

Consolidated Financial Statements of the United States Government

Fiscal Year 1979

PROTOTYPE

Statement of the Fiscal Assistant Secretary of the Treasury

The Treasury Department is continuing its efforts to improve governmental accounting and financial reporting with the publication of this prototype financial report. Like its predecessors, the report is part of an experimental effort to expand the use of accrual accounting concepts in Government and stimulate improvements in financial reporting.

Publication of the FY '79 report was delayed to permit inclusion of revised pension liabilities under Public Law 95-595 for the Military Retirement System and the Civil Service Retirement System. This change in accounting treatment results in a significant increase in pension liabilities.

Treasury will continue to consider alternative financial statement formats. The experimental set of summary-level statements first introduced last year have been included again in this year's report. The significant feature of these alternative statements is the focus on selected current assets and liabilities of the Government. The excess of current liabilities over current assets is defined by identifying the approximate amount of liabilities incurred that will mature over the next year and the current assets presently available to liquidate them.

The Comptroller General's Interagency Advisory Committee has completed its work and task group recommendations have been made for future improvements. I would like to express my sincere appreciation to Comptroller General Staats and the many top financial officials of various agencies who participated in this effort. I would especially like to thank the following individuals who served as chairmen of the various task groups:

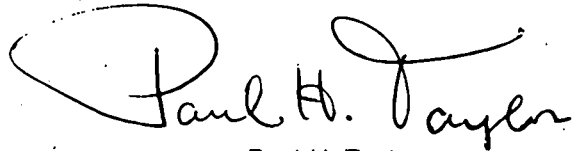
- Allowance for Losses on Accounts and Loans Receivable—Richard Reidenbach, Chairman—Department of Health and Human Services.
- Asset Valuation—John Ferber, Chairman—National Aeronautics and Space Administration.
- Taxes Receivable—Howard Nester, Chairman—Department of the Treasury.
- Federal Employee Retirement Systems and Social Security—Ronald J. Points, Chairman—U.S. General Accounting Office.
- Estimated Losses on Loan Guarantees—David Gillogly, Chairman—Office of Management and Budget.
- Estimated Losses on Insurance in Force—William P. Carley, Chairman—Federal Deposit Insurance Corporation.
- Inflation Accounting—Walter Bennett, Chairman—Department of Commerce.

During the coming year, Treasury will evaluate the task group recommendations. Plans will then be developed for the collection of financial data identified by the task groups. Any additional developmental work required will be coordinated with the Federal agency concerned.

As indicated in previous reports, these financial statements are not intended to compete with the budget process. The President's budget document submitted to the Congress is the Government's primary tool for planning and controlling the allocation of economic resources. Also, this report is not and should not be regarded as the Government's official report on its financial condition. A significant amount of additional research, discussion, and debate is

necessary before reports such as this prototype can be considered to be prepared on the basis of generally accepted accounting principles.

Reader reactions and comments on this prototype report are welcome.

A handwritten signature in cursive script that reads "Paul H. Taylor". The signature is written in black ink and is positioned above the printed name.

Paul H. Taylor
Fiscal Assistant Secretary

Date: April 27, 1981

Statement of the United States General Accounting Office

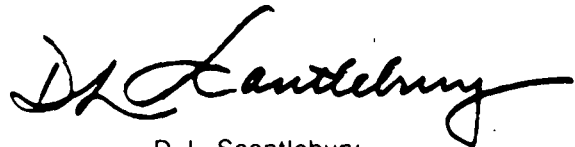
This statement, like its predecessors, is preliminary in nature and is intended to provide a broad focus on information that is useful in assessing the financial activities of the Federal Government. Over the past year, significant progress was made by the various Interagency Advisory Committee task groups to resolve various technical problems with the data.

However, much remains to be done before satisfactory statements can be prepared. In this respect, the General Accounting Office continues to support this effort, because we believe that consolidated financial data on Government activities can provide a broader perspective on the overall financial condition of the Federal Government.

The General Accounting Office currently has a project underway to develop a conceptual framework for financial accounting and reporting in the Federal Government. This effort is aimed at establishing the objectives and concepts to be used in developing standards of financial accounting and reporting. Three exposure drafts have been issued. The first draft sets forth the objectives toward which accounting and financial reporting is directed, the second defines financial reporting elements, and the third sets forth the measurement concepts. Other items to be covered by future statements include recognition concepts, reporting concepts, and identification of the reporting entity. We are confident that this project will lead to more useful financial information and will complement the work being done by the Department of the Treasury to improve governmental accounting and financial reporting.

We encourage your review of our exposure drafts and of this prototype financial report.

As with prior year reports, the accompanying consolidated financial statements for the fiscal year ended September 30, 1979, are not audited by us and, accordingly, we do not express an opinion on them.



D. L. Scantlebury
Chief Accountant and Director
Accounting and Financial
Management Division

Date: April 27, 1981

Introduction

This prototype report continues to emphasize the need to further study, experiment, improve and expand the summary level of financial reporting in the governmental sector. The Treasury Department and the General Accounting Office are continuing their efforts in this area. The need for additional study and analysis is based on a lack of consensus as to the nature of financial formats needed in the public sector.

As with the previous year's presentation, this prototype report includes an alternative statement format. This alternative statement approach was chosen for various reasons:

- The concepts for governmental summary-level statements continue to be discussed.
- The nature of governmental operations may require an alternative to business-type financial statements.
- The alternative formats give the reader a starting point for discussion and comparison of various formats available and their usefulness in governmental financial reporting.

The alternative statements are based on the same financial data used in other statements of this report. The Consolidated Statement of Selected Current Assets and Liabilities is a measure of short-term liquidity and provides a basis for assessing near-term financing requirements as of the statement date. This statement can also give some indication of future Government spending requirements. The financial data provided by this link may be a practical basis from which to evaluate the additional financing requirements that will result from program activities approved for future periods. Since such programs involve future periods of time, the financial results of their activities are not reflected in historical data. Reviewing the statement over several cycles of operations, in conjunction with proposed or approved programs for periods in the immediate future, can show the extent to which borrowings and operating revenues will be required.

The Consolidated Statements of Other Assets and Other Liabilities focus on the size and long-term nature of the Government's operations. The characteristics of many of the Government's assets and liabilities are uniquely associated with the purpose and structure of government. For example, it has been argued that the national debt differs in its essential nature from the liabilities of other organizations; in particular, there is no expectation that the national debt is to be repaid from assets listed on a current balance sheet. On the other hand, significant economic assets are controlled by the Government forming a large part of the Nation's wealth. Some are resources that must be maintained for a given level of service; therefore, the use of these assets does affect the long-term financing requirements of the Government. Any review of the other assets and other liabilities of the Government must take into consideration the scale of operations as it relates to the characteristics of the Government in the total economy.

The Consolidated Statement of Changes in the Operating Cash Balance identifies the relationship between the operating cash balance, borrowing from the public, and the annual budget results. This additional statement, as well as the three statements described above, must be considered as an integral part of the group of statements presented in this report. These statements include: the Consolidated Statement of Financial Position which shows what the Government owns (its assets), what it owes (its liabilities), and its accumulated position, end of period; the Consolidated Statement of Operations which compares the revenues and expenses that can be attributed to the current reporting period; the Consolidated Statement of Changes in Financial Position which identifies the relationship of resource flows to the change in position of cash and monetary reserves; and the Notes to Financial Statements which provide more detailed disclosure on certain financial data in the statements.

