

Key Financial Management Officials



Yvette S. Jackson

Deputy Commissioner for Finance, Assessment and Management

Key official responsible for Budget, Finance, Procurement and Quality Assurance



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Consolidated Balance Sheet as of September 30, 2000 and September 30, 1999

Assets	(Dollars in Millions)	
	2000	1999
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 90	\$ 1,035
Investments (Note 4)	1,007,226	854,892
Interest Receivable, Net (Note 5)	16,382	14,029
Accounts Receivable, Net (Notes 5 and 6)	501	286
Other	0	0
Total Intragovernmental	1,024,199	870,242
Accounts Receivable, Net (Notes 5 and 6)	4,696	4,271
Property, Plant and Equipment, Net (Note 7)	341	340
Other	0	4
Total Assets	1,029,236	874,857
Liabilities (Note 8)		
Intragovernmental:		
Accrued Railroad Retirement Interchange	3,096	3,587
Accounts Payable	1,906	1,957
Other	385	457
Total Intragovernmental	5,387	6,001
Benefits Due and Payable	39,646	37,106
Accounts Payable	231	285
Other	840	738
Total	46,104	44,130
Net Position (Note 9)		
Unexpended Appropriations	395	380
Cumulative Results of Operations	982,737	830,347
Total Net Position	983,132	830,727
Total Liabilities and Net Position	\$ 1,029,236	\$ 874,857

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

Consolidated Statement of Net Cost for the Years Ended
September 30, 2000 and 1999

	(Dollars in Millions)	
	2000	1999
OASI Program		
Benefit Payments	\$ 349,855	\$ 332,343
Operating Expenses	2,100	2,116
Total Cost of OASI Program	351,955	334,459
Less: Exchange Revenues (Notes 10 and 13)	8	7
Net Cost of OASI Program	351,947	334,452
DI Program		
Benefit Payments	54,691	50,355
Operating Expenses	1,604	1,611
Total Cost of DI Program	56,295	51,966
Less: Exchange Revenues (Notes 10 and 13)	6	5
Net Cost of DI Program	56,289	51,961
SSI Program		
Benefit Payments	34,170	31,390
Operating Expenses	2,672	2,630
Total Cost of SSI Program	36,842	34,020
Less: Exchange Revenues (Notes 10 and 13)	3,886	3,451
Net Cost of SSI Program	32,956	30,569
Other		
Benefit Payments	515	548
Operating Expenses	1,125	1,071
Total Cost of Other	1,640	1,619
Less: Exchange Revenues (Notes 10 and 13)	5	4
Net Cost of Other	1,635	1,615
Total Costs	\$ 446,732	\$ 422,064
Less: Total Exchange Revenue	3,905	3,467
Net Cost of Operations	\$ 442,827	\$ 418,597

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

Consolidated Statement of Changes in Net Position for the Years Ended
September 30, 2000 and 1999

	(Dollars in Millions)	
	2000	1999
Net Cost of Operations	\$ 442,827	\$ 418,597
Financing Sources (other than Exchange Revenues)		
Appropriations Used	33,454	30,885
Tax Revenues (Note 11)	501,707	462,657
Imputed Financing (Note 14)	291	288
Interest, Donations and Other Revenues	62,170	53,675
Transfers-In (Note 12)		
Trust Fund Draws and Other	1,010	941
SSI Receivables Recovered	1,410	1,332
Transfers-Out (Note 12)		
Trust Fund Draws and Other	(59)	0
Railroad Retirement Interchange	(3,207)	(3,738)
SSI Receivables Transferred to Treasury	(1,410)	(1,332)
SSI Administrative Fees Transferred to Treasury	(149)	(147)
Total Financing Sources	595,217	544,561
Net Results of Operations	152,390	125,964
Increase (Decrease) in Unexpended Appropriations	15	64
Change in Net Position	152,405	126,028
Net Position, Beginning Balance	830,727	704,699
Net Position, Ending Balance	\$ 983,132	\$ 830,727

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

Consolidated Statement of Budgetary Resources for the Years Ended
September 30, 2000 and 1999

