

UNITED STATES
GOVERNMENT

A **NNUAL**
R **REPORT**

FISCAL YEAR 1999



Compiled and Published by
Department of the Treasury
Financial Management Service *fms*

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PREFACE

TREASURY PROFILE

An act of Congress, 31 U.S.C. 301, created the Department of the Treasury on September 2, 1789. Many subsequent acts influenced the development of the Department. Those acts delegated new duties and established the numerous bureaus and divisions that now compose the Department. To day, the Treasury's mission can be categorized into four basic functions: forulating and recommending economic, financial, tax and fiscal policies; serving as financial manager and financial agent for the U.S. Government; enforcing the law; and manufacturing coins and currency.

FINANCIAL MANAGEMENT SERVICE

The Financial Management Service (FMS), which is a bureau of the Department of the Treasury, performs a critical role in fulfilling the Treasury's mission as the Government's financial manager. For example, FMS makes Federal payments and collections. It also maintains the Government's central accounting and reporting systems. In addition, FMS administers the Government's cash management programs, credit and debt collection activities, and various other financial services.

In its role as Federal financial agent, FMS publishes this "Annual Report of the U.S. Government." This report presents an overview of the Government's cash basis financial position and results of operations. It summarizes selected data maintained in the central accounts. Data provided by Federal entities, disbursing officers and the Federal Reserve Banks comprise those accounts.

The "Annual Report Appendix," available from FMS' Reports Management Division, provides details that support this document. The last page of the Annual Report contains an order form for the appendix.

LEGISLATIVE REQUIREMENT

The Constitution of the United States, Article 1, Section 9, outlines requirements for a report on the receipts

and outlays of the Government. It provides, in part, that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law, *and a regular Statement of Account of the Receipts and Expenses of all public money shall be published from time to time.*" (Emphasis provided.) On December 31, 1791, the House of Representatives followed with a standing order that required a report on receipts and outlays of the Government annually. This was superseded by the following:

- 31 U.S.C. 331(c) provides, "On the first day of each regular session of Congress, the Secretary shall submit to Congress a report for the prior fiscal year on the total amount of public receipts and public expenses listing receipts, when practicable, by ports, districts, and States and the expenses by each appropriation."
- 31 U.S.C. 3513(a) provides, "The Secretary of the Treasury shall prepare reports that will inform the President, the Congress, and the public on the financial operations of the United States Government."

This Annual Report is recognized as the official publication of receipts and outlays. Several major Government bodies rely on data found in the Annual Report. The Congressional Budget Office uses it to serve the needs of Congress; the Office of Management and Budget uses its data to review the President's Budget programs; the General Accounting Office uses it to perform audit activities; the various departments and agencies of the Government use it to reconcile their accounts; and the public uses it to review the operations of their Government. The budgetary figures presented in this document represent agency reporting for fiscal 1999 and adjustments to those year-end figures as reported through November 30, 1999. Revisions may be necessary once agencies have fully reconciled their data. Any such changes will be published in other reports prepared by FMS that contain related information. These include: the "Daily Treasury Statement," the "Monthly Treasury Statement of Receipts and Outlays of the United States Government" and the "Treasury Bulletin."

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FINANCIAL HIGHLIGHTS

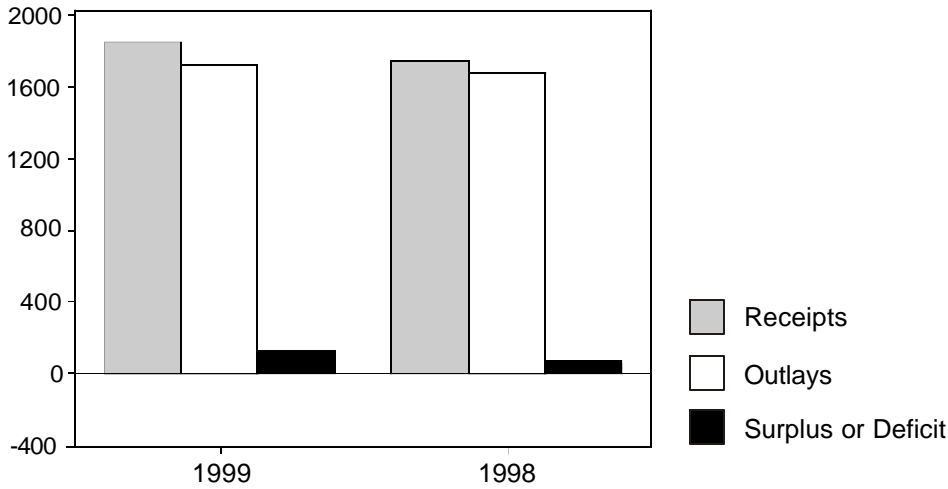
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FINANCIAL HIGHLIGHTS

Total Receipts, Outlays and Surplus (+) or Deficit (-)

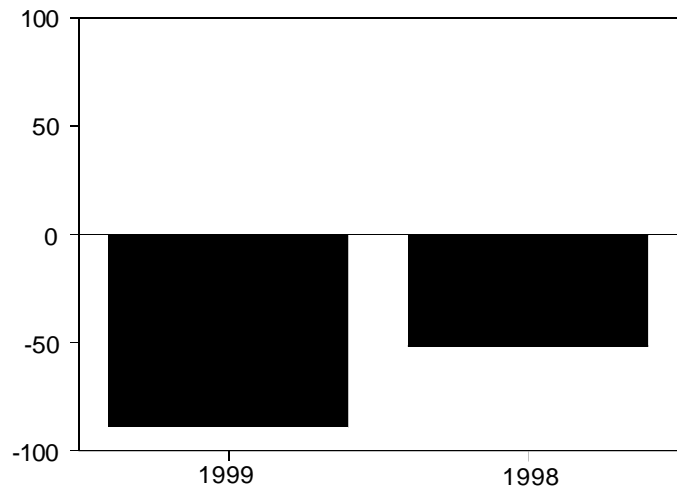
(In billions of dollars)

This report shows only those financial highlights of the U.S. Government directly related to the cash operations of the Department of the Treasury and the rest of the Federal Government.



