UNITED STATES MINT

2011 ANNUAL REPORT

UNITED STATES MINT

2011 SEPTEMBER 11 NATIONAL MEDAL

On the cover: The 2011 September 11 National Medal commemorates the 10th anniversary of the terrorist attacks on the United States. Surcharges from this two-year Congressionally mandated program are authorized to be paid to the National September 11 Memorial and Museum at the World Trade Center. One side of the silver medal features Lady Liberty holding the Lamp of Remembrance. Behind her are beacons of light. Lady Liberty, the lamp and the light symbolize loss, as well as the resilience and triumph of survivors. The other side of the medal depicts an eagle, symbolizing strength, against a backdrop of cascading water, symbolizing peace, serenity, healing, and the continuity of life.

Richard A. Peterson
United States Mint
Deputy Director

DEPUTY DIRECTOR'S LETTER

I am pleased to present the United States Mint's 2011 Annual Report. Throughout a challenging year, the men and women at each of our facilities have delivered outstanding results. It is on their behalf that I detail our accomplishments and preview the road ahead.

Federal law requires the United States Mint (Mint) to operate two fiscally separate programs: circulating coins and numismatic products. Our numismatic program comprises three principle segments: collectible coins, precious metal bullion investment-grade coins, and national medals. Our mission is somewhat different than a private sector corporation, but we keep detailed scores on ourselves (and are audited) in much the same way. In FY 2011, our circulating coin, numismatic collectible, and bullion coin programs experienced significant revenue growth. Circulating revenues grew 25.7 percent, from $618.2 million to $776.9 million. Precious metal bullion revenues grew 21.6 percent, from $2,855.4 million to $3,471.4 million. Numismatic revenues grew 74.7 percent, from $413.1 million to $721.7 million. Our circulating seigniorage (earnings) grew 16.0 percent, from $300.8 million to $348.8 million. Bullion net income grew 19.2 percent, from $55.2 million to $65.8 million. Finally, numismatic net income grew 127.3 percent, from $49.8 million to $113.2 million.

Before discussing each program in more detail, I would like to highlight some of the other key milestones of FY 2011:

- Circulating coin shipments recovered to 7.4 billion coins.
- Precious metal bullion sales set record highs for both revenue and total ounces sold.
- We resumed silver bullion production in San Francisco – the first time we have made bullion there since 1998.
- Numismatic revenues set a record high driven, in part, because of the return of the 2010 American Eagle Silver Proof Coin and early calendar year release of our 2011 United States Mint Proof Sets®, United States Mint Silver Proof Sets®, and United States Uncirculated Coin Sets®.
- We signed a new five-year collective bargaining agreement with our union.
- We invested in our future by making significant progress on our primary customer-centered initiative: a new order fulfillment system with state-of-the-art e-commerce features.
- We are also progressing on an important initiative for the entire Nation: a research and development effort to explore new, more cost-effective metallic materials for our circulating coins.
- Furthering our commitment to green initiatives, our Headquarters building in Washington, D.C. became ENERGY STAR certified.

The United States Mint ranked 57 out of 240 agencies and bureaus in the Best Places to Work in the Federal Government in 2011, a significant improvement from 2010. The Mint was recognized by the Partnership for Public Service for being the most improved federal agency subcomponent.

CIRCULATING

The key drivers for our circulating segment in FY 2011 were increased demand from the Federal Reserve and the continuation of penny and nickel costs exceeding their face values. Circulating shipments recovered to 7.4 billion coins in FY 2011. Following peak shipments of over 27 billion coins in FY 2000 (driven by Year 2000 concerns and the popularity of the 50 State Quarters® Program), our annual shipments had declined to 10 billion in FY 2008. In FY 2009, the economic crisis triggered a massive flow-back of coins from circulation to the depository institutions and ultimately the Federal Reserve Banks (FRB). As a result, the FRB ordered only 5.2 billion new coins from the Mint in FY 2009, the lowest level since the 1960s. Demand for coins increased in FY 2011 to 7.4 billion coins, representing a 19.3 percent Compound Annual Growth Rate from the FY 2009 low. The teams at Denver and Philadelphia, as well as our entire supply chain, effectively worked together to anticipate and meet the increased production volume. We are very proud of our manufacturing plants and the outstanding safety and fulfillment accomplishments they achieved in FY 2011.

As they have for the past five years, the costs to manufacture and distribute both the penny and the nickel exceeded their face values in FY 2011. High commodity prices for base metals, along with lower production volumes, were the principle reasons for these higher per-unit costs. Also in FY 2011, we improved an accounting practice and began allocating some sales, general, and administrative (SG&A) costs to the penny and the nickel where none had been charged previously. Because of these factors, the FY 2011 year-end cost of a penny was $0.0241 per coin. Likewise, the year-end cost of the nickel was $0.1118 per coin. Positive seigniorage from our other denominations offset the negative seigniorage from the penny and nickel.

PRECIOUS METAL BULLION

The Mint is proud to offer 22- and 24-karat gold, 99.9 percent silver, and 99.95 percent platinum bullion coins. FY 2011 was a record year in both unit volume and total ounces sold. Gold and silver prices reached all-time highs in 2011, as investors evidently chose bullion assets in favor of other investment categories. The Mint is the world's largest producer of precious metal bullion coins and our presses produced a record 43.5 million bullion pieces in FY 2011, representing over 45.2 million ounces.

While gold gets most of the attention because of its higher price and the corresponding dollar magnitude, it was actually silver that dominated the scene in 2011 on a unit-volume basis. This sustained high volume was one of the considerations that led us to our decision in February to resume minting one-ounce silver bullion coins in San Francisco. In addition, Philadelphia brought the new five-ounce America the Beautiful Silver Bullion Coins™ to market in FY 2011.

Although we did not produce platinum bullion coins in 2011, we are evaluating, in conjunction with our authorized purchaser distribution channel, the optimum way to bring back American Eagle Platinum Bullion Coins in 2012. A legislatively required market study examining the financial viability of a palladium bullion coin will soon begin. We look forward to presenting the results of that study to the Secretary of the Treasury and Congress.

NUMISMATIC COLLECTOR COINS AND MEDALS

FY 2011 was a record year for Mint numismatic revenue. Total FY 2011 numismatic sales revenue increased 74.7 percent, from $413.1 million in FY 2010 to $721.7 million in FY 2011. We were very pleased to bring back the American Eagle Silver Proof Coin Program, which saw both the 2010 and 2011 coins launched for sale during FY 2011. Contributing $83.6 million in incremental revenues over the prior year, we look forward to additional growth in this popular program in FY 2012 through our special five-coin American Eagle 25th Anniversary Silver Coin Set.

Our new products for 2011 also included the unique America the Beautiful Five Ounce Silver Uncirculated Coin™, featuring beautiful designs of our country's national parks and historic sites. We also reprised the West Point mint mark for the American Eagle Silver Uncirculated Coin in 2011 and look forward to expanding this offering to include the San Francisco mint mark in 2012.

THE ROAD AHEAD

Our efforts in the year ahead will continue to focus on our customers. Our everyday mission is to produce cost-effective circulating, bullion, and numismatic coins to meet the needs of our customers and the nation. The Mint team executes this bread-and-butter mission very well and will continue to do so throughout 2012 and beyond. While staying focused on this core mission, we also need to understand the broader trends, dynamics, and realities of today's economic environment—more so now than perhaps at any other time in recent Mint history. Specifically, we need to focus on the metals composition and purchasing power of our circulating coins.

Every few generations the nation adjusts the metals content (and occasionally the actual denominations, physical size, and weight) of its circulating coins. The last major overhaul of United States coinage occurred 46 years ago in 1965. In December 2010, in response to the increased metals and production costs of the past five years, Congress passed the "Coin Modernization, Oversight, and Continuity Act of 2010," authorizing the Mint to conduct advanced research and development of new metals formulations for our circulating coins. The law requires the Mint to issue its first report with any findings and recommendations to Congress by December 2012. As was done in 1965, we have selected a contractor to conduct the research and development. The contractor will prepare a report of its findings that will serve as the basis for our recommendations to Congress. We are clearly focused on delivering to Congress a thorough, well-researched report that provides a prudent framework for future legislation to modernize our nation's circulating coins.

Finally, on a personal note, I was humbled and honored to be appointed Deputy Director of the Mint by the Treasurer of the United States, Rosie Rios, in January 2011. The opportunity to lead the United States Mint team during this exciting time is the highlight of my professional career. Before my appointment as Deputy Director, I led the Mint's Manufacturing function for two years. In my time at the Mint, I have met and come to know many of our employees. Our people—our team—are the real heart and soul of the Mint. Whether it is the production associate on the shop floor in one of our facilities, the Mint Police officer keeping our nation's gold safe at Fort Knox, or one of our support staff in Washington, it is the hard work of each person on the team that together drives the outstanding results the Mint delivers each and every day. Each one of our employees has my personal thanks for a job well done in 2011. It is because of them, and their commitment to service, that I am confident that we are well prepared for the opportunities and challenges that lie ahead.

Sincerely,

Richard A. Peterson

Richard A. Peterson, Deputy Director

***Front row, left to right* : Al Runnels, Acting Chief of Staff; Daniel Riordan, Associate Director of Workforce Solutions; Goutam Kundu, Chief Information Officer; Patricia M. Greiner, Chief Financial Officer; Tom Jurkowsky, Director of Public Affairs; Andy Fishburn, Director of Legislative Affairs; Dick Peterson, Deputy Director**

***Second row, left to right* : Eric Anderson, Executive Secretary; Larry Eckerman, San Francisco Plant Manager; Dennis O'Connor, Chief of Protection; Ellen McCullom, West Point Plant Manager; B. B. Craig, Associate Director of Sales and Marketing; Daniel P. Shaver, Chief Counsel; David Croft, Denver Plant Manager; J. Marc Landry, Acting Associate Director of Manufacturing and Philadelphia Plant Manager**

ORGANIZATIONAL PROFILE

OUR MISSION: To manufacture and distribute circulating coins, precious metal and collectible coins, and national medals to meet the needs of the United States.

OUR VISION: To become recognized as the finest mint organization in the world through excellence in our people, products, customer service, and workplace.

Established in 1792, the Mint is the world's largest coin manufacturer. Since Fiscal Year (FY) 1996, the Mint has operated under the United States Mint's Public Enterprise Fund (PEF). As authorized by Public Law 104-52 (codified at 31 U.S.C. § 5136), the PEF enables the Mint to operate without an appropriation. We generate revenue through the sale of circulating coins to the Federal Reserve Banks (FRB), numismatic products to the public and bullion coins to authorized purchasers. Money in excess of amounts required by the PEF is transferred to the United States Treasury General Fund.

The Mint operates six facilities and employs approximately 1,800 employees across the United States. Each facility performs unique functions critical to our overall operations. Manufacturing facilities in Philadelphia and Denver produce coins of all denominations for circulation. Both facilities also produce dies for striking coins. All sculpting and engraving of circulating, bullion, and numismatic coin and medal designs is performed in Philadelphia. Production of numismatic and bullion products is primarily performed at facilities in San Francisco and West Point. All four production facilities produce commemorative coins as authorized by federal laws. The United States Bullion Depository at Fort Knox stores and safeguards United States gold bullion reserves. Administrative and oversight functions are performed at our Headquarters in Washington, D.C.

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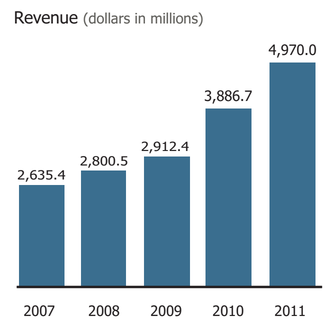
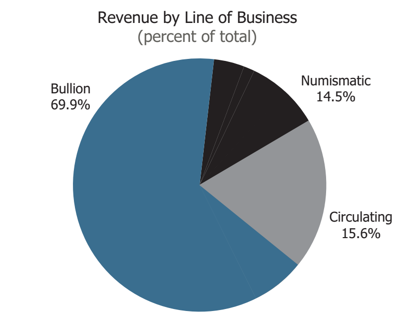
THE UNITED STATES MINT AT A GLANCE

UNITED STATES MINT

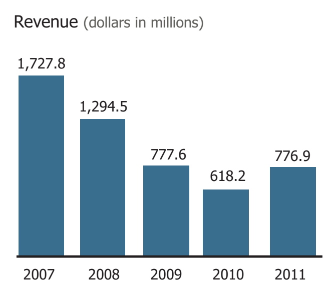
The Mint is the world's largest coin manufacturer. Our men and women manufacture and distribute circulating coins, precious metals, collectible coins, and national medals to meet the needs of the United States. Our vision is to be recognized as the finest mint in the world through excellence in our people, products, customer service, and workplace.

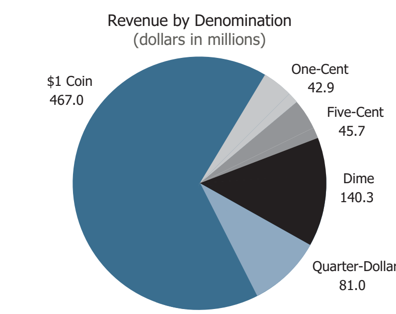




CIRCULATING COINAGE

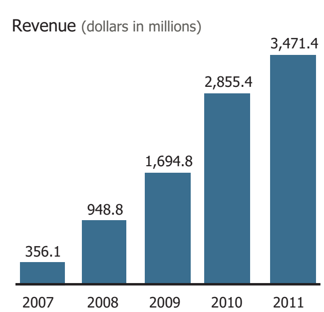
The Mint is the sole manufacturer of legal tender coinage in the United States. The Mint's highest priority is to efficiently and effectively mint and issue circulating coinage.

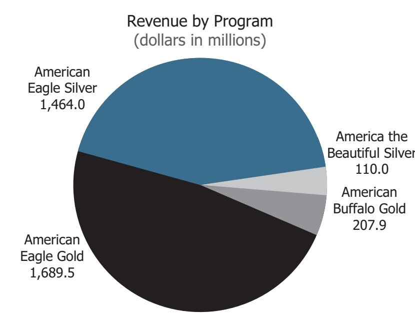




BULLION COINS

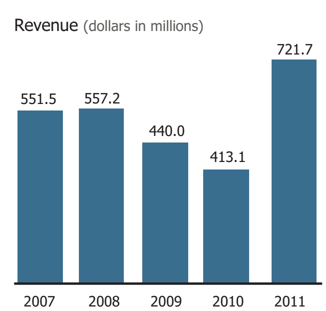
The Mint is the world's largest producer of gold and silver bullion coins. The bullion program provides consumers a simple and tangible means to acquire precious metal coins. Investors purchase bullion coins for the intrinsic metal value and the United States Government's guarantee of each coin's metal weight, content, and purity.

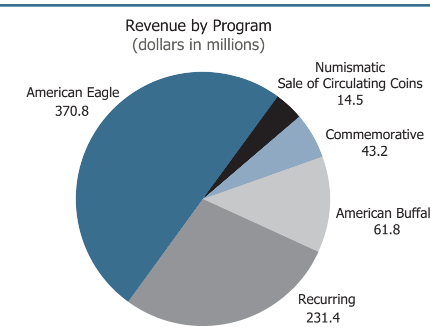




NUMISMATIC PRODUCTS

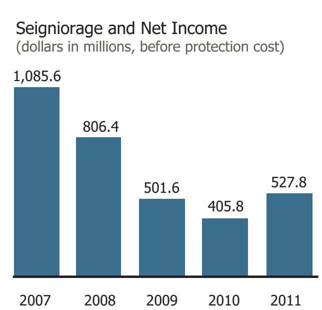
The Mint prepares and distributes numismatic products for collectors and those who desire high-quality versions of coinage. We make numismatic products accessible, available, and affordable to customers.