	(Dollars in Millions)	
	2000	1999
Budgetary Resources Made Available (Note 15)		
Budget Authority	\$ 597,909	\$ 548,228
Unobligated Balances - Beginning of the Period	86	231
Spending Authority from Offsetting Collections	3,809	3,320
Temporarily Not Available and Adjustments	(149,684)	(124,516)
Total Budgetary Resources Made Available	452,120	427,263
Status of Budgetary Resources (Note 15)		
Obligations Incurred	451,779	426,916
Unobligated Balances - Available	319	307
Unobligated Balances - Not Available	22	40
Total Status of Budgetary Resources	452,120	427,263
Outlays		
Obligations Incurred	451,779	426,916
Less: Spending Authority	(3,803)	(3,333)
Obligated Balances - Beginning of the Period	40,699	40,756
Less: Obligated Balance - End of the Period	(42,610)	(40,699)
Total Outlays	\$ 446,065	\$ 423,640

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

Consolidated Statement of Financing for the Years Ended
September 30, 2000 and 1999

	(Dollars in Millions)	
	2000	1999
Obligations and Non-Budgetary Resources		
Obligations Incurred	\$ 451,779	\$ 426,916
Other Spending Authority	(3,803)	(3,333)
Imputed Financing	291	288
Transfers In (Out)	(5,322)	(5,391)
Exchange Revenue	(170)	(298)
Total Obligations and Non-Budgetary Resources	442,775	418,182
Resources Not Funding Net Cost of Operations		
Change in Undelivered Orders	(49)	(44)
Capitalized Costs	(1)	62
Financing Sources that Fund Costs of Prior Periods	(100)	(9)
Total Resources Not Funding Net Cost of Operations	(150)	9
Costs Not Requiring Resources		
Depreciation and Amortization	99	170
Other	(60)	(36)
Total Costs Not Requiring Resources	39	134
Financing Sources Yet to Be Provided	163	272
Net Cost of Operations	\$ 442,827	\$ 418,597

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, net cost, changes in net position, budgetary resources, and reconciliation of net cost to budgetary resources 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 and technical amendments. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB). 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. The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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, and Other. FY 2000 and 1999 BL Part B benefit payments were \$515 and \$548 million, respectively. Since the financial activity for BL Part B has become immaterial overall to the consolidated financial statements, they are no longer presented as a major program on any financial statements. Instead, BL financial activity has been combined with Other.

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 fund 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 payable from 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), credits 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 11, Tax Revenues).

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 10, 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 as specified by law.

Capitalized expenditures 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.

Reclassifications

Certain FY 1999 balances have been reclassified to conform to FY 2000 financial statement presentations, the effect of which is immaterial.

2

Fund Balance with Treasury

		<i>(In Millions)</i>	
		2000	1999
Trust Funds			
OASI	\$	(309)	\$ 151
DI		(62)	(36)
Appropriated Funds			
SSI		340	816
Other		121	104
Total	\$	90	\$ 1,035

Categories of Funds

		<i>(In Millions)</i>			
		Obligated	Not	Deposit &	Total
		Not Paid	Obligated	Expended	Receipt
2000					
OASI	\$	\$	\$ (309)	\$	\$ (309)
DI					(62)
SSI		271	53	16	340
Other:					
BL		43	7		50
Misc.				71	71
Total	\$	314	\$ 60	\$ (371)	\$ 87
				\$	\$ 90

		<i>(In Millions)</i>			
		Obligated	Not	Deposit &	Total
		Not Paid	Obligated	Expended	Receipt
1999					
OASI	\$	\$	\$ 151	\$	\$ 151
DI				(36)	(36)
SSI		542	261	13	816
Other:					
BL		49	1		50
Misc.				54	54
Total	\$	591	\$ 262	\$ 115	\$ 67
				\$	\$ 1,035

The fund balance with Treasury, shown on the Balance Sheet, represents the total of all of SSA's undisbursed account balances with the Department of Treasury. Other fund types consist of deposit funds and receipt accounts.

Transfers between the Trust Funds and Treasury are managed to favor the financial position of the Trust Funds. Therefore, investments held by the Trust Funds are liquidated only as needed by Treasury to cover benefit payment checks. The negative fund balances reported for the Trust Funds are the result of the policy to protect the Trust Fund investments by not liquidating the investments until the cash is needed. To maintain consistency with Treasury year-end reporting requirements, the Trust Fund balances were not reclassified as liabilities on the Balance Sheet.

