CFS

1990 Consolidated Financial Statements

Prototype

TREASURY
FINANCIAL MANAGEMENT SERVICE

Prepared and Published by the
Financial Management Service
Department of the Treasury

THE FINANCIAL MANAGEMENT SERVICE

DEPARTMENT OF THE TREASURY

The mission of the Financial Management Service is to improve the quality of Government financial management. Our commitment and our responsibility is to help our Government customers achieve success. We do this by linking program and financial management objectives, and by providing financial services, information, advice, and assistance to our customers. We serve taxpayers, the Treasury Department, Federal program agencies, and Government policy makers.

CONSOLIDATED FINANCIAL STATEMENTS
of the
United States Government

Fiscal Year 1990

Prepared and Published by the
FINANCIAL MANAGEMENT SERVICE

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Washington, D.C. 20402

Background information on the preparation of the 1990 Consolidated Financial Statements is contained in the "Supplemental Analysis and Information" to the report. This document is available free, upon request, from the Financial Reports Branch, Financial Management Service, Department of the Treasury, Liberty Center--Attn: 941 N. Capitol St., Rm. 703, Washington, DC 20227.

Contents

Statement of the Secretary of the Treasury

The Department of the Treasury is pleased to publish these Consolidated Financial Statements prepared by the Financial Management Service. The statements summarize the financial condition and operations of the Federal Government on an accrual accounting basis.

Program agencies continue to make significant improvements in the quality of the financial information they provide for these reports. These include: additional upgrades of accounting systems based on a Governmentwide set of core requirements, implementation of the U.S. Standard General Ledger, and further improvement in electronic reporting and interchange capabilities.

Recently enacted legislation provides fresh impetus for continued modernization in financial management. The Chief Financial Officers Act of 1990 created leadership positions in each Cabinet-level department and major agency so that each has a Chief Financial Officer overseeing financial management activities. Audited financial statements for trust, revolving, and other commercial-type activities, and consolidated statements for selected agencies are also mandated by the act. The Cash Management Improvement Act of 1990 requires a more effective exchange of funds between the Federal Government and the States, improving cash management at both levels of government. The Federal Credit Reform Act of 1990 directs tighter agency controls over all loans, both guaranteed and direct. Finally, prior year merged accounts are replaced under a provision of the Defense Authorization Act that placed more control over the use of prior year funding.

In addition, Office of Management and Budget Director Darman, Comptroller General Bowsher, and I have established a Federal Accounting Standards Advisory Board (FASAB). FASAB will recommend accounting standards to improve the usefulness of future financial reports based on the needs of users. Accounting and financial reporting standards are essential for public accountability and will contribute to efficient and effective Government.

As new standards and legislative reforms are implemented by the many program agencies, reports on Federal assets, liabilities, and the results of operations will become more relevant, reliable, and understandable.

Nicholas F. Brady

Accounting and financial reporting standards are essential for public accountability and will contribute to efficient and effective Government.

Statement of the Comptroller General of the United States

In these times of large budget deficits, the Congress, various governmental agencies, and the public at large, more than ever, need accurate and complete information for determining the financial implications and consequences of fiscal and economic policy decisions.

In 1990 we reached a new milestone toward improving the quality of information through two significant events: the enactment into law of the Chief Financial Officers (CFO) Act, and creation of the Federal Accounting Standards Advisory Board (Board). Both events should have a major long-term impact on improving federal financial management. Although there will be some immediate benefits derived from these two events, lasting improvements may take some time. Many agencies are still reporting incomplete, inaccurate, and inconsistent information to Treasury. Audits of agencies continue to show instances of inadequate accounting systems, poor internal controls, and unreconciled data which severely diminishes the reliability of the information provided to Treasury and included in the prototype consolidated financial statements. Therefore, the reader is cautioned about the unreliability of these financial statements. As with earlier reports of this type, we have not audited the accompanying financial statements and accordingly, we do not express an opinion on them.

We expect the CFO Act to lay the groundwork for extensive reform of federal financial management. A new financial management leadership structure has been established in OMB. A CFO in each major agency will report directly to the agency head and oversee all financial management activities of the agency. Agencies are required to prepare multi-year financial management plans and to conduct financial statement audits of all their trust and revolving funds and commercial activities. Also, audited agency-wide financial statements are required for ten agencies over the next three years as part of a pilot program. The discipline created through the process of implementing this new legislation should lead to a new spirit of accountability and integrity in the systems used to manage our government.

The Board's function will be to recommend accounting and financial reporting standards to the Joint Financial Management Improvement Program principals (the Director of the Office of Management and Budget, the Secretary of the Treasury, and the Comptroller General). The standards will be recommended after considering the financial and budgetary information needs of users of federal financial information. These standards are essential for public accountability and for the integrity of the information contained in financial statements.

We plan to work closely with OMB and the Treasury to formulate and publish financial statements for U.S. government agencies which will be useful to the Congress, the various governmental agencies themselves, and the citizens of our nation. I look forward to the day when the legislative reform with its provisions for modernizing the government's financial systems, improving the discipline for financial integrity, the pronouncements of the Board, and the other government-wide financial management improvement initiatives will result in fully reliable, useful financial statements for federal agencies.

Charles A. Bowsher

Charles A. Bowsher

Introduction

This report contains the most reliable information to date on the financial condition of the Federal Government.

In the recent past, Government agencies began working with the Financial Management Service (FMS) to improve the Government's financial accounting and reporting systems. The fiscal 1990 report reflects their continuing efforts. To further enhance the integrity of the current report, FMS compared the data provided by agencies with those of audited financial statements when available.

Additionally, several major pieces of legislation enacted in 1990 are designed to further improve Federal financial data. Among these are: the Chief Financial Officers Act, the Federal Credit Reform Act, and the Cash Management Improvement Act. Such reforms will allow FMS to compile and publish even better quality data in the future.

With those same goals in mind, the independent accounting firm of Arthur Andersen & Co. recently reviewed FMS procedures for collecting and summarizing data as part of the annual independent process begun in 1988.

In summary, the collective purpose of these initiatives is to improve the quality of the Government's financial information. It is hoped that better information will benefit both the Government and private sector--that improved information will clearly enhance financial management.

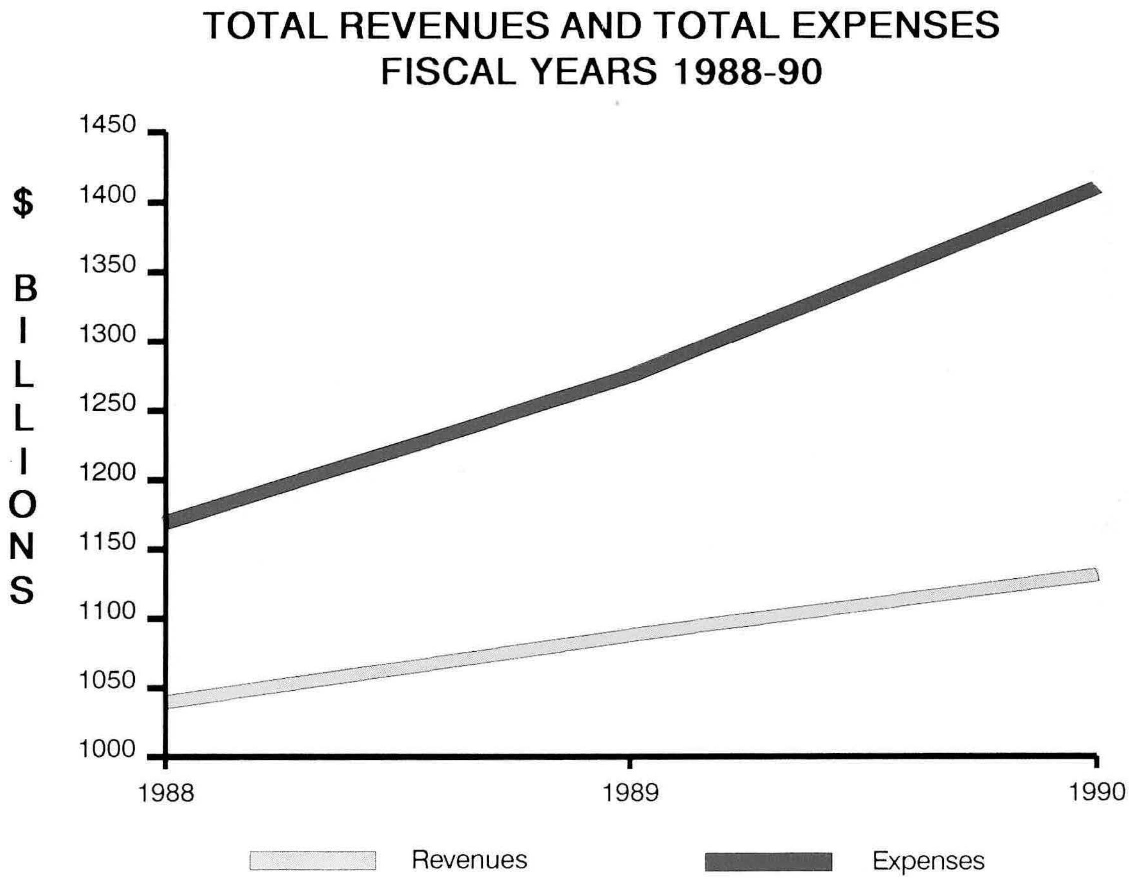
As evidenced in these pages, FMS and agencies have made much progress. The future holds the prospect of even more.

. . . several major pieces of legislation enacted in 1990 are designed to further improve Federal financial data.

FINANCIAL HIGHLIGHTS

Revenues and expenses

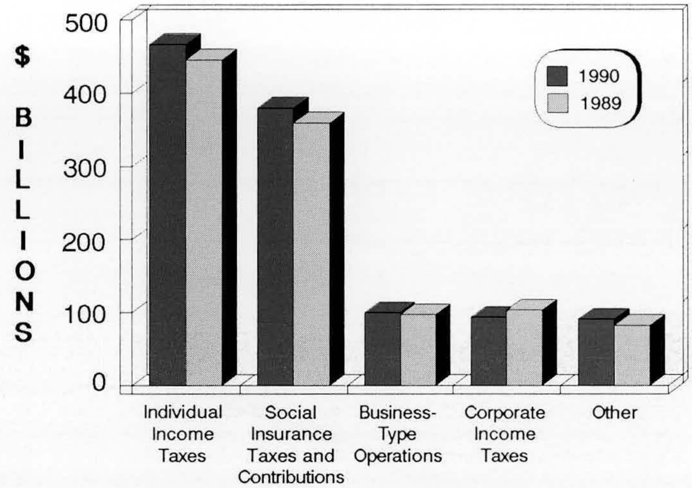
The following graphs show revenues and expenses for fiscal years 1988 through 1990, and the major categories of revenues by source and expenses by agency for fiscal years 1990 and 1989. Revenues levied under the Government's sovereign power are reported on the cash basis. Amounts earned through Government business-type operations are reported on the accrual basis. The data supporting the graph of expenses by agency are reported on the accrual basis.



