United States Government
Notes to the Financial Statements
for the Year Ended September 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

This *Financial Report of the United States Government* includes the financial status and activities of the executive branch and portions of the legislative and judicial branches of the Government. This includes those Government corporations that are part of the Federal Government. The Appendix contains a list of significant Government entities included in these financial statements and a partial list of entities excluded. For the purposes of this document, "Government" refers to the U.S. Government. The financial reporting period ends September 30 and is the same used for the annual budget.

Material intragovernmental transactions were eliminated in consolidation, except as described in Note 16—Unreconciled Transactions Affecting the Change in Net Position.

B. Basis of Accounting and Revenue Recognition

The *Financial Report of the United States Government* is based on Generally Accepted Accounting Principles (GAAP). These principles typically recognize:

- Expenses when incurred.
- Non-exchange revenues on a modified cash basis of accounting. Non-exchange revenues arise primarily from the exercise of the Government's power to tax and levy duties, fines and penalties. Remittances of non-exchange revenue are recognized when received. Related receivables are recognized when measurable and legally collectible. Refunds and other offsets are recognized when measurable and legally payable and are netted against non-exchange revenue.
- Exchange (earned) revenues when earned. Exchange (earned) revenues arise when a Government entity provides goods and services to the public for a price. Earned revenue represents revenue earned from user charges, such as admission fees to Federal parks and insurance premiums that are recognized when the Government provides the goods or services.

This basis of accounting differs from that used for budgetary reporting, which is primarily on a cash basis according to accepted budget concepts and policies. (See "Reconciliation of Excess of Revenue over Net Cost," page 128.)

Three Statements of Federal Financial Accounting Standards (SFFAS) were implemented in fiscal 2000 at the Governmentwide reporting level. SFFAS No. 17 includes accounting standards for Federal social insurance programs. SFFAS No. 15 requires that general purpose Federal financial reports include a section devoted to Management's Discussion and Analysis. Finally, SFFAS No. 16 amended earlier standards with respect to multi-use heritage assets.

C. Direct Loans and Loan Guarantees

Direct loans obligated and loan guarantees committed after fiscal 1991 are reported based on the present value of the net cash flows estimated over the life of the loan or guarantee. The difference between the outstanding principal of the loans and the present value of their net cash inflows is recognized as a subsidy cost allowance; the present value of estimated net cash outflows of the loan guarantees is recognized as a liability for loan guarantees.

The subsidy expense for direct or guaranteed loans disbursed during a year is the present value of estimated net cash outflows for those loans or guarantees. A subsidy expense also is recognized for modifications made during the year to loans and guarantees outstanding and for reestimates made as of the end of the year to the subsidy allowances or loan guarantee liability for loans and guarantees outstanding.

Direct loans obligated and loan guarantees committed before fiscal 1992 are valued under two different methodologies within the Federal Government: the allowance-for-loss method and the present-value method. Under the allowance-for-loss method, the outstanding principal of direct loans is reduced by an allowance for uncollectible amounts; the liability for loan guarantees is the amount the agency estimates would more likely than not require a future cash outflow to pay default claims.

Under the present-value method, the outstanding principal of direct loans is reduced by an allowance equal to the difference between the outstanding principal and the present value of the expected net cash flows. The liability for loan guarantees is the present value of expected net cash outflows due to the loan guarantees.

D. Accounts and Taxes Receivable

"Accounts Receivable" represent claims to cash or other assets from entities outside the Federal Government that arise from the sale of goods or services, duties, fines, certain license fees, recoveries, or other provisions of the law.

The category of "Taxes Receivable" primarily consists of uncollected tax assessments, penalties, and interest when taxpayers have agreed the amounts are owed, or a court has determined the assessments are owed. The Balance Sheet does not include unpaid assessments when neither taxpayers nor a court have agreed that the amounts are owed (compliance assessments) or the Government does not expect further collections due to factors such as the taxpayer's death, bankruptcy, or insolvency (writeoffs). Taxes receivable are reported net of an allowance for the estimated portion deemed to be uncollectible.

E. Inventories and Related Property

"Inventories" within the Federal Government are valued using historical cost, net realizable value, and latest acquisition cost. See Note 6—Inventories and Related Property. Historical cost methods include first-in-first-out, weighted average, and moving average. Estimated repair costs reduce the value of inventory held for repair. Excess, obsolete, and unserviceable inventories are valued at estimated net realizable values.

The related property portion of the Inventory and Related Property line includes Operating Materials and Supplies, Stockpile Materials, Commodities, Seized and Monetary Instruments, and Forfeited Property. Operating Materials and Supplies are valued at historical cost, latest acquisition cost, and standard pricing using the consumption method of accounting. Operating Materials and Supplies, which are valued at latest acquisition cost and standard pricing, are not adjusted for holding gains and losses.

F. Property, Plant, and Equipment

"Property, Plant, and Equipment" used in Government operations are carried at cost. Depreciation and amortization expense applies to property, plant, and equipment reported in the Balance Sheet except for land, unlimited duration land rights, and construction in progress. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets. Refer to the Stewardship Information section for assets excluded in this section.

G. Pension and Post-Retirement Health Benefits Programs

"Pension and Post-retirement Health Benefit Expenses" are recorded during the time employee services are rendered. The related liabilities for defined benefit pension plans and post-retirement health benefits are recorded at estimated present value of future benefits, less the estimated present value of future normal cost contributions.

"Normal Cost" is the portion of the actuarial present value of projected benefits allocated as an expense for employee services rendered in the current year. Actuarial gains and losses (and prior and past service cost, if any) are recognized immediately in the year they occur, without amortization.

H. Environmental and Disposal Liabilities

"Environmental and Disposal Liabilities" are recorded at the estimated current cost of removing, containing and/or disposing of hazardous waste and environmental contamination, assuming the use of current technology. Hazardous waste is a solid, liquid, or gaseous waste that, because of its quantity or concentration, presents a potential hazard to human health or the environment. Remediation consists of removal, decontamination, decommissioning, site restoration, site monitoring, closure, and post-closure cost, treatment, and/or safe containment. Where technology does not exist to cleanup hazardous waste, only the estimable portion of the liability, typically safe containment, is recorded.

I. Deferred Maintenance

"Deferred Maintenance" is maintenance that was not performed when it should have been or scheduled maintenance that was delayed or postponed. Maintenance is the act of keeping fixed assets in acceptable condition including preventative maintenance, normal repairs, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from those originally intended. Deferred maintenance information is disclosed in the Supplemental Information to the Financial Statements.

Deferred maintenance expenses are not accrued in the Statement of Net Cost or recognized as liabilities on the Balance Sheet.

J. Commitments and Contingencies

In the normal course of business, the Government has a number of unfulfilled commitments that will require the use of its financial resources. Note 18—Commitments and Contingencies describes the components of the Government's actual commitments that need to be disclosed because of their nature and/or their amount. They include "Long-term Leases," "Undelivered Orders," and "Other Commitments."

Liabilities for contingencies are recognized on the Balance Sheet when both:

- A past transaction or event has occurred.
- A future outflow or other sacrifice of resources is probable and measurable.

The estimated contingent liability may be a specific amount or a range of amounts. If some amount within the range is a better estimate than any other amount within the range, then that amount is recognized. If no amount within the range is a better estimate than any other amount, then the minimum amount in the range is recognized.

Contingent liabilities that do not meet the above criteria for recognition but for which there is at least a reasonable possibility that a loss has been incurred are disclosed in Note 18.

K. Social Insurance

A liability for social insurance programs (Social Security, Medicare, railroad retirement, black lung and unemployment) is recognized for any unpaid amounts due as of the reporting date. No liability is recognized for future benefit payments not yet due. For further information, see the Stewardship Information section on Stewardship Responsibilities and Note 19—Dedicated Collections.

