

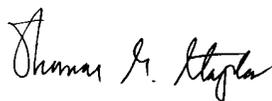
A Message from the Deputy Chief Financial Officer

Because of SSA's longstanding commitment to protect the public's investment in the Social Security trust funds, I am pleased to disclose the Agency's financial condition and results of operations. FY 1997 marks the fourth consecutive year that SSA's financial statements have received an unqualified audit opinion. Our financial statements were prepared consistent with requirements of the Federal Accounting Standards Advisory Board, the Office of Management and Budget, the Chief Financial Officers' Act and other relevant Federal statutes.

These financial statements cover all programs and business processes administered by SSA. Amounts disclosed in the consolidated statements are reported by program beginning on page 37.

For FY 1997, the Statement of Financial Position displayed on page 26 reflects total assets of \$649 billion, a 14 percent increase over the previous year. This increase is attributable to the steady growth of the OASDI Trust Fund reserves which were invested to generate \$42 billion of interest income, an increase of \$5 billion compared to FY 1996. The OASDI Trust Funds own 99 percent of SSA's assets of which \$631 billion are investments that are only converted to cash when needed to pay benefits and other expenses. The investment portfolios, yields and maturities are detailed on pages 47 and 48.

The presentation of revenues and expenses is reflected in the Statement of Operations and Changes in Net Position on page 27. Revenues and other financing sources increased by 7 percent to \$481 billion. In FY 1997, administrative expenses for all SSA programs only used about 1.4 percent of our total revenue and financing sources. This illustrates our commitment to efficiency and our success in directing most revenues to current and future beneficiaries. Finally, the Statement of Cash Flows presented on pages 28 and 29 shows the substantial impact of SSA's programs on the cash taken from and placed back into the nation's economy.



Thomas G. Staples
Deputy Chief Financial Officer



Consolidated Statement of Financial Position as of September 30, 1997 and 1996

	(Dollars in Millions)	
Assets	1997	1996
Intragovernmental Entity Assets:		
Fund Balance with Treasury (Note 4)	\$ 2,341	\$ 2,434
Investments (Note 5)	631,007	549,503
Interest Receivable, Net (Note 6)	11,048	9,811
Accounts Receivable, Net (Note 6)	30	32
Other	20	109
Governmental Entity Assets:		
Accounts Receivable, Net (Note 6)	2,262	2,314
Advances and Prepayments	107	74
Property, Plant and Equipment, Net	301	308
Other	96	26
Total Entity Assets	\$647,212	\$564,611
Non-Entity Assets:		
SSI Intragovernmental Receivable (Note 6)	\$ 384	\$ 294
SSI Governmental Receivable (Note 6)	1,037	999
Total Non-Entity Assets	\$ 1,421	\$ 1,293
Total Assets	\$648,633	\$565,904
Liabilities		
Liabilities Covered by Budgetary Resources		
Intragovernmental Liabilities		
Accrued Railroad Retirement Interchange	\$ 3,708	\$ 3,690
Accounts Payable	343	196
Other Liabilities	296	206
Governmental Liabilities:		
Accrued Benefit Entitlements	34,291	34,038
Accounts Payable	622	709
Accrued Payroll, Benefits and Other Liabilities	177	158
Total Liabilities Covered by Budgetary Resources	\$ 39,437	\$ 38,997
Liabilities Not Covered by Budgetary Resources (Note 7)		
Intragovernmental Liabilities:		
SSI Receivables Owed to Treasury	\$ 1,421	\$ 1,293
Capital Lease	108	124
Interest Payable	2	3
Other Liabilities	35	35
Governmental Liabilities:		
Accrued Benefit Entitlements	1,016	1,082
Accrued Leave	219	213
Black Lung Actuarial	0	4,551
Other Liabilities	247	208
Total Liabilities Not Covered by Budgetary Resources	\$ 3,048	\$ 7,509
Total Liabilities	\$ 42,485	\$ 46,506
Net Position (Note 8)		
Unexpended Appropriations	\$ 3,391	\$ 3,314
Cumulative Results of Operations	602,757	516,084
Total Net Position	\$606,148	\$519,398
Total Liabilities and Net Position	\$648,633	\$565,904

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

Consolidated Statement of Operations and Changes in Net Position for the Period Ended September 30, 1997 and 1996

	(Dollars in Millions)	
	1997	1996
Revenue and Financing Sources		
Tax Revenues (Note 9)	\$405,335	\$381,220
Appropriated Capital Used	29,513	27,084
Revenue from Sale of Goods and Services:		
To the Public	2,925	2,788
Intragovernmental	717	837
Interest, Federal/Gifts and Other Revenues	42,468	37,574
Imputed Financing (Note 2)	267	0
SSI Receivables Recovered	1,150	1,037
Less: SSI Receivables Transferred to Treasury	1,150	1,037
Total Revenue and Financing Sources	\$481,225	\$449,503
Expenses		
Program/Operating Expenses (Note 11)	\$398,229	\$380,871
Interest	177	177
Depreciation and Amortization	84	43
Bad Debts and Writeoffs	280	279
Vocational Rehabilitation and Other	158	158
Total Expenses	\$398,928	\$381,528
Excess of Revenue and Financing Sources Over Total Expenses	\$ 82,297	\$ 67,975
Net Position, Beginning Balance	\$519,398	\$452,340
Excess of Revenue and Financing Sources Over Total Expenses	82,297	67,975
Plus (Minus) Non-Operating Changes (Note 8)	4,453	(917)
Net Position, Ending Balance	\$606,148	\$519,398

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

Consolidated Statement of Cash Flows for the Period Ended September 30, 1997 and 1996

	(Dollars in Millions)	
	1997	1996
Cash Provided (Used) by Operating Activities		
Cash Provided:		
Tax Collections	\$406,389	\$381,544
Services Provided	3,746	3,889
Interest and Penalties	41,227	36,520
Benefit Programs	7,432	6,456
Other Operating Cash Provided:		
Payments to the Trust Funds	16	(133)
Gifts and Deposit Funds	2	0
Non-Entity Cash Provided:		
SSI Receivables Recovered	1,150	1,037
Total Cash Provided	\$459,962	\$429,313
Cash Used:		
Insurance Claims and Indemnities	\$369,663	\$353,890
Goods and Services	256	246
Personnel Services and Benefits	3,428	3,185
Travel and Transportation	60	36
Rent, Communications and Utilities	580	511
Printing and Reproduction	19	27
Other Contractual Services	1,586	1,322
Supplies and Materials	39	74
Grants, Subsidies and Contributions	29,825	27,428
Other Operating Cash Used:		
Interest Paid	14	16
Refund of Employment Taxes	1,053	1,662
Administrative Expenses	144	179
Vocational Rehabilitation and Other	145	132
Non-Entity Cash Used:		
SSI Receivables Returned to Treasury	1,150	1,037
Total Cash Used	\$407,962	\$389,745
Net Cash Provided (Used) by Operating Activities	\$ 52,000	\$ 39,568

