

A photograph of the Alexander Hamilton statue in front of the U.S. Treasury Department building. The image is partially obscured by a large white diagonal graphic element.

# Financial Report of the U.S. Government

Release Date: February 15, 2024



# Compilation Process

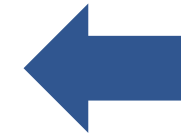


Long-Term  
Fiscal  
Projections

Financial  
Management  
Priorities



Agency Financial Reports  
Performance &  
Accountability Reports  
40 Significant Reporting Entities  
126 Other Reporting Entities  
Audited by Inspectors General  
& Contract Auditors



## Audit

- 19 out of 24 CFO Act agency unmodified opinions
- Disclaimers: DOD, ED, SBA;
- Qualified USDA, DOL
- Government-wide: Disclaimer of Opinion since FY 1997
- Size and complexity pose significant audit challenges
- Resolved/remediated @ 70% of GAO recommendations since FY 2013
- **Intragovernmental differences immaterial.**

**Compilation (Fiscal Service)**  
**MD&A, Summary (OFAS)**



## HEADLINES

- Budget Deficit: \$319.7b increase,
- Net Operating Cost: \$753.8b decrease.
  - Losses from FEVBP assumptions (VA, DOD, OPM).
  - ED cost decrease – Supreme Court decision.
  - COVID cost decreases (e.g., Treasury, HHS)
  - Interest on Public Debt: \$180b increase
  - Tax and Other Revenues: \$460.3b decrease.
- Loans Receivable, net \$261.0b increase.
  - ED re-estimate - Biden v Nebraska (increase),
  - FDIC obligation purchase (increase)
  - SBA disaster loan write-offs (decrease)
- Federal Debt & Interest: \$2.0t increase.
- FEVBP: \$1.5t increase.
- FY 2023 - Unmatched Transactions and Balances ***immaterial***
- Social Insurance Net Expenditures: \$2.5t increase.
- Fiscal projections trends improved slightly, but still “unsustainable”.

