



# The FY 2014 Financial Report of the U.S. Government



Shall We Play A Game?



Scott Bell

Senior Staff Accountant  
Department of the Treasury

**Government Financial Management Conference**  
**August 19, 2015**



"We might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress and every man of any mind in the Union should be able to comprehend them, to investigate abuses, and consequently to control them."

President Thomas Jefferson to Treasury Secretary Albert Gallatin, 1802







What 80s movie featured the line  
“Shall We Play A Game”?

A. 48 Hours

B. Beverly Hills Cop

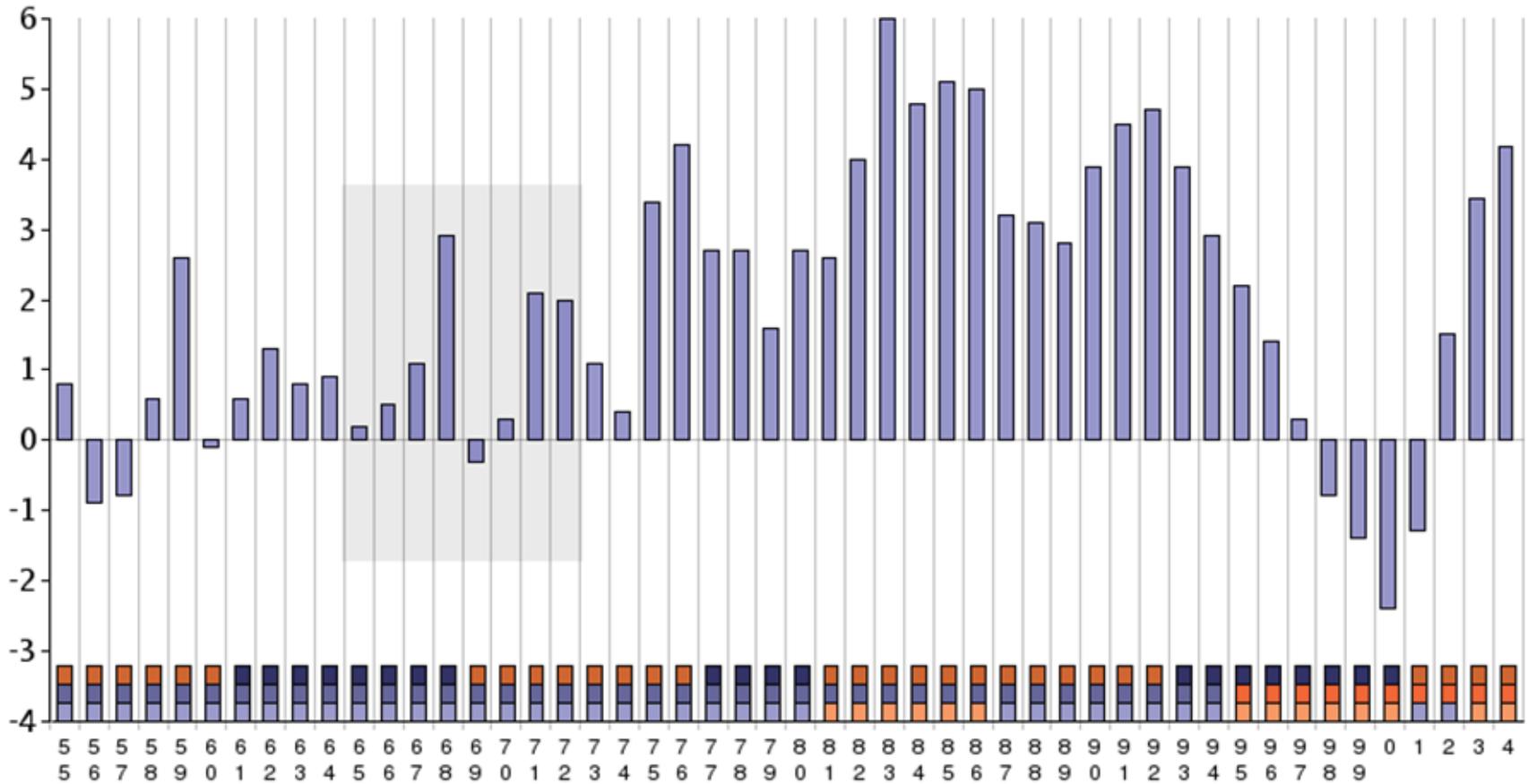
C. WarGames

D. Ferris Bueller’s Day Off





# Deficit





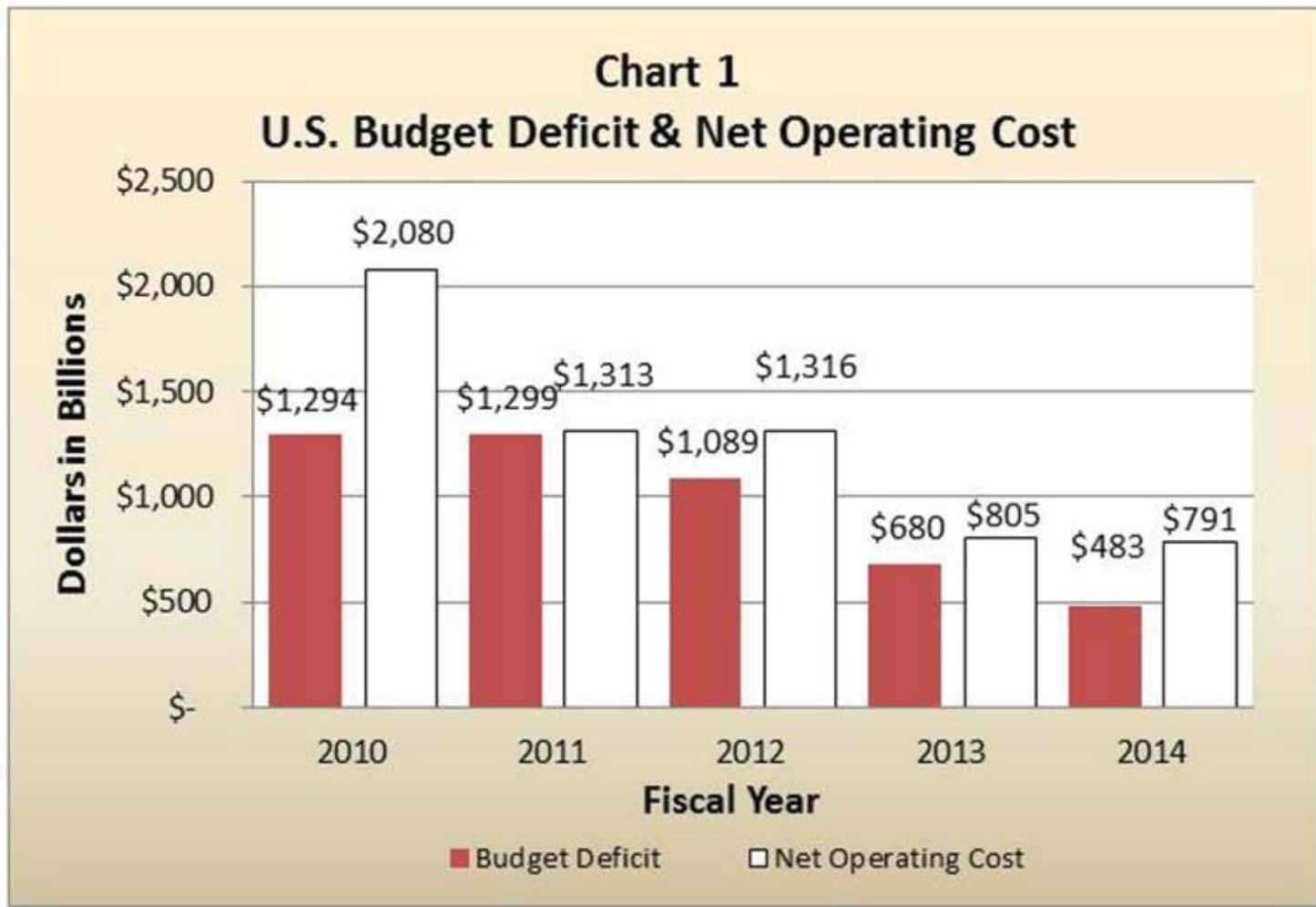
1. During 2014, the unified budget deficit decreased from \$680b to \$484b (2.8% of GDP) – the lowest % of GDP since:

**A) 2012**

**B) 2010**

**C) 2007**

**D) 2000**





# BONUS!





2. The Government's budget deficit is generally lower than its net operating cost, because of:

**A) Accruals**

**B) Different bases of accounting.**

**C) Changes in Federal Employee and Veterans Benefits**

**D) All of the Above**



# Budget/Cost Reconciliation

<b>Net Operating Cost vs. Budget Deficit</b>			
Dollars in Billions	2014	2013	
<b>Net Operating Cost</b>	<b>\$ (791.3)</b>	<b>\$ (805.1)</b>	
Change in:			
Federal Employee and Veteran Benefits Payable	\$ 134.3	\$ 264.3	
Environmental and Disposal Liabilities	\$ 20.0	\$ 10.1	
Property, Plant, and Equipment, Net <sup>1</sup>	\$ 18.4	\$ (41.7)	
Investments in Government-Sponsored Enterprises (GSEs)	\$ 44.4	\$ (30.9)	
Insurance and Guarantee Program Liabilities	\$ 28.3	\$ (26.4)	
Yearend Upward/(Downward) Credit Reform Subsidy Reestimates, Net <sup>2</sup>	\$ 22.9	\$ (23.1)	
Other, Net	\$ 39.6	\$ (27.5)	
Subtotal - Net Difference:	\$ 307.9	\$ 124.8	
<b>Budget Deficit</b>	<b>\$ (483.4)</b>	<b>\$ (680.3)</b>	





# Revenues and Costs





3. Which agency is not one of the the “Big 3” contributors to the Government’s \$3.8 trillion net cost?

**A) Social Security Administration**

**B) Department of Veterans Affairs**

**C) Department of Defense**

**D) Department of Health and Human Services**



# BONUS!





4. The following are “*earned revenues*” of the Federal Government except:

**A) National Park Fees**

**B) Corporate tax revenue**

**C) Postal Service Fees**

**D) Medicare Premiums**



# What Went Out and What Came In

**Gross Cost: \$4.3t**

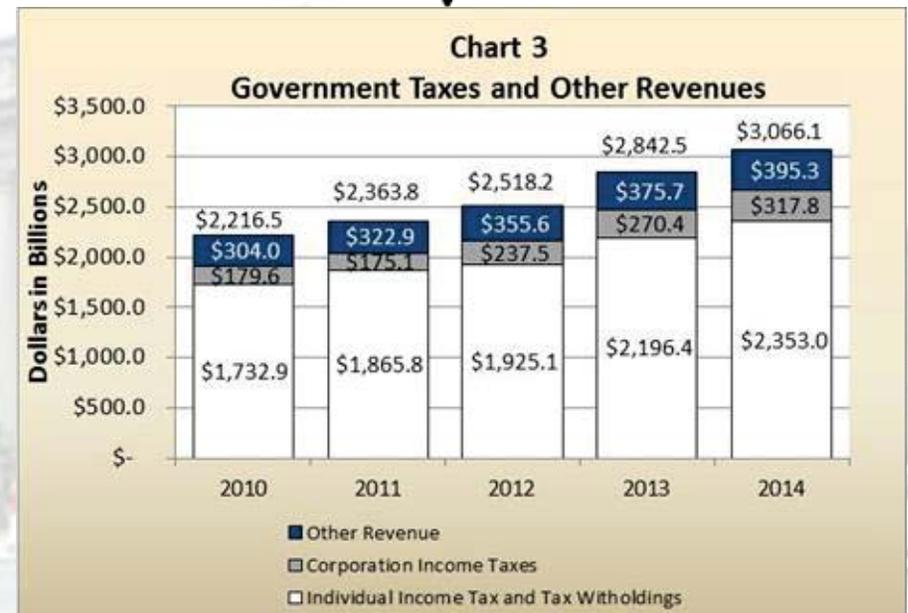
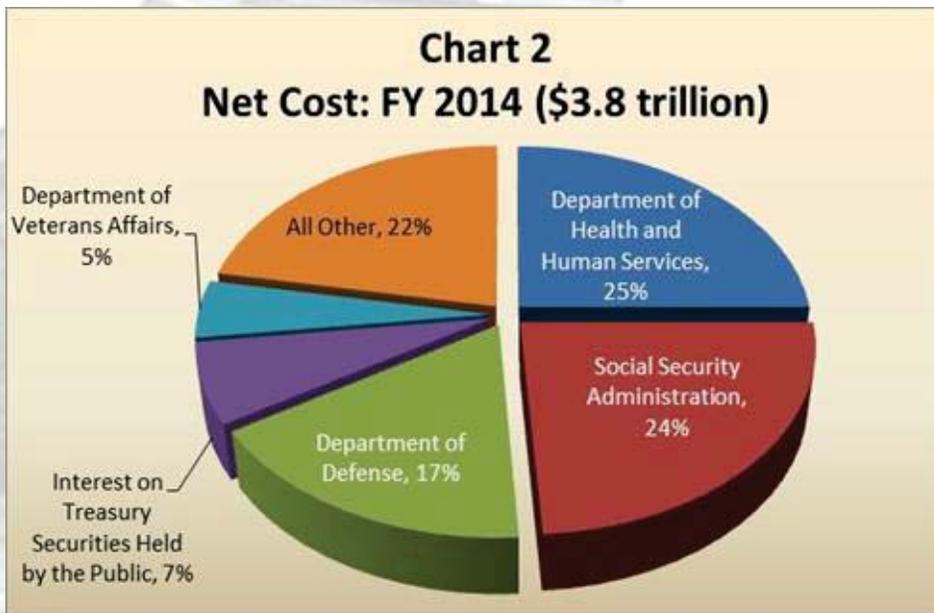
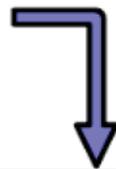
- Earned Revenue \$417.9b