Consolidated Financial Statements

**United States Government Consolidated Statement
of Financial Position as of September 30, 1979 and 1978**

[In billions]

Assets

*(What the Government owns—resources that are available
to pay liabilities or to provide public services in the future)*

	1979	1978
Cash and monetary reserves		
Operating cash in the Treasury	\$24.2	\$22.4
International monetary reserves <i>(Note 2)</i>	15.2	18.8
Other cash	10.5	5.0
	49.9	46.2
Receivables (net of allowances)		
Accounts receivable	9.2	7.7
Accrued taxes receivable <i>(Note 3)</i>	26.7	24.0
Loans receivable <i>(Note 4)</i>	138.8	119.9
Advances and prepayments	3.4	5.3
	178.1	156.9
Inventories (at cost) <i>(Note 5)</i>		
Goods for sale	15.4	16.1
Work in process	1.0	.9
Raw materials	3.6	2.0
Materials and supplies for Government use	40.5	35.2
Stockpiled materials and commodities	14.1	13.7
	74.6	67.9
Property and equipment (at cost)		
Land <i>(Note 6)</i>	9.3	9.1
Buildings, structures, and facilities <i>(Note 7)</i>	112.3	110.2
Military hardware <i>(Note 8)</i>	158.8	152.3
Equipment <i>(Note 8)</i>	54.4	45.9
Construction in progress	25.5	21.1
Other	1.6	1.7
	361.9	340.3
Accumulated depreciation <i>(Note 9)</i>	(180.4)	(170.0)
Deferred charges and other assets	28.0	24.4
Total	\$512.1	\$465.7

The accompanying notes are an integral part of this statement.

**United States Government Consolidated Statement
of Financial Position as of September 30, 1979 and 1978**

[In billions]

Liabilities

*(What the Government owes—liabilities incurred in the
past that will require cash or other resources in the future)*

	1979	1978
Accounts payable.....	<u>\$77.7</u>	<u>\$65.8</u>
Unearned revenue.....	<u>14.8</u>	<u>11.3</u>
Borrowing from the public <i>(Note 10)</i>	<u>639.4</u>	<u>606.7</u>
Accrued pension, retirement, and disability plans <i>(Note 11)</i>		
Military personnel.....	303.9	210.1
Civilian employees.....	368.7	356.2
Social security.....	1,061.9	928.0
Veterans compensation.....	153.0	143.9
Federal employees compensation.....	<u>8.7</u>	<u>8.2</u>
	<u>1,896.2</u>	<u>1,646.4</u>
Loss reserves for guarantee and insurance programs <i>(Note 12)</i>	<u>2.3</u>	<u>3.2</u>
Other liabilities.....	<u>51.4</u>	<u>45.2</u>
Total.....	<u>\$2,681.8</u>	<u>\$2,378.6</u>

Accumulated Position

Accumulated position beginning of period.....	(1,898.9)	(1,683.2)
Prior period adjustment <i>(Note 13)</i>	<u>(14.0)</u>	<u>(13.2)</u>
Restated accumulated position beginning of period.....	(1,912.9)	(1,696.4)
Current period results.....	(122.8)	(91.1)
Current noncash provision for social security <i>(Note 14)</i>	(134.0)	(125.4)
Accumulated position end of period.....	<u>(2,169.7)</u>	<u>(1,912.9)</u>
Total.....	<u>\$512.1</u>	<u>\$465.7</u>

The accompanying notes are an integral part of this statement.

**United States Government Consolidated Statement of Operations for
the Years Ended September 30, 1979 and 1978**

[In billions]

	1979	1978
Revenues		
Levied under the Government's sovereign power		
Individual income taxes	\$217.8	\$181.0
Corporate income taxes	68.4	70.5
Social insurance taxes and contributions	141.6	123.4
Excise taxes	18.8	18.4
Estate and gift taxes	5.4	5.3
Customs duties	7.4	6.6
Miscellaneous	11.2	9.0
	<u>470.6</u>	<u>414.2</u>
Earned through Government business-type operations		
Sale of goods and services	17.4	15.3
Interest	10.7	8.0
Other	30.7	30.3
	<u>58.8</u>	<u>53.6</u>
Total	<u>529.4</u>	<u>467.8</u>
 Expenses by function (see also summary of expenses by object and agency)		
Administration of justice	3.9	3.6
Agriculture	5.9	7.1
Commerce and housing credit	1.3	2.4
Community and regional development	9.6	11.1
Education, training, employment, and social services . .	26.4	24.7
Energy	8.5	6.6
General government	13.6	11.5
General purpose fiscal assistance	17.4	18.7
General science, space, and technology	5.2	4.4
Health	55.7	50.4
Income security		
Military personnel (Note 11)	104.1	27.7
Civilian employees	25.7	28.7
Social insurance	115.9	106.1
Veterans compensation	20.3	36.9
Other	37.0	35.6
Interest	48.3	39.2
International affairs	17.0	17.7
National defense	98.6	90.4
Natural resources and environment	14.0	12.5
Transportation	15.8	14.7
Veterans benefits and services	8.0	8.9
Total	<u>652.2</u>	<u>558.9</u>
Current period results	<u>\$(122.8)</u>	<u>\$(91.1)</u>

The accompanying notes are an integral part of this statement.

Summary of Expenses by Object and Agency

	1979	1978
Expenses by object		
Salaries and employee benefits.....	\$78.2	\$80.1
Vendor services and supplies.....	93.5	87.6
Depreciation.....	20.6	19.4
Pensions, health and life insurance.....	151.4	96.4
Casualty insurance and indemnities.....	113.7	113.8
Grants, subsidies, and contributions.....	146.5	122.4
Interest.....	48.3	39.2
Total.....	<u>652.2</u>	<u>558.9</u>
Expenses by agency		
Legislative branch.....	1.1	1.1
Judicial branch.....	.6	.4
Executive branch		
Office of the President.....	12.1	13.6
Departments		
Agriculture.....	44.4	40.2
Commerce.....	4.5	5.6
Defense.....	191.7	113.4
Energy.....	6.6	5.1
Health, Education, and Welfare.....	188.4	171.2
Housing and Urban Development.....	14.0	12.0
Interior.....	5.1	4.9
Justice.....	3.1	3.2
Labor.....	24.1	25.0
State.....	1.7	1.4
Transportation.....	15.9	14.3
Treasury: Interest.....	48.3	39.2
Other.....	11.2	12.8
Independent agencies.....	79.4	95.5
Total.....	<u>\$652.2</u>	<u>\$558.9</u>

The accompanying notes are an integral part of this statement.

**United States Government Consolidated Statement
of Changes in Financial Position
for the Years Ended September 30, 1979 and 1978**

[In billions]

	1979	1978
Cash and monetary reserves beginning of period	\$46.2	\$43.4
Sources of funds:		
Taxes and other levies	470.6	414.2
Other Government operations	58.7	53.6
Sale of property and equipment	20.3	17.4
Net increase in borrowing	32.7	58.1
Depreciation	20.6	19.4
Provision for accrued pension, retirement, and disability plans	115.9	64.6
Provision for loss reserves for guarantee and insurance programs	(.9)	.3
Increase in liabilities	21.6	11.7
Total sources of funds	<u>785.7</u>	<u>682.7</u>
Uses of funds:		
Spending on Government programs	652.2	558.9
Purchase of property and equipment	52.0	42.7
Increase in receivables	21.2	29.8
Increase in inventories	6.8	4.1
Increase in deferred charges and other assets	3.6	1.0
Total uses of funds	<u>735.8</u>	<u>636.5</u>
Cash and monetary reserves end of period	<u>\$49.9</u>	<u>\$46.2</u>

The accompanying notes are an integral part of this statement.

Introductory Statement to Notes

The Federal consolidated financial statements have been prepared to serve the common needs of a variety of users with emphasis on the general public. As is true of accounting in other types of entities, Governmental accounting exists for the purpose of providing complete and accurate financial information in a meaningful format and on a timely basis to those responsible for and concerned with the operations of government. This information can help promote a better understanding of the role of the Government's financial operations in the economy.

The Advisory Committee on Federal Consolidated Financial Statements, which was chartered from March 1976 to March 1978, identified many of the major conceptual and practical problems associated with the development of the financial statements and schedules. On July 6, 1977, the Comptroller General assumed the chairmanship of the Interagency Advisory Committee on Federal Consolidated Financial Statements whose role was to study the problems associated with implementing the recommendations resulting from the work of the Advisory Committee.

The Interagency Advisory Committee task groups have submitted their reports to Treasury for review and possible implementation. The next Treasury effort is to review these recommendations and identify what reporting requirements need to be changed or developed. A summary of the issues studied and the recommendations made by the task groups is presented below.

