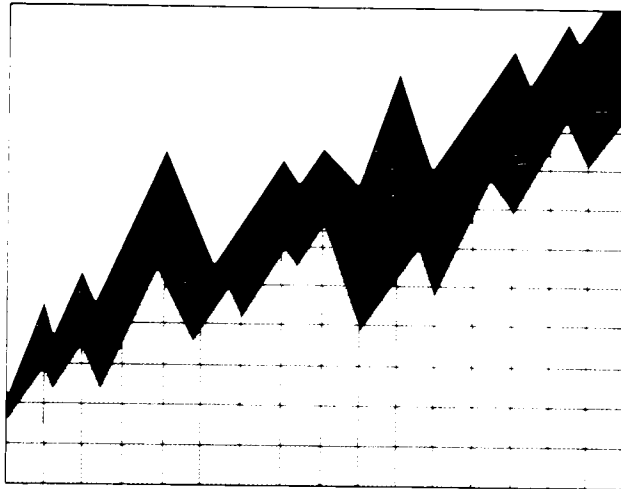


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UNITED STATES GOVERNMENT



ANNUAL

1987

REPORT

COMPILED BY THE
FINANCIAL MANAGEMENT
SERVICE

U.S. DEPARTMENT OF THE TREASURY

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CONTENTS

<i>Preface</i>	1
<i>Secretary's Letter</i>	3
<i>Financial Highlights</i>	7
<i>Financial Review</i>	11
<i>Financial Statements</i>	23
<i>Notes to Financial Statements</i>	29
<i>Accrual Financial Information</i>	35
<i>Principal Administrative and Staff Officers</i>	38

Preface

Treasury Profile

The Treasury Department was created by an act of Congress approved on September 2, 1789, 31 U.S.C. 301. Many subsequent acts have influenced the development of the Department, delegating new duties and establishing numerous bureaus and divisions which now compose the Department. Today, the Treasury's mission can be categorized into four basic functions: formulating and recommending economic, financial, tax and fiscal policies; serving as financial agent for the U.S. Government; enforcing the law; and manufacturing coins and currency.

Financial Management Service

The Financial Management Service of the Department of the Treasury performs a critical role in fulfilling the Treasury's mission as financial agent of the Government. Financial Management Service promotes the financial integrity of the Government through sound money management on behalf of the public. The Financial Management Service is responsible for the Government's delivery systems for payments and collections, the central accounting and reporting systems, the Government's cash management programs and various other financial services.

In its role as financial agent for the Government, the Financial Management Service publishes this Annual Report of the U.S. Government. This report presents an overview of the Government's cash basis financial position and results of operations. It summarizes selected data that are maintained in the central accounts based on data provided by Federal entities, disbursing officers and Federal Reserve banks. Details supporting the information presented in this report are contained in the Annual Report Appendix which is available from Financial Management Service's Financial Reporting Division. An order form for the Appendix is provided as the last page of this publication.

Legislative Requirement

The requirements for the preparation of a report on the receipts and outlays of the Government originated with Article I, Section 9 of the Constitution of the United States. It provides in part that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law, *and a regular Statement and Account of the Receipts and Expenditures of all public money shall be published from time to time.*" (*Emphasis provided*). This requirement was followed by a standing order of the House of Representatives, dated December 31, 1791, which required an annual report on receipts and outlays of the Government. This requirement was superseded by the following:

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

This Annual Report is recognized as the official publication of receipts and outlays with which all other reports containing similar data must be in agreement. It is used by the Congressional Budget Office in serving the needs of Congress; the Office of Management and Budget in reviewing the President's Budget programs; the General Accounting Office in performing its audit activities; the various departments and agencies of the Government in reconciling their accounts; and the general public in continually reviewing the operations of their Government. Other reports prepared by the Department of the Treasury that contain related information include: The Daily Treasury Statement; Monthly Treasury Statement of Receipts and Outlays of the United States Government; and the Treasury Bulletin.

SECRETARY'S LETTER



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

January 4, 1988

Dear Mr. Speaker:

In accordance with the provisions of Section 15 of the Act of July 31, 1894, (31 U.S.C. 331 (c)) and Section 114 of the Act of September 12, 1950, (31 U.S.C. 3513), I am transmitting herewith the United States Government Annual Report for the Fiscal Year Ended September 30, 1987.

The United States Department of the Treasury is proud of its nearly 200 years of promoting the financial integrity of the Government through improved accounting and financial reporting. The furtherance of this tradition is reflected in the financial statements contained herein, showing budget results and the cash-related assets and liabilities of the Federal Government. Details supporting the summary in this Report are contained in the Annual Report Appendix.

Financial results for the year include total receipts of \$854.1 billion, an increase of \$85.0 billion over 1986 receipts; total outlays of \$1,002.1 billion, an increase of \$11.9 billion over 1986 outlays; and a \$148 billion deficit, a decrease of \$73.1 billion over the 1986 deficit.

Sincerely,

James A. Baker, III

The Honorable James C. Wright, Jr.
Speaker of the House
of Representatives
Washington, D.C. 20515

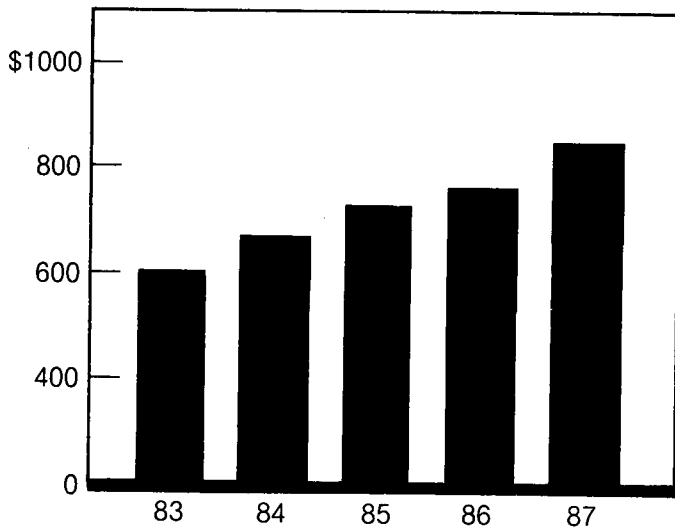
Enclosure

*Financial
Highlights*

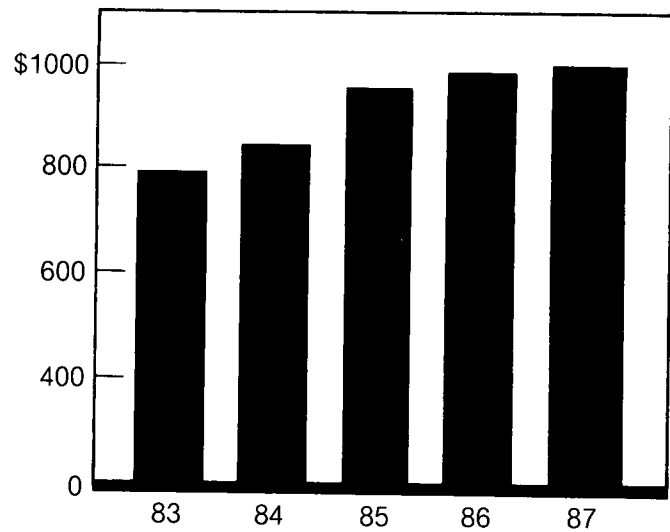
Financial Highlights (in Billions)

	FY 1987	FY 1986	PERCENTAGE CHANGE
Total Receipts	\$ 854.1	\$ 769.1	11.1%
Total Outlays	1,002.1	990.2	1.2
Total Deficit	148.0	221.1	(33.1)
Total Assets	76.6	75.6	1.3
Total Borrowing From The Public	1,896.1	1,745.6	8.6
Excess of Liabilities Over Assets	\$1,880.6	\$1,732.8	8.5%