$\pm$ /- Assumption Loss/Gain \$3.5b

**Net Cost: \$3.8t**

- Taxes / Other Revenue \$3.1t

**Net Operating Cost: \$791b**







# Balance Sheet





5. The Government's largest asset recorded on its consolidated balance sheet is:

**A) Cash**

**B) Property, Plant, & Equipment**

**C) Loans Receivable**

**D) Inventories & Related Property**



# BONUS!



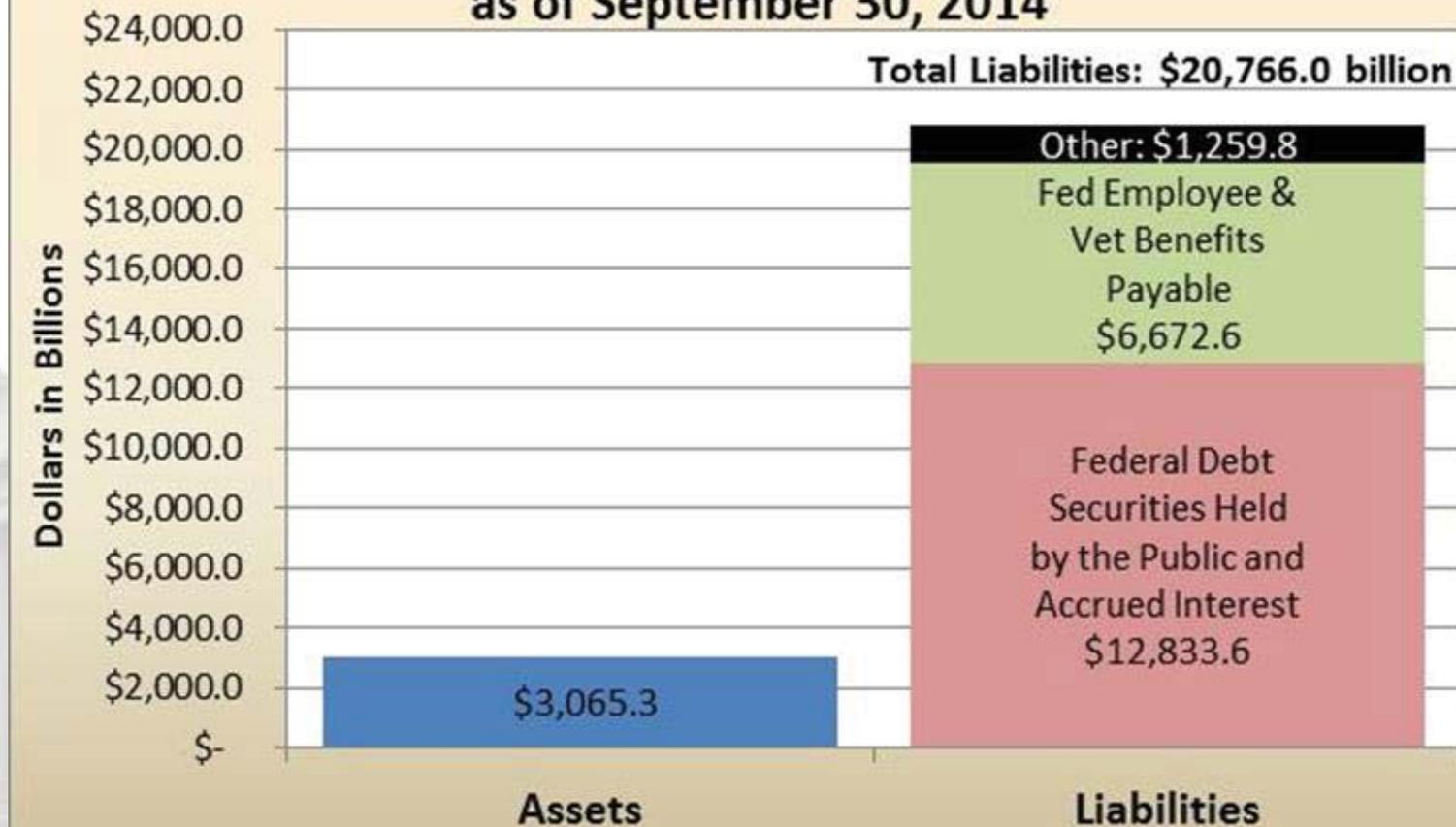


6. The difference between Federal Debt Held By The Public and Debt Subject to the Limit is:

- A) Federal Employee and Veterans Benefits Payable**
- B) Environmental Liabilities**
- C) Intragovernmental Debt**
- D) Other Liabilities**



**Chart 4**  
**The Government's Assets and Liabilities**  
**as of September 30, 2014**







# Social Insurance





7. The following are considered liabilities on the Government's Balance Sheet:

**A) “Due and Payable” amounts for social insurance programs**

**B) 75-Year projected net expenditures for Social Security**

**C) 75-year projected net expenditures for Medicare**

**D) All of the above.**



## Social Insurance Future Expenditures in Excess of Future Revenues

Dollars in Billions	2014	2013	Increase / (Decrease)	
			\$	%
<b>Open Group (Net):</b>				
Social Security (OASDI)	\$ (13,330)	\$ (12,294)	\$ 1,036	8.4%
Medicare (Parts A, B, & D)	\$ (28,483)	\$ (27,302)	\$ 1,181	4.3%
Other	\$ (103)	\$ (102)	\$	0.6%
<b>Total Social Insurance Expenditures, Net (Open Group)</b>	<b>\$ (41,916)</b>	<b>\$ (39,698)</b>	<b>\$ 2,218</b>	<b>5.6%</b>