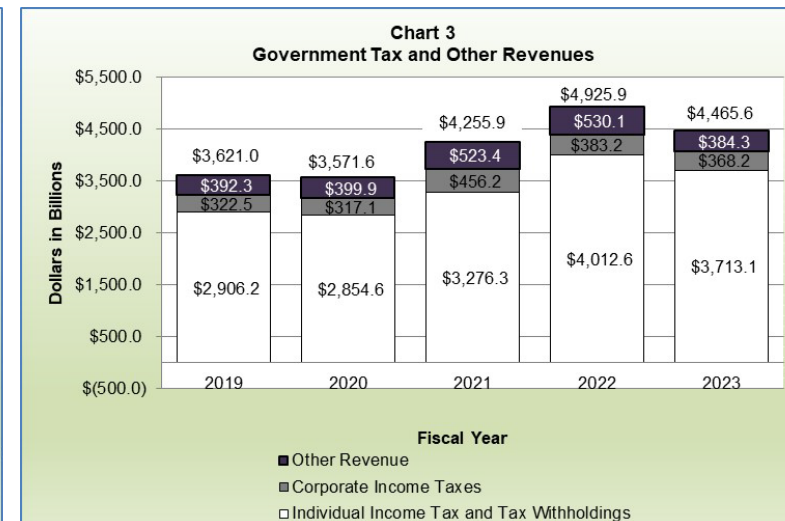
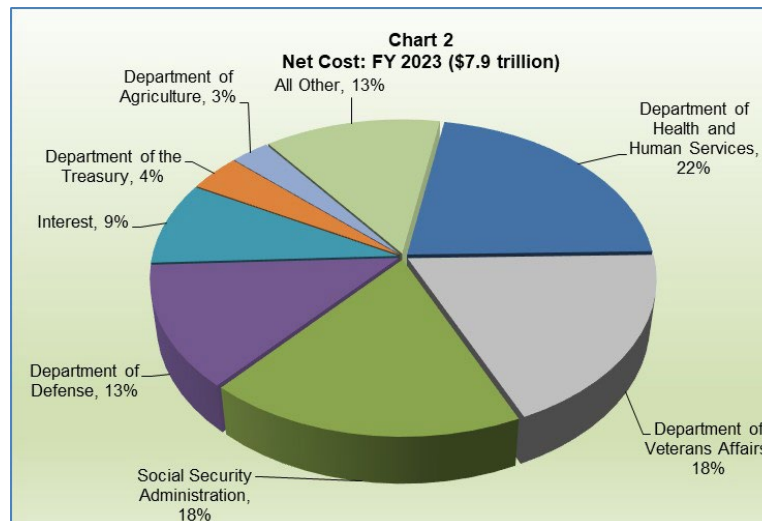
|   | 2023          | 2022*         | Increase / (Decrease) |               |
|---|---------------|---------------|-----------------------|---------------|
|   |               |               | \$                    | %             |
| <b>FINANCIAL MEASURES (Dollars in Billions)</b>   |               |               |                       |               |
| <b>Gross Cost</b>   | \$ (7,661.7)  | \$ (7,420.1)  | \$ 241.6              | 3.3%          |
| Less: Earned Revenue  | \$ 539.5      | \$ 531.1      | \$ 8.4                | 1.6%          |
| Gain/(Loss) from Changes in Assumptions   | \$ (760.6)    | \$ (2,207.9)  | \$ (1,447.3)          | (65.6%)       |
| <b>Net Cost</b>   | \$ (7,882.8)  | \$ (9,096.9)  | \$ (1,214.1)          | (13.3%)       |
| <b>Less: Total Tax and Other Unearned Revenues</b>  | \$ 4,465.6    | \$ 4,925.9    | \$ (460.3)            | (9.3%)        |
| <b>Net Operating Cost</b>   | \$ (3,417.2)  | \$ (4,171.0)  | \$ (753.8)            | (18.1%)       |
| <b>Budget Deficit</b>   | \$ (1,695.2)  | \$ (1,375.5)  | \$ 319.7              | 23.2%         |
| <b>Assets:</b>  |               |               |                       |               |
| Cash & Other Monetary Assets  | \$ 922.2      | \$ 877.8      | \$ 44.4               | 5.1%          |
| Inventory and Related Property, Net   | \$ 423.0      | \$ 406.9      | \$ 16.1               | 4.0%          |
| Loans Receivable, Net   | \$ 1,695.1    | \$ 1,434.1    | \$ 261.0              | 18.2%         |
| General Property, Plant & Equipment, Net  | \$ 1,235.0    | \$ 1,197.5    | \$ 37.5               | 3.1%          |
| Other   | \$ 1,143.8    | \$ 1,046.1    | \$ 97.7               | 9.3%          |
| <b>Total Assets</b>   | \$ 5,419.1    | \$ 4,962.4    | \$ 456.7              | 9.2%          |
| <b>Liabilities:</b>   |               |               |                       |               |
| Federal Debt and Interest Payable   | \$ (26,347.7) | \$ (24,328.0) | \$ 2,019.7            | 8.3%          |
| Federal Employee & Veteran Benefits Payable   | \$ (14,327.4) | \$ (12,811.9) | \$ 1,515.5            | 11.8%         |
| Other   | \$ (2,223.2)  | \$ (1,882.4)  | \$ 340.8              | 18.1%         |
| <b>Total Liabilities</b>  | \$ (42,898.3) | \$ (39,022.3) | \$ 3,876.0            | 9.9%          |
| Unmatched Transactions and Balances <sup>1</sup>  | \$ -          | \$ (1.3)      | \$ (1.3)              | (100.0%)      |
| <b>Net Position</b>   | \$ (37,479.2) | \$ (34,061.2) | \$ 3,418.0            | 10.0%         |
| <b>SUSTAINABILITY MEASURES (Dollars in Trillions)</b>   |               |               |                       |               |
| <b>Social Insurance Net Expenditures:</b>   |               |               |                       |               |
| Social Security (OASDI)   | \$ (25.2)     | \$ (23.3)     | \$ 1.9                | 8.2%          |
| Medicare (Parts A, B, & D)  | \$ (53.1)     | \$ (52.5)     | \$ 0.6                | 1.1%          |
| Other   | \$ (0.1)      | \$ (0.1)      | \$ -                  | 0.0%          |
| <b>Total Social Insurance Net Expenditures</b>  | \$ (78.4)     | \$ (75.9)     | \$ 2.5                | 3.3%          |
| <b>Total Federal Non-Interest Net Expenditures</b>  | \$ (73.2)     | \$ (79.5)     | \$ (6.4)              | (8.1%)        |
| <b>75-Year Fiscal Gap (Percent of Gross Domestic Product)<sup>2</sup></b>   | <b>(4.5%)</b> | <b>(4.9%)</b> | <b>(0.4%)</b>         | <b>(8.2%)</b> |
| <sup>1</sup> Unmatched transactions and balances are net adjustments needed to balance the financial statements and are due primarily to unresolved intra-governmental differences.   |               |               |                       |               |
| <sup>2</sup> To prevent the debt-to-GDP ratio from rising over the next 75 years, a combination of non-interest spending reductions and receipts increases that amounts to 4.5 percent of GDP on average is needed (4.9 percent of GDP on average in FY 2022). See Financial Statement Note 24. |               |               |                       |               |
| * Change in presentation (see Financial Statement Note 1.W).  |               |               |                       |               |



