

Key Financial Management Officials



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Consolidated Balance Sheet as of September 30, 1999 and 1998

Assets	(Dollars in Millions)	
	1999	1998 Restated
Intragovernmental:		
Fund Balance with Treasury	\$ 1,035	\$ 1,106
Investments (Note 4)	854,892	730,277
Interest Receivable, Net (Note 5)	14,029	12,442
Accounts Receivable, Net (Notes 5 and 6)	572	349
Other	0	0
Total Intragovernmental	870,528	744,174
Accounts Receivable, Net (Notes 5 and 6)	4,271	3,730
Property, Plant and Equipment, Net	293	307
Other (Note 6)	51	139
Total Assets	875,143	748,350
Liabilities (Note 7)		
Intragovernmental:		
Accrued Railroad Retirement Interchange (Note 3)	3,587	3,665
Accounts Payable	2,243	1,820
Other (Note 8)	457	265
Total Intragovernmental	6,287	5,750
Benefits Due and Payable (Note 9)	36,742	36,488
Accounts Payable	649	621
Other (Note 8)	738	792
Total	44,416	43,651
Net Position (Note 10)		
Unexpended Appropriations	380	317
Cumulative Results of Operations	830,347	704,382
Total Net Position	830,727	704,699
Total Liabilities and Net Position	\$875,143	\$748,350

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

Consolidated Statement of Net Cost for the Years Ended September 30, 1999 and 1998

	(Dollars in Millions)	
	1999	1998 Restated
OASI Program		
Benefit Payments	\$332,258	\$325,006
Operating Expenses	2,201	2,207
Total Cost of OASI Program	334,459	327,213
Less: Exchange Revenue (Notes 11 and 12)	7	5
Net Cost of OASI Program	334,452	327,208
DI Program		
Benefit Payments	49,998	47,690
Operating Expenses	1,968	1,869
Total Cost of DI Program	51,966	49,559
Less: Exchange Revenue (Notes 11 and 12)	5	4
Net Cost of DI Program	51,961	49,555
SSI Program		
Benefit Payments	31,332	30,478
Operating Expenses	2,855	2,358
Total Cost of SSI Program	34,187	32,836
Less: Exchange Revenues (Notes 11 and 12)		
SSI State Supplementation	3,219	2,984
SSI Administrative Fees Earned	222	181
Other Exchange Revenues	10	7
Net Cost of SSI Program	30,736	29,664
Black Lung Program		
Benefit Payments	548	583
Operating Expenses	4	5
Total Cost of Black Lung Program	552	588
Less: Exchange Revenues (Notes 11 and 12)	0	0
Net Cost of Black Lung Program	552	588
Other		
Operating Expenses	1,067	1,103
Less: Other Exchange Revenues (Notes 11 and 12)	4	3
Net Cost of Other	1,063	1,100
Net Cost of Operations	\$418,764	\$408,115

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

Consolidated Statement of Changes in Net Position for the Years Ended September 30, 1999 and 1998

	(Dollars in Millions)	
	1999	1998 Restated
Net Cost of Operations	\$418,764	\$408,115
Financing Sources (other than Exchange Revenues)		
Appropriations Used	31,052	30,307
Tax Revenues (Note 13)	462,657	431,974
Imputed Financing (Note 14)	288	292
Interest, Donations and Other Revenues	53,675	48,038
Transfers-In (Note 3)		
Trust Fund Draws and Other	941	1,051
SSI Receivables Recovered	1,332	1,215
Transfers-Out (Note 3)		
Trust Fund Draws and Other	0	0
Railroad Retirement Interchange	(3,738)	(3,775)
SSI Receivables Transferred to Treasury	(1,332)	(1,215)
SSI Administrative Fees Transferred to Treasury	(147)	(146)
Total Financing Sources	544,728	507,741
Net Results of Operations	125,964	99,626
Cumulative Effect of Prior Period Adjustments	0	294
Increase (Decrease) in Unexpended Appropriations	64	(1,369)
Change in Net Position	126,028	98,551
Net Position, Beginning Balance	704,699	606,148
Net Position, Ending Balance	\$830,727	\$704,699

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

Consolidated Statement of Budgetary Resources for the Years Ended September 30, 1999 and 1998

	(Dollars in Millions)	
	1999	1998 Restated
Budgetary Resources Made Available		
Budget Authority	\$548,228	\$510,836
Unobligated Balances - Beginning of the Period	691,158	594,399
Spending Authority from Offsetting Collections	3,320	3,045
Adjustments	15	(376)
Total Budgetary Resources Made Available	1,242,721	1,107,904
Status of Budgetary Resources (Note 15)		
Obligations Incurred	427,083	416,963
Unobligated Balances - Available	815,598	690,924
Unobligated Balances - Not Available	40	17
Total Status of Budgetary Resources	1,242,721	1,107,904
Outlays		
Obligations Incurred	427,083	416,963
Less: Spending Authority	(3,333)	(3,062)
Obligated Balances - Beginning of Period	40,756	39,402
Less: Obligated Balance - End of Period	(40,699)	(40,756)
Total Outlays	\$423,807	\$412,547

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

Consolidated Statement of Financing for the Years Ended September 30, 1999 and 1998

	(Dollars in Millions)	
	1999	1998 Restated
Obligations and Non-Budgetary Resources		
Obligations Incurred	\$427,083	\$416,963
Other Spending Authority	(3,333)	(3,062)
Imputed Financing	288	292
Transfers In (Out)	(5,391)	(5,992)
Exchange Revenue	(298)	(166)
Total Obligations and Non-Budgetary Resources	418,349	408,035
Resources Not Funding Net Cost of Operations		
Change in Undelivered Orders	(44)	80
Capitalized Costs	62	(27)
Financing Sources that Fund Costs of Prior Periods	(9)	(96)
Total Resources Not Funding Net Cost of Operations	9	(43)
Costs Not Requiring Resources		
Depreciation and Amortization	170	132
Other	(36)	(37)
Total Costs Not Requiring Resources	134	95
Financing Sources Yet to Be Provided	272	28
Net Cost of Operations	\$418,764	\$408,115

