

Financial Statements of the United States Government for the Years Ended September 30, 2011, and 2010

Statements of Net Cost

These statements present the net cost of fiscal years 2011 and 2010 Government¹ operations, including the operations related to earmarked funds (funds financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time). The Government's fiscal year begins October 1 and ends September 30. Costs and earned revenues are categorized on the Statement of Net Cost by significant entity, providing greater accountability by showing the relationship of the agencies' net cost to the Governmentwide net cost. Costs and earned revenues are presented in this report by department on an accrual basis, while the budget presents costs and revenues by obligations and receipts, generally on a cash basis. The focus of the budget of the United States is by agency. Budgets are prepared, defended, and monitored by agency. In reporting by agency, we are assisting the external users in assessing the budget integrity, operating performance, stewardship, and systems and controls of the Government.

These statements contain the following four components:

- Gross cost—is the full cost of all the departments and entities excluding (gain)/loss from changes in assumptions. These costs are assigned on a cause-and-effect basis, or reasonably allocated to the corresponding departments and entities.
- Earned revenue—is exchange revenue resulting from the Government providing goods and services to the public at a price.
- (Gain)/loss from changes in assumptions—is the loss or gain from changes in long-term assumptions used to measure the liabilities reported for Federal civilian and military employee pensions, other post-employment benefits and other retirement benefits, including veterans' compensation.
- Net cost—is computed by subtracting earned revenue from gross cost, plus/minus the (gain)/loss from changes in assumptions.

Net cost for Governmentwide reporting purposes includes the General Services Administration (GSA) and the Office of Personnel Management (OPM) agency allocations, and is net of intragovernmental eliminations. For this reason, individual agency net cost amounts will not agree with the agency's financial statements. Because of their specific functions, most of the costs originally associated with GSA and OPM have been allocated to their user agencies for Governmentwide reporting purposes. The remaining costs for GSA and OPM on the Statements of Net Cost are the administrative operating costs, the expenses from prior and past costs from health and pension plan amendments, and the actuarial gains and losses for these agencies, if applicable. The interest on securities issued by the Department of the Treasury (Treasury) and held by the public is reported on Treasury's financial statements, but because of its importance, and the dollar amounts involved, it is reported separately in these statements.

Statements of Operations and Changes in Net Position

These statements report the results of Government operations, which include the results of operations for earmarked funds. They include non-exchange revenues that are generated principally by the Government's sovereign power to tax, levy duties, and assess fines and penalties. These statements also present the cost of Government operations, net of revenue earned from the sale of goods and services to the public (exchange revenue). They further include certain adjustments and unreconciled transactions that affect the net position.

¹ For purposes of this document, "Government" refers to the U.S. Government.

Revenue

Individual income tax and tax withholdings include Federal Insurance Contributions Act (FICA)/Self-Employment Contributions Act (SECA) taxes and other taxes. These taxes are characterized as non-exchange revenue.

Excise taxes consist of taxes collected for various items, such as airline tickets, gasoline products, distilled spirits and imported liquor, tobacco, firearms, and others. These also are characterized as non-exchange revenue.

Other taxes and receipts include Federal Reserve banks (FRBs) earnings, tax related fines, penalties and interest, and railroad retirement taxes.

Miscellaneous earned revenues consist of earned revenues received from the public with virtually no associated cost. These revenues include rents and royalties on the Outer Continental Shelf Lands resulting from the leasing and development of mineral resources on public lands.

Earmarked revenues are required by statute to be used for designated activities, benefits or purposes and must be accounted for separately from the rest of the Government's non-earmarked revenues. See Note 24—Earmarked Funds for detailed information.

Intragovernmental interest represents interest earned from the investment of surplus earmarked revenues, which finance the deficit spending of non-earmarked operations. These investments are recorded as intragovernmental debt holdings and are included in Note 14—Federal Debt Securities Held by the Public and Accrued Interest, in the table titled Intragovernmental Debt Holdings: Federal Debt Securities Held as Investments by Government Accounts. These interest payments and the associated investments are eliminated in the consolidation process.

Net Cost of Government Operations

The net cost of Government operations (gross cost [including (gains)/losses from changes in assumptions] less earned revenue) flows through from the Statements of Net Cost. The net cost associated with earmarked activities is separately reported.

Intragovernmental Transfers

Intragovernmental transfers reflect amounts required by statute to be transferred from the General Fund of the Treasury to earmarked funds (an example is the annual transfer to the Department of Health and Human Services' (HHS) Supplementary Medical Insurance Trust Fund (Medicare Parts B and D) which receives approximately 76 percent and 80 percent, respectively, of its funding from the General Fund.

Unmatched Transactions and Balances

Unmatched transactions and balances are adjustments needed to bring the change in net position into balance due to unreconciled intragovernmental differences, agency reporting errors, timing differences, and General Fund transactions in the consolidated financial statements. See Note 1.T—Summary of Significant Accounting Policies and the Supplemental Information—Unmatched Transactions and Balances for detailed information.

Net Position, Beginning of Period

The net position, beginning of period, reflects the net position reported on the prior year's balance sheet as of the end of that fiscal year. The net position for earmarked funds is shown separately.