- *Accrual of taxes.*—Presently, Federal tax revenues are accrued for corporate taxes, whereas individual taxes are recognized and reported on a cash basis. The objective was to further develop a method for accruing individual income taxes that takes into account taxes earned, refunds, and uncollectible amounts. Methodologies were developed by the task group for accruing individual taxes receivable on the consolidated statements.
- *Allowance for losses on accounts and loans receivable.*—A significant number of agencies do not provide a reasonable estimate for losses, while others make no estimate at all; also, there is no universally prescribed method for determining what an allowance should be. The task group developed a series of recommendations to be acted on by Treasury, GAO, and OMB to improve agency accounting practices in this area.
- *Asset valuation.*—Presently, assets are accounted for on a historical cost basis; some assets have no recorded value. The task group recommended that Treasury continue to report assets on a historical cost basis and to supplement this information with a schedule measuring assets at current values and in constant dollars (in dollars each of which has the same general purchasing power). The task group provided methods for determining current values and constant dollars. It also identified several areas that need further study involving the implementation of current value accounting in the consolidated report. They are: depreciation, technological change, and purchasing power gains and losses.
- *Federal employee retirement systems and social security.*—In late 1978, Congress enacted Public Law 95-595, which recognized the need to have uniform accounting and reporting for Federal pension liabilities. This act superseded the work of the task

group with respect to Federal pension plans. The act identified 38 plans which would be required to file an annual report. Annual pension reports were received from the Military Retirement and the Civil Service Retirement Systems for the plan year ended September 30, 1979. Accrued pension liabilities from the two reports are included in these statements. In future statements, Treasury will include additional reports received under Public Law 95-595. The task group report did not address the issues relating to social security due to the uniqueness of the actuarial cost methods used for measuring benefits under the system.

- *Inflation accounting.*—There is a recognized need to provide disclosure for the effect of inflation on accounting and reporting information. The task group objective was to determine the extent to which it is desirable and effective to account for the effects of inflation. However, due to the interrelationship between inflation accounting and certain current accounting valuations, it was decided to merge the activities of this task group with the asset valuation group.
- *Estimated losses on loan guarantees and insurance.*—A number of agencies do not make any provision for estimated losses on loan guarantees and insurance, while others do not provide reasonable estimates of losses. The task group presented a number of recommendations on when and how losses should be determined. It also recommended changes to be made in displaying insurance and loan guarantee type programs in the consolidated statements.

Notes to Financial Statements

1. Summary of general accounting policies

Principal financial statements.—These consist of a statement of financial position, a statement of operations, and a statement of changes in financial position. Because of their developmental nature, only the most significant changes in format are disclosed in the Notes.

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

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

Reclassification and adjustment.—For comparability, certain fiscal 1978 data are reclassified where appropriate to conform to the financial statement presentation for fiscal 1979.

2. International monetary reserves

This category, as of September 30, 1979, comprises the following items: \$11.2 billion in gold, recorded at \$42.22 per ounce, the statutory price at which gold is monetized by the issuance of gold certificates to the Federal Reserve System; \$2.7 billion of special drawing rights, an international reserve asset; and \$1.3 billion representing the U.S. reserve position in the International Monetary Fund.

3. Accrued taxes receivable

The September 30, 1979, total for taxes receivable represents \$10.9 billion (net) for delinquent taxes and \$15.8 billion of accrued corporate taxes.

On July 23, 1980, the task group on taxes receiv-

able presented its findings. Two methodologies were developed for accruing individual taxes receivable. Treasury will be reviewing these methodologies and considering them for inclusion in future reports.

4. Loans receivable

Outstanding loans and allowances for losses have been recorded as reported by the various lending agencies. The allowances for losses are presumed to be understated and they are under study. Interest rates and loan repayment terms vary considerably for outstanding loans, with rates up to 12 percent and terms from as short as 90 days to well over 40 years.

5. Inventories

Inventories include nondepreciable personal property and are generally stated at cost. The September 30, 1979, total for inventories comprises \$53.3 billion for the Department of Defense and \$21.3 billion for other agencies. The amounts as of September 30, 1978, were \$50.3 billion and \$17.6 billion, respectively. The inventory accounts do not include the weapons stockpile since the extent of the inventory is classified information.

6. Land

Land is valued at the cost paid by the Government. The cost of land acquired through donation, exchange, bequest, forfeiture, or judicial process is estimated by the General Services Administration at amounts the Government would have paid if purchased at the date of acquisition. Pending study of valuation methods, the Outer Continental Shelf and other offshore lands, and the 712 million acres of public domain lands have not been included. In 1972 a committee of the House of Representatives estimated the value of public domain land (92 percent of the total onshore average owned by the Federal Government) to be \$29.9 billion.

7. Buildings, structures, and facilities

This category consists of all real property owned by the Federal Government except land. The total reflects the acquisition cost of buildings and

the cost of acquiring or erecting dams, utility systems, monuments, roads, and bridges. The September 30, 1979, total represents \$47.8 billion for the Department of Defense and \$64.5 billion for other agencies. The amounts as of September 30, 1978, were \$46.5 billion and \$63.7 billion, respectively.

8. Depreciable personal property

Military hardware and equipment are recorded at acquisition cost and include only depreciable property currently in use or in usable condition. The major components of each category are summarized below.

	1979	1978
	[In billions]	
Military hardware		
Aircraft and related equipment	\$63.1	\$63.0
Ships and service craft	51.3	46.6
Combat and tactical vehicles	27.2	21.9
Missiles and related equipment	14.3	13.3
Other	2.9	7.5
Total	<u>\$158.8</u>	<u>\$152.3</u>
Equipment		
Department of Defense		
Industrial plant equipment	\$16.7	\$12.5
Communications and electronics	3.7	3.8
Other	8.5	6.0
	<u>28.9</u>	<u>22.3</u>
Other agencies	25.5	23.6
Total	<u>\$54.4</u>	<u>\$45.9</u>

9. Accumulated depreciation

Most Government agencies do not calculate depreciation on property and equipment; therefore, accumulated depreciation is estimated on a straightline basis, from available information. The useful lives applied to each classification of asset are as follows: Buildings, structures, and facilities—50 years; ships and service craft—30 years; industrial plant equipment—20 years; all other depreciable assets—10 years.

10. Borrowing from the public

As of September 30, 1979, the gross amount of

Federal debt outstanding net of unamortized premiums and discounts was \$828.5 billion. This amount is reduced by \$189.1 billion for intragovernmental holdings. As of September 30, 1979, foreign and international investors held approximately \$125 billion of the debt outstanding with the public. The amount as of September 30, 1978, was \$121 billion. For additional information on borrowing from the public, see the Federal Debt Maturity schedule in the supplemental section (page 33).

11. Accrued pension, retirement, and disability plans

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

Military personnel and civilian employees: Accrued pension liabilities for September 30, 1979, were calculated in accordance with instructions developed jointly by the General Accounting Office and the Office of Management and Budget under the provisions of Public Law 95-595. In addition to accrued vested benefits which were included in the 1978 liabilities, the 1979 liabilities include estimates of accrued nonvested benefits and an increase in the estimated long-term rate of inflation. This change in accounting methods increased the liability for the Military Retirement System by \$62.6 billion and the Civil Service Retirement System by \$182.6 billion for a total increase of \$245.2 billion.

As comparable data was not available as of September 30, 1978, Treasury was not able to accurately determine the expense applicable to the current year. Therefore, the \$245.2 billion increased pension liability was accounted for by adjusting the accumulated position at the beginning of the period in lieu of charging the entire amount to fiscal year 1979 or amortizing it over an extended period.

Additionally, the expense for the military personnel income security increased from \$27.7 billion in 1978 to \$104.1 billion in 1979 due to a reevaluation by the Department of Defense of the actuarial assumptions prior to application of Public Law 95-595.

Social security: Based on the present value of the projected excess of benefits over contributions for present participants for the next 75 years. On December 20, 1977, Public Law 95-216 amended the Social Security Act resulting in changes to the estimates of future benefits and contributions.

It has not yet been determined whether the requirements for Federal pension plans, established as a result of Public Law 95-595, should be applied to the Social Security System due to the uniqueness of the actuarial cost methods used for measuring benefits under the system.

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

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

As annual pension reports are received from other plans covered by Public Law 95-595, their pension liability amounts will also be included.

For additional information on accrued pensions, see Analysis of Pension and Retirement Plans schedule in the supplemental section (page 34).

