

Financial Statements of the United States Government for the Years Ended September 30, 2006, and September 30, 2005

Statements of Net Cost

These statements present the net cost of fiscal years 2006 and 2005 Government operations, which include the operations related to earmarked funds, funds financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. For the purposes of this document, “Government” refers to the United States Government. It categorizes costs by Chief Financial Officer Act entities and other significant entities. Costs and earned revenues are generally presented by department on an accrual basis, while the budget presents costs and revenues by obligations and outlays generally on a cash basis. In the Statements of Net Cost, the costs and earned revenues are divided between the corresponding departments and entities mentioned above, providing greater accountability by showing the relationship of the agencies’ net cost to the Governmentwide net cost. 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 control of the Federal Government.

These statements contain the following three components:

- Gross cost—This is the full cost of all the departments and entities. These costs are assigned on a cause-and-effect basis, or reasonably allocated to the corresponding departments and entities.
- Earned revenue—This is revenue the Government earned by providing goods and services to the public at a price.
- Net cost—This is computed by subtracting earned revenue from gross cost.

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 and reflected in the costs of their user agencies. 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. Health and pension benefits that are not reported in the individual agency statements have been allocated out of OPM to the agencies. The interest on securities issued by the Department of the Treasury (Treasury) held by the public is part of Treasury’s responsibilities, but because of its importance, and the dollar amounts, 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 earmarked fund operations. They include unearned revenues that are generated principally by the Government’s sovereign power to tax, levy duties, and assess fines and penalties. These statements also cover the cost of Government operations, net of revenue earned from the sale of goods and services to the public (earned revenues). They further include any adjustments and unreconciled transactions that affect the net position.

Revenue

Individual income tax and tax withholdings include Federal Insurance Contributions Act (FICA)/Self-Employment Contributions Act (SECA) taxes and other taxes including payroll taxes collected from other agencies. These taxes are characterized as “unearned” 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 are also characterized as “unearned” revenue.

Miscellaneous earned revenues consist of earned revenues received from the public with virtually no associated cost. Therefore, unlike other earned revenues, miscellaneous earned revenues are not subtracted from gross cost to derive net cost. It also includes rents and royalties on the Outer Continental Shelf Lands resulting from the leasing and development of mineral resources on public lands.

Earmarked revenues are from specifically identified “earmarked” activities during the year. 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. Refer to Note 20—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 included in Note 10, 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 (which is gross cost 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, as well as contributions to earmarked funds made by Federal agencies on behalf of their employees, beneficiaries, or others.

Other-Unmatched Transactions and Balances

Unmatched transactions and balances are adjustments needed to bring the change in net position into balance due to unreconciled differences, agency reporting errors, and timing differences in the consolidated financial statements. Refer to Note 1—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. Refer to Note 1B—Basis of Accounting and Revenue Recognition, and Note 17—Prior Period Adjustments-Corrections of Errors 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 shown separately.

Reconciliations of Net Operating Cost and Unified Budget Deficit

The purpose of the reconciliation is to report how the proprietary net operating cost and the unified budget deficit relate to each other. The premise of the reconciliation is that the accrual and budgetary accounting bases share transaction data.

These statements report the reconciliation of the results of operations (net operating cost) on the Statements of Operations and Changes in Net Position to the unified budget deficit in the President's budget.

Receipts and outlays in the President's budget are measured primarily on a cash basis and differ from the basis of accounting measures used in the *Financial Report*. 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 differed.

Components of Net Operating Cost Not Part of the Budget Deficit

This information includes the operating components, such as the changes of benefits payable for veterans, military and civilian employees, and 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, changes in accounts and taxes receivable, and increases in other assets not included in the operating results. These items are typically part of the balance sheets only, and are not part of the operating results. All Other Reconciling Items represent the net difference that is needed to balance this statement to the unified budget deficit.

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 operating cash balance 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 operating cash balance.

These statements reconcile the unified budget deficit to the change in operating cash during the fiscal year and explain how the budget deficits (fiscal years 2006 and 2005) were financed. A budget deficit is the result of outlays (expenditures) exceeding receipts (revenue) during a particular fiscal year.

