Consolidated Financial Statements of the United States Government

CFS 1995

Prototype

Compiled and Published by
Department of the Treasury
Financial Management Service
fms

from the secretary of the treasury...

STATEMENT OF THE SECRETARY OF THE TREASURY

The Department of the Treasury's Financial Management Service has prepared the "Consolidated Financial Statements of the United States, Prototype 1995," which provides an unaudited summary of information on Federal operations and financial positions.

During fiscal year 1995, the American economy continued to expand, aided in part by the effects of the 1993 deficit reduction package. As a result, these statements reflect a significantly improved federal financial picture for fiscal year 1995. For the third year in a row, the federal budget deficit declined—-it was reduced by $39 billion to $164 billion—-its lowest level since 1989. In addition, inflation remained low at 2.5%, the unemployment rate dropped to 5.6%, and overall, the economy grew by 2.0% (real GDP).

The Department of the Treasury, the Office of Management and Budget (OMB), and the General Accounting Office are working with a Task Force of agency Chief Financial Officers and Inspectors General to ensure that the necessary financial information is available to meet the requirement of the Government Management and Reform Act of 1994 that all major federal agencies prepare audited financial statements for fiscal year 1996 by March 1, 1997. The act also requires that Treasury issue the first Government-wide audited financial statements covering fiscal year 1997 by March 31, 1998.

To help federal agencies meet these requirements and paint the federal financial picture more clearly, the Director of OMB, the Comptroller General of the United States, and I have approved all of the basic accounting standards recommended by the Federal Accounting Standards Advisory Board. This marks the beginning of an era, where for the first time, the Federal Government has a body of "generally accepted accounting principles" to govern the preparation of financial statements by departments and agencies. The implementation of these standards will improve the quality of the financial data presented in future consolidated statements.

Robert E. Rubin

from the comptroller general...

Comptroller General
of the United States

Washington, D.C. 20548

For fiscal year 1996, our national government will achieve an important milestone when the 24 major federal departments and agencies prepare financial statements and have them independently audited. This is a major step in providing more useful and reliable information for decisionmakers to effectively manage government operations. These annual statements—required by the Government Management Reform Act (GMRA) of 1994, which expanded the requirements of the Chief Financial Officers Act of 1990—will help to identify and address weaknesses and high-risk areas and will offer meaningful data to assess the performance of entities that make up 99 percent of federal outlays.

Starting with fiscal year 1997, GMRA also mandates that the Department of the Treasury prepare annual consolidated financial statements for the executive branch and that the statements be audited by GAO. These new statements will replace the accompanying unaudited prototype financial statements, which have limited usefulness and reliability. This upgraded financial reporting and our associated audit role are key parts of the federal government's commitment to, for the first time, give the American people an overall scorecard on the national government's financial status and stewardship.

We are working closely with the executive branch and the Congress to address the unique circumstances affecting the accounting, reporting, and auditing of both the agencywide and governmentwide financial statements. While important progress has been made over the past several years, as I have reported in the past, agency financial managers must continue to (1) build integrated information systems capable of producing reliable financial, cost, and performance information, (2) establish effective systems of internal control to better control risks, and (3) develop more effective financial organizations with the strong leadership needed to produce auditable financial statements and provide quality services in an efficient manner. Full government accountability to the American public will only be achieved by continuing to make sustained progress in these areas.

Charles A. Bowsher

Charles A. Bowsher

Economic and Budget Results for Fiscal 1995

AFTER RAPID ACCELERATION IN FISCAL 1994, economic growth slowed in fiscal 1995 to a rate more in line with steady, long-term trends consistent with low inflation. Despite the slower pace, job growth continued through the fiscal year, with over 2-1/2 million new jobs added. The unemployment rate remained within a very low 5.4 percent to 5.7 percent band. Inflation was well contained, with the underlying rate of inflation dropping below 3 percent over the fiscal year for the first time in 23 years. The Federal budget deficit continued to fall, declining by $39 billion in fiscal 1995 for a total drop of $127 billion over the past 3 fiscal years.

The Economy in Fiscal 1995

Real gross domestic product (GDP) grew by 2.0 percent across the four quarters of fiscal 1995, which encompasses the fourth quarter of calendar 1994 through the third quarter of calendar 1995. This was much slower than growth over the four quarters of fiscal 1994, when GDP expanded by 3.9 percent. That rate of growth had led to increased concerns about a possible speed-up in the rate of inflation, prompting the Federal Reserve Board to tighten monetary policy during the course of fiscal 1994 and on into fiscal 1995. The rate of economic growth dropped from 3.0 percent at an annual rate in the first quarter of fiscal 1995 to an average of just 0.6 percent in the next two quarters. Growth accelerated to a 3.8 percent pace by the final quarter of the fiscal year.

All sectors of the economy slowed in fiscal 1995, but the deceleration was most dramatic in housing. Residential construction (in real terms) had surged by 11.6 percent over the four quarters of the prior fiscal year after mortgage interest rates dropped to 25-year lows. As rates moved up and growth in jobs and income settled down, expansion of residential housing eased, and by the end of fiscal 1995, residential construction spending was 3.0 percent lower than at the end of fiscal 1994.

Consumer spending moderated in fiscal 1995 to a 2.4 percent increase from 3.0 percent in fiscal 1994, with most of the softness occurring in the second quarter of the fiscal year. Business investment spending also slowed over the fiscal year, especially in the second half. Growth in business fixed investment averaged 13.7 percent at an annual rate in the first two quarters of the fiscal year, but just 4.2 percent in the final two quarters.

Employment gains also moderated in fiscal 1995, but the economy still added more than 2-1/2 million new jobs. Most of those jobs were in the private service-producing sector, with especially strong growth in business services. Employment in manufacturing remained essentially flat over the fiscal year after growing by 330,000 in fiscal 1994. The unemployment rate stayed within a very narrow range of 5.4 percent to 5.7 percent over the course of fiscal 1995, the lowest rates of unemployment in 5 years. Broad measures of inflation remained very subdued in fiscal 1995. Consumer prices increased just 2.5 percent over the year, below the 3.0 percent rate of increase in fiscal 1994. Declining energy prices contributed to the lower rate, but underlying inflation was also well behaved. Excluding food and energy, the ‘‘core’’ rate of inflation dipped to 2.9 percent in fiscal 1995, the first time it went below 3.0 percent since 1972.

Growth in the first three quarters of fiscal 1996 started out weak but then picked up speed. The economy slowed to a 0.3 percent rate of growth in the first quarter of the 1996 fiscal year, but then accelerated rapidly over the next two quarters. Inflation in fiscal 1996 remains under control—higher energy prices at the beginning of the fiscal year have since receded. Over the next several quarters the economy is projected to resume a moderate growth rate consistent with its long-term potential.

Budget Results

The Federal budget deficit narrowed significantly in fiscal 1995, declining by $39 billion to $163.9 billion, the lowest in 6 years. After reaching an all-time high of $290.4 billion in fiscal 1992, the deficit has dropped by a total of $126.5 billion over the past 3 years. As a share of GDP, the deficit fell from 4.7 percent in fiscal 1992 to 2.3 percent in fiscal 1995, the lowest share since fiscal 1979.

The large improvement over the last 3 years resulted partly from passage of the President's Economic Plan in 1993 (the Omnibus Budget Reconciliation Act) and partly from the speed-up in economic growth since 1992. The 1993 Budget Act provided for $505 billion in total deficit reduction across the 5 years ending in fiscal 1998 from what otherwise would have occurred. That figure was about evenly split between revenue increases and curbs on growth of spending.

In fiscal 1995, growth of outlays was held to $58 billion, or 4.0 percent. That figure was held down a bit by a timing quirk in the calendar, which artificially boosted outlays in fiscal 1994, and by large asset sales in the deposit insurance account, which are counted as negative outlays. Excluding the timing differences and the outlays of the deposit insurance agencies, growth of outlays in fiscal 1995 was closer to 5.0 percent.

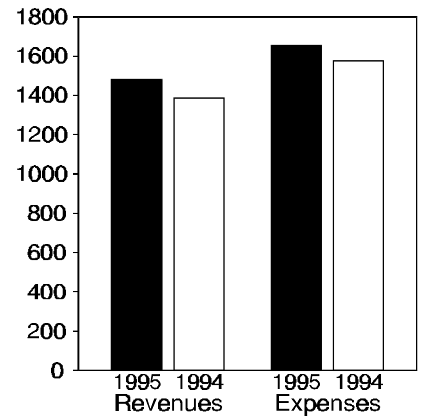
Outlays for defense continued to decline in fiscal 1995, down by $9-1/2 billion, or 3.4 percent. Along with lower defense spending, budget balance was also assisted by declines in farm support payments, resulting from strong farm prices, and in unemployment insurance benefits, reflecting lower unemployment. Net interest payments, in contrast, jumped by $29.2 billion, or 14.4 percent, in fiscal 1995 due to higher interest rates.