Prior-period adjustments are revisions to adjust the beginning net position and balances presented on the prior year financial statements due to corrections of errors or changes in accounting principles. See Note 1.B—Basis of Accounting and Revenue Recognition and Note 21—Prior Period Adjustments for detailed information.

Net Position, End of Period

The net position, end of period, amount reflects the net position as of the end of the fiscal year. The net position for earmarked funds is separately shown.

Reconciliations of Net Operating Cost and Unified Budget Deficit

These statements reconcile the results of operations (net operating cost) on the Statements of Operations and Changes in Net Position to the unified budget deficit. The premise of the reconciliation is that the accrual and budgetary accounting bases share transaction data.

Receipts and outlays in the budget are measured primarily on a cash basis and differ from the accrual basis of accounting used in the *Financial Report*. Refer to Note 1.B—Basis of Accounting and Revenue Recognition for details. These statements begin with the net results of operations (net operating cost), where operating revenues are reported on a modified cash basis of accounting and the net cost of Government operations on an accrual basis of accounting and reports activities where the bases of accounting for the components of net operating cost and the unified budget deficit differ.

Components of Net Operating Cost Not Part of the Budget Deficit

This information includes the operating components, such as the changes in benefits payable for veterans, military and civilian employees, the environmental liabilities, and depreciation expense not included in the budget results.

Components of the Budget Deficit Not Part of Net Operating Cost

This information includes the budget components, such as capitalized fixed assets which are recorded as outlays in the budget when purchased, and reflected in net operating cost through depreciation expense over the useful life of the asset and increases in other assets that are not included in the operating results.

Statements of Changes in Cash Balance from Unified Budget and Other Activities

The primary purpose of these statements is to report how the annual unified budget deficit relates to the change in the Government's cash and other monetary assets and debt held by the public. It explains why the unified budget deficit normally would not result in an equivalent change in the Government's cash and other monetary assets.

These statements reconcile the unified budget deficit to the change in cash and other monetary assets during the fiscal year and explain how the budget deficits (fiscal years 2011 and 2010) were financed. A budget deficit is the result of outlays (expenditures) exceeding receipts (revenue) during a particular fiscal year.

The budget deficit is financed through borrowings from the public. Other transactions also require cash disbursements and are not part of the deficit. These other transactions, such as the payment of interest on debt held by the public, contributed to the use of cash. The budget deficit also includes certain amounts that are recognized in the budget and will be disbursed in a future period or are adjustments that did not affect the cash balance. These amounts include interest accrued on debt issued by Treasury and held by the public and subsidy

expense related to direct and guaranteed loans as well as equity investment activity and did not contribute to the change in the cash balance.

These statements show the adjustments for noncash outlays included in the budget and items affecting the cash balance not included in the budget to explain the change in cash and other monetary assets.

Balance Sheets

The balance sheets show the Government's assets, liabilities, and net position. When combined with stewardship information, this information presents a more comprehensive understanding of the Government's financial position. The net position for earmarked funds is shown separately.

Assets

Assets included on the balance sheets are resources of the Government that remain available to meet future needs. The most significant assets that are reported on the balance sheets are property, plant, and equipment (PP&E), net; inventories and related property, net; cash and other monetary assets; loans receivable and mortgage-backed securities, net; and Troubled Asset Relief Program (TARP) direct loans and equity investments, net. There are, however, other significant resources available to the Government that extend beyond the assets presented in these financial statements. Those resources include stewardship assets, including natural resources, and the Government's sovereign powers to tax, regulate commerce, set monetary policy, and the power to print additional currency.

Liabilities and Net Position

Liabilities are obligations of the Government resulting from prior actions that will require financial resources. The most significant liabilities reported on the balance sheets are Federal debt securities held by the public and accrued interest and Federal employee and veteran benefits payable. Liabilities also include environmental and disposal liabilities, liabilities to Government-Sponsored Enterprises, and benefits due and payable as of the reporting date.

As with reported assets, the Government's responsibilities, policy commitments, and contingencies are much broader than these reported balance sheet liabilities. They include the social insurance programs in the Statements of Social Insurance disclosed in the Supplemental Information—Social Insurance section, the fiscal long-term projections of non-interest spending disclosed in the Supplemental Information—Statement of Fiscal Projections for the U.S. Government section, and a wide range of other programs under which the Government provides benefits and services to the people of this Nation, as well as certain future loss contingencies.

The Government has entered into contractual commitments requiring the future use of financial resources and has unresolved contingencies where existing conditions, situations, or circumstances create uncertainty about future losses. Commitments, as well as contingencies that do not meet the criteria for recognition as liabilities on the balance sheets, but for which there is at least a reasonable possibility that losses have been incurred, are disclosed in Note 22—Contingencies and Note 23—Commitments.