Total Increase (+) or Decrease (-) in Borrowing from the Public

(In billions of dollars)



(In billions of dollars)

	Fiscal 1999	Fiscal 1998	Per cent change
Total receipts	1,827,285	1,721,465 r	6.1
Total outlays	1,702,920	1,652,224 r	3.1
Total surplus (+) or deficit (-)	124,366	69,242 r	80.0
Total increase (+) or decrease (-) in assets	34,903	17,157 r	103.4
Total increase (+) or decrease (-) in borrowing from the public	-88,288	-51,211 r	72.4
Excess of liabilities (+) or assets (-)	-125,374	-69,811 r	80.0

r = revised

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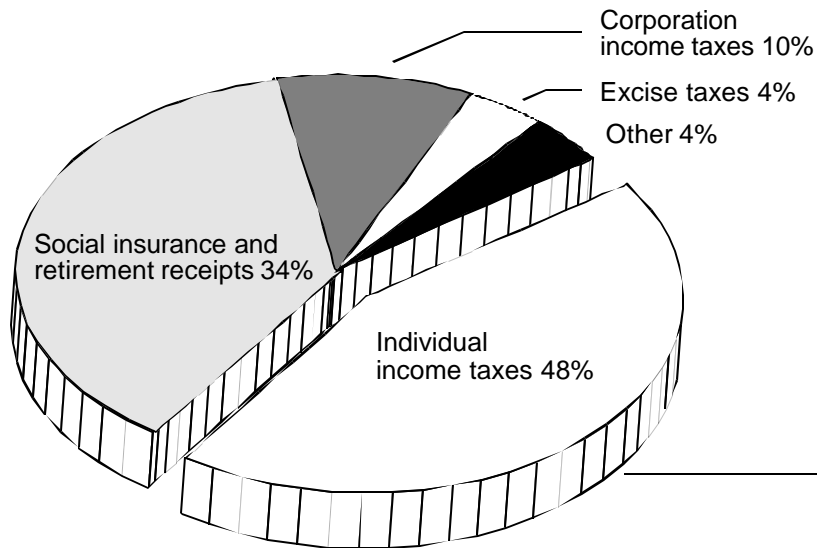
FINANCIAL REVIEW

- RECEIPTS BY SOURCE
 - OUTLAYS BY FUNCTION
 - TRUST FUND RECEIPT AND OUTLAY SUMMARY
 - REVOLVING FUND ACTIVITY BY DEPARTMENT
 - APPROPRIATIONS, OUTLAYS AND BALANCES BY DEPARTMENT
 - FIVE-YEAR SUMMARY OF FINANCIAL HIGHLIGHTS
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RECEIPTS BY SOURCE

Total receipts increased by \$105.8, totaling \$1,827.3 billion in fiscal 1999. The graph below shows receipts by source.



The text below describes major changes in the amount of receipts by source category. The table that follows shows the amount of receipts for fiscal 1999 and 1998 by source category. It also includes the amount and percentage change from fiscal 1998.

- **Individual income taxes** were \$879.5 billion in fiscal 1999. This was an increase of \$50.9 billion, or 6.1 percent.
- **Corporation income taxes** were \$184.7 billion, a \$4.0 billion decrease from fiscal 1998 to fiscal 1999.
- Receipts from the three major forms of **social insurance taxes and contributions** increased from \$571.8 billion in fiscal 1998 to \$611.8 billion in fiscal 1999. This represents an increase of \$40.0 billion, or 7.0 percent.
 - **Employment and general retirement contributions** totaled \$580.9 billion, a change of \$40.9 billion, or 7.6 percent over the prior year.
 - **Unemployment insurance** receipts were \$26.5 billion in fiscal 1999. Receipts decreased by \$1.0 billion from fiscal 1998, which amounts to 3.7 percent.
 - **Other retirement contributions** increased by 3.2 percent from fiscal 1998. Figures for fiscal 1999 totaled \$4.5 billion.
- **Excise tax** receipts in fiscal 1999 were \$70.4 billion, an increase of 22.1 percent from the prior year.
- **Other receipts**, including estate and gift taxes, customs duties and miscellaneous receipts increased from \$74.7 billion in fiscal 1998 to \$80.9 billion in fiscal 1999. The major components are shown below.
 - **Estate and gift tax** receipts increased by \$3.7 billion in fiscal 1999 to \$27.8 billion.
 - **Customs duties** increased by \$0.4 billion in fiscal 1999 to \$18.3 billion.
 - **Miscellaneous receipts** totaled \$34.8 billion in fiscal 1999. This represents a \$2.5 billion increase from fiscal 1998.

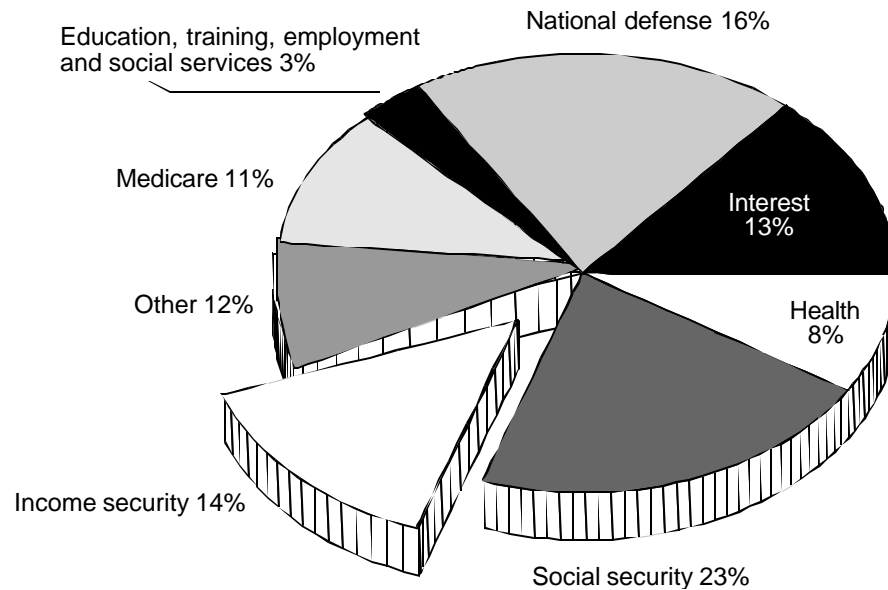
RECEIPTS BY SOURCE

IN MILLIONS OF DOLLARS

	Fiscal 1999	Fiscal 1998	Amount change from 1998	Percent change
In come taxes:				
Individual incometaxes	879,480	828,587	50,893	6.1
Corporate incometaxes	184,680	188,677	-3,997	-2.1
Total incometaxes	1,064,159	1,017,263	46,896	4.6
Social insurance and retirement receipts:				
Employment and general retirement	580,880	540,015 r	40,864	7.6
Unemployment insurance	26,480	27,484	-1,004	-3.7
Other retirement	4,472	4,335	137	3.2
Total social insurance and retirement receipts	611,832	571,835	39,997	7.0
Excise taxes	70,399	57,669	12,731	22.1
Other:				
Estate and gift taxes	27,782	24,076	3,706	15.4
Customs duties	18,336	18,297	39	0.2
Miscellaneous receipts	34,777	32,325 r	2,451	7.6
Total other	80,894	74,698 r	6,196	8.3
Total receipts	1,827,285	1,721,465 r	105,820	6.1

