FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

Our agency's financial statements and additional information for fiscal years (FY) 2016 and 2015 consist of the following:

- The **Consolidated Balance Sheets** present, as of September 30, 2016 and 2015, 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, 2016 and 2015. 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, 2016 and 2015. 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 program 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, 2016 and 2015. We provide an additional Schedule of Budgetary Resources as Required Supplementary Information to present budgetary resources by major program.
- The **Statements 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. This information is presented for the current year and for each of the four preceding years.
- The **Statements of Changes in Social Insurance Amounts** reconcile 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 Statements show two reconciliations: (1) change from the period beginning on January 1, 2015 to the period beginning on January 1, 2016; and (2) change from the period beginning on January 1, 2014 to the period beginning on January 1, 2015. The Statements identify several changes that are significant and provide reasons for the changes.
- The **Required Supplementary Information: Social Insurance** presents required long-range cash flow 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, 2016 AND 2015
(DOLLARS IN MILLIONS)

Assets		**2016**		2015
Intragovernmental:				
Fund Balance with Treasury (Notes 3 and 4)	**$**	**8,985**	$	7,069
Investments (Note 5)		**2,842,592**		2,808,287
Interest Receivable (Note 5)		**21,583**		22,688
Accounts Receivable, Net (Note 6)		**208**		280
Other (Note 8)		**23**		18
Total Intragovernmental		**2,873,391**		2,838,342
Accounts Receivable, Net (Notes 3 and 6)		**11,546**		14,170
Property, Plant, and Equipment, Net (Note 7)		**3,419**		4,145
Other (Note 8)		**2**		4
Total Assets	**$**	**2,888,358**	$	2,856,661
Liabilities (Note 9)				
Intragovernmental:				
Accrued Railroad Retirement Interchange	**$**	**4,550**	$	4,483
Accounts Payable		**4,937**		7,539
Other		**167**		147
Total Intragovernmental		**9,654**		12,169
Benefits Due and Payable		**102,651**		98,554
Accounts Payable		**385**		461
Federal Employee and Veteran Benefits		**327**		329
Other		**716**		884
Total Liabilities		**113,733**		112,397
Contingencies (Note 9)				
Net Position				
Unexpended Appropriations - All Other Funds		**6,006**		3,779
Cumulative Results of Operations - Funds from Dedicated Collections (Note 10)		**2,767,204**		2,738,390
Cumulative Results of Operations - All Other Funds		**1,415**		2,095
Total Net Position - Funds from Dedicated Collections (Note 10)		**2,767,204**		2,738,390
Total Net Position - All Other Funds		**7,421**		5,874
Total Net Position		**2,774,625**		2,744,264
Total Liabilities and Net Position	**$**	**2,888,358**	$	2,856,661

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

CONSOLIDATED STATEMENTS OF NET COST FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(DOLLARS IN MILLIONS)

	2016	2015
OASI Program		
Benefit Payment Expense	**$ 765,024**	$ 736,752
Operating Expenses (Note 11)	**3,790**	3,500
Total Cost of OASI Program	**768,814**	740,252
Less: Exchange Revenues (Notes 12 and 13)	**(13)**	(15)
Net Cost of OASI Program	**768,801**	740,237
DI Program		
Benefit Payment Expense	**144,018**	144,102
Operating Expenses (Note 11)	**3,330**	3,044
Total Cost of DI Program	**147,348**	147,146
Less: Exchange Revenues (Notes 12 and 13)	**(36)**	(39)
Net Cost of DI Program	**147,312**	147,107
SSI Program		
Benefit Payment Expense	**58,976**	51,520
Operating Expenses (Note 11)	**4,910**	4,336
Total Cost of SSI Program	**63,886**	55,856
Less: Exchange Revenues (Notes 12 and 13)	**(257)**	(243)
Net Cost of SSI Program	**63,629**	55,613
Other		
Benefit Payment Expense	**3**	3
Operating Expenses (Note 11)	**2,440**	2,077
Total Cost of Other Program	**2,443**	2,080
Less: Exchange Revenues (Notes 12 and 13)	**(8)**	(9)
Net Cost of Other Program	**2,435**	2,071
Total Net Cost		
Benefit Payment Expense	**968,021**	932,377
Operating Expenses (Note 11)	**14,470**	12,957
Total Cost	**982,491**	945,334
Less: Exchange Revenues (Notes 12 and 13)	**(314)**	(306)
Total Net Cost	**$ 982,177**	$ 945,028

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(DOLLARS IN MILLIONS)

	2016			2015		
	Funds from Dedicated Collections	**All Other Funds**	**Total**	Funds from Dedicated Collections	All Other Funds	Total
Cumulative Results of Operations:						
Beginning Balances	**$ 2,738,390**	**$ 2,095**	**$ 2,740,485**	$ 2,718,230	$ 1,650	$ 2,719,880
Budgetary Financing Sources						
Appropriations Used	**32,302**	**63,463**	**95,765**	30,663	59,392	90,055
Tax Revenues (Note 14)	**827,159**	**0**	**827,159**	786,402	0	786,402
Interest Revenues	**89,470**	**0**	**89,470**	94,601	0	94,601
Transfers-In/Out - Without Reimbursement	**(5,890)**	**8,006**	**2,116**	(5,437)	7,354	1,917
Railroad Retirement Interchange	**(4,730)**	**0**	**(4,730)**	(4,669)	0	(4,669)
Other Budgetary Financing Sources	**46**	**0**	**46**	55	0	55
Other Financing Sources (Non-Exchange)						
Imputed Financing Sources (Note 15)	**0**	**550**	**550**	0	524	524
Other	**0**	**(65)**	**(65)**	0	(3,252)	(3,252)
Total Financing Sources	**938,357**	**71,954**	**1,010,311**	901,615	64,018	965,633
Net Cost of Operations	**909,543**	**72,634**	**982,177**	881,455	63,573	945,028
Net Change	**28,814**	**(680)**	**28,134**	20,160	445	20,605
Cumulative Results of Operations	**$ 2,767,204**	**$ 1,415**	**$ 2,768,619**	$ 2,738,390	$ 2,095	$ 2,740,485
Unexpended Appropriations:						
Beginning Balances	**$ 0**	**$ 3,779**	**$ 3,779**	$ 0	$ 1,946	$ 1,946
Budgetary Financing Sources						
Appropriations Received	**32,302**	**65,703**	**98,005**	30,663	61,242	91,905
Other Adjustments	**0**	**(13)**	**(13)**	0	(17)	(17)
Appropriations Used	**(32,302)**	**(63,463)**	**(95,765)**	(30,663)	(59,392)	(90,055)
Total Budgetary Financing Sources	**0**	**2,227**	**2,227**	0	1,833	1,833
Total Unexpended Appropriations	**0**	**6,006**	**6,006**	0	3,779	3,779
Net Position	**$ 2,767,204**	**$ 7,421**	**$ 2,774,625**	$ 2,738,390	$ 5,874	$ 2,744,264

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

COMBINED STATEMENTS OF BUDGETARY RESOURCES FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(DOLLARS IN MILLIONS)

	2016	2015
Budgetary Resources (Note 16)		
Unobligated Balance, Brought Forward, October 1	**$ 4,369**	$ 2,740
Recoveries of Prior Year Unpaid Obligations	**920**	849
Other Changes in Unobligated Balance	**340**	200
Unobligated Balance From Prior Year Budget Authority, Net	**5,629**	3,789
Appropriations (Discretionary and Mandatory)	**1,018,283**	984,099
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	**14,911**	14,567
Total Budgetary Resources	**$ 1,038,823**	$ 1,002,455
Status of Budgetary Resources		
New obligations and upward adjustments (Note 16)		
Direct	**$ 1,029,637**	$ 995,382
Reimbursable	**2,908**	2,704
New obligations and upward adjustments (total)	**1,032,545**	998,086
Unobligated Balance, End of Year		
Apportioned, unexpired accounts	**5,462**	3,804
Unapportioned, unexpired accounts	**592**	323
Unexpired unobligated balance, end of year	**6,054**	4,127
Expired unobligated balance, end of year	**224**	242
Unobligated balance, end of year (total)	**6,278**	4,369
Total Budgetary Resources	**$ 1,038,823**	$ 1,002,455
Change in Obligated Balance		
Unpaid obligations:		
Unpaid Obligations, Brought Forward, October 1	**$ 104,863**	$ 100,329
New obligations and upward adjustments	**1,032,545**	998,086
Outlays, Gross	**(1,027,104)**	(992,703)
Recoveries of Prior Year Unpaid Obligations	**(920)**	(849)
Unpaid Obligations, End of Year	**$ 109,384**	$ 104,863
Uncollected payments:		
Uncollected Payments, Federal Sources, Brought Forward, October 1	**$ (2,905)**	$ (3,163)
Change in Uncollected Payments, Federal Sources	**(38)**	258
Uncollected Payments Federal Sources, End of Year	**(2,943)**	(2,905)
Memorandum (non-add) Entries:		
Obligated balance, Start of Year	**$ 101,958**	$ 97,166
Obligated balance, End of Year	**$ 106,441**	$ 101,958
Budgetary Authority and Outlays, Net		
Budget Authority, Gross (Discretionary and Mandatory)	**$ 1,033,194**	$ 998,666
Actual Offsetting Collections (Discretionary and Mandatory)	**(14,987)**	(14,889)
Change in Uncollected Customer Payments From Federal Sources (Discretionary and Mandatory)	**(38)**	258
Recoveries of Prior Year Paid Obligations	**114**	64
Budget Authority, Net (Discretionary and Mandatory)	**1,018,283**	984,099
Outlays, Gross (Discretionary and Mandatory)	**1,027,104**	992,703
Actual Offsetting Collections (Discretionary and Mandatory)	**(14,987)**	(14,889)
Outlays, Net (Discretionary and Mandatory)	**1,012,117**	977,814
Distributed Offsetting Receipts	**(35,331)**	(33,694)
Agency Outlays, Net (Discretionary and Mandatory)	**$ 976,786**	$ 944,120