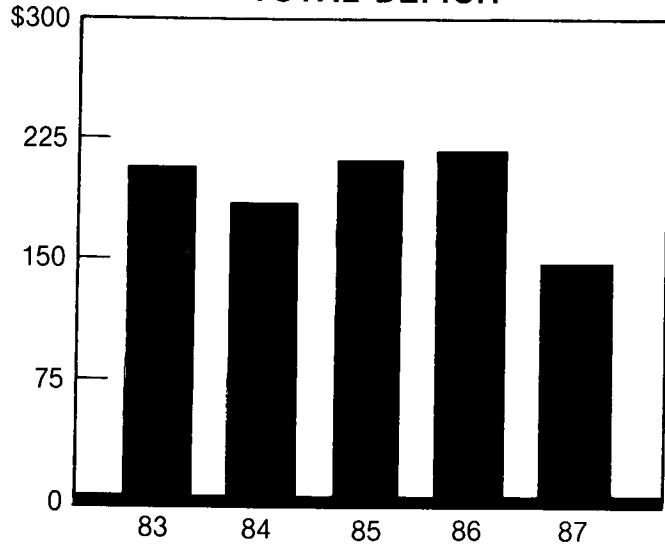
TOTAL RECEIPTS



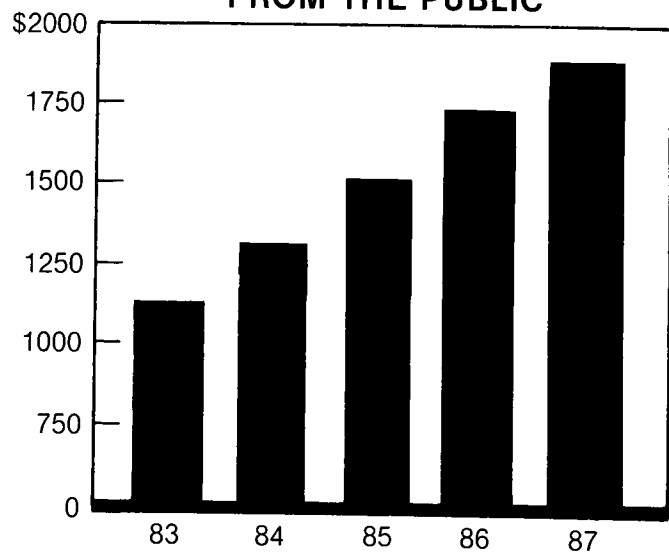
TOTAL OUTLAYS



TOTAL DEFICIT



TOTAL BORROWING FROM THE PUBLIC

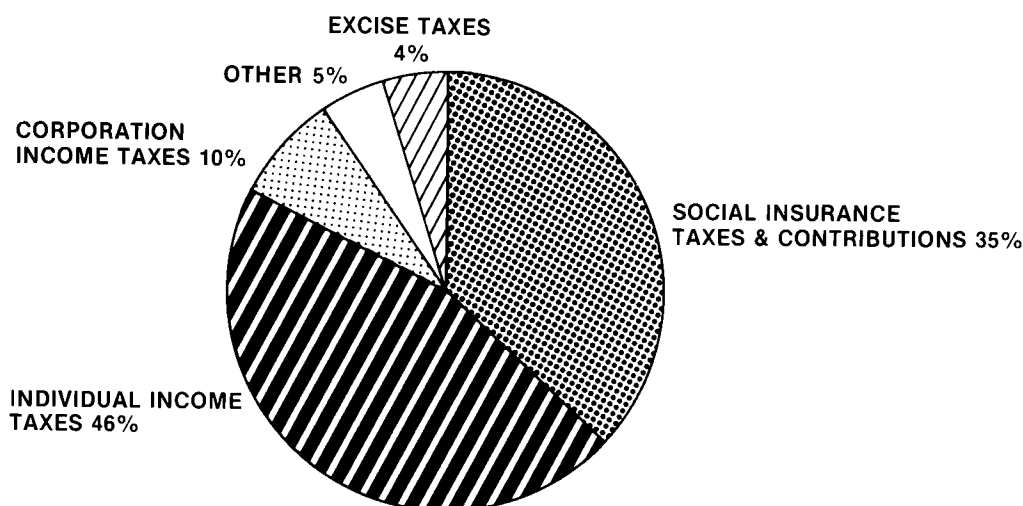


Financial Review

- Receipts by Source Category
 - Outlays by Function
 - Trust Fund Receipt and Outlay Summary
 - Revolving Fund Activity by Department
 - Appropriations, Outlays, and Balances by Department
 - Five-Year Summary of Financial Highlights
-

Receipts by Source Category

Total receipts amounted to \$854.1 billion in FY 1987, an increase of \$85.1 billion from FY 1986. The percentage distribution of 1987 receipts by source category is graphically depicted below.



Major changes in the amount of receipts by source category are described below. The table which follows shows the amount of receipts for FY 1987 and FY 1986 by source category, and the amount and percentage change from FY 1986.

- Individual Income Taxes—Individual income taxes were \$392.6 billion in FY 1987, an increase of \$43.6 billion, or 12.5%.
- Corporation Income Taxes—Corporation income taxes were \$83.9 billion, an increase of \$20.8 billion from FY 1986 to FY 1987.
- Social Insurance Taxes and Contributions—Receipts from the three major forms of social insurance taxes and contributions increased from \$283.9 billion in FY 1986 to \$303.3 billion in FY 1987, an increase of \$19.4 billion, or 6.8%.
 - Employment Taxes and Contributions—Receipts from this source totaled \$273.2 billion, a change of \$18.1 billion, or 7.1% over the prior year.
 - Unemployment Insurance—Unemployment insurance receipts were \$25.4 billion in FY 1987, an increase from FY 1986 of \$1.3 billion, or 5.5%.
 - Other Retirement Contributions—Receipts in this category decreased by \$27 million to a total of \$4.7 billion in FY 1987.
- Excise Taxes—Receipts of excise taxes in FY 1987 were \$32.5 billion, a decrease of \$0.4 billion from the prior year.
- The Other Receipts category consisting of Estate and Gift Taxes, Customs Duties, and Miscellaneous Receipts increased from \$40 billion in FY 1986 to \$41.8 billion in FY 1987. A discussion of the level of receipts for each of the components of this category is presented below.
 - Estate and Gift Taxes—Receipts in the Estate and Gift taxes category increased by \$0.5 billion in FY 1987 to \$7.5 billion.
 - Customs Duties—Customs Duties increased by \$1.7 billion in FY 1987 to \$15 billion.
 - Miscellaneous Receipts—These Receipts totaled \$19.3 billion in FY 1987, a decrease of \$0.6 billion over the FY 1986 level.