# BONUS!





8. Projected revenues and spending are impacted in the long-run by:

**A) The retirement of the baby boom generation**

**B) Rising health care costs**

**C) Longevity and birth rates**

**D) A, B, and C**

**E) None of the above**



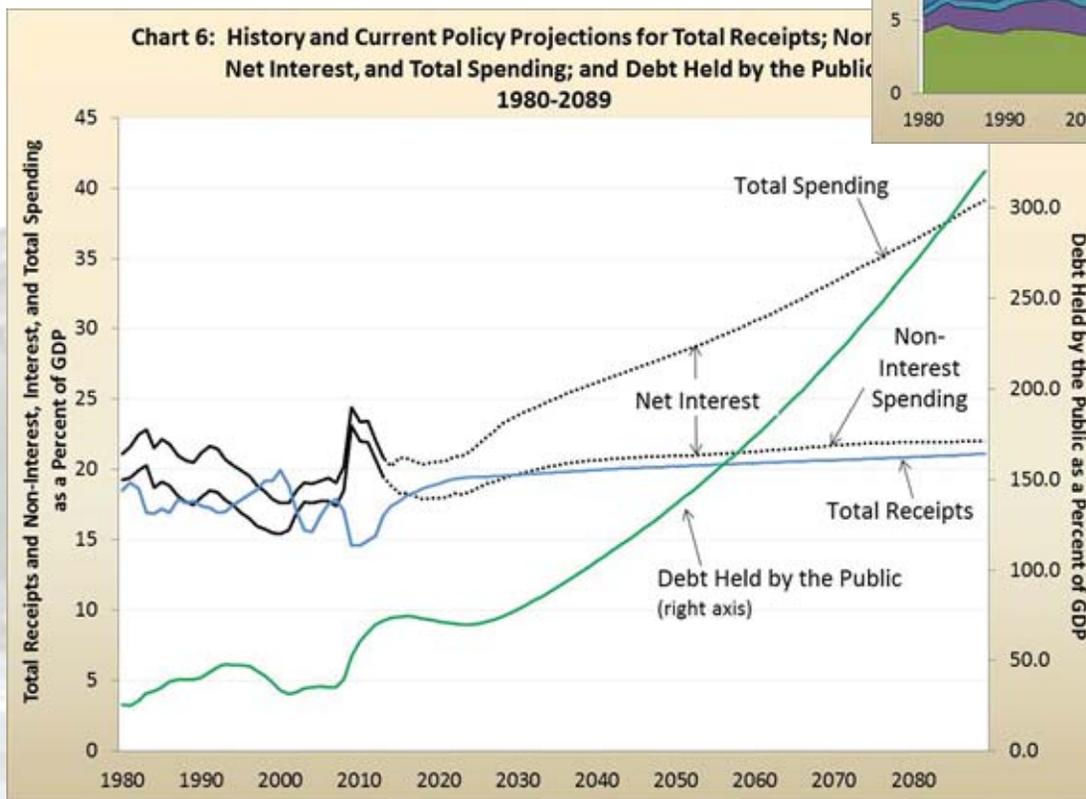
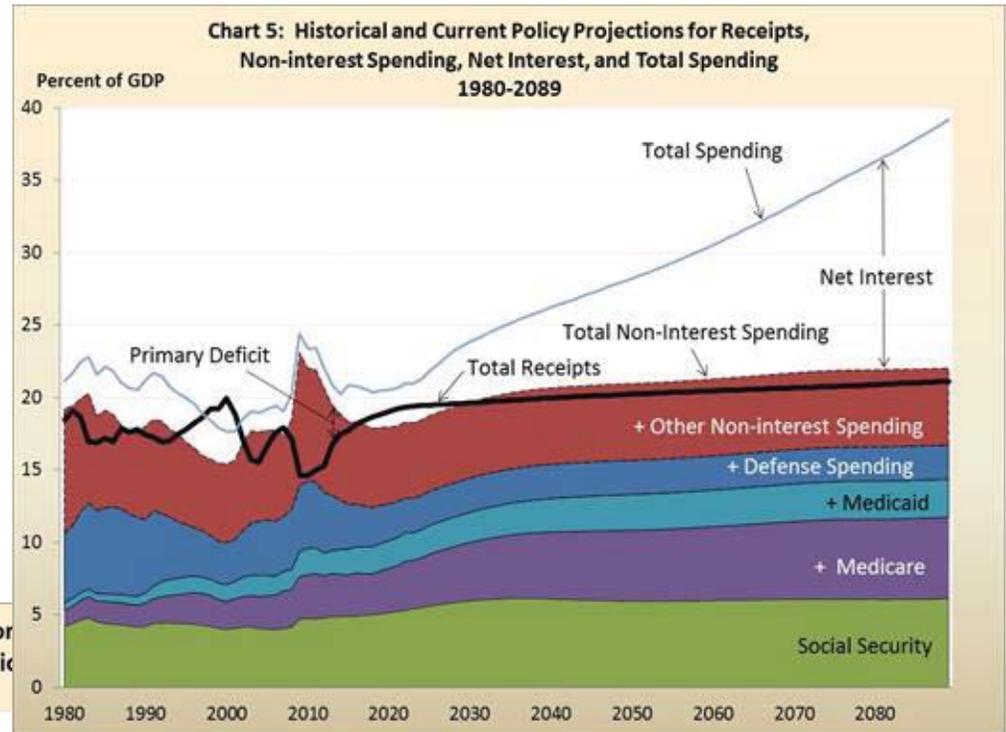


# Fiscal Sustainability





**Sustainability Definition:**  
 Debt/GDP remains stable/declines over the long term.



**Key Assumptions:**

- Current Law & Policy
- 75-Year Projections = Uncertainty
- Projections, NOT Predictions.



9. The federal government's fiscal path could be described as :

**A) Sustainable**

**B) Unsustainable**

**C) Laughable**

**D) Forgettable**



# Fiscal Gap

<b>Costs of Delaying Fiscal Reform</b>	
<b>Period of Delay</b>	<b>Change in Average Primary Surplus</b>
No Delay: Reform in 2015.....	2.1 percent of GDP between 2015 and 2089
Ten Years: Reform in 2025.....	2.5 percent of GDP between 2025 and 2089
Twenty Years: Reform in 2035.....	3.1 percent of GDP between 2035 and 2089

Note: Reforms taking place in 2014, 2024, and 2034 from the 2013 Financial Report were 1.7, 2.1, and 2 percent of GDP.