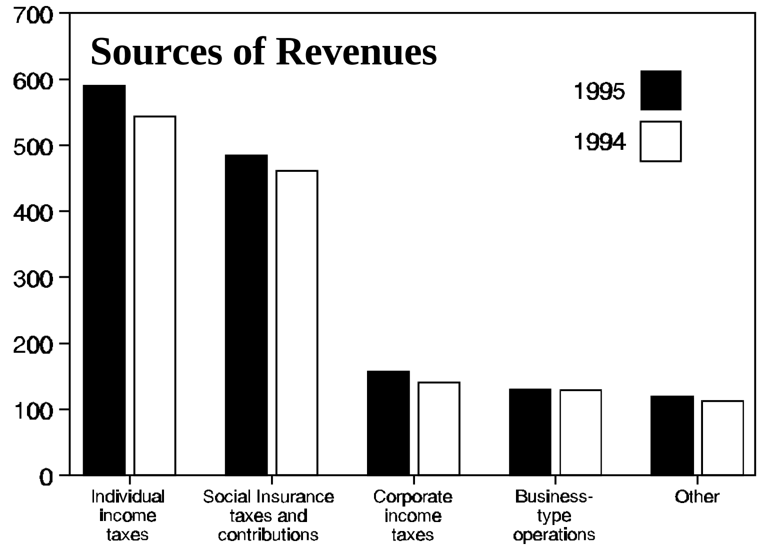
Receipts increased by 7.8 percent in the fiscal year, which was more than 3 percentage points faster than the rise in economic activity over the fiscal year, as measured by the nominal value of GDP. Growth of receipts in 1995 was led by an 11.8 percent advance in corporate income tax receipts, reflecting a strong gain in profits.

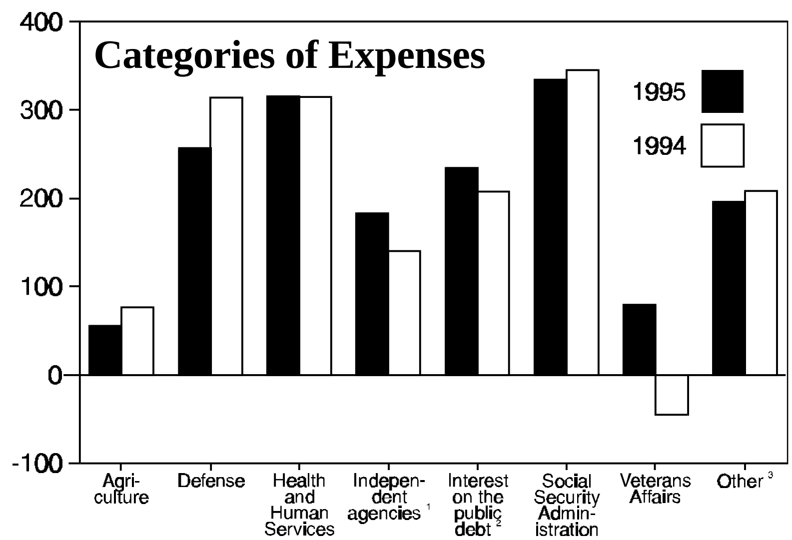
The deficit is on track to decline further in fiscal 1996. The fiscal 1996 deficit is expected to fall to $116.8 billion, $47 billion below the fiscal 1995 level. If realized, this would be the smallest deficit in 15 years. It would represent less than a 1.6 percent share of GDP, the lowest since fiscal 1974.

Revenues and Expenses

The graphs on this page show the amounts of the U.S. Government revenues and expenses for fiscal 1995 and 1994. The charts below show categories of revenues by source, and a breakdown of the Government's expenses by agency. Charts are in billions of dollars. All revenues levied under the Government's sovereign power are reported on the cash basis. Revenues earned through Government business-type operations and the data supporting the graph of expenses by agency are reported on the accrual basis.







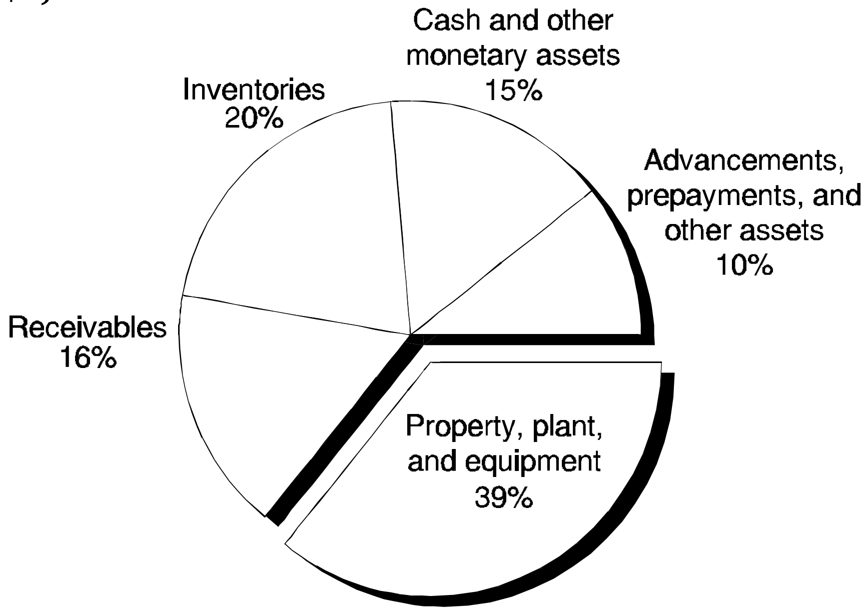
1 Includes EPA, GSA, NASA, OPM, SBA, and other independent agencies.
2 Does not include interest on investments held by Government agencies.
3 Departmental agencies with expenses less than $50 billion.

FOR MORE INFORMATION 12 SEE PAGE

Major Categories of Assets as of September 30, 1995

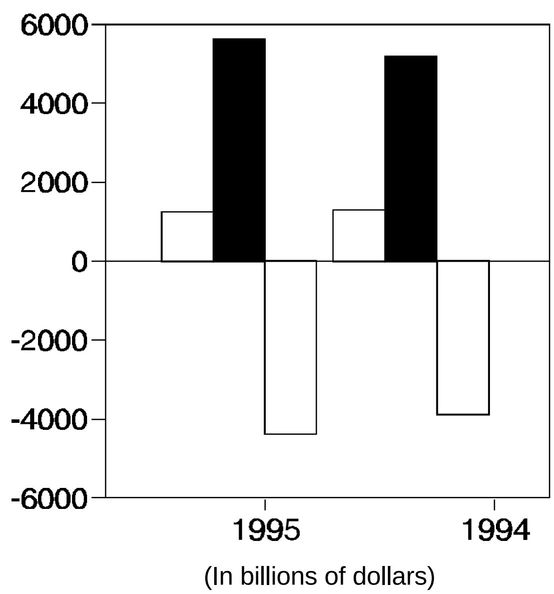
Assets are resources owned by or owed to the Federal Government that are available to pay liabilities or to provide future public services. The chart below is derived from the Statement of Financial Position (page 11). It depicts the major categories of assets as of September 30, 1995, as a percentage of total assets. The components for each of these categories are contained in Notes to Financial Statements.

Total Assets: $1,298.3 billion



Assets, Liabilities, and Accumulated Position as of September 30, 1994-1995

The chart at right depicts assets, liabilities, and accumulated position reported in the Statement of Financial Position, as of September 30, 1994-1995.

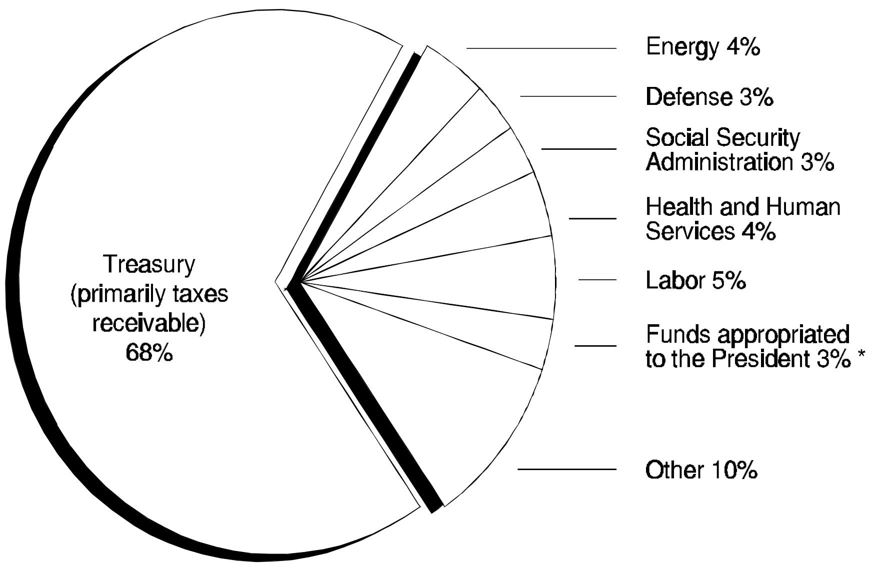


For more information see page 11

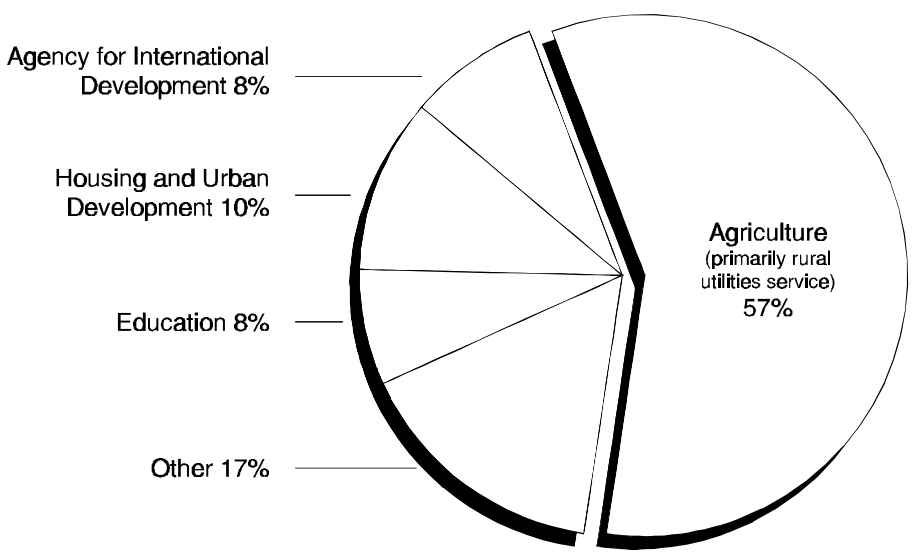
Gross Accounts and Loans Receivable as of September 30, 1995

The amounts in these graphs were derived from the agencies' adjusted trial balances (ATB) as reported on the Federal Agencies' Centralized Trial-Balance System (FACTS). These gross amounts, less allowances of $79.4 billion and $68.8 billion for accounts receivable and loans receivable, respectively, are included in the Statement of Financial Position on page 11.