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

STATEMENTS OF SOCIAL INSURANCE
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE
AS OF JANUARY 1, 2016
(DOLLARS IN BILLIONS)

		Estimates Reported in Prior Years			
	2016	**2015**	**2014**	**2013**	**2012**
Present value for the 75-year projection period from or on behalf of: (Note 18)					
Participants who, in the starting year of the projection period, have attained eligibility age (age 62 and over):					
Noninterest income	$ 1,272	$ 1,166	$ 984	$ 908	$ 847
Cost for scheduled future benefits	13,602	12,833	11,852	11,021	9,834
Future noninterest income less future cost	-12,330	-11,667	-10,868	-10,112	-8,988
Participants who have not yet attained retirement eligibility age (ages 15-61):					
Noninterest income	29,273	27,791	25,391	24,591	22,703
Cost for scheduled future benefits	48,412	45,276	42,419	40,591	37,753
Future noninterest income less future cost	-19,138	-17,486	-17,028	-16,000	-15,050
Present value of future noninterest income less future cost for current participants (closed group measure)	-31,468	-29,152	-27,896	-26,113	-24,038
Combined OASI and DI Trust Fund asset reserves at start of period	2,813	2,789	2,764	2,732	2,678
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	-$ 28,656	-$ 26,363	-$ 25,131	-$ 23,381	-$ 21,360
Present value for the 75-year projection period from or on behalf of: (Note 18)					
Future participants (those under age 15, and to be born and to immigrate during period):					
Noninterest income	29,687	26,580	24,594	23,419	21,649
Cost for scheduled future benefits	12,388	10,867	10,028	9,600	8,890
Future noninterest income less future cost	17,299	15,713	14,566	13,819	12,759
Present value of future noninterest income less future cost for current and future participants (open group measure)	-14,169	-13,440	-13,330	-12,294	-11,278
Combined OASI and DI Trust Fund asset reserves at start of period	2,813	2,789	2,764	2,732	2,678
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	-$ 11,357	-$ 10,650	-$ 10,565	-$ 9,562	-$ 8,601

Notes:

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.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS
OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE
FOR CHANGE FROM THE 75-YEAR VALUATION PERIOD

January 1, 2015 to January 1, 2016
(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, 2015	-$ 13,440	$ 2,789	-$ 10,650
Reasons for changes between January 1, 2015 and January 1, 2016 (Note 18)			
Change in the valuation period	-534	9	-525
Changes in demographic data, assumptions, and methods	565	0	565
Changes in economic data, assumptions, and methods	-911	0	-911
Changes in programmatic data and methods	12	14	26
Changes in law or policy	139	0	139
Net change between January 1, 2015 and January 1, 2016	-$ 730	$ 23	-$ 707
As of January 1, 2016	-$ 14,169	$ 2,813	-$ 11,357

January 1, 2014 to January 1, 2015
(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, 2014	-$ 13,330	$ 2,764	-$ 10,565
Reasons for changes between January 1, 2014 and January 1, 2015 (Note 18)			
Change in the valuation period	-560	19	-541
Changes in demographic data, assumptions, and methods	-103	0	-103
Changes in economic data, assumptions, and methods	-146	0	-146
Changes in programmatic data and methods	671	6	676
Changes in law or policy	29	0	29
Net change between January 1, 2014 and January 1, 2015	-$ 110	$ 25	-$ 85
As of January 1, 2015	-$ 13,440	$ 2,789	-$ 10,650

Notes:

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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 securities. Special-issue securities are special public debt obligations for purchase exclusively by the OASI and DI Trust Funds; therefore, they are non-marketable securities. 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. 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. Deferred Charges, which includes fixtures and bulk computer purchases, are capitalized with no threshold and $10 million, respectively. 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 Change in Resources that Finance Assets line. This line item represents the capital assets that affect budgetary obligations.

In FY 2016, SSA implemented a new policy for amortizing internal use software. Prior to FY 2016, SSA began amortization at the time of capitalization instead of upon testing completion as required by SFFAS No. 10, which resulted in accelerated amortization of internal use software. SSA's new policy uses an estimated average implementation timeframe for development projects, and defers amortization until the timeframe is reached, which results in our amortization being recorded in the proper period, bringing our methodology in line with SFFAS No. 10.

BENEFITS DUE AND PAYABLE

SSA accrues liabilities for OASI and DI benefits due for the current month, which by statute, are not paid until the following month. In addition, 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. For FY 2016, October 1, 2016 falls on a Saturday, which required payment of the October benefits in September. This resulted in increased SSI benefit payment expense and outlays in FY 2016, as there were thirteen months of benefit payments versus twelve months in FY 2015.

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

Tax revenue, which consists 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)), represents SSA's largest financing source. Additional financing sources consist of interest revenue from the Trust Fund investments, taxation on benefits, 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.

USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

The Statements of Social Insurance and Statements 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.

BIPARTISAN BUDGET ACT OF 2015

Public Law 114-74, *Bipartisan Budget Act of 2015*, authorizes a temporary reallocation of the DI Trust Fund's portion of the FICA payroll tax, paid on both wages and self-employment income by 0.57 percentage point. A total of 2.37 percentage points of the total combined 12.4 percent payroll tax was allocated to the DI Trust Fund starting January 1, 2016, and will continue through December 31, 2018, after which the allocation returns to the prior distribution. This reallocation of payroll taxes resulted in decreased growth in tax revenue for the OASI Trust Fund, and increased tax revenue for the DI Trust Fund. Refer to Note 14, Tax Revenues, and Note 16, Budgetary Resources, for additional information.

ACCOUNTS RECEIVABLE, NET

During FY 2016, SSA implemented a new methodology for calculating the allowance for doubtful accounts on non-federal accounts receivable. SSA previously used a five-year average of write-offs divided by clearances comprised of write-offs, waivers, and collections. This method was limited by the timeliness of write-offs and waivers, and assumed a one-year debt turnover rate. SSA's new methodology calculates an estimated collectable ratio by dividing collections by new debt, while taking into consideration the turnover rates for each group of receivables. By subtracting this collectable ratio from 100 percent, we obtain an estimated uncollectable ratio. We apply a five-year average of uncollectable ratios against outstanding receivables, by group, to compute the amount of allowance for doubtful accounts. In comparing our new methodology to our previous methodology, using FY 2016's total gross non-federal accounts receivable, the new methodology increased our allowance for doubtful accounts by $4,160 million. In addition to increasing our allowance for doubtful accounts, the change in methodology has decreased our Non-Federal Accounts Receivable, Net on the Consolidated Balance Sheets and increased our Benefit Payment Expense on the Consolidated Statements of Net Cost. Refer to Note 6, Accounts Receivable, Net.

RECLASSIFICATIONS

Certain amounts in the 2015 Combined Statements of Budgetary Resources have been reclassified to conform with the 2016 presentation.

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). SSA makes matching contributions to FERS. 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 $38 and $45 million for the years ended September 30, 2016 and 2015. SSA contributions to the basic FERS plan were $584 and $536 million for the years ended September 30, 2016 and 2015. One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is required to contribute one percent of pay and match employee contributions up to an additional four percent of basic pay. SSA contributions to the FERS savings plan were $180 and $171 million for the years ended September 30, 2016 and 2015. 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:
(DOLLARS IN MILLIONS)

	2016			2015		
	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	5,255	(493)	4,762	7,964	(492)	7,472
Total	$ 5,257	$ (493)	$ 4,764	$ 7,966	$ (492)	$ 7,474

SSA has reduced the SSI Accounts Receivable, Net, by intra-agency eliminations (see discussion in Note 6, Accounts Receivable, Net). 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, 2016 and 2015.

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

CHART 3B - NON-ENTITY/ENTITY ASSET BREAKDOWN AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016	2015
Non-Entity Assets	$ 4,764	$ 7,474
Entity Assets	2,883,594	2,849,187
Total Assets	$ 2,888,358	$ 2,856,661

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 primarily includes PTF, ARRA, and deposit funds. 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 do not directly correspond with the budgetary lines shown in the chart. 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:
(DOLLARS IN MILLIONS)

	2016	2015
Trust Funds*		
OASI	$ (92)	$ (95)
DI	(140)	18
LAE	(23)	(30)
General Funds		
SSI	9,091	6,936
Other	123	199
Other Funds		
SSI	23	37
Other	3	4
Total	$ 8,985	$ 7,069

Note:

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

CHART 4B - STATUS OF FUND BALANCES AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016	2015
Unobligated Balance		
Available	$ 5,255	$ 3,566
Unavailable	626	369
Obligated Balance Not Yet Disbursed	3,333	3,200
OASI, DI, and LAE	(255)	(107)
Non-Budgetary Fund Balance with Treasury	26	41
Total	$ 8,985	$ 7,069

The negative fund balances reported for the OASI, DI, and LAE Trust Funds as of September 30, 2016, and OASI and LAE as of September 30, 2015 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 5A.

CHART 5A - INVESTMENTS AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016	2015
OASI	$ 2,796,712	$ 2,766,649
DI	45,880	41,638
Total	$ 2,842,592	$ 2,808,287

The interest rates on these investments range from 1.375 to 5.250 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 2017 to the year 2031. 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, as reported on the Consolidated Balance Sheets is shown by program in Chart 5B.

