

# FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Our agency's financial statements and additional information for fiscal years (FY) 2014 and 2013 consist of the following:

- The **Consolidated Balance Sheets** present, as of September 30, 2014 and 2013, amounts of economic benefits we owned or managed (assets), amounts we owed (liabilities), and residual amounts we retained, comprising the difference (net position). We provide a Balance Sheet by Major Program as additional information.
- The **Consolidated Statements of Net Cost** present the net cost of operations for the years ended September 30, 2014 and 2013. Our net cost of operations includes the gross costs incurred less any exchange revenue earned from activities presented by our major programs. By disclosing the gross cost and net cost of the entity's programs, the Consolidated Statements of Net Cost provide information that can be related to the outputs and outcomes of programs and activities. We provide a Schedule of Net Cost to show the components of net cost activity as additional information.
- The **Consolidated Statements of Changes in Net Position** present the change in net position for the years ended September 30, 2014 and 2013. Changes to the two components of net position, Cumulative Results of Operations and Unexpended Appropriations, affect its balance. The Statement format is designed to display both components of net position separately to enable the user to better understand the nature of changes to net position as a whole. We provide a Schedule of Changes in Net Position to present the change in net position by major programs as additional information.
- The **Combined Statements of Budgetary Resources** present the budgetary resources available to us, the status of these resources, and the outlay of budgetary resources for the years ended September 30, 2014 and 2013. We provide an additional Schedule of Budgetary Resources as Required Supplementary Information to present budgetary resources by major programs.
- The **Statement of Social Insurance** presents the present value for the 75-year projection period of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) estimated future noninterest income and cost expected to arise from the formulas specified in current law for current and future program participants. We present the difference between these values on both an open group and a closed group basis, both including and excluding the value of the combined OASI and DI Trust Fund asset reserves at the beginning of the period.
- The **Statement of Changes in Social Insurance Amounts** reconciles the changes, from one 75-year valuation period to the next, in the present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure). The Statement shows two reconciliations: (1) changing from the period beginning on January 1, 2013 to the period beginning on January 1, 2014; and (2) changing from the period beginning on January 1, 2012 to the period beginning on January 1, 2013. This Statement identifies several changes that are significant and provides reasons for the changes.
- The **Required Supplementary Information: Social Insurance** presents required long-range cashflow projections, the long-range projections of the ratio of contributors to beneficiaries, and the sensitivity analysis illustrating the effect of the changes in the most significant assumptions on the actuarial projections and present values. The financial and actuarial disclosures include a narrative describing the program, including how the program is financed and how benefits are calculated, as well as an interpretive analysis of trends revealed by the data.

**Consolidated Balance Sheets as of  
September 30, 2014 and 2013**  
(Dollars in Millions)

<b>Assets</b>	<b>2014</b>	2013
Intragovernmental:		
Fund Balance with Treasury (Notes 3 and 4)	\$ 4,892	\$ 1,896
Investments (Note 5)	2,782,918	2,756,390
Interest Receivable (Note 5)	24,052	25,072
Accounts Receivable, Net (Note 6)	391	568
Other (Note 8)	19	24
Total Intragovernmental	2,812,272	2,783,950
Accounts Receivable, Net (Notes 3 and 6)	13,186	12,240
Property, Plant, and Equipment, Net (Note 7)	3,476	3,422
Other (Note 8)	4	3
<b>Total Assets</b>	<b>\$ 2,828,938</b>	<b>\$ 2,799,615</b>
<b>Liabilities (Note 9)</b>		
Intragovernmental:		
Accrued Railroad Retirement Interchange	\$ 4,490	\$ 4,505
Accounts Payable	6,871	6,236
Other	145	106
Total Intragovernmental	11,506	10,847
Benefits Due and Payable	93,903	89,404
Accounts Payable	481	474
Federal Employee and Veteran Benefits	348	368
Other	874	955
Total Liabilities	107,112	102,048
Contingencies (Note 9)		
<b>Net Position</b>		
Unexpended Appropriations - All Other Funds	1,946	262
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)	2,718,230	2,695,832
Cumulative Results of Operations - All Other Funds	1,650	1,473
Total Net Position - Funds from Dedicated Collections (Note 10)	2,718,230	2,695,832
Total Net Position - All Other Funds	3,596	1,735
Total Net Position	2,721,826	2,697,567
<b>Total Liabilities and Net Position</b>	<b>\$ 2,828,938</b>	<b>\$ 2,799,615</b>

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

**Consolidated Statements of Net Cost for the Years Ended  
September 30, 2014 and 2013**  
(Dollars in Millions)

	2014	2013
<b>OASI Program</b>		
Benefit Payment Expense	\$ 701,037	\$ 666,387
Operating Expenses (Note 11)	3,521	3,493
Total Cost of OASI Program	704,558	669,880
Less: Exchange Revenues (Notes 12 and 13)	(13)	(14)
<b>Net Cost of OASI Program</b>	<b>704,545</b>	669,866
<b>DI Program</b>		
Benefit Payment Expense	142,594	139,262
Operating Expenses (Note 11)	3,023	3,019
Total Cost of DI Program	145,617	142,281
Less: Exchange Revenues (Notes 12 and 13)	(37)	(41)
<b>Net Cost of DI Program</b>	<b>145,580</b>	142,240
<b>SSI Program</b>		
Benefit Payment Expense	50,844	49,496
Operating Expenses (Note 11)	4,192	4,044
Total Cost of SSI Program	55,036	53,540
Less: Exchange Revenues (Notes 12 and 13)	(331)	(327)
<b>Net Cost of SSI Program</b>	<b>54,705</b>	53,213
<b>Other</b>		
Benefit Payment Expense	4	6
Operating Expenses (Note 11)	1,992	2,039
Total Cost of Other Program	1,996	2,045
Less: Exchange Revenues (Notes 12 and 13)	(8)	(9)
<b>Net Cost of Other</b>	<b>1,988</b>	2,036
<b>Total Net Cost</b>		
Benefit Payment Expense	894,479	855,151
Operating Expenses (Note 11)	12,728	12,595
Total Cost	907,207	867,746
Less: Exchange Revenues (Notes 12 and 13)	(389)	(391)
<b>Total Net Cost</b>	<b>\$ 906,818</b>	\$ 867,355

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

**Consolidated Statements of Changes in Net Position for the Years Ended  
September 30, 2014 and 2013  
(Dollars in Millions)**

	2014			2013		
	Funds from Dedicated Collections	All Other Funds	Total	Funds from Dedicated Collections	All Other Funds	Total
<b>Cumulative Results of Operations:</b>						
<b>Beginning Balances</b>	\$ 2,695,832	\$ 1,473	\$ 2,697,305	\$ 2,662,913	\$ 1,131	\$ 2,664,044
<b>Budgetary Financing Sources</b>						
Appropriations Used	25,664	59,043	84,707	24,196	88,164	112,360
Tax Revenues (Note 14)	751,339	0	751,339	689,442	0	689,442
Interest Revenues	99,247	0	99,247	104,239	0	104,239
Transfers-In/Out - Without Reimbursement	(5,048)	6,686	1,638	25,904	(24,166)	1,738
Railroad Retirement Interchange	(4,687)	0	(4,687)	(4,677)	0	(4,677)
Net Transfers-In/Out	(9,735)	6,686	(3,049)	21,227	(24,166)	(2,939)
Other Budgetary Financing Sources	96	0	96	81	0	81
<b>Other Financing Sources (Non-Exchange)</b>						
Transfer In/Out	0	(250)	(250)	0	0	0
Imputed Financing Sources (Note 15)	0	569	569	0	562	562
Other	0	(3,266)	(3,266)	0	(3,129)	(3,129)
<b>Total Financing Sources</b>	<b>866,611</b>	<b>62,782</b>	<b>929,393</b>	<b>839,185</b>	<b>61,431</b>	<b>900,616</b>
<b>Net Cost of Operations</b>	<b>844,213</b>	<b>62,605</b>	<b>906,818</b>	<b>806,266</b>	<b>61,089</b>	<b>867,355</b>
<b>Net Change</b>	<b>22,398</b>	<b>177</b>	<b>22,575</b>	<b>32,919</b>	<b>342</b>	<b>33,261</b>
<b>Cumulative Results of Operations</b>	<b>\$ 2,718,230</b>	<b>\$ 1,650</b>	<b>\$ 2,719,880</b>	<b>\$ 2,695,832</b>	<b>\$ 1,473</b>	<b>\$ 2,697,305</b>
<b>Unexpended Appropriations:</b>						
<b>Beginning Balances</b>	\$ 0	\$ 262	\$ 262	\$ 0	\$ 946	\$ 946
<b>Budgetary Financing Sources</b>						
Appropriations Received	25,664	60,738	86,402	24,196	88,534	112,730
Other Adjustments	0	(11)	(11)	0	(1,054)	(1,054)
Appropriations Used	(25,664)	(59,043)	(84,707)	(24,196)	(88,164)	(112,360)
<b>Total Budgetary Financing Sources</b>	<b>0</b>	<b>1,684</b>	<b>1,684</b>	<b>0</b>	<b>(684)</b>	<b>(684)</b>
<b>Total Unexpended Appropriations</b>	<b>0</b>	<b>1,946</b>	<b>1,946</b>	<b>0</b>	<b>262</b>	<b>262</b>
<b>Net Position</b>	<b>\$ 2,718,230</b>	<b>\$ 3,596</b>	<b>\$ 2,721,826</b>	<b>\$ 2,695,832</b>	<b>\$ 1,735</b>	<b>\$ 2,697,567</b>

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

**Combined Statements of Budgetary Resources for the Years Ended  
September 30, 2014 and 2013  
(Dollars in Millions)**

	2014	2013
<b>Budgetary Resources (Note 16)</b>		
Unobligated Balance, Brought Forward, October 1	\$ 986	\$ 1,738
Recoveries of Prior Year Unpaid Obligations	355	215
Other Changes in Unobligated Balance	134	218
Unobligated Balance From Prior Year Budget Authority, Net	1,475	2,171
Appropriations (Discretionary and Mandatory)	940,921	928,394
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	15,088	14,440
<b>Total Budgetary Resources</b>	<b>\$ 957,484</b>	<b>\$ 945,005</b>
<b>Status of Budgetary Resources</b>		
Obligations Incurred (Note 16)		
Direct	\$ 951,404	\$ 940,685
Reimbursable	3,340	3,334
Total Obligations Incurred	954,744	944,019
Unobligated Balance, End of Year		
Apportioned	2,466	728
Unapportioned	274	258
Total Unobligated Balance, End of Year	2,740	986
<b>Total Budgetary Resources</b>	<b>\$ 957,484</b>	<b>\$ 945,005</b>
<b>Change in Obligated Balance</b>		
<b>Unpaid obligations:</b>		
Unpaid Obligations, Brought Forward, October 1	\$ 95,317	\$ 92,313
Obligations Incurred	954,744	944,019
Outlays, Gross	(949,377)	(940,800)
Recoveries of Prior Year Unpaid Obligations	(355)	(215)
Unpaid Obligations, End of Year	\$ 100,329	\$ 95,317
<b>Uncollected payments:</b>		
Uncollected Payments, Federal Sources, Brought Forward, October 1	\$ (2,926)	\$ (3,090)
Change in Uncollected Payments, Federal Sources	(237)	164
Uncollected Payments Federal Sources, End of Year	(3,163)	(2,926)
<b>Memorandum (non-add) Entries:</b>		
Obligated Balance, Start of Year	\$ 92,391	\$ 89,223
Obligated balance, End of Year	\$ 97,166	\$ 92,391
<b>Budgetary Authority and Outlays, Net</b>		
Budget Authority, Gross (Discretionary and Mandatory)	\$ 956,009	\$ 942,834
Actual Offsetting Collections (Discretionary and Mandatory)	(14,851)	(14,604)
Change in Uncollected Customer Payments From Federal Sources (Discretionary and Mandatory)	(237)	164
Budget Authority, Net (Discretionary and Mandatory)	940,921	928,394
Outlays, Gross (Discretionary and Mandatory)	949,377	940,800
Actual Offsetting Collections (Discretionary and Mandatory)	(14,851)	(14,604)
Outlays, Net (Discretionary and Mandatory)	934,526	926,196
Distributed Offsetting Receipts	(28,754)	(58,800)
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 905,772</b>	<b>\$ 867,396</b>

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

**Statement of Social Insurance**  
**Old-Age, Survivors, and Disability Insurance**  
**as of January 1, 2014**  
(Dollars in Billions)

	Estimates from Prior Years				
	2014	2013	2012	2011	2010
<b>Present value for the 75-year projection period from or on behalf of:</b> <b>(Note 18)</b>					
<i>Participants who, in the starting year of the projection period, have attained eligibility age (age 62 and over):</i>					
Noninterest income	\$ 984	\$ 908	\$ 847	\$ 726	\$ 672
Cost for scheduled future benefits	11,852	11,021	9,834	8,618	8,096
Future noninterest income less future cost	-10,868	-10,112	-8,988	-7,892	-7,424
<i>Participants who have not yet attained retirement eligibility age (ages 15-61):</i>					
Noninterest income	25,391	24,591	22,703	20,734	19,914
Cost for scheduled future benefits	42,419	40,591	37,753	34,042	32,225
Future noninterest income less future cost	-17,028	-16,000	-15,050	-13,309	-12,311
<b>Present value of future noninterest income less future cost for current participants (closed group measure)</b>	-27,896	-26,113	-24,038	-21,201	-19,735
<b>Combined OASI and DI Trust Fund asset reserves at start of period</b>	2,764	2,732	2,678	2,609	2,540
<b>Closed group - Present value of future noninterest income less future cost for current participants plus combined OASI and DI Trust Fund asset reserves at start of period</b>	-\$ 25,131	-\$ 23,381	-\$ 21,360	-\$ 18,592	-\$ 17,195
<b>Present value for the 75-year projection period from or on behalf of:</b> <b>(Note 18)</b>					
<i>Future participants (those under age 15, and to be born and to immigrate during period):</i>					
Noninterest income	24,594	23,419	21,649	20,144	19,532
Cost for scheduled future benefits	10,028	9,600	8,890	8,100	7,744
Future noninterest income less future cost	14,566	13,819	12,759	12,044	11,789
<b>Present value of future noninterest income less future cost for current and future participants (open group measure)</b>	-13,330	-12,294	-11,278	-9,157	-7,947
<b>Combined OASI and DI Trust Fund asset reserves at start of period</b>	2,764	2,732	2,678	2,609	2,540
<b>Open group - Present value of future noninterest income less future cost for current and future participants plus combined OASI and DI Trust Fund asset reserves at start of period</b>	-\$ 10,565	-\$ 9,562	-\$ 8,601	-\$ 6,548	-\$ 5,406

Totals do not necessarily equal the sum of rounded components. The accompanying notes are an integral part of these financial statements.

Future noninterest income and future cost are estimated over the appropriate 75-year period.