In depicting how the unified budget deficits were financed, these statements show that in fiscal years 2006 and 2005, the greatest amounts were net new borrowings from the public. Other transactions also required cash disbursements and are not part of the repayments of the debt. These other transactions, such as the payment of interest on debt held by the public, required cash payments and contributed to the use of cash. These statements show the differences between accrual and cash budgetary basis, mainly because of timing differences in the financial statements.

Balance Sheets

The balance sheets show the Government's assets and liabilities. When combined with stewardship information, this information presents a more comprehensive understanding of the Government's financial position. All of the line items on the balance sheets are described in the Notes to the Financial Statements. 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; inventories; and loans receivable. 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, and set monetary policy.

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 and social insurance 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 and are disclosed in the Supplemental Information—Social Insurance 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 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. Note 23—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.

Each of the social insurance programs has an associated trust fund to account for its activity. The collection of earmarked taxes and other earmarked revenue is credited to the corresponding trust 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 the 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 20—Earmarked Funds and Note 21—Dedicated Collections. That note also contains information about trust fund receipts, disbursements, and assets.

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 18—Contingencies and Note 19—Commitments.

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.

Statements of Social Insurance

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), the Department of Health and Human Services (HHS), the Railroad Retirement Board (RRB), and the Department of Labor (DOL), respectively. The estimates are actuarial present values¹ of the projections and are based on the economic and demographic assumptions representing the trustees' best estimates as set forth in the relevant Social Security and Medicare trustees' reports and in the relevant agency performance and accountability reports for the Railroad Retirement Board and the Department of Labor (Black Lung).

¹ Present values recognize that a dollar paid or collected next year is worth less than a dollar today, because a dollar today could be saved and earn a year's worth of interest. To calculate a present value, future amounts are thus reduced using an assumed interest rate, and those reduced amounts are summed.

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**United States Government
Statements of Net Cost
for the Years Ended September 30, 2006, and September 30, 2005**

	Gross Cost	Earned Revenue	Net Cost	Gross Cost	Earned Revenue	Net Cost
	2006			2005		
(In billions of dollars)						
Department of Defense	658.0	24.1	633.9	703.9	26.9	677.0
Department of Health & Human Services.....	678.8	51.4	627.4	623.4	39.6	583.8
Social Security Administration	593.1	0.3	592.8	572.1	(2.0)	574.1
Interest on Treasury Securities held by the public.....	221.5	-	221.5	181.2	-	181.2
Department of Veterans Affairs	117.3	3.5	113.8	276.6	3.4	273.2
Department of Agriculture.....	109.0	11.4	97.6	112.6	19.9	92.7
Department of Education.....	97.3	4.7	92.6	75.6	4.7	70.9
Department of the Treasury.....	85.5	4.1	81.4	82.3	3.1	79.2
Department of Transportation.....	66.6	0.6	66.0	62.4	0.6	61.8
Department of Energy	70.9	5.1	65.8	46.8	3.7	43.1
Department of Homeland Security	63.4	6.8	56.6	74.6	6.7	67.9
Department of Labor.....	48.2	-	48.2	50.0	-	50.0
Department of Housing and Urban Development.....	43.0	1.0	42.0	43.6	1.3	42.3
Department of Justice.....	28.6	1.0	27.6	27.3	0.8	26.5
Office of Personnel Management.....	34.8	15.1	19.7	33.1	14.4	18.7
National Aeronautics and Space Administration	19.2	-	19.2	16.5	0.1	16.4
Department of the Interior.....	20.0	2.9	17.1	19.5	3.2	16.3
Department of State	16.0	2.2	13.8	15.6	2.0	13.6
Agency for International Development	10.5	0.1	10.4	13.0	0.2	12.8
Environmental Protection Agency	9.9	0.3	9.6	9.3	0.4	8.9
Department of Commerce	9.9	1.7	8.2	9.2	1.5	7.7
Federal Communications Commission.....	7.9	0.3	7.6	7.2	0.6	6.6
Railroad Retirement Board.....	12.1	5.0	7.1	9.5	-	9.5
National Science Foundation.....	5.7	-	5.7	5.5	-	5.5
Federal Deposit Insurance Corporation	1.8	0.1	1.7	1.4	0.2	1.2
Small Business Administration.....	1.7	0.3	1.4	1.4	0.4	1.0
U.S. Nuclear Regulatory Commission.....	1.0	0.6	0.4	0.9	0.5	0.4
General Services Administration	0.9	0.5	0.4	0.2	0.4	(0.2)
National Credit Union Administration.....	0.2	0.1	0.1	0.1	0.2	(0.1)
Tennessee Valley Authority.....	9.5	10.0	(0.5)	8.6	8.7	(0.1)
Export-Import Bank of the United States	-	1.3	(1.3)	(0.2)	2.5	(2.7)
Pension Benefit Guaranty Corporation	(0.5)	3.8	(4.3)	5.1	4.3	0.8
U.S. Postal Service	58.9	71.6	(12.7)	56.0	68.9	(12.9)
All other entities	27.0	(3.5)	30.5	30.3	7.6	22.7
Total	3,127.7	226.4	2,901.3	3,174.6	224.8	2,949.8