CHART 5B – INTEREST RECEIVABLE AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016	2015
OASI	$ 21,236	$ 22,244
DI	347	444
Total	$ 21,583	$ 22,688

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 $208 and $280 million as of September 30, 2016 and 2015 primarily represent amounts to be paid from the HI/SMI Trust Funds to the LAE Appropriation. SSA reduced the gross accounts receivable by $2,747 and $2,630 million as of September 30, 2016 and 2015 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 due 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 and underpayments.

CHART 6 - ACCOUNTS RECEIVABLE WITH THE PUBLIC BY MAJOR PROGRAM AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016			2015		
	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
OASI	$ 2,785	$ (341)	$ 2,444	$ 2,602	$ (264)	$ 2,338
DI	7,050	(2,710)	4,340	6,478	(2,115)	4,363
SSI*	11,177	(5,922)	5,255	10,279	(2,315)	7,964
LAE	2	0	2	2	0	2
Subtotal	21,014	(8,973)	12,041	19,361	(4,694)	14,667
Less: Eliminations**	(495)	0	(495)	(497)	0	(497)
Total	$ 20,519	$ (8,973)	$ 11,546	$ 18,864	$ (4,694)	$ 14,170

Notes:

*See Discussion in Note 3, Non-Entity Assets

**Intra-Agency Eliminations

Chart 6 shows that in FY 2016 and FY 2015, SSA reduced gross accounts receivable by $495 and $497 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 allowance for doubtful accounts on accounts receivable with the public. In FY 2015, SSA used a five-year average of write-offs divided by clearances comprised of write-offs, waivers, and collection to calculate the estimated allowance for doubtful accounts. During FY 2016, SSA evaluated and implemented a new allowance for doubtful accounts methodology. SSA's new methodology no longer focuses on write-offs, and instead focuses on collections compared to new receivables. SSA calculates an estimated collectable ratio by dividing collections by new debt, while taking into consideration the turnover rates for each group of receivables. We subtract this collectable ratio from 100 percent to provide us with an estimated uncollectable ratio. We apply a five-year average of uncollectable ratios against outstanding receivables, by group, to compute the amount of allowance for doubtful accounts. SSA's Allowance for Doubtful Accounts increased and Net Receivables decreased $4,160 million as of September 30, 2016 as a result of the application of the new allowance ratios.

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: (DOLLARS IN MILLIONS)

	2016			2015		
Major Classes:	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Buildings and Other Structures	$ 59	$ (21)	$ 38	$ 59	$ (20)	$ 39
Equipment (incl. ADP Hardware)	722	(423)	299	664	(330)	334
Internal Use Software	6,798	(4,262)	2,536	8,407	(5,054)	3,353
Leasehold Improvements	855	(458)	397	739	(408)	331
Deferred Charges	945	(796)	149	838	(750)	88
Total	$ 9,379	$ (5,960)	$ 3,419	$ 10,707	$ (6,562)	$ 4,145

Major Classes:	Estimated Useful Life	Method of Depreciation
Buildings and Other Structures	50 years	Straight Line
Equipment (incl. ADP Hardware)	7-10 years	Composite
Internal Use Software	10 years	Straight Line
Leasehold Improvements	6-33 years	Straight Line
Deferred Charges	3-12 years	Straight Line

Deferred Charges represent fixtures and bulk computer purchases.

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 $23 and $18 million as of September 30, 2016 and 2015.

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 $2 million and $4 million as of September 30, 2016 and 2015.

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 and States, which do not require budgetary authority.

CHART 9A - LIABILITIES AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016			2015		
	Covered	Not Covered	Total	Covered	Not Covered	Total
Intragovernmental:						
Accrued RRI*	$ 4,550	$ 0	$ 4,550	$ 4,483	$ 0	$ 4,483
Accounts Payable	15	4,922	4,937	13	7,526	7,539
Other	107	60	167	88	59	147
Total Intragovernmental	4,672	4,982	9,654	4,584	7,585	12,169
Benefits Due and Payable	98,905	3,746	102,651	94,721	3,833	98,554
Accounts Payable	52	333	385	22	439	461
Federal Employee and Veteran Benefits	0	327	327	0	329	329
Other	363	353	716	529	355	884
Total	$ 103,992	$ 9,741	$ 113,733	$ 99,856	$ 12,541	$ 112,397

Note:

*Railroad Retirement Interchange

INTRAGOVERNMENTAL ACCRUED RAILROAD RETIREMENT INTERCHANGE

The Intragovernmental Accrued Railroad Retirement Interchange 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 is $57 million as of September 30, 2016 and 2015.

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, 2016 and 2015. 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:
(DOLLARS IN MILLIONS)

	2016	2015
OASI	$ 69,230	$ 66,222
DI	28,520	27,487
SSI	5,396	5,342
Subtotal	103,146	99,051
Less: Intra-agency eliminations	(495)	(497)
Total	$ 102,651	$ 98,554

Chart 9B also shows that as of FY 2016 and FY 2015, SSA reduced gross Benefits Due and Payable by $495 and $497 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 fund the actual payments made to the beneficiaries. SSI State Supplemental underpayments due to the SSI recipients are also included. 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 $327 and $329 million as of September 30, 2016 and 2015 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.

LEASES

SSA has Occupancy Agreements (OA) with GSA for each space that we occupy. The OA is a complete, concise statement of the business terms governing the tenancy relationship between SSA and GSA. The OA is not a lease, but rather a formal agreement between the signing parties. For accounting purposes, these OAs are treated as lease activity. GSA charges rental rates for space that approximates commercial rental rates for similar properties. The terms of the OAs vary according to whether the Federal Government directly owns the underlying assets or if GSA rents the underlying asset from third party commercial property owners, though each OA may have slightly different terms. SSA executes cancellable and non-cancellable OAs with GSA. Periods of occupancy on OAs vary, and can generally be cancelled with four months' notice following the first year of occupancy. OAs must be coterminous with the underlying lease term. For non-cancellable OAs, SSA is financially responsible for rental payments on vacated space until the expiration of the OA, the termination of the OA permitted under the lease terms, or the occupancy by a replacement tenant covers the total rent obligation. OAs do not include renewal options that may be in the lease, as GSA makes a determination as to whether such options are fair and reasonable relative to the market when the option matures. Chart 9C shows the future estimated rental payments required under OAs that have initial or remaining non-cancellable terms in excess of one year. SSA does not include the amounts reported in our financial statements. SSA expenses OAs as incurred, and does not record liabilities for future years' costs.

CHART 9C – FUTURE OPERATING LEASE/OCCUPANCY AGREEMENT COMMITMENTS AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

Fiscal Year	GSA OAs	
2017	$	98
2018		93
2019		88
2020		80
2021		78
2022 and Thereafter (In total)*		529
Total Future Lease Payments	$	966

Note:

*OAs go through the year 2034.

CONTINGENT LIABILITIES

Putative class action lawsuits challenging the agency's collection of debt using the Treasury Offset Program were filed in Federal district court in Maryland and in the District of Columbia in April 2014 and February 2015, respectively. The cases were dismissed by the district courts and are currently on appeal. We cannot estimate the possible dollar amount at this time.

In addition to the matter identified above, there is one other pending matter involving a class action lawsuit in Federal district court in California stemming from the denial of disability benefits under Title II and Title XVI of the *Social Security Act*, challenging the use of medical reports from a doctor. We cannot estimate the possible dollar amount 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, 2016 and 2015. 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
(DOLLARS IN MILLIONS)

	2016				
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Eliminations	Total Dedicated Funds
Balance Sheet					
ASSETS					
Fund Balance with Treasury	$ (92)	$ (140)	$ 0	$ 0	$ (232)
Investments	2,796,712	45,880	0	0	2,842,592
Interest Receivable	21,236	347	0	0	21,583
Accounts Receivables - Non-Federal	2,444	4,340	0	(2)	6,782
Total Assets	$ 2,820,300	$ 50,427	$ 0	$ (2)	$ 2,870,725
LIABILITIES and NET POSITION					
Accrued Railroad Retirement	$ 4,307	$ 243	$ 0	$ 0	$ 4,550
Accounts Payable, Federal	374	837	0	0	1,211
Benefits Due and Payable	69,230	28,520	0	(2)	97,748
Accounts Payable, Non-Federal	0	12	0	0	12
Total Liabilities	73,911	29,612	0	(2)	103,521
Cumulative Results of Operations	2,746,389	20,815	0	0	2,767,204
Total Liabilities and Net Position	$ 2,820,300	$ 50,427	$ 0	$ (2)	$ 2,870,725
Statement of Net Cost					
Program Costs	$ 765,024	$ 144,018	$ 0	$ 0	$ 909,042
Operating Expenses	405	254	0	0	659
Less Earned Revenue	(1)	(25)	(132)	0	(158)
Net Cost of Operations	$ 765,428	$ 144,247	$ (132)	$ 0	$ 909,543
Statement of Changes in Net Position					
Net Position Beginning of Period	$ 2,720,423	$ 17,964	$ 3	$ 0	$ 2,738,390
Tax Revenue	679,580	147,579	0	0	827,159
Interest Revenue	88,061	1,409	0	0	89,470
Net Transfers In/Out	23,748	(1,931)	(32,437)	0	(10,620)
Other	5	41	32,302	0	32,348
Total Financing Sources	791,394	147,098	(135)	0	938,357
Net Cost of Operations	765,428	144,247	(132)	0	909,543
Net Change	25,966	2,851	(3)	0	28,814
Net Position End of Period	$ 2,746,389	$ 20,815	$ 0	$ 0	$ 2,767,204