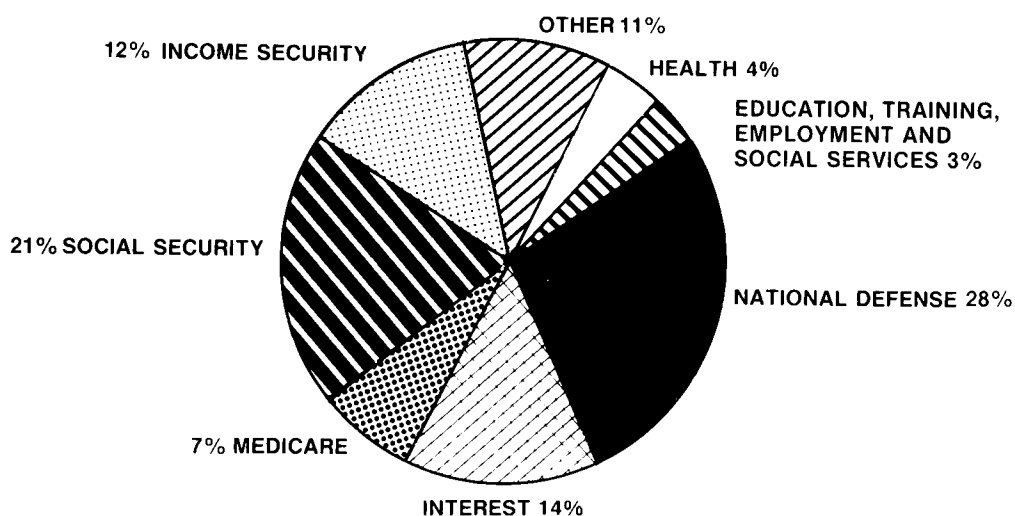
RECEIPTS BY SOURCE CATEGORY
(IN MILLIONS)

	FY 1987	FY 1986	CHANGE FROM 1986	PERCENTAGE CHANGE
Individual Income Taxes	\$392,557	\$348,959	\$43,598	12.5%
Corporation Income Taxes	83,926	63,143	20,783	32.9
Total Income Taxes	476,483	412,102	64,381	15.6
Social Insurance Taxes and Contributions:				
Employment Taxes and Contributions	273,185	255,062	18,123	7.1
Unemployment Insurance	25,418	24,098	1,320	5.5
Other Retirement Contributions	4,715	4,742	(27)	(.6)
Total Social Insurance Taxes and Contributions	303,318	283,902	19,416	6.8
Excise Taxes	32,510	32,919	(409)	(1.2)
Other:				
Estate and Gift Taxes	7,493	6,958	535	7.7
Customs Duties	15,032	13,327 ^r	1,705	12.8
Miscellaneous Receipts	19,307	19,884 ^r	(577)	2.9
Total Other	41,832	40,169 ^r	1,663	4.1
Total Receipts	\$854,143	\$769,091	\$85,052	11.1%
Details may not add to totals due to rounding.				
r—revised				

Outlays by Function

Outlays are liquidations of the Government's obligations through the issuance of checks or disbursement of cash. Total outlays were \$1,002.1 billion in FY 1987, an increase of \$11.9 billion or 1.2% over the amount of the preceding fiscal year. Shown below is the percentage distribution of FY 1987 outlays among the seven largest categories included in the government's functional classification system. The functional classification system is a way of grouping the government's activities so that all budget authority and outlays, loan guarantees, and tax expenditures can be presented according to the national needs being addressed. National needs are grouped in 17 broad areas to provide a coherent and comprehensive basis for analyzing and understanding the budget. Three additional categories—Interest, Allowances and Undistributed Offsetting Receipts—do not address specific national needs but are included to cover the entire budget. Under the functional classification system, each outlay is assigned to a classification that best defines its most important purpose, even though many outlays serve more than one purpose.

Total outlays in FY 1987 were \$1,002.1 billion compared with \$990.2 billion in FY 1986. The percentage distribution of outlays among the seven largest functional classifications is shown graphically below.



The table that follows shows FY 1987 and FY 1986 outlays for each functional classification and the amount and percentage change in outlay levels between these two fiscal years. Changes in outlays for the largest functional classifications are briefly discussed below.

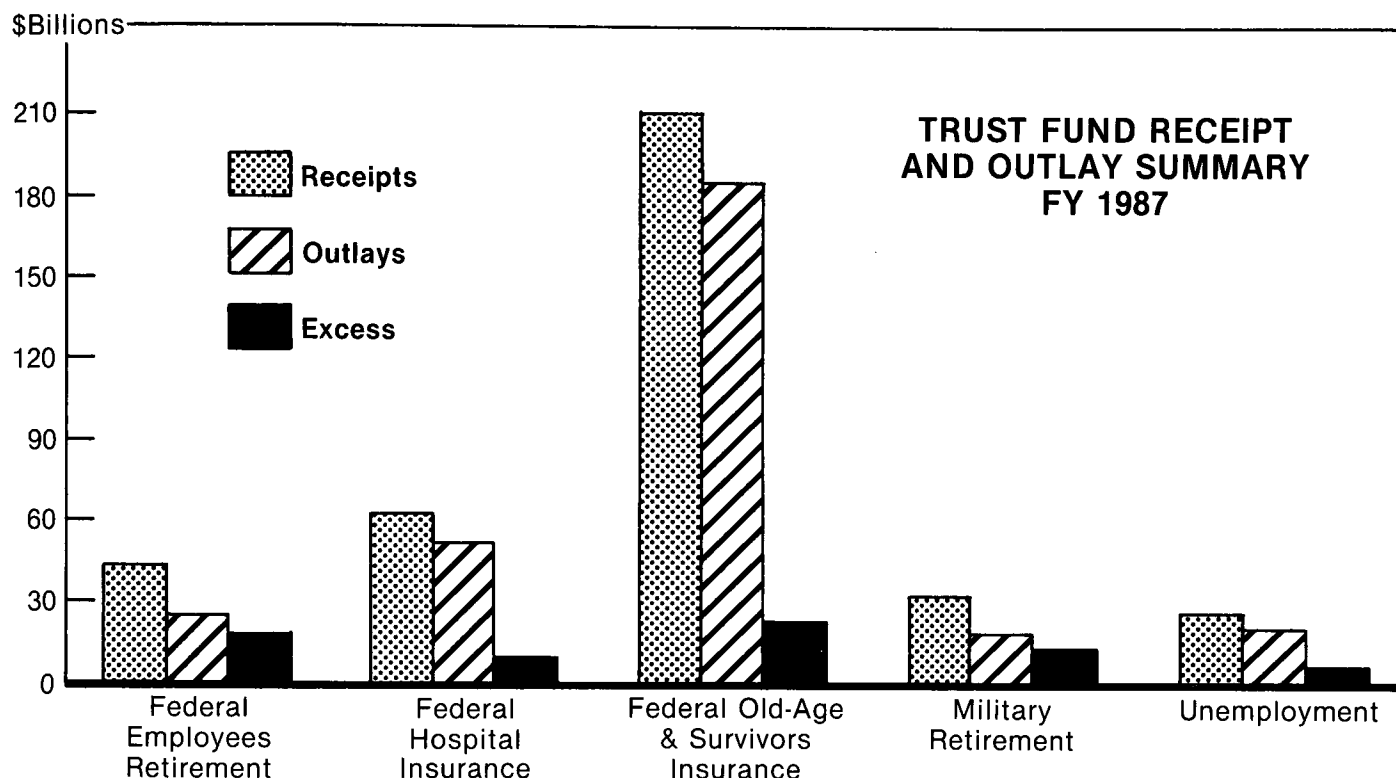
- **National Defense**—This function includes those activities that are directly related to the defense and security of the United States. To strengthen the nation's military capabilities, FY 1987 National Defense outlays increased by \$8.6 billion to \$282 billion. This amount encompasses government spending for conventional forces, strategic forces, supporting activities and atomic energy defense and related activities.
- **Health**—The Federal Government helps to meet the nation's health care needs by financing and providing health care services, aiding disease prevention and supporting research and training. Outlays for this function were \$40 billion in FY 1987, an increase of \$4.0 billion over the prior fiscal year.
- **Social Security**—Through social security the Federal Government contributes to the income security of aged and disabled Americans. This function's outlays were \$207.4 billion for FY 1987, an increase of 4.3% or \$8.6 billion over the FY 1986 outlays.
- **Medicare**—Through medicare the Federal Government contributes to the health and well being of aged and disabled Americans. The outlays for this function were \$75.1 billion in FY 1987, an increase of 7.1% or \$5.0 billion over the FY 1986 outlays.