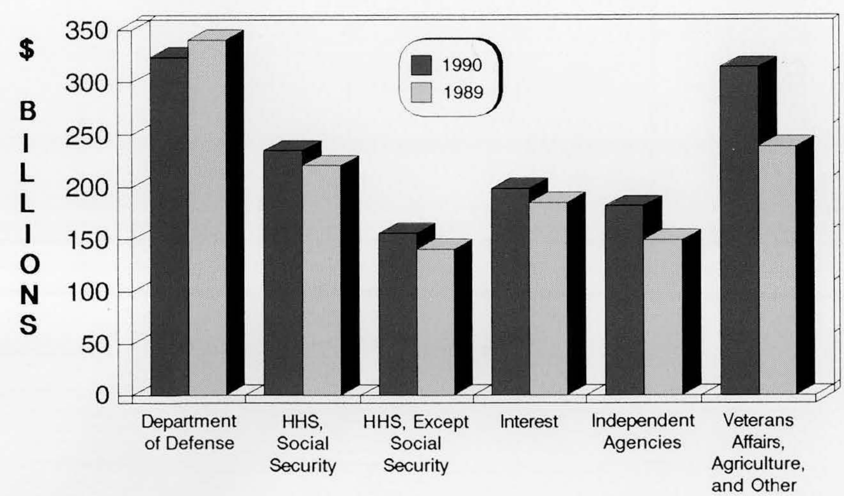
Revenues and expenses

FISCAL YEARS 1990 AND 1989

MAJOR SOURCES OF REVENUES



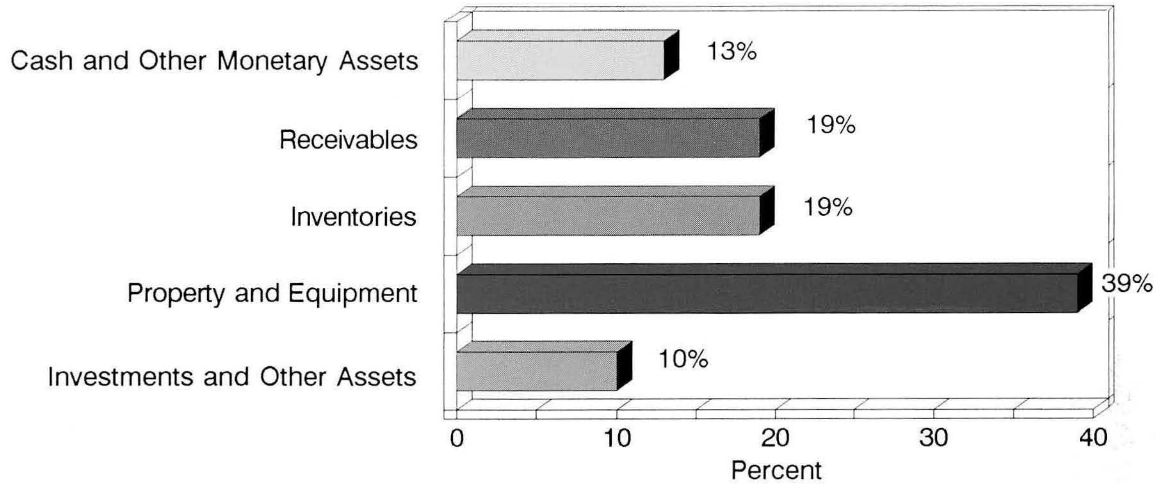
MAJOR CATEGORIES OF EXPENSES



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 fiscal 1990 as a percent of total assets. The components for each of these major categories are contained in Notes to Financial Statements.

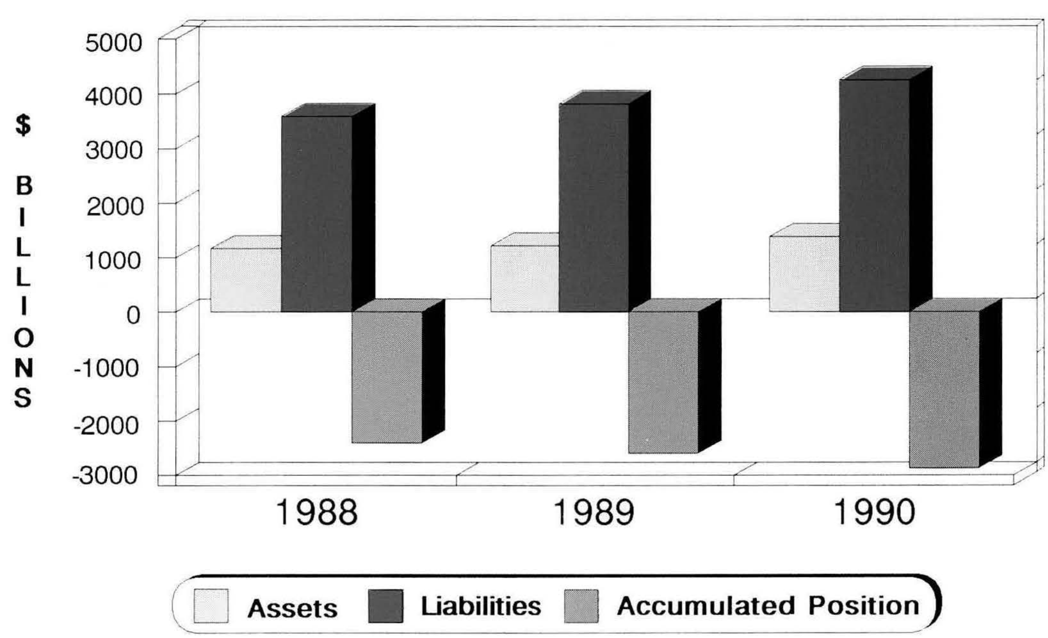
MAJOR CATEGORIES OF ASSETS
$1,383.2 billion



Assets, liabilities, and accumulated position

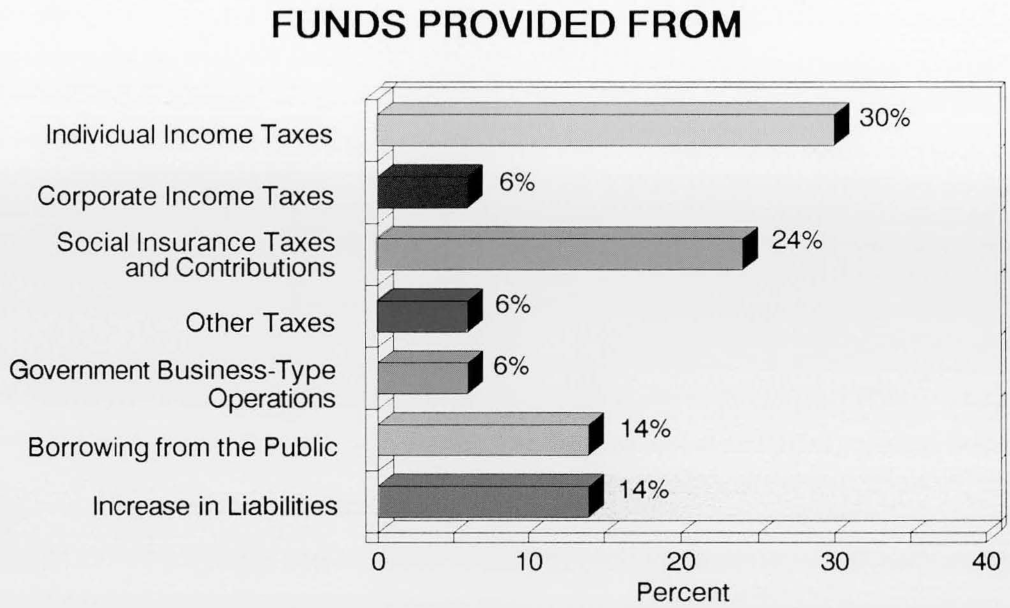
The following graph depicts the assets, liabilities, and accumulated position reported in the Statement of Financial Position for fiscal years 1988 through 1990.

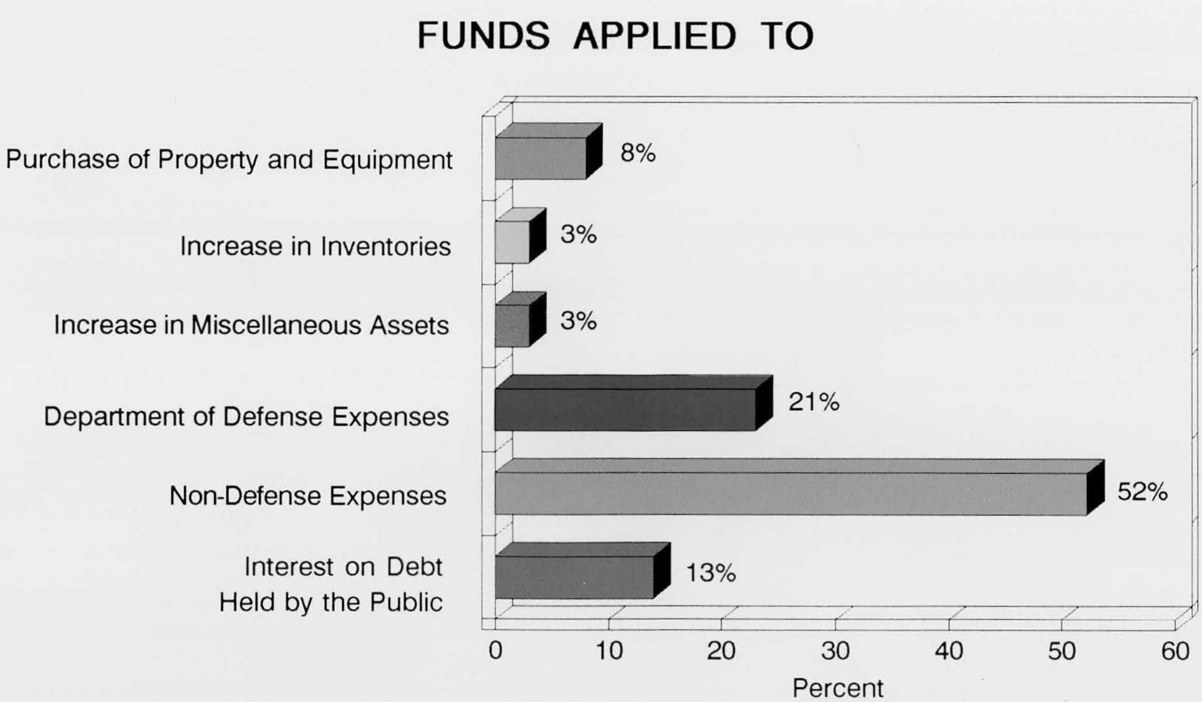
TOTAL ASSETS, TOTAL LIABILITIES, AND ACCUMULATED POSITION, FY 1988-90



Sources of funds provided and applied

The charts below have been derived from the Statement of Operations and the Statement of Cash Flows for fiscal 1990.