The above Chart 10 for FY 2016 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $1,691 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2016 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
(DOLLARS IN MILLIONS)

	2015				
	OASI Trust Fund	DI Trust Fund	Other Dedicated Funds	Eliminations	Total Dedicated Funds
Balance Sheet					
ASSETS					
Fund Balance with Treasury	$ (95)	$ 18	$ 3	$ 0	$ (74)
Investments	2,766,649	41,638	0	0	2,808,287
Interest Receivable	22,244	444	0	0	22,688
Accounts Receivables - Federal	1	1	0	0	2
Accounts Receivables - Non-Federal	2,338	4,363	0	(5)	6,696
Total Assets	$ 2,791,137	$ 46,464	$ 3	$ (5)	$ 2,837,599
LIABILITIES and NET POSITION					
Accrued Railroad Retirement	$ 4,173	$ 310	$ 0	$ 0	$ 4,483
Accounts Payable, Federal	319	694	0	0	1,013
Benefits Due and Payable	66,222	27,487	0	(5)	93,704
Accounts Payable, Non-Federal	0	9	0	0	9
Total Liabilities	70,714	28,500	0	(5)	99,209
Cumulative Results of Operations	2,720,423	17,964	3	0	2,738,390
Total Liabilities and Net Position	$ 2,791,137	$ 46,464	$ 3	$ (5)	$ 2,837,599
Statement of Net Cost					
Program Costs	$ 736,752	$ 144,102	$ 0	$ 0	$ 880,854
Operating Expenses	503	248	0	0	751
Less Earned Revenue	(1)	(26)	(123)	0	(150)
Net Cost of Operations	$ 737,254	$ 144,324	$ (123)	$ 0	$ 881,455
Statement of Changes in Net Position					
Net Position Beginning of Period	$ 2,670,570	$ 47,656	$ 4	$ 0	$ 2,718,230
Tax Revenue	672,246	114,156	0	0	786,402
Interest Revenue	92,200	2,401	0	0	94,601
Net Transfers In/Out	22,651	(1,970)	(30,787)	0	(10,106)
Other	10	45	30,663	0	30,718
Total Financing Sources	787,107	114,632	(124)	0	901,615
Net Cost of Operations	737,254	144,324	(123)	0	881,455
Net Change	49,853	(29,692)	(1)	0	20,160
Net Position End of Period	$ 2,720,423	$ 17,964	$ 3	$ 0	$ 2,738,390

Chart 10 for FY 2015 includes eliminations between SSA's funds from dedicated collections, which primarily represent eliminations for activity between the OASI and DI Trust Funds. However, $1,500 million of receivables and liabilities in the funds from dedicated collections for the year ended September 30, 2015 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 primarily represent the HI/SMI Trust Funds' shares of SSA's operating expenses, including the Medicare Prescription Drug Program. LAE ARRA operating expenses recorded in the Other program primarily represent expenses associated with the National Support Center. 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 OASI, DI, and SSI beneficiaries.

CHART 11A - SSA'S OPERATING EXPENSES BY MAJOR PROGRAM AS OF SEPTEMBER 30: (DOLLARS IN MILLIONS)

	2016					
	LAE					
	SSA	OIG	ARRA	OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
OASI	$ 3,345	$ 40	$ 0	$ 400	$ 5	$ 3,790
DI	3,040	36	0	83	171	3,330
SSI	4,716	0	0	0	194	4,910
Other	2,372	29	39	0	0	2,440
	$ 13,473	$ 105	$ 39	$ 483	$ 370	$ 14,470

CHART 11A - SSA'S OPERATING EXPENSES BY MAJOR PROGRAM AS OF SEPTEMBER 30: (DOLLARS IN MILLIONS)

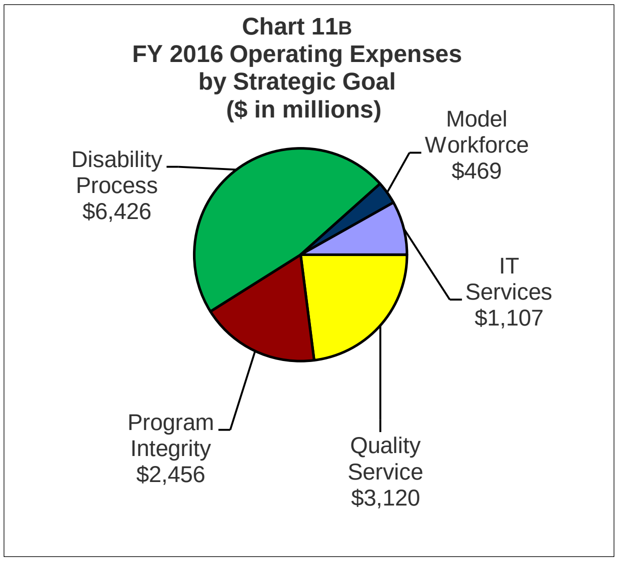
	2015					
	LAE					
	SSA	OIG	ARRA	OASI and DI Trust Fund Operations	Vocational Rehabilitation & Other	Total
OASI	$ 2,959	$ 38	$ 0	$ 500	$ 3	$ 3,500
DI	2,760	36	0	87	161	3,044
SSI	4,162	0	0	0	174	4,336
Other	1,989	29	59	0	0	2,077
	$ 11,870	$ 103	$ 59	$ 587	$ 338	$ 12,957

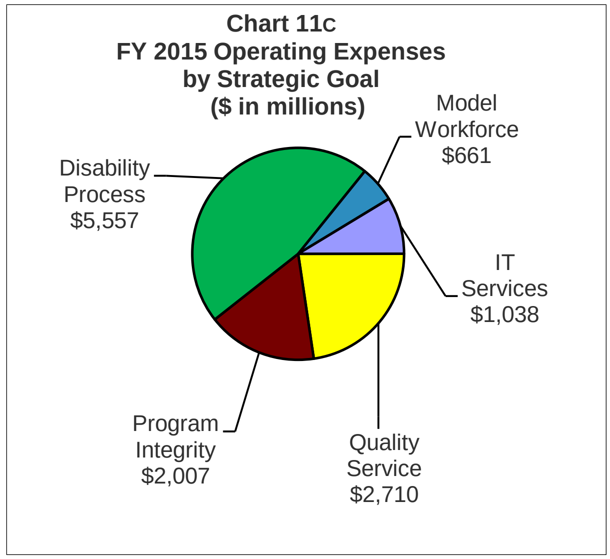
CLASSIFICATION OF OPERATING EXPENSES BY STRATEGIC GOAL

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).

Charts 11B and 11C exhibit the distribution of FY 2016 and FY 2015 SSA and OIG LAE operating expenses to the five APP Strategic Goals, which agree to the agency's LAE budget appropriation.





For Charts 11B and 11C, 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 $314 and $306 million for the years ended September 30, 2016 and 2015. SSA's exchange revenue primarily consists of fees collected to administer SSI State Supplementation. The fees charged to the States are $11.56 and $11.55, per payment, for the years ended September 30, 2016 and 2015. SSA has agreements with 20 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:
(DOLLARS IN MILLIONS)

	2016	2015
SSI State Supplementation Fees	$ 232	$ 216
SSI Attorney Fees	8	8
DI Attorney Fees	25	26
OASI Attorney Fees	1	1
Other Exchange Revenue	48	55
Total	$ 314	$ 306

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 are $108 and $102 million for the years ended September 30, 2016 and 2015. Of these amounts, $100 and $94 million were collected to administer SSI State Supplementation for the years ended September 30, 2016 and 2015. The remainder of the SSI administrative fees, which meet the criteria of a fund from dedicated collections, in the amount of $132 and $122 million for the years ended September 30, 2016 and 2015, 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:
(DOLLARS IN MILLIONS)

	2016			2015		
	Gross Cost	Less Earned Revenue	Net Cost	Gross Cost	Less Earned Revenue	Net Cost
OASI Program						
Intragovernmental	$ 1,282	$ (9)	$ 1,273	$ 1,365	$ (9)	$ 1,356
Public	767,532	(4)	767,528	738,887	(6)	738,881
OASI Subtotal	768,814	(13)	768,801	740,252	(15)	740,237
DI Program						
Intragovernmental	884	(8)	876	894	(8)	886
Public	146,464	(28)	146,436	146,252	(31)	146,221
DI Subtotal	147,348	(36)	147,312	147,146	(39)	147,107
SSI Program						
Intragovernmental	1,277	(12)	1,265	1,249	(12)	1,237
Public	62,609	(245)	62,364	54,607	(231)	54,376
SSI Subtotal	63,886	(257)	63,629	55,856	(243)	55,613
Other Program						
Intragovernmental	625	(6)	619	584	(6)	578
Public	1,818	(2)	1,816	1,496	(3)	1,493
Other Subtotal	2,443	(8)	2,435	2,080	(9)	2,071
Total	$ 982,491	$ (314)	$ 982,177	$ 945,334	$ (306)	$ 945,028

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 Internal Revenue Service or SSA. Revenues to the OASI and DI Trust Funds are reduced for excess employment taxes, which are refunded by offset against income taxes.

Chart 14 displays SSA's Tax Revenue, as reported on the Consolidated Statements of Changes in Net Position, by major program.

CHART 14 - TAX REVENUE AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016	2015
OASI	$ 679,580	$ 672,246
DI	147,579	114,156
Total	$ 827,159	$ 786,402

The passage of Public Law 114-74, *Bipartisan Budget Act of 2015* authorizes a temporary reallocation of the DI Trust Fund's portion of the FICA payroll tax by 0.57 percentage point. A total of 2.37 percentage points of the total combined 12.4 percent payroll tax was allocated to the DI Trust Fund starting January 1, 2016, and will continue through December 31, 2018, after which the allocation returns to the prior distribution. This reallocation of payroll taxes resulted in decreased growth in tax revenue for the OASI Trust Fund, and increased tax revenue for the DI Trust Fund.