Consolidated Statement of Cash Flows for the Period Ended September 30, 1997 and 1996, Continued

	(Dollars in Millions)	
	1997	1996
Cash Provided (Used) by Investing Activities		
Purchase of Property, Plant and Equipment, Net of Sales	\$ (16)	\$ (50)
Sale of Securities	458,355	432,167
Purchase of Securities	(539,857)	(498,498)
Net Cash Provided (Used) by Investing Activities	\$(81,518)	\$ (66,381)
Cash Provided (Used) by Financing Activities		
Appropriations (Current Warrants)	\$29,437	\$ 26,286
Withdrawals From All Years	(12)	0
Net Cash Provided (Used) by Financing Activities	\$29,425	\$ 26,286
Fund Balance with Treasury, Beginning of Period	\$2,434	\$ 2,961
Net Change in Cash	(93)	(527)
Fund Balance with Treasury, End of Period	\$2,341	\$ 2,434
Reconciliation of Excess of Revenue and Financing Sources Over Total Expenses to Net Cash Provided by Operating Activities		
Excess of Revenue and Financing Sources Over Total Expenses	\$ 82,297	\$ 67,975
Adjustments to Reconcile Excess of Revenues and Financing Sources Over Total Expenses to Net Cash Provided by Operating Activities		
Appropriated Capital Used	\$(29,513)	\$(27,084)
Decrease (Increase) in Accounts Receivable	(1,311)	(1,297)
Decrease (Increase) in Other Assets	(117)	207
Increase (Decrease) in Accounts Payable	60	(1,186)
Increase (Decrease) in Other Liabilities	490	1,396
Depreciation and Amortization	84	43
Other Unfunded Expenses	(9)	(48)
Other Adjustments	19	(438)
Total Adjustments	\$(30,297)	\$(28,407)
Net Cash Provided by Operating Activities	\$ 52,000	\$ 39,568

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

NOTES TO THE PRINCIPAL FINANCIAL STATEMENTS



Summary of Significant Accounting Policies

Reporting Entity

The Social Security Administration (SSA), as an independent agency of the United States Government, is responsible for administering the Nation's Old Age and Survivors, and Disability Insurance Programs (OASDI), the Supplemental Security Income (SSI) Program and Part B of the Black Lung (BL) Program. SSA is considered a separate reporting entity for financial reporting purposes, and its financial statements have been prepared to report the financial position and results of operations of SSA, as required by the Chief Financial Officers Act of 1990. The financial statements have been prepared from the accounting records of SSA in accordance with the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Bulletin 94-01, certain provisions of OMB Bulletin 97-01, the Federal Accounting Standards Advisory Board's (FASAB) Statements of Federal Financial Accounting Standards and SSA's accounting policies which are summarized in this note. These statements are therefore different from the financial reports, also prepared by SSA pursuant to OMB directives, that are used to monitor and control SSA's use of budgetary resources.

In accordance with OMB Bulletin 97-01, SSA is presenting consolidated financial statements. The FY 1996 financial statements, previously presented as combined statements, do not require adjustment to be classified as consolidated. Also, no inter-agency elimination entries were necessary to appropriately term the FY 1997 financial statements as consolidated.

The consolidated financial statements include the accounts of all funds under SSA control, consisting of two trust funds, three general fund appropriations and five deposit funds. The trust funds are the Old Age and Survivors Insurance (OASI) Trust Fund and the Disability Insurance (DI) Trust Fund. SSA's statements also include OASI and DI investment activities performed by Treasury. SSA's financial activity has been classified and reported by the following program areas: OASI, DI, SSI, and BL-Part B and Other.

Investments

Trust fund balances may only be invested "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 are carried at amortized cost.

Property, Plant and Equipment

All of SSA's capitalized (fixed) assets acquired before October 1, 1994 are considered assets of the OASI, DI and the Hospital Insurance/Supplemental Medical Insurance (HI/SMI) Trust Funds. All obligations for the acquisition of such assets are charged only to the four trust funds. Capital assets purchased after September 30, 1994 are considered assets of the OASI and DI Trust Funds only. SSA's Cost Analysis System (CAS) calculates total user charges for capital assets based on the net book value of capital assets and on the investment interest rate established by the Department of Treasury. User charges are allocated in the CAS to all programs based on each program's use of capital assets during the period. All general fund activities reimburse the trust funds for their use of trust fund assets through the CAS's calculation of user charge credits.

During FY 1996, SSA increased the capitalization threshold for all new property, plant and equipment acquisitions from \$5,000 to \$100,000. All property, plant and equipment assets previously capitalized which now fall below the new threshold were expensed in FY 1996. This expense totaled \$38.3 million.

SSA no longer capitalizes and depreciates internally developed software. These costs are now expensed as incurred. All previously capitalized internally developed software costs which had not been fully amortized were expensed in FY 1996. This expense totaled \$62.4 million.

Recognition of Financing Sources

Financing sources are provided through Congressional appropriations, on both an annual and multi-year basis. In addition to appropriations, some financing is provided in the form of gifts from the public and interest on investments. Financing sources consist of funds transferred from the U.S. Treasury to the OASI and DI Trust Funds for employment taxes (Federal Insurance

Contribution Act [FICA] and Self Employment Contributions Act [SECA]), appropriations and gifts. Employment tax revenues are made available daily based on a quarterly estimate of the amount of FICA taxes payable by employers and SECA taxes paid by the self-employed. Adjustments are made to the estimates for actual FICA taxes payable, actual SECA taxes paid and refunds made. Employment tax credits (the difference between the combined employee and employer rate and the self-employed rate), credit for military service, income taxation of Social Security benefits and interest on trust fund unnegotiated benefit payment checks are also included in tax revenues (See NOTE 9: Tax Revenues).

Payments to the trust funds from appropriations are recognized as appropriated capital used in the period received for interest on trust fund unnegotiated checks, benefit payments for uninsured persons and pension reform costs. Appropriated capital used also includes Treasury payments and accruals for the SSI and BL programs.

SSA receives payments from those States choosing to have SSA administer their State supplementation of Federal SSI benefits.

Capitalized expenditures and long-term assets are recognized in the Statement of Operations and Changes in Net Position as they are consumed. In contrast, budget reporting recognizes these same financing sources in the year the obligation was established to purchase the asset.

Trust fund balances not required to meet current expenditures are invested on a daily basis in interest-bearing obligations of the U.S. Government. Interest income is compounded semi-annually (June and December) and has been adjusted to include an accrual for interest earned from July 1 to September 30 and to exclude the prior year's accrual.

Other financing sources consist of reimbursable services and miscellaneous sales (waste paper). Reimbursements are recognized as the services are performed (See NOTE 3: Inter-Governmental Financing Activities). These financing sources may be used to pay for current operating expenses as well as for capital expenditures such as property, plant and equipment and other long-term assets as specified by law.