Accounts Receivable Total: $166.6 billion



Loans Receivable Total: $189.6 billion



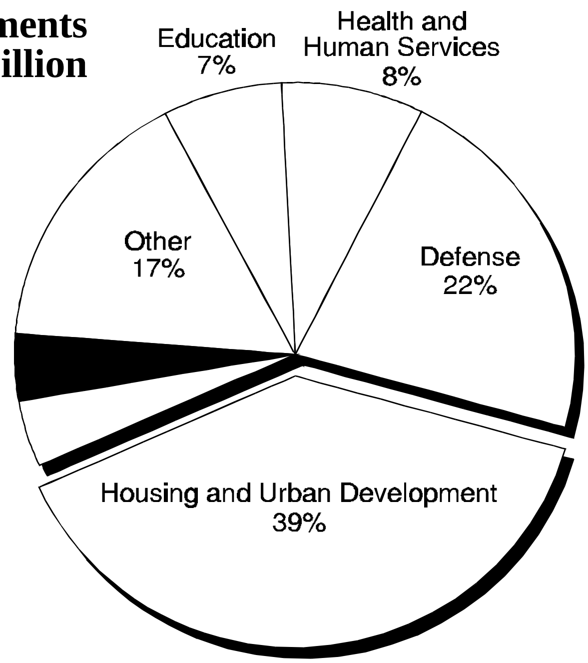
FOR MORE INFORMATION 11,14 SEE PAGES

* Includes Executive Office of the President.

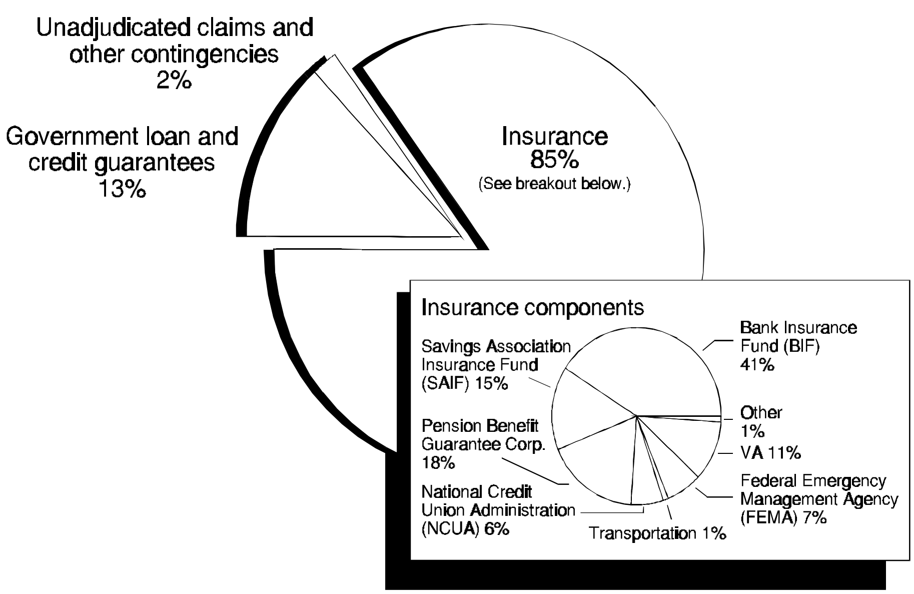
Commitments and Contingencies

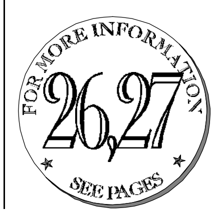
For a breakdown of the figures illustrated in these charts, see Commitments and Contingencies of the United States Government for the Years Ended September 30, 1995 and 1994, on pages 26 and 27.

Commitments
Total: $438.0 billion



Contingencies (at face value)
Total: $5,419.5 billion



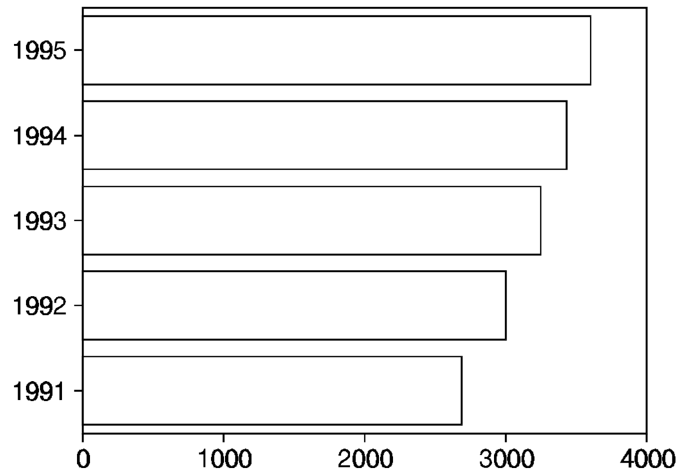


Federal Debt

The following charts represent different facets of the net Federal debt, excluding intragovernmental investments. For a breakdown of the Federal debt, see the tables on pages 18 and 19.

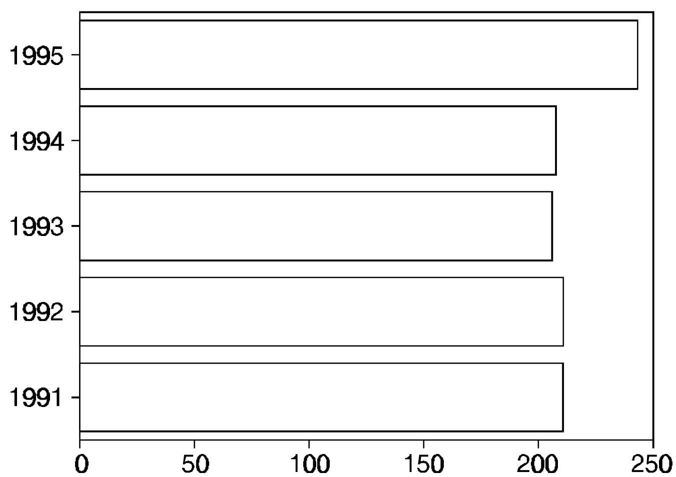
Federal Debt Held by the Public, Fiscal 1991-1995

(In billions of dollars)



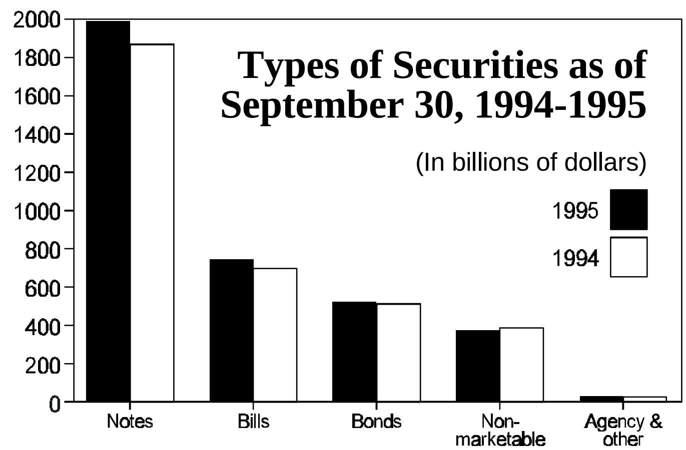
Interest Expense for Federal Debt Held by the Public, Fiscal 1991-1995

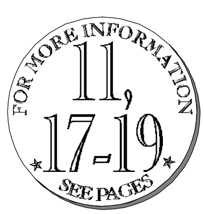
(In billions of dollars)



Types of Securities as of September 30, 1994-1995

(In billions of dollars)





consolidated financial statements

United States Government Consolidated Statement of Financial Position, as of September 30 (Unaudited)

(In billions of dollars)

Assets	**1995**	**1994***
Cash	66.8	56.3
Other monetary assets (Note 3)	126.7	126.2
Accounts receivable, net of allowances (Note 4)	87.2	76.6
Inventories and related properties	259.1	222.9
Loans receivable, net of allowances (Note 4)	120.8	118.8
Advances and prepayments	24.2	22.8
Property, plant, and equipment, net of accumulated depreciation	503.4	576.2
Other assets	109.4	151.1
Total assets	1,297.6	1,350.9
Liabilities		
Accounts payable	51.2	48.4
Interest payable	51.3	45.1
Accrued payroll and benefits	17.3	17.2
Unearned revenue (Note 8)	33.8	36.0
Federal Debt held by the public (Note 9)	3,603.3	3,432.3
Pensions and other actuarial liabilities (Note 10)	1,628.2	1,526.2
Other liabilities	425.5	251.9
Total liabilities	5,810.6	5,357.1
Accumulated position	-4,513.0	-4,006.2

The accompanying notes are an integral part of this statement.
* Amounts are restated due to Defense audit adjustments.