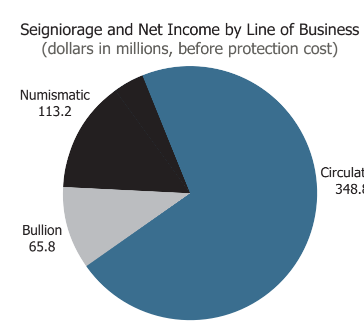


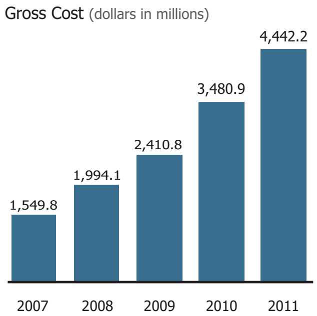


SEIGNIORAGE AND NET INCOME

Seigniorage is the difference between the face value and cost of producing coinage. The Mint transfers seigniorage to the Treasury General Fund to help finance national debt. Net income from bullion and numismatic operations can also fund federal programs.

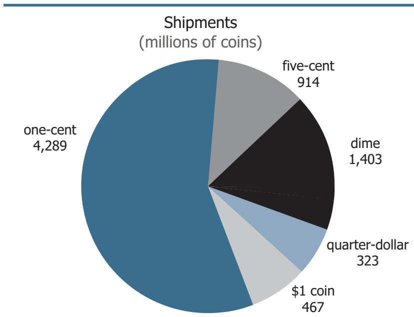




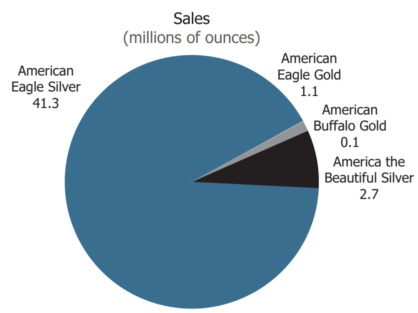


2011 PERFORMANCE

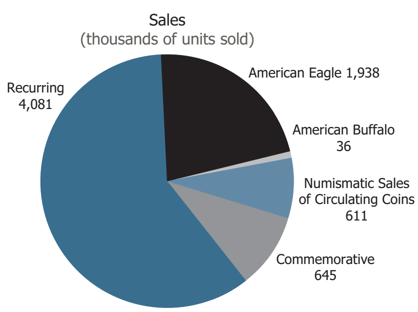
Revenue and net income improved across all three business lines in FY 2011. Total revenue approached $5.0 billion, increasing 27.9 percent from last year. Sales demands and metal market prices drove demand for bullion revenue to a new record high. Growing demand for coinage increased circulating revenue from prior years. While aggregate sales, general, and administrative (SG&A) expenses declined 5.9 percent from last year, higher cost of goods sold (COGS) increased gross costs 27.6 percent to $4.4 billion. Total seigniorage and net income, before Protection expense, climbed 30.1 percent to $527.8 million.



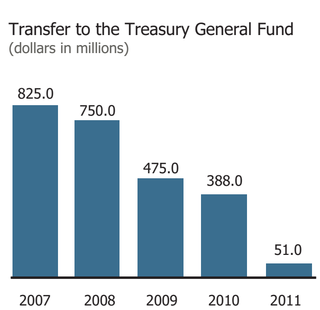
Circulating coin shipments increased 37.0 percent to 7,396 million coins in FY 2011. Shipments of all coin denominations increased from FY 2011 with nickels and dimes experiencing the strongest annual growth. Circulating revenue increased 25.7 percent to $776.9 million. Seigniorage increased 16.0 percent to $348.8 million, but rising metal expenses and higher volumes of pennies and nickels reduced seigniorage per dollar issued to $0.45 from $0.49 last year.



Demand for bullion coins reached a new high in FY 2011, surpassing the unprecedented demand of FY 2010. The Mint sold 45.2 million ounces of gold and silver bullion coins in FY 2011, up approximately 9.4 million ounces (26.2 percent) from last year. The bureau sold a record volume of coins at higher prices because of increased market value for gold and silver. Total bullion revenue increased 21.6 percent to nearly $3.5 billion in FY 2011. Bullion net income increased 19.2 percent to $65.8 million.



Numismatic sales increased 11.6 percent to approximately 7.3 million units in FY 2011. The Mint was able to offer popular gold and silver coin products previously unavailable because blanks were dedicated to the bullion program. This, as well as release of new products, drove numismatic sales revenue up 74.7 percent to $721.7 million. Numismatic net income and seigniorage increased 127.3 percent to $113.2 million.



TRANSFER TO THE GENERAL FUND

In FY 2011, the Mint made an on-budget transfer of $51.0 million to the Treasury General Fund. This represented earnings from the prior fiscal year for our numismatic and bullion programs. There was not an off-budget transfer to the General Fund this fiscal year. Instead, the Mint held cash in reserve for future potential impacts to our circulating program from continued penny and nickel losses and a decline in demand for the $1 coin.

2011 AMERICA THE BEAUTIFUL QUARTERS® PROGRAM

In 2010, the United States Mint began issuing 56 quarter-dollar coins featuring designs of national parks or historic sites. During FY 2011, we released coins honoring Mount Hood National Forest, Gettysburg National Military Park, Glacier National Park, Olympic National Park and Vicksburg National Military Park.

EFFECTIVELY MET ALL CIRCULATING DEMAND

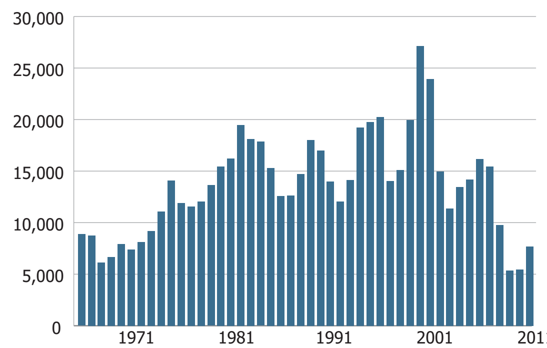
As America's sole manufacturer of legal tender coinage, the efficient and effective production and distribution of coinage is the Mint's highest priority.

We mint and issue circulating coins to the FRB in quantities they determine necessary to replenish inventory and fulfill the demand of commercial banks and other financial institutions. These depository institutions then distribute coins to meet the demand of retailers and the public. The Mint recognizes revenue from the sale of circulating coins at face value when they are shipped to the FRB.

CIRCULATING RESULTS

Circulating coin demand increased in FY 2011 from prior year lows. Total circulating coins shipped to the FRB increased 37.0 percent to 7,396 million pieces in FY 2011 from 5,399 million pieces in FY 2010. Shipments of all coin denominations increased. Nickel and dime shipments experienced the greatest annual growth, increasing 154.6 percent and 58.2 percent, respectively, from FY 2010.

Total Circulating Coin Production (coins in millions)



The total dollar value of circulating shipments rose 25.7 percent to $776.9 in FY 2011 from $618.2 million in FY 2010. Seigniorage increased 16.0 percent to $348.8 million from $300.8 million last year. Larger production volumes and higher raw material expenses increased the gross cost from circulating operations. Circulating gross costs rose 34.9 percent to $428.1 million in FY 2011 from $317.4 million in FY 2010. Increased metal expenses drove COGS up 52.5 percent to $364.7 million from $239.2 million last year. Market prices for copper, nickel, and zinc climbed through FY 2011, increasing per unit metal costs for all circulating denominations. Average market prices for copper and nickel increased 29.3 percent and 19.2 percent, respectively, from FY 2010 to FY 2011. The average daily spot for zinc rose 7.6 percent over the same time period. SG&A declined 18.9 percent to $63.4 million in FY 2011 from $78.2 million in FY 2010, reflecting reductions in payroll, rent, and contract service expenses. In addition, a smaller portion of total general and administrative expenses was allocated to circulating operations under a new allocation approach. The increase in COGS relative to the total value of shipments decreased seigniorage per dollar issued to $0.45 in FY 2011 from $0.49 in FY 2010.

CIRCULATING (dollars in millions except seigniorage per $1 issued)

	2011	2010	2009	2008	2007	% Change 2010 to 2011
Value of Shipments	$ 776.9	$ 618.2	$ 777.6	$ 1,294.5	$ 1,727.8	25.7%
Gross Cost	$ 428.1	$ 317.4	$ 349.8	$ 588.3	$ 722.6	34.9%
Cost of Goods Sold	$ 364.7	$ 239.2	$ 251.7	$ 491.3	$ 629.1	52.5%
Sales, General & Administrative	$ 63.4	$ 78.2	$ 98.1	$ 97.0	$ 93.5	(18.9%)
Seigniorage	$ 348.8	$ 300.8	$ 427.8	$ 706.2	$ 1,005.2	16.0%
Seigniorage per $1 Issued	$ 0.45	$ 0.49	$ 0.55	$ 0.55	$ 0.58	

Renee Moton, budget branch chief, ensures that departmental and agency budgets are formulated correctly and that funds are spent wisely.

The unit cost for both penny and nickel denominations remained above face value for the sixth consecutive fiscal year. Because of increased unit cost and higher demand, penny and nickel coins were produced at a loss of $116.7 million, nearly three times the FY 2010 loss of $42.6 million.

COST ALLOCATION APPROACH

In FY 2011, the Mint implemented a new method for allocating SG&A expenses. Previously, SG&A cost was allocated to products based on gross margin. Little or no allocated SG&A expense was applied to the penny and nickel because they generated negligible or negative gross margins. The Mint studied industry best practices and developed a new SG&A cost allocation approach which conforms to accounting standards and leading commercial and public sector best practices. The new approach allocates SG&A expenses based on the costs to manufacture, market, and distribute each product.

ALTERNATIVE METAL RESEARCH AND DEVELOPMENT

Metal expenses continue to make up the largest portion of circulating production cost. In December 2010, President Obama signed into law the Coin Modernization, Oversite, and Continuity Act of 2010 (Public Law 111-302) to provide the Secretary of the Treasury research and development authority for alternative metallic materials for circulating coins. To provide technical expertise and ensure an independent assessment, the Mint entered into a contract with an external firm to preform research and development in advance of the Mint's first report.

CIRCULATING PRODUCTION OPERATIONS

In FY 2011, we made changes to the minting process at both Philadelphia and Denver facilities. Changes to die and blank processing improved the quality of coins and made dies last longer. The circulating Mint Quality Index, our measure of coin appearance against quality criteria, increased from 95.0 percent in FY 2010 to 98.0 percent in FY 2011. Average die life for nickels, dimes and quarters increased 70.8 percent in FY 2011, reducing the raw material and production costs we incur to manufacture dies for circulating coins.

The Philadelphia and Denver facilities also implemented a quick die-change process to reduce the amount of time machines sit idle. Longer die life and less downtime mean our equipment runs more effectively. In FY 2011, Philadelphia and Denver increased overall equipment effectiveness by 9.1 percent and 4.6 percent, respectively, from last year. This key industry indicator shows how effectively manufacturing equipment operates compared to expected output speed and yield.

SHIPMENTS, COSTS AND SEIGNIORAGE BY DENOMINATION
(coins and dollars in millions except seigniorage per $1 issued)

2011	One-Cent	Five-Cent	Dime	Quarter-Dollar	Half-Dollar	$1	Mutilated & Other	Total
Coins Shipments	4,289	914	1,403	323	–	467	–	7,396
Value of Shipments	$ 42.9	$ 45.7	$ 140.3	$ 81.0	$ –	$ 467.0	$ –	$ 776.9
Gross Cost	$ 103.1	$ 102.2	$ 79.3	$ 36.0	$ –	$ 84.2	$ 23.3	$ 428.1
Cost of Goods Sold	$ 85.4	$ 86.1	$ 67.1	$ 30.3	$ –	$ 72.5	$ 23.3	$ 364.7
Sales, General & Administrative	$ 17.7	$ 16.1	$ 12.2	$ 5.7	$ –	$ 11.7	$ –	$ 63.4
Seigniorage	$ (60.2)	$ (56.5)	$ 61.0	$ 45.0	$ –	$ 382.8	$ (23.3)	$ 348.8
Seigniorage per $1 Issued	$ (1.40)	$ (1.24)	$ 0.43	$ 0.56	$ –	$ 0.82	$ –	$ 0.45

2010	One-Cent	Five-Cent	Dime	Quarter-Dollar	Half-Dollar	$1	Mutilated & Other	Total
Coins Shipments	3,487	359	887	252	–	414	–	5,399
Value of Shipments	$ 34.9	$ 17.9	$ 88.7	$ 63.2	$ –	$ 413.5	$ –	$ 618.2
Gross Cost	$ 62.3	$ 33.1	$ 50.6	$ 32.2	$ 0.1	$ 130.7	$ 8.4	$ 317.4
Cost of Goods Sold	$ 62.3	$ 33.1	$ 40.8	$ 24.6	$ 0.1	$ 69.9	$ 8.4	$ 239.2
Sales, General & Administrative	$ –	$ –	$ 9.8	$ 7.6	$ –	$ 60.8	$ –	$ 78.2
Seigniorage	$ (27.4)	$ (15.2)	$ 38.1	$ 31.0	$ (0.1)	$ 282.8	$ (8.4)	$ 300.8
Seigniorage per $1 Issued	$ (0.79)	$ (0.85)	$ 0.43	$ 0.49	$ –	$ 0.68	$ –	$ 0.49

2009	One-Cent	Five-Cent	Dime	Quarter-Dollar	Half-Dollar	$1	Mutilated & Other	Total
Coins Shipments	3,218	207	358	965	–	459	–	5,207
Value of Shipments	$ 32.2	$ 10.3	$ 35.7	$ 241.3	$ –	$ 458.1	$ –	$ 777.6
Gross Cost	$ 52.0	$ 12.5	$ 20.2	$ 109.1	$ (0.1)	$ 139.4	$ 16.7	$ 349.8
Cost of Goods Sold	$ 52.0	$ 12.2	$ 16.6	$ 80.3	$ (0.2)	$ 74.1	$ 16.7	$ 251.7
Sales, General & Administrative	$ –	$ 0.3	$ 3.6	$ 28.8	$ 0.1	$ 65.3	$ –	$ 98.1
Seigniorage	$ (19.8)	$ (2.2)	$ 15.5	$ 132.2	$ 0.1	$ 318.7	$ (16.7)	$ 427.8
Seigniorage per $1 Issued	$ (0.61)	$ (0.21)	$ 0.43	$ 0.55	$ –	$ 0.70	$ –	$ 0.55

UNIT COST OF PRODUCING AND DISTRIBUTING COINS BY DENOMINATION

2011	One-Cent	Five-Cent	Dime	Quarter-Dollar	Half-Dollar	$1
Cost of Goods Sold	$ 0.0197	$ 0.0938	$ 0.0474	$ 0.0923	$ –	$ 0.1531
Sales, General & Administrative	$ 0.0041	$ 0.0176	$ 0.0087	$ 0.0176	$ –	$ 0.0251
Distribution to FRB	$ 0.0003	$ 0.0004	$ 0.0004	$ 0.0015	$ –	$ 0.0021
Total Unit Cost	$ 0.0241	$ 0.1118	$ 0.0565	$ 0.1114	$ –	$ 0.1803

2010	One-Cent	Five-Cent	Dime	Quarter-Dollar	Half-Dollar	$1
Cost of Goods Sold	$ 0.0176	$ 0.0916	$ 0.0454	$ 0.0956	$ –	$ 0.1659
Sales, General & Administrative	$ –	$ –	$ 0.0110	$ 0.0302	$ –	$ 0.1469
Distribution to FRB	$ 0.0003	$ 0.0006	$ 0.0005	$ 0.0020	$ –	$ 0.0029
Total Unit Cost	$ 0.0179	$ 0.0922	$ 0.0569	$ 0.1278	$ –	$ 0.3157

2009	One-Cent	Five-Cent	Dime	Quarter-Dollar	Half-Dollar	$1
Cost of Goods Sold	$ 0.0159	$ 0.0579	$ 0.0456	$ 0.0816	$ –	$ 0.1601
Sales, General & Administrative	$ –	$ 0.0014	$ 0.0101	$ 0.0298	$ –	$ 0.1424
Distribution to FRB	$ 0.0003	$ 0.0010	$ 0.0008	$ 0.0017	$ –	$ 0.0017
Total Unit Cost	$ 0.0162	$ 0.0603	$ 0.0565	$ 0.1131	$ –	$ 0.3042

Note: FY 2009 $1 Cost of Goods Sold unit cost revised to $0.1601 from $0.1599 in FY 2009 Annual Report to correct a rounding error.