3 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.

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. Pursuant to Public Law 99-335, FERS went into effect on January 1, 1987. Employees hired after December 31, 1983 are automatically covered by FERS while employees hired

prior to that date 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 \$156.6 and \$158.4 million for FY 2000 and 1999, respectively. SSA contributions to FERS were \$123.1 and \$108.5 million for FY 2000 and 1999, respectively. In addition, SSA contributions to the FERS savings plan were \$45.9 and \$40.9 million for FY 2000 and 1999, 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.

4 Investments

Trust fund balances not required to meet current expenditures are invested on a daily basis in interest-bearing obligations of the U.S. Government. Trust fund balances may be invested only 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 and for which interest is computed semi-annually (June and December). They are 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.

Treasury's methodology uses an average market yield to calculate interest rates for non-marketable Treasury securities, including the Social Security Trust Funds. Investments held for the trust funds mature at various dates ranging from the present to the year 2015. The interest rates on these investments range from 5 7/8 percent to 11 3/4 percent.

	<i>(In Millions)</i>	
	2000	1999
Special Issue U.S. Treasury Securities	\$ 1,007,186	\$ 854,848
U.S. Treasury Bonds - Carrying value	40	44
Total Investments	\$ 1,007,226	\$ 854,892

5

Interest and Accounts Receivables

Interest Receivable

Intragovernmental receivables consist primarily of accrued interest receivable on investments. These were \$16,382 and \$14,029 million on trust fund investments with the U.S. Treasury for the period June 30 through September 30, 2000 and 1999, respectively.

Accounts Receivable

Intragovernmental

Intragovernmental accounts receivable consist primarily of \$255 million to be transferred to the OASI and DI trust funds from the Department of Defense for military service wage credits and \$195 million of pending collections from retroactive OASI and DI benefit payments for SSI benefit payments paid for the same period (See Note 6, Non-Entity Assets). Intragovernmental accounts receivable for Other is also discussed in Note 6, Non-Entity Assets.

With the Public

Accounts receivable with the public 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. The SSI State Supplementation overpayment amount due from beneficiaries is presented as SSI while the Federal portion of SSI overpayments is presented as Other. The BL receivable is also presented as Other. See Note 6, Non-Entity Assets, for a discussion of the SSI Federal overpayments presented as Other.

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

Accounts Receivable by Major Program:

2000 (In Millions)	Gross Rec.	Allowance for Doubtful Accts.	Net Rec.
OASI	\$ 1,710	\$ (109)	\$ 1,601
DI	2,264	(944)	1,320
SSI	501	(64)	437
Other*	3,134	(1,295)	1,839
All Programs	\$ 7,609	\$ (2,412)	\$ 5,197
Accounts Receivable net of intra-agency eliminations.			
*See Note 6, Non-Entity Assets			

1999 (In Millions)	Gross Rec.	Allowance for Doubtful Accts.	Net Rec.
OASI	\$ 1,457	\$ (111)	\$ 1,346
DI	1,886	(764)	1,122
SSI	332	(84)	248
Other*	2,851	(1,010)	1,841
All Programs	\$ 6,526	\$ (1,969)	\$ 4,557
Accounts Receivable net of intra-agency eliminations.			
*See Note 6, Non-Entity Assets			

6

Non-Entity Assets

SSA's Non-Entity Assets consist of SSI benefit overpayments classified as accounts receivable. 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 benefit or administrative costs. Accordingly, they are classified as non-entity assets and also presented as Other.

The Intragovernmental Accounts Receivable portion of SSA's non-entity assets represents the offset of retroactive OASI and DI benefits if a beneficiary received SSI payments for the same period. Prior to July 1, 1981, a beneficiary eligible for SSI and OASI or DI, whose OASI and DI benefit payments were delayed and resulted in retroactive benefits, could receive full payment under both programs for the same months. To prevent this windfall,

Public Law 96-265 (Disability Amendments of 1980) contained a provision that requires SSA to offset retroactive OASI and DI benefits.

	<i>(In Millions)</i>	
	2000	1999
Intragovernmental:		
Accounts Receivable - Other	\$ 195	\$ 260
Total Intragovernmental	195	260
Accounts Receivable - Other	1,640	1,578
 Total	 \$ 1,835	 \$ 1,838

7

Property, Plant and Equipment

SSA's property, plant and equipment are 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.