The collection of earmarked taxes and other earmarked revenue is credited to the corresponding Earmarked Fund that will use these funds to meet a particular Government purpose. If the collections from taxes and other sources exceed the payments to the beneficiaries, the excess revenue is invested in Treasury securities or "loaned" to Treasury's General Fund; therefore, the trust fund balances do not represent cash. An explanation of the trust funds for social insurance and many of the other large trust funds is included in Note 24—Earmarked Funds. That note also contains information about trust fund receipts, disbursements, and assets.

Because of its sovereign power to tax and borrow, and the country's wide economic base, the Government has unique access to financial resources through generating tax revenues and issuing Federal debt securities. This provides the Government with the ability to meet present obligations and those that are anticipated from future operations and are not reflected in net position.

Net position is the residual difference between assets and liabilities and is the cumulative results of operations since inception. For detailed components that comprise the net position, refer to the section “Statement of Operations and Changes in Net Position.”

Statements of Social Insurance and Changes in Social Insurance Amounts

The Statements of Social Insurance provide estimates of the status of the most significant social insurance programs: Social Security, Medicare, Railroad Retirement, and Black Lung social insurance programs, which are administered by the Social Security Administration (SSA), HHS, the Railroad Retirement Board (RRB), and the Department of Labor (DOL), respectively. The estimates are actuarial present values² of the projections and are based on the economic and demographic assumptions representing the trustees’ reasonable estimates as set forth in the relevant Social Security and Medicare trustees’ reports and in the agency financial report of HHS and DOL (Black Lung) and in the relevant agency performance and accountability reports for the SSA and RRB. The projections are based on the continuation of program provisions contained in current law.

The magnitude and complexity of social insurance programs, coupled with the extreme sensitivity of projections relating to the many assumptions of the programs, produce a wide range of possible results. In preparing the Statements of Social Insurance, Government management considers and selects assumptions and data that it believes provide a reasonable basis for the assertions in the statement. However, because of the large number of factors that affect the Statements of Social Insurance and the fact that such assumptions are inherently subject to substantial uncertainty (arising from the likelihood of future events, significant uncertainties, and contingencies), there will be differences between the estimates in the Statements of Social Insurance and the actual results, and those differences may be material. Note 26—Social Insurance describes the social insurance programs, reports long-range estimates that can be used to assess the financial condition of the programs, and explains some of the factors that impact the various programs. Using this information, readers can apply their own judgment as to the condition and sustainability of the individual programs. The Statement of Changes in Social Insurance Amount reconciles the change between the current valuation period and the prior valuation period.

² Present values recognize that a dollar paid or collected in the future is worth less than a dollar today, because a dollar today could be invested and earn interest. To calculate a present value, future amounts are thus reduced using an assumed interest rate, and those reduced amounts are summed.

**United States Government
Statement of Net Cost
for the Year Ended September 30, 2011**

(In billions of dollars)	Gross Cost	Earned Revenue	Subtotal	(Gain)/Loss from Changes in Assumptions	Net Cost
Department of Health and Human Services.....	943.4	66.4	877.0	0.1	877.1
Social Security Administration	782.9	0.4	782.5	-	782.5
Department of Defense	828.7	78.0	750.7	(32.0)	718.7
Interest on Treasury Securities Held by the Public	250.9	-	250.9	-	250.9
Department of Veterans Affairs	124.3	4.7	119.6	58.9	178.5
Department of Agriculture.....	154.2	9.4	144.8	-	144.8
Department of Labor.....	132.8	-	132.8	-	132.8
Department of the Treasury.....	115.2	30.6	84.6	-	84.6
Department of Transportation.....	77.9	0.7	77.2	-	77.2
Department of Housing and Urban Development.....	60.8	1.2	59.6	-	59.6
Department of Education.....	69.7	15.0	54.7	-	54.7
Department of Homeland Security	58.9	9.4	49.5	0.4	49.9
Department of Energy	52.5	7.9	44.6	-	44.6
Department of Justice.....	31.3	1.3	30.0	-	30.0
Office of Personnel Management.....	43.7	19.1	24.6	0.3	24.9
Department of State	27.0	3.4	23.6	0.4	24.0
Department of the Interior.....	23.8	2.7	21.1	-	21.1
National Aeronautics and Space Administration	18.8	0.1	18.7	-	18.7
Agency for International Development	12.1	0.7	11.4	-	11.4
Railroad Retirement Board.....	17.0	5.9	11.1	-	11.1
Environmental Protection Agency	11.3	0.5	10.8	-	10.8
Federal Communications Commission.....	9.3	0.4	8.9	-	8.9
Department of Commerce	11.3	2.5	8.8	-	8.8
National Science Foundation.....	7.1	-	7.1	-	7.1
Pension Benefit Guaranty Corporation.....	12.8	7.4	5.4	-	5.4
Small Business Administration	3.6	0.4	3.2	-	3.2
Smithsonian Institution	0.7	-	0.7	-	0.7
U.S. Nuclear Regulatory Commission.....	1.0	0.8	0.2	-	0.2
Farm Credit System Insurance Corporation	-	0.1	(0.1)	-	(0.1)
Export-Import Bank of the United States.....	0.6	0.7	(0.1)	-	(0.1)
General Services Administration	0.4	0.6	(0.2)	-	(0.2)
Tennessee Valley Authority.....	11.5	11.8	(0.3)	-	(0.3)
Securities and Exchange Commission.....	1.1	1.6	(0.5)	-	(0.5)
National Credit Union Administration	0.2	3.1	(2.9)	-	(2.9)
U.S. Postal Service.....	56.2	64.6	(8.4)	-	(8.4)
Federal Deposit Insurance Corporation	(2.1)	13.7	(15.8)	-	(15.8)
All other entities	47.4	0.5	46.9	-	46.9
Total	3,998.3	365.6	3,632.7	28.1	3,660.8

The accompanying notes are an integral part of these financial statements.