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, 2006, and September 30, 2005

(In billions of dollars)	Non- Earmarked Funds	Earmarked Funds	2006 Consolidated	2005 Consolidated (Restated)
Revenue:				
Individual income tax and tax withholdings	1,045.7	800.4	1,846.1	1,690.1
Corporation income taxes.....	350.0	-	350.0	271.8
Unemployment taxes	-	41.4	41.4	40.0
Excise taxes.....	24.5	49.6	74.1	71.0
Estate and gift taxes	27.4	-	27.4	24.7
Customs duties	24.7	-	24.7	22.0
Other taxes and receipts.....	42.8	17.2	60.0	46.7
Miscellaneous earned revenues.....	17.1	-	17.1	19.2
Intragovernmental interest.....	-	185.3	185.3	-
Total revenue.....	<u>1,532.2</u>	<u>1,093.9</u>	<u>2,626.1</u>	<u>-</u>
Eliminations.....			(185.3)	-
Consolidated revenue.....			<u>2,440.8</u>	<u>2,185.5</u>
Net Cost:				
Net cost.....	1,635.1	1,266.2	2,901.3	2,949.8
Intragovernmental interest.....	185.3	-	185.3	-
Total net cost	<u>1,820.4</u>	<u>1,266.2</u>	<u>3,086.6</u>	<u>-</u>
Eliminations.....			(185.3)	
Consolidated net cost			<u>2,901.3</u>	<u>2,949.8</u>
Intragovernmental transfers	(344.3)	344.3	-	-
Other--Unmatched transactions and balances (Note 1)	11.0	-	11.0	4.1
Net Operating (Cost)/Revenue	<u>(621.5)</u>	<u>172.0</u>	<u>(449.5)</u>	<u>(760.2)</u>
Net position, beginning of period	(8,714.1)	247.2	(8,466.9)	(7,709.8)
Prior period adjustments--corrections of errors (Note 17 and Note 26).....	-	-	-	2.9
Other prior period adjustments (Note 17)	-	-	-	0.2
Net Operating (Cost)/Revenue	(621.5)	172.0	(449.5)	(760.2)
Net position, end of period	<u>(9,335.6)</u>	<u>419.2</u>	<u>(8,916.4)</u>	<u>(8,466.9)</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, 2006, and September 30, 2005