CONSOLIDATED FINANCIAL STATEMENTS

United States Government Consolidated Statement of Financial Position as of September 30, 1990 and 1989

($ billions)

Assets	1990	1989
Cash	**40.2**	41.0
Other monetary assets	**135.6**	124.6
Accounts receivable, net of allowances	**93.6**	87.9
Inventories, net	**260.8**	212.3
Loans receivable, net of allowances	**173.0**	175.2
Property, plant and equipment, net of accumulated depreciation	**540.2**	482.4
Investments in international organizations	**25.2**	23.7
Deferred retirement costs	**21.4**	21.0
Financial assets	**52.9**	12.0
Other assets	**40.3**	34.1
Total assets	**1,383.2**	1,214.2
Liabilities		
Checks outstanding	**48.7**	54.4
Accounts payable	**97.9**	86.7
Interest payable	**48.2**	41.4
Accrued payroll and benefits	**17.6**	14.5
Unearned revenue	**62.3**	58.4
Debt issued under financing authority	**2,410.4**	2,190.3
Pensions and actuarial liabilities	**1,421.1**	1,295.1
Financial liabilities	**82.5**	23.6
Other liabilities	**64.4**	50.3
Total liabilities	**4,253.1**	3,814.7
Accumulated position	**-2,869.9**	-2,600.5

The accompanying notes are an integral part of this statement.

United States Government Consolidated Statement of Operations for the Years Ended September 30, 1990 and 1989

($ billions)

	1990	1989
Revenues		
Levied under the Government's sovereign power		
Individual income taxes	**466.9**	445.7
Corporate income taxes	**93.5**	103.3
Social insurance taxes and contributions	**380.0**	359.4
Excise taxes	**35.4**	34.4
Estate and gift taxes	**11.5**	8.7
Customs duties	**16.7**	16.3
Miscellaneous	**27.5**	22.9
	1,031.5	990.7
Earned through Government business-type operations		
Sale of goods and services	**77.0**	73.7
Interest	**13.5**	10.7
Other	**9.2**	12.6
Total revenues	**1,131.2**	1,087.7
Expenses by agency		
Legislative branch	**1.5**	1.6
Judicial branch	**1.4**	1.3
Executive branch		
Executive Office of the President	**.2**	.1
Funds appropriated to the President	**17.2**	18.8
Departments		
Agriculture	**46.0**	44.8
Commerce	**5.2**	3.2
Defense	**323.9**	340.5
Education	**22.2**	16.9
Energy	**16.0**	16.5
Health and Human Services, except Social Security	**156.2**	140.6
Health and Human Services, Social Security	**235.0**	220.8
Housing and Urban Development	**23.1**	20.3
Interior	**7.3**	8.3
Justice	**7.9**	7.1
Labor	**31.3**	24.4
State	**4.8**	5.0
Transportation	**27.2**	25.8
Treasury		
Interest on debt held by the public	**198.7**	185.3
Other	**22.8**	16.7
Veterans Affairs	**80.6**	27.5
Independent agencies	**181.9**	149.2
Total expenses	**1,410.4**	1,274.7
Excess of expenses over revenues	**-279.2**	-187.0

The accompanying notes are an integral part of this statement.

United States Government Consolidated Statement of Cash Flows for the Years Ended September 30, 1990 and 1989

($ billions)

	1990	1989
Cash flows from operations		
Expenses in excess of revenues	**-279.2**	-187.0
Adjustments to reconcile expenses in excess of revenues for the year to net cash used in operations:		
Noncash items		
Depreciation	**57.7**	49.5
Increase/decrease in the value of gold	**9.8**	-8.1
Provision for doubtful accounts	**24.0**	21.6
Additions to accounts receivable, net of collections	**-16.4**	-29.3
Increase/decrease in inventories	**-48.5**	.2
Increase in deferred retirement costs	**-.4**	-.2
Increase in financial assets	**-40.9**	-8.0
Increase/decrease in other assets	**-6.2**	13.5
Decrease in outstanding checks	**-5.7**	-30.5
Increase/decrease in accounts payable	**11.2**	-14.2
Increase in interest payable	**6.8**	6.8
Increase in accrued payroll and benefits	**3.1**	2.6
Increase in unearned revenue	**3.9**	3.0
Increase in pensions and actuarial liabilities	**126.0**	54.2
Increase in financial liabilities	**58.9**	23.6
Increase in other liabilities	**14.1**	47.0
Total adjustments	**197.4**	131.7
Net cash used in operations	**-81.8**	-55.3
Cash flows from investing activity		
Purchases of fixed assets, net of dispositions	**-115.5**	-94.7
Investment in international organizations	**-1.5**	-1.4
Additions to gross loans receivable	**-36.5**	-11.4
Repayments and reclassifications of loans receivable	**25.4**	10.3
Net cash used in investing activity	**-128.1**	-97.2
Total net cash used in operations and investing activity	**-209.9**	-152.5
Cash flows from financing activity		
Debt issued	**220.1**	140.3
Net cash provided by financing activity	**220.1**	140.3
Net increase/decrease in cash and other monetary assets	**10.2**	-12.2
Cash and other monetary assets, beginning of year	**165.6**	177.8
Cash and other monetary assets, end of year	**175.8**	165.6

The accompanying notes are an integral part of this statement.

United States Government Consolidated Statement of Receipts and Outlays for the Years Ended September 30, 1990 and 1989

($ billions)

	1990			1989		
	Actual [1]	Budget [2] 7/16	Budget [3] 1/29	Actual	Budget [4] 7/18	Budget [5] 1/9
Budget receipts						
Individual income taxes	466.9	476.1	489.4	445.7	445.3	425.2
Corporation income taxes	93.5	98.2	112.0	103.3	105.8	107.0
Social insurance taxes and contributions	380.0	380.1	385.3	359.4	361.5	363.9
Excise taxes	35.4	36.7	36.2	34.4	34.1	34.0
Estate and gift taxes	11.5	10.7	9.3	8.7	8.5	7.8
Customs duties	16.7	16.9	16.8	16.3	17.2	16.3
Miscellaneous receipts	27.5	25.5	24.4	22.9	23.4	21.4
Total budget receipts	**1,031.5**	**1,044.2**	**1,073.4**	**990.7**	**995.8**	**975.6**
Budget outlays						
Legislative branch	2.2	2.3	2.3	2.1	2.2	2.2
Judicial branch	1.7	1.7	1.7	1.5	1.5	1.5
Executive Office of the President	.2	.2	.2	.1	.1	.1
Funds appropriated to the President	10.1	10.7	9.2	4.3	5.5	5.6
Departments						
Agriculture	46.0	47.5	48.2	48.3	51.4	52.1
Commerce	3.7	3.9	3.9	2.6	2.8	2.8
Defense	314.7	315.0	311.5	318.3	316.1	313.2
Education	23.1	22.9	22.3	21.6	21.3	20.8
Energy	12.0	12.3	12.3	11.4	11.4	11.4
Health and Human Services, except Social Security	193.7	192.4	191.2	172.3	174.0	174.6
Health and Human Services, Social Security	245.0	244.9	244.6	227.5	227.1	226.9
Housing and Urban Development	20.2	21.4	22.8	19.7	20.2	20.4
Interior	5.8	6.1	5.8	5.3	5.5	5.5
Justice	6.7	7.0	6.9	6.2	6.1	6.0
Labor	25.3	25.5	24.9	22.7	22.6	22.8
State	4.0	3.8	3.8	3.7	3.7	3.6
Transportation	28.6	28.5	28.3	26.6	27.0	27.1
Treasury	255.3	252.4	247.2	230.6	230.5	227.7
Veterans Affairs	29.0	29.3	28.7	30.0	30.3	29.2
Independent agencies	123.6	134.3	78.7	78.4	73.1	71.5
Undistributed offsetting receipts	-99.0	-97.8	-97.3	-89.2	-88.3	-87.9
Total budget outlays	**1,251.9**	**1,264.3**	**1,197.2**	**1,144.0**	**1,144.1**	**1,137.1**
Total budget deficit	**-220.4**	**-220.1**	**-123.8**	**-153.3**	**-148.3**	**-161.5**

[1] The receipt and outlay figures differ from the FY 1992 Budget, released Feb. 4, 1991, by the Office of Management and Budget, by small amounts mainly due to rounding. There is no effect on total budget deficit.

[2] Midsession review of the FY 1991 Budget, released July 16, 1990, by the Office of Management and Budget.

[3] FY 1991 Budget of the U.S. Government, released Jan. 29, 1990, by the Office of Management and Budget.

[4] Midsession review of the FY 1990 Budget, released July 18, 1989, by the Office of Management and Budget.

[5] FY 1990 Budget of the U.S. Government, released Jan. 9, 1989, by the Office of Management and Budget.

United States Government Consolidated Statement of Reconciliation of Accrual Operating Results to the Cash Basis Budget for the Years Ended September 30, 1990 and 1989

($ billions)

	1990	1989
Excess of expenses over revenues (current-period results on accrual basis)	279.2	187.0
Additions		
Property and equipment (net of sales of $6.6 in 1990 and $7.5 in 1989)	115.5	94.7
Net loan disbursements	18.0	4.4
Seigniorage	.5	.6
Total additions	134.0	99.7
Deductions		
Increase in actuarial liabilities	126.0	54.2
Increase or decrease (-) in allowances	6.1	-10.7
Depreciation expense	57.7	49.5
Other:		
Net accrual adjustments	6.0	44.7
Net agency accrual adjustments	-3.0	-4.3
Total deductions	192.8	133.4
Reported budget outlays over receipts (cash basis)	220.4	153.3

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Reporting entities

The Consolidated Financial Statements consist of the legislative, judicial, and executive branches including Federal Government corporations.

Significant intragovernmental transactions were eliminated in consolidation.

The Federal Reserve banks are excluded because they operate independently within the U.S. Government and are owned by member banks through the issuance of stock. Certain congressional activities are also excluded as are Government-sponsored enterprises such as the Federal National Mortgage Association because they are privately owned.

Basis of accounting policies

The data presented in this report are unaudited.

Wherever practicable, the Consolidated Financial Statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to the Federal Government in line with Title 2 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies. The Statements of Financial Position, Operations, and Cash Flows are presented on the accrual basis of accounting. The Statement of Cash Flows has been prepared using the indirect method. Some cash inflows and outflows have been netted due to the unavailability of certain relevant information. The Statement of Receipts and Outlays displays the budget deficit on a cash basis. The Statement of Reconciliation of Accrual Operating Results to the Cash Basis Budget presents a reconciliation of the operating results on the accrual basis to the budget deficit on the cash basis. The 1989 statements have been restated to reflect subsequent changes to the prior-year financial information. (See notes 16 and 17.)

Principal financial statements

These consist of a Statement of Financial Position, a Statement of Operations, a Statement of Cash Flows, a Statement of Receipts and Outlays, and a Statement of Reconciliation of Accrual Operating Results to the Cash Basis Budget.

Fiscal year

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

Sources of information

The fiscal 1990 Statement of Financial Position and the Statement of Operations have been compiled from agency reports required by I TFM 2-4100, Federal Agencies' Financial Reports. The Statement of Receipts and Outlays has been taken from the Monthly Treasury Statement. Certain adjustments have been made to supplement information supplied by the agencies such as other monetary assets, unearned revenue, depreciation, other assets, pensions and actuarial liabilities, other liabilities, and allowance for losses.

2. Cash

This represents balances of tax collections, customs duties, other revenues, miscellaneous receipts, public debt receipts, and a variety of other receipts maintained in accounts at Federal Reserve banks and branches as well as in the U.S. Treasury tax and loan accounts. The Federal Reserve banks and branches act as fiscal agents for the Government by reporting this information on a daily basis. The tax and loan accounts refer to accounts of special depositaries in which the proceeds of certain tax payments and public debt sales are held until the funds are needed at the Federal Reserve banks and branches to meet cash disbursements from Treasury's general account.