- **Income Security**—Income security benefits are paid to the aged, the disabled, the unemployed and low income families. Outlays for these benefits were \$123.5 billion in FY 1987, an increase of 3.1% or \$3.7 billion from the FY 1986 level. Included within this classification are programs such as general retirement and disability, public assistance and unemployment compensation.
- **Education, Training Employment and Social Services**—A number of federal programs are directed toward improving the operations of the labor market, enhancing individuals' long-term employment and earnings prospects and providing social services to needy individuals. Outlays for these programs decreased by 6.1% to \$28.7 billion in FY 1987.
- **Interest**—This function includes interest paid by the Federal Government, offset by interest collections from the public and interest received by Government Trust Funds. Net interest outlays are very sensitive to both interest rates and the amount of debt outstanding. Net interest outlays increased in FY 1987 to \$138.5 billion, a 1.8% increase over the prior fiscal year.

OUTLAYS BY FUNCTION				
(in millions)				
	FY 1987	FY 1986	CHANGE FROM 1986	PERCENTAGE CHANGE
National Defense	\$ 282,016	\$273,375	\$ 8,641	3.2%
International Affairs	11,761	14,152	(2,391)	(16.9)
General Science, Space, and Technology	9,188	8,976	212	2.4
Energy	4,176	4,735	(559)	(11.8)
National Resources and Environment	13,225	13,639	(414)	(3.0)
Agriculture	26,493	31,449	(4,956)	(15.8)
Commerce and Housing Credit	5,235	4,823	412	8.5
Transportation	26,228	28,117	(1,889)	(6.7)
Community and Regional Development	5,334	7,233	(1,899)	(26.3)
Education, Training, Employment and Social Services	28,721	30,585	(1,864)	(6.1)
Health	39,968	35,935	4,033	11.2
Medicare	75,120	70,164	4,956	7.1
Income Security	123,499	119,796	3,703	3.1
Social Security	207,353	198,757	8,596	4.3
Veterans Benefits and Services	26,801	26,356	445	1.7
Administration of Justice	7,507	6,603	904	13.7
General Government	6,005	6,104	(99)	(1.6)
General Purpose Fiscal Assistance	1,621	6,431	(4,810)	(74.8)
Interest	138,519	136,008	2,511	1.8
Undistributed Offsetting Receipts	(36,622)	(33,007)	(3,615)	11.0
Total Outlays	\$1,002,147	\$990,231	\$11,916	1.2%

Trust Fund Receipt and Outlay Summary

Trust fund accounts are maintained to record the receipt and outlay of moneys held in trust by the Government for use in carrying out specific purposes or programs in accordance with the terms of a trust agreement or statute. This section summarizes how trust fund operations contribute to the overall level of receipts and outlays of the Federal Government. This section also demonstrates the variety of trust funds and their operations. Some trust funds such as the Federal Employees Retirement Fund, Federal Hospital Insurance Fund, Federal Old-Age and Survivors Insurance, Military Retirement Fund and Unemployment Fund accumulated sizable excess receipts in FY 1987. The chart presented below summarizes the operations of the major trust funds in FY 1987.



The table on the following page summarizes trust fund operations in FY 1987 and FY 1986 and the dollar change between these two fiscal years. Presented below is a description of the receipt and outlay levels of the major trust funds for FY 1987.

- **Federal Employees Retirement**—In FY 1987, the receipts of the Federal Employees Retirement Fund were \$44.1 billion. The fund's outlays were \$26.0 billion for an excess of receipts over outlays of \$18.0 billion.
- **Federal Hospital Insurance**—In FY 1987 Federal Hospital Insurance Fund receipts were \$62.7 billion while outlays totaled \$50.8 for an excess of receipts over outlays of \$11.9 billion.
- **Federal Old-Age & Survivors Insurance**—In FY 1987, outlays in this fund were \$186.8 billion and receipts were \$210.1 billion. The excess of receipts over outlays amounted to \$23.3 billion.
- **Military Retirement**—In FY 1987, the Military Retirement Fund accumulated \$32.0 billion in receipts and \$18.1 billion in outlays for an excess of receipts over outlays of \$14.0 billion.
- **Unemployment**—The FY 1987 receipts of the Unemployment Trust Fund were \$27.6 billion and outlays were \$20.5 billion for an excess of receipts over outlays of \$7.1 billion.

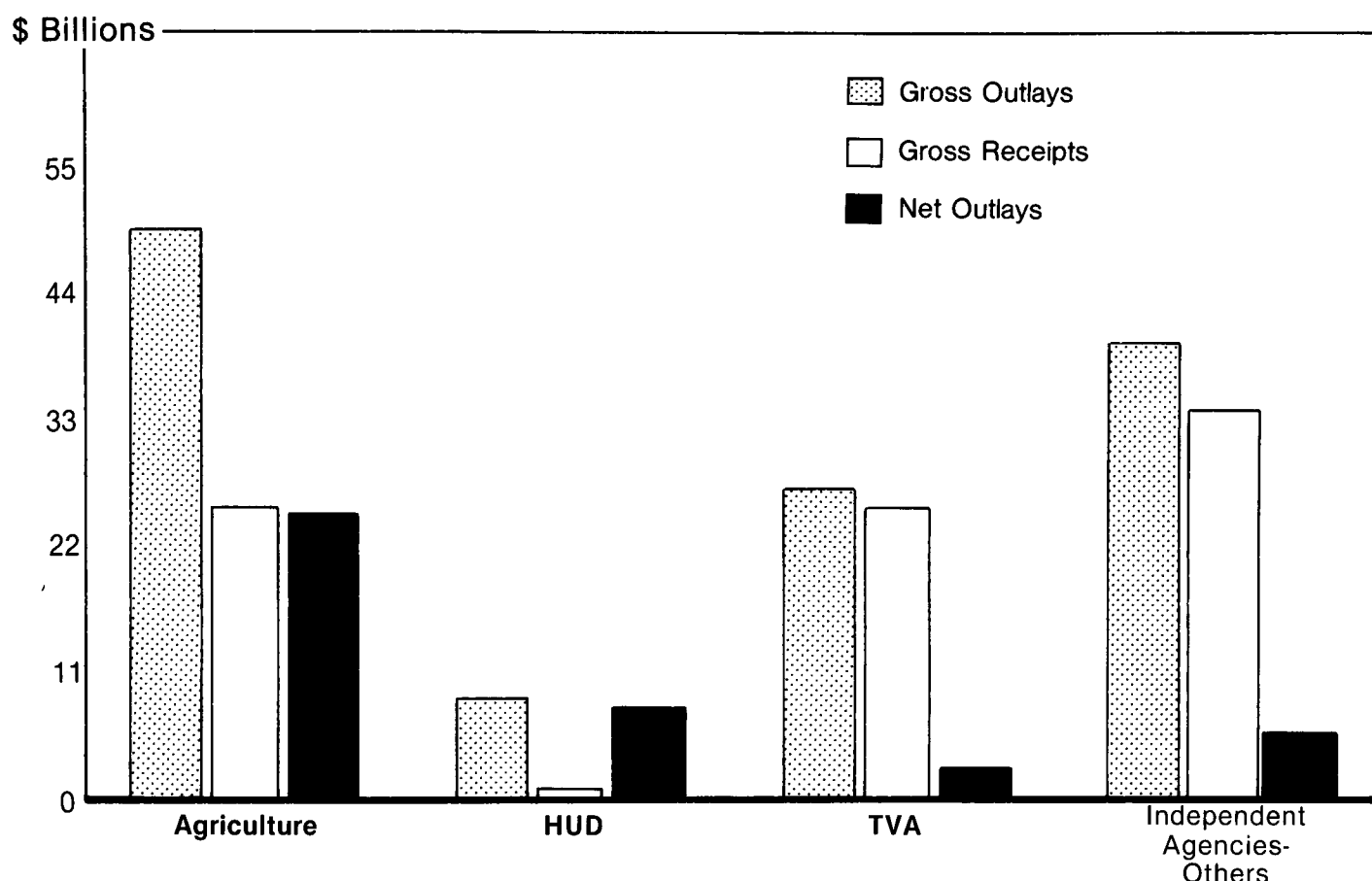
TRUST FUND RECEIPT AND OUTLAY SUMMARY
(IN MILLIONS)