FOR MORE INFORMATION 7, 14-25 SEE PAGES

United States Government Consolidated Statement of Operations for the Year Ended September 30 (Unaudited)

(In billions of dollars)

Revenues	1995	1994
Levied under the Government's sovereign power:		
Individual income taxes	590.2	543.1
Corporate income taxes	157.0	140.4
Social insurance taxes and contributions	484.5	461.5
Excise taxes	57.5	55.2
Estate and gift taxes	14.8	15.2
Customs duties	19.3	20.1
Miscellaneous	27.3	22.0
	1,350.6	1,257.5
Earned through Government business-type operations:		
Sale of goods and services	83.0	82.1
Interest	11.4	10.6
Other	36.0	35.9
Total revenues	1,481.0	1,386.1
Expenses by agency		
Legislative branch	2.9	2.5
Judicial branch	3.2	2.6
Executive branch:		
Funds appropriated to the President [1]	1.8	1.2
Departments:		
Agriculture	60.1	73.6
Commerce	4.7	3.2
Defense (military) [2]	248.6	274.1
Defense (civil)	30.2	26.5
Education	34.6	29.0
Energy	7.7	26.2
Health and Human Services	342.5	301.2
Housing and Urban Development	34.6	29.0
Interior	9.7	6.7
Justice	9.2	6.9
Labor	39.6	34.3
State	6.2	6.9
Transportation	40.2	37.6
Treasury:		
Interest on debt held by the public	234.2	207.7
Other	33.5	26.2
Veterans Affairs	86.5	21.1
Independent:		
Social Security Administration	362.7	330.6
Other [3]	198.3	134.2
Total	1,791.0	1,581.3
Veterans Affairs adjustment for actuarial liability change		-65.6
Total expenses	1,791.0	1,515.7
Expenses in excess of revenues	310.0	129.6

FOR MORE INFORMATION SEE PAGE 6

The accompanying notes are an integral part of this statement.

[1] Includes Executive Office of the President.

[2] Fiscal 1994 amount includes Defense audit adjustments.

[3] Includes EPA, GSA, NASA, OPM, SBA, and other independent agencies.

notes to financial statements

1. Summary of significant accounting policies

Principles of consolidation

The ‘‘Consolidated Financial Statements of the United States Government, Prototype 1995’’ (CFS) were prepared using Federal agencies’ financial data. Agencies submit their pre-closing adjusted trial balances under the Federal Agencies’ Centralized Trial Balance System (FACTS) to the Financial Management Service electronically, via the Government On-Line Accounting Link System (GOALS).

The Consolidated Financial Statements report on the financial activity of the legislative, judicial, and executive branches of the Federal Government, and those Government corporations that are part of the Federal Government; the Federal Reserve System and the Government-sponsored enterprises are excluded. The legislative branch provides limited reports voluntarily. The judicial branch does not provide financial reports to Treasury. Therefore, the financial information on the judicial branch presented in the CFS is an estimate based on the ‘‘Final Monthly Treasury Statement.’’

All significant intragovernmental transactions were eliminated in consolidation.

Basis of accounting

The Secretary of the Treasury, the Director of the Office of the Management and Budget (OMB), and the Comptroller General of the United States, principals of the Joint Financial Management Improvement Program (JFMIP), established the Federal Accounting Standards Advisory Board (FASAB) in October 1990. FASAB recommends accounting standards to the JFMIP principals for approval. Upon approval, they become effective on the date specified in the standards published by OMB and GAO.

In March 1991, the JFMIP principals approved the FASAB’s recommendations governing interim accounting standards used in preparing financial statements for audit. Until a sufficient set of comprehensive ‘‘generally accepted accounting principles’’ have been published by JFMIP principals, the revised guidance recommends a hierarchy of ‘‘other comprehensive basis of accounting’’ to be used for preparing Federal agency financial statements. The hierarchy is as follows:

1. Individual standards agreed to and published by the JFMIP principals.
2. Form and content requirements included in OMB bulletin 93-02, dated October 22, 1992, and subsequent issuance, OMB Bulletin 94-01.
3. Accounting standards contained in an agency accounting policy, procedures manuals and/or related guidance as of March 29, 1991, so long as they are prevalent practices.
4. Accounting principles published by authoritative standard-setting bodies and other sources (1) in the absence of other guidance in the first three parts of this hierarchy, and (2) if the use of such accounting standards improves the meaningfulness of the financial statements.

To date, FASAB has recommended eight accounting standards. However, the majority were not yet effective for fiscal 1995.

Principal financial statements

The principal statements are unaudited and consist of the Statements of Financial Position and Operations, and use the accrual basis of accounting in their presentation. However, revenues levied under the Government’s sovereign power are reported on the cash basis.

Fiscal year

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

Other monetary assets as of September 30

(In billions of dollars)	1995	1994
Gold (at market value of $385.00 per troy ounce for 1995 and $394.85 for 1994)	100.5	103.4
U.S. reserve position in the International Monetary Fund	14.7	12.0
Special drawing rights	11.0	10.0
Nonpurchased foreign currencies	.3	.3
Other	.2	.5
Total other monetary assets	126.7	126.2

2. Cash

The cash reported in the financial statements represents balances from tax collections, customs duties, other revenues, public debt receipts, foreign currencies, and various other receipts maintained in accounts at the Federal Reserve banks and the U.S. Treasury tax and loan accounts.

3. Other monetary assets

Gold

Gold is valued at market for fiscal 1995 and 1994. The market value represents the price reported for gold on the London fixing, and is based on 261,734,796.787 and 261,806,237.617 fine troy ounces as of September 30, 1995 and 1994, respectively (as reported in Treasury's general ledger). The statutory price of gold is $42.2222 per troy ounce.

Special drawing rights

The value of special drawing rights is based on a weighted average of exchange rates for the currencies of selected member countries. The value of a special drawing right was $1.5063 and $1.467 as of September 30, 1995 and 1994, respectively. For details see the table above.

4. Accounts and loans receivable

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. The Debt Collection Act of 1982 (31 U.S.C. 3719) requires agencies to prepare and transmit a report summarizing any outstanding receivables on their books.

Accounts and loans receivable as of September 30

	Accounts receivable		Loans receivable	
(In billions of dollars)	1995	1994	1995	1994
Gross receivables	166.6	144.5	189.6	181.4
Less: Allowances for losses [1]	79.4	67.9	61.6	57.4
Less: Allowance for subsidy [2]	-	-	7.2	5.2
Net receivables	87.2	76.6	120.8	118.8

[1] Allowance for losses represents estimated amount of uncollectable receivables.

[2] Allowance for subsidy represents unamortized credit reform subsidy for direct loans and for defaulted guaranteed loans assumed for collection by the Federal Government.

FOR MORE INFORMATION SEE PAGES 7, 8, 11

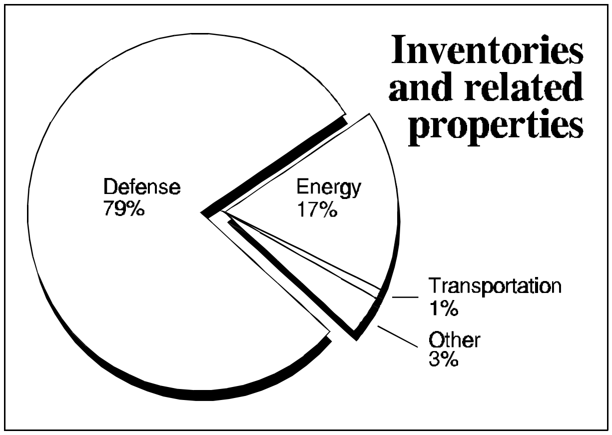
Agencies are required to submit those reports to the OMB and the Department of the Treasury. The Federal Government uses the data in these reports to improve the quality of its debt collection methods.

In 1990, the Credit Reform Act was enacted to improve the Government's budgeting and management of credit programs. The primary focus of the Act is to provide an accurate measure of the long-term costs of both direct loans and loan guarantees, and to include these costs at the time of loan origination. Most direct loans obligated and loan guarantees committed after September 30, 1991, are reported on present value basis.

5. Inventories and related properties

Inventories and related properties consist of several categories. Inventory held for sale is tangible personal property that is either (a) being held for sale, (b) in the process of production for sale, or (c) to be consumed in the production of goods for sale or in the provision of services for a fee. Operating materials and supplies are tangible personal property to be consumed in normal operation. Stockpiled materials are strategic and critical materials held due to statutory requirements or for use in national defense, conservation, or national emergencies. Other includes forfeited property, foreclosed property, commodities and other. For amounts see the table at right.

Agencies use a wide variety of methods to value inventories (e.g. first-in-first-out, last-in-first-out, latest acquisition cost, and weighted or moving averages). The Department of Defense uses the latest acquisition method to value its inventories. The Department of Energy uses the lower of cost or market to value its inventories.



Inventories and related properties as of September 30

(In billions of dollars)	1995 [1]	1994 [2]
Inventories held for sale	60.3	17.9
Operating supplies	57.0	90.9
Stockpiled materials	136.5	92.7
Other	5.3	21.4
Total inventories	259.1	222.9

[1] Some of the differences between inventory items from 1994 to 1995 are due to Defense reclassifying inventories and recognizing previously unreported inventory items.
[2] Amounts are restated due to Defense audit adjustments.

6. Property, plant, and equipment

Property, plant, and equipment includes land, buildings, structures and facilities, ships and service craft, industrial equipment in plant, and construction-in-progress. It also includes automated data processing software, assets under capital lease, and other fixed assets that have been capitalized.