De tails may not add to totals due to round ing.
r = re vised

OUTLAYS BY FUNCTION



Outlays occur when the Government pays its obligations, whether with cash, check or electronic funds transfer. Total outlays were \$1,702.9 billion in fiscal 1999, an increase of \$50.7 billion or 3.1 per cent over the amount from fiscal 1998. The text below shows how outlays were divided in fiscal 1999. The seven largest categories of outlays are detailed below. These seven categories directly corre-

spond to the Government's functional classification system.

The functional classification system groups Government activities—budget authority and outlays, loan guarantees and tax expenditures—into categories that reflect the national need addressed by each transaction. The system identifies 17 broad categories that address national needs. This provides a coherent and comprehensive basis for an a-

lyzing and understanding the budget. Two additional categories—interest and undistributed offsetting receipts—do not address specific national needs but are included to cover the entire budget. Under the functional classification system, each outlay is assigned to a classification that best defines its most important purpose, even though the outlay may serve more than one purpose.

The table that follows shows fiscal 1999 and fiscal 1998 outlays for each functional classification. It also shows the amount and percentage change in outlay levels between these 2 fiscal years. Changes in outlays for the largest functional classifications are briefly discussed below.

- National defense**—This function includes those activities directly related to the defense and security of the United States. This amount encompasses Government spending for conventional forces, strategic forces, atomic energy defense activities and other defense-related activities. National defense outlays for fiscal 1999 increased by \$8.3 billion, to \$276.8 billion.
- Education, training, employment and social services**—These programs assist citizens in developing and learning skills to expand their potential opportunities and job placement possibilities. Outlays for this function were \$56.4 billion for fiscal 1999, an increase of 2.7 per cent or \$1.5 billion from fiscal 1998 outlays.
- Health**—The Federal Government helps meet the nation's health care needs by financing and providing health care services, aiding disease prevention, and supporting research and training. Outlays for this function were \$140.8 billion in fiscal 1999. This represents an increase of \$9.7 billion over the prior fiscal year.

- **Medicare**—Through Medicare, the Federal Government contributes to the health and well being of aged and disabled Americans. Outlays for this function were \$190.4 billion in fiscal 1999. That is a decrease of 1.2 per cent or \$2.4 billion under fiscal 1998 outlays.
- **Incomesecurity**—Incomesecurity benefits are paid to the aged, the disabled, the unemployed and low-income families. Included within this classification are programs such as general retirement and disability, public assistance and unemployment compensation. Outlays for these benefits were \$237.1 billion in fiscal 1999—an increase of 1.6 per cent, or \$3.8 billion, over the fiscal 1998 level.
- **Socialsecurity**—Through social security, the Federal Government contributes to the incomesecurity of aged and disabled Americans. This function's outlays were \$390.0 billion for fiscal 1999. That represents an increase of 2.9 per cent or \$10.8 billion over fiscal 1998 outlays.
- **Interest**—This function includes interest paid by the Federal Government offset by interest collections from the public and interest received by Government trust funds. Net interest outlays are very sensitive to both interest rates and the amount of debt outstanding. Net interest outlays decreased in fiscal 1999 to \$229.7 billion. This is a 5.6 per cent decrease from the prior fiscal year.

OUTLAYS BY FUNCTION

IN MILLIONS OF DOLLARS

	Fiscal 1999	Fiscal 1998	Amount change from 1998	Per cent change
National defense	276,792	268,456 r	8,336	3.1
International affairs	15,289	13,103 r	2,186	16.7
General science, space and technology	19,397	18,219 r	1,178	6.5
Energy	981	1,270 r	-289	-22.7
Natural resources and environment	22,318	22,396 r	-78	-0.4
Agriculture	24,721	12,206 r	12,515	102.5
Commerce and housing credit	2,638	1,014 r	1,624	160.1
Transportation	38,856	40,332 r	-1,476	-3.7
Community and regional development	12,791	9,720 r	3,071	31.6
Education, training, employment and social services	56,351	54,883 r	1,468	2.7
Health	140,803	131,100 r	9,703	7.4
Medicare	190,448	192,822 r	-2,374	-1.2
Incomesecurity	237,134	233,302 r	3,832	1.6
Socialsecurity	390,043	379,225 r	10,818	2.9
Veterans benefits and services	43,210	41,781 r	1,429	3.4
Administration of justice	25,837	22,832 r	3,005	13.2
General Government	16,027	13,398 r	2,629	19.6
Net interest	229,728	243,359 r	-13,631	-5.6
Undistributed offsetting receipts	-40,445	-47,194	6,749	14.3
Total outlays	1,702,920	1,652,224 r	50,696	3.1