Administrative Expenses

SSA initially charges administrative expenses to the Limitation on Administrative Expenses (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 FY to be charged to the appropriate trust or general fund. Accordingly, administrative expenses are subsequently distributed during each month to the appropriate trust and general funds account. All such distributions are initially made on an estimated basis and adjusted to actual each year, as provided for in Section 1534 of Title 31, United States Code. The Social Security Independence and Program Improvements Act of 1994 established SSA's own Office of Inspector General (OIG). Administrative expenses of the OIG are funded by a separate appropriation account and charged to the appropriate trust or general fund.

Accrued Benefit Entitlements

Liabilities are accrued for OASI, DI and BL benefits to which recipients are entitled for the month of September which, by statute, are not paid until October. Also, liabilities are accrued on benefits for past periods that have not completed processing, such as benefit payments due but not paid pending receipt of a correct address, and adjudicated and unadjudicated hearings and appeals and civil litigation cases which were not paid at the close of the fiscal year.

SSI Receivables

The FY 1991 Appropriations Act, P.L. 101-517, requires that all collections from repayment of SSI overpayments be deposited in the general fund of the Treasury. These funds, upon deposit, are assets of the general fund of the Treasury and shall not be used by SSA as an SSI budgetary resource to pay SSI benefits and accordingly, are classified as non-entity assets on the Statement of Financial Position.



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. Accordingly,

SSA's financial statements do not contain the results of centralized financial decisions and activities performed for the benefit of the whole Government.

These statements are not intended to report SSA's proportionate share of the Federal deficit. Financing for general fund appropriations reported on the Consolidated Statement of Operations and 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.

The General Services Administration (GSA), using monies provided from the OASI and DI Trust Funds, administers the construction or purchase of buildings on SSA's behalf. The acquisition costs of these buildings have been charged to the two trust funds, capitalized and included in these statements. SSA also occupies buildings that have been leased by GSA or have been constructed using Public Building Funds. These statements reflect SSA's payments to GSA for lease, operations maintenance and depreciation expenses associated with these buildings.

SSA's employees participate in the contributory Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS), to which SSA makes matching contributions. On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, are automatically covered by FERS while employees hired prior to that could elect to either join FERS or remain in CSRS.

One of the primary differences between FERS and CSRS is that FERS offers a savings plan to which SSA is required to contribute 1 percent of pay and match employee contributions up to an additional 4 percent of basic pay. SSA contributions to CSRS were \$132.9 and \$130.6 million for FY 1997 and 1996, respectively. SSA contributions to FERS were \$87.7 and \$78.1 million for FY 1997 and 1996, respectively. In addition, SSA contributions to the FERS savings plan were \$29.1 and \$25.3 million for FY 1997 and 1996, respectively. These statements do not reflect CSRS or FERS assets or accumulated plan benefits applicable to SSA employees since these data are only reported in total by the Office of Personnel Management.

In accordance with FASAB standards, the Statement of Operations and Changes in Net Position recognizes a post-employment benefit expense of \$427.4 million and an imputed financing source of \$267.3 million for FY

1997. The expense represents SSA's share of the current and estimated future outlays for employee pensions, life and health insurance. The imputed financing source represents the FY 1997 service cost not paid by SSA.

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Inter-Governmental Financing Activities

SSA, while performing its operations, provides services to other Federal and State agencies, and as provided for by law, other Federal and State agencies also perform services for SSA. SSA's statements include amounts reimbursed by other Federal and State agencies for services provided by SSA.

Federal

Some of the more significant Federal agencies and programs for which SSA performs administrative services on a reimbursable basis are: the Health Care Financing Administration's Medicare program, funded by the HI/SMI Trust Funds, the Department of Labor's Black Lung (Part A) program, and the Department of Agriculture's Food Stamp program. The following amounts were reimbursed to SSA from other Federal sources:

	<i>(In Millions)</i>	
	<u>1997</u>	<u>1996</u>
HI/SMI Trust Funds	\$862	\$812
All Others	16	13

The Railroad Retirement Board (RRB) expense and accrued liability are for the annual interchange required to place the OASI and DI Trust Funds in the same position they would have been, if railroad employment had been covered by the Social Security program. The law requires the transfer, including interest accrued from the end of the preceding fiscal year, to be made in June. Also, amounts for railroad workers, who have qualified for and are receiving OASI and DI benefit payments, are included in the benefit payment expenses. However, the payments are made to the qualifying railroad workers by the RRB on behalf of SSA. SSA reimbursed RRB in the amount of \$1.1 billion for both FY 1997 and 1996. SSA's expenses for administrative services performed by the Department of Treasury consist of \$255 and \$246 million for FY 1997 and FY 1996, respectively.

State

SSA's expenses for services include reimbursement to States for Disability Determination Services in the amount of \$1.1 billion for both FY 1997 and 1996.

4 Fund Balance with Treasury

The amount represents a total of all SSA's account balances with the U.S. Treasury. Trust fund investments are not converted to cash until beneficiary checks are presented for payment approximately 3.6 business days after issuance. This cash management practice was mandated by the "Social Security Amendments of 1983."

1997			
<i>(In Millions)</i>			
Program	Fund Balances	Deposit Accounts	Total
OASI	\$(49)	\$0	\$(49)
DI	(79)	0	(79)
SSI	2,350	0	2,350
Black Lung	63	0	63
Other	56	0	56
Total	<u>\$2,341</u>	<u>\$0</u>	<u>\$2,341</u>
Unobligated	\$2,414	\$0	\$2,414
Obligated			
(not disbursed)	<u>(73)</u>	0	<u>(73)</u>
Total	<u>\$2,341</u>	<u>\$0</u>	<u>\$2,341</u>

1996			
<i>(In Millions)</i>			
Program	Fund Balances	Deposit Accounts	Total
OASI	\$75	\$0	\$75
DI	(17)	0	(17)
SSI	2,258	0	2,258
Black Lung	63	0	63
Other	55	0	55
Total	<u>\$2,434</u>	<u>\$0</u>	<u>\$2,434</u>
Unobligated	\$2,316	\$0	\$2,316
Obligated			
(not disbursed)	<u>118</u>	0	<u>118</u>
Total	<u>\$2,434</u>	<u>\$0</u>	<u>\$2,434</u>

5 Investments

Investments held for the trust funds mature at various dates ranging from the present to the year 2012. The interest rates on these investments range from 13.75 to 6.25 percent. U.S. Treasury special issues are special public debt obligations for purchase exclusively by the trust funds. Special issues are always purchased and redeemed at face value which is the same as their carrying value in the Statement of Financial Position.

<i>(In Millions)</i>		
	<u>1997</u>	<u>1996</u>
Special Issue U.S. Treasury Securities	\$630,958	\$549,454
U.S. Treasury Bonds - carrying value	<u>49</u>	<u>49</u>
Total Investments	<u>\$631,007</u>	<u>\$549,503</u>

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Interest, Accounts and SSI Receivables

Accounts receivable due from individuals and corporations consist mainly of monies due to SSA from individuals who received benefits in excess of their entitlement under the OASI, DI, SSI and BL programs.