TRUST FUND	FY 1987			FY 1986			CHANGE		
	RECEIPTS	OUTLAYS	EXCESS	RECEIPTS	OUTLAYS	EXCESS	RECEIPTS	OUTLAYS	EXCESS
Airport	\$ 3,940	\$ 2,602	\$ 1,339	\$ 3,565	\$ 2,339	\$ 1,226	\$ 375	\$ 263	\$ 113
Black Lung Disability	642	643	(**)	600	618	(18)	42	25	18
Federal Deposit Insurance Corporation	—	(1,438)	1,438	—	705	(705)	—	(2,143)	2,143
Federal Disability Insurance	20,172	21,290	(1,119)	20,473	20,243	230	(301)	1,047	(1,349)
Federal Employees Life and Health Benefits	—	(495)	495	—	(999)	999	—	504	(504)
Federal Employees Retirement	44,078	26,046	18,032	43,373	24,271	19,102	705	1,775	(1,070)
Federal Hospital Insurance	62,735	50,803	11,932	56,424	49,685	6,739	6,311	1,118	5,193
Federal Old-Age and Survivors Insurance	210,082	186,780	23,303	202,277	179,572	22,705	7,805	7,208	598
Federal Supplementary Medical Insurance	27,797	30,837	(3,039)	25,004	26,217	(1,214)	2,793	4,620	(1,825)
Revenue Sharing	—	76	(76)	4,185	5,114	(929)	(4,185)	(5,038)	853
Highways	14,310	12,642	1,669	14,700	14,021	679	(390)	(1,379)	990
Military Assistance Advances	8,504	9,910	(1,407)	10,725	9,709	1,016	(2,221)	201	(2,423)
Railroad Retirement	4,104	6,203	(2,099)	4,454	6,033	(1,580)	(350)	170	(519)
Military Retirement	32,031	18,078	13,953	26,544	17,611	8,933	5,487	467	5,020
Unemployment	27,613	20,527	7,086	26,073	21,699	4,374	1,540	(1,172)	2,712
Thrift Savings	737	1	736	—	—	—	737	1	736
Veterans Life Insurance	1,408	996	412	1,387	1,010	377	21	(14)	35
All Other Trust	3,666	2,904	762	2,087	2,769	(682)	1,579	135	1,444
Total Trust Fund Receipts and Outlays	461,820	388,404	73,415	441,870	380,617	61,253	19,950	7,787	12,162
Total Federal Government Receipts and Outlays	\$854,143	\$1,002,147	\$(148,005)	\$769,091	\$990,231	\$(221,140)	\$85,052	\$11,916	\$73,135

Details may not add to totals due to rounding.

Revolving Fund Activity by Department

Public enterprise revolving funds are authorized by specific provisions of law to finance a continuing cycle of operations in which outlays generate receipts and the receipts are available for outlays with further action by the Congress. The following chart summarizes FY 1987 receipt and outlay activity for the departments of the Government that have the most sizable revolving fund operations.



The table on the following page presents revolving fund activity by department for FY 1987. Summarized below are the receipt and outlay levels of those departments with the most sizable revolving fund operations.

- Department of Agriculture—FY 1987 gross outlays of revolving funds operated by Agriculture totaled \$49.0 billion and gross receipts totaled \$24.7 billion. The net outlays were \$24.4 billion.
- Department of Housing and Urban Development—In FY 1987, the gross outlays of revolving funds of this Department totaled \$8.6 billion while gross receipts were \$8.2 billion. Net revolving fund outlays in FY 1987 were \$0.5 billion.
- Tennessee Valley Authority—In FY 1987, revolving funds of the Tennessee Valley Authority generated \$26.9 billion gross outlays, \$24.7 billion in gross receipts and net outlays of \$2.2 billion.
- Independent Agencies - Others—The net outlays of revolving funds maintained by these agencies amounted to \$5.9 billion in FY 1987. This consisted of \$39.4 billion in gross outlays and \$33.5 billion in gross receipts.

REVOLVING FUND ACTIVITY BY DEPARTMENT
(IN MILLIONS)

	FY 1987 GROSS OUTLAYS	FY 1987 GROSS RECEIPTS	FY 1987 NET OUTLAYS	FY 1986 NET OUTLAYS	DIFFERENCE
Legislative Branch	\$ 10	\$ 10	**	**	**
The Judiciary	0	0	0	0	0
Executive Office of the President	0	0	0	0	0
Funds Appropriated to the President	1,102	1,288	\$ (186)	\$ 185	\$ (371)
Department of Agriculture	49,019	24,662	24,357	31,963	(7,606)
Department of Commerce	195	100	95	(32)	127
Department of Defense—Military	17	2	15	3	12
Department of Defense—Civil	0	0	0	0	0
Department of Education	99	657	(558)	(74)	(484)
Department of Energy	1,107	1,088	19	(87)	106
Department of Health and Human Services, except Social Security	7	8	(1)	20	(21)
Department of Health and Human Services, Social Security	0	0	0	0	0
Department of Housing and Urban Development	8,640	8,157	483	(1,335)	1,818
Department of the Interior	351	114	237	280	(43)
Department of Justice	0	**	**	**	**
Department of Labor	516	588	(72)	(106)	34
Department of State	0	0	0	0	0
Department of Transportation	834	285	549	1,143	(594)
Department of the Treasury	(1,406)	4	(1,402)	(771)	(631)
Environmental Protection Agency	**	1	**	0	**
General Services Administration	1	0	1	**	**
National Aeronautics and Space Administration	0	0	0	0	0
Office of Personnel Management	0	0	0	0	0
Small Business Administration	1,787	2,141	(354)	48	(402)
Veterans Administration	2,825	2,507	318	161	157
Independent Agencies:					
Export-Import Bank of the United States	3,099	6,257	(3,158)	(1,167)	(1,991)
Tennessee Valley Authority	26,866	24,651	2,215	717	1,498
Others	39,437	33,548	5,889	869	5,020
Total Revolving Fund Receipts and Outlays	\$134,506	\$106,068	\$28,438	\$31,817	\$(3,379)
Details may not add to totals due to rounding.					
**Less than \$500,000.					

Appropriations, Outlays and Balances by Department

The following table summarizes the FY 1987 appropriations, outlays and balances for each major department of the Federal Government.

APPROPRIATIONS, OUTLAYS AND BALANCES BY DEPARTMENT (IN MILLIONS)

	Unobligated Balances Beginning of Fiscal Year	Appropriation and Other Obligational Authority	Transfers Borrowings and Investments	Outlays	Balances Withdrawn and Other Transactions	Unobligated Balances End of Fiscal Year
Legislative Branch	\$ 421	\$ 1,876	0	\$ 1,812	(\$11)	\$ 362
The Judiciary	122	1,267	0	1,178	90	177
Executive Office of the President	**	118	0	109	9	**
Funds Appropriated to the President	25,053	13,117	1,239	10,626	3,731	26,462
Department of Agriculture	4,949	92,039	(38,066)	49,593	4,380	2,300
Department of Commerce	394	2,144	29	2,156	17	255
Department of Defense	81,811	314,670	(237)	294,667	19,766	84,400
Department of Education	1,676	19,608	(571)	16,800	2,238	2,241
Department of Energy	3,522	9,933	**	10,688	(755)	2,793
Department of Health and Human Services, except Social Security	48,650	159,886	(29)	148,893	10,963	57,852
Department of Health and Human Services, Social Security	30,046	221,992	0	202,422	19,570	48,576
Department of Housing and Urban Development	56,735	15,088	90	15,464	(287)	50,200
Department of the Interior	1,877	5,139	103	5,054	188	1,927
Department of Justice	356	5,275	1	4,333	943	640
Department of Labor	25,084	30,692	(18)	23,453	7,221	32,093
Department of State	3,995	3,765	2	2,788	979	4,781
Department of Transportation	30,436	27,744	(1,329)	25,420	995	30,784
Department of the Treasury	8,422	181,953	(874)	180,345	734	8,836
Environmental Protection Agency	1,666	5,508	0	4,903	605	2,162
General Services Administration	1,881	315	(12)	4	299	1,705
National Aeronautics and Space Administration	1,256	10,923	(79)	7,591	3,253	3,298
Office of Personnel Management	166,458	44,775	0	26,966	17,809	183,758
Small Business Administration	318	482	28	(72)	582	785
Veterans Administration	14,172	27,421	0	26,952	469	13,915
Independent Agencies	16,382	16,577	(2,103)	12,585	(2,374)	25,030
Total Appropriations, Outlays and Balances	\$525,683	\$1,212,308	(\$41,825)	\$1,074,731	\$91,414	\$585,333

Details may not add to totals due to rounding.