12. Loss reserves for guarantee and insurance programs

For additional information on loss reserves for guarantee and insurance programs, see the Commitments and Contingencies of the U.S. Government schedule in the supplemental section (page 32).

13. Prior period adjustment

The balance of accumulated position at September 30, 1978, has been restated from the amount previously reported to reflect the cumulative effect of corrections for errors identified in fiscal 1979. The inventory of stockpiled materials and commodities was overstated by \$14.0 billion at September 30, 1978, and \$13.2 billion at September 30, 1977.

14. Current noncash provision for social security

The noncash provision for social security represents changes in the social security accrued liability between periods based on a 30-year amortization of the actuarial deficit. Accounting methods for the provision require additional study.

The noncash amount is not included in the Statement of Operations because a substantial but indeterminate portion is not applicable to the current period. The Statement of Operations does include cash benefit payments.

On November 4, 1978, Public Law 95-595 amended the Social Security Act resulting in changes to the estimate of future benefits and contributions. Because of the new basis for calculating the liability, the figures shown in this report are not comparable to those shown in prior years. The cur-

rent noncash provision for social security is \$134.0 billion in 1979.

15. Contingencies

Several Government agencies insure businesses and individuals against various types of risks. The amount of insurance coverage in force, representing the maximum risk exposure to the Government, is \$2,023.3 billion as of September 30, 1979.

The Government also guarantees loans by non-Government enterprises to businesses and individuals. These guarantees become liabilities of the Government only when it is required to honor its guarantees. Loan guarantees in force at September 30, 1979, are \$282.7 billion. For further information on contingencies, see the Commitments and Contingencies of the U.S. Government schedule in the supplemental section (page 32).

16. Open-ended programs and fixed costs

The Government also commits itself to provide services by passing laws that make spending mandatory. Since a significant amount of future spending is fixed by law, it is very probable that the Government will pay for these programs in future years. Listed below are the programs for fiscal 1979 that can be terminated only if the laws are changed.

	1979
	[In billions]
Payments for individuals	
Social security and railroad retirement	\$106.7
Federal employees retirement and insurance	30.0
Unemployment assistance	10.7
Assistance to students	2.8
Food and nutrition assistance	9.8
All other	2.7
Medicare and Medicaid	41.6
Housing payments	4.2
Public-assistance-related programs	16.4
	<u>224.9</u>
Net interest	42.6
General revenue sharing	6.8
Other open-ended programs and fixed costs	11.7
Total	<u>\$286.0</u>

**Alternative
Financial Statement Formats**

United States Government
Consolidated Statement of Selected Current Assets and Liabilities
as of September 30, 1979 and 1978

[In billions]

Current Assets

(What the Government owns—resources that approximate amounts available to pay liabilities or to provide public service in the next year)

	1979	1978
Cash and monetary reserves		
Operating cash in the Treasury	\$24.2	\$22.4
International monetary reserves	15.2	18.8
Other cash	10.5	5.0
	<u>49.9</u>	<u>46.2</u>
Receivables (net of allowances)		
Accounts receivable	9.2	7.7
Accrued taxes receivable	26.7	24.0
Loans receivable	29.7	27.4
Advances and prepayments	3.4	5.2
	<u>69.0</u>	<u>64.3</u>
Total: Current assets	<u>\$118.9</u>	<u>\$110.5</u>

Current Liabilities

(What the Government owes—amounts incurred in the past that will require cash or other resources in the next year)

Accounts payable	\$77.7	\$65.8
Borrowing from the public	342.9	315.3
Accrued pension, retirement, and disability plans	146.8	130.0
Total: Current liabilities	<u>567.4</u>	<u>511.1</u>
Excess of current liabilities over current assets	<u>\$448.5</u>	<u>\$400.6</u>

**United States Government
Consolidated Statement of Other Assets
as of September 30, 1979 and 1978**

[In billions]

*(Resources that generally would not be liquidated
to finance operations in the next year)*

	1979	1978
Loans receivable (net of allowances).....	<u>\$109.1</u>	<u>\$92.6</u>
Inventories (at cost)		
Goods for sale.....	15.4	16.1
Work in process.....	1.0	.9
Raw materials.....	3.6	2.0
Materials and supplies for Government use.....	40.5	35.2
Stockpiled materials and commodities.....	<u>14.1</u>	<u>13.7</u>
	<u>74.6</u>	<u>67.9</u>
Property and equipment		
Land.....	9.3	9.1
Buildings, structures, and facilities.....	112.3	110.2
Military hardware.....	158.8	152.3
Equipment.....	54.4	45.9
Construction in progress.....	25.5	21.1
Other.....	<u>1.6</u>	<u>1.7</u>
	<u>(180.4)</u>	<u>(170.0)</u>
Accumulated depreciation.....	181.5	170.3
Deferred charges and other assets.....	<u>28.0</u>	<u>24.4</u>
 Total: Other assets.....	 <u>\$393.2</u>	 <u>\$355.2</u>

**United States Government
Consolidated Statement of Other Liabilities
as of September 30, 1979 and 1978**

[In billions]

(Amounts owed that will not fall due in the next year)

	1979	1978
Unearned revenue.....	<u>\$14.8</u>	<u>\$11.3</u>
Borrowing from the public.....	<u>296.5</u>	<u>291.4</u>
Accrued pension, retirement, and disability plans		
Military personnel.....	291.9	199.9
Civilian employees.....	355.4	344.3
Social security.....	940.4	820.2
Veterans compensation.....	153.0	143.9
Federal employees compensation.....	8.7	8.1
	<u>1,749.4</u>	<u>1,516.4</u>
Loss reserves for guarantee and insurance programs.....	<u>2.3</u>	<u>3.2</u>
Other liabilities.....	<u>51.4</u>	<u>45.2</u>
Total: Other liabilities.....	<u><u>\$2,114.4</u></u>	<u><u>\$1,867.5</u></u>

**United States Government
Consolidated Statement of Changes in the
Operating Cash Balance
for the Years Ended September 30, 1979 and 1978**

[In billions]

	1979	1978
Operating cash beginning of period	\$22.4	\$19.1
Sources of cash:		
Budget receipts	465.9	402.0
Net borrowing from the public ¹	33.6	59.1
Other means of financing ²	7.9	3.3
Total	<u>529.8</u>	<u>483.5</u>
Uses of cash:		
Budget outlays	493.2	450.8
Off-budget outlays	12.4	10.3
Total	<u>505.6</u>	<u>461.1</u>
Operating cash end of period	<u>\$24.2</u>	<u>\$22.4</u>

¹ Reconciliation of net borrowing from the public:

	<i>Current</i>	<i>Other</i>	<i>Total</i>
Balance as of 9/30/79	\$342.9	\$296.5	\$639.4
Balance as of 9/30/78	315.3	291.4	<u>606.7</u>
Net borrowing per Federal Debt Maturity (Sch. V)			32.7
Adjustment for deferred discounts and premiums, and certain intergovernmental transactions . . . . .			.9
Net borrowing from the public			<u>\$33.6</u>

² Includes the net change in: Special drawing rights, other assets, accrued interest payable to the public, checks outstanding, other liabilities, and other transactions not applied to surplus or deficit.

Supplemental Schedules

Introductory Statement to the Schedules

The following schedules present information which in some cases is unique to the Federal Government or is not generally shown as a part of published financial statements. The information in the schedules reflects various operations of the Government under laws passed by the Congress, and in some cases shows the financial costs to the Government of providing benefits through the tax system or through other indirect means as opposed to direct Federal revenue collection or spending.

There are certain schedules that are incomplete. As a prototype, this report attempts to show what is planned with regard to providing a comprehensive overview of Federal financial operations. In some cases the schedules support the financial results shown in the consolidated financial statements; in others there is little relationship between the schedules and the statements. Consequently, each of the tables should be considered individually as a specialized information source.

The following schedules are presented in this section:

I Flow of Funds Projections

The information in this schedule was obtained from the 1981 Budget of the U.S. Government prepared by the Office of Management and Budget. It presents actual and projected 1980-83 cash receipts and outlays. Although the consolidated financial statements are prepared on an accrual basis and reflect historical financial data, no attempt has been made here to develop projections on an accrual basis. The data presented here also differ from the statements in that certain receipts are treated as reductions of outlays, according to conventions adopted for budgeting purposes.