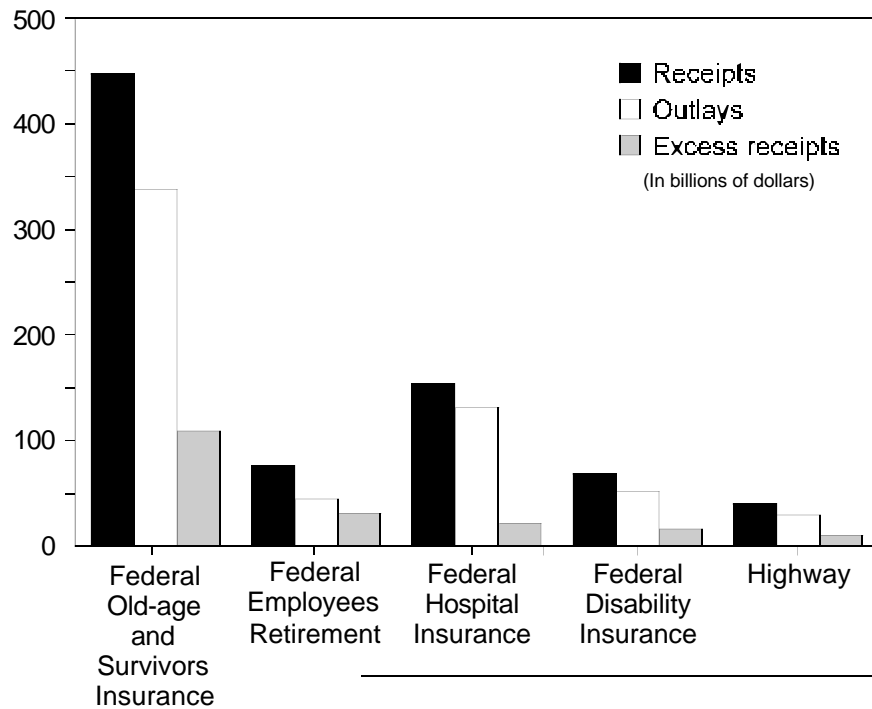
Details may not add to totals due to rounding.
r = revised

TRUST FUND RECEIPT AND OUTLAY SUMMARY

Trust fund accounts record the receipt and outlay of monies held by the Government for use in carrying out specific purposes or programs, in accordance with the terms of a trust agreement or statute. This section summarizes major trust funds and their operations for fiscal 1999. Some trust funds such as the Federal Old-age and Survivors Insurance Fund, the Federal Employees Retirement Fund, the Federal Hospital

Insurance Fund, the Federal Disability Insurance Fund, and the Highway Fund accumulated excess receipts in fiscal 1999. Only those trust fund receipts derived from taxes and payroll contributions contribute to the overall level of receipts of the Federal Government. The chart presented below summarizes the operations of the major trust funds in fiscal 1999.

Trust Fund Receipt and Outlay Summary, Fiscal 1999



The table on the following page summarizes trust fund operations in fiscal 1999 and fiscal 1998. It also presents dollar changes between these 2 fiscal years. Presented below is a description of the receipts and outlays of the major trust funds for fiscal 1999.

- **Federal Old-age and Survivors Insurance Fund**—Receipts in this fund were \$447.0 billion and outlays were \$337.9 billion. Excess receipts amounted to \$109.1 billion.
- **Federal Employees Retirement Fund**—Receipts of the Federal Employees Retirement Fund were \$75.7 billion. The fund's outlays were \$44.5 billion, which put excess receipts at \$31.2 billion.
- **Federal Hospital Insurance Fund**—Receipts in this fund were \$153.0 billion and outlays were \$131.5 billion—an excess of receipts of \$21.5 billion.
- **Federal Disability Insurance Fund**—Federal Disability Insurance Fund receipts were \$67.8 billion while outlays totaled \$52.1 billion. Excess receipts for the fiscal year were \$15.7 billion.
- **Highway Fund**—The Highway Fund accumulated \$39.2 billion in receipts and \$28.9 billion in outlays. That put excess receipts at \$10.3 billion.

TRUST FUND RECEIPT AND OUTLAY SUMMARY

IN MILLIONS OF DOLLARS

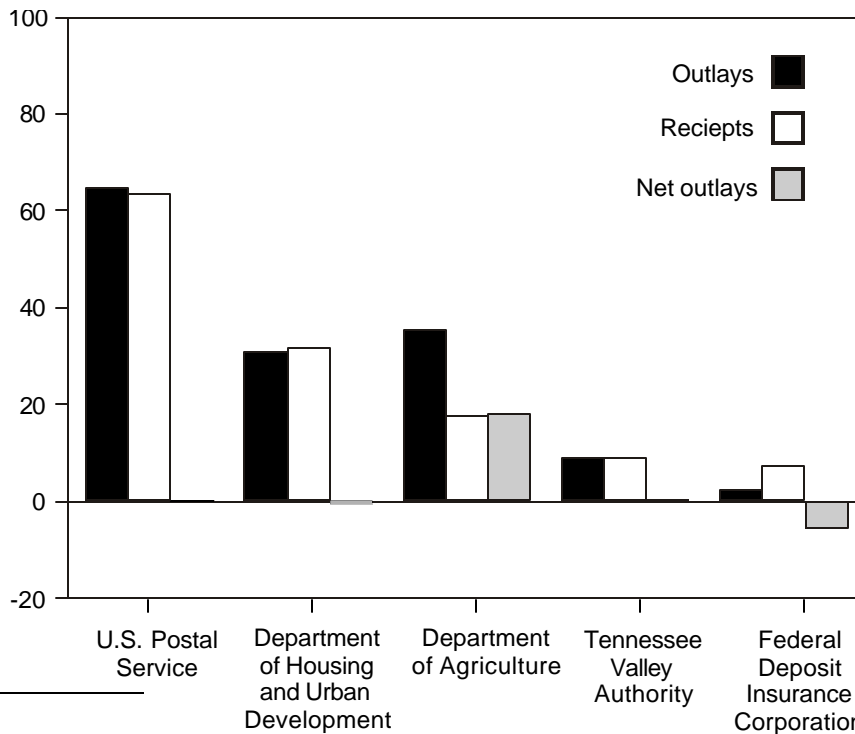
	1999			1998			Change		
	Receipts	Outlays	Excess	Receipts	Outlays	Excess	Receipts	Outlays	Excess
Trust fund									
Air port and airway	11,090	8,056	3,034	8,654 r	5,872	2,782 r	2,437	2,185	252
Black lung disability	598	1,000	-401	638	993	-355	-40	7	-47
Federal disability insurance	67,792	52,142	15,650	62,955	49,459	13,496	4,837	2,683	2,154
Federal employees life and health	-	-961	961	-	-878	878	-	-83	83
Federal employees retirement	75,714	44,497	31,216	73,375	43,600	29,776	2,338	898	1,441
Federal hospital insurance	153,015	131,501	21,514	138,203	137,298	905	14,812	-5,797	20,609
Federal old-age and survivors insurance	446,977	337,916	109,062	415,687	329,769	85,919	31,290	8,147	23,143
Federal supplementary medical insurance	85,278	80,518	4,760	81,955	76,272	5,683	3,323	4,246	-923
Hazardous substance superfund	876	1,577	-700	979	1,431	-452	-103	145	-248
Highway	39,179	28,897	10,281	28,633 r	24,480	4,152 r	10,546	4,417	6,129
Military advances	11,624	12,159	-535	14,135	14,010	125	-2,511	-1,852	-660
Military retirement	38,227	31,889	6,338	37,898	31,142	6,756	330	747	-418
Railroad retirement	8,763	8,389	374	10,443	8,396	2,046	-1,680	-7	-1,672
Unemployment	31,681	24,938	6,743	32,297	23,466	8,831	-616	1,472	-2,088
Veterans life insurance	1,152	1,176	-24	1,202	1,204	-3	-50	-29	-21
All other trust funds	7,408	8,317	-909	3,819 r	7,029 r	-3,210 r	3,589	1,288	2,301
Total trust fund receipts and outlays	979,375	772,012	207,363	910,873 r	753,544 r	157,329 r	68,502	18,468	50,034
Total Federal fund receipts and outlays	1,164,486	1,247,484	-82,998	1,113,469 r	1,201,557 r	-88,088 r	51,017	47,013	4,003