For FY 1999, the Balance Sheet contains a reclassification of \$48 million for multi-contract purchases of information technology software and hardware. This capital asset was moved from Other Assets to Property, Plant and Equipment, Net.

2000	<i>(In Millions)</i>		
	Cost	Accum. Deprec	Book Value
Major Classes:			
Land	\$ 5	--	\$ 5
Buildings	350	\$ (155)	195
Equipment (incl. ADP Hardware and Software)	264	(162)	102
Leasehold Improvements	111	(72)	39
Total	<u>\$ 730</u>	<u>\$ (389)</u>	<u>\$ 341</u>

1999	<i>(In Millions)</i>		
	Cost	Accum. Deprec	Book Value
Major Classes:			
Land	\$ 5	--	\$ 5
Buildings	345	\$ (147)	198
Equipment (incl. ADP Hardware and Software)	233	(137)	96
Leasehold Improvements	101	(60)	41
Total	<u>\$ 684</u>	<u>\$ (344)</u>	<u>\$ 340</u>

	Estim. Life*	Deprec Method**
Land	N/A	--
Buildings	>20	SL
Equipment	6-10	MSL
Leasehold Improvements	>20	SL

* Estimated Useful Life ** Method of Depreciation

1-5	1 to 5 years	SL	Straight Line
6-10	6 to 10 years	MSL	Modified Straight Line
11-20	11 to 20 years		(Cost by Property Office
>20	over 20 years		Code divided by 12)

8

Liabilities

2000	<i>(In Millions)</i>		
	Covered	Not Covered	Total
Intragovernmental:			
Accrued RR Retirement Inter	\$ 3,096	\$ -	\$ 3,096
Accounts Payable	70	1,836	1,906
Other	27	358	385
Total Intragovernmental	3,193	2,194	5,387
Benefits Due and Payable	38,706	940	39,646
Accounts Payable	231	0	231
Other	360	480	840
Total	<u>\$ 42,490</u>	<u>\$ 3,614</u>	<u>\$ 46,104</u>

1999	<i>(In Millions)</i>		
	Not		Total
	Covered	Covered	
Intragovernmental:			
Accrued RR Retirement Inter	\$ 3,587	\$ -	\$ 3,587
Accounts Payable	119	1,838	1,957
Other	200	257	457
Total Intragovernmental	3,906	2,095	6,001
Benefits Due and Payable	36,110	996	37,106
Accounts Payable	285	0	285
Other	276	462	738
Total	\$ 40,577	\$ 3,553	\$44,130

Liabilities Covered by Budgetary Resources

Accrued Railroad Retirement Interchange

The Accrued Railroad Retirement Interchange represents an accrued liability due the Railroad Retirement Board (RRB) for the annual interchange from the OASI and DI Trust Funds. Refer to Note 12, Intra-Governmental Financing Sources, for a description of the RRB transfer.

Accounts Payable

Intragovernmental Accounts Payable consist of amounts due Federal agencies for goods received or services rendered.

Other Liabilities

SSA's Other Liabilities is comprised of accrued payroll, lease liability for purchase contract buildings, and unapplied deposit funds.

Benefits Due and Payable

Benefits Due and Payable for SSA's major programs as of September 30, 2000 and 1999 are shown in the table below. These amounts include an estimate for unadjudicated cases that will be payable in the future. Except for the SSI program, the unadjudicated cases are covered by budgetary resources.

	<i>(In Millions)</i>	
	2000	1999
OASI	\$ 31,004	\$ 29,017
DI	7,352	6,684
SSI	1,247	1,360
Other	43	45
Total	\$ 39,646	\$ 37,106

Liabilities Not Covered by Budgetary Resources

Accounts Payable

Included in Intragovernmental Accounts Payable not covered by budgetary resources 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, Non-Entity Assets, for a description of the SSI receivables established for the repayment of SSI benefit overpayments.

Other Liabilities

The Federal Employees' Compensation Act (FECA), administered by the Department of Labor, provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or 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 \$44 and \$40 million as of September 30, 2000 and 1999, respectively. The non-current portion of FECA actuarial liability is comprised of claims that will be paid more than two years in the future. The non-current portion, of \$239 and \$185 million as of September 30, 2000 and 1999, 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.