These projections are not forecasts of future receipts and outlays, nor are they recommendations for policy-setting purposes. They simply reflect what may happen to cash basis revenues and expenditures considering certain basic assumptions reflected in the budget. The receipts projections are consistent with the continuation of current tax laws as modified in the 1981 Budget. Outlay estimates indicate the degree to which resources would be committed by the continuation of existing and currently proposed programs through fiscal 1983.

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

This schedule is developed from the Statement of Financial Position and Statement of Operations. Historical values have been restated to account for changes in the general purchasing power of the dollar. Accounting for inflation by this method provides comparability between years, since all dollars are equivalent to the current level of purchasing power. This restatement generally follows the Financial Accounting Standards Board Statement No. 33, "Financial Reporting and Changing Prices."

Derived from the GNP implicit price deflator, the conversion factors used here are: fiscal 1979—1.032; fiscal 1978—1.089; fiscal 1977—1.198; transition quarter—1.250; fiscal 1976—1.279; and fiscal 1975—1.365. Monetary assets and liabilities as of September 30, 1979, are not restated because they already represent dollars of current general purchasing power.

III Effect of Tax Benefits on Federal Revenues

The Effect of Tax Benefits on Federal Revenues schedule 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.

It should be noted that the effect on revenues of adding or deleting a particular tax benefit would not be the same as the dollar amount currently associated with the benefit. Consequently, it is not possible to say what the effects of increasing or decreasing selected benefits would be without considering a number of variables.

Some minor distortions may have occurred since data presented have been condensed for purposes of this report.

IV Commitments and Contingencies of the U.S. Government

The Commitments and Contingencies schedule is designed to show two basic types of financial information. These are the maximum potential liabilities and the anticipated liabilities which it is reasonably certain, based on experience and other factors, will occur. The anticipated liabilities are the equivalent to allowance for losses.

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

A contingency represents a possible exposure to a liability depending upon the outcome of uncertain future events or circumstances. Contingencies are stated in terms of the maximum risk exposure without regard to existing contingent assets which would be available to offset potential losses. The "ratio of losses incurred to premiums written" represents the probability of incurring those losses. "Loss reserves" supports the balance sheet liability "loss reserves for guarantee and insurance programs" and represents the anticipated liability.

V Federal Debt Maturity

The Federal Debt Maturity schedule reflects information on the borrowing of the Federal Government needed to finance the Government's operations.

Information on the debt is provided by type of debt instrument, average interest rate charged for each type, and maturity. This schedule directly supports the balance sheet caption, "Borrowing from the public," which is shown net of intragovernmental holdings and unamortized premium or discount. Intragovernmental holdings represent that portion of the total Federal debt held by Federal entities, including the major trust funds.

VI Additions to Non-Federal Economic Resources

This schedule 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. Some of these investment-type expenditures, while not adding to the Federal assets, add to the assets of State and local government or private institutions, and all enhance the future productivity of the Nation.

While this schedule does not provide a precise measure of the difference between capital and current items, it does indicate a useful general magnitude.

Additions to State, local, and private assets include construction grants for highways, hospitals, and airports, subsidies to the merchant fleet, and conservation projects, which increase the value of private farmland and water resources. Other developmental

expenditures reflect current Federal expenditures and grants which will benefit the Nation in future years by increasing productivity or well-being. These include research and development costs and education and training.

VII Analysis of Pension and Retirement Plans

The Analysis of Pension and Retirement Plans schedule is designed to provide an insight into the size of these programs and associated future financing requirements as of September 30, 1979, for all Government-financed plans. Amounts for social security, military personnel, civilian employees, and other plans support the liabilities on the Consolidated Statement of Financial Position. The second and third parts of this schedule provide information on cash flows and benefits paid to pensioners.

To the extent that information for this schedule was available, it was obtained from direct contact with actuaries for the respective agencies, from published Treasury Department reports, and from annual reports filed with the General Accounting Office under Public Law 95-595. The schedule is incomplete in that the number of plans ultimately to be included in the schedule is not yet resolved—as many as 38 separate plans might be included. GAO has developed instructions regarding the information to be contained in and the format to be used in the annual reports. Figures developed under the GAO guidelines have been used in this schedule for 1979.

VIII Estimated Interest Subsidy on Direct Loans Outstanding

Government public policy objectives are achieved in this area by providing credit for private borrowers and Government corporations on more favorable terms than are available to the Treasury. Many programs do not involve subsidies. This schedule attempts to measure the difference between what the Government has to pay to borrow funds to support its general operations and the interest an agency charges a borrower. This schedule is being developed using gross loans receivable as a basis; therefore, it does not take into account allowances for losses and does not eliminate intragovernment loans. The schedule shows the annual and total costs to the Government for all significant loan subsidy programs. Computations are based on (1) the average life of the loan, which represents the average number of years for repayment of each type of loan; (2) the Treasury borrowing rate for comparable maturities, which is based on the rates that the Treasury had to pay on interest-bearing public debt at the time the loan was made to the borrower; (3) the rate charged to the borrower, which is the average interest rate charged for each program; and (4) the total amount to subsidized loans outstanding, which covers the total amount of loans subsidized by the Treasury.

Foreign subsidy information, supplied by the Treasury's Office of Economic Policy pursuant to section (f) of the Foreign Assistance Act, provides an improved picture of foreign loan subsidies. This schedule is a rough approximation of the costs of these programs to the Government. The lack of specific information on comparable maturities of public debt securities distorts the true cost. Additionally, while the schedule recognizes only annual interest costs, a more precise reading on the costs associated with the specific loan programs would require capitalizing the cost at the time the loans are made. The feasibility of these refinements is under consideration.

IX Federal Facts and Figures

The schedule is designed to provide readers of the financial statements and schedules a set of recognizable benchmarks to use in making comparisons and identifying any relationships. Major emphasis has been given to providing information on the gross national product, the Consumer Price Index, employment, Federal debt, Federal expenses, and personal income taxes. In all cases the most current data available have been provided.

SCHEDULE I
Flow of Funds Projections
for the Years Ended
September 30, 1979-83

[In billions]

	1979 <i>Actual</i>	1980	1981	1982	1983
		<i>Estimate</i>			
Cash receipts					
Taxes					
Individual	\$217.8	\$238.7	\$274.4	\$318.7	\$381.4
Corporation	65.7	72.3	71.6	80.6	91.8
Social insurance taxes and contributions					
Employment taxes and contributions	120.1	138.6	161.6	187.2	211.7
Unemployment insurance	15.4	16.9	18.7	21.1	23.5
Contributions for other insurance and retirement	6.1	6.7	7.1	7.6	8.1
Excise taxes	18.7	26.3	40.2	48.0	51.7
Estate and gift taxes	5.4	5.8	5.9	6.4	7.1
Customs duties	7.4	7.6	8.4	8.6	9.2
Miscellaneous	24.5	28.4	31.2	33.5	36.1
Rents and royalties	3.3	4.8	6.0	6.0	6.0
Total cash receipts	<u>484.4</u>	<u>546.1</u>	<u>625.1</u>	<u>717.7</u>	<u>826.6</u>
Cash outlays by function					
Administration of justice	4.1	4.5	4.7	4.9	5.0
Agriculture	6.2	4.6	2.8	3.0	3.9
Allowance and civilian pay raises and contingencies	-	-	2.6	9.8	36.5
Commerce and housing credit	2.6	5.5	1.0	3.2	3.1
Community and regional development	9.5	8.5	8.8	9.4	9.9
Education, training, employment, and social services	29.7	30.7	32.0	35.0	37.7
Energy	6.8	7.7	8.1	11.0	13.5
General government	4.1	4.9	4.9	5.1	5.1
General science, space, and technology	5.0	5.9	6.4	6.9	7.0
General purpose fiscal assistance	8.4	8.7	9.6	9.7	9.3
Health	49.6	56.6	62.5	70.8	79.9
Income security	160.2	190.9	220.0	241.7	264.0
Interest	52.6	63.3	67.2	68.0	68.3
International affairs	6.1	10.4	9.4	10.2	11.2
National defense	117.7	130.4	146.2	165.5	185.9
Natural resources and environment	12.1	12.8	12.8	13.7	14.1
Transportation	17.5	19.6	20.2	21.6	23.2
Veterans benefits and services	19.9	20.8	21.7	23.2	24.6
Total cash outlays	<u>512.1</u>	<u>585.8</u>	<u>640.9</u>	<u>712.7</u>	<u>802.2</u>
Total budget surplus (deficit)	(27.7)	(39.7)	(15.8)	5.0	24.4
Deficit, off-budget Federal entities	(12.5)	(16.8)	(18.1)	(15.1)	(12.9)
Total surplus (deficit)	<u>\$(40.2)</u>	<u>\$(56.5)</u>	<u>\$(33.9)</u>	<u>\$(10.1)</u>	<u>\$11.5</u>

* Less than \$100 million.