Details may not add to totals due to rounding.
r = revised

REVOLVING FUND ACTIVITY BY DEPARTMENT

Specific provisions of law authorize public enterprise revolving funds. These funds finance a continuing cycle of operations in which outlays generate receipts and the receipts are available for outlays without further action

by Congress. The chart below summarizes fiscal 1999 receipt and outlay activity for the departments of the Government with the largest revolving fund operations.



Revolving Fund Activity by Department, Fiscal 1999

(In billions of dollars)

Below is a summary of receipts and outlays for the major revolving funds. The table on page 18 shows revolving fund activity by department for fiscal 1999.

- **U.S. Postal Service**—In fiscal 1999, revolving funds of the U.S. Postal Service generated \$64.1 billion in gross outlays and \$63.1 billion in gross receipts.
- **Department of Housing and Urban Development**—In fiscal 1999, the gross outlays of revolving funds totaled \$30.7 billion, while gross receipts were \$31.3 billion.
- **Department of Agriculture**—In fiscal 1999, gross outlays of revolving funds operated by the Department of Agriculture totaled \$35.2 billion and gross receipts totaled \$17.4 billion. Net outlays were \$17.8 billion.
- **Tennessee Valley Authority**—In fiscal 1999, gross outlays of \$8.8 billion and gross receipts of \$8.8 billion were generated by the Tennessee Valley Authority.
- **Federal Deposit Insurance Corporation**—In fiscal 1999, gross outlays of \$2.2 billion and gross receipts of \$7.3 billion resulted in \$5.1 billion in net receipts.

REVOLVING FUND ACTIVITY BY DEPARTMENT

IN MILLIONS OF DOLLARS

	Fiscal 1999 gross out lays	Fiscal 1999 gross receipts	Fiscal 1999 net out lays	Fiscal 1998 net out lays	Dif- ference
Legislative Branch	15	16	-1	-2	1
Departments:					
Agriculture	35,166	17,401	17,765	9,071	8,694
Commerce	45	63	-18	-7	-11
Defense-Military	85	45	40	85	-45
Education	10	45	-34	-136	102
Energy	1,876	2,107	-231	-189	-42
Health and Human Services	27	30	-3	12	-14
Housing and Urban Development	30,665	31,258	-593	-1,593	999
Interior	279	369	-90	26	-116
Labor	1,231	1,897	-665	-1,218	552
Transportation	276	348	-72	-10	-62
Treasury	1,499	2,863	-1,364	-1,328	-36
Veterans Affairs	1,854	2,232	-378	-52	-326
Environmental Protection Agency	23	18	4	2	2
Executive Office of the President	-	*	*	*	*
Federal Emergency Management Agency	623	687	-63	-462	399
General Services Administration	-	-	-	172	-172
International Assistance Program	416	1,981	-1,565	-1,778	213
Small Business Administration	208	679	-471	-390	-81
Other independent agencies:					
Export-Import Bank	138	1,031	-892	-880	-13
Federal Deposit Insurance Corporation	2,238	7,290	-5,053	-4,151	-902
U.S. Postal Service	64,085	63,064	1,021	217	805
Tennessee Valley Authority	8,785	8,783	2	-784	786
All other	1,483	1,575	-93	-730	637
Total other independent agencies	76,729	81,744	-5,015	-6,328	1,314
Total revolving fund receipts and out lays	151,030	143,784	7,245	-4,125	11,370

Details may not add to totals due to rounding.

r = revised

* Less than \$500,000.

APPROPRIATIONS, OUTLAYS AND BALANCES BY DEPARTMENT

IN MILLIONS OF DOLLARS

	Unobligated balances beginning of fiscal year	Appropriated and other obligational authority	Trans fers, borrowings, and investments	Outlays	Balances with drawn and other transactions	Unobligated bal ances end of fis cal year
Legislative Branch	1,520	2,964	-9	2,621	232	1,674
The Judiciary	740	3,807	-1	3,793	13	693
Departments:						
Agriculture	33,166	72,482	-13,956	62,839	-4,312	23,219
Commerce	616	5,363	2	5,036	329	827
Defense-Military	55,839 r	275,330	-86	261,379	13,865	60,560
Education	3,114 r	35,070	-89	32,435	2,546	10,202
Energy	10,859	17,752	-86	16,079	1,586	12,495
Health and Human Services	148,616 r	392,263	-5	359,700	32,557	198,793
Housing and Urban Development	38,742 r	27,134	-795	32,736	-6,397	36,787
Interior	5,025 r	8,231	*	7,787	443	5,262
Justice	4,856 r	19,983	2	18,318	1,667	4,666
Labor	82,856	42,018	-8	32,459	9,550	90,376
State	10,703 r	9,395	-55	6,463	2,877	12,696
Transportation	50,713 r	62,530	-24	41,819	20,687	58,815
Treasury	16,232	391,738	-3,075	386,706	1,957	21,578
Veterans Affairs	15,669	44,019	-	43,169	851	16,099
Corps of Engineers	4,342 r	4,497	78	4,186	389	3,998
Other Defense-Civil Programs	143,697	38,263	-	32,008	6,255	149,860
Environmental Protection Agency	8,298 r	6,840	*	6,752	88	8,015
Executive Office of the President	23 r	719	-	416	302	328
Federal Emergency Management Agency	1,864	3,261	-381	4,040	-1,160	788
General Services Administration	4,247	441	-76	-46	411	3,768
International Assistance Program	37,368	24,310	-203	10,061	14,063	35,985
National Aeronautics and Space Administration	916	13,651	-	13,664	-13	864
National Science Foundation	151	3,739	-	3,285	454	187
Office of Personnel Management	471,953	79,226	-	47,515	31,710	502,832
Small Business Administration	744	502	-40	58	405	672
Social Security Administration	693,291	544,266	-	419,790	124,476	819,615
Other independent agencies	69,069 r	16,998	432	6,929	10,875	74,117
Total appropriations, outlays and balances	1,915,228 r	2,146,792	-18,376	1,861,999	266,706	2,155,772

Details may not add to totals due to rounding.

r = revised

* Less than \$500,000.

