Fiscal Year 1987, Tables 2.1 and 3.3.

### **Financial Statements of the U.S. Government Restated for General Price-Level Changes**

This table restated the historical values contained in the Statement of Financial Position and Statement of Operations to account for changes in the general purchasing power of the dollar and provided comparability between years by equating all dollar values to the current level of purchasing power. The preparation of this information has been discontinued until the accounting profession agrees upon the utility of such statements and an appropriate and consistent methodology to be employed. An overview of the accounting-for-inflation theory as well as the current conversion factors calculated by the Bureau of Labor Statistics, Department of Labor, may be found in the Financial Accounting Standards Board, Statement No. 33, Financial Reporting and Changing Prices (FAS 82 and all updates), and the Consumer Price Index for All Urban Consumers (CPI-U), respectively.

### **Effect of Individual and Corporate Tax Benefits on Federal Revenues**

This table presented the approximate cost of tax benefits. It showed revenue losses attributed to tax law provisions that made allowances for income exclusions, income deferrals, exemptions or deductions from gross income, and special tax rates or deferrals. The information may be found in the Special Analyses, Budget of the United States Government, Fiscal Year 1987, Table G-2.

### **Additions to Non-Federal Economic Resources**

This 3-year table showed how the Government used its resources to add to the Nation's physical and human resources in order to enhance productivity and to increase the assets of private institutions or State and local governments. This information may be found in the Special Analyses, Budget of the United States Government, Fiscal Year 1987, Tables D-5, D-7, D-8, and K-2.

### **Federal Facts and Figures**

This table provided benchmarks to use in making comparisons and identifying relationships between the financial statements and tables. Information on personal income, employment, GNP and CPI-U may be found in the Survey of Current Business prepared by the Bureau of Economic Analysis, U.S. Department of Commerce. Estimates of population may be found in the Statistical Abstract of the United States, prepared by the Bureau of the Census, U.S. Department of Commerce. Gross Federal debt information may be found in the Treasury Bulletin, Table FD-1, prepared by Financial Management Service, Department of the Treasury. Information on the number of taxpayers and the amount of income taxes paid may be found in IRS Advanced Data, 1984 Individual Income Tax Returns, Table 1. Borrowing from the public, interest, and expense information may be found in the Statement of Financial Position and the Statement of Operations within this report.