Source: Budget of the United States Government, Fiscal Year 1981.

SCHEDULE II
Financial Statements of the
U.S. Government
Restated for General Price-Level Changes
(Restated to September 30, 1979, Dollars)
[In billions]

	1979	1978				
	Sept. 30	Sept. 30				
Financial position						
Assets						
Cash and monetary reserves	\$49.9	\$50.3				
Receivables (net of allowances)	178.1	170.9				
Inventories (at cost)	77.0	76.6				
Property and equipment (net of accumulated depreciation)	252.5	241.3				
Deferred charges and other assets	37.2	33.4				
Total assets	<u>\$594.7</u>	<u>\$572.5</u>				
Liabilities						
Accounts payable	\$77.7	\$71.7				
Unearned revenue	19.3	15.6				
Borrowing from the public	639.4	660.7				
Accrued pension, retirement, and disability plans	1,896.2	1,792.8				
Loss reserves for guarantee and insurance programs	3.0	4.1				
Other liabilities	51.4	49.2				
Total liabilities	<u>2,687.0</u>	<u>2,594.1</u>				
Accumulated position						
Accumulated position beginning of period	(2,006.4)	(1,908.5)				
Prior period adjustment	(15.2)	(15.2)				
Restated accumulated position beginning of period	<u>(2,021.6)</u>	<u>(1,923.7)</u>				
Current period results	67.5	43.0				
Current noncash provision for social security	(138.2)	(140.9)				
Accumulated position end of period	<u>(2,092.3)</u>	<u>(2,021.6)</u>				
Total liabilities and accumulated position	<u>\$594.7</u>	<u>\$572.5</u>				
Operating results						
Revenues						
Taxes and duties	\$485.7	\$464.7				
Business-type operations	60.7	60.1				
Total revenues	<u>546.4</u>	<u>524.8</u>				
Expenses						
Administration of justice	4.0	4.0				
Agriculture	6.1	8.0				
Commerce and housing credit	1.3	2.7				
Community and regional development	9.9	12.5				
Education, training, employment, and social services	27.2	27.7				
Energy	8.8	7.4				
General government	14.0	12.9				
General purpose fiscal assistance	18.0	21.0				
General science, space, and technology	5.4	4.9				
Health	57.5	56.5				
Income security	312.7	263.7				
Interest	49.8	44.0				
International affairs	17.5	19.9				
National defense	101.8	101.4				
Natural resources and environment	14.4	14.0				
Transportation	16.3	16.5				
Veterans benefits and services	8.3	10.0				
Total expenses	<u>673.0</u>	<u>627.1</u>				
General price-level gain	194.1	145.3				
Current period results	<u>\$67.5</u>	<u>\$43.0</u>				
	1979	1978	1977	1976	1975	
	Sept. 30	Sept. 30	Sept. 30	Sept. 30	June 30	June 30
Comparative summary of selected financial data						
Financial position						
Total assets	\$594.7	\$572.5	\$543.0	\$526.3	\$527.3	\$493.6
Total liabilities	2,687.0	2,594.1	2,487.2	2,308.3	2,272.2	2,079.9
Accumulated position end of period	<u>\$(2,092.3)</u>	<u>\$(2,021.6)</u>	<u>\$(1,944.2)</u>	<u>\$(1,782.0)</u>	<u>\$(1,744.9)</u>	<u>\$(1,586.3)</u>
Operating results						
Total revenues	\$546.4	\$524.8	\$475.1	\$126.4	\$526.6	\$416.6
Total expenses	673.0	627.1	540.1	172.1	629.5	497.8
General price-level gain	194.1	145.3	90.9	17.4	82.1	132.1
Current period results	<u>\$67.5</u>	<u>\$43.0</u>	<u>\$25.9</u>	<u>\$(28.3)</u>	<u>\$(20.8)</u>	<u>\$50.9</u>

SCHEDULE III
Effect of Tax Benefits on Federal Revenues
for Tax Years 1979 and 1978

[In billions]

	Estimated amount of revenue loss	
	1979	1978
Individuals		
Income exclusion		
Payroll benefits and allowances (group life, accident, and unemployment)	\$3.2	\$2.5
Disability and retirement benefits (social security and private)	25.0	22.4
Education allowances (scholarships and GI benefits) . . . . .	.3	.3
Medical care and insurance (employer premiums paid)	11.1	7.1
Interest and dividends (State and local bonds, and life insurance)	6.0	5.0
Foreign earnings and investment incentives (income earned abroad) . . . . .	.5	.6
Capital gains at death	4.4	8.1
Other (includes real estate, old-age credit on home sales, and cooperatives) . . . . .	.3	.1
Income deferrals		
Interest on U.S. savings bonds . . . . .	.5	.6
Real estate (home sales)	1.1	1.0
Deductions and credits		
Old-age, disability, and other personal exemptions	4.1	3.4
Investments (commercial capital gains, depreciation, credits, and other investment incentives)	17.1	12.7
State and local nonbusiness, property, and other taxes	19.7	16.4
Property damages and losses (casualty losses) . . . . .	.5	.4
Medical	3.2	2.8
Contributions (charitable and political)	6.9	6.6
Interest (mortgage and consumer)	13.8	9.9
Dependent care and work incentives (child and dependent care) . . . . .	.7	.6
Real estate (new home purchases)	-	-
Earned income . . . . .	.3	.3
Corporations		
Income exclusions		
Interest and dividends (State and local debt)	4.1	3.6
Foreign earnings and investment incentives (domestic, international sales, Western Hemisphere trade, and controlled foreign corporations)	2.5	2.3
Interest deferrals		
Taxes (shipping companies) . . . . .	.1	.1
Real estate (capital gains) . . . . .	.7	.5
Deductions and credits		
Exemptions (credit unions, corporate surtax, and cooperatives)	7.0	5.8
Investments		
Commercial buildings and equipment (investment credit, depreciation, construction period interest, and expensing developmental costs)	20.9	17.2
Mining and timber (capital gains treatment of royalties and certain income) . . . . .	.6	.3
Agriculture related (capital outlays and gains on certain income) . . . . .	.1	.1
Contributions (charitable and political) . . . . .	.9	.8
Work incentives (employment credits under work programs)	1.2	1.5
Employee stock ownership plans (funded through investment and tax credits) . . . . .	.7	.3
Excess bad debt reserves (financial institutions) . . . . .	.8	.8

Source: Budget of the United States Government, Fiscal Year 1981.