L. Related Party Transactions

Federal Reserve Banks (FRBs), which are not part of the reporting entity, serve as the Government's depositary and fiscal agent. They process Federal payments and deposits to the Department of the Treasury's (Treasury's) account and service Treasury securities. FRBs owned $527 billion of Treasury securities held by the public as of September 30, 2000. FRB earnings that exceed statutory amounts of surplus established for FRBs are paid to the Government and are recognized as non-exchange revenue. Those earnings totaled $32.3 billion for the year ended September 30, 2000. The primary source of these earnings is from interest earned on Treasury securities held by the FRBs.

FRBs issue Federal Reserve notes, the circulating currency of the United States. Specific assets owned by FRBs, typically Treasury securities, collateralize these notes. Federal Reserve notes are backed by the full faith and credit of the U.S. Government.

The Government does not guarantee payment of the liabilities of Government-sponsored enterprises such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, which are privately owned. These enterprises also are excluded from the reporting entity.

Note 2. Cash and Other Monetary Assets

Cash and Other Monetary Assets as of September 30

(In billions of dollars)

Cash	56.2
Gold	11.0
Domestic monetary assets	2.5
International monetary assets	35.2
Total cash and other monetary assets	104.9

Cash

"Cash," in the amount of $56.2 billion, consists of:

- Treasury balances held at the FRBs, net of outstanding checks.
- Treasury balances in special depositaries, known as the U.S. Treasury Tax and Loan Note accounts.
- Funds held outside of Treasury and the FRBs by authorized fiscal officers or agents.
- Monies held by Government collection and disbursing officers, agencies' undeposited collections, unconfirmed deposits, and cash transfers.
- Time deposits at financial institutions.

The Government maintains formal arrangements with numerous banks to maintain time deposits known as "compensating balances." These balances, which totaled $6.0 billion as of September 30, 2000, compensate the banks for services provided to the Government, such as maintaining zero-balance accounts for the collection of public monies. Operating cash of the Federal Government is either insured (for balances less than $100,000) by the Federal Deposit Insurance Corporation, or collateralized by securities pledged by the depository institutions and held by the FRBs.

Gold

"Gold" is valued at the statutory price of $42.2222 per fine troy ounce. As of September 30, 2000, the number of fine troy ounces was 258,713,310. The market value of gold on the London Fixing as of the reporting date was $273.65 per fine troy ounce. Gold totaling $11.0 billion was pledged as collateral for gold certificates issued and authorized to the FRBs by the Secretary of the Treasury. Treasury may redeem the gold certificates at any time. See Note 14—Other Liabilities.

Domestic Monetary Assets

"Domestic Monetary Assets" consist of liquid assets, other than cash, that are based on the U.S. dollar, including coins, silver bullion, and other coinage metals. These items totaled $2.5 billion as of September 30, 2000.

International Monetary Assets

"International monetary assets" include the U.S. reserve position in the International Monetary Fund (IMF), U.S. holdings of Special Drawing Rights (SDRs), official reserves of foreign currency, and gold.

The U.S. reserve position in the IMF reflects the reserve asset portion of the financial subscription that the United States has paid in as part of its participation in the IMF. The IMF promotes international monetary cooperation and a stable payments system to facilitate growth in the world economy. Its primary activities are surveillance of member economies, financial assistance as appropriate, and technical assistance.

Only a portion of the required payment to the IMF is made in the form of reserve assets; the remainder is payable in the form of a letter of credit from the United States to the IMF.

As of September 30, 2000, the balance available under the letter of credit totaled $34.4 billion. The U.S. reserve position in the IMF has a U.S. dollar equivalent of $13.7 billion as of that date.

SDRs are interest-bearing assets obtained through either IMF allocations, transactions with IMF member countries, interest earnings on SDR holdings, or U.S. reserve position in the IMF. SDR holdings are an asset of Treasury's Exchange Stabilization Fund (ESF), which held SDRs totaling $10.3 billion equivalent at the end of fiscal 2000.

SDRs are allocated by the IMF to its members in proportion to each member's quota in the IMF. The SDR Act of 1968 authorized the Secretary of the Treasury to issue SDR Certificates (SDRCs) to the Federal Reserve in exchange for dollars. The amount of SDRCs outstanding cannot exceed the dollar value of SDR holdings. The Secretary of the Treasury determines when Treasury will issue or redeem SDRCs. SDRCs outstanding totaled $3.2 billion at the end of the fiscal year and are included in Note 14 –Other Liabilities.

On September 30, 2000, "Other liabilities" include a $6.4 billion interest-bearing liability to the IMF on the ESF balance sheet for SDR allocations. The SDR allocation item represents the cumulative total of SDRs distributed by the IMF to the United States in allocations that occurred in 1970, 1972, 1979, 1980 and 1981.

Note 3. Accounts Receivable

The category of "Accounts Receivable," which includes related interest receivable, represents claims to cash or other assets from entities outside the Federal Government. An allowance for estimated losses due to uncollectible amounts is established when it is more likely than not that the receivables will not be totally collected. The allowance method varies among the agencies in the Federal Government. Methods include statistical sampling of receivables, specific identification and intensive analysis of each case, aging methodologies, and percentage of total receivables based on historical collection. Accounts receivable are net of an allowance for uncollectible amounts of $15.8 billion as of September 30, 2000.

Accounts Receivable as of September 30

(In billions of dollars)

Agency	
Department of Defense	4.7
Social Security Administration	4.7
Department of Energy	4.4
Department of Health and Human Services	4.0
Department of Education	2.3
Executive Office of the President	2.0
Department of Agriculture	1.8
Department of Interior	1.1
Department of Housing and Urban Development	1.0
Department of Veterans Affairs	1.0
Department of Treasury	0.7
Tennessee Valley Authority	0.7
Environmental Protection Agency	0.7
Department of Labor	0.5
All other departments	2.7
Total accounts receivable	32.3

Note 4. Loans Receivable and Loan Guarantee Liabilities

The Federal Government uses two methods, direct loans and loan guarantee programs, to accomplish the same goals. These goals are to promote the Nation's welfare by making direct loans and guaranteeing non-Federal loans to segments of the population not adequately served by non-Federal institutions. For those unable to afford credit at the market rate, Federal credit programs provide subsidies in the form of direct loans offered at an interest rate lower than the market rate. For those to whom non-Federal financial institutions are reluctant to grant credit because of the high risk involved, Federal credit programs guarantee the payment of these non-Federal loans and absorb the cost of defaults.

The long-term cost of loans and guarantees outstanding for loans obligated or guarantees committed after fiscal 1991 is the subsidy cost allowance for direct loans outstanding and the liability for loan guarantees outstanding as of the end of fiscal 2000. The long-term cost for loans obligated or guarantees committed before fiscal 1992 is the allowance for uncollectible amounts (or present value allowance) for direct loans outstanding and the liability for loan guarantees outstanding. The long-term cost is based on all direct loans and guaranteed loans disbursed in fiscal 2000 and previous years that are outstanding as of the end of fiscal 2000. It includes the subsidy cost of these loans and guarantees estimated as of the time of loan disbursement and subsequent adjustments such as modifications, reestimates, amortizations, and writeoffs.