Contingent Liabilities

Class action suits have been filed against SSA, which may affect major client populace. These suits 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.

9 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.

10 Exchange Revenues

Revenue from exchange transactions is recognized when goods and services are provided. Total exchange revenue was \$3,905 and \$3,467 million for FY 2000 and 1999, respectively. SSA 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 \$3,640 and \$3,219 million for FY 2000 and 1999, respectively. SSA is reimbursed by the States in full and earned administration fee revenue in the amount of \$236 and \$222 million for FY 2000 and 1999, respectively. In addition, SSA earned \$29 and \$26 million in other exchange revenue in FY 2000 and 1999, respectively. The goods and services provided in these transactions are priced so that charges do not exceed the Agency's cost.

11 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.

Other tax revenues include certain military wage credits, Taxation of Social Security Benefits and FICA/SECA tax credits. The amounts for estimated employment taxes, adjustments for actual taxes payable, and refunds as well as other tax revenues are contained in the following table.

	<i>(In Millions)</i>	
	2000	1999
Estimated Employment		
Taxes Credited to SSA	\$ 486,227	\$ 451,904
Adjustments	3,999	1,234
Refunds	(2,015)	(1,548)
Employment Tax Revenues	488,211	451,590
Other Tax Revenues	13,496	11,067
Total Tax Revenues	\$ 501,707	\$ 462,657

12 Intra-Governmental Financing Sources

SSA receives financing sources that are other than Exchange and Non-Exchange Revenue that increase net results of operations during the reporting period. The most 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 2000 and 1999, respectively, \$998 and \$953 million were drawn down 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 \$3.2 and \$3.7 billion for FY 2000 and 1999, respectively. The accrued liability of \$3.1 and \$3.6 billion for FY 2000 and 1999, 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 makes the payments to the qualifying railroad workers on behalf of SSA. SSA compensated RRB in the amount of \$1.1 and \$1.0 billion for FY 2000 and 1999, 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 \$1.4 and \$1.3 billion for FY 2000 and 1999, 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 \$149 and \$147 million for FY 2000 and 1999, respectively.

13 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.

2000 (In Millions)			
	Gross Cost	Less Earned Revenue	Net Cost
Social Security	\$ 408,250	\$ (14)	\$ 408,236
Income Security	37,361	(3,886)	33,475
Medicare	1,121	(5)	1,116
Total	\$ 446,732	\$ (3,905)	\$ 442,827

1999 (In Millions)			
	Gross Cost	Less Earned Revenue	Net Cost
Social Security	\$ 386,425	\$ (12)	\$ 386,413
Income Security	34,572	(3,451)	31,121
Medicare	1,067	(4)	1,063
Total	\$ 422,064	\$ (3,467)	\$ 418,597

14 Imputed Financing

The Statement of Net Cost recognizes post-employment benefit expenses, as a portion of operating expenses, of \$570 and \$555 million for FY 2000 and 1999, 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 \$291 and \$288 million for FY 2000 and 1999, respectively. The imputed financing source represents annual service cost not paid by SSA.

15 Status of Budgetary Resources

SSA's obligations incurred consist of expended authority, recoveries of prior year obligations and the change in undelivered orders. The net amount of budgetary resources obligated for undelivered orders as of September 30, 2000 and 1999 are \$745 and \$696 million, respectively.

During FY 2000, adjustments were made to SSA's budgetary resources to increase the indefinite authority for the SSI appropriation for \$2,575 million. The

reapportionment assured that adequate funding would be available for the remainder of the fiscal year.

Trust Fund Receipts, Obligations and Balances

All Trust Fund receipts collected in the FY are reported as new budget authority in the Statement of Budgetary Resources. As beneficiaries pass the various entitlement tests prescribed by the Social Security Act, benefit payments and other outlays are obligated in the Trust Funds. The portion of Trust Fund receipts collected in the FY that exceeds the amount needed to pay benefits and other valid obligations in that FY is precluded by law from being available for obligation. This excess of receipts over obligations is reported as Temporarily Not Available in the Statement of Budgetary Resources and, therefore, is not classified as budgetary resources in the FY collected. However, all such excess receipts are assets of the Trust Funds and will become available for obligation as needed in the future. The entire Trust Fund balances in the amounts of \$965,170 and \$815,458 million as of September 30, 2000 and 1999, respectively, are included in Investments on the Balance Sheet.