**United States Government
Statement of Net Cost
for the Year Ended September 30, 2010**

(In billions of dollars)	Gross Cost	Earned Revenue	Subtotal	(Gain)/Loss from Changes in Assumptions	Net Cost
Department of Health and Human Services.....	920.4	62.7	857.7	(0.1)	857.6
Social Security Administration	754.2	0.3	753.9	-	753.9
Department of Defense	929.0	39.8	889.2	(58.8)	830.4
Interest on Treasury Securities Held by the Public	214.8	-	214.8	-	214.8
Department of Veterans Affairs	240.2	4.7	235.5	101.4	336.9
Department of Agriculture.....	136.6	6.0	130.6	-	130.6
Department of Labor.....	179.0	-	179.0	-	179.0
Department of the Treasury.....	402.3	29.4	372.9	-	372.9
Department of Transportation.....	80.4	0.6	79.8	-	79.8
Department of Housing and Urban Development.....	56.7	1.3	55.4	-	55.4
Department of Education.....	100.8	11.3	89.5	-	89.5
Department of Homeland Security	58.9	8.9	50.0	5.7	55.7
Department of Energy	28.9	3.8	25.1	-	25.1
Department of Justice.....	32.7	1.2	31.5	-	31.5
Office of Personnel Management	43.5	18.0	25.5	84.1	109.6
Department of State	24.5	2.8	21.7	0.6	22.3
Department of the Interior.....	20.7	2.4	18.3	-	18.3
National Aeronautics and Space Administration	22.1	0.1	22.0	-	22.0
Agency for International Development	10.7	0.2	10.5	-	10.5
Railroad Retirement Board	14.6	5.8	8.8	-	8.8
Environmental Protection Agency	12.7	0.5	12.2	-	12.2
Federal Communications Commission.....	9.5	0.5	9.0	-	9.0
Department of Commerce	16.5	2.3	14.2	-	14.2
National Science Foundation.....	6.9	-	6.9	-	6.9
Pension Benefit Guaranty Corporation.....	11.9	8.1	3.8	-	3.8
Small Business Administration	5.4	0.4	5.0	-	5.0
Smithsonian Institution	0.8	-	0.8	-	0.8
U.S. Nuclear Regulatory Commission.....	1.2	0.9	0.3	-	0.3
Farm Credit System Insurance Corporation	-	0.1	(0.1)	-	(0.1)
Export-Import Bank of the United States.....	0.4	0.7	(0.3)	-	(0.3)
General Services Administration	0.6	0.6	-	-	-
Tennessee Valley Authority.....	9.7	10.8	(1.1)	-	(1.1)
Securities and Exchange Commission.....	1.1	1.4	(0.3)	-	(0.3)
National Credit Union Administration	3.2	1.1	2.1	-	2.1
U.S. Postal Service.....	57.3	65.7	(8.4)	-	(8.4)
Federal Deposit Insurance Corporation	16.8	16.1	0.7	-	0.7
All other entities	47.3	0.7	46.6	-	46.6
Total	4,472.3	309.2	4,163.1	132.9	4,296.0

The accompanying notes are an integral part of these financial statements.

**United States Government
Statements of Operations and Changes in Net Position
for the Years Ended September 30, 2011, and 2010**