**Statement of Changes in Social Insurance Amounts  
Old-Age, Survivors, and Disability Insurance  
For Changing the 75-Year Valuation Period from**

**January 1, 2013 to January 1, 2014  
(Dollars in Billions)**

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund Asset Reserves	Present value of future noninterest income less future cost for current and future participants plus combined OASI and DI Trust Fund asset reserves at start of period
As of January 1, 2013	-\$ 12,294	\$ 2,732	-\$ 9,562
Reasons for changes between January 1, 2013 and January 1, 2014 (Note 18)			
Change in the valuation period	-540	28	-512
Changes in demographic data, assumptions, and methods	235	0	235
Changes in economic data, assumptions, and methods	-604	0	-604
Changes in programmatic data and methods	-90	4	-86
Changes in law or policy	-37	0	-37
Net change between January 1, 2013 and January 1, 2014	-\$ 1,035	\$ 32	-\$ 1,003
As of January 1, 2014	-\$ 13,330	\$ 2,764	-\$ 10,565

**January 1, 2012 to January 1, 2013  
(Dollars in Billions)**

	Present value of future noninterest income less future cost for current and future participants (open group measure) over the next 75 years	Combined OASI and DI Trust Fund Asset Reserves	Present value of future noninterest income less future cost for current and future participants plus combined OASI and DI Trust Fund asset reserves at start of period
As of January 1, 2012	-\$ 11,278	\$ 2,678	-\$ 8,601
Reasons for changes between January 1, 2012 and January 1, 2013 (Note 18)			
Change in the valuation period	-543	57	-486
Changes in demographic data, assumptions, and methods	-681	0	-681
Changes in economic data, assumptions, and methods	-273	0	-273
Changes in programmatic data and methods	1,034	-3	1,031
Changes in law or policy	-553	0	-553
Net change between January 1, 2012 and January 1, 2013	-\$ 1,016	\$ 54	-\$ 961
As of January 1, 2013	-\$ 12,294	\$ 2,732	-\$ 9,562

Totals do not necessarily equal the sum of rounded components. The accompanying notes are an integral part of these financial statements. Future noninterest income and future cost are estimated over the appropriate 75-year period.

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# NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### REPORTING ENTITY

The Social Security Administration (SSA), as an independent agency in the executive branch of the U.S. Government, is responsible for administering the Nation's Old-Age and Survivors and Disability Insurance (OASDI) programs and the Supplemental Security Income (SSI) program. SSA is considered a separate reporting entity for financial reporting purposes, and its financial statements have been prepared to report the financial position, net cost, changes in net position, budgetary resources, the present value for the 75-year projection period for social insurance, and the changes in the present value between the current valuation period and prior valuation period, as required by the Office of Management and Budget (OMB) in OMB Circular No. A-136, *Financial Reporting Requirements*.

The financial statements have been prepared from the accounting records of SSA on an accrual basis, in conformity with generally accepted accounting principles (GAAP) of the United States of America for Federal entities and the form and content for entity financial statements specified by OMB in Circular No. A-136. The Combined Statements of Budgetary Resources and related disclosures provide information about how budgetary resources were made available as well as the status at the end of the period. It is the only Statement predominately derived from an entity's budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into GAAP for the Federal Government. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board. The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The consolidated and combined financial statements include the accounts of all funds under SSA control, consisting primarily of the OASI and DI Trust Funds, SSA's Limitation on Administrative Expenses (LAE), four general fund appropriations, three receipt accounts, and one special fund.

LAE is a mechanism to allow SSA to fund its administrative operations and is considered a subset of the OASI and DI Trust Funds. The four general funds are the Payments to Social Security Trust Funds (PTF), SSI Program, Office of the Inspector General (OIG), and Special Veterans Benefits (Title VIII) Program. The three receipt accounts are SSI Overpayment Collections, the General Fund's portion of the SSI State Supplementation fees, and SSI Attorney fees. The one special fund is SSA's portion of the SSI State Supplementation fees. SSA's financial statements also include OASI and DI investment activities performed by the Department of the Treasury (Treasury) and activity related to the *American Recovery and Reinvestment Act of 2009* (ARRA). SSA's financial activity has been classified and reported by the following program areas: OASI, DI, SSI, LAE, and Other. Other consists primarily of PTF appropriations and ARRA activity, but also contains SSI Overpayment Collections and other non-material activities.

#### FUND BALANCE WITH TREASURY

SSA's Fund Balance with Treasury, shown on the Consolidated Balance Sheets, is the aggregate amount of funds in SSA's accounts with Treasury for which SSA is authorized to make expenditures and pay liabilities. Refer to Note 3, Non-Entity Assets, and Note 4, Fund Balance with Treasury.

## INVESTMENTS

Daily deposits received by the OASI and DI Trust Funds that are not required to meet current expenditures are invested in interest-bearing obligations of the U.S. Government. The OASI and DI Trust Fund balances may be invested only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States as provided by Section 201 (d) of the *Social Security Act*. These investments consist of Treasury special-issue bonds. Special-issue bonds are special public debt obligations for purchase exclusively by the OASI and DI Trust Funds; therefore, they are non-marketable securities. Interest is computed semi-annually (June and December). They are purchased and redeemed at face value, which is the same as their carrying value on the Consolidated Balance Sheets. Refer to Note 5, Investments and Interest Receivable.

## PROPERTY, PLANT, AND EQUIPMENT

SSA records its property, plant, and equipment (PP&E) in the LAE program, but the PP&E represent the capital assets purchased by the OASI, DI, Hospital Insurance (HI), and Supplemental Medical Insurance (SMI) Trust Funds. SSA allocates user charges to all programs based on each program's use of capital assets during the period. All general fund activities reimburse the OASI and DI Trust Funds for their use of OASI and DI Trust Fund assets through the calculation of user charge credits. Statement of Federal Financial Accounting Standard (SFFAS) No. 10, *Accounting for Internal Use Software*, requires the capitalization of internally developed, contractor-developed, and commercial off-the-shelf software. The capitalization threshold for most PP&E categories is \$100 thousand. Site preparation for Automated Data Processing (ADP) and Telecommunications, and Buildings and Other Structures are capitalized with no threshold. Refer to Note 7, Property, Plant, and Equipment, Net.

SSA presents the change in our PP&E from one reporting period to the next on the chart in Note 17, Reconciliation of Net Cost of Operations to Budget, on the Resources that Finance the Acquisition of Assets line. This line item represents the capital assets that affect budgetary obligations.

## BENEFITS DUE AND PAYABLE

SSA accrues liabilities for OASI and DI benefits due for the month of September, which by statute, are not paid until October. Also, SSA accrues liabilities on benefits for past periods that have not completed processing by the close of the period, such as adjudicated and unadjudicated hearings and appeals and civil litigation cases. Refer to Note 9, Liabilities.

## BENEFIT PAYMENTS

SSA recognizes the cost associated with payments in the period the beneficiary or recipient is entitled to receive the payment. OASI and DI benefit disbursements are generally made after the end of each month. SSI disbursements are generally made on the first day of each month. By law, if the monthly disbursement date falls on a weekend or a federally recognized holiday, SSA is required to accelerate the entitlement date and the disbursement date to the preceding business day.

## ADMINISTRATIVE EXPENSES AND OBLIGATIONS

SSA initially charges administrative expenses to the LAE appropriation. Section 201 (g) of the *Social Security Act* requires the Commissioner of Social Security to determine the proper share of costs incurred during the fiscal year to be charged to the appropriate fund. Accordingly, SSA subsequently distributes administrative expenses during each month to the appropriate OASI, DI, HI, and SMI Trust Fund and general fund accounts. SSA initially makes all such distributions on an estimated basis and adjusts to actual each year, as provided for in Section 1534 of Title 31, United States Code (U.S.C.).

SSA incurs obligations in the LAE accounts as activity is processed. SSA incurs obligations in each of the financing sources once we record LAE's authority. The Centers for Medicare and Medicaid Services reports obligations that SSA incurred in the HI and SMI Trust Funds. Because SSA reports LAE with its financing sources (other than the HI/SMI Trust Funds) on the Combined Statements of Budgetary Resources and this Statement does not allow eliminations, we record LAE's obligations twice. This presentation is in conformance with OMB Circular

No. A-136 to have the Combined Statements of Budgetary Resources in agreement with the required Budget Execution Reports (SF-133).

## RECOGNITION OF FINANCING SOURCES

Financing sources consist of funds transferred from the Treasury to the OASI and DI Trust Funds for employment taxes (*Federal Insurance Contributions Act (FICA)* and *Self Employment Contributions Act (SECA)*), drawdown of funds for benefit entitlement payments and administrative expenses, appropriations, gifts, and other miscellaneous receipts. On an as-needed basis, funds are drawn from the OASI and DI Trust Funds to cover benefit payments. As governed by limitations determined annually by the U.S. Congress, funds are also drawn from the OASI and DI Trust Funds for SSA's operating expenses. To cover SSA's costs to administer a portion of the Medicare program, funds are drawn from the HI/SMI Trust Funds.

Appropriations Used includes payments and accruals for the activities that are funded from Treasury's General Fund.

Employment tax revenues are made available daily based on a quarterly estimate of the amount of FICA taxes payable by employers and SECA taxes payable from the self-employed. Adjustments are made to the estimates for actual taxes payable and refunds made. Employment tax credits (the difference between the combined employee and employer rate and the self-employed rate) are also included in tax revenues. Refer to Note 14, Tax Revenues.

Exchange revenue from sales of goods and services primarily include payments of fees SSA receives from those States choosing to have SSA administer their State Supplementation of Federal SSI benefits. Refer to Note 12, Exchange Revenues. SSA may use exchange revenue financing sources to pay for current operating expenses as specified by law.

## FUNDS FROM DEDICATED COLLECTIONS

SFFAS No. 43, *Funds from Dedicated Collections*, requires separate presentation and disclosure of funds from dedicated collections balances in the financial statements. Generally, funds from dedicated collections are financed by specifically identified revenues, provided to the Government by non-Federal sources, often supplemented by other financing sources, which remain available over time. Funds from dedicated collections must meet the following criteria:

- A statute committing the Federal Government to use specifically identified revenues and/or other financing sources that are originally provided to the Federal Government by a non-Federal source only for designated activities, benefits, or purposes;
- Explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and
- A requirement to account for and report on the receipt, use, and retention of the revenues and/or other financing sources that distinguishes the fund from the Federal Government's general revenues.

SSA's funds from dedicated collections are the OASI and DI Trust Funds, funds collected through the taxation of Social Security benefits, and fees collected to cover a portion of SSA's administrative costs for SSI State Supplementation. Refer to Note 10, Funds from Dedicated Collections, for additional information.

## TAX RELIEF, UNEMPLOYMENT INSURANCE REAUTHORIZATION, AND JOB CREATION ACT OF 2010 AND MIDDLE CLASS TAX RELIEF AND JOB CREATION ACT OF 2012 (PAYROLL TAX HOLIDAY)

In FY 2011, Congress passed the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* (Public Law 111-312). This provided employees a one-year reduction in FICA tax withholdings, reducing rates from 6.2 percent to 4.2 percent for the 2011 tax year (January-December). In FY 2012, Congress passed the *Middle Class Tax Relief and Job Creation Act of 2012* (Public Law 112-96), extending the reduction through the 2012 tax year. Employers were required to pay the full 6.2 percent rate. Self-employed persons, who pay both halves of the Social Security tax through self-employment tax, paid 10.4 percent. In order to avoid harming the OASI and DI Trust Funds, the bill also provided for the transfer of funds by Treasury from general revenues to the OASI and DI Trust Funds. The expiration of this legislation at the end of the first quarter of FY 2013 has resulted in

increased tax revenues when comparing FY 2014 and FY 2013 on the financial statements. Refer to Note 14, Tax Revenues, for additional information.

### APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The Statement of Social Insurance and Statement of Changes in Social Insurance Amounts are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions and expectations of future conditions. Actual results could differ materially from the estimated amounts. Each Statement includes information to assist in understanding the effect of changes in assumptions to the related information. Refer to Note 18, Social Insurance Disclosures.

### RECLASSIFICATION

In FY 2014, we have reclassified a portion of the FY 2013 liability balance on the Consolidated Balance Sheets between the Federal Employee and Veteran Benefits line and the Other Liabilities line. In FY 2014, we added the Federal Employee and Veteran Benefits line to be more consistent with the format presented in OMB Circular No. A-136.

### NOTE PRESENTATION CHANGES

Effective FY 2014, SSA revised the presentation and layout for Note 3, Non-Entity Assets; Note 5, Investments and Interest Receivable; Note 12, Exchange Revenues; and Note 15, Imputed Financing. The presentation and layout revisions primarily consist of using charts, instead of text, to present the activities in a clearer format and provide additional information to the reader. In addition, SSA revised Chart 16b in Note 16, Budgetary Resources, to provide a breakout between OASI and DI activity. The revised chart and related language discusses fiscal year excess or shortfall of receipts over obligations, removing discussion of the overall OASI and DI Trust Fund reserves.

In addition, SSA added Note 8, Other Assets. This note was added to provide the reader with additional information on the Other Asset line items on the Consolidated Balance Sheets.

## 2. CENTRALIZED FEDERAL FINANCING ACTIVITIES

SSA's financial activities interact with, and are dependent on, the financial activities of the centralized management functions of the Federal Government that are undertaken for the benefit of the whole Federal Government. These activities include public debt, employee retirement, life insurance, and health benefit programs. However, SSA's financial statements do not contain the results of centralized financial decisions and activities performed for the benefit of the entire Government.

Financing for general fund appropriations reported on the Consolidated Statements of Changes in Net Position may be from tax revenue, public borrowing, or both. The source of this funding, whether tax revenue or public borrowing, has not been allocated to SSA.

SSA occupies buildings that have been leased by the General Services Administration (GSA) or have been constructed using Public Building Funds. These financial statements reflect SSA's payments to GSA for their lease, operations maintenance, and depreciation expenses associated with these buildings.

SSA's employees participate in the Office of Personnel Management (OPM) administered contributory Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS), to which SSA makes matching contributions. Pursuant to Public Law 99-335, FERS went into effect on January 1, 1987. Employees hired after December 31, 1983, are automatically covered by FERS while employees hired prior to that date could elect to either join FERS or remain in CSRS. Refer to Note 15, Imputed Financing, for additional information.

SSA contributions to CSRS were \$52 and \$60 million for the years ended September 30, 2014 and 2013. SSA contributions to the basic FERS plan were \$455 and \$438 million for the years ended September 30, 2014 and 2013. One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is

required to contribute 1 percent of pay and match employee contributions up to an additional 4 percent of basic pay. SSA contributions to the FERS savings plan were \$159 and \$151 million for the years ended September 30, 2014 and 2013. These Statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to SSA employees since this data is only reported in total by OPM.

### 3. NON-ENTITY ASSETS

Non-entity assets are those assets that are held by an entity, but are not available to the entity. SSA displays its Non-Entity Assets in Chart 3a. The Non-Entity Assets are composed of: (1) SSI Federal and State benefit overpayments and underpayments classified as SSI Accounts Receivable, Net; and (2) General Fund's portion of fees collected to administer Title VIII State Supplementation.

Chart 3a - Non-Entity Assets as of September 30: (\$ in millions)						
	2014			2013		
	Non-Entity Assets	Intra-agency Elimination	Net Assets	Non-Entity Assets	Intra-agency Elimination	Net Assets
Intragovernmental:						
Title VIII State Supp Fees	\$ 2	\$ 0	\$ 2	\$ 2	\$ 0	\$ 2
SSI Fed/State Accounts Receivable, Net	7,287	(400)	6,887	6,673	(313)	6,360
Total	\$ 7,289	\$ (400)	\$ 6,889	\$ 6,675	\$ (313)	\$ 6,362

SSA has reduced the SSI Accounts Receivable, Net, by intra-agency eliminations. SSI accounts receivable is recognized as a non-entity asset. Public Law 101-517 requires that collections from repayment of SSI Federal benefit overpayments be deposited in Treasury's General Fund. These funds, upon deposit, are assets of Treasury's General Fund, and will not be used by SSA as a SSI budgetary resource to pay SSI benefits or administrative costs. When a beneficiary does not receive their full SSI State Supplemental benefit, SSA establishes an underpayment receivable. This receivable reflects the reimbursement due to SSA from the States to cover the unpaid benefit. SSA recognizes this receivable due from the States as a non-entity asset since the amount owed is due to the beneficiary.