2011 AMERICAN EAGLE SILVER COIN

The United States Mint introduced the American Eagle Silver Coin Program in 1986. The American Eagle Silver Coin's obverse design features Adolph A. Weinman's full-length figure of Liberty in full stride, enveloped in folds of the flag, with her right hand extended and branches of laurel and oak in her left. The reverse design, by former United States Mint Sculptor-Engraver John Mercanti, features the heraldic eagle with shield, an olive branch in the right talon and arrows in the left. Now in its 25th year of issue, the American Eagle Silver Coin remains one of the United States Mint's most popular products.

EFFECTIVELY MANAGED BULLION PROGRAM

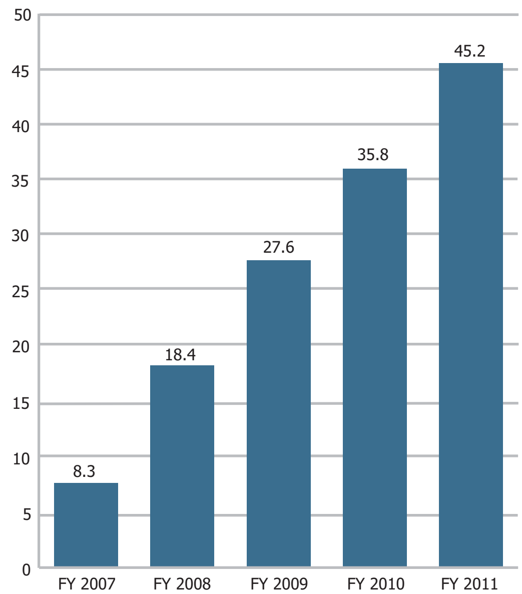
Our bullion program provides the public a simple and tangible means to acquire precious metal coins from authorized purchasers as part of an investment portfolio. Investors purchase bullion coins not only for their intrinsic metal value, but also because the United States guarantees each coin's metal weight, content, and purity.

We mint and issue gold, silver, and platinum bullion coins to authorized purchasers through American Eagle, American Buffalo and America the Beautiful Silver Bullion Coin™ Programs. The Mint sells the coins to the authorized purchasers at the same market price paid for the metal plus a premium to cover bullion program operating costs. Authorized purchasers agree to maintain an open, two-way market for these coins, assuring their liquidity. This allows the public to purchase and sell coins at the prevailing market price, adjusting for any premium the authorized purchaser applies.

BULLION RESULTS

Demand for bullion coins reached a new high in FY 2011, surpassing the unprecedented demand of FY 2010. The weak dollar and global economic uncertainty fueled investor demand for gold and silver.

Total Bullion Sales (ounces sold in millions)



The Mint sold 45.2 million ounces of gold and silver bullion coins in FY 2011, up approximately 9.4 million ounces (26.2 percent) from the previous record total sales of 35.8 million in FY 2010. We sold this record volume to authorized purchasers at higher metal market prices. The average spot price of gold and silver increased 28.8 percent and 87.9 percent, respectively. Accordingly, total bullion revenue reached a record high of $3,471.4 million in FY 2011, up $616.0 million (21.6 percent) from $2,855.4 million in FY 2010.

Unprecedented sales of silver bullion products drove record revenue in FY 2011. Revenue from American Eagle Silver Bullion Coin sales more than doubled, climbing 121.9 percent to $1,464.0 million. New product sales of America the Beautiful Quarters Silver Bullion Coins™ also added to bullion revenue growth. Sales of the 2010 and 2011 five-ounce silver bullion coins generated $110.0 million in revenue in FY 2011. The Mint sold 22.7 percent fewer ounces of American Eagle Gold Bullion Coins at higher spot prices, resulting in revenue declining slightly (1.2 percent) to $1,689.5 million in FY 2011. American Buffalo Gold Bullion Coin sales and revenue fell substantially from last year, primarily because of different product release schedules.

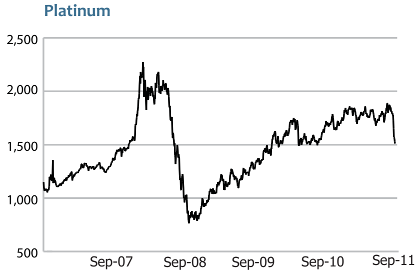
BULLION (dollars in millions)

	2011	2010	2009	2008	2007	% Change 2010 to 2011
Sales Revenue	$ 3,471.4	$ 2,855.4	$ 1,694.8	$ 948.8	$ 356.1	21.6%
Gross Cost	$ 3,405.6	$ 2,800.2	$ 1,662.1	$ 931.0	$ 351.6	21.6%
Cost of Goods Sold	$ 3,378.8	$ 2,778.4	$ 1,650.0	$ 922.6	$ 350.0	21.6%
Sales, General & Administrative	$ 26.8	$ 21.8	$ 12.1	$ 8.4	$ 1.6	22.9%
Net Income	$ 65.8	$ 55.2	$ 32.7	$ 17.8	$ 4.5	19.2%
Bullion Net Margin	1.9%	1.9%	1.9%	1.9%	1.3%	

Christopher Hyde operates a turning lathe to machine the outside diameter of a dollar coin reverse die. He can watch the machining process on-screen.

Bullion net income increased to $65.8 million in FY 2011, up 19.2 percent from $55.2 million in FY 2010. The bullion net margin remained level at 1.9 percent as gross costs increased proportionally with revenue. Bullion COGS, primarily reflecting the metal market prices of products sold, increased 21.6 percent to $3,378.8 million in FY 2011 from $2,778.4 million last year. Bullion SG&A cost increased 22.9 percent to $26.8 million because a larger portion of total SG&A expenses was allocated to bullion operations under the new allocation approach. Allocation based on level of effort resulted in more SG&A expense going to silver bullion programs and less to gold bullion programs. This caused FY 2011 American Eagle Gold Bullion net income to increase 25.2 percent to $44.2 million on slightly lower revenue, while American Eagle Silver Bullion net income remained stable despite increased revenue.

Precious Metal Daily Spot Price (prices per troy ounce in dollars)



BULLION PRODUCTION OPERATIONS

We sold an unprecedented volume of 41.3 million American Eagle Silver Bullion Coins in FY 2011. The West Point Mint continued to improve its productivity and efficiency, which significantly expanded American Eagle Silver Bullion production over the past few years. The facility also transitioned from a chrome-plated sand-blasted die to a wire-brushed non-chrome plated die in FY 2011. This new finish was easier to clean and ensured that dies last significantly longer, which expanded the volume of bullion coins produced without increasing costs.

In May 2011, we began fulfilling orders for American Eagle silver bullion with coins minted at the San Francisco Mint. The West Point Mint had been the sole producer of these coins for several years. Fulfilling unprecedented demand for American Eagle Silver Bullion Coins, as well as producing other mandated bullion and numismatic products, stressed our capacity at West Point. Offering the authorized purchasers a pick-up point on the West Coast provided them greater flexibility and convenience.

PALLADIUM BULLION COINS

On Dec. 14, 2010, President Obama signed the American Eagle Palladium Bullion Coin Act of 2010 into Public Law 111-303. Subject to the results of an independent market study, this law provides for the Mint to mint and issue a $25 coin weighing one troy ounce and containing .9995 fine palladium. The legislation requires that a third party conduct a study analyzing whether there is adequate demand for palladium bullion coins, and if so, whether the coins could be minted at no net cost to taxpayers. The Mint contracted with an independent research firm to conduct the study in FY 2011. Results of the study will be submitted to the Secretary of the Treasury and Congress for review in FY 2012.

BULLION REVENUE, COST AND NET INCOME BY PROGRAM
(dollars in millions)

2011	American Eagle Gold	American Eagle Silver	American Eagle Platinum	American Buffalo Gold	America the Beautiful Silver	Total
Sales Revenue	$ 1,689.5	$ 1,464.0	$ –	$ 207.9	$ 110.0	$ 3,471.4
Gross Cost	$ 1,645.3	$ 1,450.4	$ –	$ 202.9	$ 107.0	$ 3,405.6
Cost of Goods Sold	$ 1,642.3	$ 1,428.0	$ –	$ 202.6	$ 105.9	$ 3,378.8
Sales, General & Administrative	$ 3.0	$ 22.4	$ –	$ 0.3	$ 1.1	$ 26.8
Net Income	$ 44.2	$ 13.6	$ –	$ 5.0	$ 3.0	$ 65.8
Bullion Net Margin	2.6%	0.9%		2.4%	2.7%	1.9%

2010	American Eagle Gold	American Eagle Silver	American Eagle Platinum	American Buffalo Gold	Total
Sales Revenue	$ 1,710.8	$ 659.9	$ –	$ 484.7	$ 2,855.4
Gross Cost	$ 1,675.5	$ 646.4	$ –	$ 478.3	$ 2,800.2
Cost of Goods Sold	$ 1,663.5	$ 641.7	$ –	$ 473.2	$ 2,778.4
Sales, General & Administrative	$ 12.0	$ 4.7	$ –	$ 5.1	$ 21.8
Net Income	$ 35.3	$ 13.5	$ –	$ 6.4	$ 55.2
Bullion Net Margin	2.1%	2.0%	–	1.3%	1.9%

2009	American Eagle Gold	American Eagle Silver	American Eagle Platinum	American Buffalo Gold	Total
Sales Revenue	$ 1,278.2	$ 372.0	$ 23.7	$ 20.9	$ 1,694.8
Gross Cost	$ 1,252.7	$ 365.9	$ 22.7	$ 20.8	$ 1,662.1
Cost of Goods Sold	$ 1,245.0	$ 361.9	$ 22.4	$ 20.7	$ 1,650.0
Sales, General & Administrative	$ 7.7	$ 4.0	$ 0.3	$ 0.1	$ 12.1
Net Income	$ 25.5	$ 6.1	$ 1.0	$ 0.1	$ 32.7
Bullion Net Margin	2.0%	1.6%	4.2%	0.5%	1.9%

Note: The Mint suspended production of American Eagle Platinum Bullion Coins to divert planchet supply and production capacity to mandatory programs in calendar year 2009. All American Eagle Platinum Bullion revenue recorded in FY 2009 resulted from the sale of calendar year 2008 coin inventory in the first quarter.

2011 MEDAL OF HONOR COMMEMORATIVE COIN PROGRAM

This coin commemorates the establishment of the Medal of Honor, the highest award for valor in action against an enemy force. The gold coin shows a likeness of the 1861 medal on one side and the goddess Minerva on the other. The silver coin depicts the current Army, Navy and Air Force Medals of Honor on one side and an infantry soldier carrying a wounded soldier on the obverse. Surcharge proceeds from this coin are authorized to be paid to the Congressional Medal of Honor Foundation, which funds programs to promote courage, sacrifice, selfless service, and patriotism among the American public.

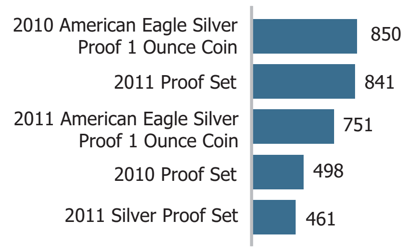
EFFECTIVELY MANAGED NUMISMATIC PROGRAM

The Mint's numismatic program provides high-quality versions of circulating coinage, precious metal coins, commemorative coins, and medals for sale to the public. Most of our recurring products—such as United States Mint Uncirculated Coins Sets®, United States Mint Proof Sets®, and United States Mint Silver Proof Sets®—are required by Federal statute. Other numismatic programs—such as commemorative coins and Congressional Gold Medals—are required by individual public laws. A main objective of the numismatic program is to increase our customer base and foster sales while controlling costs and keeping prices as low as practicable.

NUMISMATIC RESULTS

Retail sales of numismatic products increased 13.1 percent to approximately 7.3 million units in FY 2011. The composition of sales shifted toward higher priced precious metal products, resulting in significant revenue growth. Numismatic revenue increased 74.7 percent to $721.7 million in FY 2011 from $413.1 million in FY 2010. Strong American Eagle Program sales drove revenue and sales growth.

Top Selling Numismatic Products
(units sold in thousands)



Beginning in FY 2009, we were unable to offer numismatic versions of American Eagle gold and silver products because blanks were diverted to bullion production. The high demand for bullion coins stretched our resources as bullion took precedence over numismatic products. We were unable to supply the numismatic products that required the same blanks. Toward the end of FY 2010, the Mint was able to qualify additional suppliers, expand gold and silver blank supply and resume production of American Eagle numismatic products. These products went on sale in the first quarter of FY 2011.

In December 2010, the Coinage Modernization, Oversight and Continuity Act of 2010 (Public Law 111-302) granted the Mint authority to issue American Eagle Gold and Silver Coins in qualities and quantities the Secretary deems appropriate. This amended the bullion program's statutory priority and allowed the bureau to make the numismatic versions of American Eagle coins available for sale, even as bullion demand remained at record highs. Consequently, the Mint was able to offer both 2010 and 2011 American Eagle gold and silver products for sale in FY 2011. Sales revenue from all American Eagle numismatic sales climbed to $370.8 million.

NUMISMATIC (dollars in millions)

	2011	2010	2009	2008	2007	% Change 2010 to 2011
Sales Revenue	$ 721.7	$ 413.1	$ 440.0	$ 557.2	$ 551.5	74.7%
Gross Cost	$ 608.5	$ 363.3	$ 398.9	$ 474.8	$ 475.6	67.5%
Cost of Goods Sold	$ 543.8	$ 298.6	$ 329.7	$ 388.1	$ 396.7	82.1%
Sales, General & Administrative	$ 64.7	$ 64.7	$ 69.2	$ 86.7	$ 78.9	0.0%
Net Income & Seigniorage	$ 113.2	$ 49.8	$ 41.1	$ 82.4	$ 75.9	127.3%
Numismatic Net Margin	15.7%	12.1%	9.3%	14.8%	13.8%	
Seigniorage Portion	$ 9.8	$ 12.0	$ 19.3	$ 22.5	$ 27.1	(18.3%)

After completing the turning and polishing process, Pamela Allendorf inspects blank dies before they become production dies.

Numismatic sales and revenue also grew because we released the 2011 United States Mint Proof Set®, 2011 United States Mint Silver Proof Set®, and 2011 United States Mint Uncirculated Coin Set® in the second quarter, the first time these core products were available so early in the calendar year. Our customers often purchase products because of the significance of the year in which they were minted. Making products available earlier allowed customers to purchase them throughout the calendar year to commemorate anniversaries, birthdays, or other important milestones. To achieve the early release, we had to shift every step in the supply chain (from finalizing designs to minting coins and packaging final products) forward by nearly six months. We also released new America the Beautiful Quarters® numismatic products in FY 2011. Revenue from recurring programs, which include core annual sets and these new products, increased 20.6 percent to $231.4 million in FY 2011 from $191.9 million last year.