SSI receivables do not include State supplementation receivables of \$250.7 and \$380.2 million, net of a loss allowance, for FY 1997 and 1996, respectively. These amounts are accounted for in Governmental Accounts Receivables.

Intragovernmental receivables consist primarily of accrued interest receivables on investments. These were \$11,048 and \$9,811 million on trust fund investments with the U.S. Treasury for the period from the last payment date to September 30, 1997 and 1996, respectively.

	<i>(In Millions)</i>	
	<u>1997</u>	<u>1996</u>
Accounts Receivable - Individuals/Corporations		
Current	\$3,326	\$3,435
Non-current	1,049	1,207
Delinquent	<u>744</u>	<u>331</u>
Subtotal	\$5,119	\$4,973
Allowance for Doubtful Accounts	(1,436)	(1,366)
Accounts Receivable - Intragovernmental	30	32
Interest Receivable - Intragovernmental	<u>11,048</u>	<u>9,811</u>
Total Accounts Receivable, Net	<u>\$14,761</u>	<u>\$13,450</u>

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Liabilities Not Covered by Budgetary Resources

Black Lung

In FY 1996, SSA recognized an unfunded actuarial liability in the financial statements for the Black Lung program. This amount represented the present value of projected annual benefit payments to be paid to program participants under the jurisdiction of SSA. The estimate reported as an unfunded actuarial liability was based on assumptions similar to those underlying Alternative II in the 1996 Trustees Report. The present value as of October 1, 1996 of total estimated liability for future benefits payable from Part B of the Black Lung program was \$4.6 billion.

In accordance with FASAB standards, SSA no longer presents an unfunded actuarial liability for Part B of the Black Lung program. These standards only require SSA to recognize the benefit payments due and payable as of September 30, 1997 as a liability.

Other Unfunded Liabilities

In addition to the unfunded actuarial liability for Part B of the Black Lung program, SSA recognized an unfunded liability for leave earned but not taken, amounts billed by the Department of Labor (DOL) for FY 1996 and FY 1997 Federal Employees' Compensation Act (FECA) payments, capital assets acquired under a lease purchase prior to FY 1991, vocational rehabilitation services, accrued benefits and administrative cost in the SSI program and accrued interest payable, not billed. These unfunded liabilities totaled \$3.0 billion for both FY 1997 and 1996. SSA's total unfunded liabilities for FY 1997 and 1996 were \$3.0 and \$7.5 billion, respectively.

OASDI

The probable future cost SSA will incur for benefits it is committed to pay under OASDI programs is presented in detail in the Supplemental Financial and Management Information section of this report.

Workers Compensation

FECA provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for

SSA employees under FECA are administered by DOL and are ultimately paid by SSA. SSA recorded an estimated actuarial liability of \$171 million for claims incurred as of September 30, 1997 and expected to be paid in future periods. This actuarial liability was calculated using historical payment data to project future costs.

8

Net Position

SSA's net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent appropriated spending authority that is unobligated and has not been withdrawn by Treasury, and obligations that have not been paid. Cumulative results of operations represent the excess of financing sources over expenses for that account since its inception. Non-operating changes in FY 1997 include a reversal of the accrual of the Black Lung actuarial liability.

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Tax Revenues

Employment tax revenues are estimated monthly by the Department of the Treasury based on SSA's quarterly estimate of taxable earnings. These estimates are used by the Department of the Treasury to credit the Social Security trust funds with tax receipts received during the month. Treasury makes adjustments to the amounts previously credited to the trust funds based on actual wage data certified quarterly by SSA.

As required by current law, the Social Security 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 IRS or SSA but not both. Revenues to the trust funds are reduced for excess employment taxes which are refunded by offset against income taxes.

The amounts for estimated employment taxes, adjustments for actual taxes payable, and refunds as well as other tax revenues follows. Other tax revenues include certain military wage credits and income tax on benefits.

	<i>(In Millions)</i>	
	<u>1997</u>	<u>1996</u>
Estimated Employment Taxes Credited to SSA	\$400,928	\$375,545
Adjustments	(1,666)	177
Refunds	<u>(1,090)</u>	<u>(925)</u>
Employment Tax Revenues	\$398,172	\$374,797
Other Tax Revenues	<u>7,163</u>	<u>6,423</u>
Total Tax Revenues	\$405,335	\$381,220

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Contingent Liabilities

SSA has certain claims and lawsuits pending against it. When pending claims will probably result in payment and these amounts are estimable, appropriate provision has been made in the accompanying financial statements.

As the result of a Supreme Court decision in *Zebley v. Sullivan* in 1990, SSA recognized an unfunded liability of \$1.9 billion to pay SSI benefits which had previously been denied. During FY 1996, SSA reevaluated this liability and determined that \$50 million will be paid in the future for SSI benefits which had previously been denied. During FY 1997, *Zebley* claims were processed that reduced the unfunded liability to \$35 million.

SSA also has other class action suits which may affect major client populace, that may be lost, in whole or in part, in lower courts and or on appeal and may require a future implementation plan. Any final unfavorable court decisions will be funded from the appropriate trust fund or from the general funds for the SSI program. However, at this time SSA is unable to determine an estimate of loss for any class action suits. In the opinion of management and legal counsel, the resolution of the class actions and other claims and lawsuits will not materially affect the financial position or operations of SSA.

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Program/Operating Expenses

The following tables show SSA's operating expenses by OMB object classification and by major program.

<i>(In Millions)</i>		
Expenses By		
<u>Object Classification</u>	<u>1997</u>	<u>1996</u>
Insurance Claims & Indemnities	\$358,758	\$344,684
Personnel Services/Benefits	3,522	3,296
Travel & Transportation	57	40
Rental, Communications & Utilities	549	571
Printing & Reproduction	19	30
Contractual Services	1,795	1,742
Supplies & Materials	37	82
Grants, Subsidies & Contributions	29,476	26,710
Leave Expense	5	7
RRB Interchange	3,601	3,507
Other	<u>410</u>	<u>202</u>
Total	<u>\$398,229</u>	<u>\$380,871</u>

<i>(In Millions)</i>		
Expenses By Program		
<u>1997</u>	<u>1997</u>	<u>1996</u>
OASI	\$319,198	\$306,044
DI	45,768	44,553
SSI	31,660	28,731
Black Lung	627	667
Other	<u>976</u>	<u>876</u>
Total	<u>\$398,229</u>	<u>\$380,871</u>