(In billions of dollars)	2006	2005 (Restated)
Net operating cost	(449.5)	(760.2)
Components of Net Operating Cost Not Part of the Budget Deficit:		
Increase (decrease) in Liability for Military Employee Benefits (Note 11):		
Increase in military pension liabilities	71.7	57.7
Increase in military health liabilities	3.3	108.6
(Decrease) Increase in other military benefits	(0.3)	3.3
Increase in liability for military employee benefits	74.7	169.6
Increase (Decrease) in Liability for Veterans Compensation (Note 11):		
Increase in liabilities for veterans	45.4	150.1
(Decrease) Increase in liabilities for survivors	(14.3)	47.2
Increase in liabilities for burial benefits	0.1	0.5
Increase in liability for veteran's compensation	31.2	197.8
Increase in Liabilities for Civilian Employee Benefits (Note 11):		
Increase in civilian pension liabilities	75.2	43.6
Increase in civilian health liabilities	4.5	24.6
Increase (Decrease) in other civilian benefits	1.6	(5.9)
Increase in liabilities for civilian employee benefits	81.3	62.3
Increase in Environmental Liabilities (Note 12):		
Increase in Energy's environmental liabilities	40.5	8.1
Increase in all others' environmental liabilities	4.9	2.5
Increase in environmental liabilities	45.4	10.6
Depreciation expense	82.9	79.7
Property, plant, and equipment disposals and revaluations	2.4	(43.7)
Increase in benefits due and payable	12.3	14.1
(Decrease) Increase in insurance programs	(20.4)	31.0
Increase in other liabilities	21.1	15.1
Seigniorage and sale of gold	(0.7)	(0.8)
(Decrease) Increase in accounts payable	(9.5)	7.8
(Increase) in accounts and taxes receivable	(2.7)	(9.7)
Components of the Budget Deficit Not Part of Net Operating Cost:		
Capitalized Fixed Assets:		
Department of Defense	(76.4)	(28.3)
Civilian Agencies	(27.3)	(25.1)
Total Capitalized Fixed Assets	(103.7)	(53.4)
(Increase) in inventory	(9.3)	(10.5)
(Increase) in Securities and Investments	(6.4)	(16.2)
Decrease (Increase) in other assets	0.5	(5.0)
Principal repayments of precredit reform loans	3.5	(2.2)
All Other Reconciling Items	(0.8)	(4.8)
Unified budget deficit	(247.7)	(318.5)

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, 2006, and September 30, 2005

(In billions of dollars)	2006	2005
Unified budget deficit	(247.7)	(318.5)
Adjustments for Noncash Outlays Included in the Budget:		
Interest accrued by Treasury on debt held by the public.....	(177.6)	(154.4)
Subsidy expense (Note 4)	34.3	14.4
Items Affecting the Cash Balance Not Included in the Budget:		
<i>Net Transactions from Financing Activity:</i>		
Repayment of debt held by the public	4,248.5	4,317.4
Borrowings from the public	(4,485.5)	(4,614.1)
Total	(237.0)	(296.7)
<i>Net Transactions from Monetary Activity:</i>		
Increase/(decrease) in special drawing rights.....	0.4	(4.5)
Increase in other monetary assets	3.1	0.3
(Decrease) in loans to the IMF	(6.6)	(6.2)
Total	(3.1)	(10.4)
<i>Net Transactions from Other Activities:</i>		
Net direct loan activity	(3.7)	-
Interest paid by Treasury on debt held by the public	171.4	152.2
Net guaranteed loan activity	(46.9)	(20.1)
(Decrease)/Increase in miscellaneous assets	(0.5)	0.3
(Increase)/Decrease in allocations of special drawing rights	(0.1)	0.1
Decrease/(Increase) in deposit fund balances	1.0	(2.0)
Decrease in miscellaneous liabilities	0.1	-
Seigniorage and other equity.....	(0.7)	(0.9)
Reclassification of aged unreconciled accounts	-	-
NRRIT non-Federal securities ¹	2.1	2.1
Prior period adjustment	(2.7)	-
Total	120.0	131.7
Disposition of deficit	(263.4)	(315.4)
Increase/(Decrease) in operating cash balance.....	15.7	(3.1)
Operating Cash: (Note 2)		
Operating cash balance beginning of period...	27.9	31.0
Operating cash balance end of period.....	43.6	27.9

¹ For more information, see Railroad Retirement in the Supplemental Information-Social Insurance section. The amount for the change in the NRRIT non-Federal Securities reflected above is based on NRRIT amounts reported as of August 31. This differs from the amounts reflected in Note 7, Securities and Investments, for NRRIT which are as of September 30.