The following table presents Trust Fund activities and balances for fiscal years 2000 and 1999:

	<i>(In Millions)</i>	
	2000	1999
Trust Fund Balance, Beginning	\$ 815,458	\$ 690,927
Receipts	563,245	516,259
Less Obligations	413,533	391,728
Excess of Receipts Over Obligations	149,712	124,531
Trust Fund Balance, Ending	\$ 965,170	\$ 815,458

In FY 1999, SSA reported beginning and ending Trust Fund balances in the Statement of Budgetary Resources as Unobligated Balances - Beginning of the Period and Unobligated Balances - Available, respectively. SSA has reclassified these amounts so that the Statement of Budgetary Resources for FY 1999 is consistent with that for FY 2000.

Balance Sheet by Major Program as of September 30, 2000

Assets	(Dollars in Millions)					
	OASI	DI	SSI	Other	Intra-Agency Eliminations	Consolidated
Intragovernmental:						
Fund Balance with Treasury	\$ (309)	\$ (62)	\$ 340	\$ 121		\$ 90
Investments	893,519	113,707	0	0		1,007,226
Interest Receivable, Net	14,603	1,779	0	0		16,382
Accounts Receivable, Net	31,578	7,629	0	195	\$ (38,901)	501
Other	0	157	220	2	(379)	0
Total Intragovernmental	939,391	123,210	560	318	(39,280)	1,024,199
Accounts Receivable, Net	1,334	1,281	437	1,644		4,696
Property, Plant and Equip., Net	190	151	0	0		341
Other	0	0	0	0		0
Total Assets	940,915	124,642	997	1,962	(39,280)	1,029,236
Liabilities						
Intragovernmental:						
Accrued RRI	3,091	5	0	0		3,096
Accounts Payable	31,317	7,612	41	1,837	(38,901)	1,906
Other	411	25	309	19	(379)	385
Total Intragovernmental	34,819	7,642	350	1,856	(39,280)	5,387
Benefits Due and Payable	31,004	7,352	1,247	43		39,646
Accounts Payable	9	8	209	5		231
Other	218	175	303	144		840
Total	66,050	15,177	2,109	2,048	(39,280)	46,104
Net Position						
Unexpended Appropriations	0	0	332	63		395
Cumulative Results of Operations	874,865	109,465	(1,444)	(149)		982,737
Total Net Position	874,865	109,465	(1,112)	(86)		983,132
Total Liabilities and Net Position	\$ 940,915	\$ 124,642	\$ 997	\$ 1,962	\$ (39,280)	\$ 1,029,236

Schedule of Changes in Net Position for the Year Ended September 30, 2000

	(Dollars in Millions)					
	OASI	DI	SSI	Other	Intra-Agency Eliminations	Consolidated
Net Cost of Operations	\$ 351,947	\$ 56,289	\$ 32,956	\$ 1,635		\$ 442,827
Financing Sources (other than Exchange Revenues)						
Appropriations Used	0	0	32,921	533		33,454
Tax Revenues	430,914	70,793	0	0		501,707
Imputed Financing	78	62	105	46		291
Interest, Donations and Other Revenues	55,561	6,609	0	0		62,170
Transfers-In						
Trust Fund Draws and Other	351,239	56,475	0	999	\$ (407,703)	1,010
SSI Receivables Recovered	0	0	0	1,410		1,410
Transfers-Out						
Trust Fund Draws and Other	(351,290)	(56,472)	0	0	407,703	(59)
Railroad Retirement Interchange	(3,177)	(30)	0	0		(3,207)
SSI Receivables Transferred to Treasury	0	0	0	(1,410)		(1,410)
SSI Administrative Fees Transferred to Treasury	0	0	(149)	0		(149)
Total Financing Sources	483,325	77,437	32,877	1,578		595,217
Net Results of Operations	131,378	21,148	(79)	(57)		152,390
Increase (Decrease) in Unexpended Appropriations	0	0	10	5		15
Change in Net Position	131,378	21,148	(69)	(52)		152,405
Net Position, Beginning Balance	743,487	88,317	(1,043)	(34)		830,727
Net Position, Ending Balance	\$ 874,865	\$ 109,465	\$ (1,112)	\$ (86)	\$ 0	\$ 983,132