Numismatic program net income and seigniorage increased 127.3 percent to $113.2 million in FY 2011 from $49.8 million in FY 2010. Numismatic net margin increased to 15.7 percent in FY 2011 from 12.1 percent in FY 2010 primarily because SG&A expenses remained flat and made up a smaller portion of growing revenue. Numismatic COGS increased 82.1 percent to $543.8 million in FY 2011 because sales volumes increased and included more precious metal products. COGS was consistent relative to revenue, comprising 75.3 percent of revenue in FY 2011 and 72.3 percent last year.

COMMEMORATIVE COINS AND MEDALS

Congress passes legislation authorizing commemorative coins or commemorative medals to honor people, places, or events, and the President signs the legislation into law. By law, the price of these coins and medals includes a surcharge authorized to be paid to a recipient organization. We launched two commemorative coin programs and one commemorative medal program in FY 2011.

The United States Army Commemorative Coin Program recognizes the establishment of the United States Army. More than 30 million Americans have served in the Army since its founding. As of September 30, 2011, the program generated $20.5 million in revenue and $2.8 million in eligible surcharges for the recipient organization, the Army Historical Foundation.

The Medal of Honor Commemorative Coin Program recognizes the establishment of the Medal of Honor in 1861. The Medal of Honor is the highest award for valor in action against an enemy force that can be bestowed upon an individual serving in the U.S. Armed Services. Fewer than 3,500 people have been awarded one of these medals. As of September 30, 2011, the program generated $18.5 million in revenue and $2.2 million in eligible surcharges for the recipient organization, the Congressional Medal of Honor Foundation.

The September 11 National Medal is a one-ounce silver medal commemorating the 10th anniversary of the 2001 terrorist attacks on the United States. Launched in June with initial shipments in September, this two-year program generated $9.3 million in revenue and $1.6 million in eligible surcharges as of September 30, 2011. Surcharges are authorized to be paid to the National September 11 Memorial & Museum at the World Trade Center.

IMPROVING CUSTOMER SERVICE

Because the performance of our numismatic business line depends heavily on our customers' experience – good or bad – the Mint conducts customer satisfaction surveys each quarter. Customers evaluate the Mint's performance as a provider of numismatic products and identify areas for improvement.

When customers were surveyed in FY 2011, 91.7 percent rated the Mint favorably, up from 86.1 percent in FY 2010. The portion of customers satisfied with the Mint as a coin supplier declined over the past few years, primarily because we were unable to provide popular American Eagle coins described above. Once we were able to resume production and sales of these products in early FY 2011, our customer survey responses greatly improved. We also aimed to improve customers' ordering experience by ensuring that our call center and order fulfillment center met or exceeded performance standards for accessibility, call length, and order cycle time.

The Mint also took a fresh look at how we communicate with customers about our products, whether through e-mail, press releases, marketing materials, or the Internet. By studying "best practices" of other mints and making the website more robust, the Mint made some small, but important, changes in the way we provide information to consumers, such as increasing the frequency of our mailings and using larger print so materials are easier to read.

NUMISMATIC REVENUE, COST AND NET INCOME OR SEIGNIORAGE BY PROGRAM
(dollars in millions)

2011	Recurring	Ultra High Relief	American Eagle	American Buffalo	Commemorative	Numismatic Sale of Circulating	Total
Sales Revenue	$ 231.4	$ –	$ 370.8	$ 61.8	$ 43.2	$ 14.5	$ 721.7
Gross Cost	$ 219.8	$ –	$ 294.8	$ 53.7	$ 35.5	$ 4.7	$ 608.5
Cost of Goods Sold	$ 174.7	$ –	$ 281.4	$ 53.1	$ 30.5	$ 4.1	$ 543.8
Sales, General & Administrative	$ 45.1	$ –	$ 13.4	$ 0.6	$ 5.0	$ 0.6	$ 64.7
Net Income & Seigniorage	$ 11.6	$ –	$ 76.0	$ 8.1	$ 7.7	$ 9.8	$ 113.2
Numismatic Net Margin	5.0%	–	20.5%	13.1%	17.8%	67.6%	15.7%

2010	Recurring	Ultra High Relief	American Eagle	American Buffalo	Commemorative	Numismatic Sale of Circulating	Total
Sales Revenue	$ 191.9	$ 35.1	$ 32.7	$ 115.6	$ 20.1	$ 17.7	$ 413.1
Gross Cost	$ 170.7	$ 37.1	$ 28.4	$ 103.0	$ 18.4	$ 5.7	$ 363.3
Cost of Goods Sold	$ 131.9	$ 36.2	$ 21.9	$ 90.3	$ 14.9	$ 3.4	$ 298.6
Sales, General & Administrative	$ 38.8	$ 0.9	$ 6.5	$ 12.7	$ 3.5	$ 2.3	$ 64.7
Net Income & Seigniorage	$ 21.2	$ (2.0)	$ 4.3	$ 12.6	$ 1.7	$ 12.0	$ 49.8
Numismatic Net Margin	11.0%	(5.7%)	13.1%	10.9%	8.5%	67.8%	12.1%

2009	Recurring	Ultra High Relief	American Eagle	American Buffalo	Commemorative	Numismatic Sale of Circulating	Total
Sales Revenue	$ 199.8	$ 112.4	$ 55.1	$ 25.7	$ 21.6	$ 25.4	$ 440.0
Gross Cost	$ 189.9	$ 106.0	$ 49.9	$ 24.2	$ 22.8	$ 6.1	$ 398.9
Cost of Goods Sold	$ 152.9	$ 88.9	$ 43.6	$ 21.9	$ 19.1	$ 3.3	$ 329.7
Sales, General & Administrative	$ 37.0	$ 17.1	$ 6.3	$ 2.3	$ 3.7	$ 2.8	$ 69.2
Net Income & Seigniorage	$ 9.9	$ 6.4	$ 5.2	$ 1.5	$ (1.2)	$ 19.3	$ 41.1
Numismatic Net Margin	5.0%	5.7%	9.4%	5.8%	(5.6%)	76.0%	9.3%

Note: Commemorative coins programs are managed on a calendar year basis. Truncating program results to fiscal year can result in negative net income even though no single commemorative coin program generated a loss.

2011 UNITED STATES ARMY COMMEMORATIVE COIN PROGRAM

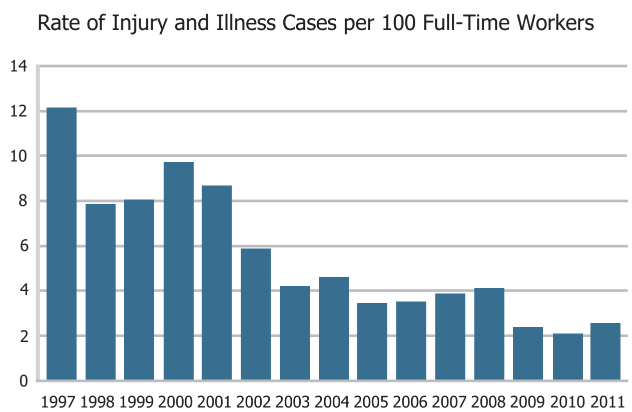
The United States Army was founded in 1775. This commemorative coin program includes $5 gold, $1 silver, and half-dollar clad coins, each with a different design recognizing the more than 30 million Americans who have selflessly served in the Army. The gold coin shows Continental, Civil War, modern, World War II and World War I soldiers. The silver coin symbolizes worldwide deployment in the 21st century, and the clad coin shows the contributions of service members in peace.

A SAFE, ENGAGED, PRODUCTIVE AND VALUED WORKFORCE

It is our goal to have a safe, engaged and innovative workforce, making the Mint the employer of choice for current and future employees. Embracing innovative practices by engaging modern technologies and becoming more environmentally sustainable not only benefits our employees, but also benefits the American public.

SAFETY FIRST

In our manufacturing facilities, several workplace safety programs and policies developed over the past three years have kept injury and illness rates at the Mint lower than industry standards. Our goal for FY 2011 was to have fewer than 3.34 injuries and illnesses per 100 full-time workers. In FY 2011, the injury and illness rates rose slightly from the year before. The recordable case rate increased from 2.29 in FY 2010 to 2.74 in FY 2011, still well below our goal and industry standards of 6.3.



The number of work-related injuries or illnesses resulting in lost workdays was also up, from 11 lost time accidents last year to 15 this year. Because ensuring employee safety is a priority at the Mint, we will continue to conduct monthly executive meetings to discuss injury and illness rates, review any incidents and corrective actions, and examine ways to reduce risk and prevent future incidents.

The Mint continued to provide secure workplaces for our employees and the assets entrusted to us. The Mint Police improved entrance and exit procedures at all locations. The Mint's production facilities are housed in historic, aging structures, which need constant upkeep to ensure worker and product security. Our annual vulnerability assessments help us prioritize system upgrades to comply with federal and state requirements. In FY 2011, we also upgraded the electronic security systems across the Mint, improved the road surfaces and fences at Fort Knox, and replaced a precious metal detector at West Point.

POSITIVE CULTURAL CHANGE

In October, management and the American Federation of Government Employees (AFGE) union representatives signed the Seventh National Agreement, which details improvements in the relationship between the AFGE United States Mint Council and the Mint. It establishes ground rules for conducting negotiations and addressing issues at the local level. The agreement also makes a provision for a National Collaborative Council (NCC), a group consisting of management and union representatives located at each facility to develop and implement solutions to problems. The NCC meets four times a year and is authorized to establish committees, task forces or other working groups to resolve issues.

FEDERAL EMPLOYEE VIEWPOINT SURVEY

The United States Office of Personnel Management administers an annual Federal Employee Viewpoint Survey (FEVS) to full-time, permanent employees in the Federal Government. The survey measures employees' perceptions regarding how effectively their agency manages its workforce.

FEVS results are used to develop the Partnership for Public Service's "Best Places to Work in the Federal Government" rankings. For the past few years, the Mint has scored low compared to other agencies, but after making a concerted effort to improve employee satisfaction, our rank improved 144 places, from 201 to 57.

United States Mint Deputy Director Richard A. Peterson and Mint Council President of AFGE Richard Sailas worked together to ensure strong employee labor relations.

In the 2011 FEVS, Mint employee positive response rates improved in 74 out of 84 questions focused on workplace experience. Employee satisfaction increased across all areas with considerable improvements in leadership, training and development, performance recognition, and work-life balance. The portion of employees reporting they were satisfied with their job increased to 73.1 percent in FY 2011 from 64.6 percent in FY 2010. More employees said they would recommend the Mint as a good place to work (70.2 percent, up from 58.6 percent in FY 2010), and were satisfied with the organization (66.5 percent, up from 49.9 percent in FY 2010).

WORK/LIFE BALANCE AND TECHNOLOGY

One of the ways the Mint promotes work-life balance is through its telework policy, which has been in place since 2000. Teleworking helps ensure the Mint has continuity of operations and improves employees' ability to balance their work and life commitments. In FY 2011, the policy was updated to meet the requirements of the Telework Enhancement Act of 2010 (Public Law 111-292). This Act has three objectives: to improve Continuity of Operations, to promote management effectiveness and to enhance work-life balance. Because teleworking requires expanded IT capability, the Mint improved existing remote workplace capabilities. By the end of the fiscal year, we nearly tripled the number of employees with telework agreements.

THE RIGHT PEOPLE FOR THE RIGHT JOBS

While technology is an important focus for the future, the work of the Mint could not be accomplished without our employees. Throughout the Federal Government, the workforce is aging and beginning to retire in increasing numbers. Quickly hiring the right people for the right job is a priority for the Mint and all agencies as they meet President Obama's requirements for hiring reform. Using the Office of Management and Budget's government-wide hiring reform guidelines, the Mint has shortened the amount of time it takes to hire new employees. In FY 2011, 23 percent of filled positions were hired within 80 calendar days, an increase from 14 percent in FY 2010.

SUSTAINABILITY EFFORTS

Implementing our sustainability program has produced positive changes in the workplace. When President Obama signed Executive Order 13514 in 2009, all agencies were required to achieve a series of sustainability goals. In the past two years, the Mint has made great strides in reducing its environmental impact across all locations. Overall, the Mint has reduced its direct greenhouse gas emissions by 20 percent and its potable water consumption by 25 percent from the 2008 baseline. The Denver Mint now purchases 100 percent of its electricity from renewable sources; San Francisco installed an energy efficient roof; Philadelphia completed a retro-commissioning, bringing its building up to current HVAC standards; and Fort Knox now has a high-efficiency natural gas boiler.

Because of these changes, the Mint has been recognized as a leader in sustainability. In 2010, we received the Federal Electronics Challenge Bronze Award, and in 2011, the Washington, D.C., facility obtained ENERGY STAR certification. Employees have also taken it upon themselves to cut waste and be more energy efficient, as in San Francisco, where employees created a ride-share program and started a recycling program.

In 2011, the Mint focused on developing and budgeting for a comprehensive sustainability plan, crafting a communications and transparency strategy. Committed to the future, the Mint will continue to consider potential changes that can positively affect the environment.

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

The Mint is responsible for establishing and maintaining effective internal control over financial reporting and has made a conscious effort to meet the internal control requirements of the Federal Manager's Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), Office of Management and Budget (OMB) Circular A-123, and the Reports Consolidation Act of 2000. The Mint's programs are operating in accordance with the procedures and standards prescribed by the Comptroller General and OMB guidelines.

The systems of management controls for the Mint are designed to ensure that:

- programs achieve their intended results and resources are used consistently with the overall mission;
- programs and resources are free from waste, fraud, and mismanagement and laws and regulations are followed;
- controls are sufficient to minimize any improper or erroneous payments and performance information is reliable;
- systems security is in substantial compliance with all relevant requirements;
- continuity of operations planning in critical areas is sufficient to reduce risk to reasonable levels; and
- financial management systems are in compliance with federal financial systems standards, (i.e., FMFIA Section 4 and FFMIA).

For all Mint responsibilities, we provide herein unqualified assurance that the above listed management control objectives, taken as a whole, were achieved by our organization during FY 2011. Specifically, this assurance is provided relative to Sections 2 and 4 of the FMFIA. We further assure that our financial management systems are in substantial compliance with the requirements imposed by the FFMIA. In addition, the Mint provides assurance that the data reported for all our performance measures is reliable as defined in OMB Circular A-11, Preparation, Submission, and Execution of the Budget, Section 232.10.

Mint management is responsible for establishing and maintaining adequate internal control over financial reporting, which includes safeguarding of assets and compliance with laws and regulations. We conducted the required Treasury evaluation of the effectiveness of Mint internal control over financial reporting in accordance with OMB Circular A-123, Management's Responsibility for Internal Control. Based on the results of this evaluation, we can provide unqualified assurance that internal control over financial reporting as of June 30, 2011, is operating effectively, and no material weaknesses were found in the design or operation of the internal control over financial reporting.

The 2007 Native American $1 Coin Act (Public Law 110-82), as codified at 31 U.S.C. § 5112(r)(5), requires that at least 20 percent of all $1 coins minted and issued in any year are Native American $1 Coins. During the 2010 calendar year, Native American $1 Coins made up 20.1 percent of all $1 coins minted but only 12.5 percent of all $1 coins issued because of low demand. As a result, the Mint did not fully comply with Public Law 110-82. The balance of 2010 Native American $1 Coins were issued in 2011.

In addition, the Mint is committed to maintaining effective internal control, as demonstrated by the following actions:

- Annual audits of the Mint's financial statements pursuant to the Chief Financial Officers' Act, as amended, including a) information revealed in preparing the financial statements; b) auditor's reports on the financial statements; and c) internal controls and compliance with laws and regulations and other materials.
- Annual performance plans, reviews, and reports pursuant to the GPRA, which include analysis and evaluation of performance measures.
- The development, tracking, and closure of corrective actions identified in the Financial Statement Audit and A-123 Assessment.
- Reviews of management programs and financial systems in conjunction with OMB circular A-123, FFMIA, Federal Information Security Management Act, and the Computer Security Act of 1987.
- Annual assessments, reviews, and reporting complies with the Improper Payments Elimination and Recovery Act of 2010.