Direct Loans and Loan Guarantees as of September 30, 2000

(In billions of dollars)	Face Value of Loans Outstanding	Long-term Cost of Loans and Guarantees Outstanding	Net Loans Receivable	Amount Guaranteed by the Federal Government	Subsidy Expense for the Fiscal Year Ended September 30, 2000
Direct Loan Programs:					
Federal Direct Student Loans	58.5	(4.4)	62.9		(3.9)
Rural Utilities Service................	39.1	3.0	36.1		0.1
Rural Housing Service	29.2	7.7	21.5		0.2
Federal Family Education Loans..	20.3	9.4	10.9		0.0
Food for Progress credits	10.8	6.7	4.1		0.6
Credit program - Direct Loan program................................	10.2	3.8	6.4		0.0
Housing and Urban Development	10.1	(0.9)	11.0		0.0
Agricultural Credit Insurance Fund.....................................	9.2	0.7	8.5		(0.6)
Direct Loans for Spectrum auction sales..........................	8.2	(1.4)	9.6		0.0
Export Credit Guarantees	7.3	4.3	3.0		0.0
Export-Import Bank Loans	6.2	1.3	4.9		0.0
Disaster Loan programs	6.0	0.5	5.5		0.3
All other programs	30.0	6.8	23.2		1.3
Total	245.1	37.5	207.6		(2.0)
Guaranteed Loan Programs:					
Federal Family Education Loans..	139.0	13.7		129.3	0.3
Subsidized Federal Housing Administration Loans	106.4	8.0		94.8	(0.1)
Export-Import Bank guarantees .	28.7	6.3		28.7	2.6
Veterans Housing Benefit program	216.4	5.0		71.8	(0.6)
Small Business Loans...............	43.7	1.3		35.0	(0.3)
Israeli Loan Guarantee program ..	9.2	0.6		9.2	0.0
Urban and Environmental program................................	2.3	0.1		2.3	0.0
Overseas Private Investment Corporation Credit program.....	3.2	0.4		3.2	0.0
Rural Housing Service	11.5	0.4		10.4	0.2
Health Education Assistance Loans	3.2	0.3		3.2	0.0
Export Credit Guarantee programs	4.5	0.3		4.4	0.8
Unsubsidized Federal Housing Administration Loans	483.3	(0.5)		449.7	0.0
All other programs	25.1	1.4		20.3	0.4
Total	1,076.5	37.3		862.3	3.3

"Net Loans Receivable" includes related interest and foreclosed property. They are included in the assets section of the Balance Sheet.

The total subsidy expense is the cost of direct loans and loan guarantees recognized during fiscal 2000. It consists of the subsidy expense incurred for direct and guaranteed loans disbursed during fiscal 2000, for modifications made during fiscal 2000 of loans and guarantees outstanding, and for reestimates as of the end of fiscal 2000 of the cost of loans and guarantees outstanding. This expense is included in the Statement of Net Cost.

Major Loan Programs

The Federal Direct Student Loan program, established in fiscal 1994, offers four types of education loans: Stafford, Unsubsidized Stafford, PLUS for parents, and consolidation loans. Evidence of financial need is required for a student to receive a subsidized Stafford loan. The other three loan programs are available to borrowers at all income levels. These loans usually mature 9 to13 years after the student is no longer enrolled. They are unsecured.

Rural Utilities Service loans are for the construction and operation of electric generating plants, transmission and distribution lines, telecommunication lines, and related systems. These loans carry an average maturity of greater than 20 years and are usually secured.

The major Federal rural housing programs are funded through the Rural Housing Insurance Fund program account. These programs include:

- Very low- and low-to-moderate-income home ownership loans and guarantees.
- Very low-income housing repair loans.
- Multifamily housing loans and guarantees.
- Domestic farm labor housing loans.
- Housing site loans.
- Credit sales of acquired property.

Loan programs are limited to rural areas that include towns, villages, and other places not part of an urban area. The majority of these loans matures in excess of 25 years and is secured by the property of the borrower.

The Federal Family Education Loan program, formerly known as the Guaranteed Student Loan program, was established in fiscal 1965. Like the Federal Direct Student Loan program, it offers four types of loans: Stafford, Unsubsidized Stafford, PLUS for parents, and consolidation loans.

The Federal Housing Administration (FHA) provides mortgage insurance encouraging lenders to make credit available to expand home ownership. FHA predominately serves borrowers that the conventional market does not adequately serve. This includes first-time home buyers, minorities, lower-income families, and residents of under-served areas.

The Veterans Housing Benefit program provides partial guaranty of residential mortgage loans issued to eligible veterans, reservists and service members by private lenders. This guarantee allows veterans, reservists, and service members to purchase a home without a substantial down payment.

The Export-Import Bank aids in financing and promoting U.S. exports. To accomplish its objectives, the bank's authority and resources are used to:

- Assume commercial and political risk that exporters or private institutions are unwilling or are unable to undertake.
- Overcome maturity and other limitations in private sector financing.
- Assist U.S. exports to meet foreign officially sponsored export credit competition.
- Provide leadership and guidance in export financing to the U.S. exporting and banking communities and to foreign borrowers.

Repayment terms for these loans are usually 1 to 7 years.

The U.S. Agency for International Development (USAID) provides economic assistance to selected countries in support of U.S. efforts to promote stability and security interests in strategic regions of the world.

Other loan programs include: Small Business Administration (SBA) general business loan guarantees and disaster loans; and the Farm Service Agency for farm ownership, emergency, and disaster loans.

Note 5. Taxes Receivable

"Taxes Receivable" are the gross tax receivables net of allowance for doubtful accounts.

Taxes Receivable as of September 30

(In billions of dollars)

Gross taxes receivable	83.7
Allowance for doubtful accounts	(60.4)
Taxes receivable, net	23.3

Note 6. Inventories and Related Property

Inventories and Related Property

(In billions of dollars)	Defense	All Others	Total
Inventory held for sale, principally to Federal agencies	52.8	1.2	54.0
Operating materials and supplies	83.8	6.3	90.1
Stockpile materials	2.4	37.7	40.1
Commodities	0.0	0.5	0.5
Seized monetary instruments	0.0	0.1	0.1
Forfeited property	0.0	0.1	0.1
Other related property	0.0	0.3	0.3
Total inventories and related property	139.0	46.2	185.2

Inventory is tangible personal property that is (1) held for sale, principally to Federal agencies, (2) in the process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee.

"Inventory held for sale, principally to Federal agencies" is expected to be sold in the normal course of operations and includes the following categories:

- "Inventory held for future sale" is maintained because it is not readily available in the market or because it will not be used in the normal course of operations, but there is more than a remote chance that that it will eventually be needed. The Department of Defense (DOD), which accounts for nearly all of the inventory held for sale and future sale in the U.S. Government, uses the Latest Acquisition Cost (LAC) method, which is revalued for holding gains and losses—$25.3 billion in fiscal 2000—in order to approximate historical cost.
- "Inventory held for repair" is damaged inventory that requires repair to make it suitable for sale. Inventory held for repair is reported net of an allowance for estimated repair costs.
- "Excess inventory" is that which exceeds the demand expected in the normal course of operations and which does not meet management's criteria to be held in reserve for future sale.
- "Obsolete inventory" is that which no longer is needed due to changes in technology, laws, customs, or operations.
- "Unserviceable inventory" is inventory damaged beyond economic repair.
- "Excess, obsolete, and unserviceable inventory" is reported at net realizable value.

"Operating materials and supplies" are tangible personal property to be consumed in normal operations and include the following categories:

- "Operating materials and supplies held for future use" are materials retained because they are not readily available in the market or because they will not be used in the normal course of operations, but there is more than a remote chance that they will eventually be needed. DOD, which accounts for most of the reported operating materials and supplies, uses Latest Acquisition Cost and Standard Price under the purchase and consumption methods of accounting to value operating materials and supplies and does not adjust for holding gains and losses, which does not approximate historical cost.
- "Excess operating materials and supplies" are materials that exceed the demand expected in the normal course of operations, and do not meet management's criteria to be held in reserve for future use.
- "Obsolete operating materials and supplies" are materials that are no longer needed due to changes in technology, laws, customs, or operations.
- "Unserviceable operating materials and supplies" are materials damaged beyond economical repair. DOD, which accounts for most of the reported excess, obsolete, and unserviceable operating materials and supplies, does not value excess, obsolete, and unserviceable operating materials and supplies at net realizable value.

"Stockpile materials" are strategic and critical materials held for use in national defense, conservation, or national emergencies due to statutory requirements; for example, nuclear materials and oil. The amounts reported include $1.8 billion of stockpile materials that have been authorized for sale.

"Commodities" include items of commerce or trade that have an exchange value used to stabilize or support market prices.