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

SOCIAL SECURITY ADMINISTRATION

Notes To The Principal Financial Statements

1

Summary of Significant Accounting Policies

Reporting Entity

The Social Security Administration (SSA), as an independent agency of the United States Government, is responsible for administering the Nation's Old Age and Survivors, and Disability Insurance programs (OASDI), the Supplemental Security Income (SSI) program and Part B of the Black Lung (BL) program. SSA is considered a separate reporting entity for financial reporting purposes, and its financial statements have been prepared to report the financial position and results of operations of SSA, as required by the Chief Financial Officers Act of 1990.

The financial statements have been prepared from the accounting records of SSA in conformity with generally accepted accounting principles (GAAP), and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Bulletin 97-01. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which was recently designated the official accounting standards-setting body for the Federal Government by the American Institute of Certified Public Accountants. These statements are different from the financial reports, also prepared by SSA, pursuant to OMB directives that are used to monitor and control SSA's use of budgetary resources.

In accordance with technical amendments to OMB Bulletin 97-01, SSA made several changes to its principal financial statements and footnotes. On the Balance Sheet, entity and non-entity assets as well as liabilities covered and not covered by budgetary resources have been combined. Notes 6 and 7, respectively, disclose this information.

In addition, in 1999 SSA implemented new guidance to record receivables and payables between SSA and the trust funds for accrued benefits. This change was retroactively applied to FY 1998. The effect of the change in receivables and payables is eliminated on the Balance Sheet, but is disclosed in Note 5, Interest and Accounts Receivables. The budgetary impact is

reflected in the restated FY 1998 Statement of Budgetary Resources. This caused a decrease of \$35 billion in the beginning of period and end of year unobligated balances - available for FY 1998. Furthermore, for consistency, SSA has decreased the beginning of the period and the end of year unobligated balances - available for FY 1998 by \$3 billion to reflect the budgetary impact of the accrued liability for the Railroad Retirement Interchange.

The consolidated financial statements include the accounts of all funds under SSA control, consisting of two trust funds, three general fund appropriations and five deposit funds. The trust funds are the Old Age and Survivors Insurance (OASI) Trust Fund and the Disability Insurance (DI) Trust Fund. SSA's statements also include OASI and DI investment activities performed by Treasury. SSA's financial activity has been classified and reported by the following program areas: OASI, DI, SSI, BL-Part B and Other. The fund balance with Treasury shown on the Balance Sheet represents the total of all SSA's account balances with the Department of the Treasury.

Investments

Trust fund balances may only be invested in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States as provided by Section 201(d) of the Social Security Act. These investments consist of U.S. Treasury special issues and bonds. Special issues are special public debt obligations for purchase exclusively by the trust funds. They are always purchased and redeemed at face value, which is the same as their carrying value on the Balance Sheet. U.S. Treasury bonds are carried at amortized cost.

Effective December 31, 1998 and prospectively, the Department of the Treasury changed the methodology used to calculate interest rates for non-marketable Treasury securities, including the Social Security trust funds. Treasury's revised methodology uses an average market yield. This change will make the methodology more consistent with the manner in which yields are calculated in the private financial sector and results in an average interest rate that more accurately reflects prevailing market conditions.

Property, Plant and Equipment

SSA's property and plant assets are considered assets of the OASI, DI, and the Hospital Insurance/Supplemental Medical Insurance (HI/SMI) Trust Funds. All equipment is considered assets of the OASI and DI Trust Funds. User charges are allocated to all programs based on each program's use of capital assets during the period. All general fund activities reimburse the trust funds for their use of trust fund assets through the calculation of user charge credits. SSA capitalizes new property, plant and equipment costing over \$100,000.

Benefits Due and Payable

Liabilities are accrued for OASI, DI and BL benefits to which recipients are entitled for the month of September which, by statute, are not paid until October. Also, liabilities are accrued on benefits for past periods that have not completed processing, such as benefit payments due but not paid pending receipt of a correct address, and adjudicated and unadjudicated hearings and appeals, and civil litigation cases which were not paid at the close of the fiscal year (See Note 9, Benefits Due and Payable).

Contingent Liabilities

SSA has certain claims and lawsuits pending against it. When pending claims will probably result in payment and these amounts are estimable, appropriate provision has been made in the accompanying financial statements. For FY 1999, there were no pending claims which would require disclosure as a contingent liability.

SSA has class action suits which may affect major client populace, that may be lost, in whole or in part, in lower courts and/or on appeal and may require a future implementation plan. Any final unfavorable court decisions will be funded from the appropriate trust fund or from the general funds for the SSI program. However, at this time SSA is unable to determine an estimate of loss for any class action suits. In the opinion of management and legal counsel, the resolution of the class actions and other claims and lawsuits will not materially affect the financial position or operations of SSA.

Administrative Expenses

SSA initially charges administrative expenses to the Limitation on Administrative Expenses (LAE) appropriation. Section 201(g) of the Social Security Act requires the Commissioner of Social Security to determine the proper share of costs incurred during the fiscal year to be charged to the appropriate trust or general fund. Accordingly, administrative expenses are

subsequently distributed during each month to the appropriate trust and general funds accounts. All such distributions are initially made on an estimated basis and adjusted to actual each year, as provided for in Section 1534 of Title 31, United States Code.

