

Contents

A Message from the Secretary of the Treasury	i
A Citizen's Guide	1
Management's Discussion and Analysis.....	1
Statement of the Comptroller General of the United States	27
Financial Statements	
Introduction	35
Statements of Net Cost	40
Statements of Operations and Changes in Net Position.....	42
Reconciliations of Net Operating Cost and Unified Budget Deficit.....	43
Statements of Changes in Cash Balance from Unified Budget and Other Activities	44
Balance Sheets.....	45
Statements of Social Insurance.....	46
Statements of Changes in Social Insurance Amounts	49
Notes to the Financial Statements	
Note 1. Summary of Significant Accounting Policies.....	51
Note 2. Cash and Other Monetary Assets.....	64
Note 3. Accounts and Taxes Receivable, Net.....	66
Note 4. Loans Receivable, Mortgage-Backed Securities, and Loan Guarantee Liabilities, Net	67
Note 5. Troubled Asset Relief Program (TARP) – Direct Loans and Equity Investments, Net.....	71
Note 6. Non-TARP Investments in American International Group, Inc.	76
Note 7. Inventories and Related Property, Net	77
Note 8. Property, Plant, and Equipment, Net	79
Note 9. Debt and Equity Securities	81
Note 10. Derivatives.....	84
Note 11. Investments in and Liabilities to Government-Sponsored Enterprises	85
Note 12. Other Assets.....	89
Note 13. Accounts Payable.....	90
Note 14. Federal Debt Securities Held by the Public and Accrued Interest	91
Note 15. Federal Employee and Veteran Benefits Payable	94
Note 16. Environmental and Disposal Liabilities	102
Note 17. Benefits Due and Payable	104
Note 18. Insurance and Guarantee Program Liabilities	105
Note 19. Other Liabilities	106
Note 20. Collections and Refunds of Federal Revenue	108
Note 21. Prior-Period Adjustments	111
Note 22. Contingencies	112
Note 23. Commitments.....	117
Note 24. Earmarked Funds	120
Note 25. Fiduciary Activities.....	129
Note 26. Social Insurance.....	131
Note 27. Stewardship Land and Heritage Assets.....	151
Note 28. Subsequent Events	152

Required Supplementary Information (Unaudited)	
Fiscal Projections for the U.S. Government – Fiscal Year 2012	155
Statement of Long Term Fiscal Projections.....	155
The Sustainability of Fiscal Policy	158
Alternative Scenarios.....	164
Fiscal Projections in Context.....	166
Conclusion.....	167
Social Insurance	168
Social Security and Medicare	168
Railroad Retirement, Black Lung, and Unemployment Insurance	190
Deferred Maintenance and Repairs	201
Other Claims for Refunds.....	202
Tax Assessments	202
Risk Assumed.....	203
Other Accompanying Information (Unaudited)	
Unexpended Budget Balances	205
Tax Burden	205
Tax Gap	207
Unmatched Transactions and Balances	208
Required Supplementary Stewardship Information (Unaudited)	
Stewardship Investments	211
Non-Federal Physical Property.....	212
Human Capital.....	212
Research and Development	212
Appendices	
Appendix A. Reporting Entity.....	215
Appendix B. Acronyms	219
U.S. Government Accountability Office Independent Auditor’s Report	223

List of Social Insurance Charts

Chart 1	OASDI Beneficiaries per 100 Covered Workers, 1970-2086.....	173
Chart 2	OASDI Income (Excluding Interest) and Expenditures, 1970-2086.....	174
Chart 3	OASDI Income (Excluding Interest) and Expenditures as a Percent of Taxable Payroll, 1970-2086.....	175
Chart 4	OASDI Income (Excluding Interest) and Expenditures as a Percent of GDP, 1970-2086.....	176
Chart 5	Total Medicare (HI and SMI) Expenditures and Noninterest Income as a Percent of GDP, 1970-2086.....	180
Chart 6	Medicare Part A Income (Excluding Interest) and Expenditures, 1970-2086	181
Chart 7	Medicare Part A Income (Excluding Interest) and Expenditures as a Percent of Taxable Payroll, 1970-2086.....	182
Chart 8	Medicare Part A Income (Excluding Interest) and Expenditures as a Percent of GDP, 1970-2086.....	183
Chart 9	Medicare Part B and Part D Premium and State Transfer Income and Expenditures, 1970-2086	184
Chart 10	Medicare Part B and Part D Premium and State Transfer Income and Expenditures as a Percent of GDP, 1970-2086.....	185
Chart 11	Estimated Railroad Retirement Income (Excluding Interest and Financial Interchange Income) and Expenditures, 2012-2086.....	191
Chart 12	Estimated Railroad Retirement Income (Excluding Interest and Financial Interchange Income) and Expenditures as a Percent of Tier II Taxable Payroll, 2012-2086.....	192
Chart 13	Estimated Black Lung Income and Expenditures (Excluding Interest), 2013-2040	196
Chart 14	Estimated Unemployment Trust Fund Cashflow Using Expected Economic Conditions, 2013-2022.....	198
Chart 15	Unemployment Trust Fund Solvency as of September 30, 2012.....	200

This page is intentionally blank.