Schedule of Financial Position by Major Program as of September 30, 1997

Assets	(Dollars in Millions)					Consolidated
	OASI	DI	SSI	Black Lung	Other	
Intragovernmental Entity Assets:						
Fund Balance with Treasury	\$ (49)	\$ (79)	\$2,350	\$ 63	\$ 56	\$ 2,341
Investments	567,445	63,562	0	0	0	631,007
Interest Receivable, Net	10,024	1,024	0	0	0	11,048
Accounts Receivable, Net	25	2	0	0	3	30
Other	0	0	20	0	0	20
Governmental Entity Assets:						
Accounts Receivable, Net	1,192	814	251	3	2	2,262
Advances and Prepayments	63	41	3	0	0	107
Property, Plant and Equipment, Net	227	74	0	0	0	301
Other	58	38	0	0	0	96
Total Entity Assets	\$578,985	\$65,476	\$2,624	\$ 66	\$ 61	\$647,212
Non-Entity Assets:						
SSI Intragovernmental Receivable	0	0	0	0	384	384
SSI Governmental Receivable	0	0	0	0	1,037	1,037
Total Non-Entity Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$1,421	\$ 1,421
Total Assets	\$578,985	\$65,476	\$2,624	\$ 66	\$1,482	\$648,633
Liabilities						
Liabilities Covered by Budgetary Resources						
Intragovernmental Liabilities:						
Accrued Railroad Retirement Interchange	\$ 3,617	\$ 91	\$ 0	\$ 0	\$ 0	\$ 3,708
Accounts Payable	90	10	232	0	11	343
Other Liabilities	274	21	1	0	0	296
Governmental Liabilities:						
Accrued Benefit Entitlements	28,082	6,158	0	51	0	34,291
Accounts Payable	28	24	555	0	15	622
Accrued Payroll, Benefits/Other Liabilities	50	32	67	0	28	177
Total Liab. Covered by Budgetary Resources	\$ 32,141	\$ 6,336	\$ 855	\$ 51	\$ 54	\$ 39,437
Liabilities Not Covered by Budgetary Resources						
Intragovernmental Liabilities:						
SSI Receivables Owed to Treasury	\$ 0	\$ 0	\$ 0	\$ 0	\$1,421	\$ 1,421
Capital Lease	73	35	0	0	0	108
Interest Payable	1	0	1	0	0	2
Other Liabilities	10	7	12	0	6	35
Governmental Liabilities:						
Accrued Benefit Entitlements	0	0	1,016	0	0	1,016
Accrued Leave	66	43	75	0	35	219
Black Lung Actuarial	0	0	0	0	0	0
Other	51	64	105	0	27	247
Total Liab. Not Covered by Budgetary Resources	\$ 201	\$ 149	\$1,209	\$ 0	\$1,489	\$ 3,048
Total Liabilities	\$ 32,342	\$ 6,485	\$2,064	\$ 51	\$1,543	\$ 42,485
Net Position						
Unexpended Appropriations	\$ 119	\$ 60	\$1,769	\$ 15	\$1,428	\$ 3,391
Cumulative Results of Operations	546,524	58,931	(1,209)	0	(1,489)	602,757
Total Net Position	\$546,643	\$58,991	\$ 560	\$ 15	\$ (61)	\$606,148
Total Liabilities and Net Position	\$578,985	\$65,476	\$2,624	\$ 66	\$1,482	\$648,633

Schedule of Operations and Changes in Net Position by Major Program
for the Period Ended September 30, 1997

	(Dollars in Millions)					Consolidated
	OASI	DI	SSI	Black Lung	Other	
Revenue and Financing Sources						
Tax Revenues	\$348,773	\$56,562	\$ 0	\$ 0	\$ 0	\$405,335
Appropriated Capital Used	5	1	28,874	627	6	29,513
Revenue from Sale of Goods and Services:						
To the Public	0	0	2,917	0	8	2,925
Intragovernmental	0	0	0	0	717	717
Interest, Federal/Gifts and Other Revenues	38,694	3,772	0	0	2	42,468
Imputed Financing	0	0	0	0	267	267
SSI Receivables Recovered	0	0	0	0	1,150	1,150
Less: SSI Receivables Transferred to Treasury	0	0	0	0	1,150	1,150
Total Revenue and Financing Sources	\$387,472	\$60,335	\$31,791	\$ 627	\$ 1,000	\$481,225
Expenses						
Program/Operating Expenses	\$319,198	\$45,768	\$31,660	\$ 627	\$976	\$398,229
Interest	166	5	4	0	2	177
Depreciation and Amortization	38	25	0	0	21	84
Bad Debts and Writeoffs	91	189	0	0	0	280
Vocational Rehabilitation and Other	0	68	90	0	0	158
Total Expenses	\$319,493	\$46,055	\$31,754	\$ 627	\$999	\$398,928
Excess of Revenues and Financing Sources Over Total Expenses						
	\$ 67,979	\$14,280	\$ 37	\$ 0	\$ 1	\$ 82,297
Net Position, Beginning Balance						
	\$478,664	\$44,711	\$ 614	\$(4,539)	\$(52)	\$519,398
Excess of Revenue and Financing Sources Over Total Expenses	67,979	14,280	37	0	1	82,297
Plus (Minus) Non-Operating Changes	0	0	(91)	4,554	(10)	4,453
Net Position, Ending Balance	\$546,643	\$58,991	\$ 560	\$ 15	\$(61)	\$606,148

Schedule of Cash Flows by Major Program for the Period Ended September 30, 1997

	(Dollars in Millions)					
	OASI	DI	SSI	Black Lung	Other	Consolidated
Cash Provided (Used) by Operating Activities						
Cash Provided:						
Tax Collections	\$349,669	\$56,720	\$ 0	\$ 0	\$ 0	\$406,389
Services Provided	19	0	2,865	0	862	3,746
Interest and Penalties	37,698	3,529	0	0	0	41,227
Benefit Programs	5,475	1,571	380	6	0	7,432
Other Operating Cash Provided:						
Payments to the Trust Funds	5	1	0	0	10	16
Gifts and Deposit Funds	0	0	2	0	0	2
Non-Operating Cash Provided:						
SSI Receivables Recovered	0	0	0	0	1,150	1,150
Total Cash Provided	\$392,866	\$61,821	\$3,247	\$ 6	\$2,022	\$459,962
Cash Used:						
Insurance Claims and Indemnities	\$322,037	\$46,990	\$ 3	\$632	\$ 1	\$369,663
Goods and Services	217	39	0	0	0	256
Personnel Services and Benefits	1,024	673	1,172	3	556	3,428
Travel and Transportation	19	12	22	0	7	60
Rent, Communication and Utilities	183	117	209	0	71	580
Printing and Reproduction	6	4	7	0	2	19
Other Contractual Services	499	321	570	1	195	1,586
Supplies and Materials	12	8	14	0	5	39
Grants, Subsidies and Contributions	0	0	29,825	0	0	29,825
Other Operating Cash Used:						
Interest Paid	4	3	6	0	1	14
Refund of Employment Taxes	895	158	0	0	0	1,053
Administrative Expenses	46	29	52	0	17	144
Vocational Rehabilitation and Other	0	63	82	0	0	145
Non-Operating Cash Used:						
SSI Receivables Returned to Treasury	0	0	0	0	1,150	1,150
Total Cash Used	\$324,942	\$48,417	\$ 31,962	\$ 636	\$2,005	\$407,962
Net Cash Provided (Used) by Operating Activities	\$ 67,924	\$13,404	\$(28,715)	\$(630)	\$ 17	\$ 52,000