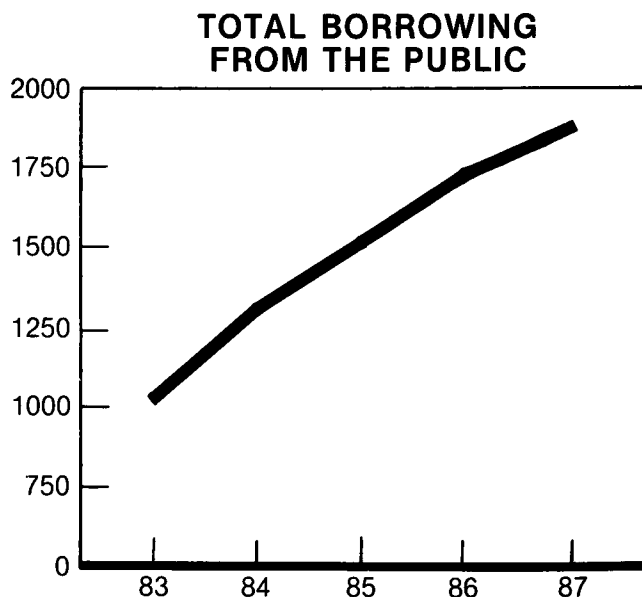
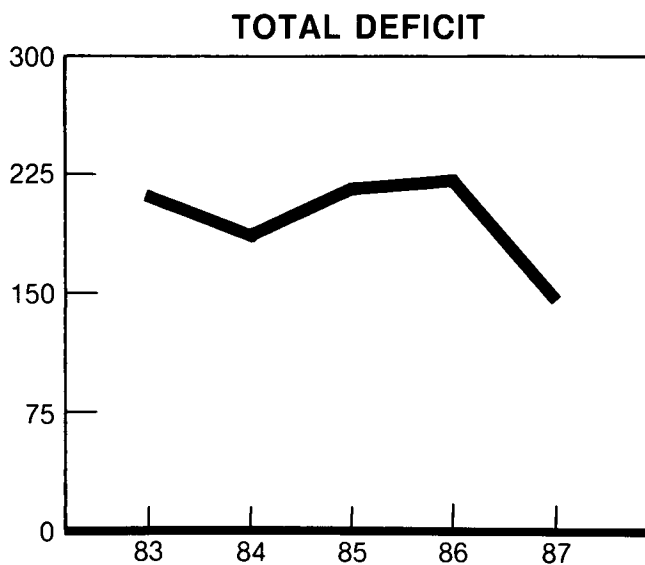
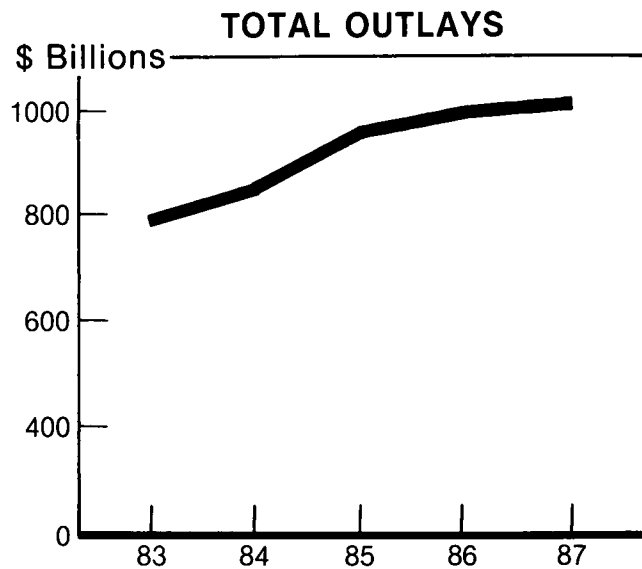
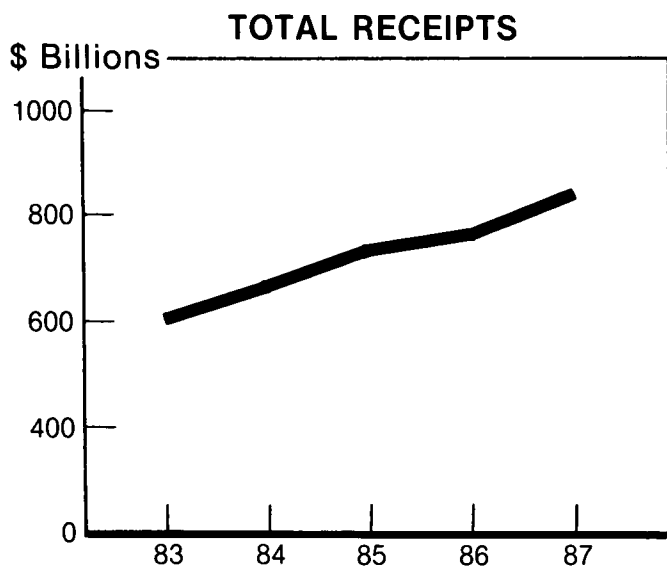
**Less than \$500,000

Five-Year Summary of Financial Highlights

(In Millions)

	FY 1987	FY 1986	FY 1985	FY 1984	FY 1983
Total Receipts	\$ 854,143	\$ 769,091	\$ 734,057	\$ 666,457	\$ 600,562
Total Outlays	1,002,147	990,231 ^r	945,987	841,800	795,916
Total Deficit	148,005	221,140 ^r	211,931	185,339	207,711
Total Assets	76,633	75,621	55,204	66,600	70,760
Total Borrowing from the Public	1,896,114	1,745,602	1,509,857	1,312,589	1,141,770
Excess of Liabilities Over Assets	\$1,880,606	\$1,732,827	\$1,512,576	\$1,301,228	\$1,116,629

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Financial Statements

- *Balance Sheet*
 - *Statement of Operations*
 - *Statement of Sources and
Applications of Funds*
-

Balance Sheet

This financial statement is confined to showing only those assets and liabilities of the United States Government which are directly related to the cash operations of the Department of the Treasury and the rest of the Federal Government.)