"Seized monetary instruments" is comprised of only monetary instruments, which are awaiting judgment to determine ownership. The related liability is included in "Other liabilities." Other property seized by the Government, such as real property and tangible personal property, is not included as a Government asset. It is accounted for in agency property-management records until the property is forfeited, returned, or otherwise liquidated.

"Forfeited property" is comprised of monetary instruments, intangible property, real property, and tangible personal property acquired through forfeiture proceedings; property acquired by the Government to satisfy a tax liability; and unclaimed and abandoned merchandise.

Note 7. Property, Plant, and Equipment

The category of "Property, Plant, and Equipment" consists of tangible assets including land, buildings, structures, and other assets used to provide goods and services. Certain types of tangible assets, collectively referred to as "Stewardship Assets," are not reported as property, plant, and equipment or elsewhere on the Balance Sheet. This is in conformity with accounting standards that became effective for fiscal 1998. "Stewardship Assets" include "National Defense Assets," "Heritage Assets," and "Stewardship Land." These assets are presented in the Stewardship Information section.

Property, Plant, and Equipment as of September 30

(In billions of dollars)	Cost	Accumulated Depreciation/ Amortization	Net
Buildings, structures, and facilities	287.3	135.6	151.7
Furniture, fixtures, and equipment	148.6	80.7	67.9
Construction in progress	51.0	0.0	51.0
Land and land improvements	30.0	7.2	22.8
Automated data processing software	4.1	2.3	1.8
Assets under capital lease	1.6	0.5	1.1
Leasehold improvements	2.8	1.2	1.6
Other property, plant, and equipment	0.6	0.0	0.6
Total property, plant, and equipment	526.0	227.5	298.5

Note 8. Other Assets

Other Assets as of September 30

(In billions of dollars)

Advances and prepayments	17.1
Securities and investments	19.1
Other	23.5
Total other assets	59.7

The category of "Other Assets" consists of advances and prepayments, securities and investments, and other Government assets not otherwise classified. This figure presents securities at cost, net of unamortized premiums and discounts.

Note 9. Accounts Payable

Accounts Payable as of September 30

(In billions of dollars)

Interest on Federal debt securities held by the public	44.3
Department of Defense	19.6
U.S. Postal Service	4.5
Department of Energy	3.3
National Aeronautics and Space Administration	2.8
Department of Justice	2.0
General Service Administration	1.7
Agency for International Development	1.3
Tennessee Valley Authority	0.9
Executive Office of the President	0.7
Department of Treasury – Excluding interest on debt	0.6
Department of Transportation	0.6
Department of Veterans Affairs	0.5
Department of Agriculture	0.5
All other departments	7.7
Total accounts payable	91.0

The "Accounts Payable" table includes "Interest on Federal debt securities held by the public." This reflects unpaid interest accrued on Federal debt securities held by the public (see Note 10) as of September 30, 2000. Other accounts payable are for goods and property ordered and received, and for services rendered by other than Federal employees.

Note 10. Federal Debt Securities Held by the Public

Definitions of Debt

Gross Federal Debt—All Government debt, whether issued by Treasury (Treasury securities) or by other agencies (agency securities). "Gross Federal debt" is held either by the public or by Federal Government entities.
Debt Held by the Public—Federal debt held outside the Government by individuals, corporations, State or local governments, Federal Reserve Banks, foreign governments, and central banks.
Intragovernmental Holdings—Federal debt held by Government trust funds, revolving funds, and special funds.

"Federal Debt Securities Held by the Public" totaled $3,408.5 billion at the end of fiscal 2000. The accompanying Federal Debt Securities table details Government borrowing to finance operations. This table shows debt at face value. Unamortized premiums are added and unamortized discounts subtracted.

"Intragovernmental holdings" represent the portion of the gross Federal debt held as investments by Government entities. This includes major trust funds. For more information on trust funds, see Note 19—Dedicated Collections. These intragovernmental holdings are eliminated in the consolidation of these financial statements.

Securities that represent Federal debt held by the public are primarily issued by the Treasury and include:

- Interest-bearing marketable securities (bills, notes, and bonds).
- Interest-bearing nonmarketable securities (foreign series, State and local government series, domestic series, and savings bonds).
- Non interest-bearing debt (matured and other).

As of September 30, 2000, $5,591.6 billion of debt was subject to a statutory limit (31 United States Code 3101). That limit was $5,950 billion. The debt subject to the limit includes: Treasury Securities held by the public and intragovernmental holdings, as well as Government guaranteed debt of Federal agencies.

Section 3111 of title 31, United States Code, authorizes the Secretary of the Treasury to use money received from the sale of an obligation and other money in the general fund of the Treasury to buy, redeem, or refund, at or before maturity, outstanding bonds, notes, certificates of indebtedness, Treasury bills, or savings certificates of the U.S. Government. During fiscal 2000, the Secretary of the Treasury authorized the redemption of $21.3 billion of outstanding unmatured marketable Treasury securities at a premium of $5.5 billion. These early redemption transactions are known as Treasury "buybacks." The net change of the Federal debt securities held by the public during fiscal 2000 includes $21.2 billion related to these buybacks.

Federal Debt Securities Held by the Public as of September 30

(In billions of dollars)	Beginning Balance September 30, 1999	Net Change During Fiscal 2000	Ending Balance September 30, 2000	Average Interest Rate During Fiscal 2000
Treasury Securities:				
Marketable securities	3,233.0	(240.2)	2,992.8	6.631%
Non-marketable securities	2,414.3	215.0	2,629.3	6.628%
Non-interest bearing debt	9.0	43.1	52.1	
Total Treasury securities	5,656.3	17.9	5,674.2	
Plus: Unamortized premium on Treasury securities	16.0	(1.0)	15.0	
Less: Unamortized discount on Treasury securities	80.4	(4.9)	75.5	
Total Treasury securities, net of unamortized premiums and discounts	5,591.9	21.8	5,613.7	
Agency Securities:				
Tennessee Valley Authority	25.9	(0.5)	25.4	
All other agencies	2.1	(0.4)	1.7	
Total agency securities, net of unamortized premiums and discounts	28.0	(0.9)	27.1	
Total Federal debt	5,619.9	20.9	5,640.8	
Less: Intragovernmental holdings, net of unamortized premiums and discounts	1,988.3	244.0	2,232.3	
Total Federal debt securities held by the public	3,631.6	(223.1)	3,408.5	

Types of marketable securities:
Bills – Short-term obligations issued with a term of 1 year or less.
Notes – Medium-term obligations issued with a term of at least 1 year, but not more than 10 years.
Bonds – Long-term obligations of more than 10 years.

Intragovernmental Holdings: Federal Debt Securities Held as Investments by Government Accounts as of September 30

(In billions of dollars)	Beginning Balance September 30, 1999	Net Change During Fiscal 2000	Ending Balance September 30, 2000
Social Security Administration, Federal Old-Age and Survivors Insurance	762.2	131.3	893.5
Office of Personnel Management, civil service retirement and disability	481.3	30.7	512.0
Department of Health and Human Services, Hospital Insurance	153.7	15.2	168.9
Department of Defense, military retirement	141.3	8.0	149.3
Social Security Administration, Federal Disability Insurance	92.7	21.0	113.7
Department of Labor, unemployment	77.4	9.0	86.4
Department of Health and Human Services, Federal Supplementary Medical Insurance	26.5	18.6	45.1
Federal Deposit Insurance Corporation funds	40.8	1.8	42.6
Department of Transportation, Highway Trust Fund	28.1	2.9	31.0
Railroad Retirement Board	24.4	0.4	24.8
Office of Personnel Management, Employees Life Insurance	20.7	1.7	22.4
Housing and Urban Development, Federal Housing	14.9	2.4	17.3
Veterans Affairs	14.3	(0.1)	14.2
Department of Transportation, Airport and Airway Trust Fund	12.4	0.7	13.1
Department of Energy, nuclear waste disposal	15.2	2.4	17.6
All other programs and funds	84.0	0.7	84.7
Subtotal	1,989.9	246.7	2,236.6
Less: Unamortized net discounts	1.6	2.7	4.3
Total intragovernmental holdings, net	1,988.3	244.0	2,232.3

Note 11. Federal Employee and Veteran Benefits Payable

The Government offers its employees life and health insurance, as well as retirement and other benefits. These benefits apply to civilian and military employees.