Recognition of Financing Sources

Financing sources consist of funds transferred from the U.S. Treasury to the OASI and DI Trust Funds for employment taxes (Federal Insurance Contributions Act [FICA] and Self Employment Contributions Act [SECA]), drawdown of funds for benefit entitlement payments and administrative expenses, appropriations, gifts and other miscellaneous receipts. On an as needed basis, funds are drawn from the OASI and DI Trust Funds to cover benefit payments. Governed by limitations determined annually by the U.S. Congress, funds are also drawn from the OASI and DI Trust Funds for SSA's operating expenses. To cover SSA's costs to administer the Medicare program, funds are drawn from the HI/SMI Trust Funds.

Appropriations Used includes payments and accruals for the SSI and BL programs and funding from Treasury's General Fund for the Office of the Inspector General appropriation.

Employment tax revenues are made available daily based on a quarterly estimate of the amount of FICA taxes payable by employers and SECA taxes paid by the self-employed. Adjustments are made to the estimates for actual FICA taxes payable, actual SECA taxes paid and refunds made. Employment tax credits (the difference between the combined employee and employer rate and the self-employed rate), credit for military service, income taxation of Social Security benefits and interest on trust fund unnegotiated benefit payment checks are also included in tax revenues (See Note 13, Tax Revenues).

Trust fund balances not required to meet current expenditures are invested on a daily basis in interest-bearing obligations of the U.S. Government. For U.S. Treasury special issues, interest income is compounded semi-annually (June and December) and has been adjusted to include an accrual for interest earned from July 1 to September 30 and to exclude the prior year's accrual. Interest from U.S. Treasury bonds is received periodically throughout the year and is accrued accordingly.

Revenues from sales of goods and services to the public include payments SSA receives from those States choosing to have SSA administer their State supplementation of Federal SSI benefits.

Other financing sources consist primarily of reimbursable services. Reimbursements are recognized as the services are performed (See Note 11, Exchange Revenues). These financing sources may be used to pay for current operating expenses as well as for capital expenditures such as property, plant and equipment and other long term assets as specified by law.

Capitalized expenditures and long term assets are recognized in the Statement of Net Cost as they are consumed. In contrast, budget reporting recognizes these same financing sources in the year the obligation was established to purchase the asset.

Cumulative Effect of Prior Period Adjustments

In FY 1998, a prior period adjustment was made to eliminate the cumulative effect, of the revised methodology, of allocating the Limitation on Administrative Expenses appropriation among SSA's major programs. SSA implemented this change to further improve compliance with the concept of full costing per the Statement of Federal Financial Accounting Standards No. 4, "Managerial Cost Accounting Standards."



Centralized Federal Financing Activities

SSA's financial activities interact with and are dependent on the financial activities of the centralized management functions of the Federal Government that are undertaken for the benefit of the whole Federal Government. These activities include public debt, employee retirement, life insurance and health benefit programs. Accordingly, SSA's financial statements do not contain the results of centralized financial decisions and activities performed for the benefit of the entire Government.

These statements are not intended to report SSA's proportionate share of the Federal deficit. Financing for general fund appropriations reported on the Consolidated Statement of Changes in Net Position may be from tax revenue, public borrowing, or both. The source of this

funding, whether tax revenue or public borrowing, has not been allocated to SSA.

The General Services Administration (GSA), using monies provided from the OASI and DI Trust Funds, administers the construction or purchase of buildings on SSA's behalf. The acquisition costs of these buildings have been charged to the OASI and DI Trust Funds, capitalized and included in these statements. SSA also occupies buildings that have been leased by GSA or have been constructed using Public Building Funds. These statements reflect SSA's payments to GSA for lease, operations maintenance and depreciation expenses associated with these buildings.

SSA's employees participate in the contributory Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS), to which SSA makes matching contributions. On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, are automatically covered by FERS while employees hired prior to that could elect to either join FERS or remain in CSRS.

One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is required to contribute 1 percent of pay and match employee contributions up to an additional 4 percent of basic pay. SSA contributions to CSRS were \$158.4 and \$154.4 million for FY 1999 and 1998, respectively. SSA contributions to FERS were \$108.5 and \$87.4 million for FY 1999 and 1998, respectively. In addition, SSA contributions to the FERS savings plan were \$40.9 and \$31.9 million for FY 1999 and 1998, respectively. These statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to SSA employees since these data are only reported in total by the Office of Personnel Management.



Intra-Governmental Financing Sources

SSA receives financing sources that are other than Exchange and Non-Exchange Revenue which provide inflows of sources that increase results of operations during the reporting period. The more significant financing source received from another Federal entity is the drawdown of funds from the HI/SMI Trust Funds for the Health Care Financing Administration's (HCFA) Medicare program. For FY 1999 and 1998, respectively,

\$953 and \$943 million were drawdown to cover SSA's operating expenses. These amounts represent the majority of the Transfers-In for Trust Fund Draws and Other line item as presented on the Statement of Changes in Net Position.

Financing outflows may result from transfers of the reporting entity's assets to other Government entities, without reimbursement. SSA financing outflows mainly consist of transfers to the Railroad Retirement Board (RRB) for the annual interchange and SSI receivable transferred to the Department of the Treasury.

The RRB transfer is for the annual interchange required to place the OASI and DI Trust Funds in the same position they would have been if railroad employment had been covered by SSA. The law requires the transfer, including interest accrued from the end of the preceding fiscal year, to be made in June. SSA transferred the railroad retirement interchange (RRI) in the amount of \$3.7 and \$3.8 billion for FY 1999 and 1998, respectively. The accrued liability of \$3.6 and \$3.7 billion for FY 1999 and 1998, respectively, on the Balance Sheet represents amounts due RRB for the period. Also, amounts for railroad workers, who have qualified for and are receiving OASI and DI benefit payments, are included in the benefit payment expenses on the Statement of Net Cost. However, the RRB on behalf of SSA makes the payments to the qualifying railroad workers. SSA compensated RRB in the amount of \$1.0 and \$1.1 billion for FY 1999 and 1998, respectively.