Accounting for outlays is on the basis of checks issued and cash payments made; therefore, "Checks outstanding" is credited for checks issued, until they are cleared through the Federal Reserve banks.

3. Other monetary assets (consist of the items summarized below)

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Gold (at market value of $404.75 per ounce as of Sept. 30, 1990, and $367.00 as of Sept. 30, 1989)	106.0	96.2
Special drawing rights	10.7	9.5
U.S. reserve position in the International Monetary Fund	8.9	8.8
Accountability for cash and other assets held outside the Treasury	8.1	8.1
Other U.S. Treasury monetary assets	1.7	1.7
Nonpurchased foreign currencies	.2	.3
	135.6	124.6

Gold

Gold is valued at market. The market value has been used for fiscal years 1990 and 1989. The market value represents the price reported for gold on the London fixing, and is based on 261,900,961.817 and 262,061,692.577 fine troy ounces as of September 30, 1990 and 1989, respectively (as reported by the Treasury general ledger). The statutory price of gold is $42.2222 per ounce.

One of the accounting issues to be addressed by the Federal Accounting Standards Advisory Board (FASAB) is how refined precious metals including gold should be valued in the Consolidated Statement of Financial Position. Valuing gold at market value is in accordance with acceptable accounting principles.

International Monotary Fund spocial drawing rights

The value is based on a weighted average of exchange rates for the currencies of selected member countries. The value of a special drawing right was $1.39256 and $1.27981 as of September 30, 1990 and 1989, respectively.

Accountability for cash and other assets held outside the Treasury

This item is composed of amounts held by Government collecting and disbursing officers, agencies' undeposited collections, and unconfirmed deposits including cash transfers.

4. Accounts and loans receivable

All receivables in the Statement of Financial Position are shown net of allowances for losses. Receivables exclude intragovernmental amounts.

Summary of net accounts and loans receivable

	Accounts receivable		Loans receivable	
	1990	1989	1990	1989
	($ billions)			
Beginning balance, Oct. 1	87.9	73.3	175.2	181.0
Additions to receivables	99.4	116.9	36.5	11.4
Repayments and reclassifications	-83.0	-87.6	-25.4	-10.3
Provision for doubtful accounts	-10.7	-14.7	-13.3	-6.9
Ending balance, Sept. 30	93.6	87.9	173.0	175.2

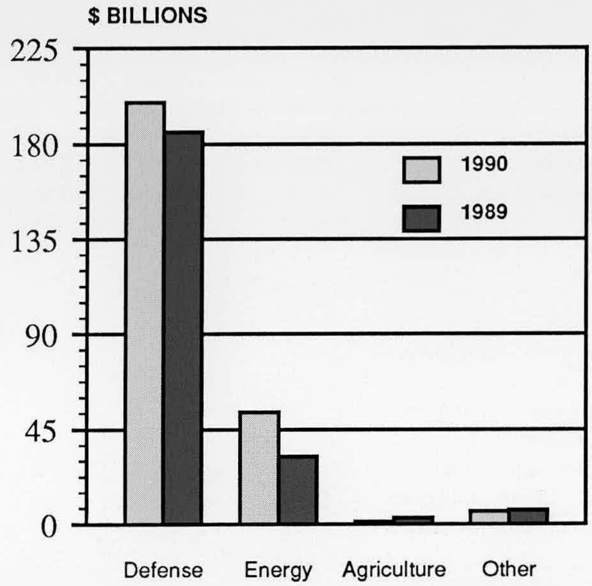
5. Inventories

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Operating consumables	135.3	119.1
Product or service components	54.0	49.3
Stockpiled materials	59.3	38.5
Other	12.2	5.4
	260.8	212.3

Product or service components contain amounts reported in goods-for-sale, work-in-process, and raw materials. Agencies have reported inventory totals net of allowances, where appropriate.

Agencies disclosed their costing method for inventory totals. The first-in-first-out valuation method was used more often than moving or weighted averages or last-in-first-out valuations. However, the Department of Defense used the moving average valuation more often than weighted average or last-in-first-out or first-in-first-out valuations. Several agencies reported estimated inventory amounts.

INVENTORIES BY MAJOR AGENCY



6. Property, plant and equipment

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Buildings, structures, facilities, and leasehold improvements	195.2	184.4
Military equipment	559.5	469.4
Equipment	77.7	71.5
Construction-in-progress	85.0	79.2
Land	12.6	12.5
Other	18.5	16.0
	948.5	833.0
Less accumulated depreciation	408.3	350.6
	540.2	482.4

"Other" includes ADP software, assets under capital lease, and other fixed assets that have been capitalized. The amounts shown for fiscal years 1990 and 1989 are reported at cost.

Land purchased by the Federal Government is valued at cost. The land acquired through donation, exchange, bequest, forfeiture, or judicial process is estimated at amounts the Government would have paid if purchased at the date of acquisition.

Pending a recommendation by the new FASAB on how land and natural resources should be valued, no value has been assigned to the Outer Continental Shelf and other offshore lands. More than 662 million acres of public domain land have been assigned a minimal value of $1 per acre, and are included in the total land amount.

Depreciation accounting is encouraged for all depreciable fixed assets, but only business-type operations are required to report depreciation on their financial statements.

The accumulated depreciation shown in the Statement of Financial Position is estimated using the straight-line method applied to the total of reported depreciable assets. The useful lives applied to each classification of asset are:

Buildings	50 years
Structures and facilities	21 years
Ships and service craft	13 years
Industrial equipment in plant	13 years
All other assets	13 years

The amounts of accumulated depreciation reported by Federal agencies on their statements for business-type operations amounted to $45.0 billion and $40.3 billion for fiscal years 1990 and 1989, on assets of $159.7 billion and $143.5 billion for fiscal years 1990 and 1989, respectively. The straight-line depreciation method is used more often than any other method for overall fixed assets. Capitalization policies varied with minimum thresholds in the range of $500 to $5,000.

7. Investments in international organizations

This item represents the Government's investment in international organizations on a cost basis. Some of the larger organizations are the:

International Bank for Reconstruction and Development (World Bank)
International Development Association
Inter-American Development Bank
Asian Development Fund
African Development Bank

8. Financial assets

These are receivables and other assets from banking assistance and failures, included in the totals of the bank insurance fund, FSLIC resolution fund, and Resolution Trust Corporation.

9. Other assets

Other assets reported are summarized in the following table, by agency.

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Funds appropriated to the President	6.1	7.6
Agriculture	-	2.0
Defense	7.7	4.5
Energy	.8	.7
Transportation	.5	.5
Treasury	2.7	1.0
Export-Import Bank of the United States	1.1	1.8
Tennessee Valley Authority	6.2	3.4
Other	15.2	12.6
Total	40.3	34.1

10. Checks outstanding

These are checks issued by the U.S. Treasury or its agents that have not cleared through the Federal Reserve banks.

11. Unearned revenue

Unearned revenue is summarized in the following table, by agency.

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Funds appropriated to the President	13.1	11.6
Housing and Urban Development	5.8	6.3
U.S. Postal Service	1.9	1.8
Agriculture	.5	.9
Energy	4.6	.8
Interior	2.0	1.8
Treasury	33.2	35.2
Other	1.2	-
Total	62.3	58.4

12. Debt issued under financing authority

The amount of Federal debt outstanding is reported net of unamortized premiums and discounts. The amounts reported for fiscal years 1990 and 1989 reflect a reduction for intragovernmental holdings of $795.9 billion and $677.2 billion, respectively.

	Sept. 30, 1990		Sept. 30, 1989	
	Average interest rate (percent)	Total debt ($ bil.)	Average interest rate (percent)	Total debt ($ bil.)
Public debt				
Marketable	8.843	2,009.2	9.043	1,859.4
Nonmarketable	7.817	346.0	7.826	284.3
Other	8.850	22.4	8.999	21.1
Total		2,377.6		2,164.8
Agency debt				
Housing and Urban Development		.4		.3
Federal Deposit Insurance Corporation:				
Bank insurance fund		3.0		3.1
Federal Savings and Loan Insurance Corp., resolution fund		19.3		20.0
Architect of the Capitol		.1		.1
Tennessee Valley Authority		9.4		1.4
U.S. Postal Service		.3		.3
National Archives and Records Administration		.3		.3
Total		32.8		25.5
Federal debt held by the public				
Current period		2,410.4		2,190.3
Prior period		2,190.3		2,050.0
Net increase		220.1		140.3

13. Pensions and actuarial liabilities

The Federal Government administers over 40 pension plans. The largest are those administered by the Office of Personnel Management for civilian employees and the Department of Defense for military personnel. These plans comprise over 98 percent of the pension liability reported at September 30, 1990. The majority of the pension plans are defined benefit plans.

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

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Pensions--accumulated benefits obligation		
Civilian employees (CSRS and FERS)	655.8	623.9
Military personnel	497.2	468.3
Other pension plans	22.6	21.0
Subtotal	1,175.6	1,113.2
Actuarial liabilities		
Veterans compensation	195.3	135.2
Compensation programs	21.6	21.2
Other benefits	28.6	25.5
Total	1,421.1	1,295.1

Civilian employees and military personnel

The latest available information for civilian employees pensions and military personnel pensions is as of September 30, 1990. The data for fiscal years 1989 and 1988 have been adjusted from previously published data.

Pension expense for the various Federal pension plans is calculated for budgetary purposes by a variety of actuarial funding methods. For financial reporting purposes, Federal pension plans report their accumulated benefit obligation (ABO) pursuant to directions developed by the GAO and the Office of Management and Budget under the provisions of Public Law 95-595. The ABO is calculated with the "unit credit" actuarial cost method, and is substantially similar to the ABO reported by pension plans pursuant to Financial Accounting Standards Board Statement No. 35. The ABO is recognized as a liability in the Consolidated Statement of Financial Position. Most Federal pension plans are funded with obligations issued by the U.S. Treasury as expense is recognized pursuant to the actuarial method specified by the governing law. These plan assets (Treasury bonds or other debt), being obligations of the United States, are eliminated from these consolidated statements. Hence, within these statements, periodic pension cost for the Government as a whole is, in effect, the change in the accumulated benefit obligations.

Veterans compensation

Veterans Affairs has a future liability for benefits expected to be paid in future fiscal periods and, if applicable, to veterans' survivors who have met or are expected to meet defined eligibility criteria.

The future liability for compensation and pension benefits represents the present value, using an 8.85-percent discount rate, of projected annual benefit payments. Projected benefit payments are based on assumed cost-of-living increases ranging from 2.9 percent to 5.4 percent for 1991 to 1995 and 2.7 percent thereafter. In addition, the mortality and accession rates used are based on trends in the current veteran population. In fiscal 1990, Veterans Affairs revised its method to compute future liability. The new methodology is based on budget staff projections and extends 25 years into the future rather than the 20 years previously used. This change resulted in a $60.1 billion net increase from 1989.

This calculation was not based on an independent actuarial study, and thus there is a risk that the assumptions and methods underlying it may not be reflective of actual economic and demographic trends affecting veterans.