The Mint continues to make improvement in maintaining effective internal control over financial reporting and is committed to monitoring and improving its internal controls throughout the entire organization.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the Mint, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements have been prepared from the books and records of the Mint in accordance with generally accepted accounting principles for federal entities and the formats prescribed by the Office of Management and Budget. The statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the United States Government.

MESSAGE FROM THE ACTING CHIEF FINANCIAL OFFICER:

I am pleased to present the Mint's financial statements in the FY 2011 Annual Report. As an organization, our priority is to report accurate financial data while objectively and consistently executing our fiscal responsibilities in a timely manner. For FY 2011, our independent auditors rendered an unqualified opinion on our financial statements presented herein. The Mint remains committed to accountability and integrity in our financial and management responsibilities.

The annual assessment of internal controls and financial statement audit are key elements to successful stewardship of the PEF. In FY 2011, the Mint conducted a comprehensive assessment of the effectiveness of internal controls over financial reporting. Based on the results, we can provide unqualified assurance that internal controls over financial reporting are operating effectively in accordance with Office of Management and Budget Circular A-123.

At the close of FY 2011, the PEF is in healthy condition because our program earnings and our stewardship ensures sufficient cash reserves for continued financing of circulating operations in an uncertain environment. In FY 2011, our numismatic and bullion product lines exceeded our revenue and earnings expectations. Seigniorage generated from circulating coins increased from last year largely due to the $1 coin denomination. Minting and issuing the penny and nickel denominations resulted in a loss of approximately $116.7 million in FY 2011, the sixth consecutive year the penny and nickel were produced at a loss. We expect the FRB demand for these denominations to increase in the near future. In addition, the level of $1 coin inventory at the FRB has raised uncertainty about future demand for new production of this denomination. In response to these uncertainties to our cash flow from circulating operations, we held cash in reserve and limited the transfer to the Treasury General Fund to $51.0 million during this fiscal year. Despite these challenges, the Mint's internal controls and effective stewardship provided a firm footing for us to continue fulfilling our mission while working with our stakeholders to improve results.

The Mint carried out a number of operational improvements in FY 2011. We implemented a new SG&A allocation approach, which provides that every product we make carries the appropriate amount of SG&A relative to the effort to manufacture, market, and distribute it. We also began using a new budget formulation system, which makes planning our expenses more efficient and effective. We achieved three out of five small business procurement goals towards a Presidential initiative – allocating 47.7 percent of eligible procurement dollars to small businesses, small disadvantaged businesses, and women-owned small businesses, compared to a 27.5 percent collective target. We just missed goals for HUBZone and service-disabled veteran-owned small business dollars – allocating 2.0 percent of eligible dollars versus the 3.0 percent target. We also contributed to another initiative – to reduce the Federal Government's carbon footprint – by obtaining ENERGY STAR certification for our Headquarters building.

The Mint prepared its financial statements in compliance with accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). The FASAB is designated by the American Institute of Certified Public Accountants as the standard-setting body for the financial statements of Federal government entities, with respect to establishment of the United States Generally Accepted Accounting Principles.

The Mint is committed to providing high-quality products and financial results that are complete and understandable to our stakeholders, the American public. We hope you find our annual report useful and transparent. We look forward to maintaining our 219-year-old tradition of service to the American public and our collectors in FY 2012.

Sincerely,

David Motl, Acting Chief Financial Officer

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report

Inspector General
United States Department of the Treasury

Deputy Director
United States Mint:

We have audited the accompanying balance sheets of the United States Mint as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and combined statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended. These financial statements are the responsibility of the United States Mint's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United States Mint's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Mint as of September 30, 2011 and 2010, and its net costs, changes in net position, and budgetary resources for the years then ended in conformity with U.S. generally accepted accounting principles.

The information in the Management's Discussion and Analysis, and Required Supplementary Information, is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information in the *United States Mint at a Glance*, *Deputy Director's Letter*, *Organizational Profile*, *Our Goals* and *Appendix 1: FY 2011 Coin and Medal Products* are presented for purposes of additional analysis and are not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 2, 2011, on our consideration of the United States Mint's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

KPMG LLP

December 2, 2011

DEPARTMENT OF THE TREASURY UNITED STATES MINT
BALANCE SHEETS

(dollars in thousands)

	As of September 30, 2011	2010
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 752,742	$ 331,944
Accounts Receivable, Net (Note 4)	721	456
Advances and Prepayments (Note 5)	2,046	3,178
Total Intragovernmental Assets	755,509	335,578
Custodial Gold and Silver Reserves (Note 6)	10,493,740	10,493,740
Accounts Receivable, Net (Note 4)	18,254	7,365
Inventory (Notes 7 and 20)	501,287	451,560
Supplies	17,280	17,138
Property, Plant and Equipment, Net (Note 8)	185,701	190,295
Advances and Prepayments (Note 5)	1	2
Total Non-Intragovernmental Assets	$ 11,216,263	$ 11,160,100
Total Assets (Notes 2 and 14)	**$ 11,971,772**	**$ 11,495,678**
Heritage Assets (Note 9)		
Liabilities		
Intragovernmental:		
Accounts Payable	$ 5,890	$ 5,798
Accrued Workers' Compensation and Benefits	9,377	8,857
Total Intragovernmental Liabilities	15,267	14,655
Custodial Liability to Treasury (Note 6)	10,493,740	10,493,740
Accounts Payable	44,545	32,720
Surcharges Payable (Note 3)	11,673	13,055
Accrued Payroll and Benefits	18,381	17,834
Other Actuarial Liabilities	27,467	26,663
Unearned Revenue	16,953	1,846
Deposit Fund Liability (Notes 10 and 12)	94	94
Total Non-Intragovernmental Liabilities	$ 10,612,853	$ 10,585,952
Total Liabilities (Notes 10 and 14)	**$ 10,628,120**	**$ 10,600,607**
Commitments and Contingencies (Notes 12, 13 and 20)		
Net Position		
Cumulative Results of Operations - Earmarked Funds (Note 14)	1,343,652	895,071
Total Liabilities and Net Position	**$ 11,971,772**	**$ 11,495,678**

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

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF NET COST

(dollars in thousands)

	For the years ended September 30, 2011	2010
Numismatic Production and Sales		
Gross Cost	$ 4,009,361	$ 3,157,758
Less Earned Revenue (Note 16)	(4,178,594)	(3,250,844)
Net Program Cost (Revenue)	(169,233)	(93,086)
Numismatic Production and Sales of Circulating Coins		
Gross Cost	4,685	5,740
Less Earned Revenue (Note 16)	(4,685)	(5,740)
Net Program Cost	–	–
Circulating Production and Sales		
Gross Cost	428,130	317,357
Less Earned Revenue (Note 16)	(428,130)	(317,357)
Net Program Cost	–	–
Net Program Cost (Revenue) Before Protection of Assets	(169,233)	(93,086)
Protection of Assets		
Protection Costs	41,570	41,547
Less Earned Revenue (Note 16)	–	(3)
Net Cost of Protection Assets	41,570	41,544
Net Cost (Revenue) from Operations (Notes 15 and 21)	**$ (127,663)**	**$ (51,542)**

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

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF CHANGES IN NET POSITION

(dollars in thousands)

	For the years ended September 30, 2011	2010
Cumulative Results of Operations		
Net Position, Beginning of Year - Earmarked Funds (Note 14)	$ 895,071	$ 904,535
Financing Sources (Note 21):		
Transfers to the Treasury General Fund On-Budget (Note 19)	(51,000)	(13,000)
Transfers to the Treasury General Fund Off-Budget (Note 19)	-	(375,000)
Other Financing Sources (Seigniorage) (Note 16)	358,577	312,814
Imputed Financing Sources (Note 11)	13,341	14,180
Total Financing Sources	320,918	(61,006)
Net Revenue from Operations (Notes 15 and 21)	127,663	51,542
Net Position, End of Year - Earmarked Funds (Note 14)	**$ 1,343,652**	**$ 895,071**

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

DEPARTMENT OF THE TREASURY UNITED STATES MINT
STATEMENTS OF BUDGETARY RESOURCES

(dollars in thousands)

	For the years ended September 30, 2011	2010
Budgetary Resources		
Unobligated balance, brought forward October 1	$ 110,993	$ 245,683
Recoveries of prior-year unpaid obligations	43,873	28,879
Budget authority		
Spending authority from offsetting collections		
Earned		
Collected	4,969,914	3,519,214
Change in receivable from federal sources	–	50
Change in unfilled customer orders		
Advance received	15,107	136
Without advance from federal sources	(903)	792
Subtotal	4,984,118	3,520,192
Permanently not available	(51,000)	(13,000)
Total Budgetary Resources	**$ 5,087,984**	**$ 3,781,754**
Status of Budgetary Resources		
Obligations incurred		
Reimbursable (Note 17 and Note 21)	$ 4,674,890	$ 3,670,761
Unobligated balances		
Apportioned	413,094	110,993
Total Status of Budgetary Resources	**$ 5,087,984**	**$ 3,781,754**
Change in Obligated Balances		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	$ 228,454	$ 190,523
Less: Uncollected customer payments from federal sources, brought forward, October 1	(7,598)	(6,755)
Total unpaid obligated balance, net	220,856	183,768
Obligations incurred, net (Note 17)	4,674,890	3,670,761
Gross outlays	(4,513,223)	(3,603,950)
Recoveries of prior-year unpaid obligations, actual	(43,873)	(28,879)
Change in uncollected customer payments from federal sources	903	(842)
Obligated balance, net, end of the period		
Unpaid obligations	346,248	228,454
Uncollected customer payments from federal sources	(6,694)	(7,598)
Total unpaid obligated balance, net, end of period	339,554	220,856
Net Outlays		
Net outlays		
Gross outlays	4,513,223	3,603,950
Collections	(4,985,021)	(3,519,349)
Total Outlays	**$ (471,798)**	**$ 84,601**

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

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended September 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY Established in 1792, the United States Mint (Mint) is a bureau of the Department of the Treasury (Treasury). The mission of the Mint is as follows: To manufacture and distribute circulating coins, precious metals and collectible coins, and national medals to meet the needs of the United States. Numismatic products include medals; proof coins; uncirculated coins; platinum, gold, and silver bullion coins; commemorative coins; and related products or accessories. Custodial assets consist of the Treasury-owned gold and silver bullion reserves. These custodial reserves are often referred to as “deep storage” and “working stock,” and are reported on the Balance Sheet.

The production of numismatic products is financed through sales to the public. The production of circulating coinage is financed through sales of coins at face value to the Federal Reserve Banks (FRB). Additionally, the Mint sells certain circulating products directly to the public as numismatic items. Activities related to protection of Treasury-owned custodial assets are funded by the United States Mint Public Enterprise Fund (PEF).

Pursuant to Public Law 104-52, *Treasury, Postal Service, and General Government Appropriation Act for FY 1996*, as codified at 31 U.S.C. § 5136, the PEF was established to account for all receipts and expenses related to production and sale of numismatic items and circulating coinage, as well as protection activities. Expenses accounted for in the PEF include the entire cost of operating the Mint. Any amount in the PEF that is determined to be in excess of the amount required by the PEF is transferred to the Treasury General Fund.

Treasury’s Bullion Fund (Bullion Fund) is used to account for Treasury-owned gold and silver reserves. A separate Schedule of Custodial Deep Storage Gold and Silver Reserves has been prepared for the deep storage portion of the Treasury-owned gold and silver reserves for which the Mint acts as custodian.

BASIS OF ACCOUNTING AND PRESENTATION The accompanying financial statements were prepared based on the reporting format promulgated by Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, and in accordance with accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB). The Mint’s financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and budgetary resources, as required by 31 U.S.C. § 5134.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Accounts subject to estimates include, but are not limited to, depreciation, imputed costs, payroll and benefits, accrued worker’s compensation, allowance for uncollectible accounts receivable, and unemployment benefits.

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual method, revenues and other financing sources are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

EARNED REVENUES AND OTHER FINANCING SOURCES (SEIGNIORAGE)
Numismatic Sales: Revenue from numismatic sales to the public is recognized when products are shipped to customers. Prices for most numismatic products are based on the product cost plus a reasonable net margin. Bullion coins are priced based on the market price of the precious metals plus a premium to cover manufacturing, marketing, and distribution costs.

Numismatic Sales of Circulating Coins: Specially packaged products containing circulating coins sold directly to the public rather than to the FRB. These products are treated as a circulating and numismatic hybrid product. Revenue is recognized when products are shipped to customers.

Circulating Sales: The PEF provides for the sale of circulating coinage at face value to the FRB. Revenue from the sale of circulating coins is recognized when the product is shipped to the FRB. Revenue from the sale of circulating coins to the FRB and numismatic sales of circulating coins to the public is limited to the recovery of the cost of manufacturing, and distributing those coins.

Other Financing Source (Seigniorage): Seigniorage equals the face value of newly minted coins less the cost of production (which includes the cost of metal, manufacturing, and transportation). Seigniorage adds to the government's cash balance, but unlike the payment of taxes or other receipts, it does not involve a transfer of financial assets from the public. Instead, it arises from the exercise of the government's sovereign power to create money and the public's desire to hold financial assets in the form of coins. Therefore, the President's budget excludes seigniorage from receipts and treats it as a means of financing. Seigniorage is recognized when coins are shipped to the FRB in return for deposits to the PEF.

Rental Revenue: The Mint sublets office space at cost to other federal entities in the two leased buildings in Washington, D.C. In addition, a commercial vendor subleases a portion of the first floor space of the building at 801 9th Street, NW.

FUND BALANCE WITH TREASURY All cash is maintained at the Treasury. Fund Balance with Treasury is the aggregate amount of the Mint's cash accounts with the United States Government's central accounts and from which the Mint is authorized to make expenditures. It is an asset because it represents the Mint's claim to United States Government resources.

ACCOUNTS RECEIVABLE Accounts receivable are amounts due to the Mint from the public and other federal entities. An allowance for uncollectible accounts receivable is established for all accounts that are more than 180 days past due. However, the Mint will continue collection action on those accounts that are more than 180 days past due, as specified by the *Debt Collection Improvement Act of 1996*.

INVENTORIES Inventories of circulating and numismatic coinage are valued at either cost or market, whichever is lower. Costs of the metal and fabrication components of the inventories are determined using a weighted average inventory methodology. Conversion costs (i.e., the cost to convert the fabricated blank into a finished coin) are valued using a standard cost methodology. The Mint uses three classifications for inventory: raw material (raw metal, unprocessed coil, or blanks); work-in-process (WIP – material being transformed to finished coins); and finished goods (coins that are packaged or bagged and ready for sale or shipment to the public or the FRB).

TREASURY-OWNED CUSTODIAL GOLD AND SILVER BULLION RESERVES Treasury-owned gold and silver reserves consist of both "deep storage" and "working stock" gold and silver.

Deep Storage is defined as that portion of the Treasury-owned gold and silver bullion reserve which the Mint secures in sealed vaults. Deep storage gold comprises the vast majority of the bullion reserve and consists primarily of gold bars. Deep storage silver is also primarily in bar form.

Working Stock is defined as that portion of the Treasury-owned gold and silver bullion reserve which the Mint can use as the raw material for minting coins. Working stock gold comprises only about one percent of the gold bullion reserve and consists of bars, blanks, unsold coins, and condemned coins. Similarly, working stock silver consists of bars, blanks, unsold coins, and condemned coins.

Treasury allows the Mint to use some of its gold as working stock in the production of gold coins. This allows the Mint to avoid the market risk associated with buying gold far in advance of the sales date of the gold coins. The Mint replenishes the Treasury gold working stock at or just prior to the time the coins are sold. Generally, the Mint does not deplete the working stock used in production. Instead, the Mint will purchase a like amount of gold on the open market to replace the working stock used.