SSA transfers to the Department of the Treasury consist of collections for SSI benefit overpayments that are deposited in the General Fund. These transfers are \$1.3 and \$1.2 billion for FY 1999 and 1998, respectively. In addition, a portion of the administrative fees charged to the States to administer the supplemental SSI benefits program is returned to the U.S. Treasury and amounted to \$147 and \$146 million for FY 1999 and 1998, respectively.

4

Investments

Investments held for the trust funds mature at various dates ranging from the present to the year 2014. The interest rates on these investments range from 5 7/8 percent to 11 3/4 percent. These investments consist of U.S. Treasury special issues and bonds. Special issues

are special public debt obligations for purchase exclusively by the trust funds. They are always purchased and redeemed at face value, which is the same as their carrying value on the Balance Sheet. However, U.S. Treasury bonds are carried at amortized cost.

	<i>(In Millions)</i>	
	<u>1999</u>	<u>1998</u>
Special Issue U.S. Treasury Securities	\$854,848	\$730,228
U.S. Treasury Bonds - carrying value	<u>44</u>	<u>49</u>
Total Investments	\$854,892	\$730,277

5

Interest and Accounts Receivables

Interest Receivable

Intragovernmental receivables consist primarily of accrued interest receivables on investments. These were \$14,029 and \$12,442 million on trust fund investments with the U.S. Treasury for the period June 30 through September 30, 1999 and 1998, respectively.

Accounts Receivable

Accounts receivable consist mainly of monies due to SSA from individuals who received benefits in excess of their entitlement under the OASI, DI, SSI and BL programs. In addition, the OASI and DI gross receivables contain amounts to be received from the Department of the Treasury for 1 month's accrued benefit activity. As managing trustee for the Trust Funds, Treasury established a reciprocal accounts payable to OASI and DI. Since SSA presents its financial statements on a consolidated basis, these receivables and payables are Intra-Agency Eliminations.

The estimated allowance for doubtful accounts is determined using a 5-year average of write-offs divided by clearances. That percentage is then applied to outstanding receivables.

Accounts Receivable by Major Program:

1999 (In Millions)	Gross Rec.	Allowance for Doubtful Accts.	Net Rec.
OASI	\$30,997	\$ (111)	\$30,886
DI	8,827	(764)	8,063
SSI	332	(84)	248
BL	4	(1)	3
Other*	2,847	(1,009)	1,838
Intra-Agency Eliminations	(36,195)	0	(36,195)
All Programs	\$ 6,812	\$(1,969)	\$ 4,843

*See Note 6, Assets

1998 (In Millions)	Gross Rec.	Allowance for Doubtful Accts.	Net Rec.
OASI	\$30,370	\$ (117)	\$30,253
DI	8,399	(629)	7,770
SSI	317	(78)	239
BL	4	(1)	3
Other*	2,483	(835)	1,648
Intra-Agency Eliminations	(35,834)	0	(35,834)
All Programs	\$ 5,739	\$(1,660)	\$ 4,079

*See Note 6, Assets

6

Assets

Non-Entity Assets

The FY 1991 Appropriations Act, Public Law 101-517, requires that collections from repayment of SSI benefit overpayments be deposited in the General Fund of the Treasury. These funds, upon deposit, are assets of the General Fund of the Treasury and shall not be used by SSA as an SSI budgetary resource to pay SSI benefits or administrative costs. Accordingly, they are classified as non-entity assets.

(In Millions)

	1999	1998
Intragovernmental:		
Accounts Receivable	\$ 260	\$ 336
Total Intragovernmental	260	336
Accounts Receivable	1,578	1,312
Total	\$1,838	\$1,648

Other Assets

SSA's Other Assets, presented on the Balance Sheet, mainly consist of multi-contract purchases of information technology software and hardware in the amounts of \$48 and \$135 million in FY 1999 and 1998, respectively. These assets are amortized over a 3-year period.

7

Liabilities Not Covered by Budgetary Resources

Accounts Payable

Included in Accounts Payable is SSI Receivables Owed to Treasury. This liability is recorded for the collection of SSI benefit overpayments that are payable from SSA to the General Fund of the Treasury. It directly relates to the accounts receivable established in the asset portion of the Balance Sheet. Refer to Note 6, Assets, for a description of the SSI receivables established for the repayment of SSI benefit overpayments.

Benefits Due and Payable

This unfunded liability represents the amount of benefits due and payable for the SSI program that is not covered by budgetary resources. Refer to Note 9, Benefits Due and Payable, for all major SSA programs.

Other Liabilities Not Covered by Budgetary Resources

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. For payment purposes, claims incurred for benefits for SSA employees under FECA are divided into

current and non-current portions. Current fiscal year claim amounts to be paid by SSA within two years are the current portion; these are included in the Intragovernmental, Other Liabilities line item. SSA's current portion of FECA liability was \$40 and \$34 million as of September 30, 1999 and 1998, respectively. The non-current portion of FECA actuarial liability is comprised of claims that will be paid more than two years in the future, which are administered by the Department of Labor (DOL) and are ultimately paid by SSA. The non-current portion, of \$185 and \$188 million as of September 30, 1999 and 1998, respectively, is recorded in the Other Liabilities line item. This actuarial liability was calculated using historical payment data to project future costs.

The remaining portion of Other Liabilities Not Covered by Budgetary Resources is comprised of: leave earned but not taken, vocational rehabilitation services; and accrued administrative costs in the SSI program.