The present value of the estimated future liability for compensation and pension benefits payable for the next 5 fiscal years and thereafter is as follows:

	($ billions)
1991	14.7
1992	14.0
1993	13.3
1994	12.4
1995	11.6
Thereafter	129.3
Total	195.3

Compensation programs

This amount represents the estimated future costs for injuries incurred to date for approved Federal Employees' Compensation Act cases and Black Lung.

Other pension plans

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.

Because railroad retirement operates similarly to Social Security (see Note 19), railroad retirement has been eliminated from other pension plans starting fiscal 1989 pending pertinent changes to GAO's Title 2 standards. The cumulative adjustment in 1989 amounted to $51.5 billion.

Other benefits

Other benefits consist of various items the Government is responsible for such as life insurance and health benefits for veterans and Federal employees.

Thrift Savings Plan

The Thrift Savings Plan is a retirement savings and investment plan for Federal employees authorized by Congress in the Federal Employees' Retirement System Act of 1986. It is a defined contribution plan eligible to employees covered under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). The plan offers both FERS and CSRS employees tax deferral advantages. FERS employees may contribute up to 10 percent of basic pay per pay period to the plan; CSRS employees may contribute up to 5 percent of basic pay per pay period. An individual's total annual contribution could not exceed $7,979 in 1990. The plan was started April 1987 and as of September 30, 1990, the total invested was $6.9 billion, mainly in U.S. Government nonmarketable certificates, which is included in debt issued under financing authority in the Statement of Financial Position. The amounts invested in either the Common Stock Index or the Fixed Income Funds are less than $150 million, respectively.

14. Financial liabilities

These are liabilities from and the estimated cost of unresolved banking assistance and failures, included in the totals of the bank insurance fund, FSLIC resolution fund, savings association insurance fund, and Resolution Trust Corporation.

15. Other liabilities

Other liabilities reported are summarized in the following table, by agency.

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Agriculture	2.5	1.6
Defense	5.0	2.9
Energy	1.6	1.7
Health and Human Services	.6	*
Housing and Urban Development	8.5	5.6
Interior	1.9	1.6
Justice	1.3	*
Labor	21.6	14.3
Treasury	6.2	8.9
Veterans Affairs	2.4	*
Export-Import Bank of the United States	.6	*
General Services Administration	1.1	1.1
Tennessee Valley Authority	2.8	2.8
Other	8.3	9.8
Total	64.4	50.3

16. Accumulated position

	($ billions)	
Accumulated position beginning of period, Oct. 1, 1988		-2,409.8
Adjustments for:		
Change in accounts payable		72.3
Change in unearned revenue		-33.3
Change in pensions and actuarial liabilities		-28.0
Change in other liabilities		-6.7
Accumulated position, beginning of period revised		-2,405.5
Prior-period results as originally reported, Sept. 30, 1989	-149.5	
Adjustments for:		
Change in inventory	-15.4	
Change in property, plant and equipment	18.8	
Change in other assets	.8	
Change in accounts payable	77.0	
Change in accrued payroll and benefits	-2.0	
Change in unearned revenue	-35.2	
Change in debt issued under financing authority	-1.5	
Change in pensions and actuarial liabilities	-59.6	
Change in other liabilities	-16.1	
Other adjustments	-4.3	
Prior-period results restated, Sept. 30, 1989		-187.0
Change in market value of gold		-8.0
Accumulated position end of period, Sept. 30, 1989		-2,600.5
Current-period results, Sept. 30, 1990		-279.2
Change in market value of gold		9.8
Accumulated position end of period		-2,869.9

The accumulated position represents the excess of liabilities over assets. It has been restated to reflect prior-period adjustments identified in the above table.

17. Prior-period adjustments and reclassifications

The Consolidated Financial Statements include, in fiscal 1990, adjustments to prior years' figures necessary due to changes in interpreting financial information, and accounting policy, and revised reports received after publication of the fiscal 1989 statements. The changes concerned the following accounts: inventories; property, plant and equipment; other assets; accounts payable; accrued payroll and benefits; unearned revenue; debt issued under financing authority; pensions and actuarial liabilities; financial liabilities; and other liabilities. After adjustments, a net change of $37.5 billion affected the accumulated position for fiscal 1989.

In addition to these adjustments, amounts shown in the Statement of Operations and Statement of Financial Position were reclassified and adjusted to provide for more accurate amounts within each category and to enhance presentation.

Three categories--financial assets, checks outstanding, and financial liabilities--previously included in the Statement of Financial Position are broken out this year for greater clarity.

18. Leases

Federal agencies were first required to provide financial information about lease commitments in 1986. Agencies are attempting to accumulate the desired lease information that is required. At September 30, 1990, the future aggregate minimum rental commitments for capital leases and noncancelable operating leases were:

	Operating leases	Capital leases
	($ billions)	
Years ending Sept. 30,--		
1991	1.4	2.5
1992	1.1	.1
1993	.9	.1
1994	.7	.1
1995	.2	-
Thereafter	2.0	1.0
Total minimum lease payments	6.3	3.8

The majority of these lease commitments relate to building and office space rental. The current and long-term portions of lease costs are included in accounts payable and other liabilities, respectively. Intragovernmental leasing transactions have not been eliminated or identified due to a lack of information.

Lease revenues identified on the agency statements were negligible.

19. Social Security

No liability for Social Security is included in the Statement of Financial Position, but the program is included in the list of outlays for mandatory and related programs. For purposes of disclosure, however, the total unfunded actuarial liability is determined annually. As of September 30, 1990, this liability was $7,120.6 billion. (As of September 30, 1989, this liability was $6,097.5 billion.) This liability represents the present value of the projected excess of future benefit payments to present participants over the contribution still to be made by the same group and their employers on their behalf. If Social Security were accounted for as if it were a pension plan, a portion of the unfunded actuarial liability would be recognized for financial reporting purposes. Such an amount has not been presented in these financial statements.

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 following actuarial amounts prepared by the Social Security Administration are calculated on the assumption that future workers will be covered by the program as they enter the labor force.

	Sept. 30, 1990	Sept. 30, 1989
	($ billions)	
Actuarial liabilities	18,940.2	16,493.2
Actuarial assets	17,696.3	15,643.7
Actuarial surplus or deficit (-)	-1,243.9	-849.5

20. Contingencies

A contingent liability is a liability involving uncertainty as to a possible loss to the Government that will be resolved when one or more future events occur or fail to occur. If the future event or events are likely to occur and the amounts can be reasonably estimated, the liabilities are reported in the Statement of Financial Position under "Financial liabilities" and "Other liabilities." Contingencies within the Federal Government result from a number of sources including loan and credit guarantees, insurance programs, and unadjudicated claims.

The following table shows the contingent liabilities reported in the Statement of Financial Position for losses that are likely to occur and the maximum risk of exposure that the Government has without regard to probability of occurrence and without deduction for existing and contingent assets which would be available to offset potential losses.

	Sept. 30, 1990		Sept. 30, 1989	
	Maximum risk	Liability	Maximum risk	Liability [2]
	($ billions)			
Insurance in force	4,651.4	82.4	4,130.2	54.5
Government loan and credit guarantees	547.5	11.6	580.8	6.8
Unadjudicated claims	[1] 368.9	-	[1] 366.9	-
Other contingencies	232.5	-	228.8	-
		94.0		61.3

[1] Includes $305 billion for fiscal 1990 and $304 billion for fiscal 1989 due to litigation against the Department of Energy.

[2] Revised.

In 1990 the administration provided a range for the total cost of protecting deposits in insolvent thrift institutions at $89 billion to $132 billion in 1989 present value terms. That range has been translated into nominal dollar terms of $110 billion to $160 billion. While the administration believes that there are too many unknown factors to provide a single estimate of the ultimate cost, it believes the cost continues to be within the $110 billion to $160 billion range.

The cost estimate includes $80 billion already provided to the Resolution Trust Corporation (RTC): $50 billion provided by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and $30 billion provided by the RTC Funding Act of 1991.

The Department of Energy recognizes a contingent liability as of September 30, 1990, of about $27.2 billion for environmental cleanup through fiscal 1996. Of that amount, $3.2 billion has been appropriated for 1991. The Department has established a goal to achieve cleanup within 30 years and annually update a 5-year plan to establish a publicly reviewed agenda for compliance and cleanup against which progress will be measured. The first update to this plan, which includes projections through 1996, does not authorize departmental budgetary resources beyond those already appropriated for such activities by the Congress. Liabilities beyond those cited above cannot be reasonably estimated at this time.

21. Audited financial statements

A review showed that agencies which have approximately 41 percent of the reported assets in 1990 have been audited in the past 6 years. As this percent increases, the quality of the data used to prepare this report will improve proportionally as will the usefulness of the results in making financial decisions. A recap of activity from agencies audited follows on the next page and identifies those organizations reviewed.

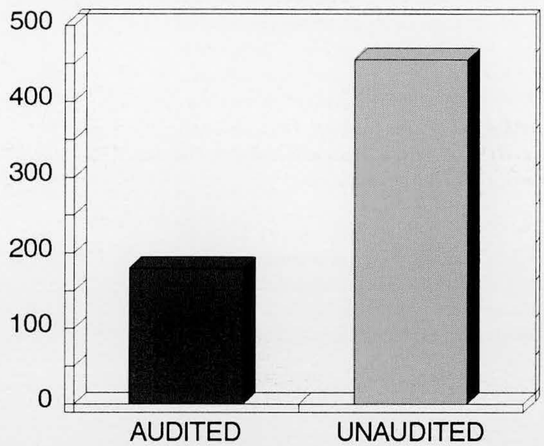
Agencies or departments audited in whole or in substantial part consisted of the following:

Agriculture	Veterans Affairs
Energy	Environmental Protection Agency
Housing and Urban Development	General Services Administration
Health and Human Services	Government Printing Office
Labor	Certain independent agencies
Treasury	

Financial Quality Performance Measures

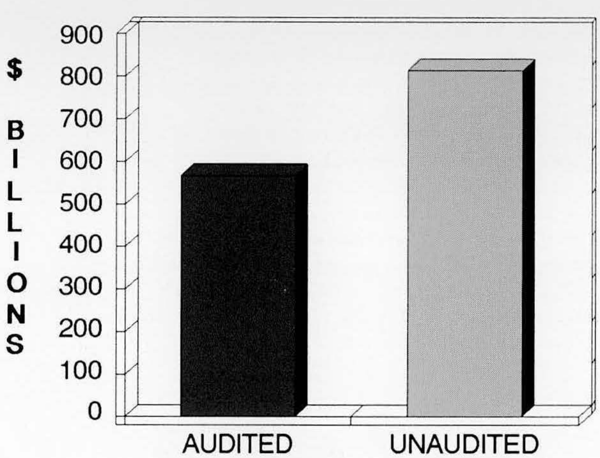
STATUS OF ENTITIES AUDITED

NUMBER



STATUS OF ENTITIES AUDITED

ASSETS



Report of Arthur Andersen & Co.

Larry D. Stout, Director, Financial Information Management Directorate Financial Management Service of the U.S. Department of the Treasury:

We are pleased to have reviewed the Treasury's process for preparing the 1990 prototype U.S. Government Consolidated Financial Statements (the "Consolidated Financial Statements"). The process involves accumulating and consolidating financial information submitted by the agencies that comprise and administer the U.S. Government. This letter will summarize our findings and recommendations.