SCHEDULE IV
Commitments and Contingencies
of the U.S. Government
as of September 30, 1979

[In billions]

Amounts
outstanding

Commitments

Long-term contracts		
Shipbuilding		\$4.6
GSA building construction		2.2
Energy		10.2
Other		3.3
Subtotal		<u>20.3</u>
Undelivered orders		
Legislative branch .....		.1
Judicial branch		•
Executive Office of the President		•
Funds appropriated to the President		15.6
Defense		40.4
Health, Education, and Welfare		19.8
Housing and Urban Development		207.8
Transportation		21.7
Environmental Protection Agency		12.0
Other agencies		34.8
Off-budget agencies		3.0
Subtotal		<u>355.2</u>
Total commitments		<u>\$375.5</u>

	Contingent liability (maximum risk exposure)	Ratio of losses incurred to premiums written	Loss reserves
Contingencies			
Government loan and credit guarantees			
Housing	\$156.9	3%	\$0.6
Export-Import Bank of the United States	4.9	-	-
Business loan and investment fund	8.4	4.8	.4
Farm ownership	14.9	1.1	.2
Rural development	25.9	.1	•
Shipbuilding and operations	6.5	-	-
Transportation	2.3	-	-
Veterans benefits	42.6	-	-
Other	20.3	1.5	.3
Subtotal	<u>282.7</u>		<u>1.5</u>
Insurance in force			
Federal Deposit Insurance Corp.	762.7	••	.3
Federal Savings and Loan Insurance Corp.	453.3	••	•
Federal Insurance Administration	437.4	-	-
Nuclear Regulatory Commission	99.1	-	-
National Credit Union Administration	47.7	••	•
Veterans Administration	33.2	.4	.1
Department of Transportation	158.0	-	-
Other	31.9	1.3	.4
Subtotal	<u>2,023.3</u>		<u>.8</u>
Unadjusted claims			
Transportation	7.7	-	-
Other	11.9	••	•
Subtotal	<u>19.6</u>		<u>•</u>
Other contingencies			
Veterans readjustment benefits	8.8	-	-
Other	9.6	.2	•
Subtotal	<u>18.4</u>		<u>•</u>
Total contingencies	<u>\$2,344.0</u>		<u>•</u>
Total loss reserves			<u>\$2.3</u>

* Less than \$100 million.

** Less than one-tenth of 1 percent.

SCHEDULE V
Federal Debt Maturity
as of September 30, 1979

[In billions]

	Total debt	Average interest rate	Maturity					Various
			Within 1 year	1-5 years	5-10 years	10-20 years	20 years or longer	
Marketable								
Bills.....	\$157.6	10.111%	\$157.6	-	-	-	-	-
Notes.....	272.0	8.046	81.8	\$147.7	\$42.5	-	-	-
Bonds.....	60.9	7.342	1.8	6.1	2.0	\$21.6	\$29.4	-
	<u>490.5</u>	<u>8.605</u>	<u>241.2</u>	<u>153.8</u>	<u>44.5</u>	<u>21.6</u>	<u>29.4</u>	<u>-</u>
Nonmarketable								
Foreign government series.....	28.2	7.542	9.8	13.9	4.5	-	-	-
Government account series.....	1.7	5.949	.6	-	.9	.2	-	-
Investment series.....	.2	2.750	.2	-	-	-	-	-
U.S. savings bonds.....	80.4	5.431	4.2	19.7	2.5	-	-	\$54.0
Other.....	25.2	6.216	-	-	-	-	-	25.2
	<u>135.7</u>	<u>6.017</u>	<u>14.8</u>	<u>33.6</u>	<u>7.9</u>	<u>.2</u>	<u>-</u>	<u>79.2</u>
Other								
Agency securities.....	5.7	5.937	.2	1.1	1.3	1.8	-	1.3
Other.....	7.5	-	-	-	-	-	-	7.5
	<u>13.2</u>	<u>5.937</u>	<u>.2</u>	<u>1.1</u>	<u>1.3</u>	<u>1.8</u>	<u>-</u>	<u>8.8</u>
Net borrowing from the public								
Current period.....	639.4		256.2	188.5	53.7	23.6	29.4	88.0
Prior period.....	606.7		236.7	214.4	37.5	18.1	19.7	80.3
Net increase.....	<u>\$32.7</u>		<u>\$19.5</u>	<u>\$(25.9)</u>	<u>\$16.2</u>	<u>\$5.5</u>	<u>\$9.7</u>	<u>\$7.7</u>

SCHEDULE VI
Additions to Non-Federal
Economic Resources
for the Years Ended September 30, 1979-81

[In billions]

	1979 <i>Actual</i>	1980 <i>Estimate</i>	1981
Additions to State, local, and private assets			
Community and regional development.....	\$4.4	\$4.9	\$5.4
Environment.....	4.0	4.2	4.2
Local public works.....	1.7	.4	.2
Transportation			
Highways and mass transit.....	8.8	9.6	10.2
Other transportation.....	.6	.7	.7
Other.....	.3	.2	.2
Total additions.....	<u>19.8</u>	<u>20.0</u>	<u>20.9</u>
Other developmental expenditures			
Agriculture.....	.6	.7	.7
Conservation.....	3.9	3.7	3.6
Economic development.....	.3	.3	.4
Education.....	9.5	10.9	10.9
Education-income support.....	6.0	6.0	5.7
Environment.....	.5	.6	.6
Health.....	3.8	4.2	4.3
Science and engineering.....	6.1	7.6	7.9
Training.....	9.6	9.2	10.1
Transportation.....	.3	.3	.3
Other.....	.3	.4	.5
Total developmental expenditures.....	<u>40.9</u>	<u>43.9</u>	<u>45.0</u>
Total investment outlays.....	<u>\$60.7</u>	<u>\$63.9</u>	<u>\$65.9</u>

Source: Budget of the United States Government, Fiscal Year 1981.

SCHEDULE VII
Analysis of Pension and Retirement Plans
as of September 30, 1979

[In billions]

	Social security	Military personnel	Civilian employees	Other
Liabilities				
Accrued liability, September 30, 1978	\$928.0	\$210.1	\$356.2	\$N/A
Add:				
Accruals	241.5	104.1	24.6	N/A
Deduct:				
Benefits paid	107.6	10.3	12.1	N/A
Accrued liability, September 30, 1979	<u>\$1,061.9</u>	<u>\$303.9</u>	<u>\$368.7</u>	<u>\$N/A</u>
Accrued liability, September 30, 1979	\$1,061.9	\$303.9	\$368.7	\$N/A
Cumulative trust fund transactions through end of period				
Receipts	916.7		156.5	N/A
Outlays (net of unamortized discount and premium on investments)	882.6		92.3	N/A
Total assets of the trust fund	<u>34.1</u>		<u>64.2</u>	<u>N/A</u>
Liability net of trust balance, September 30, 1979	<u>\$1,027.8</u>	<u>\$303.9</u>	<u>\$304.5</u>	<u>\$N/A</u>

	Number of years covered	Social security		Military personnel	Civilian employees		Other
		Percent of taxable payroll	Amount	Amount	Contribution rate (percent)	Amount	Amount
Projected cash receipts and disbursements							
Cash receipts							
1979	1	10.25	\$106.4		7	\$18.9	\$N/A
1980-1983	4	10.81	588.5		7	88.3	N/A
1984-1993	10	12.20	2,825.8		7	327.2	N/A
1994-2003	10	13.84	5,975.7		7	547.7	N/A
Subtotal	25		9,496.4			982.1	N/A
2004-2028	25	14.61	47,801.7		7	3,226.8	N/A
2029-2053	25	9.92	129,145.2		7	9,663.8	N/A
Total			186,443.3			13,872.7	N/A
Cash disbursements							
1979	1	10.36	107.6	\$10.8		12.1	N/A
1980-1983	4	10.45	567.7	56.5		61.5	N/A
1984-1993	10	10.59	2,427.8	241.3		259.6	N/A
1994-2003	10	10.67	4,587.2	416.4		443.7	N/A
Subtotal	25		7,690.3	725.0		776.9	N/A
2004-2028	25	13.26	46,208.9	-		2,884.7	N/A
2029-2053	25	16.30	229,742.0	-		9,393.8	N/A
Total			283,641.2	725.0		13,055.4	N/A
Net receipts or (disbursements)			<u>\$(97,197.9)</u>	<u>\$(725.0)</u>		<u>\$817.3</u>	<u>\$N/A</u>

	Calendar year										
	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	
Beneficiaries											
Number receiving benefits (thousands)											
Social security	35,125	34,587	34,084	33,024	32,085	30,854	29,872	28,345	27,289	26,235	
Military personnel	1,263	1,220	1,175	1,129	1,070	1,007	946	890	831	773	
Civilian employees	1,637	1,583	1,508	1,432	1,372	1,306	1,192	1,092	1,026	959	
Other plans	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Average monthly benefits (dollars)											
Social security	258	229	211	194	179	162	143	137	112	100	
Military personnel	713	626	583	539	486	424	387	364	340	307	
Civilian employees	608	604	527	495	439	366	308	276	266	231	
Other plans	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

N/A Not available.