	Non- Earmarked Funds	Earmarked Funds	Consolidated	Non- Earmarked Funds	Earmarked Funds	Consolidated
	2011			2010		
(In billions of dollars)						
Revenue:						
Individual income tax and tax withholdings	1,092.9	772.9	1,865.8	902.6	830.3	1,732.9
Corporation income taxes	175.1		175.1	179.6		179.6
Unemployment taxes		56.1	56.1		45.2	45.2
Excise taxes	21.3	52.2	73.5	22.6	49.0	71.6
Estate and gift taxes	7.3		7.3	18.8		18.8
Customs duties	28.5		28.5	25.1		25.1
Other taxes and receipts	120.4	20.9	141.3	96.9	30.6	127.5
Miscellaneous earned revenues	11.3	4.9	16.2	11.3	4.5	15.8
Intragovernmental interest		202.0	202.0		195.0	195.0
Total revenue	<u>1,456.8</u>	<u>1,109.0</u>	<u>2,565.8</u>	<u>1,256.9</u>	<u>1,154.6</u>	<u>2,411.5</u>
Eliminations.....			(202.0)			(195.0)
Consolidated revenue			<u>2,363.8</u>			<u>2,216.5</u>
Net Cost of Government Operations:						
Net cost.....	2,110.6	1,550.2	3,660.8	2,553.5	1,742.5	4,296.0
Intragovernmental interest	202.0		202.0	195.0		195.0
Total net cost	<u>2,312.6</u>	<u>1,550.2</u>	<u>3,862.8</u>	<u>2,748.5</u>	<u>1,742.5</u>	<u>4,491.0</u>
Eliminations.....			(202.0)			(195.0)
Consolidated net cost.....			<u>3,660.8</u>			<u>4,296.0</u>
Intragovernmental transfers	(540.5)	540.5		(482.1)	482.1	
Unmatched transactions and balances (Note 1.T).....	(15.6)		(15.6)	(0.8)		(0.8)
Net operating (cost)/revenue	<u>(1,411.9)</u>	<u>99.3</u>	<u>(1,312.6)</u>	<u>(1,974.5)</u>	<u>(105.8)</u>	<u>(2,080.3)</u>
Net position, beginning of period	(14,119.7)	646.9	(13,472.8)	(12,208.6)	752.7	(11,455.9)
Prior period adjustments—changes in accounting principles (Note 21).....	(2.0)	2.0	-	63.4	-	63.4
Net operating (cost)/revenue.....	(1,411.9)	99.3	(1,312.6)	(1,974.5)	(105.8)	(2,080.3)
Net position, end of period	<u>(15,533.6)</u>	<u>748.2</u>	<u>(14,785.4)</u>	<u>(14,119.7)</u>	<u>646.9</u>	<u>(13,472.8)</u>

The accompanying notes are an integral part of these financial statements.

United States Government
Reconciliations of Net Operating Cost and Unified Budget Deficit
for the Years Ended September 30, 2011, and 2010

(In billions of dollars)

	2011	2010
Net operating cost	(1,312.6)	(2,080.3)
Components of net operating cost not part of the budget deficit:		
Increase in liability for military employee benefits (Note 15):		
Increase in military pension liabilities.....	98.6	85.6
(Decrease)/increase in military health liabilities.....	(62.4)	78.9
(Decrease) in other military benefits.....	(1.2)	(0.3)
Increase in liability for military employee benefits.....	35.0	164.2
Increase in liability for veteran's compensation (Note 15)	58.9	223.8
(Decrease)/increase in liabilities for civilian employee benefits (Note 15):		
(Decrease)/increase in civilian pension liabilities.....	(13.2)	103.5
(Decrease)/increase in civilian health liabilities.....	(13.0)	3.3
Increase in other civilian benefits.....	4.2	8.3
(Decrease)/increase in liabilities for civilian employee benefits.....	(22.0)	115.1
Increase/(decrease) in environmental and disposal liabilities (Note 16):		
Increase/(decrease) in Energy's environmental and disposal liabilities.....	0.4	(17.5)
Increase/(decrease) in all others' environmental and disposal liabilities.....	2.4	(3.0)
Increase/(decrease) in environmental and disposal liabilities.....	2.8	(20.5)
Depreciation expense.....	68.4	57.5
Property, plant, and equipment disposals and revaluations.....	(4.6)	(9.8)
Increase in benefits due and payable.....	6.7	3.5
(Decrease)/increase in insurance and guarantee program liabilities.....	(13.9)	9.4
Increase in other liabilities.....	10.5	62.4
Seigniorage and sale of gold.....	-	(0.4)
(Decrease) in accounts payable.....	(9.5)	(0.3)
(Increase) in net accounts and taxes receivable.....	(11.7)	(7.1)
TARP yearend upward/(downward) re-estimate.....	23.3	(23.6)
Decrease in Non-TARP Investments in American International Group, Inc. due to valuation losses.....	9.9	2.7
(Decrease)/increase in liabilities to Government-sponsored enterprises.....	(43.7)	268.0
(Decrease)/increase in valuation loss on investments in Government-sponsored enterprises.....	(3.0)	8.1
Components of the budget deficit that are not part of net operating cost:		
Capitalized fixed assets:		
Department of Defense.....	(51.3)	(59.4)
All other agencies.....	(36.4)	(33.1)
Total capitalized fixed assets.....	(87.7)	(92.5)
Effect of prior year TARP downward re-estimate.....	23.6	110.0
(Increase) in inventory.....	(9.9)	(1.6)
(Increase) in investments in Government-sponsored enterprises.....	(20.8)	(52.6)
(Increase) in debt and equity securities.....	(0.8)	(5.8)
Decrease/(increase) in other assets.....	4.0	(24.7)
Credit reform and other loan activities.....	(10.5)	8.0
All other reconciling items.....	9.0	(7.6)
Unified budget deficit	(1,298.6)	(1,294.1)

The accompanying notes are an integral part of these financial statements.