At your request, we have (1) read the sections of the Treasury Financial Manual and related Bulletins that govern preparation of the Consolidated Financial Statements, (2) reviewed the bases for Treasury's adjustments of information submitted by the agencies, (3) reviewed Treasury's process for identifying all entities to be included in the Consolidated Financial Statements, (4) reviewed Treasury's procedures for accumulating and summarizing information submitted by agencies, and (5) reviewed Treasury's efforts to compare submitted information with other Treasury and OMB data, GAO reports, and reports of independent accountants.

The current preparation process requires a number of significant improvements before the resulting Consolidated Financial Statements can be viewed as providing reliable financial information. Improving the process will require (1) obtaining more accurate financial information from agencies, (2) continuing to improve and refine the Treasury's accumulation and report preparation practices, and (3) resolving a number of important accounting and reporting issues. The following is a discussion of the more significant matters which should receive your attention.

Accuracy and Completeness--Certain agencies have not been required to, or have not been able to, submit useable financial information to Treasury. On the other hand, financial information of an increasing number of agencies has been subjected to either an internal or external independent audit or review process. Such audits and reviews provide increased assurance that the information submitted is reliable and prepared in accordance with applicable accounting principles. With enactment in November 1990 of the Chief Financial Officers Act, additional activities of the Government will become subject to annual audits beginning in fiscal 1991. Accordingly, the Government should develop, in concert with agency Inspectors General and internal auditors, the GAO, and external auditors, a comprehensive agency-level financial statement preparation process.

Errors--As a result of incomplete or inaccurate reporting by agencies, it is necessary for Treasury to make significant adjustments to submitted information. However, Treasury's accumulation and summarization process, while detecting many errors, is not sufficiently comprehensive to ensure that all significant errors would be identified. Furthermore, there is a need for refinement of the process to permit (a) more accurate allocation of adjustments to reported agency expenses, (b) expanded reporting of commitments and guarantees, and (c) appropriate application of generally accepted accounting principles.

Accounting and Reporting--A number of important accounting and reporting issues have been identified by GAO, OMB, Treasury, and others, the resolution of which could have a significant effect on the Consolidated Financial Statements. The newly organized Federal Accounting Standards Advisory Board will consider many of these issues. For example, the extent to which actual and budget data are reported and reconciled, whether all long-lived assets should be capitalized and depreciated, the accounting and reporting for public domain assets, and how pension plans and other long-term liabilities should be recorded must each be resolved. In addition there is a need to further refine and, where appropriate, expand financial statement reporting and disclosures.

Report Distribution--The Treasury initiated preparation of Consolidated Financial Statements in 1975 to promote the idea of providing Government officials and the public with financial facts necessary for controlling costs, assessing performance, and aiding decision-making. After 15 years of prototype status, the Government continues to make some important decisions without the benefit of accurate, complete, and timely financial information. With the enactment of the Chief Financial Officers Act, the impetus for change has been created. A specific timetable for curing the deficiencies in Consolidated Financial Statements should begin with a plan for training Government officials in their use and for communicating the financial facts to the public.

We recognize that many of these areas are not entirely within Treasury's direct control. Consequently, resolving issues associated with the quality of submitted financial information and other important issues must involve a concerted effort by the entire Government financial management community. Nevertheless, resolution of these matters is essential to improving the reliability and usefulness of the Consolidated Financial Statements.

Because we were not engaged to audit or review the Consolidated Financial Statements, we are unable to, and do not, express an opinion or any other assurance on the 1990 prototype U.S. Government Consolidated Financial Statements.

Arthur Andersen + Co.

1666 K Street, N.W.
Washington, D.C. 20006
July 26, 1991

SUPPLEMENTAL TABLES

SUMMARY OF ACCOUNTS AND LOANS RECEIVABLE DUE FROM THE PUBLIC

The Federal Government is the Nation's largest source of credit and underwriter of risk. Its financial commitments are increasing at a rate that exceeds the growth of the U.S. economy.

The Debt Collection Act of 1982 (31 U.S.C. 3719) requires that the Director of the Office of Management and Budget (OMB) consult with the Secretary of the Treasury and the Comptroller General of the United States to establish regulations for agencies with outstanding debts. Each agency prepares and transmits a report summarizing the status of accounts and loans receivable it manages to OMB and Treasury. The Federal Government uses the data in these reports to improve the quality of collection methods.

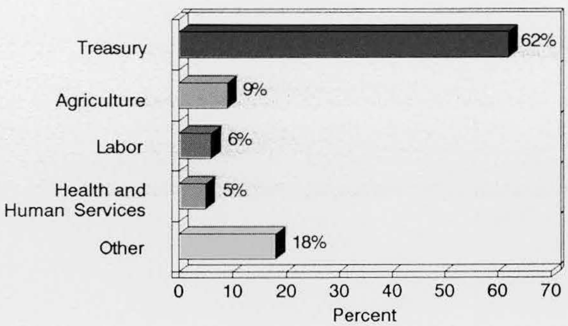
Total accounts receivable amounted to $105.9 billion in fiscal 1990, an increase of $7.4 billion over fiscal 1989. Total loans receivable amounted to $214.0 billion in fiscal 1990, an increase of $2.2 billion from fiscal 1989. Graphically depicted below are summaries by selected agencies of accounts and loans receivable data.

The credit reform provisions of the Omnibus Budget Reconciliation Act of 1990 (OBRA) recognized the implicit cost of Federal credit programs. OBRA seeks reform in several major credit and insurance programs and establishes a policy of risk assessment and program review.

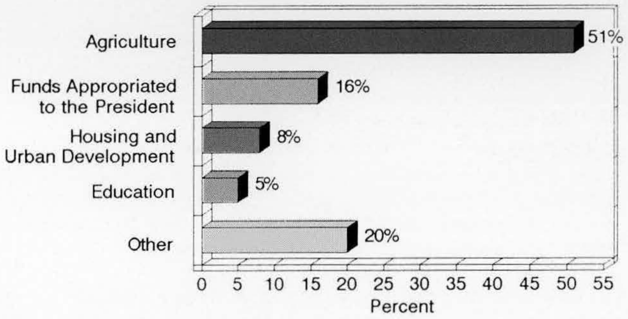
The fiscal 1992 budget requested, for the first time, funding to handle the cost of direct loans and loan guarantees at the time credit is extended. The administration and the Congress will allocate budgetary resources by comparing credit program costs and their accompanying benefits on an equal basis with the costs and benefits of other programs.

The fiscal 1992 budget also recognized the need for additional reforms to reduce the underwriting risk inherent in federally sponsored programs. The budget also proposed reforms in deposit insurance, financial services regulation, Veterans Affairs (VA) mortgage guarantees, and the guaranteed student loan (GSL) program. The reforms in GSLs would reduce defaults and costs to the Government while increasing the program's effectiveness in helping students. A program recommended for review is the Federal Housing Administration (FHA) multifamily loan program.

GROSS ACCOUNTS RECEIVABLE
$105.9 billion



GROSS LOANS RECEIVABLE
$214.0 billion



The amounts in the graphs and the following tables have been summarized from the Report on Accounts and Loans Receivable Due from the Public (SF 220-9). This schedule reflects all receivables reported by Federal agencies.

Accounts and Loans Receivable by Agency

($ billions)

	Accounts receivable		Loans receivable	
	1990	1989	1990	1989
Legislative branch	*	*	*	-
Executive branch				
Executive Office of the President	*	*	-	-
Funds appropriated to the President	1.8	1.3	34.5	24.2
Departments				
Agriculture	10.0	11.0	109.6	112.2
Commerce	.1	.1	.5	.5
Defense	1.6	1.6	1.7	1.7
Education	1.0	.6	11.3	7.9
Energy	4.5	2.5	.1	*
Health and Human Services	4.9	4.2	.8	.8
Housing and Urban Development	.5	.4	16.4	14.1
Interior	2.3	2.4	.7	.3
Justice	1.3	1.6	-	-
Labor	[1] 6.6	[1] 4.9	[1] .6	[1] .8
State	*	*	*	*
Transportation	.1	.1	1.2	1.4
Treasury	[2] 66.0	[2] 62.9	3.3	13.6
Veterans Affairs	1.1	1.1	4.9	4.6
Other independent agencies	4.1	3.8	28.4	29.7
Gross receivables	105.9	98.5	214.0	211.8
Less allowances for losses	12.3	10.6	41.0	[3] 36.6
Net receivables due from the public	93.6	87.9	173.0	175.2

Aging Schedule of Accounts and Loans Receivable as of September 30, 1990

	Accounts receivable ($ bil.)	Percent delinquent	Loans receivable ($ bil.)	Percent delinquent
Delinquent				
1-30 days	7.3	9.5	1.1	3.7
31-60 days	2.5	3.2	.4	1.3
61-90 days	2.5	3.2	.5	1.7
91-180 days	9.2	11.9	.9	3.0
181-360 days	9.5	12.3	4.5	15.1
Over 360 days	46.2	59.9	22.5	75.2
Total delinquent	77.2	100.0	29.9	100.0
Not delinquent	19.7		24.5	
Noncurrent receivables	9.0		159.6	
Total gross receivables	105.9		214.0	

* Less than $50 million.

[1] Labor Department accounts and loans receivable were increased by $6.6 billion and $0.6 billion, respectively, in fiscal 1990 and $4.2 billion and $0.8 billion, respectively, in fiscal 1989 to correct understatement.

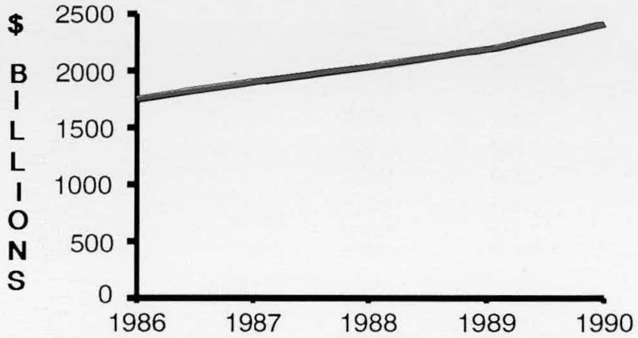
[2] Totals reported by the Internal Revenue Service for gross delinquent taxes for fiscal years 1990 and 1989 were $64.1 billion and $61.0 billion, respectively.

[3] The allowance for losses on loans receivable was increased by $4.8 billion for 1989 on Export-Import Bank to reflect future losses.

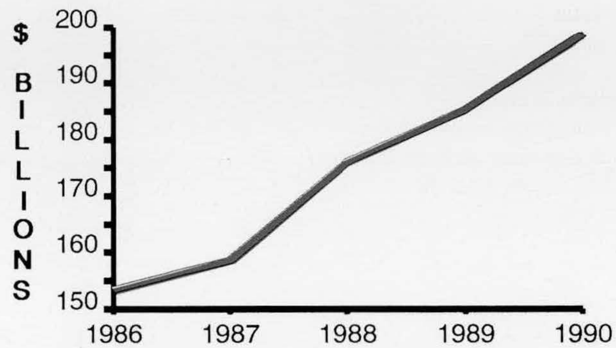
FEDERAL DEBT

Total Federal debt held by the public amounted to $2,410.4 billion in fiscal 1990, an increase of $220.1 billion from fiscal 1989. The following charts show the increase in Federal debt and the interest expense.