SCHEDULE VIII
Estimated Interest Subsidy
on Direct Loans Outstanding
as of September 30, 1979

[In billions]

Agency and program	Total loans outstanding	Loan maturity range	Total subsidized loans outstanding	Treasury borrowing range (percent)	Range charged borrower (percent)	Annual cost to Government	Total cost to Government
Domestic loans							
Agriculture							
Farmers Home Administration.....	\$3.1	Up to 40	\$N/A	3.1-8.6	Various	\$N/A	\$N/A
Rural Electrification Administration							
Electric systems.....	7.2	35		3.1-8.6	2-5		
Telephone systems.....	2.8	35-50		3.1-8.6	2-5		
Other.....	*	Up to 40		3.1-8.6	Various		
Commerce							
Economic Development Administration.....	.7	Up to 40		3.1-8.6	3.4-8.3		
Other.....	.1	3-30		3.1-8.6	3-9.5		
Health, Education, and Welfare							
Health Resources Administration.....	.6	5-20		3.1-8.6	2.3-10.6		
Office of Education.....	5.2	Various		3.1-8.6	Various		
Other.....	.1	Up to 30		3.1-8.6	3-7.5		
Housing and Urban Development							
Federal housing.....	3.1	Up to 40		3.1-8.6	3-12		
Government National Mortgage Association							
Community development.....	.5	Up to 20		3.1-8.6	Various		
College housing.....	3.0	30-50		3.1-8.6	2.8-3.8		
Elderly or handicapped.....	1.2	30-50		3.1-8.6	6.9-7.4		
Other.....	.6	Up to 50		3.1-8.6	2.5-8.7		
Interior							
Reclamation.....	.2	22-50		3.1-8.6	3-4.1		
Other.....	.1	Up to 30		3.1-8.6	2-10.2		
Transportation							
Highways.....	.2	2-10		3.1-8.6	-		
Other.....	.1	1-40		3.1-8.6	1-8.4		
Veterans							
Insurance.....	1.2	Indefinite		3.1-8.6	4.5		
Education and housing.....	.1	Indefinite		3.1-8.6	3-9.5		
Other.....	1.7	7-30		3.1-8.6	4-9.5		
District of Columbia.....	1.4	5-40		3.1-8.6	2.6-10.3		
Interstate Commerce Commission.....	.1	1-25		3.1-8.6	3-9.5		
Small Business							
Business and investment.....	2.0	Up to 25		3.1-8.6	3-8		
Disaster.....	4.6	Up to 30		3.1-8.6	7.4		
U.S. Railway Association.....	2.9	3-15		3.1-8.6	7-10		
Federal Financing Bank.....	47.1	Up to 30		3.1-8.6	6.4-10		
Other.....	.8	Various		3.1-8.6	1-13.5		
Subtotal.....	<u>94.1</u>		<u>N/A</u>			<u>N/A</u>	<u>N/A</u>
Foreign loans							
International security assistance,							
Military Sales Act.....	1.6	Up to 40	1.6	3.6-8.6	3.0-8.3	*	.3
Agency for International Development							
Currency loans to foreign governments.....	1.0	Up to 40	1.0	2.6-6.7	.8-7.8	*	*
Currency loans to private enterprises.....	*	4-22	*	3.2-7.4	4-10	*	*
Country loans.....	15.2	Up to 45	15.2	2.2-8.6	.8-8.2	.2	7.3
Agriculture							
Commodity loans.....	5.2	4-30	4.8	6.3-8.6	6.2-9.3	*	.1
Long-term export sales.....	6.5	7-40	6.5	3.2-8.6	.8-6.9	.1	3.9
Short-term export sales.....	2.6	3	2.2	6.3-8.6	1.1-11.5	*	*
Treasury							
Lend-lease and surplus property.....	1.3	15	*	Up to 5.1	4.0	*	*
Loans to the United Kingdom.....	2.4	55	2.4	2.0	2.0	*	*
Other.....	.1	Indefinite	.1	7.4	3.0	*	*
Export-Import Bank of the United States.....	11.9	Up to 30	*	2.0-8.6	Various	*	*
International Communication Agency.....	*	4-25	*	2.2-7.4	Various	*	*
Other.....	.1	Various	*	2.2-7.4	Various	*	*
Subtotal.....	<u>47.9</u>		<u>45.4</u>			<u>.3</u>	<u>11.6</u>
Total.....	<u>\$142.0</u>		<u>\$N/A</u>			<u>\$N/A</u>	<u>\$N/A</u>

N/A Not available.

* Less than \$100 million.

SCHEDULE IX
Federal Facts and Figures

	Unit of measure	1979	1978	1977
<i>Gross national product</i>				
Current dollars	billions	2,395	2,141	1,916
Per capita	dollars	10,848	9,784	8,823
1972 dollars	billions	1,434	1,394	1,347
Per capita	dollars	6,496	6,370	6,205
Population (includes Armed Forces)	millions	220.8	218.9	217.2
<i>Consumer Price Index</i>				
All items (1967 = 100)		223.7	199.1	184.0
Purchasing power (1967 = \$1.00)		.45	.50	.54
<i>Employment</i>				
Total labor force	millions	103.5	100.9	97.9
Total employed	millions	97.5	94.9	91.1
<i>Federal employment</i>				
Military	millions	2.1	2.2	2.1
Civilian	millions	2.8	2.8	2.7
Federal employment as a percent of total U.S. employment	percent	5.0	5.3	5.3
<i>Federal debt</i>				
Gross debt	billions	833.8	780.4	709.1
1972 dollars	billions	499.3	508.1	498.7
Held by public (current dollars)	billions	639.4	606.7	548.6
Percent of GNP	percent	26.7	28.3	28.6
Per capita	dollars	2,896	2,772	2,525
1972 dollars	billions	382.9	395.0	385.7
<i>Interest on the Federal debt (current dollars)</i>				
	billions	48.3	48.7	41.9
Per capita	dollars	218.7	222.5	192.9
Percent of GNP	percent	2.0	2.3	2.2
Percent of total Federal expenses	percent	7.4	8.5	8.9
1972 dollars	billions	28.9	31.7	29.5
<i>Total Federal expenses (accrual)</i>				
Current dollars	billions	652.2	570.7	472.9
Percent of GNP	percent	27.2	26.7	24.7
Per capita	dollars	2,954	2,607	2,177
<i>Personal income</i>				
Current dollars	billions	1,959	1,743	1,561
Percent of GNP	percent	81.8	81.4	81.5
Per capita	dollars	8,870	7,963	7,190
1972 dollars	billions	1,173	1,135	1,098
Percent of GNP	percent	81.8	81.4	81.5
Per capita	dollars	5,312	5,185	5,056
<i>Total income taxes paid for adjusted income levels</i>				
Under \$6,000	billions	1.4	1.6	1.6
Number of taxpayers	thousands	19,340	22,284	22,630
\$6,000-\$9,999	billions	7.5	7.9	7.6
Number of taxpayers	thousands	15,451	15,153	15,037
\$10,000-\$15,999	billions	20.9	21.4	21.2
Number of taxpayers	thousands	16,796	16,694	16,815
\$16,000-\$24,999	billions	44.3	44.5	41.7
Number of taxpayers	thousands	17,977	17,503	16,594
\$25,000-\$49,999	billions	78.4	64.7	49.1
Number of taxpayers	thousands	14,962	11,911	9,078
\$50,000-\$99,999	billions	29.7	24.3	19.2
Number of taxpayers	thousands	1,878	1,468	1,122
\$100,000-\$999,999	billions	27.7	22.0	17.2
Number of taxpayers	thousands	442	352	273
\$1 million and over	billions	4.0	2.1	1.9
Number of taxpayers	thousands	4	2	2
<i>Federal participation in domestic credit markets</i>				
Total funds advanced in U.S. credit markets (nonfinancial sectors)	billions	410.7	366.9	317.5
Total funds advanced under Federal guidance (direct and guaranteed loans)	billions	73.3	59.0	36.6
Federal participation rate	percent	17.8	16.1	11.5
Total funds raised in U.S. credit markets (nonfinancial sectors)	billions	410.7	366.9	317.5
Total funds raised under Federal guidance (includes Federal borrowing from the public, guaranteed borrowing, and sponsored agency borrowing)	billions	81.2	94.5	78.9
Federal participation rate	percent	19.8	25.8	24.9

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