**United States Government
Statements of Changes in Cash Balance from Unified Budget and Other Activities
for the Years Ended September 30, 2011, and 2010**

(In billions of dollars)	2011	2010
Unified budget deficit	(1,298.6)	(1,294.1)
Adjustments for noncash outlays included in the budget:		
Interest accrued by Treasury on debt held by the public	244.2	206.8
TARP yearend re-estimates	(46.9)	(86.4)
TARP Subsidy expense/(income) (Note 5).....	7.2	(24.2)
Other Federal entity subsidy expense/(income) (Note 4)	(43.9)	(9.4)
Subtotal	160.6	86.8
Items affecting the cash balance not included in the Budget:		
<i>Net Transactions from financing activity:</i>		
Borrowings from the public	7,962.8	8,525.5
Repayment of debt held by the public	(6,854.2)	(7,054.5)
Agency securities	1.0	0.7
Subtotal	1,109.6	1,471.7
<i>Transactions from monetary and other activity:</i>		
Interest paid by Treasury on debt held by the public	(239.7)	(201.2)
Net TARP direct loans and equity investments activity	59.0	111.8
Net GSE—mortgage-backed securities activity	93.7	9.1
Net loan receivable activity	(157.6)	(160.3)
Allocations of special drawing rights	0.2	(1.0)
Other	21.2	12.6
Subtotal	(223.2)	(229.0)
Cash and other monetary assets (Note 2):		
(Decrease)/increase in cash and other monetary assets	(251.6)	35.4
Balance, beginning of period	428.6	393.2
Balance, end of period	177.0	428.6

The accompanying notes are an integral part of these financial statements.

For budgetary purposes, the effect of the yearend downward re-estimates (reduction of net outlays) and upward re-estimates (increase of net outlays) is not recognized until the subsequent fiscal year. As such, for fiscal year 2011, the budget deficit reflected a reduction of noncash outlays for \$23.6 billion relating to the fiscal year 2010 yearend downward re-estimates. Also, for fiscal year 2011, TARP subsidy expense includes \$23.3 billion in yearend upward re-estimates, which will be reflected in the fiscal year 2012 budget. For fiscal year 2010, the budget deficit reflected a reduction of noncash outlays for \$110 billion relating to the fiscal year 2009 yearend downward re-estimates. Also, for fiscal year 2010, TARP subsidy income includes \$23.6 billion in yearend downward re-estimates, which was reflected in the fiscal year 2011 budget.

**United States Government
Balance Sheets
as of September 30**

(In billions of dollars)

	2011	2010
Assets:		
Cash and other monetary assets (Note 2)	177.0	428.6
Accounts and taxes receivable, net (Note 3).....	106.3	94.6
Loans receivable and mortgage-backed securities, net (Note 4)...	772.1	688.6
TARP direct loans and equity investments, net (Note 5)	80.1	144.7
Non-TARP Investments in American International Group, Inc. (Note 6)	10.9	20.8
Inventories and related property, net (Note 7).....	296.1	286.2
Property, plant, and equipment, net (Note 8)	852.8	828.9
Debt and equity securities (Note 9)	99.7	98.9
Investments in Government-Sponsored Enterprises (Note 11)	133.0	109.2
Other assets (Notes 10 and 12)	179.3	183.3
Total assets.....	<u>2,707.3</u>	<u>2,883.8</u>
Stewardship land and heritage assets (Note 27)		
Liabilities:		
Accounts payable (Note 13)	63.4	72.9
Federal debt securities held by the public and accrued interest (Note 14)	10,174.1	9,060.0
Federal employee and veteran benefits payable (Note 15)	5,792.2	5,720.3
Environmental and disposal liabilities (Note 16).....	324.1	321.3
Benefits due and payable (Note 17)	171.0	164.3
Insurance and guarantee program liabilities (Note 18)	161.7	175.6
Loan guarantee liabilities (Note 4).....	63.0	65.8
Liabilities to Government-Sponsored Enterprises (Note 11).....	316.2	359.9
Other liabilities (Notes 10 and 19)	427.0	416.5
Total liabilities	<u>17,492.7</u>	<u>16,356.6</u>
Contingencies (Note 22) and Commitments (Note 23)		
Net position:		
Earmarked funds (Note 24)	748.2	646.9
Non-earmarked funds.....	<u>(15,533.6)</u>	<u>(14,119.7)</u>
Total net position	<u>(14,785.4)</u>	<u>(13,472.8)</u>
Total liabilities and net position	<u>2,707.3</u>	<u>2,883.8</u>

The accompanying notes are an integral part of these financial statements.

**United States Government
Statements of Social Insurance (Note 26)
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections**