	September 30, 1987	September 30, 1986
	(In millions)	
ASSETS		
Cash and Monetary Assets:		
U.S. Treasury Operating Cash:		
Federal Reserve Account	\$ 9,120	\$ 7,514
Tax and Loan Note Accounts	27,316	23,870
Special Drawing Rights	9,078	8,295
Less: Special Drawing Rights Certificates		
Issued to Federal Reserve Banks	5,018	5,018
Monetary Assets with International Monetary	10,907	11,905
Other Cash and Monetary Assets:		
U.S. Treasury Monetary Assets	1,360	1,816
Cash and Other Assets held Outside the Treasury Account	8,048	9,497
Time Deposits Supported by 2% Depository Bonds	-0-	4
Total Cash and Monetary Assets	60,811	57,883
Miscellaneous Asset Accounts	15,822	17,783
TOTAL ASSETS	76,633	75,621
EXCESS OF LIABILITIES OVER ASSETS		
Excess of Liabilities Over Assets at Beginning of Fiscal Year	1,733,270	1,512,576
Add: Total Deficit for Fiscal Year	148,005	221,140 ^f
Subtotal	1,881,275	1,733,716 ^f
Deduct: Other Transactions not Applied to Surplus or Deficit	668	447
Excess of Liabilities Over Assets at Close of Fiscal Year	1,880,606	1,733,270 ^f
TOTAL ASSETS AND EXCESS OF LIABILITIES OVER ASSETS	1,957,239	1,808,891 ^f
LIABILITIES		
Borrowing from the Public:		
Public Debt Securities Outstanding	2,350,277	2,125,304
Agency Securities Outstanding	4,009	4,660 ^f
Total Federal Securities Outstanding	2,354,286	2,129,964 ^f
Deduct: Federal Securities held by Government Accounts	458,172	383,919
Total Borrowing from the Public	1,896,114	1,746,044 ^f
Accrued Interest Payable to the Public	31,712	29,481
Special Drawing Rights Allocated by International Monetary Fund	6,270	5,945
Deposit Fund Liabilities	9,104	10,944
Miscellaneous Liability Accounts (Checks Outstanding, Etc.)	14,039	16,477
TOTAL LIABILITIES	\$1,957,239	\$1,808,891 ^f
Details may not add to totals due to rounding.		
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Statement of Operations

(in Millions)

	Fiscal Year 1987	Fiscal Year 1986
RECEIPTS		
Individual Income Taxes	\$ 392,557	\$ 348,959
Corporation Income Taxes	83,926	63,143
Social Insurance Taxes and Contributions:		
Employment taxes and contributions (off-budget)	213,402	200,228
Employment taxes and contributions (on-budget)	59,783	54,834
Unemployment Insurance	25,418	24,098
Contributions for Other Insurance and Retirement	4,715	4,742
Excise Taxes	32,510	32,919
Estate and Gift Taxes	7,493	6,958
Customs Duties	15,032	13,327 ^f
Miscellaneous Receipts	19,307	19,884 ^f
Total Receipts	854,143	769,091
OUTLAYS		
Legislative Branch	1,812	1,665
The Judiciary	1,178	1,069
Executive Office of the President	109	107
Funds Appropriated to the President	10,626	11,379 ^f
Agriculture	49,593	58,666
Commerce	2,156	2,083 ^f
Defense—Military	274,007	265,636
Defense—Civil	20,659	20,243 ^f
Education	16,800	17,673
Energy	10,688	11,025
Health and Human Services, except Social Security	148,893	143,252 ^f
Health and Human Services, Social Security	202,422	190,684
Housing and Urban Development	15,464	14,139
Interior	5,054	4,791
Justice	4,333	3,768
Labor	23,453	24,141
State	2,788	2,865 ^f
Transportation	25,420	27,365
Treasury	180,344	179,189 ^f
Environmental Protection Agency	4,903	4,869
General Services Administration	4	286
National Aeronautics and Space Administration	7,591	7,403
Office of Personnel Management	26,966	23,955
Small Business Administration	(72)	490
Veterans Administration	26,952	26,536
Independent Agencies	12,585	11,865 ^f
Undistributed offsetting receipts	(72,584)	(64,914)
Total Outlays	1,002,147	990,231^f
Total Deficit	(148,005)	(221,140)
OTHER TRANSACTIONS NOT APPLIED TO CURRENT YEAR'S SURPLUS OR DEFICIT		
Seigniorage (Gain on Coin Production)	(458)	(392)
Profit on Sale of Gold	(173)	(46)
Net gain (-)/loss for IMF loan valuation adjustment	(37)	(8)
Total Other Transactions not Applied to Current Year's Surplus or Deficit	\$ (668)	\$ (447)
Details may not add to totals due to rounding.		
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Statement of Sources and Applications of Funds

(in Millions)

	Fiscal Year 1987	Fiscal Year 1986
SOURCES		
Increases in Liabilities:		
Borrowing from the Public	\$150,070	\$236,187 ^f
Accrued Interest Payable to the Public	2,232	2,772
Deposit Fund Liabilities	(1,840)	(3,441)
Miscellaneous Liabilities (Checks Outstanding Etc.)	(2,438)	4,838
Special Drawing Rights Allocated by International Monetary Fund	324	755
Decreases in Assets:		
Other Cash and Monetary Assets:		
Other U.S. Treasury Monetary Assets	456	(506)
Cash and Other Assets held Outside the Treasury Account	1,454	(1,939)
Special Drawing Rights (SDRs)	(784)	447
Less: SDR Certificates Issues to Federal Reserve Banks	—	400
Net Change, SDRs	(784)	(1,048)
Other Transactions not Applied to Surplus or Deficit	668	447
Total Sources	150,142	238,065^f
APPLICATIONS		
Deficits	148,005	221,140 ^f
Increases in Assets		
U.S. Treasury Operating Cash:		
Federal Reserve Account	1,606	3,340
Tax and Loan Note Accounts	3,446	10,984
Other Cash and Monetary Assets:		
Other U.S. Treasury Monetary Assets	—	—
Cash and Other Assets held Outside the Treasury Account	—	—
Special Drawing Rights (SDRs)	—	—
Less: SDR Certificates Issued to Federal Reserve Banks	—	—
Net Change, SDRs	—	—
Funds Available with International Monetary Fund	(594)	417
Loans to International Monetary Fund	(405)	(189)
Miscellaneous Assets	(1,916)	2,373
Total Applications	\$150,142	\$238,065^f
Details may not add to totals due to rounding.		
r-revised		

*Notes to the
Financial Statements*

2. U.S. Treasury Operating Cash

Major sources of information used to determine Treasury's operating cash include the Daily Balance Wires from the Federal Reserve Banks, reporting from the Bureau of the Public Debt, electronic transfers through the Treasury Financial Communications System and reconciling wires from Internal Revenue Service Centers. Operating cash is presented on a modified cash basis: deposits are reflected as received; and withdrawals are reflected as processed.

3. Special Drawing Rights (SDRs)

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

4. Miscellaneous Asset Accounts

Included in miscellaneous assets are gold assets and their related certificates in the following amounts:

	FY 1987	FY 1986
Gold assets	\$11,075 million	\$11,084 million
Liabilities (certificates)	\$11,075 million	\$11,084 million

5. Other Transactions not Applied to Surplus or Deficit

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

Profit resulting from the sale of gold as a monetary asset is treated like seigniorage, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

6. Federal Securities Outstanding

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

- **Public Debt**—That portion of the Federal debt incurred when the Treasury or the Federal Financing Bank (FFB) borrows funds directly from the public or another fund or account. To avoid double counting, FFB borrowing from the Treasury is not included in the public debt. (The Treasury borrowing required to obtain the money to lend to the FFB is already part of the public debt.)
- **Agency Debt**—That portion of the Federal debt incurred when a Federal agency, other than the Treasury or the Federal Financing Bank, is authorized by law to borrow funds directly from the public or another fund or account. To avoid double counting, agency borrowing from Treasury or the FFB and Federal fund advances to trust funds are not included in the Federal debt. (The Treasury or FFB borrowing required to obtain the money to lend to the agency is already part of the public debt.)