Treasury also allows the Mint to use silver as working stock. However, Treasury does not have enough silver to fulfill all Mint manufacturing needs. Accordingly, for the purpose of avoiding market risk associated with owning silver, the Mint has entered into a silver hedging arrangement (see Note 20). The Mint did not use Treasury silver working stock; if the Mint were to use Treasury silver working stock, the stock would be replenished as it is used.

In the rare cases in which gold or silver is depleted, the Mint reimburses Treasury the current market value of the gold or silver depleted. In FY 2011 and 2010, the Mint did not deplete the working stock.

SUPPLIES Supplies are items that are not considered inventory and are not a part of the finished product. These items include plant engineering and maintenance supplies, as well as die steel and coin dies. Supplies are accounted for using the consumption method, in which supplies are recognized as assets upon acquisition and expensed as they are consumed.

ADVANCES AND PREPAYMENTS Payments in advance of the receipt of goods and services are recorded as an asset at the time of prepayment, and are expensed when related goods and services are used.

PROPERTY, PLANT AND EQUIPMENT Property, plant, and equipment are valued at cost less accumulated depreciation. The Mint's threshold for capitalizing new property, plant, and equipment is $25,000 for single purchases and $500,000 for bulk purchases. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

Computer Equipment	3 to 5 years
Software	2 to 10 years
Machinery and Equipment	7 to 20 years
Structures, Facilities, and Leasehold Improvements	10 to 30 years

Major alterations and renovations are capitalized over a 20-year period, or the remaining useful life of the asset (whichever is shorter) and depreciated using the straight-line method, while maintenance and repair costs are charged to expense as incurred. There are no restrictions on the use or convertibility of general property, plant, and equipment.

HERITAGE ASSETS Heritage assets are items that are unique because of their historical, cultural, educational or artistic importance. These items are collection-type assets that are maintained for exhibition and are preserved indefinitely.

LIABILITIES Liabilities represent actual and estimated amounts likely to be paid as a result of transactions or events that have already occurred. All liabilities covered by budgetary resources can be paid from revenues received by the PEF.

SURCHARGES Legislation authorizing commemorative coin programs often requires that the sales price of each coin include an amount, called a surcharge, which is authorized to provide funds to a qualifying organization or group of organizations for the purposes specified. A surcharges payable account is established for surcharges collected, but not yet paid, to designated recipient organizations.

Recipient organizations cannot receive surcharge payments unless all of the Mint's operating costs for the coin program are fully recovered. The Mint may make interim surcharge payments during a commemorative program if the recipient organization meets the eligibility criteria in the authorizing legislation, if the recovery of all costs of the program is determinable, and if the Mint is assured it is not at risk of a loss. Additionally, recipient organizations must demonstrate that they have raised from private sources an amount equal to or greater than the surcharges collected based on sales, and recipient organizations must prove compliance with Title VI of the Civil Rights Act of 1964. A recipient organization has two years from the end of the program to meet the matching requirement.

EARMARKED FUNDS Pursuant to 31 U.S.C. § 5136, the PEF was established as the sole funding source for Mint activities. The PEF meets the requirements of an earmarked fund as defined in Statement of Federal Financial Accounting Standard (SFFAS) 27, *Identifying and Reporting Earmarked Funds*. As non-entity and non-PEF assets, the Treasury-owned gold and silver bullion reserves are not considered to be earmarked funds.

UNEARNED REVENUES These are amounts received for numismatic orders which have not yet been shipped to the customer.

RETURN POLICY If for any reason a numismatic customer is dissatisfied, the entire product must be returned within seven days of receiving the order to receive a refund or replacement. Shipping charges are not refunded. Further, the Mint will not accept partial returns or issue partial refunds. Historically, the Mint receives few returns, which are immaterial. Therefore, no reserve for returns is considered necessary.

SHIPPING AND HANDLING The Mint reports shipping and handling costs of circulating coins and numismatic products as a cost of goods sold. General postage costs for handling administrative mailings are reported as part of the Mint's general and administrative expenses.

ANNUAL, SICK AND OTHER LEAVE Annual leave is accrued when earned and reduced as leave is taken. The balance in the accrued leave account is calculated using current pay rates. Sick leave and other types of non-vested leave are charged to operating costs as they are used.

ACCRUED WORKERS' COMPENSATION AND OTHER ACTUARIAL LIABILITIES The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to cover Federal civilian employees injured on the job or who have developed a work-related occupational disease, and to pay beneficiaries of employees whose deaths are attributable to job-related injuries or occupational disease. The FECA program is administered by the United States Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from the Mint for these paid claims.

The FECA liability is based on two components. The first component is based on actual claims paid by DOL but not yet reimbursed by the Mint. There is generally a two- to three-year time period between payment by DOL and DOL's requesting payment from the Mint. The second component is the actuarial liability, which estimates the liability for future payments as a result of past events. The actuarial liability includes the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases.

PROTECTION COSTS Treasury-owned gold and silver reserves are in the custody of the Mint, which is responsible for safeguarding the reserves. These costs are borne by the Mint, but are not directly related to the circulating or numismatic coining operations of the United States Mint. The Protection Department is a separate function from coining operations and is responsible for safeguarding the reserves as well as Mint employees and facilities.

OTHER COST AND EXPENSES (MUTILATED AND UNCURRENT) Other costs and expenses consist primarily of returns of mutilated or uncurrent coins to the Mint. Coins that are chipped, fused, and/or not machine-countable are considered mutilated. The Mint reimburses the entity that sent in the mutilated coins, using weight formulas that estimate the face value of these coins. Uncurrent coins are worn, but machine-countable, and their genuineness and denominations are still recognizable. Uncurrent coins are replaced with new coins of the same denomination by the FRB. The FRB then seeks replacement coins from the Mint. All mutilated or uncurrent coins received by the Mint are sold to its fabrication contractors to be processed into coils or blanks to be used in future coin production.

TAX EXEMPT STATUS As a bureau of the Federal Government, the Mint is exempt from all taxes imposed by any governing body, whether it is a federal, state, commonwealth, local, or foreign government.

CONCENTRATIONS The Mint purchases the coil and blanks used in the production of circulating coins from three vendors at competitive market prices. The Mint also purchases precious metal blanks from four different suppliers.

CONTINGENT LIABILITIES Certain conditions exist as of the date of the financial statements that may result in a loss to the government, but which will be resolved only when one or more future events occur or fail to occur. The Mint recognizes a loss contingency when the future outflow or other sacrifice of resources is probable and reasonably estimable. Loss contingencies that are determined by management to have a reasonably possible chance of occurring or that cannot be estimated are included as a footnote to the financial statements. Contingent liabilities considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee is disclosed.

TRANSFERS TO THE TREASURY GENERAL FUND The Mint transfers amounts determined to be in excess of the amounts required for Mint operations and programs to the Treasury General Fund periodically throughout the fiscal year.

Seigniorage derived from the sale of circulating coins and net income from the revenues generated by the sale of numismatic products containing circulating coins is an off-budget receipt to the Treasury General Fund. Off-budget means that these funds cannot be used to reduce the annual budget deficit. Instead, they are used as a financing source (i.e., they reduce the amount of cash that Treasury has to borrow to pay interest on the national debt).

Revenues generated from the sale of numismatic products are transferred to the Treasury General Fund as an on-budget receipt. Unlike seigniorage, the numismatic transfer amount is available to the Federal Government as current operating cash or it can be used to reduce the annual budget deficit.

BUDGETARY RESOURCES The Mint does not receive an appropriation from the Congress. Instead, the Mint receives all financing from the public and the FRB, and receives an apportionment of those funds from OMB. This apportionment is considered a budgetary authority, which allows the Mint to spend the funds. The Mint's budgetary resources consist of unobligated balances, transfers, and spending authority from offsetting collections, which is net of amounts that are permanently not available. "Permanently not available" funds are on-budget transfers to the General Fund.

HEDGING The Mint engages in a hedging program to avoid fluctuation in silver costs as a result of the changes in market prices. The Mint purchases silver in large quantities and sells an interest in that silver to a trading partner, while maintaining physical custody and title to the silver. Sales of silver to the trading partner are made at the same spot price that the Mint paid to obtain the silver on the open market. The partner's interest in Mint silver is reduced as finished silver bullion coins are sold to authorized purchasers (APs). Repurchases of the trading partner's interest in the silver occurs upon sale of coins by the Mint. Repurchases are made on the same day as sales, in the same quantity sold, and using the same spot price as was used for the sale to the AP. Each sale to and from the trading partner carries a small transaction fee, the selling and buying fees net to a cost of one-half cent per ounce. The Mint incurred $217 thousand in hedging fees in FY 2011, compared to $170 thousand incurred in FY 2010.

RECLASSIFICATIONS Certain amounts have been reclassified to conform to the September 30, 2011 presentation.

2. NON-ENTITY ASSETS

Components of Non-entity Assets as of September 30 are as follows:

(dollars in thousands)	2011	2010
Custodial Gold Reserves (Deep Storage)	$ 10,355,539	$ 10,355,539
Custodial Silver Reserves (Deep Storage)	9,148	9,148
Custodial Gold Reserves (Working Stock)	117,514	117,514
Custodial Silver Reserves (Working Stock)	11,539	11,539
Total Non-entity Assets	10,493,740	10,493,740
Total Entity Assets	1,478,032	1,001,938
Total Assets	**$ 11,971,772**	**$ 11,495,678**

Entity assets are assets that the reporting entity has authority to use in its operations. Mint management has legal authority to use entity assets to meet entity obligations. Treasury-owned gold and silver bullion reserves, for which the Mint is custodian, are non-entity assets.

3. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30 consists of the following:

(dollars in thousands)	2011	2010
Revolving Fund	$ 752,648	$ 331,850
Other	94	94
Total Fund Balance with Treasury	**$ 752,742**	**$ 331,944**
Status of Fund Balance with Treasury		
Unobligated Balance	$ 413,094	$ 110,993
Obligated Balance, Not Yet Disbursed	339,554	220,857
Non-Budgetary FBWT	94	94
Total	**$ 752,742**	**$ 331,944**

The Mint does not receive appropriated budget authority. The Fund Balance with Treasury is entirely available for use to support United States Mint operations. At September 30, 2011 and 2010, the revolving fund balance included $11.7 million and $13.1 million, respectively, in restricted amounts for possible payment of surcharges to recipient organizations.

4. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable are as follows:

(dollars in thousands)	September 30, 2011		
	Gross Receivables	Allowance	Net Receivables
Intragovernmental	$ 6,667	($5,946)	$ 721
With the Public	18,866	(612)	18,254
Total Accounts Receivable	**$ 25,533**	**($6,558)**	**$ 18,975**

	September 30, 2010		
	Gross Receivables	Allowance	Net Receivables
Intragovernmental	$ 6,402	($5,946)	$ 456
With the Public	9,055	(1,690)	7,365
Total Accounts Receivable	**$ 15,457**	**($7,636)**	**$ 7,821**

The intragovernmental accounts receivable as of September 30, 2011 and 2010 was $6.6 million and $6.4 million, respectively. This largely represents amounts due to the Mint for a joint numismatic product with another federal entity. Management determined that the collection of $5.9 million related to the program was in doubt and has included that amount in the allowance for doubtful accounts. Receivables with the public at September 30, 2011 are $18.9 million, of which $13.4 million is owed by fabricators for scrap and webbing, in addition to amounts owed by the public for numismatic products. This compares to receivables with the public at September 30, 2010, of $9.1 million, of which $6.1 million was owed by fabricators for scrap and webbing, in addition to amounts owed by the public for numismatic products. The allowance for doubtful accounts is the balance of the accounts receivable with the public that is past due by 180 days or more. Collection action continues on these accounts, but an allowance is recorded.

5. ADVANCES AND PREPAYMENTS

The components of advances and prepayments as of September 30 are as follows:

(dollars in thousands)	2011	2010
Intragovernmental	$ 2,046	$ 3,178
With the Public	1	2
Total Advances and Prepayments	**$ 2,047**	**$ 3,180**

Intragovernmental advances and prepayments as of September 30, 2011 and 2010 include $1.5 million and $1.7 million, respectively, that the Mint paid the Treasury Working Capital Fund for a variety of centralized services. The remaining balance of approximately $500 thousand represents payments made to the United States Postal Service for product delivery services as of September 30, 2011, compared to approximately $1.4 million paid at September 30, 2010. Advances with the public for both FY 2011 and 2010 are outstanding travel advances to Mint employees who were traveling on government business.

6. CUSTODIAL GOLD AND SILVER BULLION RESERVES

As custodian, the Mint is responsible for safeguarding much of the Treasury-owned gold and silver bullion reserves, which include deep storage and working stock. The asset and the custodial liability to Treasury are reported on the Balance Sheet at statutory rates. In accordance with 31 U.S.C. § 5117(b) and 31 U.S.C. § 5116(b)(2), statutory rates of $42.2222 per fine troy ounce (FTO) of gold and no less than $1.292929292 per FTO of silver are used to value the entire custodial reserves held by the Mint.

The market value for gold and silver as of September 30 is determined by the London Gold Fixing (PM) rate. Amounts and values of custodial gold and silver in custody of the United States Mint as of September 30 are as follows:

	2011	2010
Gold - Deep Storage:		
Inventories (FTO)	245,262,897	245,262,897
Market Value ($ per FTO)	$ 1,620.00	$ 1,307.00
Market Value ($ in thousands)	$ 397,325,893	$ 320,558,606
Statutory Value ($ in thousands)	$ 10,355,539	$ 10,355,539
Gold - Working Stock:		
Inventories (FTO)	2,783,219	2,783,219
Market Value ($ per FTO)	$ 1,620.00	$ 1,307.00
Market Value ($ in thousands)	$ 4,508,815	$ 3,637,667
Statutory Value ($ in thousands)	$ 117,514	$ 117,514
Silver - Deep Storage:		
Inventories (FTO)	7,075,171	7,075,171
Market Value ($ per FTO)	$ 30.45	$ 22.07
Market Value ($ in thousands)	$ 215,439	$ 156,149
Statutory Value ($ in thousands)	$ 9,148	$ 9,148
Silver - Working Stock:		
Inventories (FTO)	8,924,829	8,924,829
Market Value ($ per FTO)	$ 30.45	$ 22.07
Market Value ($ in thousands)	$ 271,761	$ 196,971
Statutory Value ($ in thousands)	$ 11,539	$ 11,539
Total Market Value of Custodial Gold and Silver Reserves ($ in thousands)	**$ 402,321,908**	**$ 324,549,393**
Total Statutory Value of Custodial Gold and Silver Reserves ($ in thousands)	**$ 10,493,740**	**$ 10,493,740**

7. INVENTORY

The components of inventories as of September 30 are summarized below:

(dollars in thousands)	2011	2010
Raw Materials	$ 322,484	$ 243,903
Work-In-Process	87,754	109,933
Inventory held for current sale	91,049	97,724
Total Inventory	**$ 501,287**	**$ 451,560**

Raw materials consist of unprocessed materials and by-products of the manufacturing process and the metal value of unusable inventory, such as scrap or condemned coins, which will be recycled into a usable raw material. In addition, as of September 30, 2011 and 2010, the raw material inventory includes $247.7 million and $111.4 million, respectively, the market value of the silver hedged. Additional information can be found in note 20. Work-in-process consists of semi-finished materials.