Land purchased by the Federal Government is valued at historical 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. No value has been assigned to the Outer Continental Shelf and other offshore lands. More than 651 million acres of public domain land have been assigned a minimal value of $1 per acre, and are included in the total land amount.

The accumulated depreciation reported by agencies in 1995 and 1994 was $76.5 billion and $66.8 billion, respectively. Most agencies use the straight-line method. Treasury estimates the depreciation for those agencies that do not report, using the straight-line method applied to the total of reported depreciable assets.

FOR MORE INFORMATION SEE PAGES 7,11

Property, plant, and equipment as of September 30

(In billions of dollars)	1995	1994 [1]
Military equipment	[2] 566.8	475.1
Buildings, structures, facilities, and lease-hold improvements	253.0	267.4
Construction in process	85.7	99.8
Equipment, other	115.0	102.5
Land	23.0	23.2
Other	12.2	157.8
Subtotal	1,055.7	1,125.8
Less: Accumulated depreciation	552.3	549.6
Total property, plant, and equipment	503.4	576.2

[1] Amounts are restated due to Defense audit adjustments.

[2] Some of the differences from 1994 to 1995 are due to Defense reclassifying items such as aircraft and missiles from "other" in fiscal 1994 to military equipment for fiscal 1995.

The useful lives for each classification of assets are as follows:

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

The largest ownership of Federal property, plant, and equipment, except for land, remains within the domain of the Department of Defense, whose major equipment items and weapons systems are valued at acquisition cost. When the acquisition cost cannot be determined, the estimated fair market value of such equipment and the costs of obtaining the equipment in the form and place to be put into use are recorded. Real and personal property are also recorded at acquisition cost. For more information see the table above.

7. Other assets

Other assets includes receivables and other assets from banking assistance and failures, deferred retirement costs from the Postal Service, and investments held by the agencies and other miscellaneous assets. Other assets are summarized by agency in the table below.

Other assets as of September 30

(In billions of dollars)	1995	1994
Funds Appropriated to the President [1]	54.9	70.6
Federal Deposit Insurance Corporation [2]	5.9	9.9
Resolution Trust Corporation [3]	13.6	28.5
U.S. Postal Service	28.9	27.2
Other	6.1	14.9
Total	109.4	151.1

[1] Amount reported for International Monetary Program was analyzed for the first time in fiscal 1995 and as a result, the U.S. currency and dollar deposits were found to be over valued in the prior year. Includes Executive Office of the President.

[2] Decrease was due to $4.2 billion write-off of advances to financial institutions.

[3] Decrease was due to reduction in net advances and net subrogated claims.

FOR MORE INFORMATION 7,11 SEE PAGES

8. Unearned revenue

Unearned revenue represents an obligation to provide goods or services for which payment has already been received. Examples of unearned revenue include unearned rent, unearned subscriptions, and advances from customers. Unearned revenue is summarized by agency at right.

Unearned revenue as of September 30

(In billions of dollars)	1995	1994
Funds Appropriated to the President *	14.3	14.2
Department of the Interior	3.5	3.5
Housing and Urban Development	6.8	7.0
U.S. Postal Service	3.1	2.8
Other	6.1	8.5
Total	33.8	36.0

* Includes Executive Office of the President.

9. Federal debt held by the public

Total Federal debt held by the public amounted to $3,603.3 billion and $3,432.3 billion at the end of fiscal 1995 and 1994, respectively. The three debt tables on pages 17-19 reflect information on borrowing to finance Government operations. These tables support the Statement of Financial Position caption, ''Federal debt held by the public,'' and are shown net of intragovernmental holdings and unamortized premium or discount. Intragovernmental holdings represent that portion of the total Federal debt held as investments by Federal entities, including major trust funds.

Federal debt held by the public as of September 30

	1995		1994	
	Average interest rate (percent)	Total debt (in billions of dollars)	Average interest rate (percent)	Total debt (in billions of dollars)
Public debt				
Marketable	6.869	3,260.5	6.507	3,091.6
Nonmarketable	7.500	1,690.2	7.667	1,598.0
Non-interest-bearing debt		23.3		3.2
Total public debt outstanding		4,974.0		4,692.8
Plus premium on public debt securities		1.2		1.3
Less discount on public debt securities		81.2		78.6
Total public debt securities		4,894.0		4,615.5
Agency debt				
Tennessee Valley Authority		24.8		26.1
Farm Credit System Financial Assistance Corporation		1.3		1.3
Housing and Urban Development		.1		.1
Federal Deposit Insurance Corporation FSLIC resolution fund		.2		.2
National Archives and Records Administration		.3		.3
Architect of the Capitol		.2		.2
Total agency securities		26.9		28.2
Total Federal securities		4,920.9		4,643.7
Less Federal securities held as investments by Government accounts		1,317.6		1,211.4
Total Federal debt held by the public		3,603.3		3,432.3

For more information see pages 10,11

Summary of Federal Debt Outstanding Part I

Total Debt Outstanding as of September 30

(In billions of dollars)	1995 Average interest rate (percent)	1995 Total debt	1994 Average interest rate (percent)	1994 Total debt
Marketable				
Bills	5.897	742.5	4.735	697.3
Notes	6.610	1,980.4	6.388	1,867.5
Bonds	9.134	522.6	9.229	511.8
Federal Financing Bank	8.917	[1] 15.0	8.917	15.0
Total marketable	6.869	3,260.5	6.507	3,091.6
Nonmarketable				
Foreign series	7.696	40.9	7.363	42.0
Government account series	7.693	1,324.3	7.895	1,211.7
State and local government series	5.000	113.4	7.011	137.4
U.S. savings bonds	6.763	181.2	6.597	176.4
Other	6.570	30.4	7.927	30.5
Total nonmarketable	6.210	1,690.2	7.667	1,598.0
Total interest-bearing debt	6.517	4,950.7	6.897	4,689.6
Non-interest-bearing debt		[2] 23.3		3.2
Total public debt outstanding		4,974.0		4,692.8
Plus premium on public debt securities		1.2		1.3
Less discount on public debt securities		81.2		78.6
Total public debt (Treasury securities)		4,894.0		4,615.5
Agency securities		26.9		28.2
Total Federal securities		4,920.9		4,643.7
Less Federal securities held as investments by Government accounts		1,317.6		1,211.4
Total Federal debt held by the public		3,603.3		3,432.3

[1] These marketable securities were issued to the Civil Service Retirement Fund and are not currently traded in the market.

[2] Includes matured debt of $22.0 billion and other various non-interest-bearing debt of $1.3 billion.

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.

FOR MORE INFORMATION 10,11 SEE PAGES

Summary of Federal Debt Outstanding Part II

Intragovernmental Holdings—Federal Securities Held as Investments by Government Accounts as of September 30

(In billions of dollars)	1995			1994		
Intragovernmental holdings	**Federal Funds [1]**	**Trust Funds [2]**	**Total**	**Federal Funds**	**Trust Funds**	**Total**
Legislative branch	.4	.1	.5	.5	-	.5
Judicial branch	-	.3	.3	-	.2	.2
Executive branch						
Funds appropriated to the President	2.1	-	2.1	1.9	-	1.9
Departments						
Agriculture	-	.3	.3	-	.3	.3
Defense	-	[3] 115.2	115.2	-	107.6	107.6
Energy	5.0	-	5.0	4.5	-	4.5
Health and Human Services	-	[4] 144.4	144.4	-	151.1	151.1
Housing and Urban Development	11.1	-	11.1	9.7	-	9.7
Interior	3.4	.3	3.7	2.7	.2	2.9
Justice	.5	-	.5	.1	-	.1
Labor	5.8	[5] 47.2	53.0	5.3	39.8	45.1
Social Security Administration	-	483.2	483.2		419.5	419.5
State	-	7.8	7.8	-	7.2	7.2
Transportation	.5	[6] 31.6	32.1	1.0	31.6	32.6
Treasury	3.1	.2	3.3	7.5	.3	7.8
Veterans Affairs	-	13.6	13.6	.6	13.5	14.1
Independent agencies						
Environmental Protection Agency	-	7.3	7.3	-	6.2	6.2
Export-Import Bank	.1	-	.1	.1	-	.1
Farm Credit System Insurance Corporation	1.4	.2	1.6	1.0	-	1.0
Federal Deposit Insurance Corporation	25.2	-	25.2	18.1	-	18.1
Federal Emergency Management Agency	-	-	-	.2	-	.2
National Credit Union Administration	3.3	-	3.3	3.0	-	3.0
Office of Personnel Management	-	[7] 389.9	389.9	-	361.4	361.4
Railroad Retirement Board	-	14.4	14.4	-	12.2	12.2
Tennessee Valley Authority	1.2	-	1.2	4.0	-	4.0
U.S. Postal Service	1.3	-	1.3	1.3	-	1.3
Various scholarship funds	-	.4	.4	-	.3	.3
Subtotal	64.4	1,256.4	1,320.8	61.5	1,151.4	1,212.9
Less discount on Federal securities held as investments by Government accounts	3.2	-	3.2	1.5	-	1.5
Total	61.2	1,256.4	1,317.6	60.0	1,151.4	1,211.4

[1] Federal funds are monies held by Government accounts that are not trust funds.

[2] Trust funds are monies held by the Government in accounts established by law or by trust agreement for specific purposes and designated by law as being trust funds.

[3] Includes military retirement fund of $112.9 billion.

[4] Includes medicare trust funds of $143.4 billion.

[5] Unemployment Trust Fund.