# Increases and Decreases – Net Cost (Dollars in Billions)

| Total    | FY 2023   | FY 2022   | Change      | Comment   |
|----------|-----------|-----------|-------------|-----------|
| Net Cost | \$7,882.8 | \$9,096.8 | - \$1,214.1 | See Below |

| Agency                  | FY 2023    | FY 2022   | Change    | Comment  |
|-------------------------|------------|-----------|-----------|--|
| ED                      | \$18.5     | \$539.5   | - \$521.0 | Student Debt Relief – Supreme Court              |
| VA                      | \$1,455.3  | \$1,934.9 | - \$479.6 | Assumptions Changes – Veterans Benefits          |
| DOD                     | \$1,003.3  | \$1,458.9 | - \$455.6 | Military Retirement Fund Assumptions, Operations |
| Treasury                | \$303.7    | \$526.4   | - \$222.7 | Decrease in Economic Impact Payments (EIP)       |
| Interest on Public Debt | \$678.0    | \$496.5   | + \$181.5 | Deficits, Debt, Interest Rates                   |
| SSA                     | \$1, 432.8 | \$1,294.0 | + \$138.8 | Increase in benefits paid.                       |



## Increases and Decreases – Balance Sheet (Dollars in Billions)

| Line Item         | FY 2023    | FY 2022    | Change    | Comment   |
|-------------------|------------|------------|-----------|-----------|
| <b>Assets</b>     |            |            |           |           |
| Total Assets      | \$5,419.1  | \$4,962.4  | + \$456.7 | See Below |
| Total Liabilities | \$42,898.3 | \$39,022.3 | + 3,876.0 | See Below |

| Line Item               | FY 2023    | FY 2022    | Change      | Comment   |
|-------------------------|------------|------------|-------------|---|
| <b>Assets</b>           |            |            |             |   |
| Cash & Monetary Assets  | \$922.2    | \$877.8    | + \$44.4    | Mostly cash held for operations.                |
| Net Loans Receivable    | \$1,695.1  | \$1,434.1  | + 261.0     | Education (student debt relief – Supreme Court) |
| General PP&E            | \$1,235.0  | \$1,197.5  | + \$37.5    | DOD @68%  |
| <b>Liabilities</b>      |            |            |             |   |
| Debt Held By The Public | \$26,347.7 | \$24,328.0 | + \$2,019.7 | Debt/GDP: @97%; Does not include intragov debt  |
| Fed Empl & Vet Benefits | \$14,327.4 | \$12,811.9 | + \$1,515.5 | Assumptions Changes – Veterans Benefits         |



# Social Insurance & Fiscal Projections

## Social Insurance Future Expenditures in Excess of Future Revenues

| Dollars in Trillions   | 2023      |               | 2022      |               | Increase / (Decrease) |             |
|--|-----------|---------------|-----------|---------------|-----------------------|-------------|
|  |           |               |           |               | \$                    | %           |
| <b>Open Group (Net):</b>                                     |           |               |           |               |                       |             |
| Social Security (OASDI)                                      | \$        | (25.2)        | \$        | (23.3)        | \$ 1.9                | 8.2%        |
| Medicare (Parts A, B, & D)                                   | \$        | (53.1)        | \$        | (52.5)        | \$ 0.6                | 1.1%        |
| Other  | \$        | (0.1)         | \$        | (0.1)         | \$ -                  | 0.0%        |
| <b>Total Social Insurance Expenditures, Net (Open Group)</b> | <b>\$</b> | <b>(78.4)</b> | <b>\$</b> | <b>(75.9)</b> | <b>\$ 2.5</b>         | <b>3.3%</b> |