Schedule of Cash Flows by Major Program for the Period Ended
September 30, 1997, Continued

	(Dollars in Millions)					
	OASI	DI	SSI	Black Lung	Other	Consolidated
Cash Provided (Used) by Investing Activities						
Pur. of Property, Plant and Equip., Net of Sales	\$ (7)	\$ (5)	\$ 0	\$ 0	\$(4)	\$ (16)
Sale of Securities	396,558	61,797	0	0	0	458,355
Purchase of Securities	(464,599)	(75,258)	0	0	0	(539,857)
Net Cash Provided (Used) by Investing Activities	\$ (68,048)	\$(13,466)	\$ 0	\$ 0	\$(4)	\$ (81,518)
Cash Provided (Used) by Financing Activities						
Appropriations (Current Warrants)	\$ 0	\$ 0	\$28,807	\$630	\$ 0	\$29,437
Withdrawals From All Years	0	0	0	0	(12)	(12)
Net Cash Provided (Used) by Financing Activities	\$ 0	\$ 0	\$28,807	\$630	\$(12)	\$29,425
Fund Balance with Treasury, Beginning of Period	\$ 75	\$ (17)	\$ 2,258	\$ 63	\$ 55	\$ 2,434
Net Change in Cash	(124)	(62)	92	0	1	(93)
Fund Balance with Treasury, End of Period	\$ (49)	\$ (79)	\$ 2,350	\$ 63	\$ 56	\$ 2,341
Reconciliation of Excess of Revenue and Financing Sources Over Total Expenses to Net Cash Provided by Operating Activities						
Excess of Revenue and Financing Sources Over Total Expenses	\$67,979	\$14,280	\$ 37	\$ 0	\$ 1	\$ 82,297
Adjustments to Reconcile Excess of Revenues and Financing Sources Over Total Expenses to Net Cash Provided by Operating Activities						
Appropriated Capital Used	\$ (5)	\$ (1)	\$(28,874)	\$(627)	\$ (6)	\$(29,513)
Decrease (Increase) in Accounts Receivable	(973)	(342)	130	0	(126)	(1,311)
Decrease (Increase) in Other Assets	(103)	(11)	39	0	(42)	(117)
Increase (Decrease) in Accounts Payable	61	(8)	7	0	0	60
Increase (Decrease) in Other Liabilities	909	(553)	6	(3)	131	490
Depreciation and Amortization	38	25	0	0	21	84
Other Unfunded Expenses	11	12	(37)	0	5	(9)
Other Adjustments	7	2	(23)	0	33	19
Total Adjustments	\$ (55)	\$ (876)	\$(28,752)	\$(630)	\$ 16	\$(30,297)
Net Cash Provided (Used) by Operating Activities	\$67,924	\$13,404	\$(28,715)	\$(630)	\$ 17	\$ 52,000

Schedule of Net Costs for the Period Ended September 30, 1997

	(Dollars in Millions)					
	OASI	DI	SSI	Black Lung	Other	Consolidated
Program Costs						
Intragovernmental:						
Operating Expenses	\$ 557	\$ 268	\$ 501	\$ 4	\$184	\$ 1,514
Railroad Retirement Interchange	3,508	93	0	0	0	3,601
Interest	166	5	4	0	2	177
With the Public:						
Program and Operating Expenses	315,133	45,407	31,159	623	790	393,112
Depreciation and Amortization	38	25	0	0	21	84
Bad Debts and Writeoffs	91	189	0	0	0	280
Vocational Rehabilitation and Other	0	68	90	0	0	158
Total Program Costs	\$319,493	\$46,055	\$31,754	\$627	\$997	\$398,926
Less: Earned Revenues						
Intragovernmental	0	0	0	0	11	11
With the Public	0	0	2,917	0	8	2,925
Net Cost of Operations	\$319,493	\$46,055	\$28,837	\$627	\$978	\$395,990

Schedule of Changes in Net Position for the Period Ended September 30, 1997

	(Dollars in Millions)					
	OASI	DI	SSI	Black Lung	Other	Consolidated
Net Costs of Operations	\$319,493	\$46,055	\$28,837	\$627	\$978	\$395,990
Financing Sources (other than Exchange Revenues)						
Appropriations Used	\$ 5	\$ 1	\$28,874	\$627	\$ 6	\$ 29,513
Tax Revenues	348,773	56,562	0	0	0	405,335
Imputed Financing	0	0	0	0	267	267
Interest-Federal, Donations and Other Revenues	38,694	3,772	0	0	706	43,172
Total Financing Sources	\$387,472	\$60,335	\$28,874	\$ 627	\$979	\$478,287
Net Results of Operations	\$ 67,979	\$14,280	\$ 37	\$ 0	\$ 1	\$ 82,297
Increase (Decrease) in Unexpended Approp.	0	0	(91)	4,554	(10)	4,453
Change in Net Position	\$ 67,979	\$14,280	\$ (54)	\$ 4,554	\$ (9)	\$ 86,750
Net Position, Beginning Balance	478,664	44,711	614	(4,539)	(52)	519,398
Net Position, Ending Balance	\$546,643	\$58,991	\$ 560	\$ 15	\$ (61)	\$606,148

Schedule of Budgetary Resources for the Period Ended September 30, 1997

	(Dollars in Millions)					Consolidated
	OASI	DI	SSI	Black Lung	Other	
Budgetary Resources Made Available						
Budget Authority	\$386,485	\$ 60,100	\$28,772	\$630	\$144	\$ 476,131
Unobligated Balances - Beginning of Period	499,401	50,100	1,671	9	347	551,528
Spending Authority from Offsetting Collections	0	0	2,917	0	24	2,941
Adjustments	0	0	18	1	0	19
Total Budgetary Resources Made Available	\$885,886	\$110,200	\$33,378	\$640	\$515	\$1,030,619

Status of Budgetary Resources

Obligations Incurred	\$319,431	\$ 46,133	\$31,773	\$628	\$ 27	\$397,992
Unobligated Balances - Available	566,455	64,067	1,587	11	488	632,608
Unobligated Balances - Not Available	0	0	18	1	0	19
Total Status of Budgetary Resources	\$885,886	\$110,200	\$33,378	\$640	\$515	\$1,030,619