Title VIII State Supplementation fee collections are classified as exchange revenue. These fees are included in the Fund Balance with Treasury as of September 30, 2014 and 2013.

Chart 3b provides a breakout between Non-Entity and Entity assets.

Chart 3b - Non-Entity/Entity Asset Breakdown as of September 30: (\$ in millions)		
	2014	2013
Non-Entity Assets	\$ 6,889	\$ 6,362
Entity Assets	2,822,049	2,793,253
Total Assets	\$ 2,828,938	\$ 2,799,615

### 4. FUND BALANCE WITH TREASURY

The Fund Balance with Treasury, shown on the Consolidated Balance Sheets, represents the total of all of SSA's undisbursed account balances with Treasury. Chart 4a, Fund Balances, summarizes the fund balances by fund type and by SSA major program. Other includes PTF, ARRA, deposit funds, and a receipt account. Chart 4b, Status of Fund Balances, presents SSA's Fund Balance with Treasury through the status of budgetary resources. OASI, DI, and LAE Trust Fund budgetary accounts are not used in Chart 4b since OASI and DI Trust Fund cash balances are

held in investments until needed and will not match the Fund Balance with Treasury. Therefore, amounts in Chart 4b will not match corresponding activity on the Combined Statements of Budgetary Resources.

Chart 4a - Fund Balances as of September 30: (\$ in millions)			Chart 4b - Status of Fund Balances as of September 30: (\$ in millions)		
	2014	2013		2014	2013
<b>Trust Funds*</b>			<b>Unobligated Balance</b>		
OASI	\$ (106)	\$ (278)	Available	\$ 2,052	\$ 439
DI	(187)	(413)	Unavailable	48	41
LAE	(27)	(82)			
<b>General Funds</b>			<b>Obligated Balance Not Yet</b>		
SSI	4,904	2,215	Disbursed	3,069	2,139
Other	265	404	OASI, DI, and LAE	(320)	(773)
<b>Other Funds</b>			Non-Budgetary FBWT**	43	50
SSI	39	47	<b>Total</b>	<b>\$ 4,892</b>	<b>\$ 1,896</b>
Other	4	3			
<b>Total</b>	<b>\$ 4,892</b>	<b>\$ 1,896</b>			

\*The phrase "Trust Funds" is being used as the fund type as defined by OMB.

\*\*FBWT stands for Fund Balance with Treasury.

The negative fund balances reported for the OASI, DI, and LAE Trust Funds as of September 30, 2014 and 2013 are the result of the policy to protect the OASI and DI Trust Fund investments by not liquidating the investments until the cash is needed. Transfers between the OASI and DI Trust Funds and Treasury are managed to favor the financial position of the OASI and DI Trust Funds. Therefore, investments held by the OASI and DI Trust Funds are liquidated only as needed by Treasury to cover benefit and administrative payments. To maintain consistency with the amounts reported by Treasury for OASI and DI, SSA does not reclassify the negative balances as liabilities on the Consolidated Balance Sheets.

## 5. INVESTMENTS AND INTEREST RECEIVABLE

The cash receipts collected from the public for the OASI and DI Trust Funds are invested in interest-bearing securities backed by the full faith and credit of the Federal Government, generally U.S. par-value Treasury special securities. Treasury special securities are issued directly by the Secretary of the Treasury to the OASI and DI Trust Funds and are non-negotiable and non-transferable in the secondary market. Par-value Treasury special securities are issued with a stated rate of interest applied to its par amount and are purchased and redeemed at par plus accrued interest at or before maturity. Therefore, there are no premiums or discounts associated with the redemption of these securities.

SSA displays its investments in Special-Issue U.S. Treasury Securities, as reported on the Consolidated Balance Sheets, in Chart 5.

Chart 5 - Investments as of September 30: (\$ in millions)		
	2014	2013
OASI	\$ 2,712,805	\$ 2,655,599
DI	70,113	100,791
<b>Total</b>	<b>\$ 2,782,918</b>	<b>\$ 2,756,390</b>

The interest rates on these investments range from 1.375 to 6.5 percent and the accrued interest is paid on June 30, December 31, and at maturity or redemption. Investments held for the OASI and DI Trust Funds mature at various dates ranging from the year 2015 to the year 2029. Accrued interest receivable on the OASI and DI Trust Fund investments with the Treasury is an intragovernmental Interest Receivable, reported on the Consolidated Balance Sheets. Interest Receivable amounts are \$24,052 and \$25,072 million as of September 30, 2014 and 2013.

Treasury special securities are an asset to the OASI and DI Trust Funds and a liability to the Treasury. Because the OASI and DI Trust Funds and the Treasury are both part of the Government, these assets and liabilities offset each other for consolidation purposes in the U.S. government-wide financial statements. For this reason, they do not represent a net asset or a net liability in the U.S. government-wide financial statements.

The Treasury does not set aside financial assets to cover its liabilities associated with the OASI and DI Trust Funds. The cash received from the OASI and DI Trust Funds for investment in these securities is used by the Treasury for general Government purposes. Treasury special securities provide the OASI and DI Trust Funds with authority to draw upon the Treasury to make future benefit payments or other expenditures. When the OASI and DI Trust Funds require redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

## **6. ACCOUNTS RECEIVABLE, NET**

### **INTRAGOVERNMENTAL**

Intragovernmental Accounts Receivable, Net, reported on the Consolidated Balance Sheets in the amounts of \$391 and \$568 million as of September 30, 2014 and 2013 primarily represent amounts to be paid from the HI/SMI Trust Funds to the LAE Appropriation. SSA reduced the gross accounts receivable by \$2,777 and \$2,370 million as of September 30, 2014 and 2013 as an intra-agency elimination. This elimination is primarily to offset SSA's LAE receivable to be paid from the appropriate funds with corresponding payables set up for anticipated LAE disbursements.

SSA does not apply an allowance for doubtful accounts to determine the net value of Intragovernmental Accounts Receivable. According to SFFAS No. 1, *Accounting for Selected Assets and Liabilities*, an allowance for estimated uncollectible amounts should be recognized to reduce the gross amount of receivables to its net realizable value; however, no potential losses have been assessed on intragovernmental receivables based on individual account and group analysis.

### **WITH THE PUBLIC**

Accounts Receivable, Net, reported on the Consolidated Balance Sheets is shown by SSA major program in Chart 6. Amounts in the OASI and DI programs consist mainly of monies due to SSA from individuals who received benefits in excess of their entitlement. The amount of SSI Accounts Receivable represents Federal and State activity. The SSI Federal and State portions consists of overpayments from SSI recipients who are no longer eligible to receive benefit payments or received benefits in excess of their eligibility. Additionally, the SSI State portion consists of amounts due from the States to cover underpayments due to the SSI recipients. Refer to Note 3, Non-Entity Assets, for a discussion of the SSI Federal and State overpayments.

Chart 6 - Accounts Receivable with the Public by Major Program as of September 30: (\$ in millions)						
	2014			2013		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	\$ 2,423	\$ (274)	\$ 2,149	\$ 2,296	\$ (284)	\$ 2,012
DI	6,296	(2,144)	4,152	6,007	(2,136)	3,871
SSI*	9,530	(2,243)	7,287	8,741	(2,068)	6,673
LAE	3	0	3	2	0	2
Subtotal	18,252	(4,661)	13,591	17,046	(4,488)	12,558
Less:						
Eliminations**	(405)	0	(405)	(318)	0	(318)
Total	\$ 17,847	\$ (4,661)	\$ 13,186	\$ 16,728	\$ (4,488)	\$ 12,240

\*See Discussion in Note 3, Non-Entity Assets

\*\*Intra-Agency Eliminations

Chart 6 shows that in FY 2014 and 2013, SSA reduced gross accounts receivable by \$405 and \$318 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Windfall Offset is the amount of SSI that would not have been paid if retroactive OASI and DI benefits had been paid timely to eligible beneficiaries. The KZ Diary process identifies SSI recipients eligible for prior entitlement of OASI and DI benefits, and determines SSA's liability for retroactive benefits owed to beneficiaries. For each activity, SSA recognizes a receivable in the SSI program with offsetting payables for both the OASI and DI programs.

SSA annually recalculates a ratio of the estimated allowance for doubtful accounts using a moving five-year average of write-offs divided by clearances comprised of write-offs, waivers, and collections. SSA then applies this ratio to outstanding receivables to compute the amount of allowances for doubtful accounts.

## 7. PROPERTY, PLANT, AND EQUIPMENT, NET

Property, Plant, and Equipment, Net, as reported on the Consolidated Balance Sheets, is reflected by major class in Chart 7.

Chart 7 - Property, Plant and Equipment as of September 30: (\$ in millions)						
Major Classes:	2014			2013		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Construction-in-Progress	\$ 0	\$ 0	\$ 0	\$ 161	\$ 0	\$ 161
Buildings and Other Structures	59	(19)	40	59	(18)	41
Equipment (incl. ADP Hardware)	541	(239)	302	391	(180)	211
Internal Use Software	6,649	(3,835)	2,814	6,016	(3,279)	2,737
Leasehold Improvements	653	(360)	293	558	(316)	242
Other	710	(683)	27	684	(654)	30
<b>Total</b>	<b>\$ 8,612</b>	<b>\$ (5,136)</b>	<b>\$ 3,476</b>	<b>\$ 7,869</b>	<b>\$ (4,447)</b>	<b>\$ 3,422</b>

Major Classes:	Estimated Useful Life	Method of Depreciation
Construction in Progress	N/A	N/A
Buildings	50 years	Straight Line
Equipment (incl. ADP Hardware)	7-10 years	Straight Line
Internal Use Software	10 years	Straight Line
Leasehold Improvements	6-33 years	Straight Line
Other	3 years	Straight Line

Other Property, Plant, and Equipment represent deferred charges for fixtures. We classified these items, on the chart above, as Equipment in FY 2013. We have reclassified the FY 2013 balances to Other in this year's chart for comparison purposes.

In December 2010, the Department of Justice (DOJ) issued a legal opinion stating we were not entitled to the proceeds from the sale of buildings acquired with money from the OASI and DI Trust Funds. Due to DOJ's decision, we reevaluated our position that the buildings acquired with money from the OASI and DI Trust Funds belonged as an asset on our financial statements, and ultimately we removed all buildings as of September 30, 2011.

At that same point in time, GSA requested, and we agreed, that we would continue to record the Construction-in-Progress asset related to the construction of the National Support Center (NSC) until the building was fully constructed. SSA was in position to record the asset because ARRA provided SSA the authority for this construction.

In FY 2013, GSA notified SSA that they planned to record the Construction-in-Progress asset on their financial statements. During FY 2013 and the first two quarters of FY 2014, SSA tried to reach an agreement on the accounting methodology to transfer the asset, without success.

Based on DOJ's opinion and discussions with our Office of the General Counsel, we believe that our financial statements should not include the Construction-in-Progress asset as we do not own or control the asset. Therefore, in FY 2014, we transferred the NSC Construction-in-Progress asset to GSA. Until the NSC is fully constructed, we will continue to transfer any future NSC Construction-in-Progress assets. We transferred the asset to GSA using a non-exchange transfer-out, which is supported by Treasury's United States Standard General Ledger. The total asset transferred is \$250 million for the year ended September 30, 2014. The Consolidated Statements of Changes in Net Position provides the transfer balance on the Other Financing Sources (Non-Exchange), Transfer In/Out line.

## 8. OTHER ASSETS

### INTRAGOVERNMENTAL OTHER ASSETS

Intragovernmental Other Assets amounts include advances provided to Federal agencies for goods and services that will be furnished to SSA. Intragovernmental Other Assets are \$19 and \$24 million as of September 30, 2014 and 2013.

### OTHER ASSETS

Other Assets is comprised of advances provided to agency employees for travel and payroll, as well as advances provided to grantee organizations performing work on behalf of the agency. Other Assets are \$4 and \$3 million as of September 30, 2014 and 2013.

## 9. LIABILITIES

Liabilities of Federal agencies are classified as liabilities Covered or Not Covered by budgetary resources and are recognized when incurred. Chart 9a discloses SSA's liabilities Covered by budgetary resources and Not Covered by budgetary resources. Liabilities Covered by budgetary resources use available budget authority when SSA incurs the liabilities. Liabilities Not Covered by budgetary resources do not use available budget authority in the current period. For SSA, these liabilities represent two main activities: (1) liabilities that will be funded in future periods; and (2) liabilities representing cash or SSA receivables due to the General Fund, which do not require budgetary authority.

Chart 9a - Liabilities as of September 30: (\$ in millions)						
	2014			2013		
	Covered	Not Covered	Total	Covered	Not Covered	Total
Intragovernmental:						
Accrued RRI*	\$ 4,490	\$ 0	\$ 4,490	\$ 4,505	\$ 0	\$ 4,505
Accounts Payable	31	6,840	6,871	5	6,231	6,236
Other	85	60	145	44	62	106
Total Intragovernmental	4,606	6,900	11,506	4,554	6,293	10,847
Benefits Due and Payable	90,059	3,844	93,903	85,703	3,701	89,404
Accounts Payable	34	447	481	31	443	474
Federal Employee and Veteran Benefits	0	348	348	0	368	368
Other	521	353	874	590	365	955
Total	\$ 95,220	\$ 11,892	\$ 107,112	\$ 90,878	\$ 11,170	\$ 102,048

\*Railroad Retirement Interchange

### INTRAGOVERNMENTAL ACCRUED RAILROAD RETIREMENT INTERCHANGE

The Intragovernmental Accrued Railroad Retirement Interchange (RRI) represents an accrued liability due to the Railroad Retirement Board for the annual interchange from the OASI and DI Trust Funds. This annual interchange is required to place the OASI and DI Trust Funds in the same position they would have been if SSA had covered railroad employment. The *Railroad Retirement Act of 1974* requires the transfer, including interest accrued from the end of the preceding fiscal year, to be made in June.

## INTRAGOVERNMENTAL ACCOUNTS PAYABLE

Included in the Intragovernmental Accounts Payable Not Covered by budgetary resources are amounts due to Treasury's General Fund. SSA records a payable equal to the SSI Federal benefit overpayments receivable when the agency identifies overpayments. Refer to Note 3, Non-Entity Assets, for additional information on the SSI receivables established for the repayment of SSI benefit overpayments.

## INTRAGOVERNMENTAL OTHER LIABILITIES

Intragovernmental Other Liabilities include amounts Covered by budgetary resources for employer contributions and payroll taxes and amounts advanced by Federal agencies for goods and services to be furnished. It also includes amounts Not Covered by budgetary resources for *Federal Employees' Compensation Act (FECA)*, administered by the Department of Labor. FECA provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. For payment purposes, claims incurred for benefits for SSA employees under FECA are divided into current and non-current portions. The current portion represents SSA's accrued liability due to the Department of Labor's FECA Special Benefits Fund for payments made on SSA's behalf. The funding for the liability will be made from a future appropriation. SSA's current portions of FECA liability are \$57 and \$59 million as of September 30, 2014 and 2013.

## BENEFITS DUE AND PAYABLE

Benefits Due and Payable are amounts owed to program recipients that have not yet been paid as of the balance sheet date. Chart 9b shows the amounts for SSA's major programs as of September 30, 2014 and 2013. These amounts include an estimate for unadjudicated cases that will be payable in the future. Except for the SSI program, budgetary resources cover the unadjudicated cases.