FEDERAL DEBT HELD BY THE PUBLIC FY 1986-90



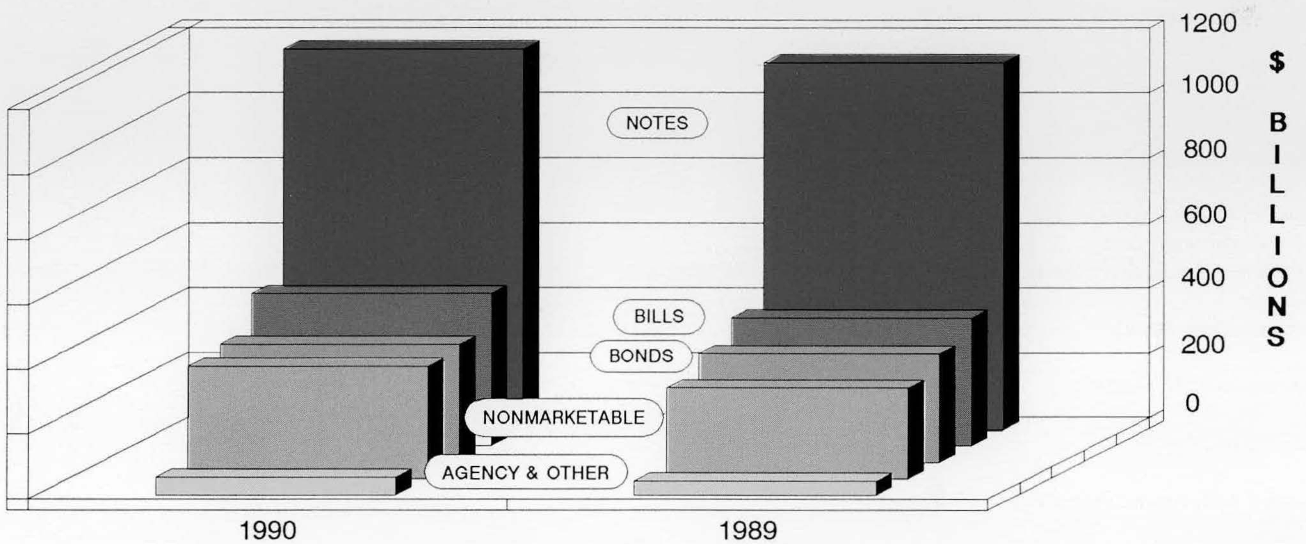
INTEREST EXPENSE FY 1986-90



The two debt tables which follow reflect information on the borrowing of the Federal Government needed to finance the Government's operations. These tables support the Statement of Financial Position caption, "Debt issued under financing authority," 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 1990 and 1989 net debt from the public by major type of securities is graphically depicted.

NET DEBT BY TYPE OF SECURITIES



Summary of Public Debt Outstanding as of September 30, 1990 and 1989 [1]

	1990		1989	
	Average interest rate (percent)	Total debt ($ bil.)	Average interest rate (percent)	Total debt ($ bil.)
Marketable				
Bills	**7.976**	**471.4**	8.527	394.5
Notes	**8.839**	**1,172.3**	8.901	1,129.3
Bonds	**9.920**	**365.5**	10.077	335.6
	8.843	**2,009.2**	9.043	1,859.4
Nonmarketable				
Foreign government series	**8.004**	**36.0**	8.170	6.8
Government account series	**9.284**	**7.2**	9.401	4.8
U.S. savings bonds	**6.990**	**122.2**	7.032	114.0
Other	**8.281**	**180.6**	8.333	158.7
	7.817	**346.0**	7.826	284.3
Other	**8.850**	**22.4**	8.999	21.1
	8.850	**22.4**	8.999	21.1
Total		**[2] 2,377.6**		[2] 2,164.8

[1] Administered by the Bureau of the Public Debt, Department of the Treasury.

[2] Net of intragovernmental holdings of $795.9 billion and $677.2 billion, respectively, and net of unamortized premiums or discounts.

Types of marketable securities

Bills--Short-term obligations issued with a term of 1 year or less.
Notes--Medium-term obligations issued with a term of at least 1 year, but not more than 10 years.
Bonds--Long-term obligations of more than 10 years.

Summary of Agency Debt Outstanding as of September 30, 1990 and 1989

($ billions)

	1990	1989 [1]
Housing and Urban Development	**0.4**	0.3
Federal Deposit Insurance Corporation		
Bank insurance fund	**3.0**	3.1
Federal Savings and Loan Insurance Corporation, resolution fund	**19.3**	20.0
Architect of the Capitol	**.1**	.1
Tennessee Valley Authority	**9.4**	1.4
U.S. Postal Service	**.3**	.3
National Archives and Records Administration	**.3**	.3
Total	**32.8**	25.5

[1] Revised.

COMMITMENTS AND CONTINGENCIES

Commitments are long-term contracts for which appropriations have not been provided by the Congress and undelivered orders which represent obligations.

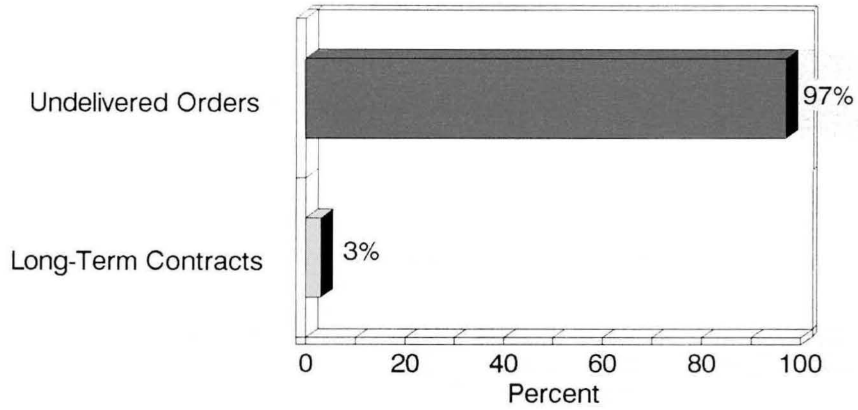
A contingency is a liability involving uncertainty as to a possible loss to the Government that will be resolved when one or more future events occur or fail to occur. If the future event or events are likely to occur and the amounts can be reasonably estimated, the liabilities are reported in the Statement of Financial Position under "Financial liabilities" or "Other liabilities." Contingencies within the Federal Government result from a number of sources including loan and credit guarantees, insurance programs, and unadjudicated claims.

In fiscal 1990, total commitments amounted to $539.7 billion and total contingencies amounted to $5,800.3 billion. Total contingencies represent the maximum risk of exposure without regard to probability of occurrence and without deduction for existing and contingent assets which would be available to offset potential losses. The charts below show the percentage distribution of 1990 commitments and contingencies by source category.

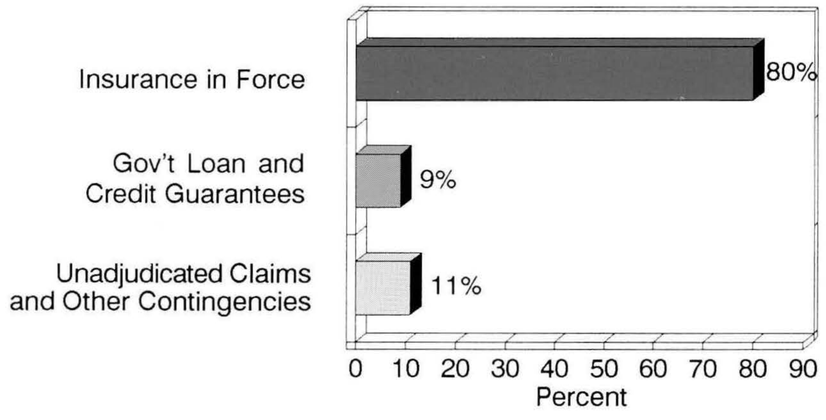
Federal and federally sponsored credit and insurance have grown faster than the gross national product over the past 20 years. The loans and securitization provided by Government-sponsored enterprises is the fastest growing category. The largest commitment is to Federal deposit insurance at commercial banks, thrifts, and credit unions; but Federal loan guarantees have grown rapidly, too.

Programs with high default costs are multifamily housing, farm ownership and operating loans, Export-Import Bank lending, small business credit, and Rural Electrification Administration power supply loans. Loan guarantees with high default rates include guaranteed student loans and Veterans Affairs (VA) guaranteed and Federal Housing Administration (FHA) insured mortgages with high loan-to-value ratios.

COMMITMENTS
$539.7 billion



CONTINGENCIES
(Maximum Risk)
$5,800.3 billion



The table that follows shows commitments and contingencies by type. For contingencies, the maximum risk that the Government is exposed to is shown.

Commitments and Contingencies of the United States Government as of September 30, 1990 and 1989

($ billions)

	Amounts outstanding	
	1990	**1989**
Commitments		
Long-term contracts		
Tennessee Valley Authority	**6.3**	4.9
Defense	**1.7**	2.8
General Services Administration	**4.3**	3.4
U.S. Postal Service	**2.0**	1.9
Energy	**.3**	.2
Other	**.8**	.9
Subtotal	**15.4**	14.1
Undelivered orders		
Housing and Urban Development	**183.9**	192.6
Defense	**143.9**	143.8
Funds appropriated to the President	**40.2**	39.3
Transportation	**39.0**	37.7
Health and Human Services	**36.1**	33.9
Other	**81.2**	74.7
Subtotal	**524.3**	522.0
Total commitments	**539.7**	536.1
Maximum risk exposure for contingencies		
Government loan and credit guarantees		
Housing	**361.7**	359.4
Veterans benefits	**65.4**	65.3
Education	**65.1**	58.6
Farm ownership and rural development	**22.7**	21.3
Other	**32.6**	76.2
Subtotal	**547.5**	580.8
Insurance in force		
Federal Deposit Insurance Corporation:		
Bank insurance fund	**1,905.8**	1,750.3
Savings association insurance fund	**890.0**	950.0
Pension Benefit Guaranty Corporation	**943.0**	819.7
Transportation	[1] **461.8**	220.7
Federal Emergency Management Agency	**202.8**	182.7
National Credit Union Administration	**178.2**	161.9
Other	**69.8**	44.9
Subtotal	**4,651.4**	4,130.2
Unadjudicated claims		
Energy	**305.4**	304.4
Transportation	**38.3**	39.3
Other	**25.2**	23.2
Subtotal	**368.9**	366.9
Other contingencies		
Housing and Urban Development	**178.7**	166.5
Treasury (IRS--returns processing)	**25.4**	34.1
Veterans Affairs	**12.0**	11.6
Multilateral development banks	**6.5**	6.5
Other	**9.9**	10.1
Subtotal	**232.5**	228.8
Total	**5,800.3**	5,306.7