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 OPM, Treasury, and the Department of Homeland Security (DHS) 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 $1,152 and $1,089 million for the years ended September 30, 2016 and 2015, as a portion of operating expenses. The expense represents the current and estimated future outlays for SSA 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.

Treasury, on SSA's behalf, processes the payments for SSI benefits. While the majority of the administrative costs associated with processing these payments are recorded as imputed costs with an associated imputed financing source, SSA is responsible for the 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 Department of Justice compromise settlements of actual or imminent lawsuits against SSA. These costs are also recorded as imputed costs with a corresponding imputed financing source.

DHS provides SSA with capabilities and tools that identify cybersecurity risks as part of their Continuous Diagnostics and Mitigation (CDM) program. Specifically, DHS has provided SSA with hardware and internal use software associated with this program.

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

CHART 15 - IMPUTED FINANCING SOURCES AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016	2015
Employee Benefits (OPM)		
CSRS	$ 107	$ 125
FERS	14	25
FEHBP	408	358
FEGLI	1	1
Total Employee Benefits	530	509
SSI Benefit Payments (Treasury)	17	14
Judgement Fund (Treasury)	1	1
CDM (DHS)	2	0
Total	$ 550	$ 524

16. BUDGETARY RESOURCES

APPROPRIATIONS RECEIVED

The Combined Statements of Budgetary Resources discloses Appropriations Received of $1,018,283 and $984,099 million for the years ended September 30, 2016 and 2015. Appropriations Received on the Consolidated Statements of Changes in Net Position are $98,005 and $91,905 million for the same periods. The differences of $920,278 and $892,194 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 new obligations and upward adjustments against Category B Apportionment and Exempt from Apportionment accounts.

CHART 16A - APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016			2015		
	Direct	Reimbursable	Total	Direct	Reimbursable	Total
Category B	$ 76,661	$ 2,907	$ 79,568	$ 71,973	$ 2,703	$ 74,676
Exempt	952,976	1	952,977	923,409	1	923,410
Total	$1,029,637	$ 2,908	$1,032,545	$ 995,382	$ 2,704	$ 998,086

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.

CHART 16B - OASI AND DI TRUST FUND ACTIVITIES AS OF SEPTEMBER 30:
(DOLLARS IN MILLIONS)

	2016			2015		
	OASI	DI	Total	OASI	DI	Total
Receipts	$ 799,905	$ 150,362	$ 950,267	$ 795,334	$ 118,039	$ 913,373
Less: Obligations	773,039	147,517	920,556	744,798	147,722	892,520
Excess of Receipts Over Obligations	$ 26,866	$ 2,845	$ 29,711	$ 50,536	$ (29,683)	$ 20,853

The FY 2015 negative Excess of Receipts Over Obligations for DI presented in Chart 16B reflects the shrinking of the DI Trust Fund authority reserves. The passage of Public Law 114-74, *Bipartisan Budget Act of 2015*, authorizes a temporary reallocation of the DI Trust Fund's portion of the FICA payroll tax by 0.57 percentage point. A total of

2.37 percentage points of the total combined 12.4 percent payroll tax was allocated to the DI Trust Fund starting January 1, 2016, and will continue through December 31, 2018, after which the allocation returns to the prior distribution. This reallocation of payroll taxes has resulted in the DI Trust Fund having positive Excess Receipts Over Obligations for FY 2016. This Act also results in decreased Excess of Receipts Over Obligations for the OASI Trust Fund for FY 2016. The overall Net Position of the OASI and DI Trust Funds, on the Consolidated Statements of Changes in Net Position, are $2,746,389 and $20,815 million for the year ended September 30, 2016, compared to $2,720,423 and $17,964 million for the year ended September 30, 2015.

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 $2,182 and $2,129 million for the years ended September 30, 2016 and 2015. The total undelivered orders contain unpaid undelivered orders and advances, with unpaid orders making up the majority of the total. SSA’s total unpaid undelivered orders are $2,156 and $2,106 million for the years ended September 30, 2016 and 2015.

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, 2015. 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, 2015.

CHART 16C - EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT FOR FY 2015:
(DOLLARS IN MILLIONS)

	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 1,002,455	$ 998,086	$ 33,694	$ 944,120
Expired activity not in President's Budget	(321)	(80)	0	0
Offsetting Receipts activity not in President's Budget	0	0	0	33,694
Other	1	2	(2)	0
Budget of the U.S. Government	$ 1,002,135	$ 998,008	$ 33,692	$ 977,814

A reconciliation has not been conducted for the year ended September 30, 2016 since the actual budget data for FY 2016 will not be available until the President’s Budget is published.

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, 2016 AND 2015
(DOLLARS IN MILLIONS)

	2016	2015
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	**$ 1,032,545**	$ 998,086
Offsetting Collections and Recoveries	**(15,947)**	(15,480)
Obligations Net of Offsetting Collections and Recoveries	**1,016,598**	982,606
Offsetting Receipts	**(35,331)**	(33,694)
Net Obligations	**981,267**	948,912
Other Resources		
Imputed Financing	**550**	524
Other	**(240)**	(224)
Net Other Resources Used to Finance Activities	**310**	300
Total Resources Used to Finance Activities	**981,577**	949,212
Resources Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated, Not Yet Provided	**(273)**	48
Resources that Fund Expenses Recognized in Prior Periods	**(90)**	(30)
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations	**35,343**	33,690
Change in Resources that Finance Assets	**1,328**	(2,095)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations	**(37,633)**	(36,142)
Total Resources Not Part of the Net Cost of Operations	**(1,325)**	(4,529)
Total Resources Used to Finance the Net Cost of Operations	**980,252**	944,683
Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	**9**	2
Components Not Requiring or Generating Resources		
Change in Depreciation and Amortization	**(602)**	1,426
Other	**2,518**	(1,083)
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	**1,916**	343
Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period	**1,925**	345
Net Cost of Operations	**$ 982,177**	$ 945,028

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

STATEMENTS OF SOCIAL INSURANCE

The Statements of Social Insurance present 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 *2016 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, 2016. These assumptions represent the Trustees’ reasonable estimate of likely future economic and demographic conditions. Similar present values are shown in the Statements 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 Statements 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 Statements of Social Insurance also present 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, 2016 totaled $2,813 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 STATEMENTS OF SOCIAL INSURANCE

The present values used in this presentation for the current year (2016) 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 2016

	Total Fertility Rate[1]	Age-Sex-Adjusted Death Rate[2] (per 100,000)	Period Life Expectancy At Birth[3]		Net Annual Immigration (persons per year)[4]	Real-Wage Differential[5] (percentage points)	Annual Percentage Change In:				Average Annual Interest Rate[10]
			Male	Female			Average Annual Wage in Covered Employment[6]	CPI[7]	Total Employment[8]	Real GDP[9]	
2016	1.90	773.0	77.0	81.6	1,579,000	2.08	2.94	0.86	1.1	2.8	2.4%
2020	2.00	742.8	77.5	82.0	1,508,000	1.68	4.28	2.60	1.1	2.8	4.7%
2030	2.00	679.1	78.8	83.0	1,332,000	1.30	3.90	2.60	0.5	2.1	5.3%
2040	2.00	624.5	79.8	83.9	1,284,000	1.22	3.82	2.60	0.6	2.2	5.3%
2050	2.00	576.8	80.9	84.7	1,259,000	1.25	3.85	2.60	0.5	2.2	5.3%
2060	2.00	534.8	81.8	85.5	1,244,000	1.21	3.81	2.60	0.4	2.1	5.3%
2070	2.00	497.6	82.7	86.2	1,235,000	1.15	3.75	2.60	0.5	2.1	5.3%
2080	2.00	464.6	83.5	86.9	1,230,000	1.14	3.74	2.60	0.5	2.1	5.3%
2090	2.00	435.1	84.2	87.5	1,228,000	1.15	3.75	2.60	0.4	2.0	5.3%

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) for the prior four years.

TABLE 2: SIGNIFICANT ULTIMATE ASSUMPTIONS AND SUMMARY MEASURES USED FOR THE STATEMENTS OF SOCIAL INSURANCE FOR CURRENT AND PRIOR YEARS

Year of Statement	Total Fertility Rate[1]	Average Annual Percentage Reduction in the Age-Sex-Adjusted Death Rates[2]	Average Annual Net Immigration (persons per year)[3]	Average Annual Real-Wage Differential[4] (percentage points)	Average Annual Percentage Change In: Average Annual Wage in Covered Employment[5]	Average Annual Percentage Change In: CPI[6]	Average Annual Percentage Change In: Total Employment[7]	Average Annual Real Interest Rate[8]
FY 2016	2.0	0.78	1,291,000	1.20	3.80	2.60	0.5	2.7
FY 2015	2.0	0.78	1,155,000	1.17	3.87	2.70	0.5	2.9
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

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 12th 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 2014-2016 Statements, the standard date was April 1, 2010. For the 2012 and 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 2016 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 2016 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 2016 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 10th year of the 75-year projection period to the 75th year. For the 2016 Statement, the average annual percentage change decreased from 3.87 to 3.80 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 2016 Statement, the average annual rate of CPI decreased from 2.7 to 2.6 percentage points and is consistent with the annual differentials shown in Table 1.
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 2016 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 reached within the first 10 years of the projection period. For the 2016 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 2012-2016 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.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

The Statements of Changes in Social Insurance Amounts reconcile 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 Statements of Social Insurance. The Statements of Changes in Social Insurance Amounts show two reconciliations: (1) change from the period beginning on January 1, 2015 to the period beginning on January 1, 2016; and (2) change from the period beginning on January 1, 2014 to the period beginning on January 1, 2015. The reconciliation identifies several changes that are significant and provides reasons for the changes.