Chart 9b - Benefits Due and Payable as of September 30: (\$ in millions)		
	2014	2013
OASI	\$ 62,993	\$ 60,087
DI	26,021	24,443
SSI	5,294	5,192
Subtotal	94,308	89,722
Less: Intra-agency eliminations	(405)	(318)
Total	\$ 93,903	\$ 89,404

Included in the Benefits Due and Payable for OASI, DI, and SSI are the estimated liabilities related to the settlement of *Clark v. Astrue* case. The case involves a claim for retroactive benefits in conjunction with the issue of not paying benefits to parole and probation violators. In December 2011, the district court certified a nationwide class of individuals who were not paid, or whose claims were not allowed, on or after October 24, 2006, based on evidence of an outstanding parole or probation violation warrant. Subsequently, the parties negotiated and jointly proposed a class relief order that the court approved on April 13, 2012. Essentially, the order requires reinstatement of benefits not paid or reprocessing claims that were not allowed. As of September 30, 2014 the processing of *Clark v. Astrue* cases under OASI, DI, and SSI is complete and no liability remains, compared to \$4, \$9, and \$185 million for OASI, DI, and SSI, respectively, as of September 30, 2013.

Chart 9b also shows that as of FY 2014 and 2013, SSA reduced gross Benefits Due and Payable by \$405 and \$318 million as an intra-agency elimination. This intra-agency activity results primarily from the Windfall Offset and KZ Diary activity. Refer to Note 6, Accounts Receivable, Net.

## ACCOUNTS PAYABLE

Accounts Payable Not Covered by budgetary resources consists of SSI State Supplemental overpayments due to States. States are entitled to any overpayment that SSA expects to collect because the States funds the actual payments made to the beneficiaries. These amounts are set up as an accounts payable until payment is made.

## FEDERAL EMPLOYEE AND VETERAN BENEFITS

Federal Employee and Veteran Benefits Not Covered by budgetary resources includes the non-current portion of FECA, which is an actuarial liability. The non-current portion of \$348 and \$368 million as of September 30, 2014 and 2013 represents the expected liability from FECA claims for the next 23-year period. This actuarial liability was calculated using historical payment data to project future costs.

## OTHER LIABILITIES

SSA's Other Liabilities Covered by budgetary resources is comprised of accrued payroll and SSI State Supplemental amounts collected in advance. Other Liabilities Not Covered by budgetary resources consists of leave earned but not taken and unapplied deposit funds.

## CONTINGENT LIABILITIES

For several years, the DOJ (Tax Division) handled litigation concerning whether medical residents are subject to FICA taxation. FICA taxes are collected by the Treasury and then transferred to the OASI and DI Trust Funds. On March 2, 2010, the Internal Revenue Service (IRS) announced plans to refund medical resident's FICA taxes for periods ending before April 1, 2005 to institutions and individuals with timely filed refund claims. The IRS is near completion of refunding 100 percent of the employer share of taxes to institutions that had previously timely filed for a refund, as well as refunding the employee share of such taxes for those employees who had sought or consented to receive a refund. The IRS informed us that its processing of the administrative refund requests is substantially complete. We anticipate that the IRS refund program will result in dismissal of pending cases covering the period before April 1, 2005. At this time, SSA is not able to make a reasonable estimate for the refund of medical resident FICA taxes due to the applicable institutions and employees.

In April 2014, a lawsuit was filed in Federal court in Maryland challenging the agency's debt collection practices through the Treasury Offset Program. The suit was later amended in June 2014 as a possible class action. In September 2014, the agency filed a motion to dismiss the lawsuit, and that motion is still pending. The agency has requested that discovery and class certification be stayed pending the motion to dismiss. While the likelihood of an unfavorable outcome is reasonably possible (more than remote but less than probable), due to the uncertain nature of this case, we cannot estimate the possible outcome at this time.

## 10. FUNDS FROM DEDICATED COLLECTIONS

The OASI and DI Trust Funds, Taxation on Social Security benefits, and SSI State Administrative Fees are classified as funds from dedicated collections. These funds obtain revenues primarily through non-Federal receipts, such as Social Security payroll taxes and, to a lesser extent, offsetting collections.

### OASI AND DI TRUST FUNDS

The OASI Trust Fund provides retirement and survivors benefits to qualified workers and their families, and the DI Trust Fund provides assistance and protection against the loss of earnings due to a wage earner's disability in the form of monetary payments.

Payroll and self-employment taxes primarily fund the OASI and DI Trust Funds. Interest earnings on Treasury securities, Federal agencies' payments for the Social Security benefits earned by military and Federal civilian employees, and Treasury payments for a portion of income taxes paid on Social Security benefits provide additional income to the OASI and DI Trust Funds. The law establishing the OASI and DI Trust Funds is set forth in 42 U.S.C. § 401. Refer to Note 14, Tax Revenues, for a discussion on employment taxes credited to the OASI and DI Trust Funds, and Note 5, Investments and Interest Receivable, for a discussion on interest.

Funds not withdrawn for current expenses (benefits, the financial interchange with the Railroad Retirement program, and administrative expenses) are invested in interest-bearing Federal securities, as required by law. See Note 5, Investments and Interest Receivable, for a discussion on Treasury securities.

### TAXATION ON SOCIAL SECURITY BENEFITS

Taxation on Social Security Benefits is also classified as funds from dedicated collections. The *Social Security Amendments of 1983* (Public Law 98-21) provides that the OASI and DI Trust Funds receive income related to Federal income taxation of benefits. The taxes are collected as Federal income taxes, and a subsequent payment is then made to the OASI and DI Trust Funds from the General Fund of the Treasury. These collections are warranted from the General Fund and transferred to the OASI and DI Trust Funds via an intragovernmental transfer. These transfers are to be reserved for specific purposes in the future. Because of this, Taxation on Social Security Benefits is considered dedicated collections.

### SSI STATE ADMINISTRATIVE FEES

Administrative Fees collected from States are also classified as funds from dedicated collections. Section 42 U.S.C. 1616 authorizes the Commissioner of Social Security to assess each State an administrative fee in an amount equal to the number of Supplemental payments made by SSA on behalf of the State for any month in a fiscal year, multiplied by the applicable rate for the fiscal year. See Note 12, Exchange Revenues, for a discussion of SSI State Administrative Fees.

See Chart 10 for balances of funds from dedicated collections as reported in the Consolidated Financial Statements for the years ended September 30, 2014 and 2013. The Other Dedicated Funds column in Chart 10 consists of Taxation on Social Security Benefits and SSI State Administrative Fees activity.

Chart 10 - Funds from Dedicated Collections as of September 30:  
Consolidating Schedule  
(\$ in millions)

	2014				
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Eliminations	Total Dedicated Funds
<b>Balance Sheet</b>					
<b>ASSETS</b>					
Fund Balance with Treasury	\$ (106)	\$ (187)	\$ 4	\$ 0	\$ (289)
Investments	2,712,805	70,113	0	0	2,782,918
Interest Receivable	23,278	774	0	0	24,052
Accounts Receivables - Non-Federal	2,149	4,152	0	(5)	6,296
<b>Total Assets</b>	<b>\$ 2,738,126</b>	<b>\$ 74,852</b>	<b>\$ 4</b>	<b>\$ (5)</b>	<b>\$ 2,812,977</b>
<b>LIABILITIES and NET POSITION</b>					
Accrued Railroad Retirement	\$ 4,103	\$ 387	\$ 0	\$ 0	\$ 4,490
Accounts Payable, Federal	460	778	0	0	1,238
Benefits Due and Payable	62,993	26,021	0	(5)	89,009
Accounts Payable, Non-Federal	0	10	0	0	10
<b>Total Liabilities</b>	<b>67,556</b>	<b>27,196</b>	<b>0</b>	<b>(5)</b>	<b>94,747</b>
Cumulative Results of Operations	2,670,570	47,656	4	0	2,718,230
<b>Total Liabilities and Net Position</b>	<b>\$ 2,738,126</b>	<b>\$ 74,852</b>	<b>\$ 4</b>	<b>\$ (5)</b>	<b>\$ 2,812,977</b>
<b>Statement of Net Cost</b>					
Program Costs	\$ 701,037	\$ 142,594	\$ 0	\$ 0	\$ 843,631
Operating Expenses	544	235	0	0	779
Less Earned Revenue	(1)	(26)	(170)	0	(197)
<b>Net Cost of Operations</b>	<b>\$ 701,580</b>	<b>\$ 142,803</b>	<b>\$ (170)</b>	<b>\$ 0</b>	<b>\$ 844,213</b>
<b>Statement of Changes in Net Position</b>					
Net Position Beginning of Period	\$ 2,616,278	\$ 79,549	\$ 5	\$ 0	\$ 2,695,832
Tax Revenue	642,276	109,063	0	0	751,339
Interest Revenue	95,568	3,679	0	0	99,247
Net Transfers In/Out	17,990	(1,890)	(25,835)	0	(9,735)
Other	38	58	25,664	0	25,760
Total Financing Sources	755,872	110,910	(171)	0	866,611
Net Cost of Operations	701,580	142,803	(170)	0	844,213
Net Change	54,292	(31,893)	(1)	0	22,398
<b>Net Position End of Period</b>	<b>\$ 2,670,570</b>	<b>\$ 47,656</b>	<b>\$ 4</b>	<b>\$ 0</b>	<b>\$ 2,718,230</b>

The above Chart 10 for FY 2014 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, \$1,628 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2014 need to be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10.

Chart 10 - Funds from Dedicated Collections as of September 30: Consolidating Schedule (\$ in millions)					
	2013				
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Eliminations	Total Dedicated Funds
<b>Balance Sheet</b>					
<b>ASSETS</b>					
Fund Balance with Treasury	\$ (278)	\$ (413)	\$ 5	\$ 0	\$ (686)
Investments	2,655,599	100,791	0	0	2,756,390
Interest Receivable	23,981	1,091	0	0	25,072
Accounts Receivables - Federal	1	1	0	0	2
Accounts Receivables - Non-Federal	2,012	3,871	0	(5)	5,878
<b>Total Assets</b>	<b>\$ 2,681,315</b>	<b>\$ 105,341</b>	<b>\$ 5</b>	<b>\$ (5)</b>	<b>\$ 2,786,656</b>
<b>LIABILITIES and NET POSITION</b>					
Accrued Railroad Retirement	\$ 4,064	\$ 441	\$ 0	\$ 0	\$ 4,505
Accounts Payable, Federal	886	900	0	0	1,786
Benefits Due and Payable	60,087	24,443	0	(5)	84,525
Other - Non-Federal Liabilities	0	8	0	0	8
<b>Total Liabilities</b>	<b>65,037</b>	<b>25,792</b>	<b>0</b>	<b>(5)</b>	<b>90,824</b>
Cumulative Results of Operations	2,616,278	79,549	5	0	2,695,832
<b>Total Liabilities and Net Position</b>	<b>\$ 2,681,315</b>	<b>\$ 105,341</b>	<b>\$ 5</b>	<b>\$ (5)</b>	<b>\$ 2,786,656</b>
<b>Statement of Net Cost</b>					
Program Costs	\$ 666,387	\$ 139,262	\$ 0	\$ 0	\$ 805,649
Operating Expenses	576	236	0	0	812
Less Earned Revenue	(1)	(29)	(165)	0	(195)
<b>Net Cost of Operations</b>	<b>\$ 666,962</b>	<b>\$ 139,469</b>	<b>\$ (165)</b>	<b>\$ 0</b>	<b>\$ 806,266</b>
<b>Statement of Changes in Net Position</b>					
Net Position Beginning of Period	\$ 2,551,565	\$ 111,348	\$ 0	\$ 0	\$ 2,662,913
Tax Revenue	589,375	100,067	0	0	689,442
Interest Revenue	99,126	5,113	0	0	104,239
Net Transfers In/Out	43,151	2,432	(24,356)	0	21,227
Other	23	58	24,196	0	24,277
Total Financing Sources	731,675	107,670	(160)	0	839,185
Net Cost of Operations	666,962	139,469	(165)	0	806,266
Net Change	64,713	(31,799)	5	0	32,919
<b>Net Position End of Period</b>	<b>\$ 2,616,278</b>	<b>\$ 79,549</b>	<b>\$ 5</b>	<b>\$ 0</b>	<b>\$ 2,695,832</b>

Chart 10 for FY 2013 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, \$2,097 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2013 need to be eliminated against LAE (Accounts Payable, Federal), SSI (Benefits Due and Payable), and PTF, excluding Taxation on Benefits (Accounts Receivable, Federal), which are not classified as funds from dedicated collections. Therefore, due to the separate presentation of funds from dedicated collections only in this note, SSA does not include

eliminations between funds from dedicated collections and LAE, SSI, and PTF, excluding Taxation on Benefits in Chart 10.

## 11. OPERATING EXPENSES

### CLASSIFICATION OF OPERATING EXPENSES BY MAJOR PROGRAM

Chart 11a displays SSA's operating expenses for each major program. LAE SSA operating expenses recorded in Other represent: (1) HI/SMI Trust Funds' shares of SSA's operating expenses, including the Medicare Prescription Drug Program; and (2) SSA's administrative expense for the Low Income Subsidy Program. LAE ARRA operating expenses recorded in the Other program primarily represent expenses associated with the construction and setup of the new NSC. OASI and DI Trust Fund Operations include expenses of Treasury to assist in managing the OASI and DI Trust Funds. Vocational Rehabilitation includes expenditures of State agencies for vocational rehabilitation of DI and SSI beneficiaries.

Chart 11a - SSA's Operating Expenses by Major Program as of September 30: (\$ in millions)							
	2014						Total
	LAE			OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other		
	SSA	OIG	ARRA				
OASI	\$ 2,941	\$ 36	\$ 0	\$ 542	\$ 2	\$ 3,521	
DI	2,754	34	0	103	132	3,023	
SSI	4,052	0	0	0	140	4,192	
Other	1,936	27	29	0	0	1,992	
	\$ 11,683	\$ 97	\$ 29	\$ 645	\$ 274	\$ 12,728	

Chart 11a - SSA's Operating Expenses by Major Program as of September 30: (\$ in millions)							
	2013						Total
	LAE			OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other		
	SSA	OIG	ARRA				
OASI	\$ 2,880	\$ 37	\$ 0	\$ 572	\$ 4	\$ 3,493	
DI	2,748	35	0	108	128	3,019	
SSI	3,914	0	0	0	130	4,044	
Other	1,982	28	29	0	0	2,039	
	\$ 11,524	\$ 100	\$ 29	\$ 680	\$ 262	\$ 12,595	

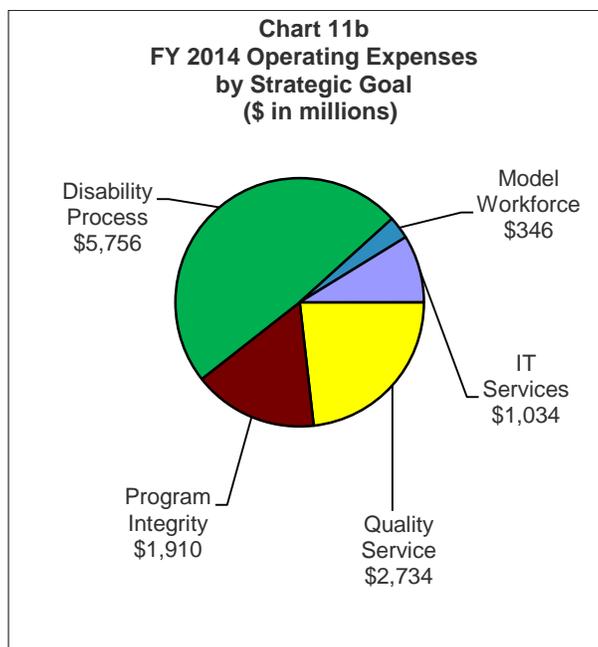
### CLASSIFICATION OF OPERATING EXPENSES BY STRATEGIC GOAL

SSA's *Annual Performance Plan* (APP) sets forth expected levels of performance the agency is committed to achieving, and includes proposed levels of performance for future fiscal years. Our APP is characterized by broad-based Strategic Goals that the entire agency supports. The five goals are:

- Deliver Innovative, Quality Services (Quality Service);
- Strengthen the Integrity of Our Programs (Program Integrity);
- Serve the Public Through a Stronger, More Responsive Disability Program (Disability Process);
- Build a Model Workforce to Deliver Quality Service (Model Workforce); and
- Ensure Reliable, Secure, and Efficient Information Technology Services (IT Services).