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

**United States Government
Balance Sheets
as of September 30, 2006, and September 30, 2005**

(In billions of dollars)	2006	2005 (Restated)
Assets:		
Cash and other monetary assets (Note 2)	97.9	85.8
Accounts and taxes receivable, net (Note 3).....	68.8	66.1
Loans receivable, net (Note 4)	220.8	221.8
Inventories and related property, net (Note 5).....	281.3	272.0
Property, plant, and equipment, net (Note 6 and Note 26)	688.5	670.2
Securities and investments (Note 7)	83.8	75.3
Other assets (Note 8)	55.4	56.7
Total assets.....	<u>1,496.5</u>	<u>1,447.9</u>
Stewardship property, plant, and equipment		
Stewardship Land (Note 24) and Heritage Assets (Note 25)		
Liabilities:		
Accounts payable (Note 9)	58.4	67.9
Federal debt securities held by the public and accrued interest (Note 10)	4,867.5	4,624.2
Federal employee and veteran benefits payable (Note 11)	4,679.0	4,491.8
Environmental and disposal liabilities (Note 12).....	305.2	259.8
Benefits due and payable (Note 13).....	129.3	117.0
Insurance program liabilities (Note 14).....	72.8	93.2
Loan guarantee liabilities (Note 4).....	66.4	47.7
Other liabilities (Note 15)	234.3	213.2
Total liabilities	<u>10,412.9</u>	<u>9,914.8</u>
Contingencies (Note 18) and Commitments (Note 19)		
Net position:		
Earmarked funds (Note 20)	419.2	
Non-earmarked funds.....	<u>(9,335.6)</u>	
Total net position	<u>(8,916.4)</u>	<u>(8,466.9)</u>
Total liabilities and net position	<u>1,496.5</u>	<u>1,447.9</u>

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

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

*****UNAUDITED*****

(In billions of dollars)	2006	2005	2004	2003	2002
Federal Old-Age, Survivors and Disability Insurance (Social Security): (Note 23)					
<i>Contributions and Earmarked Taxes from:</i>					
Participants who have attained age 62.....	533	464	411	359	348
Participants ages 15-61.....	16,568	15,290	14,388	13,576	13,048
Future participants (under age 15 and births during period).....	15,006	13,696	12,900	12,213	11,893
All current and future participants.....	<u>32,107</u>	<u>29,450</u>	<u>27,699</u>	<u>26,147</u>	<u>25,289</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained age 62.....	5,866	5,395	4,933	4,662	4,402
Participants ages 15-61.....	26,211	23,942	22,418	21,015	20,210
Future participants (under age 15 and births during period).....	6,480	5,816	5,578	5,398	5,240
All current and future participants.....	<u>38,557</u>	<u>35,154</u>	<u>32,928</u>	<u>31,075</u>	<u>29,851</u>
<i>Present value of future expenditures less future revenue</i>	<u>6,449¹</u>	<u>5,704²</u>	<u>5,229³</u>	<u>4,927⁴</u>	<u>4,562⁵</u>
Federal Hospital Insurance (Medicare Part A): (Note 23)					
<i>Contributions and Earmarked Taxes from:</i>					
Participants who have attained eligibility age 65.....	192	162	148	128	125
Participants who have not attained eligibility age 15-64.....	5,685	5,064	4,820	4,510	4,408
Future participants (under age 15 and births during period).....	4,767	4,209	4,009	3,773	3,753
All current and future participants.....	<u>10,644</u>	<u>9,435</u>	<u>8,976</u>	<u>8,411</u>	<u>8,286</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age 65.....	2,397	2,179	2,168	1,897	1,747
Participants who have not attained eligibility age 15-64.....	15,633	12,668	12,054	10,028	9,195
Future participants (under age 15 and births during period).....	3,904	3,417	3,246	2,653	2,470
All current and future participants.....	<u>21,934</u>	<u>18,264</u>	<u>17,468</u>	<u>14,577</u>	<u>13,412</u>
<i>Present value of future expenditures less future revenue</i>	<u>11,290¹</u>	<u>8,829²</u>	<u>8,492³</u>	<u>6,166⁴</u>	<u>5,126⁵</u>
Federal Supplementary Medical Insurance (Medicare Part B): (Note 23)					
<i>Premiums from:</i>					
Participants who have attained eligibility age 65.....	409	363	332	283	252
Participants who have not attained eligibility age 15-64.....	3,167	2,900	2,665	2,148	1,856
Future participants (under age 15 and births during period).....	906	924	891	688	600
All current and future participants.....	<u>4,481</u>	<u>4,187</u>	<u>3,889</u>	<u>3,119</u>	<u>2,708</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age 65.....	1,773	1,622	1,475	1,306	1,132
Participants who have not attained eligibility age 15-64.....	12,433	11,541	10,577	8,845	7,463
Future participants (under age 15 and births during period).....	3,407	3,408	3,277	2,622	2,238
All current and future participants.....	<u>17,613</u>	<u>16,571</u>	<u>15,329</u>	<u>12,773</u>	<u>10,833</u>
<i>Present value of future expenditures less future revenue</i> ⁶	<u>13,131¹</u>	<u>12,384²</u>	<u>11,440³</u>	<u>9,653⁴</u>	<u>8,125⁵</u>
Federal Supplementary Medical Insurance (Medicare Part D): (Note 23)					
<i>Premiums and State Transfers from:</i>					
Participants who have attained eligibility age 65.....	173	185	176		
Participants who have not attained eligibility age 15-64.....	1,700	1,790	1,857		
Future participants (under age 15 and births during period).....	492	572	618		
All current and future participants.....	<u>2,366</u>	<u>2,547</u>	<u>2,651</u>		
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility age 65.....	792	880	773		
Participants who have not attained eligibility age 15-64.....	7,338	7,913	7,566		
Future participants (under age 15 and births during period).....	2,121	2,440	2,431		
All current and future participants.....	<u>10,250</u>	<u>11,233</u>	<u>10,770</u>		
<i>Present value of future expenditures less future revenue</i> ⁶	<u>7,884¹</u>	<u>8,686²</u>	<u>8,119³</u>		