The five changes considered in the Statements 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 Statements 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 cash flows represents a positive change (improving financing), while a decrease in the present value of net cash flows represents a negative change (worsening financing).

CHANGE IN THE VALUATION PERIOD

From the period beginning on January 1, 2015 to the period beginning on January 1, 2016

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2015-2089) to the current valuation period (2016-2090) 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 cash flow for 2015, replaces it with a much larger negative net cash flow for 2090, and measures the present values as of January 1, 2016, one year later. Thus, the present value of estimated future net cash flows (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 2015-2089 to 2016-2090. 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 2015 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, 2014 to the period beginning on January 1, 2015

The effect on the 75-year present values of changing the valuation period from the prior valuation period (2014-2088) to the current valuation period (2015-2089) 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 cash flow for 2014, replaces it with a much larger negative net cash flow for 2089, and measures the present values as of January 1, 2015, one year later. Thus, the present value of estimated future net cash flows (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 2014-2088 to 2015-2089. 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 2014 are realized. The change in valuation period increased the starting 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, 2015 to the period beginning on January 1, 2016

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2016), with the exception of a small change in marriage rates, 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 birth rate data for 2013 and 2014 indicated lower birth rates than were expected in the prior valuation. The data also show an increase in birth rates starting in 2014, one year later than assumed in the prior valuation.
- Incorporating mortality data obtained from the National Center for Health Statistics at ages under 65 for 2012 and 2013 and from Medicare experience at ages 65 and older for 2013 resulted in slightly higher death rates than were projected in the prior valuation.
- Assumed ultimate marriage rates were decreased somewhat to reflect a continuation of recent trends.
- More recent legal and other-than-legal immigration data and historical population data were included.

Inclusion of the new birth rate data and immigration data decreased the present value of estimated future net cash flows, while the inclusion of the mortality data and the marriage rate changes increased the present value of estimated future net cash flows.

There were two changes in demographic methodology:

- The transition from recent mortality rates to the ultimate rates starts sooner, immediately after the year of final data. The approach used for the prior valuation extended the trend of the last 10 years through the valuation year for the report and only thereafter started the transition to assumed ultimate rates of decline.
- Historical non-immigrant population counts were revised to match recent totals provided by the DHS. In addition, emigration rates for the never-authorized and visa-overstayer populations were recalibrated to reflect a longer historical period and to be less influenced by the high emigration rates experienced during the recent recession. Finally, the method for projecting emigration of the never-authorized population was altered to reflect lower rates of emigration for those who have resided here longer.

These methodological improvements increased the present value of estimated future net cash flows.

From the period beginning on January 1, 2014 to the period beginning on January 1, 2015

The ultimate demographic assumptions for the current valuation (beginning on January 1, 2015), with the exception of changes made due to the executive actions on immigration, 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 birth rate data for 2012 and preliminary data for 2013 indicated lower birth rates than were expected in the prior valuation. In this year's report, the total fertility rate reaches the ultimate in 2027, which is 11 years earlier than in last year's report.
- Incorporating mortality data obtained from Medicare experience at ages 65 and older for 2012 resulted in slightly higher death rates for 2012 and a slightly slower rate of decline in mortality over the next 25 years than were projected in last year's report. Incorporating mortality data obtained from the National Centers for Health Statistics at ages under 65 for 2011 resulted in slightly lower death rates for 2011 and a slightly faster rate of decline in mortality over the next 25 years than were projected in last year's report.
- Historical legal immigration was revised to include single age data (rather than 5-year age groups); including more recent marriage, legal immigration, and other-than-legal immigration data; historical data since 2001 was revised to be more consistent with the most recent estimates from the Census Bureau.

Inclusion of the new birth rate data and immigration data decreased the present value of estimated future net cash flows, while the inclusion of the remaining data increased the present value of estimated future net cash flows.

CHANGES IN ECONOMIC DATA, ASSUMPTIONS, AND METHODS

From the period beginning on January 1, 2015 to the period beginning on January 1, 2016

For the current valuation (beginning on January 1, 2016), there were three changes to the ultimate economic assumptions.

- The ultimate rate of price inflation (CPI-W) was lowered by 0.1 percentage point, to 2.6 percent from 2.7 percent for the previous valuation.
- The ultimate average real-wage differential is assumed to be 1.20 percent in the current valuation period, compared to 1.17 percent in the previous valuation period.
- The ultimate real interest rate was lowered by 0.2 percentage point, to 2.7 percent from 2.9 percent for the previous valuation period.

While very low inflation in recent years is reflective of U.S. and international supply and demand factors that have been affected by the global recession, the average rate of change in the CPI-W over the last two complete business cycles (from 1989 to 2007) is 2.63 percent. The lower ultimate CPI decreases the present value of estimated future net cash flows.

The higher real-wage differential assumption is based on new projections by the Centers for Medicare and Medicaid Services of slower growth in employer sponsored group health insurance premiums. Because these premiums are not subject to the payroll tax, slower growth in these premiums means that a greater share of employee compensation will be in the form of wages that are subject to the payroll tax. The higher real-wage differential increased the present value of estimated future net cash flows.

Real interest rates have been low since 2000, and particularly low since the start of the recent recession. An ongoing and much-debated question among experts is how much of this change is cyclic or a temporary response to extraordinary events, versus a fundamental permanent change. The Trustees believe that lowering the long-term ultimate real interest rate somewhat is appropriate at this time. The lower real interest rate decreased the present value of estimated future net cash flows.

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.

- A reduction in the ultimate level of actual and potential GDP of about 1.0 percent is assumed. Thus, by the end of the short-range period (2025) and for all years thereafter, projected GDP in 2009 dollars is about 1.8 percent below the level in last year's report.

The change to GDP decreased the present value of estimated future net cash flows. Other, smaller changes in starting values and near term growth assumptions combined to increase the present value of estimated future net cash flows.

From the period beginning on January 1, 2014 to the period beginning on January 1, 2015

For the current valuation (beginning on January 1, 2015), there was one change to the ultimate economic assumptions.

- The ultimate real-wage differential is assumed to be 1.17 percent in the current valuation period, compared to 1.13 percent in the previous valuation period.

The higher real-wage differential assumption is more consistent with recent experience and expectations of slower growth in employer sponsored group health insurance premiums from the Centers for Medicare and Medicaid Services. Because these premiums are not subject to the payroll tax, slower growth in these premiums means that a greater share of employee compensation will be in the form of wages that are subject to the payroll tax. This change to the real-wage assumption increased the present value of estimated future net cash flows.

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 averages about 0.6 percentage point higher during the long-range period, compared to the previous valuation period.
- The projected suspense file contains fewer wage items, which is consistent with having fewer workers (many of whom are undocumented immigrants) with wages on the suspense file and more of these workers with earnings in the underground economy, compared to the previous valuation.

The change to the ratio of average taxable earnings to the average wage index increased the present value of estimated future net cash flows while the change to the suspense file decreased the present value of estimated future net cash flows. Other, smaller changes in starting values and near term growth assumptions combined to increase the present value of estimated future net cash flows.

CHANGES IN PROGRAMMATIC DATA AND METHODS

From the period beginning on January 1, 2015 to the period beginning on January 1, 2016

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2016). The most significant are identified below.

- The sample used in the prior valuation for projecting average benefit levels of retired worker and disabled-worker beneficiaries newly entitled for benefits was for worker beneficiaries newly entitled in 2008. The current valuation uses the results from worker beneficiaries newly entitled in 2013. In addition, the method used to determine initial entitlements was improved, primarily to take into account the recent increase of “file and suspend” cases, which were not fully included under the previous methodology.
- Recent data and estimates provided by the Office of Tax Analysis at Treasury indicated higher levels of revenue from taxation of OASDI benefits than projected in the prior valuation.

Both of these methodological improvements increased the present value of estimated future net cash flows.

From the period beginning on January 1, 2014 to the period beginning on January 1, 2015

Several methodological improvements and updates of program-specific data are included in the current valuation (beginning on January 1, 2015). The most significant are identified below.

- The earnings histories of worker beneficiaries were changed to be more consistent with: (1) the projected employment and earnings by single year of age and gender used in estimating payroll tax revenue; and (2) the projected distribution by single year of age and gender of newly entitled worker beneficiaries for each projection year.
- The projected relative earnings levels for those over age 65 were changed to those age 65 and younger. The projected insured rate for some immigrants was lowered. The affected group of immigrants includes those working in covered employment with a temporary visa that allows them to work and those working in covered employment without current legal work authorization.
- 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, changes in projections of beneficiaries and benefit levels over the first 10 years of the projection period, other small methodological improvements, and interactions.

All of these methodological improvements increased the present value of estimated future net cash flows.