Outlays

Obligations Incurred, Net	\$319,431	\$46,133	\$31,773	\$628	\$27	\$397,992
Spending Authority from Offsetting Collections and Adjustments	0	0	(2,935)	(1)	(24)	(2,960)
Obligated Balances - Beginning of Period	31,194	7,055	448	54	44	38,795
Less: Obligated Balance - End of Period	32,099	6,486	593	51	51	39,280
Total Outlays	\$318,526	\$46,702	\$28,693	\$630	\$(4)	\$394,547

Schedule of Financing for the Period Ended September 30, 1997

	(Dollars in Millions)					Consolidated
	OASI	DI	SSI	Black Lung	Other	
Obligations and Nonbudgetary Resources						
Obligations Incurred	\$319,431	\$46,133	\$31,773	\$628	\$ 27	\$397,992
Spending Authority from Offsetting Collections and Adjustments	0	0	(2,935)	(1)	(24)	(2,960)
Donations and Other Resources	0	0	0	0	706	706
Financing Imputed for Cost Subsidies	0	0	0	0	267	267
Exchange Revenue	30	(107)	0	0	2	(75)
Non-Exchange Revenue	1	0	0	0	0	1
Total Obligations and Non-Budgetary Resources	\$319,462	\$46,026	\$28,838	\$627	\$978	\$395,931
Other Resources That Do Not Fund Net Costs of Operations:						
Change in Undelivered Orders	(30)	(16)	35	0	(1)	(12)
Financing Sources that Fund Costs of Prior Periods	0	0	(36)	0	0	(36)
Costs Capitalized on the Balance Sheet	(23)	(22)	0	0	(19)	(64)
Total Resources Not Funding Net Costs of Operations	\$ (53)	\$ (38)	\$ (1)	\$ 0	\$ (20)	\$ (112)
Costs that Do Not Require Resources:						
Depreciation and Amortization	38	25	0	0	21	84
Revaluation of Assets and Liabilities	4	2	0	0	0	6
Other	38	32	0	0	(3)	67
Total Costs that Do Not Require Resources	\$ 80	\$ 59	\$ 0	\$ 0	\$ 18	\$ 157
Financing Sources Yet to be Provided	4	8	0	0	2	14
Net Costs of Operations	\$319,493	\$46,055	\$28,837	\$627	\$978	\$395,990

Baseline Information and Program Performance Measures

	FY 1994	FY 1995	FY 1996	FY 1997
OASI PROGRAM				
<i>Baseline Information</i>				
Administrative expenses (in millions)	\$1,666	\$1,769	\$1,763	\$1,840
Beneficiaries on the rolls (in millions)	37.2	37.5	37.6	37.8
Year trust fund will be exhausted	2036	2031	2031	2031
Long range actuarial surplus (deficit) expressed as percent of taxable payroll	(1.46)	(1.87)	(1.85)	(1.84)
% of beneficiaries' average earnings replaced when retiring at age 65	42.5%	43.2%	43.1%	43.6%
Population 65 or over receiving benefits	93.0%	92.0%	92.0%	92.0%
<i>Performance Measures</i>				
Initial claims processed (in millions)	3.2	3.2	3.1	3.1
Initial claims processing times (in days)	14.7	14.0	13.5	14.5
% of available initial claims processed	98.9%	98.7%	98.6%	98.7%
% of applications completed before the first regular payment is due or within 15 days from effective date of filing, if later*	81.1%	83.0%	84.3%	82.9%
DI PROGRAM				
<i>Baseline Information</i>				
Administrative expenses (in millions)	\$952	\$1,036	\$1,107	\$1,210
Beneficiaries on the rolls (in millions)	5.5	5.8	6.0	6.1
Year trust fund will be exhausted	1995	2016	2015	2015
Long range actuarial surplus (deficit) expressed as percent of taxable payroll	(.66)	(.31)	(.34)	(.39)
% of disabled workers' average earnings replaced upon onset of disability	43.9%	43.5%	43.2%	43.2%
<i>Performance Measures</i>				
Initial claims processed (in millions)	1.9	1.9	1.7	1.7
Initial claims processing times (in days)	86.9	83.8	77.9	86.3
% of available initial claims processed	86.1%	88.9%	88.2%	92.9%
% of initial claims processed within 6 months after onset or 60 days of effective filing date, whichever is later*	45.4%	50.8%	57.5%	52.4%

* FY 1997 GPRA performance measure

Baseline Information and Program Performance Measures, Continued

	FY 1994	FY 1995	FY 1996	FY 1997
SSI PROGRAM				
<i>Baseline Information</i>				
Administrative expenses (in millions)	\$1,876	\$1,716	\$2,026	\$2,188
Recipients on the rolls (in millions)	6.2	6.5	6.6	6.6
% of poverty gap filled by SSI Federal benefit:				
- Individual	72.7%	73.6%	72.9%	73.6%
- Couple	81.6%	82.2%	81.7%	82.1%
% of SSI recipients also receiving OASDI benefits:				
- Aged recipients	64.4%	63.2%	61.9%	61.8%
- Blind/disabled recipients	31.8%	31.1%	30.6%	30.6%
<i>Performance Measures</i>				
Initial blind/disabled claims processed (in millions)	2.1	2.0	1.8	1.5
Initial blind/disabled claims processing times (in days)	109.6	109.2	94.4	108.4
% of available blind/disabled claims processed	81.1%	84.2%	82.4%	80.2%
% of disability claims paid or denied within 60 days of the filing date*	23.4%	26.6%	29.5%	25.0%
DI/SSI DISABILITY WORKLOADS				
<i>Baseline Information</i>				
Number of initial disability cases received by DDS	2,609,498	2,488,878	2,439,658	2,076,201
Number of total cases received by DDS	3,611,377	3,647,337	3,714,060	3,805,920
Number of initial disability cases pending in DDS at end of FY*	549,167	430,805	510,454	399,392
Number of total cases pending in DDS at end of FY	721,307	590,045	702,316	703,696
Number of hearing request pending in OHA at end of FY*	480,102	547,690	510,895	483,712
<i>Performance Measures</i>				
Number of initial disability cases processed by DDS*	2,615,809	2,611,622	2,360,034	2,187,263
Number of total cases processed by DDS	3,607,482	3,786,535	3,601,856	3,804,111
Total cases processed per workyear in DDS	272	281	278	269
% of accurate initial disability determinations by DDS*	96.8%	96.6%	96.9%	96.5%
Number of hearings processed by OHA*	417,333	526,743	580,832	574,795
% of hearings with decision made and notices sent within 120 days after filing date**	9.0%	13.3%	10.1%	10.0%
Number of periodic review CDRs processed*	86,054	217,184	498,445***	690,478***

* FY 1997 GPRA performance measure

** Actual data are for September of each fiscal year.

*** In addition, SSA processed 19,239 and 20,224 additional medical reviews related to work issues in FYs 1996 and 1997, respectively.