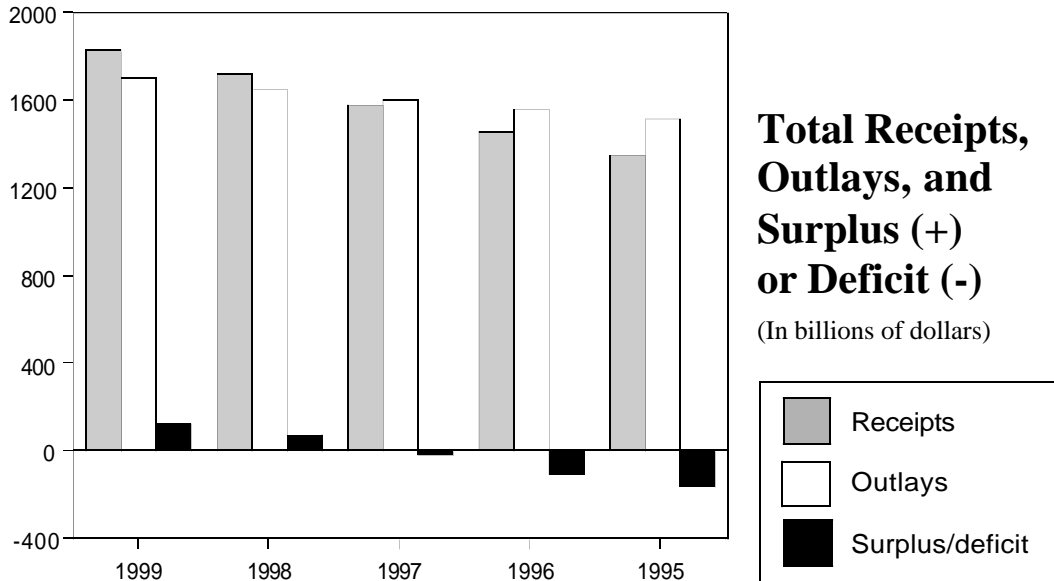
FIVE-YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

IN MILLIONS OF DOLLARS *

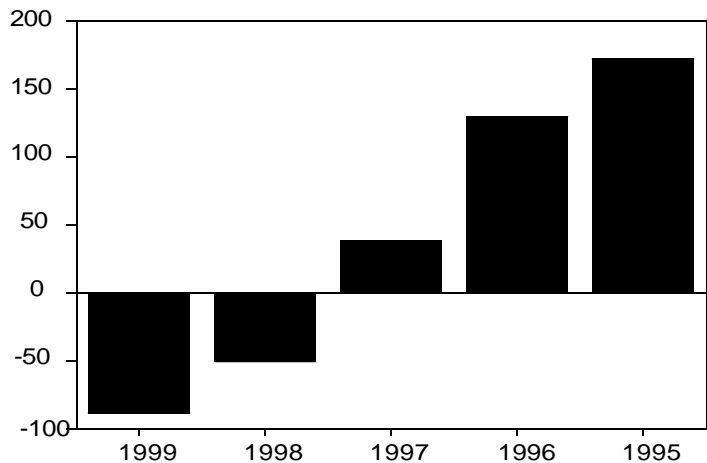
	Fiscal 1999	Fiscal 1998	Fiscal 1997	Fiscal 1996	Fiscal 1995
Total receipts	1,827,285	1,721,465 r	1,578,953	1,452,765	1,351,495
Total outlays	1,702,920	1,652,224 r	1,600,910	1,560,210	1,515,410
Total surplus (+) or deficit (-)	124,366	69,242 r	-21,957	-107,445	-163,916
Total increase (+) or decrease (-) in assets . . .	34,903	17,157 r	17,849	14,075	16,411
Total increase (+) or decrease (-) in borrowing from the public	-88,288	-51,211 r	38,185	129,657	171,363
Excess of liabilities (+) or assets (-)	-125,374	-69,811 r	21,484	106,830	163,194

r = revised

*This financial statement shows only those financial highlights of the United States Government directly related to the cash operations of the Department of the Treasury and the rest of the Federal Government.



Total Increase (+) or Decrease (-) in Borrowing from the Public
(In billions of dollars)



FINANCIAL STATEMENTS

- BALANCE SHEET
 - STATEMENT OF OPERATIONS
 - STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS
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BALANCE SHEET

IN MILLIONS OF DOLLARS

	September 30, 1999	September 30, 1998
Assets:		
Cash and monetary assets:		
U.S. Treasury operating cash:		
Federal reserve account	6,641	4,952
Tax and loan note accounts	49,817	33,926
Special drawing rights (SDRs):		
Total holdings	10,284	10,106
SDR certificates issued to Federal Reserve Banks	-7,200	-9,200
Monetary assets with International Monetary Fund (IMF)	19,982	21,155
Loans to the IMF	-	495 r
Other cash and monetary assets:		
U.S. Treasury monetary assets	30	87
Cash and other assets held outside the Treasury account	18,795	18,967 r
U.S. Treasury time deposits	5,554	4,543
Total cash and monetary assets	103,904	85,030 r
Loan financing accounts:		
Guaranteed loan financing	-18,518	-14,362 r
Direct loan financing	83,894	65,289
Miscellaneous asset accounts	1,497	-83
Total assets	170,777	135,874 r
Excess of liabilities over assets:		
Excess of liabilities over assets at beginning of fiscal year	3,645,722	3,715,533 r
Add: Total surplus (+) or deficit (-) for fiscal year	-124,366	-69,242 r
Subtotal	3,521,356	3,646,292 r
Deduct: Other transactions not applied to surplus or deficit	1,009	569
Excess of liabilities over assets at close of fiscal year	3,520,348	3,645,722 r
Total assets and excess of liabilities over assets	3,691,125	3,781,596 r
Liabilities:		
Borrowing from the public:		
Public debt securities outstanding	5,656,272	5,526,194
Premium and discount on public debt securities	-78,696	-78,849
Total public debt securities	5,577,575	5,449,345
Agency securities outstanding	28,910	29,359 r
Total Federal securities	5,606,486	5,478,704 r
Deduct: Net Federal securities held as investments by Government accounts	1,973,160	1,757,090 r
Total borrowing from the public	3,633,325	3,721,613 r
Accrued interest payable	42,603	45,448
SDRs allocated by IMF	6,799	6,719
Deposit fund liabilities	3,977	3,893 r
Miscellaneous liability accounts (checks outstanding, etc.)	4,420	3,923
Total liabilities	3,691,125	3,781,596 r