The Federal Government administers more than 40 pension plans. The Office of Personnel Management (OPM) administers the largest civilian plan. DOD, meanwhile, administers the largest military plan. The Government offers both defined benefit and defined contribution pension plans. The largest are defined benefit plans. The change in actuarial accrued post-retirement health benefits liability and components of related expense for fiscal 2000 are presented below.

Federal Employee and Veteran Benefits Payable as of September 30

(In billions of dollars)	Civilian	Military	Total
Pension	1,071.9	690.4	1,762.3
Post-retirement health benefits	198.1	192.4	390.5
Veterans compensation and burial benefits	N/A	545.7	545.7
Liability for other benefits	39.2	20.1	59.3
Total Federal employee and veteran benefits payable	1,309.2	1,448.6	2,757.8

Change in Actuarial Accrued Pension Liability and Components of Related Expenses

(In billions of dollars)	Civilian [1]	Military	Total
Actuarial accrued pension liability as of September 30, 1999	1,025.2	661.8	1,687.0
Reclassification adjustments	-	2.8	2.8
Corrected beginning pension liability	1,025.2	664.6	1,689.8
Pension Expense:			
Normal costs	22.6	11.5	34.1
Interest on liability	72.7	40.6	113.3
Actuarial (gains)/losses	(3.3)	(2.2)	(5.5)
Total pension expense	92.0	49.9	141.9
Benefits paid	45.3	24.1	69.4
Actuarial accrued pension liability as of September 30, 2000	1,071.9	690.4	1,762.3

[1] Does not include U.S. Tax Court and judicial branch.

Significant Assumptions Used in Determining Pension Liability and the Related Expense

(In percentages)	Civilian	Military
Rate of interest	7.00%	6.25%
Rate of inflation	4.00%	3.00%
Projected salary increases	4.25%	3.50%

Change in Actuarial Accrued Post-Retirement Health Benefits Liability and Components of Related Expenses

(In billions of dollars)	Civilian	Military	Total
Actuarial accrued post-retirement health benefits liability, as of September 30, 1999	179.7	196.2	375.9
Prior period adjustments	0.6	-	0.6
Corrected beginning post-retirement health benefits liability	180.3	196.2	376.5
Post-retirement Health Benefits Expense:			
Normal costs	6.6	4.8	11.4
Interest on liability	13.1	12.6	25.7
Actuarial (gains)/losses	5.0	(14.2)	(9.2)
Total post-retirement health benefits expense	24.7	3.2	27.9
Claims paid	6.9	7.0	13.9
Actuarial accrued post-retirement health benefits liability, as of September 30, 2000	198.1	192.4	390.5

Significant Assumptions Used in Determining Post-Retirement Health Benefits and the Related Expense

(In percentages)	Civilian	Military
Rate of interest	7.0%	6.25%
Rate of health care cost inflation	7.0%	4.0-9.79%

Civilian Employees

Pensions

OPM administers the largest civilian pension plan, which covers approximately 90 percent of all Federal civilian employees. This plan includes two components of defined benefits. These are the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). The basic benefit components of the CSRS and the FERS are financed and operated through the Civil Service Retirement and Disability Fund (CSRDF).

CSRDF monies are generated primarily from employees' contributions, agency contributions, payments from the general fund, and interest on investments in securities. See Note 19—Dedicated Collections.

The Federal Retirement Thrift Investment Board, an independent Government agency, administers the Thrift Savings Plan (TSP) Fund. Federal employees and retirees covered by CSRS and FERS own the fund's assets. These financial statements exclude this fund because the employees own its assets.

Treasury securities held by the fund are included and classified as Treasury securities held by the public. FERS employees may contribute up to 10 percent of base pay to the plan, which the Government matches up to 5 percent. CSRS employees may contribute up to 5 percent of base pay with no Government match.

The TSP Fund held $31.8 billion in nonmarketable Treasury securities as of September 30, 2000. The Federal Government's related liability is included in "Total Federal debt securities held by the public" in the Balance Sheet.

Health Benefits

Civilian retirees pay the same insurance premium as active employees under the Federal Employee Health Benefits Program (FEHBP). These premiums cover only a portion of the costs.

Other Benefits

Employee and annuitant contributions and interest on investments fund a portion of the Federal Employees Group Life Insurance (FEGLI) program. OPM administers this program, although claims are paid through private insurance companies.

Military Employees (Including Veterans)

Pensions

The DOD Military Retirement Fund finances military retirement and survivor benefit programs.

The military retirement system consists of a funded, noncontributory, defined benefit plan. It applies to the Army, Navy, Marine Corps, and Air Force. This system includes non-disability retirement pay, disability retirement pay, and retirement pay for reserve service and survivor annuity programs.

Health Benefits

Military benefits entitle retirees and their dependents to health care in military medical facilities if a facility can provide the needed care. Until they reach age 65, military retirees and their dependents also are entitled to be reimbursed for the cost of health care from civilian providers. A premium is charged to enroll in DOD's civilian care program. In addition, there are deductible and copayment requirements for civilian care. After they reach 65 years of age, Medicare covers military retirees.

Military retiree health care figures include the cost of education and training, staffing, buildings and equipment, as well as the operation and maintenance of medical facilities. They also include claims paid to civilian providers and the cost of administering the program.

The fiscal 2001 National Defense Authorization Act (Public Law No. 106-398), enacted on October 30, 2000, provided greatly expanded benefits, beginning in fiscal years 2001 and 2002, to Medicare eligible retirees, dependents, and survivors. These expanded benefits will result in a significant increase in the military retirement health benefits liability in future years.

Compensation and Burial Benefits

The Government compensates disabled veterans and their survivors. Veterans compensation is payable as a disability benefit or a survivor's benefit. Entitlement to compensation depends on: the veteran's disabilities having been incurred in, or aggravated during, active military service; death while on duty; or death resulting from service-connected disabilities, if not in active duty.

Burial benefits include a burial and plot or interment allowance payable for a veteran, who at the time of death, qualified to receive compensation or a pension, or whose death occurred in a Department of Veterans Affairs' facility.

The liability for veterans compensation and burial benefits payable increased in fiscal 2000 by $ 62.5 billion. The primary factors contributing to this increase were changes in interest rate and other actuarial assumptions.

Veterans Compensation and Burial Benefits as of September 30

(In billions of dollars)

Veterans	451.9
Survivors	91.0
Burial benefits	2.8
Total compensation and burial benefits payable	545.7

Other Benefits

Veterans insurance includes the following programs:

- United States Government Life Insurance, established in 1919 to handle new issues and the conversion of World War I Risk Term Insurance.
- National Service Life Insurance, established in 1940 to meet the needs of World War II service personnel.
- Veterans Special Life Insurance, established in 1951 for Korean veterans who did not have service-connected disabilities.
- Service-Disabled Veterans Insurance, established in 1951 for veterans with service-connected disabilities.
- Veterans Reopened Insurance, which established a 1-year reopening in 1965 of National Service Life Insurance for certain disabled World War II and Korean veterans.

Note 12. Environmental and Disposal Liabilities

During World War II and the Cold War, the United States developed a massive industrial complex to research, produce, and test nuclear weapons. This included nuclear reactors, chemical-processing buildings, metal machining plants, laboratories, and maintenance facilities.

These activities left an environmental legacy of contaminated areas and buildings. Volumes of waste and special nuclear materials require treatment, stabilization, and disposal. The resulting environmental liabilities consist of the costs associated with removing, containing, and/or disposing of this hazardous waste.