[6] Includes Highway Trust Fund of $18.5 billion and Airport and Airway Trust Fund of $11.1 billion.

[7] Includes civil service retirement and disability fund of $366.1 billion and employee life insurance fund of $15.8 billion.

FOR MORE INFORMATION SEE PAGE 11

10. Pensions and other actuarial liabilities

The Federal Government administers more that 40 pension plans. The largest are administered by the Office of Personnel Management (OPM) for civilian employees and by Department of Defense (DOD) for military personnel. 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 table at the bottom of the page, and the actuarial liability is included on the Statement of Financial Position.

Civilian employees and military personnel

Pension expense for the various Federal pension plans is calculated for budgetary purposes by a variety of methods. For financial reporting purposes, Federal pension plans report their accumulated benefit obligation (ABO) pursuant to directions under the provisions of Public Law Number 95-595. The ABO is calculated with the ''unit credit'' actuarial cost method. The ABO is recognized as a liability in the Consolidated Statement of Financial Position. An expense is recognized equal to the annual change in the ABO. Most Federal pension plans are funded with obligations issued by the Treasury pursuant to the actuarial method and funding requirements specified by the governing law. These plan assets (Treasury bonds or other debt), being obligations of the United States, were eliminated from the consolidated statements.

Civilian

The Federal Government has both defined benefit and defined contribution pension plans.

■ Defined benefit

The principal plan is administered by OPM and covers approximately 90 percent of all Federal civilian employees. It includes two components of defined benefits the Civil Service Retirement System (CSRS) and the Federal Employee's Retirement System (FERS). The basic benefit components of the CSRS and the FERS are financed and operated through the Civil Service Retirement and Disability Fund (CSRDF), and all disbursements for both are made from the CSRDF. Most employees covered by CSRS contribute 7.0 percent of their basic pay, an amount fixed by statute. The FERS employees contribution is 0.8 percent in fiscal 1995. The valuation of the Retirement Program has been prepared by OPM in accordance with Financial Accounting Standard (FAS) 35.

■ Defined contribution

The Federal Retirement Thrift Investment Board is a Federal agency that operates the Thrift Savings Plan. The fund's assets are owned by Federal employees and retirees, who have individual accounts. For this reason, the fund is excluded from the CFS and the fund's

Pensions and other actuarial liabilities as of September 30[1]

	Actuarial liabilities		Plan assets		Unfunded liabilities	
(In billions of dollars)	1995	1994	1995	1994	1995	1994
Civilian retirement-OPM . . .	722.4	[2] 694.8	344.3	344.3	378.1	350.5
Military retirement-Defense	547.7	529.1	148.6	131.8	399.1	397.3
Veterans' compensation and benefits	266.6	213.8	-	-	266.6	213.8
Compensation programs . .	20.3	20.6	-	-	20.3	20.6
Other pension programs. . .	30.8	27.9	16.2	14.9	14.6	13.0
Other benefits	40.4	40.0	35.9	32.0	4.5	8.0
Total	1,628.2	1,526.2	545.0	523.0	1,083.2	1,003.2

[1] Does not include actuarial liability for future costs of post-retirement health benefits.

[2] OPM's accumulated benefit obligation is presented as of the beginning of the year, under FAS 35. To make the unfunded liabilities more meaningful, plan assets are also presented at the same valuation date.

Note.--For Social Security, see note 14.

FOR MORE INFORMATION 11 SEE PAGE

Veterans' compensation and benefits as of September 30

(In billions of dollars)	1995	1994
Compensation		
Veterans	169.3	137.4
Survivors	59.7	45.2
Total compensation	229.0	182.6
Pension and burial benefits		
Veterans	23.7	19.8
Survivors	10.3	8.8
Burial	3.6	2.6
Total pension and burial	37.6	31.2
Total	266.6	213.8

holdings of Federal debt are considered part of the debt held by the public rather than debt held by the Government.

The Thrift Savings Plan is a defined contribution plan for eligible employees covered under the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS).

FERS employees may contribute up to 10 percent of base pay to the plan, which is matched by the Government up to 5 percent. CSRS employees may contribute up to 5 percent of base pay with no Government match. An individual's total annual contribution could not exceed $9,500 in 1995.

The plan was started in April 1987 and as of September 30, 1995, the total invested was $33.1 billion. Investments consist primarily of U.S. Government nonmarketable certificates of $21.2 billion, which are included in ''Federal debt held by public'' in the Statement of Financial Position. In addition, $9.9 billion and $2.0 billion have been invested in the Common Stock Index and the Fixed Income Funds, respectively.

Military

The Department of Defense Military Retirement Fund was authorized in Public Law Number 98-94 for the accumulation of funds in order to finance liabilities of the Department of Defense under military retirement and survivor benefit programs. The fund provides retirement benefits for military personnel and their survivors.

Veterans' compensation and pension benefits

Veterans or their dependents receive compensation benefits if the veteran was disabled or died from military service- connected causes. War veterans or their dependents receive pension benefits, based on annual eligibility review, if the veterans were disabled or died from nonservice-connected causes. Certain pension benefits are subject to specific income limitations.

VA has a liability for benefits expected to be paid in future fiscal years to veterans and, if applicable, their survivors who have met or are expected to meet defined eligibility criteria. The liability of the Compensation and Pension Programs (C&P) is not currently funded, nor is there any intent to do so. Rather, payments for benefits that become due in a particular year are financed from that year's appropriation, in effect, on a pay-as-you-go basis. Payments of the liability as it becomes due rely on Congressional authorization of future tax revenues or other methods, such as public borrowing, for their financing.

The actuarial present value of the liability of C&P benefits as determined by VA on September 30, 1995 and 1994, is shown in the table above.

Compensation programs

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

Other pension programs

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

Other benefits

Other benefits consist of various items for which the Government is responsible, such as life insurance benefits for veterans and

FOR MORE INFORMATION SEE PAGES 7,11

Federal employees. VA insurance includes the following programs United States Government Life Insurance; National Service Life Insurance; Veterans Insurance and Indemnities; Veterans Special Life Insurance; Veterans Reopened Insurance; Service Disabled Veterans Insurance; and Servicemen's Group Life Insurance.

The Federal insurance program is the Federal Employees Government Life Insurance. These other benefits do not include the actuarial liability for the future costs of post-retirement health benefits for retirees.

Post employment benefits other than pensions

The Federal Government operates a pay-as-you-go system for health benefits for both civilian and military retirees. The actuarial estimates on retirees' health care costs are summarized below.

Civilian employees retiree health benefits

Generally, employees are eligible for post-retirement health benefits if they participated in the Program for the 5 years immediately preceding their retirement. As a condition of participation, retirees must make contributions toward their premiums, which, for the vast majority, are deducted directly from their monthly annuity payments. Contributions for future post-retirement health benefit premiums are required neither of active employees nor their employers.

The Federal Accounting Standards Advisory Board (FASAB) has recommended standards for the calculation and reporting of a retirement health benefits obligation. These standards were promulgated in the Statement of Federal Financial Accounting Standards Number 5, (SFFAS No. 5), Accounting for Liabilities of the Federal Government, issued in December 1995.

When it is effective, the standard will require the use of the accrual method of accounting to recognize the cost of retirement health benefits over the active years of employee service. Upon the implementation of SFFAS No 5. the Program will recognize a retirement obligation (RO), which is the future cost of retirement benefits for future retirees relating to active service rendered up to the date of implementation. The Program plans to adopt the standard no later than fiscal 1997, as required by SFFAS No. 5.

In computing the Program's RO, an actuary will apply actuarial assumptions to historical health benefit cost information to estimate the future cost of retirement benefits for current and future retirees. This estimate will be adjusted for the time value of money (through discounts for interest) and the probability of having to pay (by means of decrements, such as those for death and withdrawal).

Although the standard has not yet been implemented by the Program, the initial (or transition) RO, has been calculated in accordance with methodology prescribed to be $113.4 billion on October 1, 1994, and $103.5 billion on October 1, 1993. [Note: Due to the time-frame under which these statements must be prepared and audited, all of the information needed to compute the RO as of the end of the year is not available. Therefore, the RO is presented as of the beginning of the year.] The program's RO expense in 1995 would be $12.3 billion and $11.6 billion for 1994, rather than the $4.2 billion for 1995 and $3.8 billion for 1994 recognized as contributions expense (deductions from plan assets) under current accounting practice. Based on this calculation, employing agencies would have been required to recognize a 1995 retirement health benefit expense of $1,844 per enrolled employee for 1995 and $1,839 for 1994.

In these calculations, an annual rate of increase in health benefits costs and a discount rate of 7.0 percent were assumed. Demographic assumptions are based on the experience of the Retirement Program, with adjustments based on recent Health Benefits Program trends and experience. For more information, see OPM's financial statements.

Military retiree health plans

Military retirees and their dependents are entitled to health care in military medical facili-

FOR MORE INFORMATION SEE PAGE 11

Retiree health care costs as of September 30
Actuarial estimates (unfunded)

(In billions of dollars)	1995	1994
Military health programs	210.2	203.7
Federal Employees Health Benefits Program	113.4	103.5
Total unfunded retiree health care costs	323.6	307.2

Other liabilities as of September 30

(In billions of dollars)	1995	1994
Funds appropriated to the President	6.9	8.7
Departments		
Agriculture	10.5	10.9
Defense	1.1	5.3
Education	17.8	15.2
Energy [1]	214.3	58.9
Health and Human Services [2]	22.4	58.8
Housing and Urban Development	13.7	17.1
Labor	29.3	27.9
Treasury	34.9	22.6
Veterans Affairs	6.6	6.1
Other	68.0	20.4
Total	425.5	251.9

[1] Includes environmental cleanup cost of $196.8 billion
[2] Includes SSA, which is now an independent agency.

ties if the facility can provide the needed care. Until they reach age 65, military retirees and their dependents also are entitled to health care financed by the Civilian Health and Medical Programs of the Uniformed Services (CHAMPUS). No premium is charged for CHAMPUS-financed care, but there are deductible and copayment requirements.