**“There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things that we know we don't know. But there are also unknown unknowns. There are things we don't know we don't know.”**

**- Donald Rumsfeld**



# BONUS!





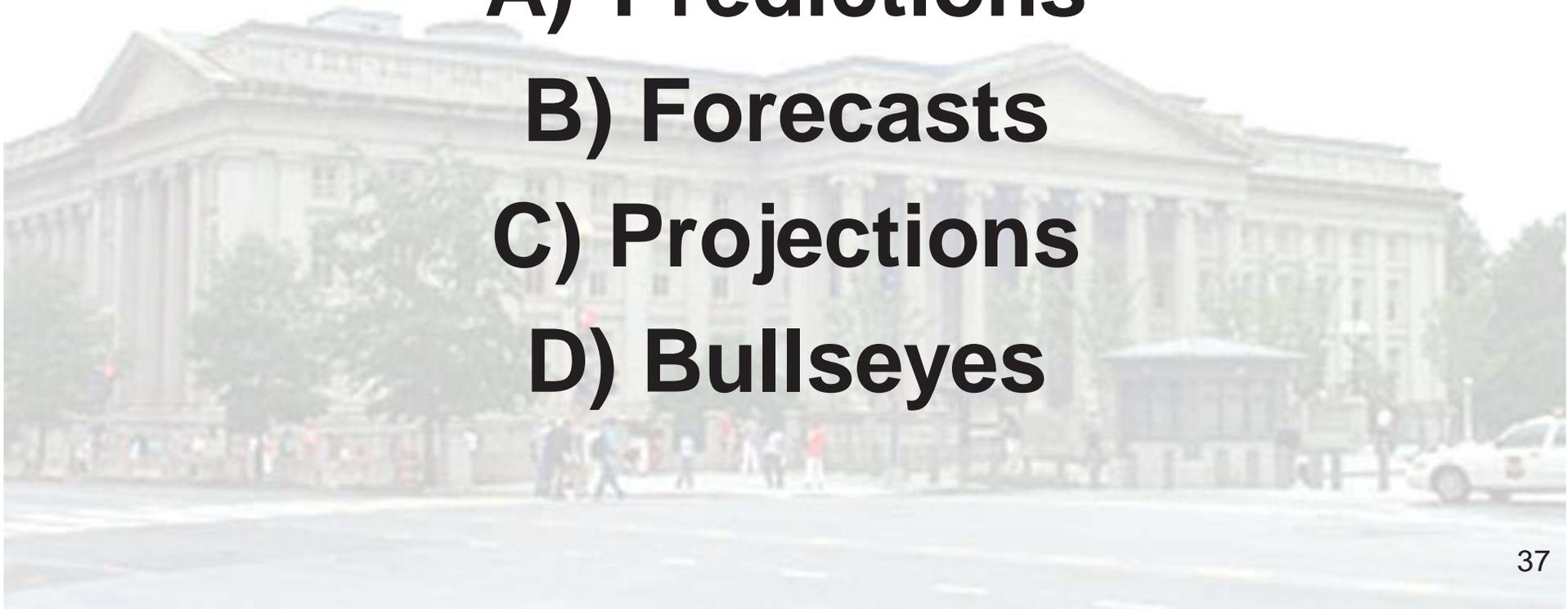
# 10. Social Insurance and Fiscal Sustainability estimates are considered:

**A) Predictions**

**B) Forecasts**

**C) Projections**

**D) Bullseyes**





## NATION BY THE NUMBERS

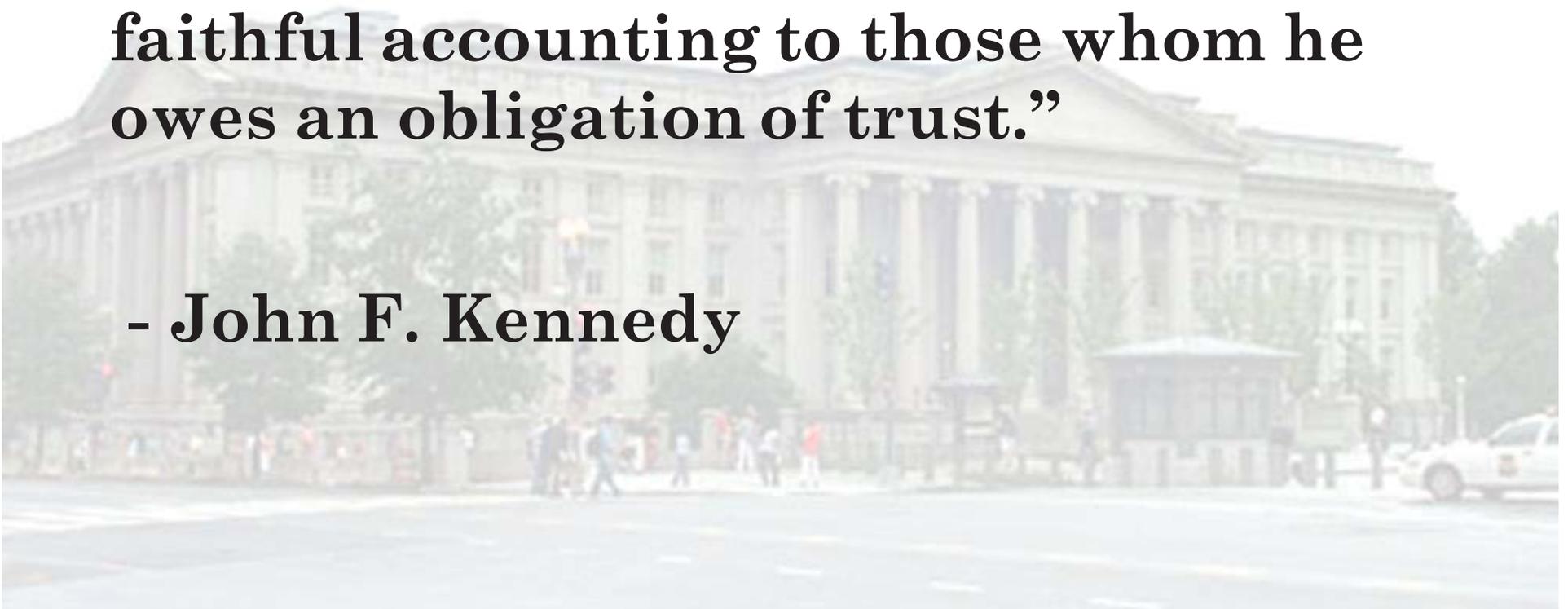
### A Snapshot of The Government's Financial Position & Condition

Dollars in Billions	2014	2013
<b>Gross Costs</b>	\$ (4,251.4)	\$ (3,940.9)
Less: Earned Revenues	\$ 417.9	\$ 415.5
Gain/(Loss) from Changes in Assumptions	\$ (3.5)	\$ (131.2)
<b>Net Cost</b>	<b>\$ (3,837.0)</b>	<b>\$ (3,656.6)</b>
<b>Less: Total Taxes and Other Revenues</b>	<b>\$ 3,066.1</b>	<b>\$ 2,842.5</b>
Unmatched Transactions and Balances <sup>1</sup>	\$ (20.4)	\$ 9.0
<b>Net Operating Cost</b>	<b>\$ (791.3)</b>	<b>\$ (805.1)</b>
<b>Assets:</b>	<b>\$ 3,065.3</b>	<b>\$ 2,968.3</b>
<b>Less: Liabilities, comprised of:</b>		
Debt Held By the Public & Accrued Interest	\$ (12,833.6)	\$ (12,028.4)
Federal Employee & Veteran Benefits	\$ (6,672.6)	\$ (6,538.3)
Other	\$ (1,259.8)	\$ (1,310.9)
<b>Total Liabilities</b>	<b>\$ (20,766.0)</b>	<b>\$ (19,877.6)</b>
<b>Net Position (Assets Less Liabilities)</b>	<b>\$ (17,700.7)</b>	<b>\$ (16,909.3)</b>
<b>Sustainability Measures:</b>		
Social Insurance Net Expenditures <sup>2</sup>	\$ (41,916)	\$ (39,698)
Total Non-Interest Net Expenditures <sup>3</sup>	\$ (4,700)	\$ (4,000)
<b>Sustainability Measures as Percent of Gross Domestic Product (GDP)</b>		
Social Insurance Net Expenditures	(4.0%)	(4.0%)
Total Federal Government Non-Interest Net Expenditures	(0.4%)	(0.4%)
<b>Budget Results</b>		
<b>Unified Budget Deficit</b>	<b>\$ (483.4)</b>	<b>\$ (680.3)</b>



**“To state the facts frankly is not to despair the future nor indict the past. The prudent heir takes careful inventory of his legacies and gives a faithful accounting to those whom he owes an obligation of trust.”**

**- John F. Kennedy**





# Find Out More!

[http://www.fiscal.treasury.gov/fsreports/rpt/finrep/fr/fr\\_index.htm](http://www.fiscal.treasury.gov/fsreports/rpt/finrep/fr/fr_index.htm)

<http://www.whitehouse.gov/omb/financial/index.html>

[www.gao.gov](http://www.gao.gov)

[scott.bell@treasury.gov](mailto:scott.bell@treasury.gov)





# BONUS!





\*This FR Trivia Game has been:

**A) Educational**

**B) Interesting**

**C) Creative**

**D) Fun**

**E) All of the Above**