Of those environmental liabilities, this report presents only cleanup costs from Federal operations known to result in hazardous waste that the Federal Government is required to clean up by Federal, State, or local statutes and/or regulations. Two of these statutes are: the Nuclear Waste Policy Act of 1992, which provides for permanent disposal of the Nation's high-level radioactive waste and spent nuclear fuel; and Public Law 105-204, which requires a plan for the conversion of depleted uranium hexaflouride.

The Department of Energy (DOE) is responsible for the cleanup of facilities it operates or has operated. DOE incurred operating and capital expenditures totaling $6.3 billion in fiscal 2000. It used these funds to remediate legacy waste. This includes nuclear materials and facilities stabilization, and waste treatment, storage, and disposal activities at each installation. "Environmental management facilities and sites" include costs for environmental restoration; nuclear material and facility stabilization; and waste treatment, storage, and disposal activities at each installation. They also include costs for related activities such as landlord responsibilities, program management, and legally prescribed grants for participation and oversight by Native American tribes and regulatory agencies. "Active and surplus facilities" represent anticipated remediation cost for those facilities that are conducting ongoing operations but ultimately will require stabilization, deactivation, and decommissioning. "High-level waste and spent nuclear fuel" includes the full cost to provide for permanent disposal of the Nation's high-level radioactive waste and spent nuclear fuel. Projects with no current feasibility remediation approach are excluded from the estimate. Significant projects not included are:

- Nuclear explosion test areas (e.g., Nevada test site).
- Large surface water bodies (e.g., Clinch and Columbia Rivers).
- Most ground water (even with treatment, future use will be restricted).
- Some special nuclear material (e.g., uranium hexafluoride).

DOD is responsible for the cleanup of facilities it operates or has operated. DOD must restore active installations, installations affected by base realignment or closure, and other areas formerly used as defense sites. DOD also bears responsibility for disposal of chemical weapons and environmental costs associated with the disposal of weapons systems (primarily nuclear powered aircraft carriers and submarines). DOD also is responsible for training range and other non-range unexploded ordnance cleanup.

Environmental and Disposal Liabilities as of September 30

(In billions of dollars)

Department of Energy:	
Environmental management facilities and sites	182.7
Active and surplus facilities	26.0
High-level waste and spent nuclear fuel	14.3
Other	11.3
Total Department of Energy	234.3
Department of Defense:	
Chemical weapons disposal	14.9
Training ranges and non-range unexploded ordnance	14.0
Active installations	15.4
Nuclear powered aircraft carriers and submarines	10.2
Other	8.7
Total Department of Defense	63.2
All other agencies	3.7
Total environmental and disposal liabilities	301.2

Note 13. Benefits Due and Payable

These amounts are the benefits owed to program recipients or medical service providers as of the fiscal yearend that have not yet been paid. For a description of the programs, see the Stewardship Responsibilities section under Stewardship Information.

Benefits Due and Payable as of September 30

(In billions of dollars)	
Federal Old-Age and Survivors Insurance	31.0
Federal Hospital Insurance (Medicare Part A)	12.7
Grants to States for Medicaid	12.3
Federal Supplementary Medical Insurance (Medicare Part B)	11.5
Federal Disability Insurance	7.4
Supplemental security income	1.2
Railroad retirement	0.7
Unemployment insurance	0.8
Other benefits	0.2
Total benefits due and payable	77.8

Note 14. Other Liabilities

"Accrued wages and benefits" consist of the estimated liability for civilian and military salaries and wages earned but unpaid. They also include funded annual leave and other employee benefits that have been earned but are unpaid.

"Deferred revenue" refers to revenue received but not yet earned.

"Insurance programs" include bank deposit insurance, guarantees of pension benefits, and life and medical insurance. They also include insurance against damage to property (home, crops, and airplanes) caused by perils such as flooding and other natural disasters, risk of war, and insolvency.

"Gold certificates" include monetized portions of gold and certificates deposited in FRBs.

"Other debt" includes Government obligations, whether secured or unsecured, not included in public debt.

"Exchange Stabilization Fund" includes Special Drawing Rights (SDRs) certificates issued to the Federal Reserve Banks and allocations from the International Monetary Fund.

"Deposit funds" are deposits held and maintained by the Federal Government on behalf of a third party.

"Advances from foreign governments " consist of amounts received from foreign governments for goods and services to be provided.

"Contractual services" consist of contractual obligations of the Department of Defense.

"Other miscellaneous liabilities" include amounts accrued for contingent liabilities.

Other Liabilities as of September 30

(In billions of dollars)

Accrued wages and benefits	26.3
Deferred revenue	23.8
Insurance programs	20.6
Gold certificates	11.0
Other debt	10.4
Exchange Stabilization Fund	9.6
Deposit funds	6.2
Advances from foreign governments	6.2
Contractual services	4.9
Advances from others	3.5
Deferred revenue from unmatured accounts	2.8
Universal Service Fund	2.4
Energy Employees Occupational Illness Compensation Act	1.6
Environmental safety and health compliance	1.3
Other miscellaneous liabilities	44.4
Total other liabilities	175.0

Note 15. Collections and Refunds of Federal Revenue

Treasury is the Federal Government's principal revenue-collecting agency.

Collections of "Individual income and tax withholdings" include estimated income tax payments by individuals, Social Security and Medicare taxes, and individual income tax withholdings but does not include Federal tax refunds.

"Individual income and tax withholdings" include refunds and Earned Income Tax Credit (EITC). EITC is a refundable credit for taxpayers who work and whose earnings fall below the established ceiling. A refundable credit is first used to offset any individual taxes owed; any remaining amounts are issued to the taxpayer. In fiscal 2000, the Internal Revenue Service (IRS) issued $26.1 billion in EITC refunds and an additional $5.1 billion of the EITC credits was applied to reduce taxpayer liability. All of these EITC amounts are included in "Gross Cost" in the Statement of Net Cost as a component of the income security function. Amounts reported for corporate income taxes in tax year 2001 include corporate taxes of $7 billion for tax year 2000. Taxes collected are reported in the Revenue section of the Statement of Operations and Changes in Net Position, and are presented on a modified cash basis . On the other hand, collections reported in the table on this Note 15, are reported on a "gross cash basis".

The "Current Service Assessment" (CSA) table, in the Stewardship section of this document, also includes the Government's receipts and outlays. The total amounts included in the table for the year 2000 are the same as those described in Note 15 but classified differently. The classifications differ, because the budget classifies some collections and refunds differently. For example, Note 15 nets part of the EITCs (amounts in excess of offsets to individual taxes owed) in receipts, while the budget reports them as outlays. Meanwhile, the Statement of Net Cost reports refunds and EITCs as expenses.

Collections of Federal Revenue for the Fiscal Year Ended September 30

(In billions of dollars)	Federal Revenue Collections	Tax Year to Which Collections Relate 2000	1999	1998	Prior Years
Individual income and tax withholdings	1,764.3	1,132.3	612.5	11.6	7.9
Corporation income taxes	235.4	156.5	70.2	0.5	8.2
Estate and gift taxes	29.7	0.4	25.7	1.6	2.0
Excise taxes	70.2	51.4	18.3	0.1	0.4
Custom duties	20.5	20.5	-	-	-
Fees and licenses	2.1	2.1	-	-	-
Unemployment taxes	26.7	24.7	2.0	-	-
Railroad retirement taxes	4.7	3.6	1.1	-	-
Federal Reserve earnings	32.3	25.1	7.2	-	-
Fines, penalties, interest, and other taxes	3.4	2.9	0.5	-	-
Total	2,189.3	1,419.5	737.5	13.8	18.5

Federal Tax Refunds Disbursed for the Fiscal Year Ended September 30

(In billions of dollars)	Refunds Disbursed	Tax Year to Which Refunds Relate 2000	1999	1998	Prior Years
Individual income and tax withholdings	161.4	1.0	148.5	8.6	3.3
Corporation income taxes	31.1	1.4	10.4	7.0	12.3
Unemployment taxes	0.1	-	0.1	-	-
Excise taxes	0.7	0.3	0.4	-	-
Estate and gift taxes	0.8	-	0.2	0.3	0.3
Custom duties	1.2	0.5	0.3	0.1	0.3
Total	195.3	3.2	159.9	16.0	16.2

Note 16. Unreconciled Transactions Affecting the Change in Net Position

The reconciliation of the "Change in Net Position" requires that the difference between ending and beginning net position equals the excess of revenues over net cost, plus or minus prior period adjustments.