Chart 11b exhibits the distribution of FY 2014 SSA and OIG LAE operating expenses to the five APP Strategic Goals, which agree to the agency's LAE budget appropriation. As noted earlier in this report, the agency revised its Strategic Goals following the publication of the *FY 2013 Agency Financial Report*. Therefore, because the goals are not comparable between FY 2014 and FY 2013, we did not include a chart showing the distribution of FY 2013 operating expenses by Strategic Goal.

For Chart 11b, we subtracted LAE ARRA expenses from total SSA LAE operating expenses before distributing the operating expenses to the agency's APP Strategic Goals. SSA does not include OASI and DI Trust Fund Operations and Vocational Rehabilitation expenses (see Chart 11a) in LAE by Strategic Goal as these amounts are disbursed from the OASI and DI Trust Funds and are not directly linked to the budget authority.



## 12. EXCHANGE REVENUES

SSA recognizes revenue from exchange transactions when goods and services are provided. The goods and services provided are priced so that charges do not exceed the agency's cost. Total exchange revenues are \$389 and \$391 million for the years ended September 30, 2014 and 2013. SSA's exchange revenue primarily consists of fees collected to administer SSI State Supplementation. The fees charged to the state are \$11.32 and \$11.12, per payment, for the years ended September 30, 2014 and 2013. SSA has agreements with 22 States and the District of Columbia to administer some or all of the States' supplement to Federal SSI benefits. Additional fees are collected for handling OASI and DI Trust Fund and SSI attorney fees. Other exchange revenue consists of reimbursement for performing non-mission work for Federal and non-Federal entities. Chart 12 discloses SSA's exchange revenue by activity.

Chart 12 - Exchange Revenue as of September 30: (\$ in millions)				
	2014		2013	
SSI State Supplementation Fees	\$	306	\$	300
SSI Attorney Fees		8		9
DI Attorney Fees		26		29
OASI Attorney Fees		1		1
Other		48		52
Total	\$	389	\$	391

SSI administrative fees are split between fees that SSA can use and fees that are entitled to Treasury's General Fund. The General Fund's portion of these administrative fees is \$143 and \$144 million for the years ended September 30, 2014 and 2013. Of these amounts, \$135 million was collected to administer SSI State Supplementation for the years ended September 30, 2014 and 2013. The remainder of the SSI administrative fees, which meet the criteria of a fund from dedicated collections, in the amount of \$171 and \$165 million for the years ended September 30, 2014 and 2013, are maintained by SSA to defray expenses in carrying out the SSI program.

### 13. COSTS AND EXCHANGE REVENUE CLASSIFICATIONS

Chart 13 displays costs and exchange revenue by Intragovernmental and Public classifications. Intragovernmental costs are related to activity with Federal entities, which include: payments for processing benefit and administrative checks; employee benefits; and imputed financing costs. Refer to Note 15, Imputed Financing, for additional information. Public costs are related to activity with non-Federal entities, which include: OASI and DI benefit payments; SSI payments; payroll; and other administrative costs. Intragovernmental exchange revenue is collections received from Federal entities for services provided, which includes reimbursements from the Department of Agriculture for the Food Stamp Program. Public exchange revenue is collections received from non-Federal entities for services provided, which includes fees for administering the States' portion of SSI payments. Other Program primarily reports the costs and revenues that SSA incurs in administering: (1) a portion of the Medicare program; (2) the Medicare Savings Program and the Low Income Subsidy Program; and (3) ARRA activities.

Chart 13 - Costs and Exchange Revenue Classifications as of September 30:  
(\$ in millions)

	2014			2013		
	Gross Cost	Less Earned Revenue	Net Cost	Gross Cost	Less Earned Revenue	Net Cost
<b>OASI Program</b>						
Intragovernmental	\$ 1,422	\$ (9)	\$ 1,413	\$ 1,406	\$ (10)	\$ 1,396
Public	703,136	(4)	703,132	668,474	(4)	668,470
<b>OASI Subtotal</b>	<b>704,558</b>	<b>(13)</b>	<b>704,545</b>	<b>669,880</b>	<b>(14)</b>	<b>669,866</b>
<b>DI Program</b>						
Intragovernmental	928	(7)	921	903	(9)	894
Public	144,689	(30)	144,659	141,378	(32)	141,346
<b>DI Subtotal</b>	<b>145,617</b>	<b>(37)</b>	<b>145,580</b>	<b>142,281</b>	<b>(41)</b>	<b>142,240</b>
<b>SSI Program</b>						
Intragovernmental	1,233	(12)	1,221	1,151	(14)	1,137
Public	53,803	(319)	53,484	52,389	(313)	52,076
<b>SSI Subtotal</b>	<b>55,036</b>	<b>(331)</b>	<b>54,705</b>	<b>53,540</b>	<b>(327)</b>	<b>53,213</b>
<b>Other Program</b>						
Intragovernmental	581	(6)	575	575	(7)	568
Public	1,415	(2)	1,413	1,470	(2)	1,468
<b>Other Subtotal</b>	<b>1,996</b>	<b>(8)</b>	<b>1,988</b>	<b>2,045</b>	<b>(9)</b>	<b>2,036</b>
<b>Total</b>	<b>\$ 907,207</b>	<b>\$ (389)</b>	<b>\$ 906,818</b>	<b>\$ 867,746</b>	<b>\$ (391)</b>	<b>\$ 867,355</b>

## 14. TAX REVENUES

Treasury estimates monthly employment tax revenues based on SSA's quarterly estimate of taxable earnings. Treasury uses these estimates to credit the Social Security OASI and DI Trust Funds with tax receipts received during the month. Treasury makes adjustments to the amounts previously credited to the OASI and DI Trust Funds based on actual wage data certified quarterly by SSA.

As required by current law, the Social Security OASI and DI Trust Funds are due the total amount of employment taxes payable regardless of whether they have been collected. These estimated amounts are subject to adjustments for wages that were previously unreported, employers misunderstanding the wage reporting instructions, businesses terminating operations during the year, or errors made and corrected with either the IRS or SSA. Revenues to the OASI and DI Trust Funds are reduced for excess employment taxes, which are refunded by offset against income taxes. The Consolidated Statements of Changes in Net Position recognizes tax revenues of \$751,339 and \$689,442 million for the years ended September 30, 2014 and 2013.

The FY 2014 tax revenue is increased, in part, as a result of the expiration of two tax bills signed into law in December 2010 and February 2012. The *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* provided employees a one-year reduction in FICA tax withholdings, reducing rates from 6.2 percent to 4.2 percent for the 2011 tax year (January-December). The *Middle Class Tax Relief and Job Creation Act of 2012* extended the reduction through the 2012 tax year. In order to avoid harming the OASI and DI Trust Funds, the bills also provided the transfer of funds by Treasury from general revenues to the OASI and DI Trust Funds. The legislation expired as of December 31, 2012, increasing the tax rate back to the original 6.2 percent. Since the original transfers in from general revenues were based on estimated monthly tax revenues, transfer adjustments are

needed as the actual wage data is certified, similar to the process discussed above. The total transferred amounts are \$122 and \$31,632 million for the years ended September 30, 2014 and 2013.

## 15. IMPUTED FINANCING

SSA is required to incorporate the full cost of goods and services that it receives from other entities on its Consolidated Statements of Net Cost. In some instances, goods or services provided by one Federal entity to another may not be fully reimbursed by the receiving entity. The unreimbursed portion of these costs is considered an imputed cost, and must be recognized on the receiving entity's Statement of Net Cost. The funding for these imputed costs is recognized as an imputed financing source on the receiving entity's Statement of Changes in Net Position. SSA has activities with both OPM and Treasury that require imputed costs and financing sources to be recognized. While the imputed financing sources are shown on the face of the Consolidated Statements of Changes in Net Position, the imputed costs are included in the operating expense amounts reported on the Consolidated Statements of Net Cost.

OPM administers three earned benefit programs for civilian Federal employees: (1) the Retirement Program, comprised of the CSRS and the FERS; (2) the Federal Employees Health Benefits Program (FEHBP); and (3) the Federal Employee Group Life Insurance Program (FEGLI). The Consolidated Statements of Net Cost recognize post-employment benefit expenses of \$1,059 and \$1,054 million for the years ended September 30, 2014 and 2013, as a portion of operating expenses. The expense represents SSA's share of the current and estimated future outlays for employee pensions, life, and health insurance. SSA is responsible for a portion of the contributions made to each benefit program during the fiscal year, while the remaining costs are covered by OPM. SSA recognizes these costs on its financial statements as an imputed cost, with a corresponding imputed financing source.

Likewise, Treasury administers payments for SSI benefits. While the majority of these payment costs are recorded as imputed costs with an associated imputed financing source, SSA is responsible for a portion of these costs related to postage. In addition, when funds are not legally available to pay monetary awards from SSA's own appropriations, Treasury issues payments from the Judgment Fund on behalf of SSA for court judgments and DOJ compromise settlements of actual or imminent lawsuits against SSA. These costs are also recorded as imputed costs with a corresponding imputed financing source.

Chart 15 discloses SSA's imputed financing sources by activity.

Chart 15 - Imputed Financing Sources as of September 30: (\$ in millions)		
	2014	2013
Employee Benefits (OPM)		
CSRS	\$ 141	\$ 161
FERS	87	51
FEHBP	323	332
FEGLI	1	1
Total Employee Benefits	552	545
SSI Benefit Payments (Treasury)	16	17
Judgment Fund (Treasury)	1	0
Total	\$ 569	\$ 562

## 16. BUDGETARY RESOURCES

### APPROPRIATIONS RECEIVED

The Combined Statements of Budgetary Resources discloses Appropriations Received of \$940,921 and \$928,394 million for the years ended September 30, 2014 and 2013. Appropriations Received on the Consolidated Statements of Changes in Net Position are \$86,402 and \$112,730 million for the same periods. The differences of \$854,519 and \$815,664 million primarily represent appropriated OASI and DI Trust Fund receipts. The Consolidated Statements of Changes in Net Position reflects new appropriations received during the year; however, those amounts do not include dedicated receipts in the OASI and DI Trust Funds.

Appropriations Received for PTF are recorded based on warrants received from the General Fund and presented as Other in the financial statements. These amounts are transferred to the Bureau of Fiscal Service where they are also recorded as Appropriations Received in the OASI and DI Trust Funds. Because OASI and DI Trust Fund activity is combined with Other on SSA's Combined Statements of Budgetary Resources, Appropriations Received for PTF are duplicated. This is in compliance with OMB's Circular No. A-136 to have the Combined Statements of Budgetary Resources in agreement with the required SF-133. These amounts are also included on the Consolidated Statements of Changes in Net Position for Other in Appropriations Received.

### APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Agency accounts or funds can receive budgetary resources from OMB through an apportionment or they can receive funds based on statutes, laws, legislation, etc. Apportionments issued for specific activities, projects, objects, or a combination of these categories are classified as Category B. If an account or fund receives its budgetary resources based on law or statute and does not receive an apportionment from OMB, it is classified as Exempt from Apportionment. Chart 16a reflects the amounts of direct and reimbursable obligations incurred against Categories B Apportionment and Exempt from Apportionment accounts.

Chart 16a - Apportionment Categories of Obligations Incurred as of September 30: (\$ in millions)						
	2014			2013		
	Direct	Reimbursable	Total	Direct	Reimbursable	Total
Category B	\$ 70,895	\$ 3,339	\$ 74,234	\$ 67,957	\$ 3,332	\$ 71,289
Exempt	880,509	1	880,510	872,728	2	872,730
<b>Total</b>	<b>\$ 951,404</b>	<b>\$ 3,340</b>	<b>\$ 954,744</b>	<b>\$ 940,685</b>	<b>\$ 3,334</b>	<b>\$ 944,019</b>

### PERMANENT INDEFINITE APPROPRIATION

SSA has three Permanent Indefinite Appropriations: OASI and DI Trust Funds and Title VIII. The OASI Trust Fund provides retirement and survivors benefits to qualified workers and their families. The DI Trust Fund provides disability benefits to individuals who cannot work because they have a medical condition expected to last one year or result in death. The authority remains available as long as there are qualified beneficiaries.

The Title VIII Program was established as part of Public Law 106-169, *Foster Care Independence Act of 1999*. It provides special benefits to World War II Philippine veterans receiving SSI, who wanted to spend their remaining years outside the United States. Prior to the passage of Public Law 106-169, the veterans' SSI benefits would terminate the month after leaving the United States. Under the new law, these veterans will receive 75 percent of their benefits. The authority remains available as long as there are qualified recipients.

### LEGAL ARRANGEMENTS AFFECTING USE OF UNOBLIGATED BALANCES

During the year, the OASI and DI Trust Funds collect receipts and incur obligations. The receipts are primarily made up of tax and interest revenues. As beneficiaries pass the various entitlement tests prescribed by the *Social Security Act*, benefit payments and other outlays are obligated against the OASI and DI Trust Funds. During a given year, when receipts collected exceed the amount needed to pay benefits and other valid obligations, the excess

authority becomes precluded by law from being available for obligations, as of September 30. While this amount is precluded from obligation at the end of one fiscal year, the excess receipts remain assets of the OASI and DI Trust Funds and can become available in future periods as needed.

Chart 16b, provides an overview of fiscal year budgetary receipt and obligation information for the OASI and DI Trust Funds. SSA compares the current year receipts to the current year obligations incurred to determine the excess or shortfall for a fiscal year. As seen in Chart 16b, the DI Trust Fund's obligations exceed current year receipts, which resulted in the DI Trust Fund dipping into its authority reserves, which were previously precluded from obligation.

Chart 16b - OASI and DI Trust Fund Activities as of September 30: (\$ in millions)						
	2014			2013		
	OASI	DI	Total	OASI	DI	Total
Receipts	\$ 763,339	\$ 114,193	\$ 877,532	\$ 739,557	\$ 111,199	\$ 850,756
Less: Obligations	708,500	146,165	854,665	674,016	142,832	816,848
Excess of Receipts Over Obligations	\$ 54,839	\$ (31,972)	\$ 22,867	\$ 65,541	\$ (31,633)	\$ 33,908

SSA updated Chart 16b, in FY 2014, to breakout the OASI and DI Trust Funds separately to highlight the difference in how the authority reserves are growing and shrinking, respectively. FY 2013 data has been reclassified to provide comparative information. The current FY 2013 disclosure, included in Chart 16b, includes Receipts of \$850,756 million. In last year's note disclosure, SSA presented Receipts of \$882,693 million for the year ended September 30, 2013. The majority of the \$31,937 million difference represents DI Trust Fund reserves made available to cover DI obligations exceeding receipts, which has now been excluded from receipts. OASI and DI Trust Fund reserves made available to cover obligations exceeding current year receipts are not considered current year receipts. These amounts represent existing trust fund resources previously precluded from obligation.

The negative Excess of Receipts Over Obligations for DI presented in Chart 16b, reflects the shrinking of the DI Trust Fund authority reserves. While the DI Trust Fund obligations exceed receipts, the overall Net Position of the DI Trust Fund, on the Consolidated Statements of Changes in Net Position, is \$47,656 and \$79,549 million for the years ended September 30, 2014 and 2013.

## UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered orders consist of orders of goods and services that SSA has not actually or constructively received. SSA's total undelivered orders are \$2,173 and \$2,049 million for the years ended September 30, 2014 and 2013. The total undelivered orders contain unpaid and paid undelivered orders, with unpaid orders making up the majority of the total. SSA's total unpaid undelivered orders are \$2,150 and \$2,026 million for the years ended September 30, 2014 and 2013.

## EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

SSA conducted a reconciliation of budgetary resources, obligations incurred, distributed offsetting receipts, and net outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2013. All differences shown in the chart below are recognized as accepted differences. Expired activity is not included in the Budget of the U.S. Government, and distributed offsetting receipts are not included in the net outlay calculation within the Budget of the U.S. Government.

Chart 16c presents a reconciliation of budgetary resources, obligations incurred, distributed offsetting receipts, and outlays as presented in the Combined Statements of Budgetary Resources, to amounts included in the Budget of the U.S. Government for the year ended September 30, 2013.

Chart 16c - Explanation of Differences Between Statement of Budgetary Resources and the Budget of the U.S. Government for FY 2013:  
(\$ in millions)

	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 945,005	\$ 944,019	\$ 58,800	\$ 867,396
Expired activity not in President's Budget	(293)	(39)	0	0
Offsetting Receipts activity not in President's Budget	0	0	0	58,800
Other	0	1	3	(2)
Budget of the U.S. Government	\$ 944,712	\$ 943,981	\$ 58,803	\$ 926,194

## 17. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

Chart 17 - Reconciliation of Net Cost of Operations to Budget for the Years Ended September 30, 2014 and 2013  
(\$ in millions)

	2014	2013
<b>Resources Used to Finance Activities:</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 954,744	\$ 944,019
Offsetting Collections and Recoveries	(15,443)	(14,655)
Obligations Net of Offsetting Collections and Recoveries	939,301	929,364
Offsetting Receipts	(28,754)	(58,800)
Net Obligations	910,547	870,564
Other Resources		
Imputed Financing	569	562
Other	(314)	(309)
Net Other Resources Used to Finance Activities	255	253
Total Resources Used to Finance Activities	910,802	870,817
<b>Resources Not Part of the Net Cost of Operations:</b>		
Change in Budgetary Resources Obligated, Not Yet Provided	(174)	165
Resources that Fund Expenses Recognized in Prior Periods	(27)	(291)
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations	28,765	58,770
Resources that Finance the Acquisition of Assets	(993)	(913)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations	(31,366)	(61,319)
Total Resources Not Part of the Net Cost of Operations	(3,795)	(3,588)
Total Resources Used to Finance the Net Cost of Operations	907,007	867,229
<b>Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period:</b>		
Components Requiring or Generating Resources in Future Periods		
Other	142	18
Components Not Requiring or Generating Resources		
Depreciation and Amortization	689	620
Other	(1,020)	(512)
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	(331)	108
Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period	(189)	126
<b>Net Cost of Operations</b>	<b>\$ 906,818</b>	<b>\$ 867,355</b>

Chart 17 presents a reconciliation between SSA's budgetary and proprietary accounting. This reconciliation shows the relationship between the net obligations derived from the Statement of Budgetary Resources and net costs of operations derived from the Statement of Net Costs by identifying and explaining key items that affect one Statement, but not the other.

## 18. SOCIAL INSURANCE DISCLOSURES

### STATEMENT OF SOCIAL INSURANCE

The Statement of Social Insurance presents the present value for the 75-year projection period of the estimated future noninterest income, estimated future cost, and the excess of income over cost for both the “open group” and “closed group” of participants. The open group of participants includes all current and future participants (including those born during the projection period) who are now participating or are expected to eventually participate in the OASDI social insurance program. The closed group of participants includes only current participants (i.e., those who attain age 15 or older in the first year of the projection period). The closed group disclosure is not relevant to the financial status because the program is financed largely on a pay-as-you-go basis.

Present values are computed based on the intermediate economic and demographic assumptions described in the *2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* (the Trustees Report) for the 75-year projection period beginning January 1, 2014. These assumptions represent the Trustees’ reasonable estimate of likely future economic and demographic conditions. Similar present values are shown in the Statement of Social Insurance based on the prior four Trustees Reports reflecting present values at January 1 of the applicable year.

Estimated future noninterest income consists of payroll taxes from employers, employees, and self-employed persons; revenue from Federal income-taxation of scheduled OASDI benefits; and miscellaneous reimbursements from the General Fund of the Treasury. It does not include interest income on asset reserves held in the combined OASI and DI Trust Fund. The estimated future cost includes benefit amounts scheduled under current law, administrative expenses, and net transfers with the Railroad Retirement program.

The present value of the estimated future excess of noninterest income over cost is shown in the Statement of Social Insurance, not only for the open group of participants, but also for the “closed group” of participants. The closed group of participants consists of those who, in the starting year of the projection period, have attained age 15 or older. This closed group is further divided into those who have attained retirement eligibility age in the starting year of the projection period and those who attained age 15 through 61 in the starting year of the projection period. The Statement of Social Insurance also presents the present value of estimated future noninterest income less estimated future cost *plus* the combined OASI and DI Trust Fund asset reserves at the start of the period on both an open and closed group basis.

Combined OASI and DI Trust Fund asset reserves represent the accumulated excess of all past income, including interest on prior combined OASI and DI Trust Fund asset reserves, over all past expenditures for the social insurance program. The combined OASI and DI Trust Fund asset reserves as of January 1, 2014 totaled \$2,764 billion and were comprised entirely of investment securities that are backed by the full faith and credit of the Federal Government.

The present value for a 75-year projection period of estimated future excess of noninterest income over cost, plus the combined OASI and DI Trust Fund asset reserves at the start of the period, is shown as a negative value. Its magnitude is commonly referred to as the “open group unfunded obligation” of the program over the 75-year projection period. This value is included in the applicable Trustees Report and is shown in the Report as a percentage of taxable payroll and as a percentage of gross domestic product (GDP) over the period.

Because the OASDI program lacks borrowing authority, the open group unfunded obligation represents the amount of benefits scheduled in the law that would not be payable in the years after the asset reserves in the combined OASI and DI Trust Fund become depleted. Thus, if the asset reserves in the combined OASI and DI Trust Fund become depleted, the amount of money available to pay benefits and other expenses would be limited to continuing noninterest income. Therefore, barring legislative action, this unfunded obligation represents a financial shortfall that would be accommodated by either paying benefits that are less than the amount scheduled or by delaying the payment of scheduled benefits.

## ASSUMPTIONS USED FOR THE STATEMENT OF SOCIAL INSURANCE

The present values used in this presentation for the current year (2014) are based on the full amounts of estimated noninterest income and the cost of providing benefits at the levels scheduled under current law, even after the OASI and DI Trust Fund asset reserves are depleted. Estimates are also based on various economic and demographic assumptions, including those in the following table:

**Table 1: Significant Assumptions and Summary Measures Used for the Statement of Social Insurance 2014**

	Total Fertility Rate <sup>1</sup>	Age-Sex-Adjusted Death Rate <sup>2</sup> (per 100,000)	Period Life Expectancy At Birth <sup>3</sup>		Net Annual Immigration (persons per year) <sup>4</sup>	Real-Wage Differential <sup>5</sup> (percentage points)	Annual Percentage Change In:				Average Annual Interest Rate <sup>10</sup>
			Male	Female			Average Annual Wage in Covered Employment <sup>6</sup>	CPI <sup>7</sup>	Total Employment <sup>8</sup>	Real GDP <sup>9</sup>	
2014	1.91	779.8	76.7	81.4	1,345,000	2.18	3.78	1.61	1.3	3.1	2.9%
2020	2.06	730.2	77.6	82.1	1,345,000	1.42	4.12	2.70	1.0	2.6	5.5%
2030	2.03	667.6	78.8	83.1	1,155,000	1.24	3.94	2.70	0.4	2.1	5.6%
2040	2.00	614.6	79.9	84.0	1,100,000	1.15	3.85	2.70	0.6	2.2	5.6%
2050	2.00	568.1	80.9	84.8	1,080,000	1.11	3.81	2.70	0.5	2.1	5.6%
2060	2.00	527.1	81.8	85.5	1,070,000	1.10	3.80	2.70	0.4	2.1	5.6%
2070	2.00	490.8	82.7	86.2	1,065,000	1.09	3.79	2.70	0.5	2.1	5.6%
2080	2.00	458.4	83.5	86.9	1,060,000	1.13	3.83	2.70	0.4	2.1	5.6%
2090	2.00	429.5	84.3	87.5	1,055,000	1.15	3.85	2.70	0.4	2.0	5.6%

1. The total fertility rate for any year is the average number of children that would be born to a woman in her lifetime if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year and if she were to survive the entire childbearing period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of April 1, 2010, if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
3. The period life expectancy at a given age for a given year is the average remaining number of years expected prior to death for a person at that exact age, born on January 1, using the mortality rates for that year over the course of his or her remaining life. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
4. Net annual immigration is the number of persons who enter during the year (both legally and otherwise) minus the number of persons who leave during the year. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
5. The real-wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Values are rounded after all computations.
6. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year, divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
7. The CPI is CPI-W.
8. Total employment is total U.S. military and civilian employment. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.
9. The real GDP is the value of the total output of goods and services in 2009 dollars. It is a summary measure and not a basic assumption; it summarizes the effects of the basic assumptions from which it is derived.
10. The average annual interest rate is the average of the nominal interest rates, which compound semiannually, for special public-debt obligations issuable to the OASI and DI Trust Funds in each of the 12 months of the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived.

The present values used in the Statement of Social Insurance for the current year and in corresponding Statements in prior years are based on various economic and demographic assumptions. The values for each of these assumptions move from recently experienced levels or trends toward long-range ultimate values. These ultimate values are summarized in Table 2. Detailed information, similar to that denoted within Table 1, is available on [our Agency Financial Report website \(www.socialsecurity.gov/finance\)](http://www.socialsecurity.gov/finance) for the prior four years.

**Table 2: Significant Ultimate Assumptions and Summary Measures Used for the Statement of Social Insurance for Current and Prior Years**

Year of Statement	Total Fertility Rate <sup>1</sup>	Average Annual Percentage Reduction in the Age-Sex-Adjusted Death Rates <sup>2</sup>	Average Annual Net Immigration (persons per year) <sup>3</sup>	Average Annual Real-Wage Differential <sup>4</sup> (percentage points)	Average Annual Percentage Change In:			Average Annual Real Interest Rate <sup>8</sup>
					Average Annual Wage in Covered Employment <sup>5</sup>	CPI <sup>6</sup>	Total Employment <sup>7</sup>	
FY 2014	2.0	0.79	1,125,000	1.13	3.83	2.70	0.5	2.9
FY 2013	2.0	0.80	1,095,000	1.12	3.92	2.80	0.6	2.9
FY 2012	2.0	0.77	1,080,000	1.12	3.92	2.80	0.6	2.9
FY 2011	2.0	0.78	1,075,000	1.2	4.0	2.8	0.5	2.9
FY 2010	2.0	0.79	1,065,000	1.2	4.0	2.8	0.5	2.9

1. The total fertility rate for any year is the average number of children that would be born to a woman in her lifetime if she were to experience, at each age of her life, the birth rate observed in, or assumed for, the selected year, and if she were to survive the entire childbearing period. The ultimate total fertility rate is assumed to be reached in the 25<sup>th</sup> year of the projection period.
2. The age-sex-adjusted death rate is based on the enumerated total population as of a standard date if that population were to experience the death rates by age and sex observed in, or assumed for, the selected year. For the FY 2014 Statement, the standard date was April 1, 2010. For the 2010-2013 Statements, the standard date was April 1, 2000. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage reduction for each 75-year projection period. The annual rate of reduction declines gradually during the period, so no ultimate rate is achieved. For the 2014 Statement, the average annual rate of reduction is computed based on death-rate levels, as shown in Table 1.
3. Net annual immigration is the number of persons who enter during the year (both legally and otherwise) minus the number of persons who leave during the year. The value in the table is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value shown is the average net immigration level projected for the 75-year projection period. For the 2014 Statement, the value shown is consistent with the annual levels shown in Table 1.
4. The annual real-wage differential is the annual percentage change in the average annual wage in covered employment less the annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). The value presented is the average of annual real-wage differentials for the last 65 years of the 75-year projection period. For the 2012 Statement, the average real-wage differential decreased from 1.17 to 1.12 percentage points and is displayed to two decimal places. For the 2014 Statement, the average real-wage differential is consistent with the annual differentials shown in Table 1.
5. The average annual wage in covered employment is the total amount of wages and salaries for all employment covered by the OASDI program in a year divided by the number of employees with any such earnings during the year. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The value presented is the average annual percentage change from the 10<sup>th</sup> year of the 75-year projection period to the 75<sup>th</sup> year. For the 2012 Statement, the average annual percentage change decreased from 3.97 to 3.92 percentage points and is displayed to two decimal places. For the 2014 Statement, the average annual percentage change decreased from 3.92 to 3.83 percentage points and is consistent with the annual percentages shown in Table 1.
6. The CPI is the CPI-W. The ultimate assumption is reached within the first 10 years of the projection period. For the 2014 Statement the ultimate average annual percent change in CPI decreased from 2.8 to 2.7.
7. Total employment is total U.S. military and civilian employment. It is a summary measure and not a basic assumption; it summarizes the basic assumptions from which it is derived. The average annual percentage change in total employment is for the entire 75-year projection period. The annual rate of increase tends to decline through the period reflecting the slowing growth rate of the working-age population. Thus, no ultimate rate of change is achieved. For the 2014 Statement, the average annual rate of change is consistent with the annual percentages shown in Table 1.
8. The average annual real interest rate reflects the expected annual real yield for each year on securities issuable in the prior year. The ultimate rate is assumed to be reached soon after the 10<sup>th</sup> year of the projection period. For the 2014 Statement, the average annual real interest rate is consistent with the nominal interest rates shown in Table 1.

These assumptions and the other values on which Table 2 is based reflect the intermediate assumptions of the 2010-2014 Trustees Reports. Estimates made prior to this year differ substantially because of revisions to the assumptions based on changes in conditions or experience, and to changes in actuarial methodology. It is reasonable to expect more changes for similar reasons in future reports.

Additional information on social insurance is contained in the *Required Supplementary Information: Social Insurance* section of this report.

## STATEMENT OF CHANGES IN SOCIAL INSURANCE AMOUNTS

The Statement of Changes in Social Insurance Amounts reconciles changes, from the beginning of one 75-year valuation period to the next, in the: (1) present value of estimated future noninterest income less estimated future cost for current and future participants (the open group measure) over the next 75 years; (2) starting asset reserves of the combined OASI and DI Trust Funds; and (3) present value of estimated future noninterest income less estimated future cost for current and future participants over the next 75 years plus the asset reserves of the combined OASI and DI Trust Funds. These values are included in the Statement of Social Insurance. The Statement of Changes in Social Insurance Amounts shows two reconciliations: (1) changing from the period beginning on January 1, 2013 to the period beginning on January 1, 2014; and (2) changing from the period beginning on January 1, 2012 to the period beginning on January 1, 2013. The reconciliation identifies several changes that are significant and provides reasons for the changes.

The five changes considered in the Statement of Changes in Social Insurance Amounts are, in order:

- change in the valuation period;
- changes in demographic data, assumptions, and methods;
- changes in economic data, assumptions, and methods;
- changes in programmatic data and methods; and
- changes in law or policy.