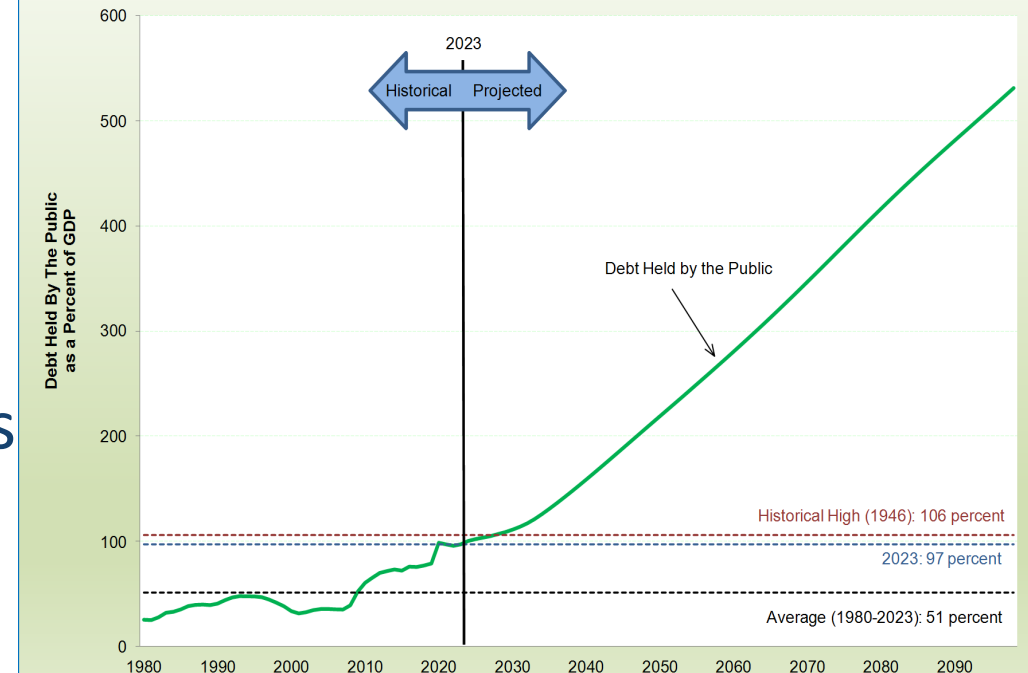
Table 1: Trust Fund Status

| Fund  | Projected Depletion | Projected Post-Depletion Trend   |
|---|---------------------|--|
| Medicare Hospital Insurance *   | 2031                | In 2031, trust fund income is projected to cover 89 percent of benefits, decreasing to 81 percent in 2047, then returning to 96 percent by 2097. |
| Combined Old-Age Survivors and Disability Insurance **  | 2034                | In 2034, trust fund income is projected to cover 80 percent of scheduled benefits, decreasing to 74 percent by 2097.                             |
| * Source: 2023 Medicare Trustees Report ** Source: 2023 OASDI Trustees Report<br>This Report's projections assume full Social Security and Medicare benefits are paid after fund depletion contrary to current law. |                     |  |

- Required by federal accounting standards.
- Sources:
  - SOSI – agencies
  - Fiscal Projections - OMB
- Current law and policy.
- Projections, not predictions
- “The fiscal path is unsustainable.”



Chart 6: Historical and Current Policy Projections for Debt Held by the Public, 1980-2098



# Fiscal Projections - OMB

Chart 5: Historical and Current Policy Projections for Receipts, Non-interest Spending, Net Interest, and Total Spending 1980-2098