8. PROPERTY, PLANT AND EQUIPMENT, NET

Components of property, plant and equipment are as follows:

(dollars in thousands)		September 30, 2011	
	Asset Cost	Accumulated Depreciation and Amortization	Total Property, Plant and Equipment, Net
Land	$ 2,529	$ -	$ 2,529
Structures, Facilities and Leasehold Improvements	225,500	(148,387)	77,113
Computer Equipment	31,235	(28,052)	3,183
Software	15,893	(15,051)	842
Construction-In-Progress	12,875	-	12,875
Machinery and Equipment	282,256	(193,097)	89,159
Total Property, Plant and Equipment, Net	**$ 570,288**	**($384,587)**	**$ 185,701**

(dollars in thousands)		September 30, 2010	
	Asset Cost	Accumulated Depreciation and Amortization	Total Property, Plant and Equipment, Net
Land	$ 2,529	$ –	$ 2,529
Structures, Facilities and Leasehold Improvements	217,840	(141,780)	76,060
Computer Equipment	30,229	(28,332)	1,897
Software	19,136	(18,014)	1,122
Construction-In-Progress	9,305	–	9,305
Machinery and Equipment	275,091	(175,709)	99,382
Total Property, Plant and Equipment, Net	**$ 554,130**	**($363,835)**	**$ 190,295**

The land and buildings used to manufacture circulating coinage and numismatic products are owned by the Mint and located in Philadelphia, Denver, San Francisco, and West Point. In addition, the Mint owns the land and buildings at the United States Bullion Depository at Fort Knox. Construction-In-Progress (CIP) represents assets that are underway, such as in the process of being readied for use, or which are being tested for acceptability, but which are not yet being fully utilized by the Mint and, therefore, not being depreciated.

Depreciation and amortization expenses charged to operations during the years ended September 30, 2011 and 2010, were $29.5 million and $32.7 million, respectively.

9. HERITAGE ASSETS

The Mint maintains collections of heritage assets which are any property, plant, or equipment that is retained by the Mint for its historic, natural, cultural, educational or artistic value, or significant architectural characteristics. For example, the Mint's historical artifacts contain, among other things, examples of furniture and equipment used in the Mint facilities over the years, as well as examples of the coin manufacturing process, such as plasters, galvanos, dies, punches, and actual finished coins. The coin collections include examples of the various coins produced by the Mint over the years, separated into collections of pattern pieces/prototypes, coin specimens, quality samples, and exotic metal coin samples. The buildings housing the Mint at Denver, West Point, San Francisco, and Fort Knox are all considered multi-use heritage assets. The Mint generally does not place a value on heritage assets, even though some of the coins and artifacts are priceless. However, the assets are accounted for and controlled for protection and conservation purposes. Heritage assets held by the Mint are generally in acceptable physical condition. The following chart represents the Mint's various collections and historical artifacts.

Coin Collections	Quantity of Collections Held September 30,	
	2011	2010
Pattern Pieces/Prototypes	1	1
Coin Specimens	1	1
Quality Samples	1	1
Exotic Metal Coin Samples	1	1
Total	**4**	**4**

Historical Artifacts	Quantity of Collections Held September 30,	
	2011	2010
Antiques/Artifacts	1	1
Plasters	1	1
Galvanos	1	1
Dies	1	1
Punches	1	1
Historical Documents	1	1
Multi-use heritage asset	4	4
Total	**10**	**10**

10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Components of Liabilities Not Covered by Budgetary Resources as of September 30 are as follows:

(dollars in thousands)	2011	2010
Custodial Gold Reserves (Deep Storage)	$ 10,355,539	$ 10,355,539
Custodial Silver Reserves (Deep Storage)	9,148	9,148
Working Stock Inventory - Gold	117,514	117,514
Working Stock Inventory - Silver	11,539	11,539
Other	94	94
Total Liabilities Not Covered by Budgetary Resources	**$ 10,493,834**	**$ 10,493,834**
Total Liabilities Covered by Budgetary Resources	134,286	106,773
Total Liabilities	**$ 10,628,120**	**$ 10,600,607**

Liabilities not covered by budgetary resources represent the Mint's custodial liabilities to the Treasury that are entirely offset by Treasury-owned gold and silver bullion reserves held by the Mint on behalf of the federal government. The category "Other" represents a refundable security deposit related to a lease.

11. RETIREMENT PLANS, OTHER POST-EMPLOYMENT COSTS AND OTHER IMPUTED COSTS

The Mint contributes seven percent of basic pay for employees participating in the Civil Service Retirement System (CSRS). Most employees hired after December 31, 1983, are automatically covered by the Federal Employees' Retirement System (FERS) and Social Security. A primary feature of FERS is that it offers a savings plan to which the Mint automatically contributes one percent of basic pay and matches employee contributions up to an additional 4 percent of basic pay. Employees can contribute a specific dollar amount or a percentage of their basic pay, as long as the annual dollar total does not exceed the Internal Revenue Code limit of $16,500 for calendar year 2011 (a $5,500 catch-up contribution can be given by participants age 50 and older). Employees participating in FERS are covered by the Federal Insurance Contribution Act (FICA), for which the Mint contributes a matching amount to the Social Security Administration.

Although the Mint contributes a portion for pension benefits and makes the necessary payroll deductions, it is not responsible for administering either CSRS or FERS. Administering and reporting on pension benefit programs are the responsibility of the Office of Personnel Management (OPM). OPM has provided the Mint with certain cost factors that estimate the cost of providing the pension benefit to current employees. The cost factors of 30.1 percent of basic pay for CSRS-covered employees and 13.8 percent of basic pay for FERS-covered employees were in use for FY 2011. The CSRS and FERS factors were the same in FY 2010 to FY 2011.

The amounts that the Mint contributed to the retirement plans and social security for the year ended September 30 are as follows:

(dollars in thousands)	2011	2010
Social Security System	$ 7,230	$ 7,437
Civil Service Retirement System	1,276	1,514
Federal Employees Retirement System		
(Retirement and Thrift Savings Plan)	12,722	12,157
Total Retirement Plans and Other Post-employment Cost	**$ 21,228**	**$ 21,108**

The Mint also recognizes its share of the future cost of pension payments and post-retirement health and life insurance benefits for employees while they are still working with an offset classified as imputed financing. OPM continues to report the overall liability of the Federal Government and make direct recipient payments. OPM has provided certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The cost factors relating to health benefits are $6,027 and $5,906 per employee enrolled in the Federal Employees Health Benefits Program in FY 2011 and FY 2010, respectively. The cost factor relating to life insurance is two-one hundredths percent (.02 percent) of basic pay for employees enrolled in the Federal Employees Group Life Insurance Program for both FY 2011 and FY 2010.

The amount of imputed cost related to retirement plans and other post-employment costs incurred by the Mint for the year ended September 30 is as follows (before the offset for imputing financing):

(dollars in thousands)	2011	2010
Health Benefits	$ 8,673	$ 8,748
Life Insurance	26	21
Pension Expense	4,372	5,411
Total Imputed Retirement and Postemployment Costs	**$ 13,071**	**$ 14,180**

In addition to the pension and retirement benefits described above, the United States Mint also records imputed costs and financing for Treasury Judgment Fund payments made on behalf of the bureau. Entries are made in accordance with FASAB Interpretation No. 2. For FY 2011 entries for Judgment Fund payments totaled $270 thousand (Other Funds). For FY 2010, there were no payments by the Judgment Fund on behalf of the Unites States Mint.

12. LEASE COMMITMENTS

THE MINT AS LESSEE: The Mint leases office and warehouse space from commercial vendors, the General Services Administration (GSA), and the Bureau of Engraving and Printing. In addition, the bureau leases copier and other office equipment from commercial vendors and vehicles from GSA. With the exception of the commercial leases on two office buildings in Washington, D.C., all leases are one-year, or one-year with renewable option years. The two building leases in Washington, D.C. have terms of 20 and 10 years. One of the building leases will not be renewed and will be cancelled on October 31, 2011. Because all of the Mint's leases can be canceled, there are no minimum lease payments due.

THE MINT AS LESSOR: The Mint sublets office space at cost to several other federal entities in the two leased buildings in Washington, D.C. These subleases vary from one year with option years to multiple-year terms. As of September 30, 2011, the Mint sublet in excess of 209,000 square feet in the two leased buildings. Tenants include the Internal Revenue Service, Treasury Executive Institute, Bureau of the Public Debt, U.S. Customs and Border Protection, and U.S. Marshals Service. Starting October 31, 2011, the lease of space in the building at 799 9th Street, NW, containing 149,647 square feet, was not renewed. All of the subleases are operating leases and subject to annual availability of funding. The Mint has also entered into an agreement to sublet space in the Headquarters building to a commercial tenant. The Mint received a security deposit from the tenant of $94,500.

Future Projected Receipts (dollars in thousands):	Building Sub-lease
Year 2 (FY 2012)	302,400
Year 3 (FY 2013)	378,000
Year 4 (FY 2014)	378,000
Year 5 (FY 2015)	378,000
Years 6-9 (FY 2016 - FY 2019)	1,617,840
Total Future Operating Lease Receipts	$ 3,054,240

13. CONTINGENCIES

The Mint is subject to legal proceedings and claims which arise in the ordinary course of its business. Judgments, if any, resulting from pending litigation against the Mint generally would be satisfied from the PEF. Likewise, under the *Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002* (No FEAR Act, P. L. 107-174), settlements and judgments related to acts of discrimination and retaliation for whistle blowing will be paid from the PEF. In the opinion of management, the ultimate resolution of these actions will not materially affect the Mint's financial position or the results of its operations.

The Chief Counsel of the United States Mint provided a Legal Representation Letter reflecting no expected material loss resulting from pending legal cases.

14. EARMARKED FUNDS

Pursuant to 31 U.S.C. § 5136, "all receipts from Mint operations and programs, including the production and sale of numismatic items, the production and sale of circulating coinage at face value to the FRB, the protection of government assets, and gifts and bequests of property, real or personal shall be deposited into the PEF and shall be available to fund its operations without fiscal year limitations." The PEF meets the requirements of an earmarked fund as defined in SFFAS 27, *Identifying and Reporting Earmarked Funds*. As non-entity and non-PEF assets, the Treasury-owned gold and silver bullion reserves are not included in the earmarked funds.

15. INTRAGOVERNMENTAL COSTS AND EARNED REVENUE

Intragovernmental costs and earned revenue reflect transactions in which both the buyer and seller are federal entities. Revenue with the public reflects transactions for goods or services with a non-federal entity. The purpose for this classification is to enable the federal government to prepare consolidated financial statements. The following table provides earned revenues, gross cost, and net program revenue:

(dollars in thousands)	2011	2010
Numismatic Production and Sales		
Cost:		
Intragovernmental:		
Selling, General and Administrative	$ 23,863	$ 20,140
Imputed Costs	6,152	4,335
Total Intragovernmental Costs	30,015	24,475
Public:		
Cost of Goods Sold	3,912,375	3,069,173
Selling, General and Administrative	66,971	64,110
Total Public Cost	3,979,346	3,133,283
Gross Cost	4,009,361	3,157,758
Revenue:		
Intragovernmental:		
Rent Revenues	10,232	10,790
Other Intragovernmental Revenues	65	65
Total Intragovernmental Revenues	10,297	10,855
Public	4,168,297	3,239,989
Total Earned Revenue	4,178,594	3,250,844
Net Program Cost (Revenue)	**$ (169,233)**	**$ (93,086)**
Numismatic Production and Sales of Circulating Coins		
Cost:		
Intragovernmental:		
Selling, General and Administrative	$ 166	$ 549
Total Intragovernmental Costs	166	549
Public:		
Cost of Goods Sold	4,054	3,444
Selling, General and Administrative	465	1,747
Total Public Cost	4,519	5,191
Gross Cost	4,685	5,740
Revenue:		
Public	4,685	5,740
Total Earned Revenue	4,685	5,740
Net Program Cost (Revenue)	**$ –**	**$ –**

	2011	2010
Circulating Production and Sales		
Cost:		
Intragovernmental:		
Selling, General and Administrative	$ 9,546	$ 12,608
Imputed Costs	7,189	9,844
Total Intragovernmental Costs	16,735	22,452
Public:		
Cost of Goods Sold	334,222	220,932
Selling, General and Administrative	53,893	65,559
Other Costs and Expenses (Mutilated and Uncurrent)	23,280	8,414
Total Public Cost	411,395	294,905
Gross Cost	428,130	317,357
Revenue:		
Public	428,130	317,357
Total Earned Revenue	428,130	317,357
Net Program Cost	**$ –**	**$ –**
Net Program Cost (Revenue) Before Protection of Assets	**$ (169,233)**	**$ (93,086)**
Protection of Assets		
Public:		
Protection Cost	$ 41,570	$ 41,547
Total Earned Revenue	$ –	$ 3
Net Cost of Protection of Assets	$ 41,570	**$ 41,544**
Net Cost (Revenue) from Operations	**$ (127,663)**	**$ (51,542)**

16. EARNED REVENUE AND OTHER FINANCING SOURCE (SEIGNIORAGE)

The Statement of Net Cost reflects the earned revenue and corresponding gross costs for Circulating Production and Sales and for Numismatic Production and Sales of Circulating Coins. Circulating Production and Sales represents coin sales to the FRB, and Numismatic Production and Sales of Circulating Coins represents sales of circulating coins to the public (i.e., numismatic customers). SFFAS Number 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, limits the amount of net program revenue from production of circulating coins to the cost of metal, manufacturing and transportation. OMB Circular A-136 defines the treatment of other financing sources on the Statement of Changes in Net Position, particularly as it relates to seigniorage. Therefore, on the Statement of Net Cost, earned revenue is recognized only to the extent of the gross cost of production. The difference between those costs and the face value of the coin is an "Other Financing Source" referred to as seigniorage. Any revenue over face value for circulating coins sold as numismatic items is considered earned revenue and included in the category Numismatic Production and Sales on the Statement of Net Cost.

The following chart reflects the two components of the receipts from the sale of circulating coin – the earned revenue from the Statement of Net Costs and Seigniorage from the Statement of Changes in Net position for the year ended September 30:

(dollars in thousands)	2011	2010
Revenue-FRB	$ 428,130	$ 317,357
Seigniorage-FRB	348,780	300,887
Total Circulating Coins	**$ 776,910**	**$ 618,244**
Revenue-with the public	$ 4,685	$ 5,740
Seigniorage-with the public	9,797	11,927
Total Numismatic Sales of Circulating Coins	**$ 14,482**	**$ 17,667**
Total Seigniorage	**$ 358,577**	**$ 312,814**

17. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

The Mint receives apportionments of its resources from OMB. An apportionment is a plan approved by OMB to spend funds as directed by law. All Mint obligations are classified as reimbursable, as they are financed by offsetting collections received in return for goods and services provided. OMB usually uses one of two categories to distribute budgetary resources. Category A apportionments distribute budgetary resources by fiscal quarters. Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories. The Mint has only category B apportionments.

18. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requires an explanation of material differences between the Statement of Budgetary Resources (SBR) and the related actual balances published in the Budget of the United States Government (President's Budget). The President's Budget for fiscal year FY 2011 is expected to be published in February 2012 and made available through OMB. Therefore, the analysis presented here is for the prior year (FY 2010) "actual" figures published in the President's budget in February 2011. The following chart displays the comparison of the FY 2010 SBR and the actual FY 2010 balances included in the FY 2012 President's Budget.

(rounded to millions)	September 30, 2010	
	Statement of Budgetary Resources	President's Budget
United States Mint Public Enterprise Fund		
Total Budgetary Resources	3,782	3,782
Status of Budgetary Resources:		
Obligations Incurred	3,671	3,671
Unobligated Balances-available	111	111
Total Status of Budgetary Resources	3,782	3,782
Net Outlays	**85**	**85**

19. LEGAL ARRANGEMENTS AFFECTING USE OF UNOBLIGATED BALANCES

The PEF statute establishes that all receipts from Mint operations and programs, including the production and sale of numismatic items, the production and sale of circulating coinage, the protection of government assets, and gifts and bequests of property, real or personal, shall be deposited into the Mint PEF and shall be available without fiscal year limitations. Any amount that is in excess of the amount required by the PEF shall be transferred to the Treasury for deposit as miscellaneous receipts. At September 30, 2011 and 2010, the Mint transferred excess receipts to the Treasury General Fund of $51 million and $388 million, respectively.