All estimates in the Statement of Changes in Social Insurance Amounts represent values that are incremental to the prior change. As an example, the present values shown for economic data, assumptions, and methods represent the additional effect of these new data, assumptions, and methods after considering the effects from demography and the change in the valuation period. In general, an increase in the present value of net cashflows represents a positive change (improving financing), while a decrease in the present value of net cashflows represents a negative change (worsening financing).

### Change in the Valuation Period

#### **From the period beginning on January 1, 2013 to the period beginning on January 1, 2014**

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2013-2087) to the current valuation period (2014-2088) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative net cashflow for 2013, replaces it with a much larger negative net cashflow for 2088, and measures the present values as of January 1, 2014, one year later. Thus, the present value of estimated future net cashflows (excluding the combined OASI and DI Trust Fund asset reserves at the start of the period) decreased (became more negative) when the 75-year valuation period changed from 2013-2087 to 2014-2088. In addition, the effect on the level of asset reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2013 are realized. The change in valuation period increased the starting level of asset reserves in the combined OASI and DI Trust Funds.

**From the period beginning on January 1, 2012 to the period beginning on January 1, 2013**

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2012-2086) to the current valuation period (2013-2087) is measured by using the assumptions for the prior valuation and extending them to cover the current valuation. Changing the valuation period removes a small negative net cashflow for 2012 and replaces it with a much larger negative net cashflow for 2087, and measures the present values as of January 1, 2013, one year later. Thus, the present value of estimated future net cashflows (excluding the combined OASI and DI Trust Fund asset reserves at the start of the period) decreased (became more negative) when the 75-year valuation period changed from 2012-2086 to 2013-2087. In addition, the effect on the level of asset reserves in the combined OASI and DI Trust Funds of changing the valuation period is measured by assuming all values projected in the prior valuation for the year 2012 are realized. The change in valuation period increased the level of asset reserves in the combined OASI and DI Trust Funds.

**Changes in Demographic Data, Assumptions, and Methods****From the period beginning on January 1, 2013 to the period beginning on January 1, 2014**

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2014) are the same as those for the prior valuation. However, the starting demographic values and the way these values transition to the ultimate assumptions were changed.

- Preliminary birth rate data for 2012 indicated lower birth rates than were expected in the prior valuation. During the period of transition to their ultimate values, the birth rates in the current valuation are generally lower than they were in the prior valuation.
- New detailed historical divorce data along with revisions in the assumed path of the age-sex-adjusted divorce rate in the period of transition to the ultimate were used in the current valuation.
- New historical data since 2001 along with smoothing to the historical distribution of the married population by age of husband and wife was used in the current valuation period.

Inclusion of the new birth rate data decreased the present value of estimated future net cashflows, while the inclusion of the remaining data increased the present value of estimated future net cashflows.

There was one change in demographic methodology:

- The modeling of the other immigrant population was divided into three distinct groups for the current valuation: (1) those with temporary legal status; (2) those never authorized to be in the country; and (3) those who had temporary legal status previously but are no longer authorized to be in the country.

Inclusion of this new method increased the present value of estimated future net cashflows.

**From the period beginning on January 1, 2012 to the period beginning on January 1, 2013**

For the current valuation (beginning on January 1, 2013), changes in ultimate assumptions and recent data for immigration have significant but largely offsetting effects.

- The assumed ultimate annual immigration of “other immigrants” (i.e., those entering the country without legal permanent resident (LPR) status) is 1.4 million in the current valuation, compared with 1.5 million assumed for the prior valuation.
- The assumed ultimate annual number of persons attaining LPR status is 1.05 million for the current valuation, compared with 1.0 million assumed for the prior valuation. The distribution of the ultimate number between those entering the country with LPR status and those adjusting status after having already entered the country was also revised.

Reasons for these changes include: (1) the expectation of continued tighter border control in the future; (2) the assumed continuation of a recent increase in the number attaining LPR status as immediate relatives; and (3) the

assumed continuation of a recent increase in the proportion of persons attaining LPR status upon entering the country (rather than adjusting status after entry).

These changes to immigration assumptions increased the present value of estimated future net cashflows.

Otherwise, the ultimate demographic assumptions for the current valuation are the same as those for the prior valuation. However, the starting demographic values and the way these values transition to the ultimate assumptions were changed.

- Final mortality data for 2008 and 2009 show substantially larger reductions in death rates for the current valuation than were expected in the prior valuation. The new data show a lower starting level of death rates and a faster rate of decline in death rates over the next 25 years.
- Final fertility (birth) data for 2009 and 2010 and preliminary data for 2011 indicate lower birth rates for these years than were assumed in the prior valuation.
- New historical data for marital status, for the number of new marriages, for “other immigration,” and for the size of the population (based on the 2010 Census) were used in the current valuation.

Inclusion of the new mortality and fertility data decreased the present value of estimated future net cashflows, while the inclusion of the remaining data increased the present value of estimated future net cashflows.

### Changes in Economic Data, Assumptions, and Methods

#### From the period beginning on January 1, 2013 to the period beginning on January 1, 2014

For the current valuation (beginning on January 1, 2014), there was one change to the ultimate economic assumptions.

- The ultimate annual rate of change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is assumed to be 2.7 percent per year in the current valuation period, compared to 2.8 percent per year in the previous valuation period.

Lowering the ultimate average annual increase in the CPI-W makes it more comparable to recent historical annual increases. This change to the CPI-W assumption decreased the present value of estimated future net cashflows.

Otherwise, the ultimate economic assumptions for the current valuation are the same as those for the prior valuation. However, the starting economic values and the way these values transition to the ultimate assumptions were changed.

- The ratio of average taxable earnings to the average wage index is lower by 1.9 percent in 2012 and 1.5 percent in 2013, compared to the previous valuation period.

This change to the ratio of average taxable earnings to the average wage index decreased the present value of estimated future net cashflows.

There were two main changes in the economic methodology.

- Projected labor force participation rates for the older population are slightly lower for the current valuation in order to better reflect the difference in participation rates between never-married and married populations and the projected improvement in life expectancy.
- Different earnings levels are assigned to the three distinct groups of the other immigrant population supplied by demography. (This change decreased the present value of estimated future net cashflows by about the same amount as the related change in the demography methodology increased the present value of estimated future net cashflows.)

Inclusion of these changes in methodology decreased the present value of estimated future net cashflows.

### **From the period beginning on January 1, 2012 to the period beginning on January 1, 2013**

The ultimate economic assumptions for the current valuation (beginning on January 1, 2013) are the same as those for the prior valuation. Other changes include:

- The real interest rate is projected to be lower over the first 10 years of the current valuation; and
- The starting economic values and near-term economic growth rate assumptions were updated.

The projection of lower real interest rates decreased the present value of estimated future net cashflows, while the changes to starting economic values and near-term economic growth rates increased the present value of estimated future net cashflows.

Two changes in economic methods were made for this valuation.

- The alignment of projected labor force participation rates with future trends in disability, longevity, and population levels was altered. Future changes in disability prevalence now affect labor force participation, and the starting year for longevity changes used in the participation rate projections is now consistent with the starting year for those projections.
- Ultimate age-sex specific unemployment rates based on the relative levels of long-term historical patterns were developed through the most recent historical year. This improvement is expected to substantially reduce the volatility in projected levels of these rates between valuations.

Both changes increased the present value of estimated future net cashflows.

### **Changes in Programmatic Data and Methods**

### **From the period beginning on January 1, 2013 to the period beginning on January 1, 2014**

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2014). The most significant are identified below.

- The ultimate projected ratio of income from taxation of benefits to total benefits was increased for this valuation period.
- There were also updates to programmatic data, method changes for projecting beneficiaries and benefit levels over the first 10 years of the projection period, other small methodological improvements, and interactions.

The change to taxation of benefits increased the present value of estimated future net cashflows, while updates of program-specific data decreased the present value of estimated future net cashflows. Taken together, these changes decreased the present value of estimated future net cashflows.

### **From the period beginning on January 1, 2012 to the period beginning on January 1, 2013**

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2013). The most significant are identified below.

- The modeling of the number of workers insured under the programs was separated into two groups by residency status: (1) citizens and immigrants with legal permanent resident status; and (2) other immigrants. Separate modeling for these groups is important because their relative sizes in the total population have been changing and will continue to do so.
- The historical sample of earnings histories for new beneficiaries was updated to reflect new benefit entitlements in 2008 for the current valuation. The prior valuation used a sample, which reflected new benefit entitlements in 2007.

- The projections of income from taxation of benefits were better aligned between the first 10 years and the remaining years of the projection period.
- There were also minor updates to programmatic data, method changes for projecting beneficiaries and benefit levels over the first 10 years of the projection period, other small methodological improvements, and interactions among them.

Inclusion of each of these methodological improvements and updates of program-specific data increased the present value of estimated future net cashflows.

## Changes in Law or Policy

### From the period beginning on January 1, 2013 to the period beginning on January 1, 2014

In the current valuation period (beginning on January 1, 2014), no laws were enacted that are expected to have significant effects on the long-range cost of the OASDI program. However, the Supreme Court's decision in the *United States v. Windsor* repealed parts of the *Defense of Marriage Act*, which affects the payment of Federal benefits based on same-sex marriages. The extent to which OASDI benefits based on marriage will be available to same-sex couples is still not completely clear. The agency has issued guidelines, approved by DOJ, for certain benefits for same-sex couples who were legally married when the insured accountholder resided in a State or jurisdiction that recognized same-sex marriages at the time of application or death. For estimates in this valuation, it is assumed that the agency will expand its guidelines to recognize all auxiliary beneficiaries for such marriages and that same-sex marriage will eventually be recognized in all States.

This expected expansion of benefits decreased the present value of estimated future net cashflows.

### From the period beginning on January 1, 2012 to the period beginning on January 1, 2013

The current valuation (beginning on January 1, 2013) reflects the enactment of one law and the implementation of one policy change.

- The *American Taxpayer Relief Act of 2012* was enacted on January 2, 2013. The Act reduces Federal marginal income tax rates for most beneficiaries and thus lowers projected revenue from taxation of benefits.
- The Deferred Action for Childhood Arrivals (DACA) policy was implemented on June 15, 2012. DACA provides protection from deportation and an opportunity to work legally for many unauthorized immigrants who entered the country before age 16 and were under age 31 on June 15, 2012.

Inclusion of the *American Taxpayer Relief Act of 2012* decreased the present value of estimated future net cashflows, while inclusion of DACA increased the present value of estimated future net cashflows.

## ASSUMPTIONS USED FOR THE STATEMENT OF CHANGES IN SOCIAL INSURANCE AMOUNTS

The present values included in the Statement of Changes in Social Insurance Amounts are for the current and prior years and are based on various economic and demographic assumptions used for the intermediate assumptions in the Trustees Reports for those years. Table 1 summarizes these assumptions for the current year. [Our Agency Financial Report website \(www.socialsecurity.gov/finance\)](http://www.socialsecurity.gov/finance) provides tabulated assumptions for the prior year in a similar manner.

### Period Beginning on January 1, 2013 and Ending January 1, 2014

Present values as of January 1, 2013 are calculated using interest rates from the intermediate assumptions of the 2013 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2014. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2013 Trustees Report. Because interest rates are an economic estimate

and all estimates in the table are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2014 Trustees Report.

**Period Beginning on January 1, 2012 and Ending January 1, 2013**

Present values as of January 1, 2012 are calculated using interest rates from the intermediate assumptions of the 2012 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2013. Estimates of the present value of changes in social insurance amounts due to changing the valuation period and changing demographic data, assumptions, and methods are presented using the interest rates under the intermediate assumptions of the 2012 Trustees Report. Since interest rates are an economic estimate and all estimates in the table are incremental to the prior change, all other present values in this part of the Statement are calculated using the interest rates under the intermediate assumptions of the 2013 Trustees Report.

## Required Supplementary Information: Schedule of Budgetary Resources for the Year Ended September 30, 2014 (Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Combined
<b>Budgetary Resources</b>						
Unobligated Balances, Brought Forward, October 1	\$ 0	\$ 0	\$ 394	\$ 86	\$ 506	\$ 986
Recoveries of Prior Year Unpaid Obligations	20	114	1	0	220	355
Other Changes in Unobligated Balance	242	(96)	0	(11)	(1)	134
Unobligated Balance From Prior Year Budget Authority, Net	262	18	395	75	725	1,475
Appropriations (Discretionary and Mandatory)	708,206	146,142	60,720	25,824	29	940,921
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	32	5	3,227	1	11,823	15,088
<b>Total Budgetary Resources</b>	<b>\$ 708,500</b>	<b>\$ 146,165</b>	<b>\$ 64,342</b>	<b>\$ 25,900</b>	<b>\$ 12,577</b>	<b>\$ 957,484</b>
<b>Status of Budgetary Resources</b>						
<b>Obligations Incurred</b>						
Direct	\$ 708,500	\$ 146,165	\$ 59,050	\$ 25,811	\$ 11,878	\$ 951,404
Reimbursable	0	0	3,280	1	59	3,340
Total Obligations Incurred	708,500	146,165	62,330	25,812	11,937	954,744
Unobligated Balance, End of Year						
Apportioned	0	0	2,010	42	414	2,466
Unapportioned	0	0	2	46	226	274
Total Unobligated Balance, End of Year	0	0	2,012	88	640	2,740
<b>Total Budgetary Resources</b>	<b>\$ 708,500</b>	<b>\$ 146,165</b>	<b>\$ 64,342</b>	<b>\$ 25,900</b>	<b>\$ 12,577</b>	<b>\$ 957,484</b>
<b>Change in Obligated Balance</b>						
<b>Unpaid obligations:</b>						
Unpaid Obligations, Brought Forward, October 1	\$ 65,036	\$ 25,806	\$ 1,821	\$ 318	\$ 2,336	\$ 95,317
Obligations Incurred	708,500	146,165	62,330	25,812	11,937	954,744
Outlays, Gross	(705,960)	(144,646)	(61,258)	(25,953)	(11,560)	(949,377)
Recoveries of Prior Year Unpaid Obligations	(20)	(114)	(1)	0	(220)	(355)
Unpaid Obligations, End of Year	67,556	27,211	2,892	177	2,493	100,329
<b>Uncollected payments:</b>						
Uncollected Payments, Federal Sources, Brought Forward, October 1	0	0	0	0	(2,926)	(2,926)
Change in Uncollected Payments, Federal Sources	0	0	0	0	(237)	(237)
Uncollected Payments Federal Sources, End of Year	0	0	0	0	(3,163)	(3,163)
<b>Memorandum (non-add) Entries:</b>						
Obligated Balance, Start of Year	\$ 65,036	\$ 25,806	\$ 1,821	\$ 318	\$ (590)	\$ 92,391
Obligated balance, End of Year	\$ 67,556	\$ 27,211	\$ 2,892	\$ 177	\$ (670)	\$ 97,166
<b>Budget Authority and Outlays, Net</b>						
Budget Authority, Gross (Discretionary and Mandatory)	\$ 708,238	\$ 146,147	\$ 63,947	\$ 25,825	\$ 11,852	\$ 956,009
Actual Offsetting Collections (Discretionary and Mandatory)	(32)	(5)	(3,227)	(1)	(11,586)	(14,851)
Change in Uncollected Customer Payments From Federal Sources (Discretionary and Mandatory)	0	0	0	0	(237)	(237)
Budget Authority, Net (Discretionary and Mandatory)	\$ 708,206	\$ 146,142	\$ 60,720	\$ 25,824	\$ 29	\$ 940,921
Outlays, Gross (Discretionary and Mandatory)	705,960	144,646	61,258	25,953	11,560	949,377
Actual Offsetting Collections (Discretionary and Mandatory)	(32)	(5)	(3,227)	(1)	(11,586)	(14,851)
Outlays, Net (Discretionary and Mandatory)	705,928	144,641	58,031	25,952	(26)	934,526
Distributed Offsetting Receipts	(24,793)	(1,134)	(314)	(2,513)	0	(28,754)
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 681,135</b>	<b>\$ 143,507</b>	<b>\$ 57,717</b>	<b>\$ 23,439</b>	<b>\$ (26)</b>	<b>\$ 905,772</b>