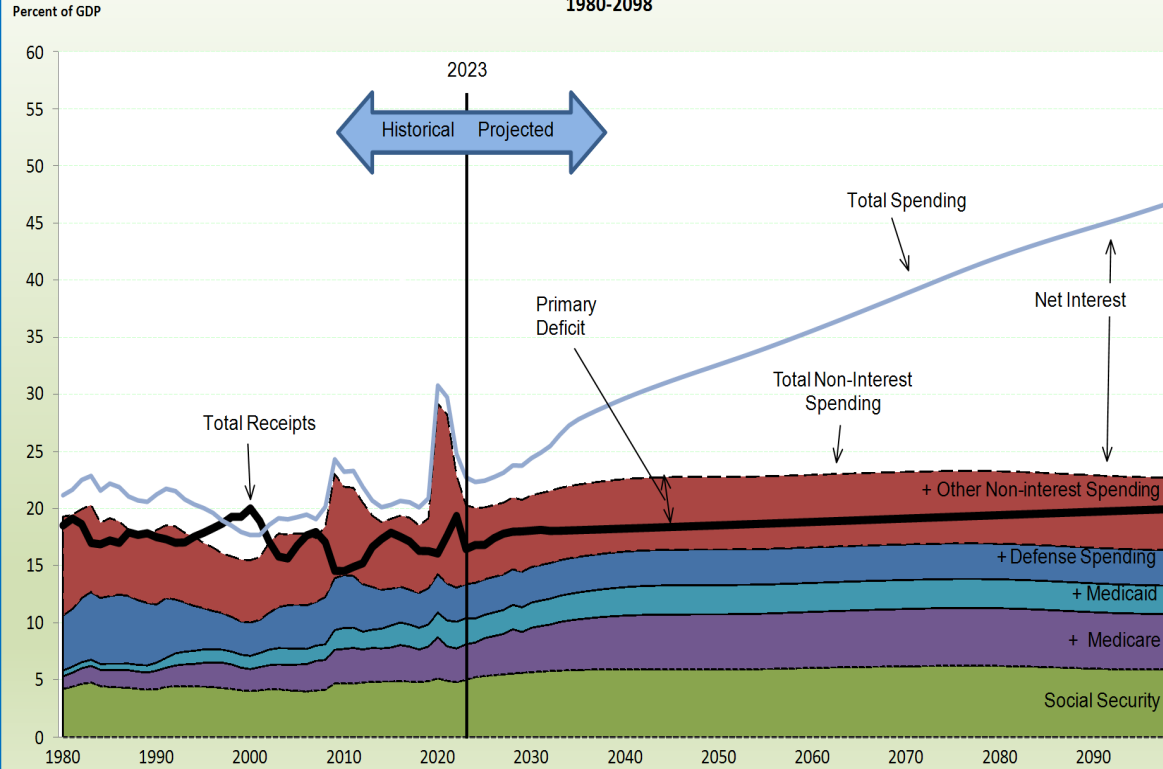


Chart 6: Historical and Current Policy Projections for Debt Held by the Public, 1980-2098