The unreconciled transactions needed to bring the change in net position into balance net to $7.3 billion.

The two primary factors affecting this out-of-balance situation are:

- Improper recording of intragovernmental transactions by agencies.
- Transactions affecting Balance Sheet assets and liabilities not properly identified by agencies as prior period adjustments.
- Timing differences and errors in reporting transactions.

The Federal financial community considers the identification and accurate reporting of these unreconciled transactions a priority.

Note 17. Prior Period Adjustments

Prior Period Adjustments to the Fiscal Year Beginning October 1, 1999

(In billions of dollars)	Increases to Net Position
Defense environmental liabilities	31.6
Department of Agriculture	5.1
All other adjustments to prior periods	(0.9)
Total prior period adjustments	35.8

"Prior Period Adjustments" consist of a net $35.8 billion adjustment to the opening net position, to correct errors in prior periods.

Significant components of this net adjustment include:

- A $31.6 billion adjustment by DOD for correction of error in estimating the environmental cleanup liability.
- A $5.1 billion adjustment to previously reported valuations of the Department of Agriculture's property, plant and equipment, inventory balances, and other assets.
- A $0.9 billion net adjustment to prior period resulting from: a correction composed of smaller debits and credits from different agencies.

Note 18. Commitments and Contingencies

The Government has entered into contractual commitments that require future use of financial resources. It has significant amounts of long-term lease obligations as shown in the table below. "Undelivered Orders" represent the value of goods and services ordered that have not yet been received.

Contingent liabilities related to the loan guarantee programs are described in Note 4—Loans Receivable and Loan Guarantee Liabilities.

A contingency is an existing condition or situation involving uncertainty as to a possible loss. A loss is considered reasonably possible if the future confirming event or events are more than remote, but less than probable. These contingencies do not include existing conditions or situations where the future occurring event is only considered remote, nor do they include contingencies that would result in a gain.

The Government also is subject to contingencies including litigation. These contingencies arise in the normal course of operations and their ultimate disposition is unknown. Based on information currently available, however, it is management's opinion that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the financial statements, except for litigation described in the next paragraph.

Numerous cases are pending involving among many other matters, supervisory goodwill at savings and loan institutions, harbor maintenance fees, individual Indian money accounts and tribal accounts revenues. While it is likely that the United States will have to pay some amount of damages on these claims, it is difficult to predict the outcome of litigation and, therefore, the ultimate total costs cannot be reasonably estimated at this time.

The Government also has unused statutory lines of credit to Government-sponsored enterprises totaling $10 billion.

Commitments as of September 30

(In billions of dollars)	Capital Leases	Operating Leases
Long-term Leases:		
General Services Administration	0.3	16.6
U.S. Postal Service	0.6	9.0
Department of Justice	0.1	3.8
Department of Agriculture	0.2	2.0
Department of Health and Human Services	-	1.1
Department of the Army	0.1	0.9
U.S. Agency for International Development	-	0.5
Other long-term leases	1.0	1.6
Total long-term leases	2.3	35.5
Undelivered Orders:		
Department of Housing and Urban Development	92.2	
Department of Health and Human Services	56.6	
Department of the Navy	40.2	
Department of the Air Force	28.2	
Department of Education	22.1	
Department of Agriculture	15.5	
Department of the Army	18.1	
Department of Transportation	16.1	
Department of Justice	11.4	
Environmental Protection Agency	9.6	
U.S. Agency for International Development	8.6	
Department of Labor	7.7	
Other undelivered orders	7.7	
Total undelivered orders	334.0	
Other Commitments:		
Multi-lateral development banks	60.8	
National Oceanic and Atmospheric Administration satellites and weather systems	6.2	
Real property activities	3.4	
Department of Transportation	3.2	
Department of the Navy	2.0	
Information technologies	1.3	
All other programs	0.5	
Total other commitments	77.4	

Contingencies as of September 30

(In billions of dollars)

Insurance:	
Pension Benefit Guaranty Corporation	5.0
Federal Deposit Insurance Corporation	1.0
Overseas Private Investment Corporation	0.1
Other insurance programs	0.1
Total insurance programs	6.2
Unadjudicated Claims:	
Department of the Navy	3.1
Other unadjudicated claims	2.2
Total unadjudicated claims	5.3
Other Contingencies:	
Production flexibility program	4.1
Administrative order against Tennessee Valley Authority	3.0
Nuclear waste fund	2.0
Conservation reserve program	1.7
Contingent liabilities	0.5
Judgment Fund	0.3
Other contingencies	2.7
Total other contingencies	14.3

Financial Treatment of Loss Contingencies

Probability of Loss	Probable	Reasonably possible, more than remote but less than probable	Remote, chance of occurrence slight
Financial Treatment	Balance Sheet	Footnote disclosure	No disclosure

Note 19. Dedicated Collections

In the Federal budget, the term "trust fund" means only that the law requires a particular fund be accounted for separately, used only for a specified purpose, and designated as a "trust fund." A change in law may change the future receipts and the terms under which the fund's resources are spent. In the private sector, "trust fund" refers to funds of one party held and managed by a second party (the trustee) in a fiduciary capacity.

"Trust Fund Net Assets" represent the unexpended balance from all sources of receipts and amounts due the trust funds, regardless of source. This includes related governmental transactions. These are transactions between two different entities within the Federal Government (for example, monies received by one entity of the Government from another entity of the Government).

"Intragovernmental Net Assets" are comprised of investments in Federal debt securities, related accrued interest, and fund balances with Treasury. These amounts were eliminated in preparing these financial statements.

"Consolidated Assets" represent only the net assets from activity with individuals and organizations outside the Government. All related governmental balances are removed to present the Government's position as a whole.

The majority of trust fund assets is invested in intragovernmental Treasury securities. These securities require redemption if a fund's disbursements exceed its receipts. Redeeming these securities will increase the Government's financing needs and require more borrowing from the public (or less repayment of debt prior to maturity), or will result in higher taxes than otherwise would have been needed, or less spending on other programs than otherwise could have occurred.

Dedicated Collections as of September 30*

(In billions of dollars)	Receipts	Disburse-ments	Trust Fund Net Assets	Less Intra-governmental Net Assets	Consolidated Assets
Federal Old-Age and Survivors Insurance Trust Fund	486.5	358.4	940.8	939.4	1.4
Civil Service Retirement and Disability Fund	76.1	45.4	521.5	521.2	0.3
Federal Hospital Insurance Trust Fund (Medicare Part A)	163.3	129.2	173.5	172.2	1.3
Military Retirement Fund	39.5	32.9	162.7	162.7	-
Federal Disability Insurance Trust Fund	77.6	56.8	124.5	123.2	1.3
Unemployment Trust Fund	33.2	21.2	89.2	88.3	0.9
Federal Supplementary Medical Insurance Trust Fund (Medicare Part B)	89.5	89.0	45.8	45.8	-
Highway Trust Fund	35.0	32.6	30.2	30.2	-
Railroad Retirement Trust Fund	5.3	8.2	22.7	22.7	-
Airport and Airway Trust Fund	10.7	9.9	13.5	13.3	0.2
Hazardous Substance Superfund	1.2	1.6	4.7	4.7	-
Black Lung Disability Trust Fund	0.5	1.0	-	-	-

*By law, certain expenses (costs) related to the administration of the above funds are not charged to the funds and are financed by other sources.

Federal Old-Age and Survivors Insurance Trust Fund

This trust fund provides assistance and protection against the loss of earnings due to retirement or death. The assistance is in the form of money payments. The Social Security Administration (SSA) administers the Federal Old-Age and Survivors Insurance Trust Fund.