**Other Information: Balance Sheet by Major Program  
as of September 30, 2014  
(Dollars in Millions)**

Assets	OASI	DI	SSI	Other	LAE	Intra-Agency Eliminations	Consolidated
<b>Intragovernmental:</b>							
Fund Balance with Treasury	\$ (106)	\$ (187)	\$ 4,943	\$ 269	\$ (27)	\$ 0	\$ 4,892
Investments	2,712,805	70,113	0	0	0	0	2,782,918
Interest Receivable	23,278	774	0	0	0	0	24,052
Accounts Receivable, Net	0	0	0	0	3,168	(2,777)	391
Other	0	0	0	0	19	0	19
<b>Total Intragovernmental</b>	<b>2,735,977</b>	<b>70,700</b>	<b>4,943</b>	<b>269</b>	<b>3,160</b>	<b>(2,777)</b>	<b>2,812,272</b>
Accounts Receivable, Net	2,149	4,152	7,287	0	3	(405)	13,186
Property, Plant, and Equipment, Net	0	0	0	0	3,476	0	3,476
Other	0	0	0	0	4	0	4
<b>Total Assets</b>	<b>\$ 2,738,126</b>	<b>\$ 74,852</b>	<b>\$ 12,230</b>	<b>\$ 269</b>	<b>\$ 6,643</b>	<b>\$ (3,182)</b>	<b>\$ 2,828,938</b>
<b>Liabilities</b>							
<b>Intragovernmental:</b>							
Accrued Railroad Retirement Interchange	\$ 4,103	\$ 387	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,490
Accounts Payable	460	778	8,213	177	20	(2,777)	6,871
Other	0	0	1	2	142	0	145
<b>Total Intragovernmental</b>	<b>4,563</b>	<b>1,165</b>	<b>8,214</b>	<b>179</b>	<b>162</b>	<b>(2,777)</b>	<b>11,506</b>
Benefits Due and Payable	62,993	26,021	5,294	0	0	(405)	93,903
Accounts Payable	0	10	447	0	24	0	481
Federal Employee and Veteran Benefits	0	0	0	0	348	0	348
Other	0	0	260	2	612	0	874
<b>Total Liabilities</b>	<b>67,556</b>	<b>27,196</b>	<b>14,215</b>	<b>181</b>	<b>1,146</b>	<b>(3,182)</b>	<b>107,112</b>
Contingencies (Note 9)							
<b>Net Position</b>							
Unexpended Appropriations - All Other Funds	0	0	1,855	88	3	0	1,946
Cumulative Results of Operations - Funds from Dedicated Collections	2,670,570	47,656	4	0	0	0	2,718,230
Cumulative Results of Operations - All Other Funds	0	0	(3,844)	0	5,494	0	1,650
<b>Total Net Position - Funds from Dedicated Collections</b>	<b>2,670,570</b>	<b>47,656</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,718,230</b>
<b>Total Net Position - All Other Funds</b>	<b>0</b>	<b>0</b>	<b>(1,989)</b>	<b>88</b>	<b>5,497</b>	<b>0</b>	<b>3,596</b>
<b>Total Net Position</b>	<b>2,670,570</b>	<b>47,656</b>	<b>(1,985)</b>	<b>88</b>	<b>5,497</b>	<b>0</b>	<b>2,721,826</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,738,126</b>	<b>\$ 74,852</b>	<b>\$ 12,230</b>	<b>\$ 269</b>	<b>\$ 6,643</b>	<b>\$ (3,182)</b>	<b>\$ 2,828,938</b>

**Other Information: Schedule of Net Cost for the Year Ended  
September 30, 2014  
(Dollars in Millions)**

	Program	LAE	Total
<b>OASI Program</b>			
Benefit Payment Expense	\$ 701,037	\$ 0	\$ 701,037
Operating Expenses	544	2,977	3,521
Total Cost of OASI Program	701,581	2,977	704,558
Less: Exchange Revenues	(1)	(12)	(13)
<b>Net Cost of OASI Program</b>	<b>701,580</b>	<b>2,965</b>	<b>704,545</b>
<b>DI Program</b>			
Benefit Payment Expense	142,594	0	142,594
Operating Expenses	235	2,788	3,023
Total Cost of DI Program	142,829	2,788	145,617
Less: Exchange Revenues	(26)	(11)	(37)
<b>Net Cost of DI Program</b>	<b>142,803</b>	<b>2,777</b>	<b>145,580</b>
<b>SSI Program</b>			
Benefit Payment Expense	50,844	0	50,844
Operating Expenses	140	4,052	4,192
Total Cost of SSI Program	50,984	4,052	55,036
Less: Exchange Revenues	(314)	(17)	(331)
<b>Net Cost of SSI Program</b>	<b>50,670</b>	<b>4,035</b>	<b>54,705</b>
<b>Other</b>			
Benefit Payment Expense	4	0	4
Operating Expenses	0	1,992	1,992
Total Cost of Other	4	1,992	1,996
Less: Exchange Revenues	0	(8)	(8)
<b>Net Cost of Other Program</b>	<b>4</b>	<b>1,984</b>	<b>1,988</b>
<b>Total Net Cost</b>			
Benefit Payment Expense	894,479	0	894,479
Operating Expenses	919	11,809	12,728
Total Cost	895,398	11,809	907,207
Less: Exchange Revenues	(341)	(48)	(389)
<b>Total Net Cost</b>	<b>\$ 895,057</b>	<b>\$ 11,761</b>	<b>\$ 906,818</b>

**Other Information: Schedule of Changes in Net Position for the Year Ended  
September 30, 2014  
(Dollars in Millions)**

	OASI	DI	SSI		Other	
	Funds from Dedicated Collections	Funds from Dedicated Collections	Funds from Dedicated Collections	All Other Funds	Funds from Dedicated Collections	All Other Funds
<b>Cumulative Results of Operations:</b>						
Beginning Balances	\$ 2,616,278	\$ 79,549	\$ 5	\$ (3,701)	\$ 0	\$ 0
<b>Budgetary Financing Sources</b>						
Appropriations Used	0	0	0	58,868	25,664	147
Tax Revenues	642,276	109,063	0	0	0	0
Interest Revenues	95,568	3,679	0	0	0	0
Transfers In/Out Without Reimbursement	22,287	(1,500)	(171)	(4,921)	(25,664)	(143)
Railroad Retirement Interchange	(4,297)	(390)	0	0	0	0
Net Transfers In/Out	17,990	(1,890)	(171)	(4,921)	(25,664)	(143)
Other Budgetary Financing Sources	38	58	0	0	0	0
<b>Other Financing Sources (Non-Exchange)</b>						
Transfers-In/Out	0	0	0	(2,513)	0	2,513
Imputed Financing Sources	0	0	0	16	0	0
Other	0	0	0	(753)	0	(2,513)
<b>Total Financing Sources</b>	755,872	110,910	(171)	50,697	0	4
<b>Net Cost of Operations</b>	701,580	142,803	(170)	50,840	0	4
<b>Net Change</b>	54,292	(31,893)	(1)	(143)	0	0
<b>Cumulative Results of Operations</b>	\$ 2,670,570	\$ 47,656	\$ 4	\$ (3,844)	\$ 0	\$ 0
<b>Unexpended Appropriations:</b>						
Beginning Balances	\$ 0	\$ 0	\$ 0	\$ 174	\$ 0	\$ 86
<b>Budgetary Financing Sources</b>						
Appropriations Received	0	0	0	60,549	25,664	160
Other Adjustments	0	0	0	0	0	(11)
Appropriations Used	0	0	0	(58,868)	(25,664)	(147)
<b>Total Budgetary Financing Sources</b>	0	0	0	1,681	0	2
<b>Total Unexpended Appropriations</b>	0	0	0	1,855	0	88
<b>Net Position</b>	\$ 2,670,570	\$ 47,656	\$ 4	\$ (1,989)	\$ 0	\$ 88

**Other Information: Schedule of Changes in Net Position for the Year Ended September 30, 2014  
(Continued)  
(Dollars in Millions)**

	LAE	CONSOLIDATED		CONSOLIDATED TOTAL
	All Other Funds	Funds from Dedicated Collections	All Other Funds	
<b>Cumulative Results of Operations:</b>				
Beginning Balances	\$ 5,174	\$ 2,695,832	\$ 1,473	\$ 2,697,305
<b>Budgetary Financing Sources</b>				
Appropriations Used	28	25,664	59,043	84,707
Tax Revenues	0	751,339	0	751,339
Interest Revenues	0	99,247	0	99,247
Transfers In/Out Without Reimbursement	11,750	(5,048)	6,686	1,638
Railroad Retirement Interchange	0	(4,687)	0	(4,687)
Net Transfers In/Out	11,750	(9,735)	6,686	(3,049)
Other Budgetary Financing Sources	0	96	0	96
<b>Other Financing Sources (Non-Exchange)</b>				
Transfers-In/Out	(250)	0	(250)	(250)
Imputed Financing Sources	553	0	569	569
Other	0	0	(3,266)	(3,266)
<b>Total Financing Sources</b>	12,081	866,611	62,782	929,393
<b>Net Cost of Operations</b>	11,761	844,213	62,605	906,818
<b>Net Change</b>	320	22,398	177	22,575
<b>Cumulative Results of Operations</b>	\$ 5,494	\$ 2,718,230	\$ 1,650	\$ 2,719,880
<b>Unexpended Appropriations:</b>				
Beginning Balances	\$ 2	\$ 0	\$ 262	\$ 262
<b>Budgetary Financing Sources</b>				
Appropriations Received	29	25,664	60,738	86,402
Other Adjustments	0	0	(11)	(11)
Appropriations Used	(28)	(25,664)	(59,043)	(84,707)
<b>Total Budgetary Financing Sources</b>	1	0	1,684	1,684
<b>Total Unexpended Appropriations</b>	3	0	1,946	1,946
<b>Net Position</b>	\$ 5,497	\$ 2,718,230	\$ 3,596	\$ 2,721,826

## Other Information: Schedule of Spending for the Year Ended September 30, 2014 (Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Consolidated
<b>What Money is Available to Spend?</b>						
Total Resources	\$ 708,500	\$ 146,165	\$ 64,342	\$ 25,900	\$ 12,577	\$ 957,484
Less Amount Available but Not Agreed to be Spent	0	0	(2,010)	(42)	(414)	(2,466)
Less Amount Not Available to be Spent	0	0	(2)	(46)	(226)	(274)
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 708,500</b>	<b>\$ 146,165</b>	<b>\$ 62,330</b>	<b>\$ 25,812</b>	<b>\$ 11,937</b>	<b>\$ 954,744</b>
<b>How was the Money Spent/Issued?</b>						
Financial Assistance Direct Payments	\$ 701,411	\$ 142,882	\$ 57,176	\$ 6	\$ 47	\$ 901,522
Payroll	0	0	0	0	6,375	6,375
Contracts						
Travel	0	0	0	0	33	33
Rent, Utilities, and Communications	0	0	1	0	1,151	1,152
Acquisition of Capital Assets	0	0	0	0	532	532
Other Contractual Services	8	134	95	0	3,734	3,971
Inter-Fund Transfers	2,487	2,928	5,092	25,807	0	36,314
Railroad Board Transfers	4,296	390	0	0	0	4,686
Other	298	(169)	(34)	(1)	65	159
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 708,500</b>	<b>\$ 146,165</b>	<b>\$ 62,330</b>	<b>\$ 25,812</b>	<b>\$ 11,937</b>	<b>\$ 954,744</b>

Certain amounts reported in the schedule above can be tied to specific line items on the Statements of Budgetary Resources presented on page 47. The Total Resources, Amount Available but Not Agreed to be Spent, Amount Not Available to be Spent, and Amount Agreed to be Spent balances reported above tie to the Total Budgetary Resources, Unobligated Balance – Apportioned, Unobligated Balance – Unapportioned, and Total Obligations Incurred lines, respectively, on the Statements of Budgetary Resources. The detailed line items presented under the How was the Money Spent/Issued section are not reported on the Statements of Budgetary Resources; however, the total of these amounts ties to the Total Obligations Incurred line reported.

The detailed line items reported above will not tie to amounts reported in [USASpending.Gov](http://USASpending.Gov). USASpending.Gov is a website that provides information on how tax dollars are spent. The website focuses specifically on spending related to contracts, grants, loans, and other types of spending. Included in the other types of spending are Federal benefit payments. While some of these categories are broken out in the above Schedule of Spending, the two reports will not tie as amounts reported in the schedule above include transactions with both Federal and non-Federal entities.

## Other Information: Schedule of Spending for the Year Ended September 30, 2013 (Dollars in Millions)

	OASI	DI	SSI	Other	LAE	Consolidated
<b>What Money is Available to Spend?</b>						
Total Resources	\$ 674,016	\$ 142,832	\$ 60,310	\$ 55,944	\$ 11,903	\$ 945,005
Less Amount Available but Not Agreed to be Spent	0	0	(394)	(45)	(289)	(728)
Less Amount Not Available to be Spent	0	0	0	(41)	(217)	(258)
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 674,016</b>	<b>\$ 142,832</b>	<b>\$ 59,916</b>	<b>\$ 55,858</b>	<b>\$ 11,397</b>	<b>\$ 944,019</b>
<b>How was the Money Spent/Issued?</b>						
Financial Assistance Direct Payments	\$ 666,621	\$ 139,313	\$ 56,032	\$ 8	\$ 28	\$ 862,002
Payroll	0	0	0	0	6,309	6,309
Contracts						
Travel	0	0	0	0	37	37
Rent, Utilities, and Communications	0	0	2	0	1,106	1,108
Acquisition of Capital Assets	0	0	0	0	278	278
Other Contractual Services	4	125	86	0	3,638	3,853
Inter-Fund Transfers	2,920	2,733	3,766	55,850	0	65,269
Railroad Board Transfers	4,118	560	0	0	0	4,678
Other	353	101	30	0	1	485
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 674,016</b>	<b>\$ 142,832</b>	<b>\$ 59,916</b>	<b>\$ 55,858</b>	<b>\$ 11,397</b>	<b>\$ 944,019</b>

Certain amounts reported in the schedule above can be tied to specific line items on the Statements of Budgetary Resources presented on page 47. The Total Resources, Amount Available but Not Agreed to be Spent, Amount Not Available to be Spent, and Amount Agreed to be Spent balances reported above tie to the Total Budgetary Resources, Unobligated Balance – Apportioned, Unobligated Balance – Unapportioned, and Total Obligations Incurred lines, respectively, on the Statements of Budgetary Resources. The detailed line items presented under the How was the Money Spent/Issued section are not reported on the Statements of Budgetary Resources; however, the total of these amounts ties to the Total Obligations Incurred line reported.

The detailed line items reported above will not tie to amounts reported in [USASpending.Gov](http://USASpending.Gov). USASpending.Gov is a website that provides information on how tax dollars are spent. The website focuses specifically on spending related to contracts, grants, loans, and other types of spending. Included in the other types of spending are Federal benefit payments. While some of these categories are broken out in the above Schedule of Spending, the two reports will not tie as amounts reported in the schedule above include transactions with both Federal and non-Federal entities.