De tails may not add to totals due to round ing.

r = revised

* Less than \$500,000

STATEMENT OF OPERATIONS

IN MILLIONS OF DOLLARS

	Fiscal 1999	Fiscal 1998
Receipts:		
Individual incometaxes	879,480	828,587
Corporation incometaxes	184,680	188,677
Social insurance and retirement receipts:		
Employment and general retirement (off-budget)	444,468	415,800
Employment and general retirement (on-budget)	136,411	124,215
Unemployment insurance	26,480	27,484
Other retirement	4,472	4,335
Excise taxes	70,399	57,669
Es tate and gift taxes	27,782	24,076
Custom duties	18,336	18,297
Miscellaneous receipts	34,777	32,325 r
Total receipts	1,827,285	1,721,465 r
Outlays:		
Legislative Branch	2,621	2,600 r
Judiciary	3,793	3,463
Departments:		
Agriculture	62,839	53,950
Commerce	5,036	4,047
Defense-Military	261,379	256,124 r
Education	32,435	31,498 r
Energy	16,079	14,444
Health and Human Services	359,700	350,571 r
Housing and Urban Development	32,736	30,224
Interior	7,787	7,232
Justice	18,318	16,169 r
Labor	32,459	30,002
State	6,463	5,373 r
Transportation	41,819	39,467 r
Treasury:		
In ter est on the pub lic debt	353,511	363,824
Other	33,195	26,270 r
Veterans Affairs	43,169	41,776

See foot notes at end of ta ble.

STATEMENT OF OPERATIONS, continued

IN MILLIONS OF DOLLARS

Corps of Engineers	4,186	3,833
Other Defense-Civil Programs	32,008	31,216
Environmental Protection Agency	6,752	6,288 r
Executive Office of the President	416	236 r
Federal Emergency Management Agency	4,040	2,101
General Service Administration	-46	1,095 r
International Assistance Program	10,061	8,980 r
National Aeronautics and Space Administration	13,664	14,206
National Science Foundation	3,285	3,188
Office of Personnel Management	47,515	46,307
Small Business Administration	58	-78
Social Security Administration	419,790	408,202
Other independent agencies	6,929	10,653 r
Undistributed offsetting receipts:		
Interest	-118,634	-113,839
Other	-40,446	-47,197
Total outlays	1,702,920	1,652,224 r
Sur plus (+) or deficit (-)	124,366	69,242 r
Other transactions not applied to current year's sur plus (+) or deficit (-):		
Seigniorage (gain on coin production)	1,018	562
Profit on sale of gold	9	7
Net gain/loss for IMF loan value adjustments	-19	-
Total other transactions not applied to current year's sur plus (+) or deficit (-)	1,009	569

Details may not add to totals due to rounding.
r = revised

STATEMENT OF SOURCES AND APPLICATIONS OF FUNDS IN MILLIONS OF DOLLARS

	Fiscal 1999	Fiscal 1998
Sources:		
Surplus	124,366	69,242r
Increases in liabilities:		
Special drawing rights (SDRs) allocated by International Monetary Fund (IMF)	80	30
Deposit fund liabilities	84	-
Miscellaneous liability accounts (checks outstanding, etc.)	498	-
Decreases in assets:		
U.S. Treasury operating cash:		
Federal Reserve account	-	2,740
Tax and loan note accounts	-	2,003
Monetary assets with IMF	1,173	-
Loans to IMF	495	-
Guaranteed loan financing accounts	4,156	457 r
Miscellaneous asset accounts	-	203
Other transactions not applied to surplus (+) or deficit (-)	1,009	569
Totalsources	131,859	75,245r
Applications:		
Increases in assets:		
U.S. Treasury operating cash:		
Federal Reserve account	1,689	-
Tax and loan note accounts	15,891	-
SDRs:		
Total holdings	178	108
SDR certificates issued to Federal Reserve Banks	2,000	-
Monetary assets with IMF	-	7,110
Loans to IMF	-	495
Other cash and monetary assets	783	3,375
Direct loan financing accounts	18,605	11,472
Miscellaneous asset accounts	1,580	-
Decreases in liabilities:		
Borrowing from the public	88,288	51,211r
Accrued interest payable to the public	2,845	635
Deposit fund liabilities	-	824 r
Miscellaneous liability accounts (checks outstanding, etc.)	-	15
Totalapplications	131,859	75,245r

De tails may not add to totals due to rounding.
r = revised

**NOTES TO THE FINANCIAL
STATEMENTS**

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NOTES TO THE FINANCIAL STATEMENTS

1. Description of Accounts Related to Cash Operations

The Government maintains several classes of accounts connected to its cash operations. They include:

- The accounts of fiscal officers or agents who receive money for deposit in the U.S. Treasury or other authorized disposition, or who make expenditures by drawing checks on the Treasury.
- The accounts of administrative agencies that classify receipt and outlay transactions according to the individual receipt, appropriation or fund account.
- The accounts of the Treasury, which is responsible for the receipt and custody of money deposited by fiscal officers or agents.

FMS maintains a set of central accounts used to consolidate financial data reported by the above sources. This allows FMS to publish the results of cash operations for the Government as a whole. The Government also uses this data as a means of internal control.

The central accounts related to cash operations disclose monthly and fiscal year information on:

- The Government's receipts, by principal sources, and its outlays, according to the different appropriations and other funds involved.
- Cash transactions, classified by type, together with certain directly related assets and liabilities that underlie such receipts and outlays.