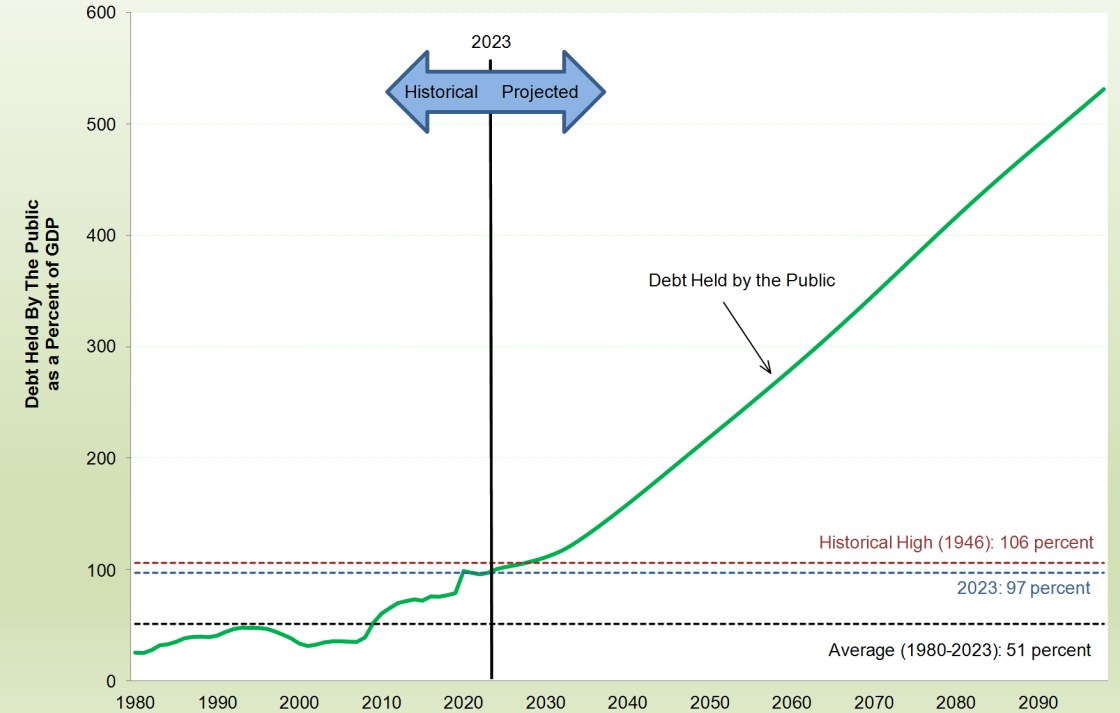


Table 2

## Cost of Delaying Fiscal Reform

| Period of Delay                    | Change in Average Primary Surplus        |
|------------------------------------|--|
| Reform in 2024 (No Delay)          | 4.5 percent of GDP between 2024 and 2098 |
| Reform in 2034 (Ten-Year Delay)    | 5.3 percent of GDP between 2034 and 2098 |
| Reform in 2044 (Twenty-Year Delay) | 6.5 percent of GDP between 2044 and 2098 |



## Climate Reporting in Federal Financial Reports

- OMB A-136 Sec II.4.10 – Climate-Related Financial Risk:
  - MD&A - Significant entities should summarize efforts taken or planned to assess, measure, and mitigate significant climate-related risks that could affect the entity's performance, financial position, or financial condition.
  - Other Information (Unaudited) – Significant Entities:
    - Must include hyperlinks to Climate Action Plans, Sustainability Reports, and other relevant information.
    - Are encouraged to FY 2022 budget authority or outlays related to reducing the Federal Government's exposure to climate-related financial risks.
    - Are encouraged to report on Governance, Strategy, Risk Management, and Metrics related to climate efforts.
- Many agencies included information about their climate change mitigation efforts in their FY 2023 financial reports.
- FRUSG references Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), Executive Orders; and illustrates “wide array of climate-related activities”
  - Physical Risk (e.g., GSA, DOD, SSA, State, USAID)
  - Transition Risk (e.g., Treasury, DOI, DOC, HHS)





## Then and Now

| Financial Report of the U.S. Government<br>Selected Data | FY<br>1997 | FY<br>2023 |
|--|------------|------------|
| Budget Deficit   | \$15 b     | \$1.7 t    |
| Tax and Other Revenue                                    | \$1.6 t    | \$4.5 t    |
| Net Operating Cost                                       | \$21 b     | \$3.4 t    |
| Total Assets   | \$1.6 t    | \$5.4 t    |
| Public Debt + Accrued Interest                           | \$3.8 t    | \$26.3t    |
| Total Liabilities  | \$6.6 t    | \$42.9 t   |
| Social Insurance Net Expenditures                        | \$1.8 t*   | \$78.4t    |