(In billions of dollars)	2011	2010	2009	2008	2007
Federal Old-Age, Survivors and Disability Insurance (Social Security): ¹⁴					
<i>Revenue (Contributions and Earmarked Taxes) from:</i>					
Participants who have attained eligibility age (62 and over)	726	672	575	542	477
Participants who have not attained eligibility age	20,734	19,914	18,559	18,249	17,515
Future participants	20,144	19,532	18,082	17,566	16,121
All current and future participants	41,603	40,118	37,217	36,357	34,113
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (62 and over)	(8,618)	(8,096)	(7,465)	(6,958)	(6,329)
Participants who have not attained eligibility age	(34,042)	(32,225)	(30,207)	(29,021)	(27,928)
Future participants	(8,100)	(7,744)	(7,223)	(6,933)	(6,619)
All current and future participants	(50,760)	(48,065)	(44,894)	(42,911)	(40,876)
<i>Present value of future expenditures in excess of future revenue</i>	(9,157) ¹	(7,947) ²	(7,677) ³	(6,555) ⁴	(6,763) ⁵
Federal Hospital Insurance (Medicare Part A): ¹⁴					
<i>Revenue (Contributions and Earmarked Taxes) from:</i>					
Participants who have attained eligibility age (65 and over)	262	248	209	202	178
Participants who have not attained eligibility age	7,581	7,216	6,348	6,320	5,975
Future participants	7,260	6,944	5,451	5,361	4,870
All current and future participants	15,104	14,408	12,008	11,883	11,023
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (65 and over)	(2,923)	(2,648)	(2,958)	(2,747)	(2,558)
Participants who have not attained eligibility age	(12,887)	(12,032)	(18,147)	(17,365)	(15,639)
Future participants	(2,546)	(2,411)	(4,673)	(4,506)	(5,118)
All current and future participants	(18,356)	(17,091)	(25,778)	(24,619)	(23,315)
<i>Present value of future expenditures in excess of future revenue</i>	(3,252) ¹	(2,683) ²	(13,770) ³	(12,736) ⁴	(12,292) ⁵
Federal Supplementary Medical Insurance (Medicare Part B): ¹⁴					
<i>Revenue (Premiums) from:</i>					
Participants who have attained eligibility age (65 and over)	570	538	498	461	433
Participants who have not attained eligibility age	3,651	3,460	4,224	3,859	3,184
Future participants	865	839	1,270	1,158	1,172
All current and future participants	5,086	4,836	5,992	5,478	4,789
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (65 and over)	(2,343)	(2,166)	(2,142)	(1,986)	(1,834)
Participants who have not attained eligibility age	(13,489)	(12,587)	(16,342)	(14,949)	(12,130)
Future participants	(3,108)	(2,984)	(4,672)	(4,262)	(4,257)
All current and future participants	(18,940)	(17,737)	(23,156)	(21,197)	(18,221)
<i>Present value of future expenditures in excess of future revenue</i> ⁶	(13,854) ¹	(12,901) ²	(17,165) ³	(15,719) ⁴	(13,432) ⁵

Totals may not equal the sum of components due to rounding.

The accompanying notes are an integral part of these financial statements.

**United States Government
Statements of Social Insurance (Note 26), continued
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections**

(In billions of dollars)	2011	2010	2009	2008	2007
Federal Supplementary Medical Insurance (Medicare Part D): ¹⁴					
<i>Revenue (Premiums and State Transfers) from:</i>					
Participants who have attained eligibility age (65 and over)	173	165	140	123	167
Participants who have not attained eligibility age	1,608	1,626	1,442	1,380	1,627
Future participants	703	694	618	604	611
All current and future participants	<u>2,484</u>	<u>2,486</u>	<u>2,199</u>	<u>2,107</u>	<u>2,405</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age (65 and over)	(695)	(646)	(595)	(581)	(794)
Participants who have not attained eligibility age	(6,438)	(6,355)	(6,144)	(6,527)	(7,273)
Future participants	(2,817)	(2,714)	(2,632)	(2,856)	(2,699)
All current and future participants	<u>(9,950)</u>	<u>(9,715)</u>	<u>(9,371)</u>	<u>(9,964)</u>	<u>(10,766)</u>
<i>Present value of future expenditures in excess of future revenue</i> ⁶	<u>(7,466)</u> ¹	<u>(7,229)</u> ²	<u>(7,172)</u> ³	<u>(7,857)</u> ⁴	<u>(8,361)</u> ⁵
Railroad Retirement:					
<i>Revenue (Contributions and Earmarked Taxes) from:</i>					
Participants who have attained eligibility	6	5	5	5	5
Participants who have not attained eligibility	46	47	48	43	41
Future participants	65	66	70	54	54
All current and future participants	<u>117</u>	<u>118</u>	<u>123</u>	<u>102</u>	<u>100</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility	(109)	(105)	(102)	(97)	(93)
Participants who have not attained eligibility	(86)	(88)	(91)	(88)	(86)
Future participants	(28)	(27)	(30)	(26)	(26)
All current and future participants	<u>(223)</u>	<u>(220)</u>	<u>(223)</u>	<u>(212)</u>	<u>(205)</u>
<i>Present value of future expenditures in excess of future revenue</i> ⁷	<u>(106)</u> ¹	<u>(103)</u> ²	<u>(100)</u> ³	<u>(109)</u> ⁴	<u>(105)</u> ⁵
Black Lung (Part C):					
<i>Present value of future revenue in excess of future expenditures</i> ⁸	<u>5</u> ⁹	<u>6</u> ¹⁰	<u>6</u> ¹¹	<u>5</u> ¹²	<u>5</u> ¹³
Total present value of future expenditures in excess of future revenue	<u>(33,830)</u>	<u>(30,857)</u>	<u>(45,878)</u>	<u>(42,970)</u>	<u>(40,948)</u>

Totals may not equal the sum of components due to rounding.