7. *Deposit Fund Liabilities*

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

8. *Undistributed Offsetting Receipts*

These receipts are composed of the following types of payments:

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

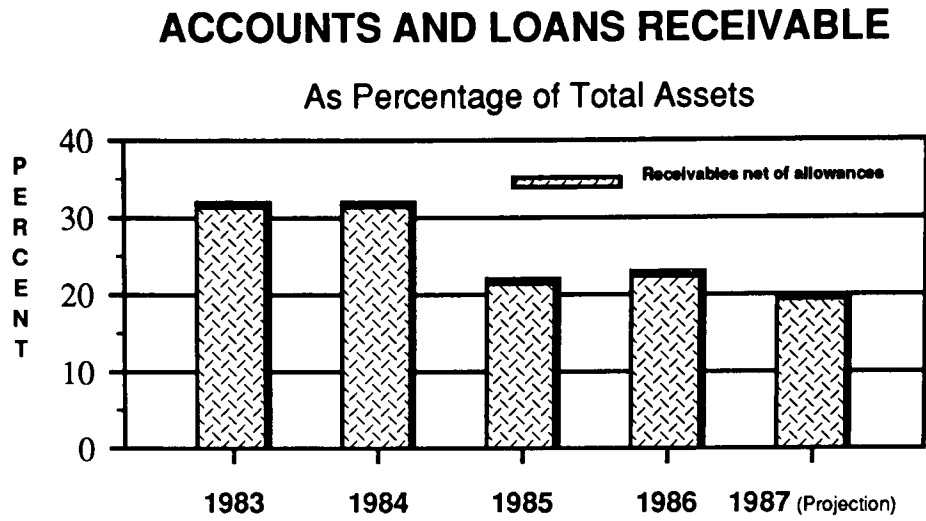
Undistributed offsetting receipts are not deducted from outlays at the function, subfunction and agency levels. However, they are deducted from the budget totals.

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

*Accrual
Financial Information*

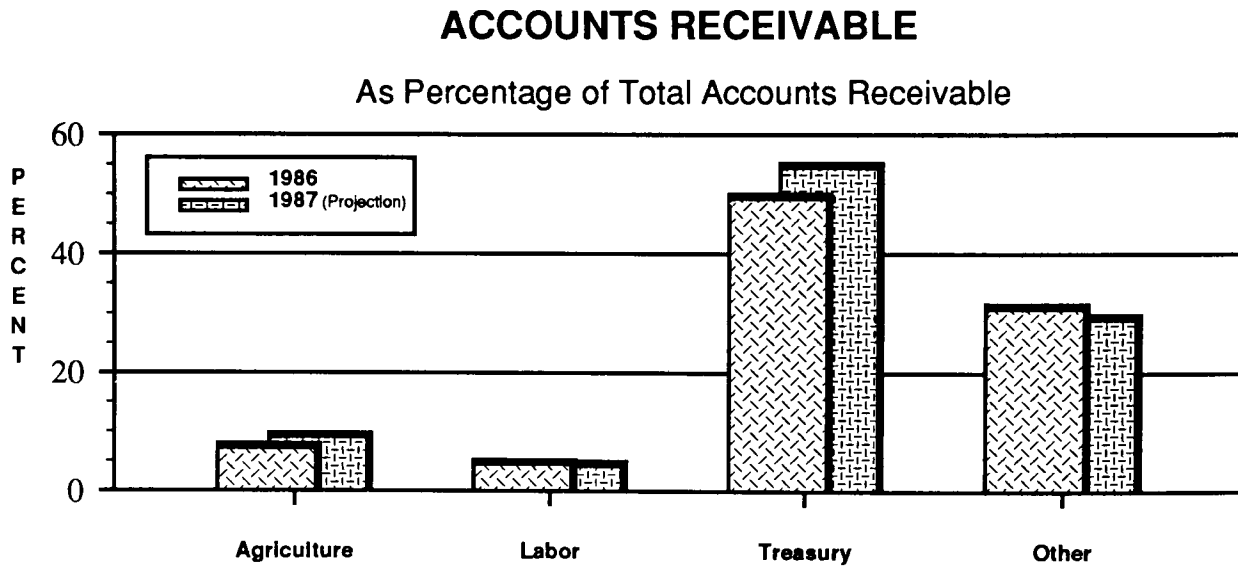
Summary of Accounts and Loans Receivable Due From the Public

The following chart is derived from accrual data accumulated from agency reports and is shown as a percentage of total assets.



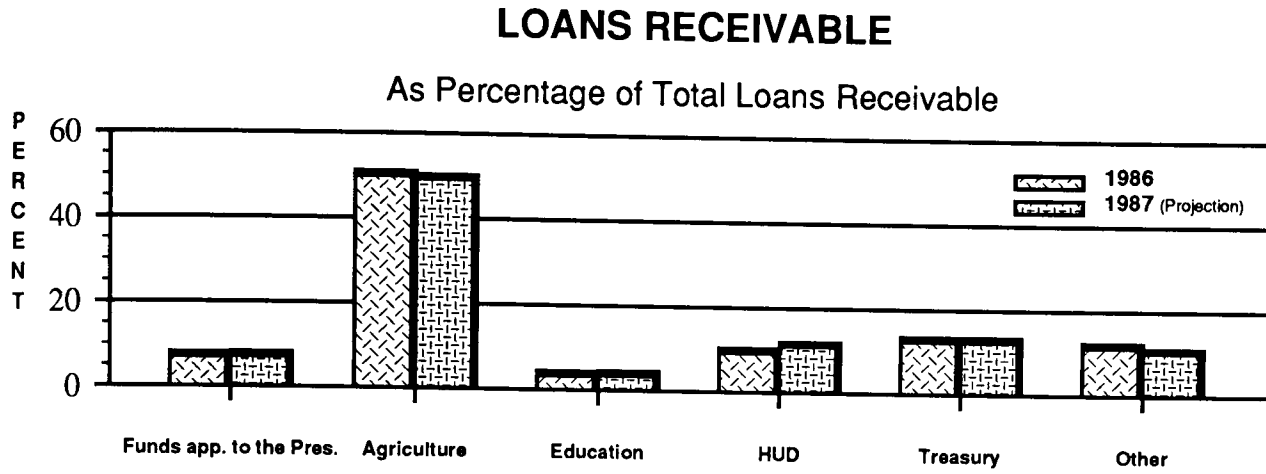
Accounts Receivable

This chart is derived from underlying accrual data accumulated from agency reports for fiscal 1986 and is projected for 1987. Results are shown as a percentage of total accounts receivable.



Loans Receivable

This chart is derived from representative accrual data for fiscal 1986 and is projected for 1987. Results are shown as a percentage of total loans receivable.



Principal Administrative and Staff Officers of the Treasury

Secretary of the Treasury
Deputy Secretary of the Treasury
Under Secretary for Finance
Assistant Secretary for Economic Policy
Inspector General
Assistant Secretary for Legislative Affairs
Assistant Secretary for Enforcement
General Counsel
Assistant Secretary for Tax Policy
Assistant Secretary for International Affairs
Fiscal Assistant Secretary
Treasurer of the United States
Assistant Secretary for Management
Assistant Secretary for Domestic Finance
Assistant Secretary for Public Affairs and Public Liaison
Comptroller of the Currency
Commissioner of Financial Management Service
Commissioner of Internal Revenue

James A. Baker, III
M. Peter McPherson
George D. Gould
Michael R. Darby
Michael R. Hill
John K. Meager
Francis A. Keating
D. Edward Wilson, Jr. (acting)
O. Donaldson Chapoton
David C. Mulford
Gerald Murphy
Katherine D. Ortega
John F.W. Rogers
Charles O. Sethness
Margaret D. Tutwiler
Robert L. Clarke
William E. Douglas
Lawrence B. Gibbs

ANNUAL REPORT APPENDIX
ORDER FORM

Detail pertaining to the information presented in this publication is contained in the U.S. Government Annual Report Appendix. The Appendix contains Summary General Ledger Account Balances, Details of Receipts and Details of Appropriations, Outlays, and Balances.

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

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