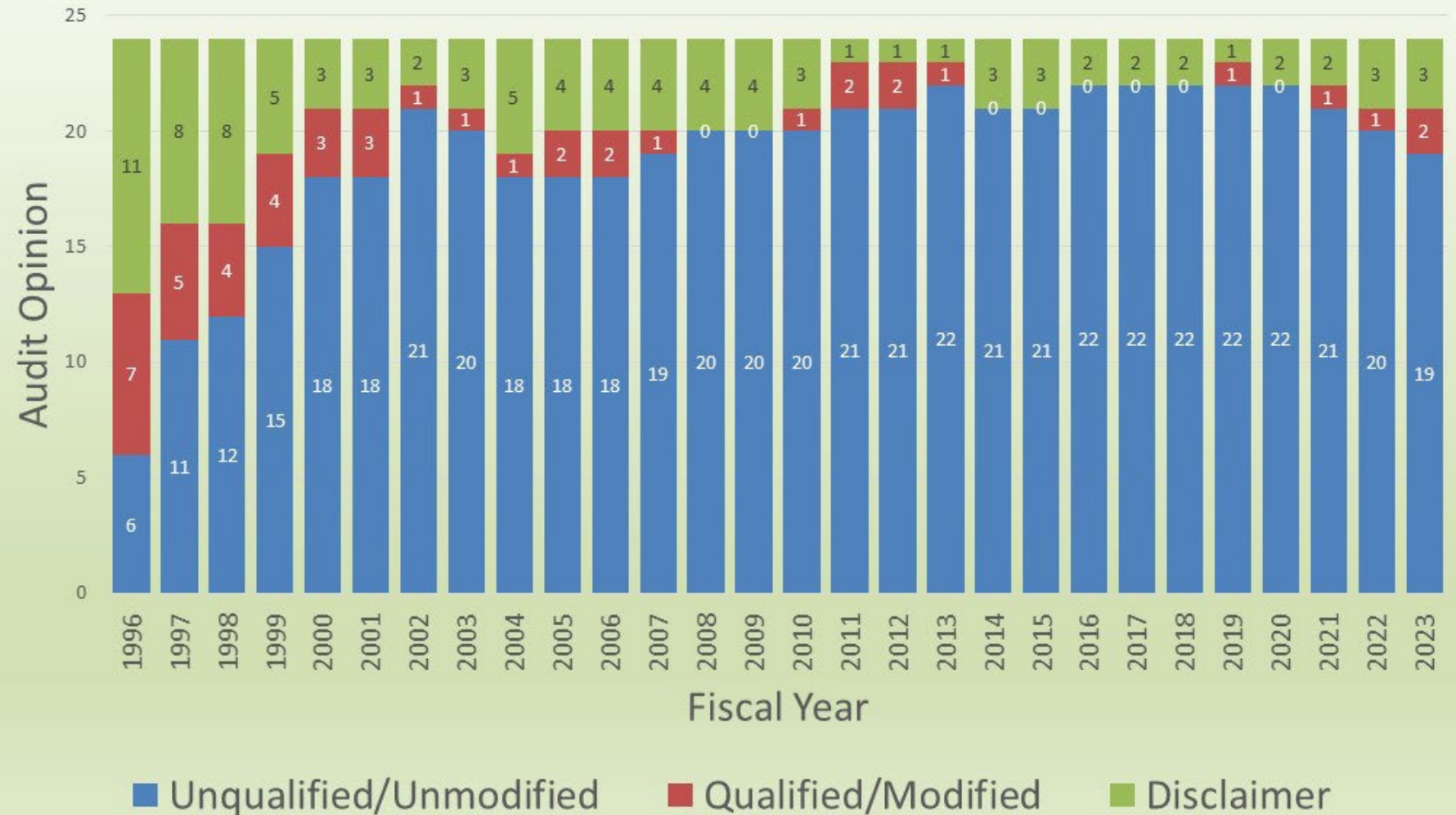
\*Required Supplementary Stewardship Information



|   |                   |                   |
|---|-------------------|-------------------|
| <b>Agency Unmodified Audit Opinions</b> | <b>10</b>         | <b>19</b>         |
| <b>FRUSG Audit Opinion</b>              | <b>Disclaimer</b> | <b>Disclaimer</b> |



## CFO Act Agencies Audit Opinion History



**FRUSG Audit Opinion**

**Disclaimer**

# Audit

- Agency Financial Reports
  - 19 out of 24 CFO Act agency unmodified opinions
    - Disclaimers: DOD, ED, SBA
    - Qualified: USDA, DOL
- Government-wide: Disclaimer of Opinion (since FY 1997):
  - Department of Defense material weaknesses
  - Three preparation material weaknesses (Treasury/OMB)
  - Social Insurance, Fiscal Projections - Medicare cost growth uncertainty (HHS)

## CHALLENGES

- Size and Scope
- Preparation and Audit Model
- Multiple Bases of Accounting
- Multiple Materiality Levels

## REMEDIATION

- Resolved/remediated @ 70% of GAO recommendations since FY 2013.
- Intragovernmental Differences Immaterial – But Challenges Remain



## FRUSG Website and Resources

- Hybrid HTML/PDF version
- Intra-document navigation
- Access to chart data.
- Related Resources Page – Links to:
  - Agency Financial Reports
  - OMB Circulars and Memoranda
  - Social Security/Medicare Trustees Reports
  - GAO High Risk and Fiscal Health Information

<https://www.fiscal.treasury.gov/reports-statements/financial-report/2023/related-resources.html>







**Questions?**