The accompanying notes are an integral part of these financial statements.

**United States Government
Statements of Social Insurance (Note 26), continued
Present Value of Long-Range (75 Years, except Black Lung) Actuarial Projections**

(In billions of dollars)	2011	2010	2009	2008	2007
Social Insurance Summary: ¹⁴					
<i>Participants who have attained eligibility age:</i>					
Revenue (e.g., Contributions and earmarked taxes)	1,737	1,628	1,427	1,333	1,260
Expenditures for scheduled future benefits	(14,688)	(13,661)	(13,262)	(12,369)	(11,608)
Present value of future expenditures in excess of future revenue	(12,951)	(12,033)	(11,835)	(11,036)	(10,348)
<i>Participants who have not attained eligibility age:</i>					
Revenue (e.g., Contributions and earmarked taxes)	33,620	32,263	30,621	29,851	28,342
Expenditures for scheduled future benefits	(66,942)	(63,287)	(70,931)	(67,950)	(63,056)
Present value of future expenditures in excess of future revenue	(33,322)	(31,024)	(40,310)	(38,099)	(34,714)
Closed-group – Total present value of future expenditures in excess of future revenue.....	(46,272)	(43,057)	(52,145)	(49,135)	(45,062)
<i>Future participants:</i>					
Revenue (e.g., Contributions and earmarked taxes)	29,037	28,075	25,491	24,743	22,828
Expenditures for scheduled future benefits	(16,594)	(15,875)	(19,224)	(18,578)	(18,714)
Present value of future revenue in excess of future expenditures	12,443	12,200	6,267	6,165	4,114
Open-group – Total present value of future expenditures in excess of future revenue.....	(33,830)	(30,857)	(45,878)	(42,970)	(40,948)

¹ The projection period is 1/1/2011 -12/31/2085 and the valuation date is 1/1/2011.

² The projection period is 1/1/2010 -12/31/2084 and the valuation date is 1/1/2010.

³ The projection period is 1/1/2009 -12/31/2083 and the valuation date is 1/1/2009.

⁴ The projection period is 1/1/2008 -12/31/2082 and the valuation date is 1/1/2008.

⁵ The projection period is 1/1/2007 -12/31/2081 and the valuation date is 1/1/2007.

⁶ These amounts represent the present value of the future transfers from the General Fund of the Treasury to the Supplementary Medical Insurance Trust Fund. These future intragovernmental transfers are included as income in both HHS' and the Centers for Medicare & Medicaid Services' Financial Reports but are not income from the Governmentwide perspective of this report.

⁷ These amounts approximate the present value of the future financial interchange and the future transfers from the General Fund of the Treasury to the Social Security Equivalent Benefit Account (see discussion of Railroad Retirement Program in the unaudited supplemental information section of this report). They are included as income in the Railroad Retirement Financial Report but are not income from the Governmentwide perspective of this report.

⁸ Does not include interest expense accruing on the outstanding debt.

⁹ The projection period is 9/30/2011 -9/30/2040 and the valuation date is 9/30/2011.

¹⁰ The projection period is 9/30/2010 -9/30/2040 and the valuation date is 9/30/2010.

¹¹ The projection period is 9/30/2009 -9/30/2040 and the valuation date is 9/30/2009.

¹² The projection period is 9/30/2008 -9/30/2040 and the valuation date is 9/30/2008.

¹³ The projection period is 9/30/2007 -9/30/2040 and the valuation date is 9/30/2007.

¹⁴ Participants for the Social Security and Medicare programs are assumed to be the "closed-group" of individuals who are at least 15 years of age at the start of the projection period, and are participating as either taxpayers, beneficiaries, or both, except for the 2007 Medicare programs for which current participants are assumed to be at least 18 instead of 15 years of age.

Totals may not equal the sum of components due to rounding.

The accompanying notes are an integral part of these financial statements.

**United States Government
Statement of Changes in Social Insurance Amounts
for the Year Ended September 30, 2011 (Note 26)**

(In billions of dollars)	Social Security	Medicare HI	Medicare SMI	Other (e.g. Railroad Retirement)	Total
Net present value (NPV) of future revenue less future expenditures for current and future participants (the "open group") over the next 75 years, beginning of the year	(7,947)	(2,683)	(20,130)	(97)	(30,857)
Reasons for changes in the NPV during the year:					
Changes in valuation period	(436)	(112)	(968)	(2)	(1,518)
Changes in demographic data and assumptions	(688)	(112)	(59)	(0)	(859)
Changes in economic data and assumptions	(143)	0	-	(2)	(145)
Changes in law or policy	-	-	(14)	-	(14)
Changes in methodology and programmatic data	56	-	-	-	56
Changes in economic and other healthcare assumptions	-	185	(648)	-	(463)
Change in projection base	-	(531)	500	-	(31)
Net change in open group measure	(1,211)	(570)	(1,189)	(4)	(2,974)
Open group measure, end of year.....	(9,157)	(3,252)	(21,320)	(101)	(33,830)

Totals may not equal the sum of components due to rounding.

The accompanying notes are an integral part of these financial statements.

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