PROVIDING OFFICE

BUREAU OF PUBLIC DEBT
 PARKERSBURG, WV 26106-1328
 TELEPHONE: (304) 480-5150

STATEMENT OF ACCOUNT

ACCOUNT TITLE AND NUMBER

OLD AGE AND SURVIVORS INSURANCE
 TRUST FUND, 2820X8006

DESCRIPTION OF HOLDINGS AS OF: 9/30/97
INVESTED BALANCE: \$567,444,638,000.00

(Dollars in Millions)

Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<u><i>Bonds Maturing June 30, 1998</i></u>		<u><i>Bonds Maturing June 30, 1999</i></u>		<u><i>Bonds Maturing June 30, 2000</i></u>		<u><i>Bonds Maturing June 30, 2001</i></u>	
\$ 470	13.750%	\$1,492	13.750%	\$2,057	10.375%	\$2,240	9.250%
1,022	10.750%	565	10.375%	2,240	9.250%	7,100	8.750%
565	10.375%	2,240	9.250%	7,100	8.750%	1,302	8.625%
2,240	9.250%	7,100	8.750%	1,302	8.625%	2,371	8.375%
7,100	8.750%	1,302	8.625%	313	8.375%	3,611	8.125%
1,302	8.625%	313	8.375%	3,611	8.125%	3,575	7.375%
313	8.375%	3,611	8.125%	3,575	7.375%	3,962	7.250%
3,611	8.125%	3,575	7.375%	3,962	7.250%	3,372	7.000%
2,701	7.375%	3,962	7.250%	3,372	7.000%	3,975	6.875%
		3,372	7.000%	3,975	6.875%	2,431	6.500%
		3,975	6.875%	2,431	6.500%	3,151	6.250%
		2,431	6.500%	3,151	6.250%		
		3,151	6.250%				
<u><i>Bonds Maturing June 30, 2002</i></u>		<u><i>Bonds Maturing June 30, 2003</i></u>		<u><i>Bonds Maturing June 30, 2004</i></u>		<u><i>Bonds Maturing June 30, 2005</i></u>	
\$ 2,240	9.250%	\$5,913	9.250%	\$13,012	8.750%	\$13,012	8.750%
7,100	8.750%	7,100	8.750%	3,611	8.125%	3,611	8.125%
3,672	8.625%	3,611	8.125%	3,575	7.375%	3,575	7.375%
3,611	8.125%	3,575	7.375%	3,962	7.250%	3,962	7.250%
3,575	7.375%	3,962	7.250%	3,372	7.000%	3,372	7.000%
3,962	7.250%	3,372	7.000%	3,975	6.875%	3,975	6.875%
3,372	7.000%	3,975	6.875%	2,431	6.500%	2,431	6.500%
3,975	6.875%	2,431	6.500%	3,151	6.250%	3,151	6.250%
2,431	6.500%	3,151	6.250%				
3,151	6.250%						
<u><i>Bonds Maturing June 30, 2006</i></u>		<u><i>Bonds Maturing June 30, 2007</i></u>		<u><i>Bonds Maturing June 30, 2008</i></u>		<u><i>Bonds Maturing June 30, 2009</i></u>	
\$16,624	8.125%	\$20,199	7.375%	\$3,962	7.250%	\$27,312	7.250%
3,575	7.375%	3,962	7.250%	3,372	7.000%	3,372	7.000%
3,962	7.250%	3,372	7.000%	3,975	6.875%	3,975	6.875%
3,372	7.000%	3,975	6.875%	2,431	6.500%	2,431	6.500%
3,975	6.875%	2,431	6.500%	23,350	6.250%		
2,431	6.500%	3,151	6.250%				
3,151	6.250%						
<u><i>Bonds Maturing June 30, 2010</i></u>		<u><i>Bonds Maturing June 30, 2011</i></u>		<u><i>Bonds Maturing June 30, 2012</i></u>		<u><i>Certificates of Indebtedness</i></u>	
\$3,372	7.000%	\$33,114	7.000%	\$37,090	6.875%	<u><i>Maturing June 30, 1998</i></u>	
3,975	6.875%	3,975	6.875%			\$28,866	6.625%
29,743	6.500%						

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 PARKERSBURG, WV 26106-1328
 TELEPHONE: (304) 480-5150

STATEMENT OF ACCOUNT

ACCOUNT TITLE AND NUMBER

DISABILITY INSURANCE
 TRUST FUND, 2820X8007

DESCRIPTION OF HOLDINGS AS OF: 9/30/97 INVESTED BALANCE: \$63,561,728,000.00

(Dollars in Millions)

Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
<u><i>Bonds Maturing June 30, 1998</i></u>		<u><i>Bonds Maturing June 30, 1999</i></u>		<u><i>Bonds Maturing June 30, 2000</i></u>		<u><i>Bonds Maturing June 30, 2001</i></u>	
\$1,116	7.000%	\$1,116	7.000%	\$1,116	7.000%	\$1,116	7.000%
220	6.875%	265	6.875%	265	6.875%	265	6.875%
		2,148	6.500%	2,148	6.500%	2,148	6.500%
<u><i>Bonds Maturing June 30, 2002</i></u>		<u><i>Bonds Maturing June 30, 2003</i></u>		<u><i>Bonds Maturing June 30, 2004</i></u>		<u><i>Bonds Maturing June 30, 2005</i></u>	
\$1,116	7.000%	\$174	8.750%	\$ 719	8.750%	\$ 719	8.750%
265	6.875%	1,116	7.000%	150	8.125%	150	8.125%
2,148	6.500%	265	6.875%	48	7.375%	48	7.375%
		2,148	6.500%	1,116	7.000%	1,116	7.000%
				265	6.875%	265	6.875%
				2,148	6.500%	2,148	6.500%
<u><i>Bonds Maturing June 30, 2006</i></u>		<u><i>Bonds Maturing June 30, 2007</i></u>		<u><i>Bonds Maturing June 30, 2008</i></u>		<u><i>Bonds Maturing June 30, 2009</i></u>	
\$869	8.125%	\$916	7.375%	\$1,116	7.000%	\$4,180	7.000%
48	7.375%	1,116	7.000%	265	6.875%	265	6.875%
1,116	7.000%	265	6.875%	3,064	6.500%		
265	6.875%	2,148	6.500%				
2,148	6.500%						
<u><i>Bonds Maturing June 30, 2010</i></u>		<u><i>Bonds Maturing June 30, 2011</i></u>		<u><i>Bonds Maturing June 30, 2012</i></u>		<u><i>Certificates of Indebtedness</i></u>	
\$4,446	6.875%	\$4,446	6.875%	\$4,446	6.875%	<u><i>Maturing June 30, 1998</i></u>	
						\$62	6.750%
						4,285	6.625%
<u><i>Marketable U.S. Treasury Bonds</i></u>							
\$5 of 3.500% bonds due November 15, 1998							
\$4 of 8.250% bonds due May 15, 2000 - 2005							
\$10 of 7.625% bonds due February 15, 2002 - 2007							
\$30 of 11.750% bonds due February 15, 2005 - 2010							