After they reach 65 years of age, military retirees are entitled to medicare. The Department of Defense costs for retiree health care include costs of buildings, equipment, education and training, staffing, operations, and maintenance of military medical treatment facilities. They also consist of claims paid by CHAMPUS and the administration of that program.

Costs are funded annually by direct appropriations in the year services are rendered (or, for CHAMPUS, billed). The cost of the 1994 CHAMPUS program was $3.3 billion, which includes both the benefit cost and the program administration cost. The funded cost of CHAMPUS was $3.3 billion. The estimate of the actuarial liability for military health programs for fiscal 1997 is $210.2 billion.

11. Other liabilities

Other reported liabilities are summarized by agency in the table above. Included in other liabilities are liabilities arising from loan guarantees, capital leases, and contingencies. They also include checks outstanding, the liabilities incurred from bank resolution and litigation losses, and other miscellaneous accrued liabilities.

12. Accumulated position

The accumulated position, as presented in the table below, represents the excess of liabilities over assets. It does not, however, reflect the range of the Government's resources, such as the sovereign power to tax, beyond the conventional assets.

Accumulated position as of September 30

(In billions of dollars)	1995	1994
Accumulated position at beginning of period	-4,006.2	-3,876.6
Prior period adjustment	[1] -196.8	
Current period results	-309.3	[2] -129.6
Accumulated position at end of period	-4,512.3	-4,006.2

[1] In the past, the Department of Energy reported most of the environmental cleanup cost as "other contingencies". In fiscal 1995, the entire $196.8 billion cleanup cost is reported as a liability.
[2] Includes Defense audit adjustments.

FOR MORE INFORMATION 7,11 SEE PAGES

13. Leases

Federal agencies were first required to provide financial information about lease commitments in 1986. Agencies are attempting to accumulate the lease information required. The future aggregate minimum rental commitments for noncancelable capital and operating leases as of September 30, 1995, are detailed in the chart at right.

The majority of these lease commitments relate to buildings, equipment, and office space rental. The current portions of lease costs are included in accounts payable. The long term portion of capital leases is reported as ‘‘other liabilities.’’ Data for intragovernmental leasing transactions were not available at the time of publication.

Leases for fiscal 1996 and beyond

(In billions of dollars)	Operating leases	Capital leases
1996.	2.2	.2
1997.	1.9	.2
1998.	1.6	.1
1999.	1.4	.1
Thereafter	6.1	1.6
Total	13.2	2.2

14. Social Security and Medicare

A liability of $33.0 billion for social security is recognized in ‘‘other liabilities’’ for any unpaid amounts due as of the reporting date. No liability is recognized for future payment not yet due.

The Congress and the trustees of the funds prepare actuarial estimates on an ‘‘open group’’ basis, a financing method they regard as appropriate for social insurance programs, namely, that future workers will be covered by the program as they enter the labor force.

The present values of all contributions and expenditures are computed on the basis of economic and demographic assumptions described as ‘‘Alternative II’’ in the ‘‘1995 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.’’ Alternative II is the ‘‘intermediate’’ set of assumptions, and represents the Trustees’ ‘‘best estimates’’ of future economic and demographic conditions. In determining present values, total contributions and expenditures for the trust funds are estimated for a period of 75 years into the future.

The actuarial amounts in the table below, prepared by the Social Security Administration, are calculated on the basis of the preceding assumptions.

Medicare has total actuarial expenditures of $3,403.5 billion for the Federal Hospital Insurance Trust Fund (Part A), which is the present value of outlays projected between October 1, 1995, and September 30, 2020. This amount includes the present value of claims incurred to October 1, 1995, but unpaid as of that date and any administrative expenses related to those claims incurred by unpaid outlays. The Federal Hospital Insurance Program has a total deficit of $1,049.4 billion.

The $3.3 billion in Federal Supplementary Medical Insurance Trust Fund (Part B) liabilities represents the amount of unpaid benefits as of October 1, 1995, and the related administrative expenses. The Federal Supplementary Medical Insurance Program has a total surplus of $17.4 billion.

The Secretary of the Department of Health and Human Services annually determines the amount to be paid by each Supplementary Medical Insurance enrollee and by the Department of the Treasury, under the authority of section 1839 of the Social Security Act.

Actuarial amounts as of September 30

(In billions of dollars)	1995	1994
Actuarial expenditures.	21,255.9	21,747.3
Actuarial contributions	18,423.2	18,909.2
Actuarial surplus/deficit (-)	-2,832.7	-2,838.1

FOR MORE INFORMATION SEE PAGES 7,11

15. Commitments and contingencies

Commitments are long-term contracts entered into by the Federal Government, such as leases and undelivered orders, which represent obligations.

Contingencies involve uncertainty as to a possible loss to the Federal Government that will be resolved when one or more future events occur. Contingencies of the Federal Government include loan and credit guarantees, insurance, and unadjudicated claims.

In accordance with OMB Bulletin 94-01, ''Form and Content of Agency Financial Statements'', estimated losses for commitments and contingencies, namely, insurance, indemnity agreements, unadjudicated claims, and commitments to international institutions are reported if the amounts can be reasonably estimated and the losses are probable. OMB Bulletin 94-01 establishes guidelines for the reporting of liabilities for loan guarantees and capital leases.

OMB Bulletin 94-01 states that contingencies that do not meet all the conditions for liability recognition should be disclosed. The table on the following pages shows the face value of commitments and contingencies reported by Federal agencies. The amounts reported in the commitments and contingencies table are presented without regard to the probability of occurrence and without deduction for existing and contingent assets that might be available to offset potential losses.

''Long-term leases'' includes both operating and capital leases. ''Government loan and credit guarantees'' includes guarantees in force as well as contracts to guarantee. ''Insurance'' includes insurance in force, contracts to insure, and indemnity agreements.

In 1993, the Congress approved the Resolution Trust Corporation Completion Act, which was signed into law by the President on December 17. The Completion Act provided for the release of up to $18.3 billion of previously appropriated funds that had been returned to the Treasury in 1992, bringing the total funds provided for resolution costs of institutions coming under the control of the Resolution Trust Corporation (RTC) to $105 billion.

The total amount of funds needed to cover losses of institutions coming under the control of the RTC cannot be fully determined until all of the RTC's assets and liabilities have been disposed of. The audited financial statements of the RTC for its final fiscal year (calendar year 1995) estimate the amount to be $87.9 billion, however. If that estimate proves correct, covering RTC losses will not require $17.1 billion of the $18.3 billion made available by the Completion Act.

The total cost of protecting depositors in insolvent thrift institutions is subject to too many unknown factors to estimate. This point has gained emphasis from the July 1, 1996, decision of the Untied States Supreme Court in United States versus Winstar Corporations, affirming the ruling of the U.S. Court of Appeals for the Federal Circuit that, in changing supervisory goodwill accounting by statute (FIRREA), the United States became liable for damages for breach of contract.

The Department of Energy manages one of the largest environmental programs in the world. The primary focus of the program is to reduce health and safety risks from radioactive waste and contamination resulting from production, development and testing of nuclear weapons. The Department of Energy issued in fiscal 1995 its first annual Baseline Environmental Management Report (BEMR).

The estimate of the life-cycle costs for the environmental management program ranges from $200 to $350 billion in constant 1995 dollars. The estimate begins in fiscal 1995 and ends in approximately 2070, when environmental activities are projected to be substantially completed. In fiscal 1995, the Department of Energy recorded a liability of $196.8 billion. For more information, see the Department of Energy's financial statements.

The Federal Government, in 1995, continued to be the Nation's largest source of credit and underwriter of risk. Large portions of all non-Federal credit outstanding have been assisted by Federal credit programs, Government-sponsored enterprises, or deposit insurance. In particular, most credit for housing, agriculture, and education is federally guaranteed.

For more information on commitments and contingencies, refer to the tables on the following pages.

FOR MORE INFORMATION 9 SEE PAGE

Commitments and Contingencies of the United States Government for Years Ended September 30

(In billions of dollars)

Commitments	1995	1994
Long-term leases		
General Services Administration	11.7	9.7
Tennessee Valley Authority	.5	.6
U.S. Postal Service	1.7	1.5
Other	1.5	1.8
Subtotal	15.4	13.6
Undelivered orders, public		
Defense [1]	94.8	52.6
Education	30.3	24.3
Health and Human Services	36.3	36.5
Housing and Urban Development	171.7	189.8
Transportation	17.6	16.4
Other	71.9	65.4
Subtotal	422.6	385.0
Total commitments	438.0	398.6

See footnotes on the following page.