20. HEDGING PROGRAM

At September 30, 2011 and 2010, the market value of the silver sold to the trading partner and not yet sold by the Mint and, therefore, not repurchased from the trading partner was $247.7 million and $111.4 million respectively. In addition, the trading partner owed the Mint $4.3 million in unpaid realized gains at September 30, 2011 and the Mint owed the trading partner $5.7 million in unpaid realized losses at September 30, 2010. In FY 2011, the Mint recorded an unrealized loss of $710 thousand compared to an unrealized gain of $2.5 million in FY 2010.

21. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

(dollars in thousands)	For The Years Ended September 30, 2011	2010
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 4,674,890	$ 3,670,761
Less: Spending Authority from		
Offsetting Collections and Recoveries	5,027,991	3,549,070
Net Obligations	(353,101)	121,691
Other Resources		
Transfers to the Treasury General Fund On-Budget	(51,000)	(13,000)
Transfers to the Treasury General Fund Off-Budget	–	(375,000)
Imputed Financing from Costs Absorbed by Others	13,341	14,180
Other Financing Sources (Seigniorage)	358,577	312,814
Net Other Resources Used to Finance Activities	320,918	(61,006)
Total Resources Used to Finance Activities	**(32,183)**	**60,685**
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods,		
Services and Benefits Ordered but Not Yet Provided	88,670	43,347
Resources that Finance the Acquisition		
of Assets or Liquidation of Liabilities	463,062	370,845
Other	(51,547)	(14,593)
Total Resources Used to Finance Items		
Not Part of the Net Cost of Operations	500,185	399,599
Total Resources Used to Finance the Net Cost of Operations	**(532,368)**	**(338,914)**
Components not Requiring or Generating Resources in the Current Period		
Depreciation and Amortization	29,491	32,665
Revaluation of Assets	870	(1,204)
Other	374,344	255,911
Total Components not Requiring or Generating		
Resources in the Current Period	**404,705**	**287,372**
Net Cost (Revenue) from Operations	**$ (127,663)**	**$ (51,542)**

22. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Budgetary resources obligated for undelivered orders as of September 30, 2011 and 2010 were $242,636 and $139,762 respectively.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For the Years Ended September 30, 2011 and 2010

INTRODUCTION

This section provides the Required Supplemental Information as prescribed by the Office of Management and Budget (OMB) Circular A-136, "Financial Reporting Requirements" and Statement of Federal Financial Accounting Standards (SFFAS) #29 Heritage Assets and Stewardship Land.

HERITAGE ASSETS

The Mint is steward of a large, unique and diversified body of heritage assets that demonstrate the social, educational and cultural heritage of the Mint. These items include a variety of rare and semi-precious coin collections and historical artifacts, and are held at various Mint locations. Some of these items are placed in locked vaults within the Mint, where access is limited to only special authorized personnel. Other items are on full display to the public, requiring little if any authorization to view.

Included in the heritage assets are the buildings housing the Mint at Denver, West Point, San Francisco, and Fort Knox. The Mint generally does not place a value on heritage assets, even though some of the coins and artifacts are priceless. However, the assets are accounted for and controlled for protection and conservation purposes. Heritage assets held by the Mint are generally in acceptable physical condition, and there is no deferred maintenance on the Denver, West Point, San Francisco, and Fort Knox buildings.

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Internal Control Over Financial Reporting

Inspector General
United States Department of the Treasury

Deputy Director
United States Mint:

We have audited the balance sheets of the United States Mint as of September 30, 2011 and 2010 and the related statements of net cost, changes in net position, and combined statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated December 2, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the United States Mint is responsible for establishing and maintaining effective internal control. In planning and performing our fiscal year 2011 audit, we considered the design effectiveness of the United States Mint's internal control over financial reporting by obtaining an understanding of the United States Mint's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United States Mint's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the United States Mint's internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

KPMG

Our consideration of internal control over financial reporting was for the limited purpose described in the third paragraph of this report and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting described in Exhibit I that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The United States Mint's response to the finding identified in our audit is presented in Exhibit II. We did not audit the United States Mint's response and, accordingly, we express no opinion on it.

We noted certain additional matters that we have reported to management of the United States Mint in a separate letter dated December 2, 2011.

This report is intended solely for the information and use of the United States Mint's management, the Department of the Treasury's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 2, 2011

THE UNITED STATES MINT

Significant Deficiency

September 30, 2011

Improvements Needed Over Inventory

We noted the United States Mint did not fully recognize the cost of goods sold for the 2008 American Buffalo Celebration Coin which were sold in fiscal years 2008 and 2009. For this program, the Mint recognized the revenue for all units sold; however, the Mint did not recognize the cost of all units. The cost of approximately $15.5 million for the units not recognized remained on the Headquarter's general ledger as work-in-process inventory, although the actual units of inventory were sold and delivered. Also an annual physical inventory was not conducted at Headquarters.

OMB Circular No. A-123, *Management's Responsibility for Internal Control*, (revised December 31, 2004), Section II, Subsection C, Paragraph 1, states that control activities include policies, procedures and mechanisms in place to help ensure that agency objectives are met. Several examples include: proper segregation of duties (separate personnel with authority to authorize a transaction, process the transaction, and review the transaction); physical controls over assets (limited access to inventories or equipment); proper authorization; and appropriate documentation and access to documentation.

The United States Mint's Standard Operating Procedures (SOP), titled *Counting Inventory*, states that Headquarters [is to conduct] an Annual Physical Inventory for inventory under their control.

The United States Mint recorded an adjusting entry in fiscal year 2011 to properly account for this issue.

Recommendation: We recommend United States Mint management follow the Counting Inventory SOP, and require at least an annual physical inventory held at Headquarters.

DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

December 2, 2011

KPMG LLP
2001 M Street N.W.
Washington, DC 20036

Ladies and Gentlemen:

We have reviewed the fiscal year 2011 auditors' report and are in substantial agreement with the reported observations. The United States Mint recognizes the need for strong internal controls and is taking corrective actions to address the noted deficiencies. We have made significant progress toward resolving the reported issues and will continue to work with KPMG and the Office of Inspector General in identifying the specific actions that will ensure we have taken appropriate corrective action.

Sincerely,

David Motl
Acting Associate Director/Chief Financial Officer
United States Mint

KPMG LLP
2001 M Street, NW
Washington, DC 20036-3389

Independent Auditors' Report on Compliance and Other Matters

Inspector General
United States Department of the Treasury

Deputy Director
United States Mint:

We have audited the balance sheets of the United States Mint as of September 30, 2011 and 2010, and the related statements of net cost, changes in net position, and combined statements of budgetary resources (hereinafter referred to as "financial statements") for the years then ended, and have issued our report thereon dated December 2, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the United States Mint is responsible for complying with laws, regulations, and contracts applicable to the United States Mint. As part of obtaining reasonable assurance about whether the United States Mint's financial statements are free of material misstatement, we performed tests of the United States Mint's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts applicable to the United States Mint. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests of compliance described in the preceding paragraph of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under Government Auditing Standards or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed no instances in which the United States Mint's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

This report is intended solely for the information and use of the United States Mint's management, the Department of the Treasury's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 2, 2011

APPENDIX I: FY 2011 COIN AND MEDAL PRODUCTS

2011 SEPTEMBER 11 NATIONAL MEDAL
Medal Released: June 20, 2011 (first shipments Sept. 1, 2011)
Mintage Limit: 2 million silver medals
Description: The 2011 September 11 National Medal was authorized by the "National September 11 Memorial and Museum Commemorative Medal Act," signed into law on Aug. 6, 2010. It commemorates the 10th anniversary of the terrorist attacks on the United States and the establishment of the National September 11 Memorial and Museum at the World Trade Center.

2011 UNITED STATES ARMY COMMEMORATIVE COIN PROGRAM
Coins Released: Jan. 31, 2011 (first shipments Feb. 28, 2011)
Mintage Limits: 100,000 gold, 500,000 silver, 750,000 clad
Description: The "United States Army Commemorative Coin Act," signed into law on Dec. 1, 2008, commemorates the founding of the United States Army. Each coin design shows different aspects and eras of Army service.

2011 MEDAL OF HONOR COMMEMORATIVE COIN PROGRAM
Coins Released: Feb. 25, 2011 (first shipments April 25, 2011)
Mintage Limits: 100,000 gold, 500,000 silver
Description: The Medal of Honor Commemorative Coin Act of 2009 was signed into law on Nov. 6, 2009. It commemorates the 1861 establishment of the Medal of Honor, the highest award for valor in action against an enemy force that can be bestowed upon an individual serving in the U.S. Armed Forces.

MOUNT HOOD NATIONAL FOREST QUARTER – OREGON
Coin Released: Nov. 17, 2010
Description: Established as a national site on Sept. 28, 1893, Mount Hood National Forest encompasses more than 1 million acres of mountains, lakes and streams. The reverse design features Mount Hood with Lost Lake in the foreground.

GETTYSBURG NATIONAL MILITARY PARK QUARTER – PENNSYLVANIA
Coin Released: Jan. 27, 2011
Description: The Battle of Gettysburg was a turning point in the Civil War. The battlefield was established as a national site on Feb. 11, 1895. The reverse design depicts the 72nd Pennsylvania Infantry Monument, located on the battle line of the Union Army at Cemetery Ridge.

GLACIER NATIONAL PARK QUARTER - MONTANA
Coin Released: April 4, 2011
Description: Established as a national reserve on Feb. 22, 1897, Glacier National Park is named for its prominent glacier-carved terrain and remnant glaciers descended from the ice age. The reverse design depicts a mountain goat climbing near the northeast slope of Mount Reynolds.

OLYMPIC NATIONAL PARK QUARTER – WASHINGTON
Coin Released: June 13, 2011
Description: Established as a national site on Feb. 22, 1897, Olympic National Park protects more than 70 miles of Pacific Ocean beaches and Mount Olympus. The reverse design features a Roosevelt elk standing on a gravel river bar of the Hoh River with Mount Olympus in the background.

VICKSBURG NATIONAL MILITARY PARK QUARTER – MISSISSIPPI
Coin Released: Aug. 29, 2011
Description: The Vicksburg National Military Park commemorates the battle of Vicksburg, Miss. The surrender of Vicksburg on July 4, 1863, coupled with the fall of Port Hudson, La., split the South, giving control of the Mississippi River to the North. Vicksburg was first established as a national site on Feb. 21, 1899. The reverse design depicts the *U.S.S. Cairo* on the Yazoo River as it was during the Civil War.

ABRAHAM LINCOLN PRESIDENTIAL $1 COIN –
16th PRESIDENT, 1861-1865

Coin Released: Nov. 18, 2010

Description: Abraham Lincoln served in the Illinois legislature and the U.S. House of Representatives before becoming President of the United States in 1861. While President, Lincoln issued the Emancipation Proclamation, which abolished slavery. On Nov. 19, 1863, he delivered the Gettysburg Address. On April 14, 1865, Lincoln was shot at Ford's Theatre in Washington, D.C., and died the next morning.

MARY TODD LINCOLN FIRST SPOUSE GOLD COIN
AND BRONZE MEDAL – FIRST LADY, 1861-1865

Coin and Medal Released: Dec. 2, 2010

Description: Devoted to the military men stationed in Washington, D.C., during the Civil War, Mary Todd Lincoln and her husband made regular trips to encampments and local hospitals to visit the wounded and sick. The gold coin and bronze medal reverse design depicts Mrs. Lincoln bringing wounded Union soldiers flowers and books.

ANDREW JOHNSON PRESIDENTIAL $1 COIN –
17th PRESIDENT, 1865-1869

Coin Released: Feb. 17, 2011

Description: Andrew Johnson, a Democrat, was nominated by the Republican party for Vice President. After President Lincoln's death, President Johnson proceeded with a moderate approach to Reconstruction. Radical Republicans in Congress, however, placed southern states under military rule. When Johnson allegedly violated the Tenure of Office Act, the House of Representatives voted 11 articles of impeachment against him. He was acquitted in the Senate by one vote. Johnson remained politically active, later serving in the Senate – the only former President to do so.

ELIZA JOHNSON FIRST SPOUSE GOLD COIN
AND BRONZE MEDAL – FIRST LADY, 1865-1869

Coin and Medal Released: May 5, 2011

Description: Eliza McCardle Johnson had a profound influence on the informal education of the future President, encouraging him to join in local debates to enhance his oratorical skills. During their final days in the White House, the Johnsons celebrated the President's 60th birthday with a ball to which only children were invited. The medal reverse design depicts children dancing and a Marine Band fiddler playing at the children's ball.

ULYSSES S. GRANT PRESIDENTIAL $1 COIN –
18th PRESIDENT, 1869-1877

Coin Released: May 19, 2011

Description: Ulysses S. Grant was appointed general-in-chief of the Union Army in March 1864. Grant was the Republican Party's choice for President in 1868. As President, he allowed radical Reconstruction to run its course in the South. Under his administration, Yellowstone was established as the first national park, and Congress passed a bill calling for equal pay for women and men holding similar jobs in federal government agencies.

JULIA GRANT FIRST SPOUSE GOLD COIN
AND BRONZE MEDAL – FIRST LADY 1869-1877

Coin and Medal Released: June 23, 2011

Description: During the Civil War, Julia Dent Grant moved her home often to be close to her husband while he commanded the Union forces. The medal reverse design captures the courtship of a young Julia Dent and Ulysses S. Grant as they ride horses at her family's plantation, White Haven.

RUTHERFORD B. HAYES PRESIDENTIAL $1 COIN –
19th PRESIDENT, 1877-1881

Coin Released: Aug. 18, 2011

Description: Rutherford B. Hayes fought in the Civil War and was wounded in action. While still in the Army, he was elected to serve in the House of Representatives. Later, he served three terms as Ohio governor. By 1876, he was the Republican candidate for President, winning by one vote in the Electoral College despite losing the national popular vote. Hayes announced in advance that he would serve only one term, and he retired to Ohio in 1881.

LUCY HAYES FIRST SPOUSE GOLD COIN
AND BRONZE MEDAL – FIRST LADY, 1877-1881

Coin and Medal Released: Sept. 1, 2011

Description: In 1878, President and Mrs. Hayes began the tradition of hosting the Easter Egg Roll on the White House grounds after learning the popular event would no longer be allowed to take place on U.S. Capitol Building grounds. The reverse design depicts Lucy Hayes's participation in the first Easter Egg Roll held at the White House.

2011 AMERICAN EAGLE PLATINUM PROOF COIN – TO INSURE DOMESTIC TRANQUILITY

Coin Released: May 26, 2011

Description: In 2009, the Mint introduced a new six-year platinum proof coin program highlighting the Preamble to the U.S. Constitution. In 2011, "To Insure Domestic Tranquility" was released. The reverse design features the harvest goddess emerging from a field of wheat. She carries a stalk of wheat in her left hand, and extends her right hand to a dove, representing the fulfillment of tranquility. Designs for all six coins in this program are inspired by narratives prepared by the Chief Justice of the United States on the six principles embodied in the Preamble.

2011 NATIVE AMERICAN $1 COIN

Coin Released: Jan. 1, 2011

Description: The theme for the 2011 Native American $1 Coin is "Supreme Sachem Ousamequin, Massasoit of the Great Wampanoag Nation Creates Alliance with Settlers at Plymouth Bay (1621)." In 1621, Ousamequin, the Massasoit (a title meaning head chief) of the Wampanoag Indians, made a formal treaty with the English who settled in Plymouth, Mass. The reverse design features the Supreme Sachem Ousamequin Massasoit and Governor John Carver, symbolically offering the ceremonial peace pipe.

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