CHANGES IN LAW OR POLICY

From the period beginning on January 1, 2015 to the period beginning on January 1, 2016

In the current valuation period (beginning on January 1, 2016), one law was enacted that is expected to have a significant effect on the long-range cost of the OASDI program. On November 2, 2015, the President signed into law Public Law 114-74, *Bipartisan Budget Act of 2015*. Several sections of the law had significant effects on long-range actuarial status, including:

- Section 831. Closure of unintended loopholes. This provision eliminates: (1) the ability to receive only a retired-worker benefit or an aged-spouse benefit when eligible for both, for those attaining age 62 in 2016 and later; and (2) the ability of a family member other than a divorced spouse to receive a benefit based on the earnings of a worker with a voluntarily suspended benefit, for voluntary suspensions requested after April 29, 2016.
- Section 832. Requirement for medical review. This section requires that the medical portion of the case review and any applicable residual functional capacity assessment for an initial disability determination be completed by an appropriate physician, psychiatrist, or psychologist.
- Section 833. Reallocation of payroll tax rates. For earnings in calendar years 2016 through 2018, this section temporarily reallocates from 1.80 percent to 2.37 percent the portion of the total 12.40 percent OASDI payroll tax that is directed to the DI Trust Fund. This reallocation of the payroll tax rates had no cost effect on the combined OASDI program.

Inclusion of this law increased the present value of estimated future net cash flows.

From the period beginning on January 1, 2014 to the period beginning on January 1, 2015

In the current valuation period (beginning on January 1, 2015), no laws were enacted that are expected to have significant effects on the long-range cost of the OASDI program. However, on November 20, 2014, the President announced a series of executive actions on immigration, which are expected to have a significant effect on the long-range income and cost of the OASDI program. Due to a Federal court order, implementation of the actions affecting undocumented children and parents is on hold at the time of this report. However, the estimates in this report assume this court order will be temporary and that the executive actions will proceed by the end of 2015.

Inclusion of these executive actions increased the present value of estimated future net cash flows.

ASSUMPTIONS USED FOR THE STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

The present values included in the Statements 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) provides tabulated assumptions for the prior year in a similar manner.

PERIOD BEGINNING ON JANUARY 1, 2015 AND ENDING JANUARY 1, 2016

Present values as of January 1, 2015 are calculated using interest rates from the intermediate assumptions of the 2015 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2016. 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 2015 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 2016 Trustees Report.

PERIOD BEGINNING ON JANUARY 1, 2014 AND ENDING JANUARY 1, 2015

Present values as of January 1, 2014 are calculated using interest rates from the intermediate assumptions of the 2014 Trustees Report. All other present values in this part of the Statement are calculated as a present value as of January 1, 2015. 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 2014 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 2015 Trustees Report.

POTENTIAL IMPACT ON THE SOCIAL INSURANCE STATEMENTS OF THE JUNE 23, 2016 SUPREME COURT JUDGMENT ON THE 2014 DACA AND DAPA EXECUTIVE ACTIONS

In November 2014, Presidential executive actions expanded the Deferred Action for Childhood Arrivals program (DACA) and established the Deferred Action for Parents of Americans program (DAPA). On June 23, 2016, the Supreme Court was divided (tied 4-4) on the ruling of the legality of the expanded DACA and DAPA programs, so the lower court's ruling, temporarily blocking these programs from being implemented, was upheld. As a result, the expanded DACA and DAPA programs will be either delayed or never implemented. The SSA Office of the Chief Actuary has concluded that the Supreme Court's judgment has an effect on the actuarial methods and assumptions used in developing the estimates presented in the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts. Whether the expanded DACA and DAPA programs are delayed or never implemented, we expect that the judgment will have an impact of less than $25 billion on the present value of future noninterest income less future cost for current and future participants (open group measure) presented in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts. We do not consider these effects to be material.

OTHER INFORMATION: BALANCE SHEET BY MAJOR PROGRAM
AS OF SEPTEMBER 30, 2016
(DOLLARS IN MILLIONS)

Assets	OASI	DI	SSI	Other	LAE	Intra-Agency Eliminations	Consolidated
Intragovernmental:							
Fund Balance with Treasury	$ (92)	$ (140)	$ 9,114	$ 126	$ (23)	$ 0	$ 8,985
Investments	2,796,712	45,880	0	0	0	0	2,842,592
Interest Receivable	21,236	347	0	0	0	0	21,583
Accounts Receivable, Net	0	0	0	0	2,955	(2,747)	208
Other	0	0	2	0	21	0	23
Total Intragovernmental	2,817,856	46,087	9,116	126	2,953	(2,747)	2,873,391
Accounts Receivable, Net	2,444	4,340	5,255	0	2	(495)	11,546
Property, Plant, and Equipment, Net	0	0	0	0	3,419	0	3,419
Other	0	0	0	0	2	0	2
Total Assets	$2,820,300	$ 50,427	$ 14,371	$ 126	$ 6,376	$ (3,242)	$ 2,888,358
Liabilities							
Intragovernmental:							
Accrued Railroad Retirement Interchange	$ 4,307	$ 243	$ 0	$ 0	$ 0	$ 0	$ 4,550
Accounts Payable	374	837	6,436	35	2	(2,747)	4,937
Other	0	0	1	3	163	0	167
Total Intragovernmental	4,681	1,080	6,437	38	165	(2,747)	9,654
Benefits Due and Payable	69,230	28,520	5,396	0	0	(495)	102,651
Accounts Payable	0	12	333	0	40	0	385
Federal Employee and Veteran Benefits	0	0	0	0	327	0	327
Other	0	0	33	2	681	0	716
Total Liabilities	73,911	29,612	12,199	40	1,213	(3,242)	113,733
Contingencies (Note 9)							
Net Position							
Unexpended Appropriations - All Other Funds	0	0	5,918	86	2	0	6,006
Cumulative Results of Operations - Funds from Dedicated Collections	2,746,389	20,815	0	0	0	0	2,767,204
Cumulative Results of Operations - All Other Funds	0	0	(3,746)	0	5,161	0	1,415
Total Net Position - Funds from Dedicated Collections	2,746,389	20,815	0	0	0	0	2,767,204
Total Net Position - All Other Funds	0	0	2,172	86	5,163	0	7,421
Total Net Position	2,746,389	20,815	2,172	86	5,163	0	2,774,625
Total Liabilities and Net Position	$2,820,300	$ 50,427	$ 14,371	$ 126	$ 6,376	$ (3,242)	$ 2,888,358

OTHER INFORMATION: SCHEDULE OF NET COST FOR THE YEAR ENDED SEPTEMBER 30, 2016
(DOLLARS IN MILLIONS)

	Program	LAE	Total
OASI Program			
Benefit Payment Expense	$ 765,024	$ 0	$ 765,024
Operating Expenses	405	3,385	3,790
Total Cost of OASI Program	765,429	3,385	768,814
Less: Exchange Revenues	(1)	(12)	(13)
Net Cost of OASI Program	765,428	3,373	768,801
DI Program			
Benefit Payment Expense	144,018	0	144,018
Operating Expenses	254	3,076	3,330
Total Cost of DI Program	144,272	3,076	147,348
Less: Exchange Revenues	(25)	(11)	(36)
Net Cost of DI Program	144,247	3,065	147,312
SSI Program			
Benefit Payment Expense	58,976	0	58,976
Operating Expenses	194	4,716	4,910
Total Cost of SSI Program	59,170	4,716	63,886
Less: Exchange Revenues	(240)	(17)	(257)
Net Cost of SSI Program	58,930	4,699	63,629
Other			
Benefit Payment Expense	3	0	3
Operating Expenses	0	2,440	2,440
Total Cost of Other	3	2,440	2,443
Less: Exchange Revenues	0	(8)	(8)
Net Cost of Other Program	3	2,432	2,435
Total Net Cost			
Benefit Payment Expense	968,021	0	968,021
Operating Expenses	853	13,617	14,470
Total Cost	968,874	13,617	982,491
Less: Exchange Revenues	(266)	(48)	(314)
Total Net Cost	$ 968,608	$ 13,569	$ 982,177

OTHER INFORMATION: SCHEDULE OF CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2016
(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
Cumulative Results of Operations:						
Beginning Balances	$ 2,720,423	$ 17,964	$ 3	$ (3,833)	$ 0	$ 0
Budgetary Financing Sources						
Appropriations Used	0	0	0	63,273	32,302	160
Tax Revenues	679,580	147,579	0	0	0	0
Interest Revenues	88,061	1,409	0	0	0	0
Transfers In/Out - Without Reimbursement	28,169	(1,622)	(135)	(4,076)	(32,302)	(157)
Railroad Retirement Interchange	(4,421)	(309)	0	0	0	0
Other Budgetary Financing Sources	5	41	0	0	0	0
Other Financing Sources (Non-Exchange)						
Transfers-In/Out - Without Reimbursement	0	0	0	(2,561)	0	2,561
Imputed Financing Sources	0	0	0	17	0	0
Other	0	0	0	2,496	0	(2,561)
Total Financing Sources	791,394	147,098	(135)	59,149	0	3
Net Cost of Operations	765,428	144,247	(132)	59,062	0	3
Net Change	25,966	2,851	(3)	87	0	0
Cumulative Results of Operations	$ 2,746,389	$ 20,815	$ 0	$ (3,746)	$ 0	$ 0
Unexpended Appropriations:						
Beginning Balances	$ 0	$ 0	$ 0	$ 3,686	$ 0	$ 90
Budgetary Financing Sources						
Appropriations Received	0	0	0	65,505	32,302	169
Other Adjustments	0	0	0	0	0	(13)
Appropriations Used	0	0	0	(63,273)	(32,302)	(160)
Total Budgetary Financing Sources	0	0	0	2,232	0	(4)
Total Unexpended Appropriations	0	0	0	5,918	0	86
Net Position	$ 2,746,389	$ 20,815	$ 0	$ 2,172	$ 0	$ 86

OTHER INFORMATION: SCHEDULE OF CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2016 (CONTINUED)
(DOLLARS IN MILLIONS)