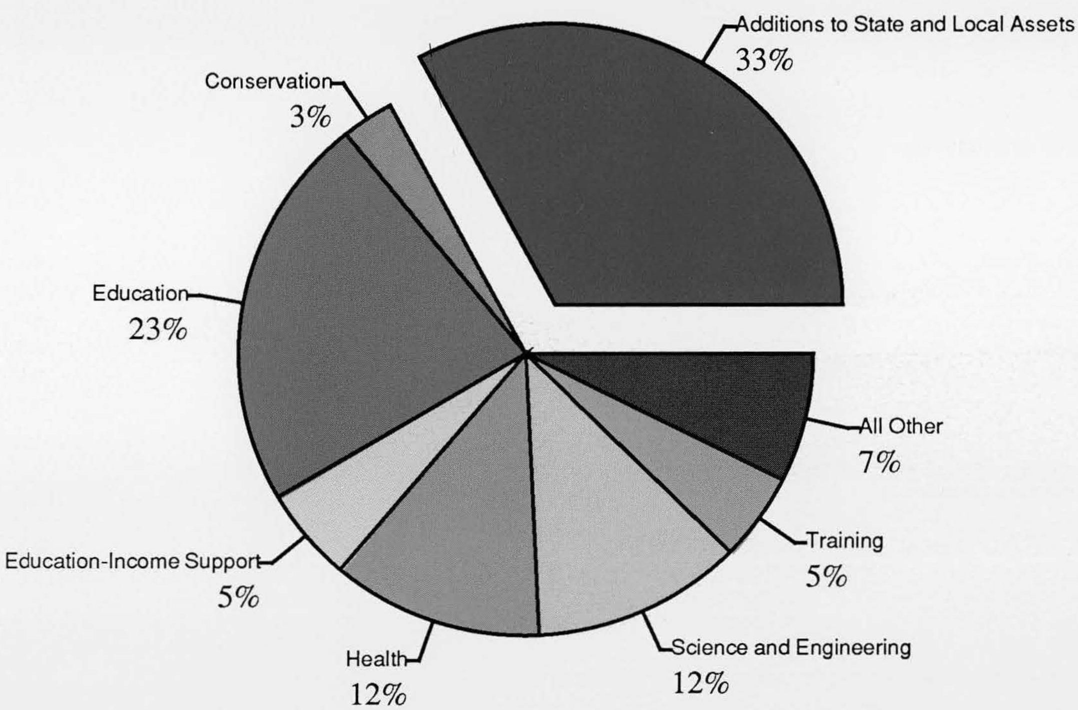
[1] The increased risk to aviation in the Middle East accounted for the larger cost in fiscal 1990.

ADDITIONS TO NON-FEDERAL ECONOMIC RESOURCES

The following chart indicates the ways in which the Government uses its resources to add to the physical and human resources of the Nation without acquiring physical assets.

ADDITIONS TO NON-FEDERAL ECONOMIC RESOURCES, FISCAL 1990

Total: $78.5 billion



The table which follows shows the amounts of these expenditures. Some of these investment-type expenditures, while not adding to the Federal assets, add to the assets of State and local governments or private institutions, and all enhance the future productivity of the Nation.

Additions to State and local assets include construction grants for highways, community development, airports, and mass transit. Other developmental expenditures include the outlays for conduct of education and training, conduct of nondefense research and development, and collection of information.

Additions to Non-Federal Economic Resources for the Years Ended September 30, 1990 and 1989

($ billions)

	1990	1989
Additions to State and local assets		
Community and regional development	**3.7**	3.8
Environment	**3.3**	3.1
Transportation		
Highways and mass transit	**17.1**	16.1
Rail and air	**1.2**	1.1
Other	**.5**	.4
Total additions	**25.8**	24.5
Other developmental expenditures		
Agriculture	**.9**	.9
Conservation	**2.3**	2.5
Education	**17.8**	18.9
Education-income support	**4.2**	4.3
Environment	**2.8**	2.5
Health	**9.4**	8.7
Science and engineering	**9.3**	8.4
Training	**3.9**	3.8
Transportation	**1.0**	1.9
Other	**1.1**	.9
Total developmental expenditures	**52.7**	52.8
Total additions to non-Federal economic resources	**78.5**	77.3

Source: *Budget of the United States Government, Fiscal Years 1992 and 1991.*

ESTIMATES FOR TAX EXPENDITURES IN THE INCOME TAX

The following table is designed to show the revenue losses attributable to tax law provisions that allow special exclusions, exemptions, or deductions from gross income or provide special credits, tax rates, or deferrals. The schedule shows the approximate cost of tax benefits.

Revenue loss estimates do not take into account the additional resources, if any, that would be required to provide the same after-tax incentives if the expenditure program were administered as a direct outlay rather than through the tax system. These revenue loss estimates are not equivalent to estimates of the increase in Federal receipts that would result from the repeal of tax expenditure provisions.

Some minor distortions may have occurred since data presented have been condensed for purposes of this report. For further 1990 information, refer to *Budget of the United States Government, Fiscal Year 1992*, "Estimates for Tax Expenditures in the Income Tax," table XI-1. For 1989, refer to *Budget of the United States Government, Fiscal Year 1991*, "Estimates for Tax Expenditures in the Income Tax," table C-1.

Fiscal Years 1990 and 1989

($ billions)

	Estimated amount of revenue loss	
	1990	**1989**
Income exclusions		
Capital gains at death	**22.2**	12.3
Disability and retirement benefits (private)	**58.3**	56.0
Social Security benefits	**20.2**	18.8
Education allowances (scholarships and GI benefits)	**.7**	.7
Foreign earnings and investment incentives (income earned abroad)	**5.0**	3.2
Interest and dividends (State and local bonds and debt, and life insurance)	**25.8**	23.2
Medical care and insurance (employer premiums paid)	**32.5**	32.6
Payroll benefits and allowances (group life, accident, and unemployment)	**4.8**	5.5
Other (age 55 or over credit on home sales)	**3.2**	3.2
Income deferrals		
Interest on U.S. savings bonds	**1.0**	1.0
Real estate (home sales)	**12.6**	12.0
Foreign earnings (foreign sales corporations)	**.9**	.5
Other deferrals		
Taxes (shipping companies)	**.1**	.1
Deductions and credits		
Agriculture related (capital outlays and gains on certain income)	**.5**	.5
Contributions (charitable and political)	**13.3**	11.1
Earned income	**1.8**	1.5
Employee stock ownership plans (funded through investment and tax credits)	**1.9**	.7
Excess bad debt reserves (financial institutions)	**.2**	*
Exemptions (credit unions)	**.4**	.4
Foreign earnings (corporations doing business in U.S. possessions)	**1.9**	1.9
Interest (mortgage and consumer)	**39.1**	38.1
Investments (commercial capital gains, credits, other investment incentives, construction period interest, and expensing developmental costs)	**4.2**	5.6
Medical	**2.9**	2.7
Old-age, disability, and other personal exemptions	**1.6**	1.3
Other (deductions of motor carrier rights, certain adoption expenses, and energy credit for intercity buses)	*	*
Property damages and losses (casualty losses)	**.3**	.1
State and local property tax and other taxes	**28.4**	28.6
Work incentives (employment credits under work programs) and dependent care	**3.9**	3.0
Accelerated depreciation (rental housing, buildings other than rental housing, and machinery and equipment)	**30.9**	37.5

* Less than $50 million.

OUTLAYS FOR MANDATORY AND RELATED PROGRAMS

The Government commits itself to provide services by passing laws that make spending mandatory. Mandatory and related programs include direct spending and offsetting receipts, whose budget authority is provided by law other than appropriations acts. Also included in this category are appropriated entitlements and the food stamp program. For further information, refer to "Historical Tables" in the *Budget of the United States Government, Fiscal Year 1992*, table 8.2.

Outlays for Mandatory and Related Programs, Fiscal Years 1990 and 1989

($ billions)

	1990	**1989**
Human resource programs		
Education, training, employment, and social services	**10.9**	9.8
Health	**42.9**	35.3
Medicare	**95.8**	82.7
Income security	**123.8**	114.4
Social Security	**246.5**	230.4
Veterans benefits and services	**15.9**	17.7
	535.8	490.3
Other	**69.2**	39.2
Total mandatory programs	**605.0**	529.5
Net interest	**184.2**	169.2
Total undistributed offsetting receipts	**-36.6**	-37.2
Total	**752.6**	661.5

Note.--This table supercedes the Open-ended Programs and Fixed Costs table in prior publications.

FEDERAL OBLIGATIONS

"Obligations" are the basis on which the use of funds is controlled in the Federal Government. They are recorded at the point at which the Government makes a firm commitment to acquire goods or services and are the first of the four key events--order, delivery, payment, and consumption--which characterize the acquisition and use of resources. In general, they consist of orders placed, contracts awarded, services received, and similar transactions requiring the disbursement of money. All intragovernmental items have been eliminated.

The obligational stage of Government transactions is a strategic point in gauging the impact of the Government's operations on the national economy, since it frequently represents for business firms the Government's commitment which stimulates business investment, including inventory purchases and employment of labor. Disbursements may not occur for months after the Government places its order, but the order itself usually causes immediate pressure on the private economy.

For more detail, refer to the *Treasury Bulletin*, March 1991.

Gross Obligations of the Federal Government by Object Class, as of Sept. 30, 1990 and 1989

($ millions)

	1990	1989
Personal services and benefits		
Personnel compensation	**146,226**	144,314
Personnel benefits	**11,700**	9,305
Benefits for former personnel	**892**	865
Contractual services and supplies		
Travel and transportation of persons	**5,729**	5,412
Transportation of things	**8,061**	7,595
Rent, communications, and utilities	**12,331**	11,736
Printing and reproduction	**2,313**	1,039
Other services	**146,023**	137,370
Supplies and materials	**57,464**	57,563
Acquisition of capital assets		
Equipment	**70,704**	57,215
Lands and structures	**17,366**	20,529
Investments and loans	**25,059**	17,681
Grants and fixed charges		
Grants, subsidies, and contributions	**207,387**	207,958
Insurance claims and indemnities	**466,210**	405,761
Interest and dividends	**211,102**	195,551
Refunds	**225**	769
Other		
Unvouchered	**100**	97
Undistributed U.S. obligations	**65,509**	11,598
Gross obligations incurred	**1,454,401**	1,292,358

NOTES TO SUPPLEMENTAL TABLES

Accounts and loans receivable by agency

The receivables figures in the supplemental table differ from the fiscal 1990 "Report to Congress on Credit Management and Debt Collection," prepared by the Office of Management and Budget. This reconciliation explains the major differences.

	Accounts receivable	Loans receivable
	($ billions)	
OMB balances	99.6	213.4
Departments		
Education	[1] .3	
Labor	[2] 6.6	
	[3] -.6	[3] .6
CFS balances	105.9	214.0

[1] The reallocation was not reported by the agency on the SF 220-9 as of Sept. 30, 1990.

[2] This amount is included in the accounts receivable reported by the Department of Labor on its SF 220. The balance represents an estimated amount of Federal and State unemployment taxes due for the quarter ended Sept. 30, 1990, payable in October 1990. It also includes delinquent unemployment taxes receivable from employers within the States, and overpayments of unemployment insurance benefits.

[3] This amount is due to a reclassification of accounts receivable to loans receivable made in accordance with Title 2, and agreed upon by the agency's Inspector General.

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