Payroll and self-employment taxes primarily fund the Federal Old-Age and Survivors Insurance Trust Fund. Interest earnings on Treasury securities, Federal agencies' payments for the Social Security benefits earned by military and Federal civilian employees, and Treasury payments for a portion of income taxes paid on Social Security benefits provide the fund with additional income. The legal authority for the transfer of these funds from the Treasury general fund to the trust fund is United States Code, title 42, section 401.

Civil Service Retirement and Disability Fund

The Civil Service Retirement and Disability Fund covers two Federal civilian retirement systems: the Civil Service Retirement System (CSRS), for employees hired before 1984, and the Federal Employee Retirement System (FERS), for employees hired after 1983. The Office of the Personnel Management administers the CSRS and the FERS systems. The legal authority for the transfer of funds from the following sources to the fund is the United States Code, title 5, section 8331-8348. Funding sources include:

- Federal civilian employees' contributions.
- Agencies' contributions on behalf of employees.
- Appropriations.
- Interest earned on investments in Federal debt securities.

Federal Hospital Insurance Trust Fund (Medicare Part A)

The Federal Hospital Insurance Trust Fund finances the Hospital Insurance program (Medicare Part A). This program funds the cost of inpatient hospital and related care for individuals age 65 or older, who meet certain insured status requirements, and for eligible disabled people. Department of Health and Human Services (HHS) administers the program.

The Federal Hospital Insurance Trust Fund is financed primarily by payroll taxes, including those paid by Federal agencies. It also receives income from interest earnings on Treasury securities and a portion of income taxes paid on Social Security benefits. The legal authority for the transfer of these funds to the fund is the United States Code, title 42, section 1395i.

Military Retirement Fund

The Military Retirement Fund provides retirement benefits for Army, Navy, Marine Corps, and Air Force personnel, and their survivors. The fund is financed by DOD contributions, appropriations, and interest earned on investments in Federal debt securities. DOD administers the Military Retirement Fund. The legal authority for the transfer of these funds to the fund is the United States Code, title 10, section 1461-1467.

Federal Disability Insurance Trust Fund

The Federal Disability Insurance Trust Fund provides assistance and protection against the loss of earnings due to a wage earner's disability. The assistance is in the form of money payments. SSA administers the Federal Disability Insurance Trust Fund.

Like the Federal Old-Age and Survivors Insurance Trust Fund, payroll taxes primarily fund the Federal Disability Insurance Trust Fund. The fund also receives income from interest earnings on Treasury securities, Federal agencies' payments for the Social Security benefits earned by military and Federal civilian employees, and a portion of income taxes paid on Social Security benefits. The legal authority for the transfer of these funds to the fund is the United States Code, title 42, section 401.

Unemployment Trust Fund

The Unemployment Trust Fund protects workers who lose their jobs through no fault of their own. The Unemployment Insurance program is a unique Federal and State partnership based on Federal law, but executed through State law by State officials. The Department of Labor (DOL) administers the Federal operations of the program.

Taxes on employers primarily fund the Unemployment Trust Fund. However, interest earned on investments in Treasury securities also provides income to the fund. Appropriations have supplemented the fund's income during periods of high and extended unemployment. The legal authority for the transfer of these funds to the fund is the United States Code, title 42, section 1104.

Federal Supplementary Medical Insurance Trust Fund (Medicare Part B)

The Federal Supplementary Medical Insurance Trust Fund finances the Supplemental Medical Insurance program (Medicare Part B), which provides supplementary medical insurance for enrolled eligible participants to cover physician and outpatient services not covered by Medicare Part A. HHS administers the program.

The legal authority for the transfer to the fund of appropriations, premiums charged to enrollees, and interest earned on investments in Treasury securities for the Federal Supplementary Medical Insurance Trust Fund is the United States Code, title 42 section 1395t.

Highway Trust Fund

The Highway Trust Fund was established to promote domestic interstate transportation, and to move people and goods. The fund provides Federal grants to States for highway construction and related transportation purposes. The Department of Transportation (DOT) administers the Highway Trust Fund. The legal authority for collections of funds noted below is the United States Code, title 26, section 9503. Funding sources include earmarked taxes on gasoline and other fuels, certain tires, and vehicle and truck use.

Railroad Retirement Trust Fund

The Railroad Retirement Trust Fund provides annuities and survivor benefits to eligible railroad employees and their survivors. The fund also pays disability annuities based on total or occupational disability.

Payroll taxes paid by railroad employers and their employees provide the primary source of income for the Railroad Retirement Survivor Benefit program. By law, railroad taxes are coordinated with Social Security taxes. The Railroad Retirement Board administers the Railroad Retirement Trust Fund. The legal authority for the transfer of these funds to the fund is the United States Code, title 45, section 231n.

Airport and Airway Trust Fund

The Airport and Airway Trust Fund provides for airport improvement and airport facilities maintenance. It also funds airport equipment, research, and a portion of FAA's administrative operational support. DOT administers the Airport and Airway Trust Fund. The legal authority for collections of funds from the following sources is the United States Code, title 26, section 9502. Funding sources include:

- Taxes received from transportation of persons and property in the air, as well as fuel used in non-commercial aircraft.
- International departure taxes.
- Interest earned on investments in Treasury securities.

Hazardous Substance Superfund

The Hazardous Substance Superfund was authorized to address public health and environmental threats from spills of hazardous materials and from sites contaminated with hazardous substances. The Environmental Protection Agency (EPA) administers the fund. The legal authority for collections of funds from the following sources is the United States Code, title 26, section 9507. Funding sources include:

- Excise taxes collected on petroleum, chemicals, and imported substances (expired in 1995).
- Environmental taxes from corporations with alternative minimum taxable income in excess of $2 million (expired in 1995).
- Fines, penalties, and cost recoveries from responsible parties.
- Appropriations.
- Interest earned on investments in Treasury securities.

Black Lung Disability Trust Fund

The Black Lung Disability Trust Fund provides benefits to coal miners who are totally disabled due to pneumoconiosis (black lung disease). It also covers surviving dependents of miners who died due to pneumoconiosis.

Excise taxes on coal mine operators, based on the sale of coal, partially fund black lung disability payments as well as related administrative and interest costs. Intragovernmental advances to the Black Lung Disability Trust Fund, which must be repaid with interest, fund the shortfall. The Department of Labor administers the Black Lung Disability Trust Fund. The legal authority for collections of these funds is the United States Code, title 26, section 9501.

Note 20. Indian Trust Funds

The Indian Trust Funds differ from other dedicated collections reported in Note 19. The Department of the Interior (DOI) has responsibility for the assets held in trust on behalf of American Indian tribes and individuals. The trust funds are held in accounts for approximately 315 tribes, 270,000 individual Indian accounts, and other funds, including the Alaska Native Escrow Fund.

The assets held in trust for Native Americans are owned by the trust beneficiaries and are not the Federal Government's assets. Therefore, these amounts are not reflected in the Balance Sheet or Statement of Operations and Changes in Net Position except for their holdings of nonmarketable Treasury securities, for which the Government's liability is included in Federal debt securities held by the public.

Indian Trust Fund balances presented below do not include trust land managed by the Government.

U.S. Government as Trustee for Indian Trust Funds
Held for Indian Tribes and Other Special Trust Funds
Statement of Changes in Trust Fund Balances
as of September 30
(Unaudited)

(In millions of dollars)

Receipts	495.8
Disbursements	355.4
Receipts in excess of disbursements	140.4
Trust fund balances, beginning of year	2,595.8
Trust fund balances, end of year	2,736.2

U.S. Government as Trustee for Indian Trust Funds
Held for Individual Indian Monies Trust Funds
Statement of Changes in Trust Fund Balances
as of September 30
(Unaudited)

(In millions of dollars)

Receipts	245.2
Disbursements	294.6
Receipts in excess of disbursements	(49.4)
Trust fund balances, beginning of year	449.3
Trust fund balances, end of year	399.9