	<i>(In Millions)</i>	
	<u>1999</u>	<u>1998</u>
Intragovernmental:		
Accounts Payable	\$1,838	\$1,648
Other	<u>257</u>	<u>181</u>
Total Intragovernmental	2,095	1,829
Benefits Due and Payable	996	943
Other	<u>462</u>	<u>442</u>
Total	<u>\$3,553</u>	<u>\$3,214</u>

8

Other Liabilities

SSA's Other Liabilities, not already disclosed in Note 7, Liabilities Not Covered by Budgetary Resources, is comprised of: accrued payroll, lease liability for purchase contract buildings, and unapplied deposit funds.

	<i>(In Millions)</i>	
	<u>1999</u>	<u>1998</u>
Intragovernmental	\$200	\$ 84
Other Liabilities	<u>276</u>	<u>350</u>
Total	\$476	\$434

9

Benefits Due and Payable

Benefits due and payable for SSA's major programs as of September 30, 1999 and 1998 are shown in the table below. These amounts include an estimate for unadjudicated cases that will be payable in the future. Accrued benefits for all programs are covered by budgetary resources except for the SSI program.

	<i>(In Millions)</i>	
	<u>1999</u>	<u>1998</u>
OASI	\$29,017	\$28,941
DI	6,684	6,557
SSI	996	943
BL	<u>45</u>	<u>47</u>
Total	<u>\$36,742</u>	<u>\$36,488</u>

10

Net Position

SSA's net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent appropriated spending authority that is unobligated and has not been withdrawn by Treasury, and obligations that have not been paid. Cumulative results of operations represent the excess of financing sources over expenses since inception.

11

Exchange Revenues

Revenue from exchange transactions is recognized when goods and services are provided. Total exchange revenue was \$3,467 and \$3,184 million for FY 1999 and 1998, respectively. SSA's exchange revenue primarily consists of SSI State Supplementation. SSA has agreements with 25 States and the District of Columbia to administer some or all of the States' supplement to Federal SSI benefits. Total supplemental SSI benefits paid by SSA on behalf of the States were \$3,219 and \$2,984 million for FY 1999 and 1998, respectively. SSA is reimbursed by the States in full and earned

administration fee revenue in the amount of \$222 and \$181 million for FY 1999 and 1998, respectively.

In FY 1999, SSA charged a fee for the administration of these supplemental payments of \$7.60 per payment. As required by law, fees charged will incrementally increase over the FY 1997 to FY 2002 period from \$5.00 per payment in FY 1997 to \$8.50 in FY 2002. Also as required by law, starting in FY 2003, the administration fee will be adjusted based on the Consumer Price Index unless SSA determines a different rate is appropriate.

In addition, SSA earned \$26 and \$19 million in other exchange revenue in FY 1999 and 1998, respectively. The goods and services provided in these transactions are priced so that charges do not exceed the Agency's cost.

12 Cost and Revenue by Budget Function

Shown below are SSA's gross costs, earned revenue and net costs displayed by budget function. Social Security includes the costs and revenues associated with the OASI and DI programs. Income Security includes the costs and revenues associated with the SSI and BL programs. Medicare includes the costs and revenues that SSA incurs in performing work for the HCFA's Medicare program.

1999	<i>(In Millions)</i>		
	Gross Cost	Less Earned Revenue	Net Cost
Social Security	\$386,425	\$ 12	\$386,413
Income Security	34,739	3,451	31,288
Medicare	1,067	4	1,063
Total	\$422,231	\$3,467	\$418,764

1998	<i>(In Millions)</i>		
	Gross Cost	Less Earned Revenue	Net Cost
Social Security	\$376,772	\$ 9	\$376,763
Income Security	33,424	3,172	30,252
Medicare	1,103	3	1,100
Total	\$411,299	\$3,184	\$408,115

13 Tax Revenues

Employment tax revenues are estimated monthly by the Department of the Treasury based on SSA's quarterly estimate of taxable earnings. These estimates are used by the Department of the Treasury to credit the Social Security trust funds with tax receipts received during the month. Treasury makes adjustments to the amounts previously credited to the trust funds based on actual wage data certified quarterly by SSA.

As required by current law, the Social Security trust funds are due the total amount of employment taxes payable regardless of whether they have been collected. These estimated amounts are subject to adjustments for wages that were previously unreported, employers misunderstanding the wage reporting instructions, businesses terminating operations during the year or errors made and corrected with either the Internal Revenue Service or SSA but not both. Revenues to the trust funds are reduced for excess employment taxes which are refunded by offset against income taxes.

SSA has permanent indefinite authority for two appropriations, Taxation of Social Security Benefits and FICA/SECA Tax Credits. Both appropriations are authorized by Public Law 98-21. They are for unspecified amounts of money and do not require action by Congress to authorize their use.

The amounts for estimated employment taxes, adjustments for actual taxes payable, and refunds as well as other tax revenues follows. Other tax revenues include certain military wage credits and income tax on benefits.

	<i>(In Millions)</i>	
	1999	1998
Estimated Employment Taxes Credited to SSA	\$451,904	\$425,441
Adjustments	1,234	(741)
Refunds	(1,548)	(2,130)
Employment Tax Revenues	451,590	422,570
Other Tax Revenues	11,067	9,404
Total Tax Revenues	\$462,657	\$431,974

14

Imputed Financing

The Statement of Net Cost recognizes post-employment benefit expenses, as a portion of operating expenses, of \$555 and \$534 million for FY 1999 and 1998, respectively. The expense represents SSA's share of the current and estimated future outlays for employee pensions, life and health insurance. The Statement of Changes in Net Position recognizes an imputed financing source of \$288 and \$292 million for FY 1999 and 1998, respectively. The imputed financing source represents annual service cost not paid by SSA.