	LAE	CONSOLIDATED		CONSOLIDATED TOTAL
	All Other Funds	Funds from Dedicated Collections	All Other Funds	
Cumulative Results of Operations:				
Beginning Balances	$ 5,928	$ 2,738,390	$ 2,095	$ 2,740,485
Budgetary Financing Sources				
Appropriations Used	30	32,302	63,463	95,765
Tax Revenues	0	827,159	0	827,159
Interest Revenues	0	89,470	0	89,470
Transfers In/Out Without Reimbursement	12,239	(5,890)	8,006	2,116
Railroad Retirement Interchange	0	(4,730)	0	(4,730)
Other Budgetary Financing Sources	0	46	0	46
Other Financing Sources (Non-Exchange)				
Transfers-In/Out	0	0	0	0
Imputed Financing Sources	533	0	550	550
Other	0	0	(65)	(65)
Total Financing Sources	12,802	938,357	71,954	1,010,311
Net Cost of Operations	13,569	909,543	72,634	982,177
Net Change	(767)	28,814	(680)	28,134
Cumulative Results of Operations	$ 5,161	$ 2,767,204	$ 1,415	$ 2,768,619
Unexpended Appropriations:				
Beginning Balances	$ 3	$ 0	$ 3,779	$ 3,779
Budgetary Financing Sources				
Appropriations Received	29	32,302	65,703	98,005
Other Adjustments	0	0	(13)	(13)
Appropriations Used	(30)	(32,302)	(63,463)	(95,765)
Total Budgetary Financing Sources	(1)	0	2,227	2,227
Total Unexpended Appropriations	2	0	6,006	6,006
Net Position	$ 5,163	$ 2,767,204	$ 7,421	$ 2,774,625

OTHER INFORMATION: COMBINED SCHEDULE OF SPENDING FOR THE YEAR ENDED SEPTEMBER 30, 2016
(DOLLARS IN MILLIONS)

	OASI	DI	SSI	Other	LAE	Consolidated
What Money is Available to Spend?						
Total Resources	$ 773,039	$ 147,517	$ 72,679	$ 32,553	$ 13,035	$ 1,038,823
Less Amount Available but Not Agreed to be Spent	0	0	(5,217)	(38)	(207)	(5,462)
Less Amount Not Available to be Spent	0	0	(577)	(49)	(190)	(816)
Total Amounts Agreed to be Spent	$ 773,039	$ 147,517	$ 66,885	$ 32,466	$ 12,638	$ 1,032,545
How was the Money Spent/Issued?						
Financial Assistance Direct Payments	$ 765,287	$ 144,001	$ 61,893	$ 4	$ 46	$ 971,231
Payroll	0	0	0	0	6,807	6,807
Contracts						
Travel	0	0	0	0	44	44
Rent, Utilities, and Communications	0	0	1	0	1,232	1,233
Acquisition of Capital Assets	0	0	0	0	454	454
Other Contractual Services	405	253	208	0	4,018	4,884
Inter-Fund Transfers	3,084	2,960	4,783	32,462	0	43,289
Railroad Board Transfers	4,421	309	0	0	0	4,730
Other	(158)	(6)	0	0	37	(127)
Total Amounts Agreed to be Spent	$ 773,039	$ 147,517	$ 66,885	$ 32,466	$ 12,638	$ 1,032,545

Certain amounts reported in the schedule above can be tied to specific line items on the Statements of Budgetary Resources presented on page 53. 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 Expired Unobligated Balance, and Total New Obligations and Upward Adjustments 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 New Obligations and Upward Adjustments line reported.

The detailed line items reported above will not tie to amounts reported in 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: COMBINED SCHEDULE OF SPENDING FOR THE YEAR ENDED SEPTEMBER 30, 2015
(DOLLARS IN MILLIONS)

	OASI	DI	SSI	Other	LAE	Consolidated
What Money is Available to Spend?						
Total Resources	$ 744,798	$ 147,722	$ 66,024	$ 31,021	$ 12,890	$ 1,002,455
Less Amount Available but Not Agreed to be Spent	0	0	(3,524)	(42)	(238)	(3,804)
Less Amount Not Available to be Spent	0	0	(321)	(48)	(196)	(565)
Total Amounts Agreed to be Spent	$ 744,798	$ 147,722	$ 62,179	$ 30,931	$ 12,456	$ 998,086
How was the Money Spent/Issued?						
Financial Assistance Direct Payments	$ 737,144	$ 144,320	$ 57,250	$ 4	$ 40	$ 938,758
Payroll	0	0	0	0	6,700	6,700
Contracts						
Travel	0	0	0	0	18	18
Rent, Utilities, and Communications	0	0	1	0	1,149	1,150
Acquisition of Capital Assets	0	0	0	0	325	325
Other Contractual Services	506	246	(350)	0	4,115	4,517
Inter-Fund Transfers	3,025	2,823	5,084	30,927	0	41,859
Railroad Board Transfers	4,328	341	0	0	0	4,669
Other	(205)	(8)	194	0	109	90
Total Amounts Agreed to be Spent	$ 744,798	$ 147,722	$ 62,179	$ 30,931	$ 12,456	$ 998,086

Certain amounts reported in the schedule above can be tied to specific line items on the Statements of Budgetary Resources presented on page 53. 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 Expired Unobligated Balance, and Total New Obligations and Upward Adjustments 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 New Obligations and Upward Adjustments line reported.

The detailed line items reported above will not tie to amounts reported in 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.

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES FOR THE YEAR ENDED SEPTEMBER 30, 2016
(DOLLARS IN MILLIONS)

	OASI	DI	SSI	Other	LAE	Combined
Budgetary Resources						
Unobligated Balances, Brought Forward, October 1	$ 0	$ 0	$ 3,845	$ 90	$ 434	$ 4,369
Recoveries of Prior Year Unpaid Obligations	4	128	577	2	209	920
Other Changes in Unobligated Balance	403	(121)	0	(12)	70	340
Unobligated Balance From Prior Year Budget Authority, Net	407	7	4,422	80	713	5,629
Appropriations (Discretionary and Mandatory)	772,632	147,510	65,640	32,472	29	1,018,283
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	0	0	2,617	1	12,293	14,911
Total Budgetary Resources	$ 773,039	$ 147,517	$ 72,679	$ 32,553	$ 13,035	$1,038,823
Status of Budgetary Resources						
New obligations and upward adjustments (Note 16)						
Direct	$ 773,039	$ 147,517	$ 64,047	$ 32,465	$ 12,569	$1,029,637
Reimbursable	0	0	2,838	1	69	2,908
New obligations and upward adjustments (total)	773,039	147,517	66,885	32,466	12,638	1,032,545
Unobligated Balance , End of Year						
Apportioned, unexpired accounts	0	0	5,217	38	207	5,462
Unapportioned, unexpired accounts	0	0	575	0	17	592
Unexpired unobligated balance, end of year	0	0	5,792	38	224	6,054
Expired unobligated balance, end of year	0	0	2	49	173	224
Unobligated balance, end of year (total)	0	0	5,794	87	397	6,278
Total Budgetary Resources	$ 773,039	$ 147,517	$ 72,679	$ 32,553	$ 13,035	$1,038,823
Change in Obligated Balance						
Unpaid obligations:						
Unpaid Obligations, Brought Forward, October 1	$ 70,714	$ 28,511	$ 3,091	$ 109	$ 2,438	$ 104,863
New obligations and upward adjustments	773,039	147,517	66,885	32,466	12,638	1,032,545
Outlays, Gross	(769,839)	(146,278)	(66,102)	(32,537)	(12,348)	(1,027,104)
Recoveries of Prior Year Unpaid Obligations	(4)	(128)	(577)	(2)	(209)	(920)
Unpaid Obligations, End of Year	73,910	29,622	3,297	36	2,519	109,384
Uncollected payments:						
Uncollected Payments, Federal Sources, Brought Forward, October 1	0	0	0	0	(2,905)	(2,905)
Change in Uncollected Payments, Federal Sources	0	0	0	0	(38)	(38)
Uncollected Payments Federal Sources, End of Year	0	0	0	0	(2,943)	(2,943)
Memorandum (non-add) Entries:						
Obligated balance, Start of Year	$ 70,714	$ 28,511	$ 3,091	$ 109	$ (467)	$ 101,958
Obligated balance, End of Year	$ 73,910	$ 29,622	$ 3,297	$ 36	$ (424)	$ 106,441
Budget Authority and Outlays, Net						
Budget Authority, Gross (Discretionary and Mandatory)	$ 772,632	$ 147,510	$ 68,257	$ 32,473	$ 12,322	$1,033,194
Actual Offsetting Collections (Discretionary and Mandatory)	(37)	(7)	(2,617)	(1)	(12,325)	(14,987)
Change in Uncollected Customer Payments From Federal Sources (Discretionary and Mandatory)	0	0	0	0	(38)	(38)
Recoveries of Prior Year Paid Obligations	37	7	0	0	70	114
Budget Authority, Net (Discretionary and Mandatory)	$ 772,632	$ 147,510	$ 65,640	$ 32,472	$ 29	$1,018,283
Outlays, Gross (Discretionary and Mandatory)	769,839	146,278	66,102	32,537	12,348	1,027,104
Actual Offsetting Collections (Discretionary and Mandatory)	(37)	(7)	(2,617)	(1)	(12,325)	(14,987)
Outlays, Net (Discretionary and Mandatory)	769,802	146,271	63,485	32,536	23	1,012,117
Distributed Offsetting Receipts	(31,254)	(1,276)	(240)	(2,561)	0	(35,331)
Agency Outlays, Net (Discretionary and Mandatory)	$ 738,548	$ 144,995	$ 63,245	$ 29,975	$ 23	$ 976,786