The Government accounts for receipts on the basis of collections; it treats refunds of receipts as deductions from gross receipts. The Government accounts for outlays on the basis of checks issued, electronic funds transferred and cash payments made (cash basis). It treats revolving and management fund receipts and reimbursements of moneys previously expended as

deductions from gross outlays. The Government recognizes interest on the public debt, public issues, on the accrual basis; however, it recognizes interest on special issues on the cash basis. The structure of the accounts provides for a reconciliation, on a firm accounting basis, between the published reports of receipts and outlays for the Government as a whole and changes in the Treasury cash balance. It does that by using such factors as checks outstanding, deposits in transit and cash held outside the Treasury. Within the central accounts, the Government classifies receipt and outlay accounts as:

- General fund receipt accounts.
- Special fund accounts.
- General fund expenditure accounts.
- Revolving fund accounts.
- Consolidated working fund accounts.
- Management fund accounts.
- Trust fund accounts.

The Annual Report Appendix describes these reports in detail.

2. U.S. Treasury Operating Cash

FMS uses several sources of information to determine Treasury's operating cash. The major sources include the Daily Balance Wires from the Federal Reserve Banks, reporting from the Bureau of the Public Debt, and electronic funds transfers and reconciling wires from the Internal Revenue Service Centers. The Government presents operating cash on a modified cash basis. These reports reflect deposits as they are received and with draws as they are processed.

3. Special Drawing Rights (SDRs)

The Special Drawing Rights Act of 1968, and the Bretton Woods Agreements Act of 1945, authorize the United States to participate in the SDR Department of the International Monetary Fund. They also allow the Government to accept the resulting financial obligations of the Fund. The SDR Act provides the permanent authority for the United States to meet its financing requirements in connection with the acquisition and use of SDRs (the unit of account for fund transactions) by the issuance of SDR certificates to Federal Reserve Banks.

4. *Miscellaneous Asset Accounts*

Miscellaneous assets include gold assets and their related certificates, in the following amounts:

	Fiscal 1999	Fiscal 1998
Gold assets	\$11,050	\$11,044
Liabilities (certificates)	\$11,050	\$11,044

5. *Other Transactions Not Applied to Surplus or Deficit*

Seigniorage is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers. It differs from receipts coming from the public because there is no corresponding payment by another party. Therefore, the Government excludes seigniorage from receipts and treats it as a means of financing a deficit or as a supplementary amount to be applied to reduce debt. It also is used to increase the cash in the Treasury during a year with a surplus.

The Government treats profit resulting from the sale of gold as a monetary asset. Gold is treated like seigniorage because the value of gold is determined by its value as a monetary asset rather than a commodity.

6. *Federal Securities Outstanding*

These consist of public debt. They include all public and agency issues outstanding.

- Public debt is that portion of the Federal debt incurred when the Treasury or the Federal Financing Bank (FFB) borrows funds directly from the public or another fund or account. To avoid double counting,

the Government does not include FFB borrowing from the Treasury in the public debt. (Public debt already includes money borrowed by Treasury and lent to the FFB.)

- Agency debt is that portion of the Federal debt incurred when a Federal agency, other than the Treasury or the FFB, is authorized by law to borrow funds directly from the public or another fund or account. To avoid double counting, the Government does not include agency borrowing from Treasury or the FFB, and Federal fund advances to trust funds in the Federal debt. (Public debt already includes money borrowed by Treasury or FFB and lent to an agency.)

7. *Deposit Fund Liabilities*

These include certain accounts established to record amounts either (a) held in suspense temporarily and later refunded or paid upon administrative or legal determination as to proper disposition, or (b) held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government).

8. *Undistributed Offsetting Receipts*

These receipts are composed of the following types of payments:

- Payments to trust funds by Government agencies for their employees' retirement.
- Interest paid to trust funds on their investments in Government securities.
- Proprietary receipts from royalty ties on the Outer Continental Shelf lands.

The Government does not deduct undistributed offsetting receipts from outlays at the function, subfunction or agency levels. It does deduct them from the budget totals.

9. *Where applicable, prior year amounts have been revised to reflect realignment to the current budget of the U.S. Government.*

PRINCIPAL ADMINISTRATIVE AND STAFF OFFICERS OF THE TREASURY

Secretary of the Treasury	Lawrence H. Summers
Deputy Secretary of the Treasury	Stuart Eizenstat
Under Secretary for Domestic Finance	Gary Gensler
Under Secretary for Enforcement	James E. Johnson
Under Secretary for International Affairs	Timothy F. Geithner
General Counsel	Neal S. Wolin
Inspector General	Jeffrey Rush, Jr.
Assistant Secretary for Economic Policy	David Wilcox
Assistant Secretary for Enforcement	Elisabeth A. Bresee
Assistant Secretary for Financial Institutions	Gregory A. Baer
Assistant Secretary for Financial Markets	Lee Sachs
Fiscal Assistant Secretary	Donald V. Hammond
Assistant Secretary for International Affairs	Edwin Truman
Assistant Secretary for Legislative Affairs and Public Liaison	Linda L. Robertson
Assistant Secretary for Management/Chief Financial Officer	Lisa Ross (Acting)
Assistant Secretary for Public Affairs	VACANT
Acting Assistant Secretary for Tax Policy	Jonathan Talisman
Treasurer of the United States	Mary Ellen Withrow
Director, Bureau of Alcohol Tobacco and Firearms	Bradley A. Buckles
Commissioner of U.S. Customs	Raymond W. Kelly
Director, Bureau of Engraving and Printing	Thomas A. Ferguson
Director, Federal Law Enforcement Training Center	W. Ralph Basham
Director, U.S. Mint	Philip N. Diehl
Director, U.S. Secret Service	Brian L. Stafford
Comptroller of the Currency	John D. Hawke, Jr.
Commissioner of Financial Management Service	Richard L. Gregg
Commissioner of Internal Revenue Service	Charles O. Rossotti
Commissioner of Bureau of the Public Debt	Van Zeck
Director, Office of Thrift Supervision	Ellen Seidman

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ANNUAL REPORT APPENDIX ORDER FORM

Details pertaining to the information presented in this publication are contained in the U.S. Government Annual Report Appendix. The Appendix includes details of receipts, outlays, appropriations, and balances, including summary General Ledger account balances.

For a free copy of the Appendix, mail this order form to:

Financial Management Service
Reports Management Division
Budget Reports Branch, Room 518D
3700 East West Highway
Hyattsville, MD 20782

Name _____

Address _____