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

*****UNAUDITED*****

(In billions of dollars)	2006	2005	2004	2003	2002
Railroad Retirement: (Note 23)					
<i>Contributions and Earmarked Taxes from:</i>					
Participants who have attained eligibility	5	4	4	4	3
Participants who have not attained eligibility	40	37	37	40	40
Future participants	56	41	39	41	41
All current and future participants	<u>100</u>	<u>82</u>	<u>80</u>	<u>85</u>	<u>83</u>
<i>Expenditures for Scheduled Future Benefits for:</i>					
Participants who have attained eligibility	92	84	81	80	74
Participants who have not attained eligibility	84	73	72	73	76
Future participants	25	16	14	14	13
All current and future participants	<u>201</u>	<u>173</u>	<u>167</u>	<u>167</u>	<u>162</u>
<i>Present value of future expenditures less future revenues</i> ⁷	<u>101</u> ¹	<u>91</u> ²	<u>87</u> ³	<u>83</u> ⁴	<u>79</u> ⁵
Black Lung (Part C): (Note 23)					
<i>Present value of future expenditures less future revenues</i> ⁸	<u>(4)</u> ⁹	<u>(5)</u> ¹⁰	<u>(4)</u> ¹¹	<u>(4)</u> ¹²	<u>(5)</u> ¹³

¹ The projection period is 1/1/2006 - 12/31/2080 and the valuation date is 1/1/2006.

² The projection period is 1/1/2005 - 12/31/2079 and the valuation date is 1/1/2005.

³ The projection period is 1/1/2004 - 12/31/2078 and the valuation date is 1/1/2004.

⁴ The projection period is 1/1/2003 - 12/31/2077 and the valuation date is 1/1/2003.

⁵ The projection period is 1/1/2002 - 12/31/2076 and the valuation date is 1/1/2002.

⁶ These amounts represent the present value of the 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' (CMS) Financial Report but are not income from the Governmentwide perspective of this report.

⁷ These amounts approximate the present value of the financial interchange and transfers from the General Fund of the Treasury to the Social Security Equivalent Benefit (SSEB) Account (see discussion of Railroad Retirement Program in the required 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 9/30/2006 - 9/30/2040 and the valuation date is 9/30/2006.

¹⁰ The projection period is 9/30/2005 - 9/30/2040 and the valuation date is 9/30/2005.

¹¹ The projection period is 9/30/2004 - 9/30/2040 and the valuation date is 9/30/2004.

¹² The projection period is 9/30/2003 - 9/30/2040 and the valuation date is 9/30/2003.

¹³ The projection period is 9/30/2002 - 9/30/2040 and the valuation date is 9/30/2002.

Totals do not necessarily equal the sum of components due to rounding.

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

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