Schedule of Financing for the Year Ended September 30, 2000

	(Dollars in Millions)				
	OASI	DI	SSI	Other	Consolidated
Obligations and Non-Budgetary Resources					
Obligations Incurred	\$ 356,793	\$ 56,740	\$ 36,664	\$ 1,582	\$ 451,779
Other Spending Authority	0	0	(3,747)	(56)	(3,803)
Imputed Financing	78	62	105	46	291
Transfers In (Out)	(4,872)	(301)	(149)	0	(5,322)
Exchange Revenue	(8)	(162)	0	0	(170)
Total Obligations and Non-Budgetary Resources	351,991	56,339	32,873	1,572	442,775
Resources Not Funding Net Cost of Operations					
Change in Undelivered Orders	(39)	(26)	5	11	(49)
Capitalized Costs	0	(1)	0	0	(1)
Financing Sources that Fund Costs of Prior Periods	0	(22)	(78)	0	(100)
Total Resources Not Funding Net Cost of Operations	(39)	(49)	(73)	11	(150)
Costs Not Requiring Resources					
Depreciation and Amortization	27	21	35	16	99
Other	(49)	(36)	0	25	(60)
Total Costs Not Requiring Resources	(22)	(15)	35	41	39
Financing Sources Yet to Be Provided	17	14	121	11	163
Net Cost of Operations	\$ 351,947	\$ 56,289	\$ 32,956	\$ 1,635	\$ 442,827

Required Supplementary Information: Schedule of Budgetary Resources
as of September 30, 2000

	(Dollars in Millions)				
	OASI	DI	SSI	Other	Consolidated
Budgetary Resources Made Available					
Budget Authority	\$ 485,939	\$ 77,306	\$ 33,147	\$ 1,517	\$ 597,909
Unobligated Balances - Beginning of the Period	0	0	42	44	86
Spending Authority from Offsetting Collections	0	0	3,739	70	3,809
Temporarily Not Available and Adjustments	(129,146)	(20,566)	10	18	(149,684)
Total Budgetary Resources Made Available	356,793	56,740	36,938	1,649	452,120
Status of Budgetary Resources					
Obligations Incurred	356,793	56,740	36,664	1,582	451,779
Unobligated Balances - Available	0	0	264	55	319
Unobligated Balances - Not Available	0	0	10	12	22
Total Status of Budgetary Resources	356,793	56,740	36,938	1,649	452,120
Outlays					
Obligations Incurred	356,793	56,740	36,664	1,582	451,779
Less: Spending Authority	0	0	(3,747)	(56)	(3,803)
Obligated Balances - Beginning of the Period	32,804	7,111	544	240	40,699
Less: Obligated Balance - End of the Period	(34,440)	(7,653)	(271)	(246)	(42,610)
Total Outlays	\$ 355,157	\$ 56,198	\$ 33,190	\$ 1,520	\$ 446,065

Required Supplementary Information: Intragovernmental Amounts
as of September 30, 2000

	(Dollars in Millions)			
	Fund Balance with Treasury	Investments	Interest Receivable, Net	Accounts Receivable, Net
Intragovernmental Assets				
Department of the Treasury	\$90	\$1,007,226	\$16,382	
Other				\$501
Total Intragovernmental Assets	\$90	\$1,007,226	\$16,382	\$501
	Accrued Railroad Retirement Interchange	Accounts Payable	Other Liabilities	
Intragovernmental Liabilities				
Department of the Treasury, General Fund		\$1,748		
Railroad Retirement Board	\$3,096			
Other		158	\$385	
Total Intragovernmental Liabilities	\$3,096	\$1,906	\$385	
	Non-Exchange Revenue			
	Transfers-In	Transfers-Out		
Intragovernmental Revenues:				
Department of the Treasury	(\$11)			
Railroad Retirement Board		\$3,207		
Department of Health and Human Services	(999)			
Total Intragovernmental Revenues:	(\$1,010)	\$3,207		