15

Status of Budgetary Resources

The tables below show the status of SSA's budgetary resources by program as of September 30, 1999 and 1998. Obligations incurred consist of expended authority, recoveries of prior year obligations and the change in undelivered orders. Undelivered orders as of September 30, 1999 and 1998 are \$696 and \$652 million, respectively.

During FY 1999, adjustments were made to SSA's budgetary resources to increase the indefinite authority for the SSI appropriation for \$243 million and for the BL appropriation for \$3.5 million. This reapportionment assured that adequate funding would be available for the remainder of the fiscal year.

Budgetary Resources by Program:

1999 Program	Unobligated Appropriations Available	Unobligated Appropriations Unavailable	Expended Authority & Recoveries	Change in Undelivered Orders	(In Millions) Total
OASI	\$729,635	\$ 0	\$339,319	\$ (8)	\$1,068,946
DI	85,823	0	52,426	(9)	138,240
SSI	87	2	33,747	33	33,869
BL	1	0	552	0	553
Other	52	38	995	28	1,113
Total	\$815,598	\$40	\$427,039	\$44	\$1,242,721

1998 Program	Unobligated Appropriations Available	Unobligated Appropriations Unavailable	Expended Authority & Recoveries	Change in Undelivered Orders	(In Millions) Total
OASI	\$620,541	\$ 0	\$332,533	\$(63)	\$ 953,011
DI	70,200	0	50,082	(2)	120,280
SSI	73	16	32,791	7	32,887
BL	9	1	589	0	599
Other	101	0	1,048	(22)	1,127
Total	\$690,924	\$17	\$417,043	\$(80)	\$1,107,904

Balance Sheet by Major Program as of September 30, 1999

Assets	(Dollars in Millions)						
	OASI	DI	SSI	Black Lung	Other	Intra-Agency Eliminations	Consolidated
Intragovernmental:							
Fund Balance with Treasury	\$ 151	\$ (36)	\$ 816	\$50	\$ 54		\$ 1,035
Investments	762,226	92,666	0	0	0		854,892
Interest Receivable, Net	12,584	1,445	0	0	0		14,029
Accounts Receivable, Net	29,561	6,945	1	0	260	\$(36,195)	572
Other	0	34	175	0	58	(267)	0
Total Intragovernmental	804,522	101,054	992	50	372	(36,462)	870,528
Accounts Receivable, Net	1,325	1,118	247	3	1,578		4,271
Property, Plant and Equip., Net	162	131	0	0	0		293
Other	28	23	0	0	0		51
Total Assets	806,037	102,326	1,239	53	1,950	(36,462)	875,143
Liabilities							
Intragovernmental:							
Accrued RRI	3,453	134	0	0	0		3,587
Accounts Payable	29,549	6,941	110	0	1,838	(36,195)	2,243
Other	346	64	268	0	46	(267)	457
Total Intragovernmental	33,348	7,139	378	0	1,884	(36,462)	6,287
Benefits Due and Payable	29,017	6,684	996	45	0		36,742
Accounts Payable	4	18	625	0	2		649
Other	181	168	283	0	106		738
Total	62,550	14,009	2,282	45	1,992	(36,462)	44,416
Net Position							
Unexpended Appropriations	0	0	322	8	50		380
Cumulative Results of Operations	743,487	88,317	(1,365)	0	(92)		830,347
Total Net Position	743,487	88,317	(1,043)	8	(42)		830,727
Total Liabilities and Net Position	\$806,037	\$102,326	\$1,239	\$53	\$1,950	\$(36,462)	\$875,143

Schedule of Changes in Net Position for the Year Ended September 30, 1999

	(Dollars in Millions)						Consolidated
	OASI	DI	SSI	Black Lung	Other	Intra-Agency Eliminations	
Net Costs of Operations	\$334,452	\$51,961	\$30,736	\$552	\$1,063		\$418,764
Financing Sources (other than Exchange Revenues)							
Appropriations Used	0	0	30,489	552	11		31,052
Tax Revenues	400,106	62,551	0	0	0		462,657
Imputed Financing	76	62	106	0	44		288
Interest, Donations and Other Revenue	48,234	5,441	0	0	0		53,675
Transfers-In							
Trust Fund Draws and Other	363,242	58,870	0	0	1,037	\$(422,208)	941
SSI Receivables Recovered	0	0	0	0	1,332		1,332
Transfers-Out							
Trust Fund Draws and Other	(363,328)	(58,880)	0	0	0	\$422,208	0
Railroad Retirement Interchange	(3,577)	(161)	0	0	0		(3,738)
SSI Receivables Transferred to Treasury	0	0	0	0	(1,332)		(1,332)
SSI Administrative Fees Transferred to Treasury	0	0	(147)	0	0		(147)
Total Financing Sources	444,753	67,883	30,448	552	1,092		544,728
Net Results of Operations	110,301	15,922	(288)	0	29		125,964
Increase (Decrease) in Unexpended Appropriations	0	0	71	(5)	(2)		64
Change in Net Position	110,301	15,922	(217)	(5)	27		126,028
Net Position, Beginning Balance	633,186	72,395	(826)	13	(69)		704,699
Net Position, Ending Balance	\$743,487	\$88,317	\$(1,043)	\$8	\$(42)		\$830,727