Commitments and Contingencies, continued

(In billions of dollars)

Face value of contingencies	1995	1994
Insurance		
FDIC Bank Insurance Fund	1,915.3	1,887.6
FDIC Savings Association Insurance Fund	708.6	691.1
Federal Emergency Management Agency	325.8	267.1
National Credit Union Administration	255.6	255.5
Pension Benefit Guaranty Corp.	853.0	950.0
Transportation [2]	2.0	578.8
Veterans Affairs	504.9	523.2
Other	58.0	43.2
Subtotal	4,623.2	5,196.5
Government loan and credit guarantees		
Agriculture	15.5	15.6
Education	90.2	77.2
Export-Import Bank	28.9	29.2
Housing and Urban Development	438.3	408.2
Small Business Administration	28.3	24.4
Veterans Affairs	59.0	63.1
Other	24.7	21.0
Subtotal	684.9	638.7
Unadjudicated claims		
Health and Human Services	25.6	22.9
Transportation	30.0	30.0
Other	4.1	.6
Subtotal	59.7	53.5
Other contingencies		
Defense	26.8	24.0
Energy [3]	-	180.0
Housing and Urban Development	11.9	19.4
Multilateral Development Banks	6.5	6.5
Other	6.5	6.8
Subtotal	51.7	236.7
Total contingencies	5,419.5	6,125.4

[1] Includes Army, Air Force and Defense agencies. Reporting is more complete.
[2] Decrease is due to more appropriate disclosure.
[3] Decrease is due to recognition as a liability.

supplemental tables

Additions to non-Federal economic resources, fiscal 1995

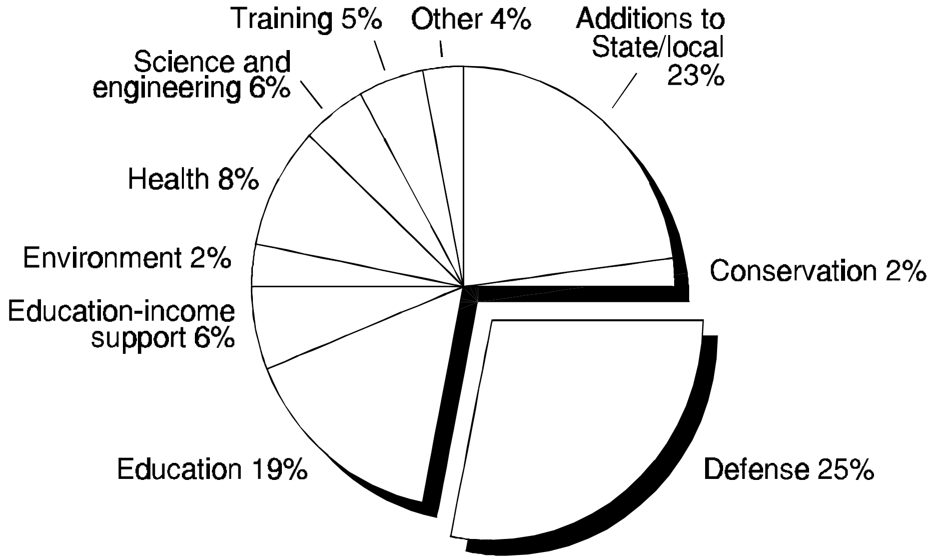
The Government uses its resources to add to the physical and human resources of the Nation without acquiring physical assets. The table on page 29, compiled from the fiscal 1997 and 1996 ‘‘Budget of the United States Government,’’ shows the amounts of these expenditures.

Some of these investment-type expenditures, while not adding to Federal assets, add to the assets of State and local governments or private institutions. All are intended to enhance the future productivity of the Nation.

Additions to State and local assets included construction grants for highways, community development, airports, and mass transit. Other developmental expenditures include outlays for education and training, and research and development.

The chart below illustrates how the Government uses its resources to add to the physical and human resources of the Nation, without acquiring physical assets.

Fiscal 1995
Total: $148.1 billion



Additions to Non-Federal Economic Resources for the Year Ended September 30

(In billions of dollars)

Additions to State and local government assets	1995	1994
Community and regional development	5.3	4.5
Environment	2.9	2.4
Transportation:		
Highways and mass transit	22.8	21.0
Rail and air	1.8	1.6
Other	1.0	.9
Total additions	33.8	30.4
Other developmental expenditures		
Agriculture	1.2	1.2
Conservation	3.2	2.7
Defense	37.6	38.0
Education	28.8	22.0
Education-income support	8.7	7.8
Environment	3.6	3.6
Health	12.1	11.5
Science and engineering	8.9	7.3
Training	7.6	7.0
Transportation	1.4	1.7
Other	1.2	1.2
Total developmental expenditures	114.3	104.0
Total additions to non-Federal economic resources	148.1	134.4

Estimates for tax expenditures in the income tax

This table shows tax expenditures that are considered revenue losses because of Federal tax law provisions that allow special exclusions, exemptions, deductions from gross income, or that provide for special credits, tax rates, and deferrals.

Revenue loss estimates do not take into account any additional resources required to provide the same after-tax incentives if the expenditure program was administered as a direct outlay rather than through the tax system.

Revenue loss estimates are not necessarily equivalent to the increase in Federal receipts, or the reduction in budget deficits, that would result from the repeal of the special provision.

For more information about estimates for 1995 and 1994, see table 5-1, ‘‘Total Revenue Loss Estimates for Tax Expenditures in the Income Tax,’’ in the fiscal 1997 and 1996 ‘‘Budget of the United States, Analytical Perspectives.’’

Estimates for Tax Expenditures in the Income Tax for the Year Ended September 30

(In billions of dollars)

	Estimated amount of revenue loss	
Income exclusions	**1995**	**1994**
Disability and retirement benefits (private)	71.0	64.7
Medical care and insurance (employer premiums paid)	59.6	56.1
Interest and dividends (State and local bonds and debt, and life insurance)	30.3	29.0
Capital gains at death	28.3	26.9
Social Security benefits	21.6	23.7
Payroll benefits and allowances (group life, accident, and unemployment)	4.9	4.8
Foreign earnings and investment incentives (income earned abroad)	4.4	4.4
Education allowances (scholarships and GI benefits)	.9	.9
Other (e.g., age 55 or over credit on home sales)	5.2	4.7
Income deferrals		
Real estate (home sales)	14.2	16.6
Interest on U.S. savings bonds	1.1	1.3
Deductions and credits		
Interest (mortgage and consumer)	48.1	48.4
State and local property tax and other taxes	43.0	39.8
Accelerated depreciation (rental housing, buildings other than rental housing, machinery, and equipment)	32.9	23.9
Contributions (charitable and political)	23.6	21.5
Earned income	4.9	4.0
Foreign earnings (corporations doing business in U.S. possessions)	2.7	2.9
Medical	3.5	3.4
Work incentives (employment credits under work programs) and dependent care	2.7	2.8
Investments (commercial capital gains, credits, other investment incentives, construction period interest, and expensing developmental costs)	2.9	2.6
Old-age, disability, and other personal exemptions	2.2	2.4
Employee stock ownership plans (funded through investment and tax credits)	2.2	2.2

Outlays for mandatory and related programs

The Government commits itself to provide benefits and services by passing laws that make spending mandatory. Outlays for mandatory programs consist of spending for programs whose budget authority is controlled by means other than appropriation acts or by entitlement authority and budget authority for the food and stamp program.

For further information on fiscal 1995, refer to table 13-3, ‘‘Outlays for Mandatory and Related Programs under Current Law,’’ in the ‘‘Budget of the United States Government, Analytical Perspectives, Fiscal Year 1997,’’ pages 211-212. For fiscal 1994, see table 15-3, ‘‘Outlays for Mandatory and Related Programs under Current Law’’ in the ‘‘Budget of the United States Government, Analytical Perspectives, Fiscal Year 1996,’’ pages 211-212.

Outlays for Mandatory and Related Programs for the Year Ended September 30

(In billions of dollars)

Human resources programs	1995	1994
Social Security	333.3	316.9
Income security	181.3	178.4
Medicare	156.9	141.8
Health	93.4	86.6
Veterans benefits and services	19.9	20.3
Education, training, and social services	15.7	9.0
Total human resources	800.5	753.0
Other		
Other mandatory programs	-14.7	-2.9
Offset prior to the total mandatory programs	-44.5	-37.8
Total mandatory programs	741.3	712.3
Net interest	232.2	203.0
Total	973.5	915.3

Federal obligations

"Obligations" are the basis on which the use of funds is controlled by 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 key elements that characterize the acquisition and use of resources–order, delivery, payment, and consumption.

In general, obligations consist of orders placed, contracts awarded, services received, and similar transactions requiring the disbursement of money.

The obligational stage of Government transactions is a strategic point in gauging the impact of the Government's operations on the national economy. Obligations frequently stimulate business investment, including inventory purchases and employment of labor, to fulfill those Government orders.

Disbursements may not occur for months after the Government places its order, but the order itself usually places immediate pressure on the private economy.

For more detail, see "Object Class Analysis, Budget of the United States Government," for fiscal years 1997 and 1996."

Obligations by Object Class for the Year Ended September 30

(In billions of dollars)

Personal services and benefits	1995	1994
Personnel compensation	113.2	111.6
Personnel benefits	42.1	42.2
Benefits for former personnel	29.8	30.1
Contractual services and supplies		
Supplies and materials	26.5	29.9
Rent, communications, and utilities	15.1	12.8
Travel and transportation of persons	6.5	6.0
Transportation of things	4.6	5.0
Printing and reproduction	.9	.8
Other services	175.8	172.4
Acquisition of capital assets		
Equipment	47.6	64.6
Investments and loans	16.2	10.5
Lands and structures	9.4	10.4
Grants and fixed charges		
Insurance claims and indemnities	633.3	618.9
Grants, subsidies, and contributions	395.6	380.3
Interest and dividends	355.3	322.1
Refunds	15.8	12.2
Other		
Undistributed U.S. obligations	24.6	15.7
Total direct obligations	1,912.3	1,845.5
Reimbursable and below reporting threshold obligations	232.5	243.5
Total gross obligations	2,144.8	2,089.0