Schedule of Budgetary Resources for the Year Ended September 30, 1999

	(Dollars in Millions)					
	OASI	DI	SSI	Black Lung	Other	Consolidated
Budgetary Resources Made Available						
Budget Authority	\$448,273	\$67,986	\$30,434	\$543	\$992	\$548,228
Unobligated Balances - Beginning of Period	620,673	70,254	129	10	92	691,158
Spending Authority from Offsetting Collections	0	0	3,304	0	16	3,320
Adjustments	0	0	2	0	13	15
Total Budgetary Resources Made Available	1,068,946	138,240	33,869	553	1,113	1,242,721
Status of Budgetary Resources						
Obligations Incurred	339,311	52,417	33,780	552	1,023	427,083
Unobligated Balances - Available	729,635	85,823	87	1	52	815,598
Unobligated Balances - Not Available	0	0	2	0	38	40
Total Status of Budgetary Resources	1,068,946	138,240	33,869	553	1,113	1,242,721
Outlays						
Obligations Incurred	339,311	52,417	33,780	552	1,023	427,083
Less: Spending Authority	0	0	(3,305)	0	(28)	(3,333)
Obligated Balances - Beginning of Period	32,876	6,962	695	48	175	40,756
Less: Obligated Balance - End of Period	(32,804)	(7,111)	(544)	(45)	(195)	(40,699)
Total Outlays	\$339,383	\$52,268	\$30,626	\$555	\$975	\$423,807

Schedule of Financing for the Year Ended September 30, 1999

	(Dollars in Millions)					
	OASI	DI	SSI	Black Lung	Other	Consolidated
Obligations and Non-Budgetary Resources						
Obligations Incurred	\$339,311	\$52,417	\$33,780	\$552	\$1,023	\$427,083
Other Spending Authority	0	0	(3,305)	0	(28)	(3,333)
Imputed Financing	76	62	106	0	44	288
Transfers In (Out)	(4,878)	(366)	(147)	0	0	(5,391)
Exchange Revenue	(101)	(165)	(32)	0	0	(298)
Total Obligations and Non-Budgetary Resources	334,408	51,948	30,402	552	1,039	418,349
Resources Not Funding Net Cost of Operations						
Change in Undelivered Orders	8	9	(33)	0	(28)	(44)
Capitalized Costs	26	21	0	0	15	62
Financing Sources that Fund Costs of Prior Periods	(1)	(7)	(1)	0	0	(9)
Total Resources Not Funding Net Cost of Operations	33	23	(34)	0	(13)	9
Costs Not Requiring Resources						
Depreciation and Amortization	45	36	63	0	26	170
Other	(34)	(46)	34	0	10	(36)
Total Costs Not Requiring Resources	11	(10)	97	0	36	134
Financing Sources Yet to Be Provided	0	0	271	0	1	272
Net Cost of Operations	\$334,452	\$51,961	\$30,736	\$552	\$1,063	\$418,764

Required Supplementary Information: Intragovernmental Balances as of September 30, 1999

(Dollars in Millions)

	Fund Balance with Treasury	Investments	Interest Receivable, Net	Accounts Receivable, Net	SSI (1) Receivable
Intragovernmental Assets:					
Department of the Treasury, 20	\$1,035	\$854,892	\$14,029		
Other, 00				\$312	\$260
Total Intragovernmental Assets	\$1,035	\$854,892	\$14,029	\$312	\$260

	Accrued Railroad Retirement Interchange	Accounts Payable (2)	SSI Receivables Owed to Treasury	Other Liabilities
Intragovernmental Liabilities:				
Department of Labor, 16				\$71
Department of the Treasury, 20			\$1,838	
General Services Administration, 47				91
Railroad Retirement Board, 60	\$3,587			
Other, 00		\$405		296
Total Intragovernmental Liabilities	\$3,587	\$405	\$1,838	\$458

	Exchange Revenue	Full Cost to Generate Revenue (3)	Non-Exchange Revenue (4)
Intragovernmental Revenues & Related Costs:			
Department of Agriculture, 12	\$14	\$(14)	
Department of Health and Human Services, 75	1	(1)	\$ 1,037
Department of Justice, 15	1	(1)	
Department of Labor, 16	1	(1)	
Department of the Treasury, 20	4	(4)	514,591
Railroad Retirement Board, 60			(3,738)
Other, 00			714
Total Intragovernmental Revenues & Related Costs	\$21	\$(21)	\$512,604

(1) Represents amounts due or received by the SSI/General Fund from the OASDI Trust Funds. Not eliminated due to compliance with FASAB Standard Number 1.

(2) \$51 million of Accounts Payable represents accrued SSI administrative expenses for prior FYs owed to LAE.

(3) SSA operates under the policy that reimbursable revenue received equals SSA's costs to provide goods and services.

(4) Following the "Intragovernmental Fiduciary Transactions Accounting Guide," dated 9/9/99, Imputed Financing Source is recorded as Department Code 00.

PROVIDING OFFICE

BUREAU OF PUBLIC DEBT
 PARKERSBURG, WV 26106-1328
 TELEPHONE: (304) 480-5150

STATEMENT OF ACCOUNT

ACCOUNT TITLE AND NUMBER

OLD AGE AND SURVIVORS INSURANCE
 TRUST FUND, 2820X8006

DESCRIPTION OF HOLDINGS AS OF: 9/30/99 INVESTED BALANCE: \$762,225,947,000.00

(Dollars in Millions)

Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<u>Bonds Maturing June 30, 2000</u>		<u>Bonds Maturing June 30, 2001</u>		<u>Bonds Maturing June 30, 2002</u>		<u>Bonds Maturing June 30, 2003</u>	
\$2,057	10.375%	\$2,240	9.250%	\$2,240	9.250%	\$5,912	9.250%
2,240	9.250%	7,100	8.750%	7,100	8.750%	7,100	8.750%
7,100	8.750%	1,302	8.625%	3,672	8.625%	3,611	8.125%
1,302	8.625%	2,370	8.375%	3,611	8.125%	3,575	7.375%
313	8.375%	3,611	8.125%	3,575	7.375%	3,962	7.250%
3,611	8.125%	3,575	7.375%	3,962	7.250%	3,372	7.000%
3,575	7.375%	3,962	7.250%	3,372	7.000%	3,975	6.875%
3,962	7.250%	3,372	7.000%	3,975	6.875%	2,431	6.500%
3,372	7.000%	3,975	6.875%	2,431	6.500%	3,151	6.250%
3,975	6.875%	2,431	6.500%	3,151	6.250%	6,694	6.000%
1,796	6.500%	3,151	6.250%	6,694	6.000%	6,169	5.875%
		6,694	6.000%	6,169	5.875%		
		6,169	5.875%				
<u>Bonds Maturing June 30, 2004</u>		<u>Bonds Maturing June 30, 2005</u>		<u>Bonds Maturing June 30, 2006</u>		<u>Bonds Maturing June 30, 2007</u>	
\$13,012	8.750%	\$13,012	8.750%	\$16,624	8.125%	\$20,199	7.375%
3,611	8.125%	3,611	8.125%	3,575	7.375%	3,962	7.250%
3,575	7.375%	3,575	7.375%	3,962	7.250%	3,372	7.000%
3,962	7.250%	3,962	7.250%	3,372	7.000%	3,975	6.875%
3,372	7.000%	3,372	7.000%	3,975	6.875%	2,431	6.500%
3,975	6.875%	3,975	6.875%	2,431	6.500%	3,151	6.250%
2,431	6.500%	2,431	6.500%	3,151	6.250%	6,694	6.000%
3,151	6.250%	3,151	6.250%	6,694	6.000%	6,169	5.875%
6,694	6.000%	6,694	6.000%	6,169	5.875%		
6,169	5.875%	6,169	5.875%				
<u>Bonds Maturing June 30, 2008</u>		<u>Bonds Maturing June 30, 2009</u>		<u>Bonds Maturing June 30, 2010</u>		<u>Bonds Maturing June 30, 2011</u>	
\$3,962	7.250%	\$27,312	7.250%	\$3,372	7.000%	\$33,114	7.000%
3,372	7.000%	3,372	7.000%	3,975	6.875%	3,975	6.875%
3,975	6.875%	3,975	6.875%	29,743	6.500%	6,694	6.000%
2,431	6.500%	2,431	6.500%	6,694	6.000%	6,169	5.875%
23,350	6.250%	6,694	6.000%	6,169	5.875%		
6,694	6.000%	6,169	5.875%				
6,169	5.875%						
<u>Bonds Maturing June 30, 2012</u>		<u>Bonds Maturing June 30, 2013</u>		<u>Bonds Maturing June 30, 2014</u>		<u>Certificates of Indebtedness Maturing June 30, 2000</u>	
\$37,090	6.875%	\$6,694	6.000%	\$49,953	6.000%	\$29,588	6.250%
6,694	6.000%	43,259	5.875%				
6,169	5.875%						

PROVIDING OFFICE

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STATEMENT OF ACCOUNT

ACCOUNT TITLE AND NUMBER

DISABILITY INSURANCE
TRUST FUND, 2820X8007

DESCRIPTION OF HOLDINGS AS OF: 9/30/99 INVESTED BALANCE: \$92,621,892,000.00

(Dollars in Millions)

Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<u>Bonds Maturing June 30, 2000</u>		<u>Bonds Maturing June 30, 2001</u>		<u>Bonds Maturing June 30, 2002</u>		<u>Bonds Maturing June 30, 2003</u>	
\$1,116	7.000%	\$1,116	7.000%	\$1,116	7.000%	\$175	8.750%
265	6.875%	265	6.875%	265	6.875%	1,116	7.000%
2,148	6.500%	2,148	6.500%	2,148	6.500%	265	6.875%
		1,612	6.000%	1,612	6.000%	2,148	6.500%
		916	5.875%	916	5.875%	1,438	6.000%
						916	5.875%
<u>Bonds Maturing June 30, 2004</u>		<u>Bonds Maturing June 30, 2005</u>		<u>Bonds Maturing June 30, 2006</u>		<u>Bonds Maturing June 30, 2007</u>	
\$719	8.750%	\$719	8.750%	\$869	8.125%	\$917	7.375%
150	8.125%	150	8.125%	48	7.375%	1,116	7.000%
48	7.375%	48	7.375%	1,116	7.000%	265	6.875%
1,116	7.000%	1,116	7.000%	265	6.875%	2,148	6.500%
265	6.875%	265	6.875%	2,148	6.500%	696	6.000%
2,148	6.500%	2,148	6.500%	696	6.000%	916	5.875%
696	6.000%	696	6.000%	916	5.875%		
916	5.875%	916	5.875%				
<u>Bonds Maturing June 30, 2008</u>		<u>Bonds Maturing June 30, 2009</u>		<u>Bonds Maturing June 30, 2010</u>		<u>Bonds Maturing June 30, 2011</u>	
\$1,116	7.000%	\$4,180	7.000%	\$4,446	6.875%	\$4,446	6.875%
265	6.875%	265	6.875%	696	6.000%	696	6.000%
3,064	6.500%	696	6.000%	916	5.875%	916	5.875%
696	6.000%	916	5.875%				
916	5.875%						
<u>Bonds Maturing June 30, 2012</u>		<u>Bonds Maturing June 30, 2013</u>		<u>Bonds Maturing June 30, 2014</u>		<u>Certificates of Indebtedness Maturing June 30, 2000</u>	
\$4,446	6.875%	\$696	6.000%	\$6,058	6.000%	\$4,284	6.250%
696	6.000%	5,362	5.875%				
916	5.875%						

Marketable U.S. Treasury Bonds

\$4 of 8.250% bonds due May 15, 2000 - 2005

\$10 of 7.625% bonds due February 15, 2002 - 2007

\$30 of 11.750% bonds due February 15, 2005 - 2010